



Local Government Finance Act (Northern Ireland) 2011

2011 CHAPTER 10

An Act to make provision for the financial affairs of district councils; to make provision relating to grants to district councils and for payments to councillors and other payments by district councils. [16th March 2011]

BE IT ENACTED by being passed by the Northern Ireland Assembly and assented to by Her Majesty as follows:

Modifications etc. (not altering text)

- C1** [Act](#): transfer of functions (8.5.2016) by [The Departments \(Transfer of Functions\) Order \(Northern Ireland\) 2016 \(S.R. 2016/76\)](#), art. 1(2), **Sch. 5 Pt. 1** (with art. 9(2))

PART 1

FINANCIAL ADMINISTRATION

Modifications etc. (not altering text)

- C2** Pt. 1 applied with modifications (2.4.2012) by [The Local Government \(Constituting Joint Committees as Bodies Corporate\) Order \(Northern Ireland\) 2012 \(S.R. 2012/10\)](#), **arts. 1, 4**
- C3** Pt. 1 applied with modifications (1.4.2015) by [The Local Government \(Constituting a Joint Committee a Body Corporate\) Order \(Northern Ireland\) 2015 \(S.R. 2015/183\)](#), arts. 1, 4

General

Duty to make arrangements

1.—(1) A council shall make arrangements for the proper administration of its financial affairs.

(2) A council shall designate an officer of the council as its chief financial officer.

(3) Arrangements made by a council under subsection (1) shall be carried out under the supervision of its chief financial officer.

Modifications etc. (not altering text)

- C4** S. 1 applied (with mods) (2.7.2013) by [The Local Government \(Statutory Transition Committees\) Regulations \(Northern Ireland\) 2013 \(S.R. 2013/179\)](#), regs. 1(1), 23, **Sch. 3**
- C5** S. 1 modified (with effect in accordance with art. 4(1) of the amending Rule) by [The Local Government \(Boundaries\) \(2008 Act\) \(Commencement, Transitional Provision and Savings\) Order \(Northern Ireland\) 2013 \(S.R. 2013/238\)](#), **art. 4(3)** (with art. 4(4))

Commencement Information

- I1** S. 1 in operation at 1.4.2012 by [S.R. 2011/306](#), **art. 2(3)**

Accounting practices

2.—(1) Regulations may make provision about the accounting practices to be followed by a council, in particular with respect to the charging of expenditure to the general fund.

(2) The Department may issue guidance about the accounting practices to be followed by a council, in particular with respect to the charging of expenditure to the general fund.

(3) In any statutory provision, any reference to proper practices, in relation to accounts of a council, is to those accounting practices—

- (a) which the council is required to follow by virtue of any statutory provision, or
- (b) which, whether by reference to any generally recognised published code or otherwise, are regarded as proper accounting practices to be followed in the keeping of accounts of councils, either generally or of the description concerned.

(4) In the event of conflict between practices falling within paragraph (a) of subsection (3) and practices falling within paragraph (b) of that subsection, only those falling within paragraph (a) are to be regarded as proper practices.

(5) In this section “council” includes any local government body within the meaning of Part 2 of the Local Government (Northern Ireland) Order 2005 (NI 18).

Commencement Information

- I2** S. 2 wholly in operation at 1.4.2012; s. 2 not in operation at Royal Assent see s. 47(1); s. 2 in operation for certain purposes at 10.9.2011 otherwise 1.4.2012 by [S.R. 2011/306](#), [art. 2\(1\)\(3\)](#), [Sch.](#)
- I3** S. 2 in operation at 1.4.2012 in so far as not already in operation by [S.R. 2011/306](#), [art. 2\(3\)](#)

Annual budget

Annual budget

3.—(1) In each financial year a council shall cause to be submitted to it estimates of the income and expenditure of the council during the next financial year.

(2) A council, before the prescribed date in each year—

- (a) shall consider the estimates for the next financial year;
- (b) may revise the estimates in such manner as the council thinks fit;
- (c) shall approve the estimates, subject to any revision under paragraph (b);
- (d) shall authorise the expenditure included in the estimates; and
- (e) shall fix for the next financial year the amount estimated to be required to be raised by means of rates made by the council.

