

Section 13 - Budget and Policy Framework Procedure Rules

13.1 The framework for executive decisions

13.1.1 The Council will be responsible for the adoption of its Budget and Policy Framework as set out in Section 3 of this Constitution. Once a Budget or a Policy Framework is in place, it will be the responsibility of the Executive to implement it.

13.1.2 The Executive shall propose the contents of the Policy Framework to Council for approval.

13.2 Process for developing policies within the Policy Framework

13.2.1 The Executive will publicise, by including in the Forward Plan a timetable for making proposals to the Council for the adoption of any new plan, strategy or budget that forms part of the Budget and Policy Framework and its arrangements for consultation.

13.2.2 The Chair of the Overview and Scrutiny Committee and Audit and Governance Committee will be notified at the same time. As the Scrutiny Committess have responsibility for fixing their own work programme, it is open to them to investigate, research or report in detail with recommendations before the end of the consultation period.

13.2.3 The Executive will ensure that the consultation process is adequate and allows for meaningful dialogue with those involved.

- 13.2.4 At the end of any consultation period, the Executive will approve its own final proposals for submission to Council. These proposals will have regard to the responses to any consultation and will take into account any response or proposals from the Overview and Scrutiny Committee or Audit and Governance Committee. Its report to Council will reflect the comments made by consultees and/or the committees and the Executive's response.
- 13.2.5 The Council will consider the proposals of the Executive and may:
- (a) adopt them;
 - (b) amend them;
 - (c) refer them back to the Executive for further consideration; or
 - (d) substitute its own proposals in their place.
- 13.2.6 In considering the matter, the Council shall have before it the Executive's proposals and any report from Overview and Scrutiny Committee or Audit and Governance Committee.
- 13.2.7 The Council's decision will be published on the council's website and a copy will be given to the Leader.
- 13.2.8 The notice of decision shall be dated and shall state either:
- (a) that the decision shall be effective immediately (if the Council accepts the Executive's proposals without amendment); or

- (b) if the Executive's proposals are not accepted without amendment, that the Council's decision will become effective on the expiry of five working days after the publication of the notice of the decision unless the Leader of the Council objects to it in that period.

13.2.9 If the Leader objects to the decision of the Council, they will give written notice to the Chief Executive to that effect stating reasons for the objection prior to the date upon which the decision is to be effective. The written notification must either:

- (a) submit a revision of the proposals as amended by the Executive (the "revised proposals"), with the Executive's reasons for any amendments made to the proposals, to the Council for the Council's consideration; or
- (b) inform the Council of any disagreement that the Executive has with any of the Council's objections and the Executive's reasons for any such disagreement.

13.2.10 Where such notification is received, the Chief Executive shall refer the matter to the next Ordinary Meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting. The Chief Executive may call an Extraordinary Meeting of Council if the matter is too urgent to await the next Ordinary Meeting.

13.2.11 At that Council meeting, the decision of the Council shall be reconsidered in the light of the revised proposals or the objections, which shall be available in writing for the Council.

13.2.12 The Council shall at that meeting make its final decision on the matter on the basis of a simple majority. The decision shall be made public and shall be implemented immediately.

13.2.13 In approving the Policy Framework, the Council will also specify the degree of in-year changes to the Policy Framework which may be undertaken by the Executive. Any other changes to the Budget and Policy Framework are reserved to the Council.

13.3 Process for developing the Budget framework

13.3.1 In addition to paragraphs 13.2.1 to 13.2.13, there will be a process for financial planning. The Executive shall prepare and adopt a timetable to accomplish these objectives that should incorporate consideration of:

- (a) an early assessment of assumptions that will be used in the drafting of the forthcoming budget, taking account of financial issues that may have a significant impact on the medium term financial situation of the council;
- (b) an overview of the financial position in the coming financial year following publication of the settlement details of the anticipated funding from central government; and
- (c) detailed consideration of items of growth or potential savings.

13.3.2 If both Committees wish to respond to the Executive, a joint meeting of the Scrutiny Committees may be called.

- 13.3.3 The Council will hold its formal budget meeting usually in February or March when the Executive will present proposals to Council.
- 13.3.4 The budget proposals presented by the Executive will have taken consideration of the views of the public, staff, members of the Overview and Scrutiny Committee and Audit and Governance Committee and other consultees.
- 13.3.5 All potential amendments to the Budget must be assessed for their financial implications prior to the Council meeting to comply with Financial Procedures. To avoid any problems arising from this requirement, all proposed amendments to the budget will therefore be notified in advance to the Chief Executive and Chief Financial Officer.
- 13.3.6 At the budget meeting, the Council will decide on the budget for the forthcoming year and formally adopt this, satisfying any statutory requirements so that all income due to the council and its preceptors can be collected.

13.4 Decisions outside the Budget and Policy Framework

- 13.4.1 Subject to the provisions of paragraph 13.6 below, the Executive, Committees of the Executive, individual members of the Executive and any Officers, or joint arrangements discharging Executive functions may only take decisions which are in line with the budget and Policy Framework.
- 13.4.2 If any of these bodies or persons wishes to make a decision which is contrary to policy, or contrary to or not wholly in accordance with the budget approved by the Council, then that decision may only be taken by the Council, subject to paragraphs 13.5 and 13.7 below.

