

## **BUDGET AND POLICY FRAMEWORK PROCEDURE RULES**

### **1. The framework for executive decisions**

The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget or a policy framework is in place, it will be the responsibility of the Cabinet to implement it.

### **2 Process for developing the policy framework**

- (a) Arrangements for the development and approval of budget proposals are set out in section 4 below.
- (b) The Cabinet or Cabinet Member will draw up initial proposals in relation to any plan or strategy which forms part of the Council's policy framework after consulting stakeholders in a manner appropriate to the matter under consideration. Details of the consultation process shall be included in the Council's Forward Plan. Once drawn up the proper officer will serve copies of them on the Chairman of the relevant Scrutiny Committee together with dates when the Cabinet will consider them further, which shall be at least 6 weeks after service of the notice on the Chairman of the Committee.
- (c) The draft proposals will be submitted to the next meeting of the Scrutiny Committee to enable it to consider them and submit comments and/or recommendations to the Cabinet. To assist in considering the issue and making comments or recommendations, the Scrutiny Committee may undertake a consultation exercise and may reflect any representations made to it in its response to the Cabinet within the timescale set for decision by the Cabinet.
- (d) The Cabinet will finalise its proposals for the Council to consider, having taken into account the comments from the Scrutiny Committee. The report to Council will show the Cabinet's response to those comments.

### **3. Approval of the Policy Framework**

- (a) Where the Cabinet has submitted a draft plan or strategy to the Council for its consideration and, following consideration of that draft plan or strategy, the Council has any objections to it, the Council must take the action set out in paragraph (b).
- (b) Before the authority -
  - (i) amends the draft plan or strategy;

(ii) approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft) of which any part is required to be so submitted; or

(iii) adopts (with or without modification) the plan or strategy,

it must inform the Leader of any objections which it has to the draft plan or strategy and must give to him instructions requiring the Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it.

(c) Where the authority gives instructions in accordance with paragraph b, it must specify a period of at least five working days beginning on the day after the date on which the Leader receives the instructions on behalf of the Cabinet within which the Leader may -

(i) submit a revision of the draft plan or strategy as amended by the Cabinet (the "revised draft plan or strategy"), with the Cabinet's reasons for any amendments made to the draft plan or strategy, to the authority for the Council's consideration; or

(ii) inform the Council of any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for any such disagreement.

(d) When the period specified by the Council, referred to in paragraph (c), has expired, the authority must, when -

(i) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;

(ii) approving, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft or revised draft) of which any part is required to be so submitted; or

(iii) adopting (with or without modification) the plan or strategy;

take into account any amendments made to the draft plan or strategy that are included in any revised draft plan or strategy, the Cabinet's reasons for those amendments, any disagreement that the Cabinet has with any of the authority's objections and the Cabinet's reasons for that disagreement, which the Leader submitted to the Council, or informed the Council of, within the period specified.

## **4. THE BUDGET SETTING FRAMEWORK**

### **4.1 Approval of the Annual Budget and Capital Programme**

The Council will agree the overall budget and policy framework as set out in Article 4 of the Constitution. Once a budget and policy framework is in place, it will be the responsibility of the Cabinet to implement it.

The annual budget will be approved by the Council and will be proposed by the Cabinet in consultation with the Borough Treasurer and in accordance with the requirements of the forward planning process. The Borough Treasurer is responsible for ensuring that a revenue budget is prepared on an annual basis.

### **4.2 Setting the Budget**

Portfolio Holders will develop initial revenue and capital budget priorities in consultation with Executive and Service Directors, the Borough Treasurer and the appropriate Scrutiny Committee. To assist in considering the issues the Scrutiny Committees may undertake a consultation exercise and may reflect any priorities or comments in a response to the Cabinet within the timescale set for decision.

The Borough Treasurer will advise on the inclusion of contingencies to cover exceptional in-year price movements and potential commitments which are uncertain in terms of either their financial impact or timing. Executive and Service Directors will notify the Borough Treasurer of such items as part of the budget setting process so that an appropriate level of contingencies can be approved by the Council.

