

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

LOCAL GOVERNMENT ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Financial Administration

Sections 28 and 29: Budget monitoring: general; Budget monitoring: Greater London Authority

46. Local authorities need to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge. These sections make this a statutory duty. If monitoring establishes that the budgetary situation has deteriorated, authorities are required to take such action as they consider necessary. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or the authority might decide to take no action but to finance the shortfall from reserves.
47. Distinct budget procedures apply to the Greater London Authority and its functional bodies, and so separate provision for these organisations is made in section 29. The monitoring duty is placed on the functional bodies and (for its own budget only) on the GLA. But, because the GLA is responsible for setting the budgets of the functional bodies, when one of these bodies identifies a budget deterioration the section requires it to report the fact and the action it proposes to take in response to the Mayor and the Chair of the London Assembly.