

## Report No.3.

### Report to Policy & Resources Committee June 2013

#### Core Objectives of the Town Council – Council Tax Rise and Grants

##### 1. Purpose of the report

- 1.1 To provide the committee with information to assist in the implementation of the core objective agreed by the Town Council to develop a new Grant Award Scheme based upon the funds provided by the recent rise in local council tax.

##### 2. Background

- 2.1 Town and parish councils may only spend tax generated money where there is a specific power enabling them to do so.
- 2.2 The Local Government Act 1972 section 137 provides the ability for local councils to incur expenditure which in their opinion is in the best interests of, and will bring direct benefit to, their area or all or some of the inhabitants.
- 2.3 It enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure.
- 2.4 Whenever making expenditure the council must use the power of an existing statute before considering section 137. There is a prohibition against expenditure for a purpose for which the council is either unconditionally or subject to a limitation or to the satisfaction of any condition authorised or required to make any payment or by virtue of any other enactment. An example would be the disposal of an interest in land for less than best consideration.
- 2.5 Provided that there is no alternative power or prohibition in existence the council is the body to determine whether or not such a benefit as mentioned in para. 2.2 will accrue and the decision may only be challenged on the grounds that it was wholly unreasonable.
- 2.6 The expenditure is only open to challenge by the auditor or a local government elector objecting at the audit on the basis that the expenditure is larger than the direct benefit to the area or to residents would justify.
- 2.7 There are limitations on the use of section 137 of the Local Government Act and any perceived benefit must be commensurate with the expenditure to be incurred. The expenditure must be of direct benefit to inhabitants and not to just a few individuals although this does not preclude the making of donations to local organisations that in turn help local individuals in need.
- 2.8 The limit on expenditure in any year is a multiplication of the relevant population by a monetary figure provided each year by the Department of Communities and Local Government.
- 2.9 As Councillors are collectively expressing an opinion as to the commensurate local benefit, any expenditure under section 137 must be authorised by resolution.

2.10 The previous policy of the Town Council was to limit grants to those organisations providing a direct benefit for local residents. The level of grant was restricted to £100 with no further contribution for a period of three years.

3. Proposal

3.1 It will be for the committee to consider how any grants are to be provided and make recommendations to the Town Council

4. Financial Implications and risks

4.1 The existing budget contains a figure of £400 set aside for grants to local organisations under the provisions of section 137.

4.2 The increase in council tax of 1.9% resulted in an additional £5,911 being raised.

5 Recommendation

5.1 The committee is requested to consider the content of the report when determining how to implement the objective to develop a new Grant Award Scheme based upon the funds provided by the recent rise in local council tax.

Jeff Penfold  
Town Clerk  
29.05.2013

Background papers: Local Government Act 1972 (as amended)  
Report No.2 Town Council 28<sup>th</sup> May 2013 entitles "Collaborative Working".