It is the responsibility of the Borough Treasurer to advise the Cabinet and the Council on prudent levels of reserves, provisions and balances for the authority to maintain.

The Cabinet will finalise its draft budget proposals for the Council to consider, having taken into account the priorities and comments identified by the Scrutiny Committee.

The Cabinet will recommend its draft budget proposals to Council for approval as the annual budget and capital programme. Under the procedures set out in section 4.3 below, the Council may amend the budget, ask the Cabinet to reconsider it before approving it, or may substitute its own proposals in their place.

#### 4.3 Council's response to the draft budget proposals

- (a) The requirements set out in paragraphs b) to f) below shall also apply. These are required under Statutory Instrument 3384 2001 and provide for the Council to raise objections to the Cabinet's draft proposals and allows for the Cabinet to have a period of at least 5 working days to respond to any such objections.
- (b) Subject to paragraph (f), where, before 8th February in any financial year, the Cabinet submits to the Council for its consideration in relation to the following financial year -
  - (i) estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 32 to 37 or 43 to 49, of the Local Government Finance Act 1992;
  - (ii) estimates of other amounts to be used for the purposes of such a calculation;
  - (iii) estimates of such a calculation; or
  - (iv) amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992,

and following consideration of those estimates or amounts the authority has any objections to them, it must take the action set out in paragraph (c).

- (c) Before the Council makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph 6(a), or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992, it must inform the Leader of any objections which it has to the Council's estimates or amounts and must give to him instructions requiring the Cabinet to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements.
- (d) Where the Council gives instructions in accordance with paragraph (c), it must specify a period of at least five working days beginning on the day after the date on which the Leader receives the instructions on behalf of the Cabinet within which the Leader may -
  - (i) submit a revision of the estimates or amounts as amended by the Cabinet ("revised estimates or amounts"), which have been reconsidered in accordance with the authority's requirements, with the Cabinet's reasons for any amendments made to the estimates or

amounts, to the Council for the Council's consideration; or

- (ii) inform the Council of any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for any such disagreement.
- (e) When the period specified by the Council, referred to in paragraph (d), has expired, the Council must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph (b)(i), or issuing a precept under Chapter IV of Part I of the Local Government Finance Act 1992, take into account -
- (i) any amendments to the estimates or amounts that are included in any revised estimates or amounts;
  - (ii) the Cabinet's reasons for those amendments;
  - (iii) any disagreement that the Cabinet has with any of the Council's objections; and
  - (iv) the Cabinet's reasons for that disagreement,
- which the Leader submitted to the Council, or informed the Council of, within the period specified.
- (f) Paragraphs (b) to (e) shall not apply in relation to –
- (i) calculations or substitute calculations which an authority is required to make in accordance with section 52I, 52J, 52T or 52U of the Local Government Finance Act 1992; and
  - (ii) amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with section 52J or 52U of that Act.

## **5. Virement and amendments to the policy framework**

In approving the budget and policy framework, the Council will also specify the extent of virement within the budget and degree of in-year changes to the policy framework which may be undertaken by the Cabinet, in accordance with paragraphs 8 and 9 of these rules (virement and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

## **6. Decisions outside the budget or policy framework**

- (a) Subject to the provisions of paragraph 5 (virement) the Cabinet, a Committee of the Cabinet, an individual Cabinet Members and

any officer discharging executive functions may only take decisions which are in line with the budget and policy framework. If any of these bodies or persons wishes to make a decision which is contrary to the policy framework, or contrary to or not wholly in accordance with the budget approved by full council, then that decision may only be taken by the Council, subject to paragraph 7 below.

- (b) If the Cabinet, Committee of the Cabinet, individual Cabinet Member or officer discharging executive functions wishes to make such a decision, they shall take advice from the Monitoring Officer and/or the Chief Financial Officer as to whether the decision they want to make would be contrary to the policy framework, or contrary to or not wholly in accordance with the budget. If the advice of either of those officers is that the decision would not be in line with the existing budget and/or policy framework, then the decision must be referred by that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 7 (urgent decisions outside the budget and policy framework) shall apply.