(3) No expenditure shall be incurred by or on behalf of a council unless—

- (a) previously authorised in accordance with the estimates approved by the council; or
- (b) otherwise previously authorised by the council; or
- (c) if not so authorised, necessarily incurred in circumstances of emergency;

but any expenditure under paragraph (c) shall, as soon as reasonably practicable, be reported to the council with a view to being approved by the council.

(4) A council may make standing orders for the purpose of giving effect to this section so long as they are not inconsistent with any statutory provision.

Modifications etc. (not altering text)

- C6** [S. 3](#) modified (with effect in accordance with [art. 4\(1\)](#) of the amending Rule) by [The Local Government \(Boundaries\) \(2008 Act\) \(Commencement, Transitional Provision and Savings\) Order \(Northern Ireland\) 2013 \(S.R. 2013/238\)](#), [art. 4\(3\)](#) (with [art. 4\(4\)](#))

Commencement Information

- I4** S. 3 wholly in operation at 1.4.2012; s. 3 not in operation at Royal Assent see s. 47(1); s. 3 in operation for certain purposes at 10.9.2011 otherwise 1.4.2012 by [S.R. 2011/306](#), [art. 2\(1\)\(3\)](#), [Sch.](#)
- I5** S. 3 in operation at 1.4.2012 in so far as not already in operation by [S.R. 2011/306](#), [art. 2\(3\)](#)

Report by chief financial officer on estimates

4.—(1) The chief financial officer of a council shall submit to the council a report on the robustness of the estimates.

(2) A council shall have regard to that report when considering the estimates under section 3(2)(a).

(3) In this section “the estimates” means the estimates submitted to the council under section 3(1).

Modifications etc. (not altering text)

- C7** [S. 4](#) modified (with effect in accordance with art. 4(1) of the amending Rule) by [The Local Government \(Boundaries\) \(2008 Act\) \(Commencement, Transitional Provision and Savings\) Order \(Northern Ireland\) 2013 \(S.R. 2013/238\)](#), [art. 4\(3\)](#) (with art. 4(4))

Commencement Information

- I6** S. 4 in operation at 1.4.2012 by [S.R. 2011/306](#), [art. 2\(3\)](#)

In-year review

5 During each financial year a council shall keep its financial position under review.

Commencement Information

- I7** S. 5 in operation at 1.4.2012 by [S.R. 2011/306](#), [art. 2\(3\)](#)

*Reserves***Reserves - general**

6.—(1) Regulations may make provision requiring a council to maintain financial reserves in accordance with the regulations.

(2) The chief financial officer of a council shall submit to the council a report on the adequacy of any proposed financial reserves for a financial year.

(3) A council shall have regard to that report when considering the estimates for that year under section 3(2)(a).

Commencement Information

18 S. 6 in operation at 1.4.2012 by [S.R. 2011/306](#), [art. 2\(3\)](#)

Controlled reserves

7.—(1) In this section “controlled reserve” means a financial reserve of a description prescribed under section 6(1) for the purposes of this section.

(2) In the case of a controlled reserve, it shall not be regarded as appropriate for the balance of the reserve at the end of any financial year to be less than the minimum amount determined in accordance with regulations under section 6(1).

(3) If in any financial year it appears to the chief financial officer of a council that a controlled reserve is or is likely to be inadequate, the chief financial officer shall report to the council on—

- (a) the reasons for that situation; and
- (b) the action, if any, which the chief financial officer considers it would be appropriate to take to prevent such a situation arising in relation to the corresponding reserve for the next financial year.

(4) For the purposes of subsection (3), a controlled reserve is inadequate if the balance of the reserve at the end of a financial year is less than the minimum amount determined in accordance with regulations under section 6(1).

(5) A council shall have regard to any report under this section when considering the estimates for the next financial year under section 3(2)(a).

Commencement Information

19 S. 7 in operation at 1.4.2012 by [S.R. 2011/306](#), [art. 2\(3\)](#)

*Funds***The general fund**

8 Subject to section 9, all income of a council shall be carried to a fund to be called “the general fund”, and all expenditure falling to be discharged by the council shall be discharged out of that fund.