13.4.3 If the Executive, committees of the Executive, individual members of the Executive and any officers, or joint arrangements discharging Executive functions want to make such a decision, they shall take advice from the Monitoring Officer and the Chief Financial Officer as to whether the decision they want to make would be contrary to policy, or contrary to or not wholly in accordance with the budget.

13.4.4 If the advice of either of those Officers is that the decision would not be in line with the existing Budget and Policy Framework, then the decision must be referred to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraphs 13.5 (Urgent decisions outside the Budget and Policy Framework) shall apply.

13.5 Urgent decisions outside the Budget and Policy Framework

13.5.1 The Executive, a committee of the Executive, an individual member of the Executive or Officers, or joint arrangements discharging Executive functions may take a decision which is contrary to policy or contrary to or not wholly in accordance with the budget if the decision is a matter of urgency. However, the decision may only be taken if:

(a) it is not practical to convene a quorate meeting of the Council. The reasons for not being able to achieve a quorum must be recorded; and

(b) the Chairman of the Overview and Scrutiny Committee agrees in writing that the decision is a matter of urgency. In the absence of the Chairman of the Overview and Scrutiny Committee the consent of the Vice-Chairman will be sufficient; and

(c) the council's Financial Procedure Rules are complied with in all other respects.

13.5.2 Following the decision, the decision maker 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.

13.6 Virement

13.6.1 The council shall have sufficient budget heads to enable service delivery and effective budgetary control in line with the Council's Budget and Policy Framework.

13.6.2 Steps taken by the Executive, a committee of the Executive, an individual member of the Executive or Officers, or joint arrangements discharging Executive functions to implement council policy shall not exceed the budgets allocated to each budget head. However, such bodies or individuals shall be entitled to vire across budget heads – as follows:

(a) the Executive – non-recurring expenditure of up to £50,000 in any one case within budget allocations to functions which are the responsibility of the Executive;

(b) Executive Members – non-recurring expenditure of up to £50,000 in any one case within budget allocations to functions which are the responsibility of the Executive Member; virement will also require the agreement of the Leader;

(c) authorised Officers:

- (i) provided that it does not constitute a Key Decision, Chief Officers and Directors be authorised to undertake virements of up to £25,000 on behalf of the Executive in any one case between the budgets under their control, subject to consultation with the relevant Executive Member(s) and the Leader and the Chief Financial Officer; such virements should be non-recurring and must not include asset rental or fixed percentage maintenance budgets, interest income or recharges which have implications elsewhere in the budget, and must be confirmed in writing to the Chief Financial Officer in a format approved by him/her and reported to Executive via budget monitoring reports; and
- (ii) in the case of budgets allocated to the control of a committee, Chief Officers and Directors be authorised to undertake virements of up to £5,000 in any one case between the budgets under their control, subject to consultation with the committee chairman and the Chief Financial Officer; such virements must not have implications elsewhere in the budget, and must be confirmed in writing to the Chief Financial Officer in a format approved by him/her and reported to the Committee via budget monitoring reports.

13.6.3 Any in year unplanned contributions from reserves exceeding £10,000 will need to be approved by Executive; those at the year end are seen by Council as part of approving the Council's financial statements.

13.7 In-year changes to Budget and Policy Framework

13.7.1 The responsibility for agreeing the Budget and Policy Framework lies with the Council, and decisions by the Executive, a committee of the Executive an individual member of the Executive or Officers, or joint arrangements discharging Executive functions must (subject to paragraph 13.5) be in line with that framework. No changes to the Budget and 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) which are necessary to implement a budget decision made by the Council;
- (c) necessary to ensure compliance with the law, ministerial direction or government guidance where there is no discretion how to act; or
- (d) 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.

13.8 Call-in of decisions outside the Budget and Policy Framework

13.8.1 Where the Overview and Scrutiny Committee is of the opinion that an executive decision is, or if made would be, contrary to policy, or contrary to or not wholly in accordance with the budget, then it shall request that the Monitoring Officer and/or Chief Financial Officer prepare a report detailing their advice.

13.8.2 The Monitoring Officer's report and/or Chief Financial Officer's report shall be to the Executive with a copy to every Member of the Council. Regardless of whether the decision is delegated or not, the Executive must meet to decide what action to take in respect of the report. The Executive must prepare a report to:

- (a) the Council if the Monitoring Officer or the Chief Financial Officer conclude that the decision was a departure; or
- (b) the Overview and Scrutiny Committee if the Monitoring Officer or the Chief Financial Officer conclude that the decision was not a departure.

13.8.3 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 policy or contrary to or not wholly in accordance with the budget, the Overview and Scrutiny Committee may refer the matter to the 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 matter will be referred to the next ordinary meeting of the Council except in cases of urgency when an extraordinary meeting will be called. At the meeting, Council 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:

- (a) endorse a decision or proposal of the Executive decision maker as falling within the existing budget and Policy Framework. In this case no further action is required; or

- (b) amend the budget or policy concerned and agree to the decision with immediate effect; or
- (c) accept the decision or proposal is contrary to policy or contrary to or not wholly in accordance with the budget, and not amend the existing framework to accommodate it, but require the Executive to reconsider the matter in accordance with the advice of either the Monitoring Officer/ Chief Financial Officer.