## **7. Urgent decisions outside the budget or policy framework**

- (a) The Cabinet, a Committee of the Cabinet, an individual Cabinet Member or officer discharging executive functions may take a decision which is contrary to the Council's policy framework or contrary to or not wholly in accordance with the budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken:
  - (i) if it is not practical to convene a quorate meeting of the full Council; and
  - (ii) if the Chairman of the relevant Scrutiny Committee agrees that the decision is a matter of urgency.
- (b) The reasons why it is not practical to convene a quorate meeting of full Council and the Chairman of the relevant Scrutiny Committees' consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the Chairman of the relevant Scrutiny Committee the consent of the Vice-Chairman or in the absence of both the consent of the Mayor or Deputy Mayor will be sufficient.
- (c) Following the decision, the decision taker will provide a full report to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

## **8. Approval to undertake expenditure**

Spending decisions taken by the Cabinet, a Committee of the Cabinet or officer discharging executive functions to implement Council policy shall not exceed spending portfolio cash limits allocated. Such bodies or individuals shall only be entitled to incur revenue or capital expenditure providing that it is in accordance with the requirements set out in the Council's Financial Procedure Rules.

## **9. In-year changes to policy framework**

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet, a Committee of the Cabinet, an individual Cabinet Member or officer discharging executive functions must be in line with it. No changes to any policy and strategy which make up the policy framework may be made by those bodies or individuals except those changes:

- (a) which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint;
- (b) necessary to ensure compliance with the law, ministerial direction or government guidance;
- (c) in relation to the policy framework in respect of a policy which would normally be agreed annually by the Council following consultation, but where the existing policy document is silent on the matter under consideration.

## **10. Call-in of decisions outside the budget or policy framework**

- (a) Where a Scrutiny Committee is of the opinion that an executive decision is, or if made would be, contrary to the policy framework, or contrary to or not wholly in accordance with the Council's budget, then it shall seek advice from the Monitoring Officer and/or Chief Financial Officer.
- (b) In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer's report and/or Chief Financial Officer's report shall be to the Cabinet with a copy to every Member of the Council. Regardless of whether the decision is delegated or not, the Cabinet must meet to decide what action to take in respect of the Monitoring Officer's report and to prepare a report to Council in the event that the Monitoring Officer or the Chief Finance Officer conclude that the decision was a departure, and to the Scrutiny Committee if the Monitoring Officer or the Chief Finance Officer conclude that the decision was not a departure.

- (c) If the decision has yet to be made, or has been made but not yet implemented, and the advice from the Monitoring Officer and/or the Chief Financial Officer is that the decision is or would be contrary to the policy framework or contrary to or not wholly in accordance with the budget, the Scrutiny Committee may refer the matter to Council. In such cases, no further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet within 12 days of the request by the Scrutiny Committee. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Financial Officer. The Council may either:
- (i) endorse a decision or proposal of the executive decision taker as falling within the existing budget and policy framework. In this case no further action is required, save that the decision of the Council be minuted and circulated to all Councillors in the normal way; or
  - (ii) amend the Council's budget or policy concerned to encompass the decision or proposal of the body or individual responsible for that executive function and agree to the decision with immediate effect. In this case, no further action is required save that the decision of the Council be minuted and circulated to all Councillors in the normal way; or
  - (iii) where the Council accepts that the decision or proposal is contrary to the policy framework or contrary to or not wholly in accordance with the budget, and does not amend the existing framework to accommodate it, require the executive decision taker to reconsider the matter in accordance with the advice of either the Monitoring Officer/Chief Finance Officer.

## **11. Provisions to apply to joint arrangements**

The provisions of paragraphs 3 to 10 apply in respect of any executive function which is dealt with under a joint arrangement as provided for by Article 11.