

*These notes refer to the Local Government Act 2003 (c.26)  
which received Royal Assent on 18th September 2003*

# LOCAL GOVERNMENT ACT 2003

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 2: Financial Administration**

##### *Sections 26 and 27: Minimum reserves*

45. [Section 26](#) gives the Secretary of State power to determine minimum reserves for local authorities in England by regulation. The National Assembly for Wales is given a corresponding power in relation to local authorities in Wales. The minimum applies to the budget process: authorities would have to ensure that their budget made allowance for reserves at least equal to the minimum. Nothing in the section would prevent these reserves being used during the year, even if as a result they fell below the minimum. However, if it was forecast that this was likely to happen, [section 27](#) requires the chief finance officer to report to the authority, at the time the following year's budget and council tax is being considered, to explain the reasons and any action considered necessary to prevent a repetition.