

*These notes refer to the Local Government Finance Act (Northern Ireland) 2011 (c.10) which received Royal Assent on 16 March 2011*

# Local Government Finance Act (Northern Ireland) 2011

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### ***Sections 6 and 7 – Reserves***

These sections make provision about a district council's financial reserves. The Department has the power to make regulations concerning reserves, and a council's chief financial officer will be required to report to the council on the adequacy of its financial reserves when the council is considering the estimates for the next financial year.

Where a minimum level of reserves is specified in regulations, each council will have to ensure that its budget makes allowance for reserves at least equal to the minimum. This would not prevent a council from using its reserves during the year, even if as a result they fell below the minimum. However, if it appeared that this was likely to happen, the chief financial officer would be required to report to the council, at the time the following year's budget and rates were being considered, to explain the reasons and any action considered necessary to prevent a recurrence of the shortfall.