

PART 4E

BUDGET AND POLICY FRAMWORK PROCEDURE RULES

E. Budget and Policy Framework Procedure Rules

1. The Budget and Policy Framework

- 1.1. The Budget and Policy framework refers to the financial and policy decisions of the Council where:
 - 1.1.1. the Leader and Cabinet makes recommendations for the budget decision to Full Council, and
 - 1.1.2. the Full Council makes the final decision to adopt the Leader and Cabinet's recommendations. If Full Council does not accept or fully accept the Leader and Cabinet's recommendations, the procedure below must be followed.
- 1.2. The Leader and Cabinet is responsible for the implementation of the Budget and Policy Framework.
- 1.3. The following rules are mandatory standing orders required to be adopted by the Council under the Local Authorities (Standing Orders) (England) Regulations 2001 to set out how the Budget Approval Rules will be agreed.

Policy Framework Decisions

2. Leader and Cabinet policy proposals

- 2.1. The Leader and Cabinet will formulate draft plan or strategy decisions with the support of officers and will determine whether to:
 - 2.1.1. Undertake public or other stakeholder engagement and / or consultation; and/or
 - 2.1.2. Proactively engage with Scrutiny, including as part of the annual overview and scrutiny work plan.
- 2.2. The Leader and Cabinet will take into account the outcome of these processes in the formulation of the draft plan or strategy made to Full Council.
- 2.3. The Leader and Cabinet will submit its draft plan or strategy to Full Council for adoption.

3. Council's Consideration of Leader and Cabinet draft plan or strategy

- 3.1. Full Council will consider the draft plan or strategy and take one of the following decisions:
 - 3.1.1. Adopt the Leader and Cabinet's proposals and if so the draft plan or strategy is agreed as Council policy; or

- 3.1.2. Inform the Leader of any objections it has to the Leader and Cabinet's draft plan or strategy, including any amendments to the proposals.
- 3.2. If the Council has objections to the Leader and Cabinet's initial proposals, it must:
 - 3.2.1. Give the Leader instructions requiring the Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it.
 - 3.2.2. Specify a period ("the relevant period") of **at least 5 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 reconsider the draft plan or strategy.

Leader's consideration of the Council's objections

- 3.3. The Leader may, within the relevant period, give notice in writing to the Monitoring Officer of their intention to:
 - 3.3.1. submit a revised draft plan or strategy to Full Council including the reasons for any amendments; and
 - 3.3.2. inform Full Council of its disagreement with the Council's objections to the draft plan and strategy and the reasons for the disagreement.
- 3.4. If the Leader does not take the above action within the relevant period, the Council's decision on the draft plan or strategy (with any amendments) will become effective at the expiry of the relevant period and notice will be given in accordance with the Access to Information Rules.

Full Council's final decision

- 3.5. If the Leader gives notice in writing to submit a revised draft plan or strategy, or disagrees with the Council's objections to the original draft plan or strategy, the Full Council must meet to reconsider and agree the plan or strategy either:
 - 3.5.1. at the next ordinary Council meeting; or
 - 3.5.2. at an extraordinary Council meeting for this purpose if a decision needs to be made at a sooner date.
- 3.6. The Council's final decision to adopt the plan or strategy must take into account, where applicable, the Leader's revised draft plan or strategy or disagreement with the Council's objections.

The Budget Framework: Setting the Annual Council Tax and Budget

4. The Formulation of Budget Proposals

- 4.1. In the financial year, the Leader and Cabinet with the support of officers will formulate draft budget proposals and will:
 - 4.1.1. determine the process for any public or other stakeholder engagement and / or consultation; and/or
 - 4.1.2. agree with Overview and Scrutiny Committees a process for the scrutiny of the proposals.
- 4.2. The Leader and Cabinet will take into account the outcome of these processes in the formulation of the draft plan or strategy made to Full Council.
- 4.3. The Leader and Cabinet will submit its draft budget proposals to Full Council in accordance with the following procedure.

5. Leader and Cabinet's Budget Estimates or Amounts

- 5.1. Subject to the exception in Rule 9, in any financial year the Leader and Cabinet shall submit to Full Council for its consideration in relation to the following financial year:
 - 5.1.1. Estimates of the amount to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 32-37 or 43-49 of the Local Government Finance Act 1992;
 - 5.1.2. Estimates of other amounts to be used for the purpose of such a calculation;
 - 5.1.3. Estimates of such a calculation; or
 - 5.1.4. Amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992.
- 5.2. The proposals at 5.1 shall be called collectively the "Budget Estimates or Amounts".

6. The Budget Setting Meeting: Full Council's Consideration of the Budget Estimates or Amounts

- 6.1. The Full Council shall consider the Budget Estimates or Amounts at its annual budget setting meeting.
- 6.2. If the Full Council approves the Budget Estimates or Amounts without amendment, this decision will be final.

- 6.3. If the Full Council has any objections to the Budget Estimates or Amounts, it must:
- 6.3.1. before it makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in 5.1 above or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992;
 - 6.3.2. inform the Leader of any objections which it has to the Budget Estimates or Amounts; and give the Leader instructions requiring the Cabinet to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements.

7. Leader's Revised Budget Estimates or Amounts

- 7.1. Where the Council gives instructions in accordance with rule 6 above, it must specify a period ("the relevant 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:
- 7.1.1. submit a revision of the estimates or amounts as amended by the Cabinet ("revised estimates or amounts"), which have been reconsidered in accordance with Full Council's requirements, with the Cabinet's reasons for any amendments made to the estimates or amounts, to the authority for Full Council's consideration; or
 - 7.1.2. inform the Full Council of any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for any such disagreement.

8. Full Council's Consideration of the Leader's Revised Budget Estimates or Amounts

- 8.1. The Full Council must meet after the expiry of the relevant period to make calculations (whether originally or by way of substitute) in accordance with the sections referred to in 5.1 above or issue a precept under Chapter IV of Part I of the Local Government Finance Act 1992.
- 8.2. When making the decisions at 8.1, Full Council must take into account the Leader's submissions under Rule 7 including:
- 8.2.1. any amendments to the estimates or amounts that are included in any revised estimates or amounts;
 - 8.2.2. the Cabinet's reasons for those amendments;
 - 8.2.3. any disagreement that the Cabinet has with any of the Council's objections; and
 - 8.2.4. the Cabinet's reasons for that disagreement.

9. Exclusions

9.1. Rules 5 to 8 shall not apply in relation to -

- 9.1.1. calculations or substitute calculations which an Authority is required to make in accordance with Section 52I, 52J, 52T or 52U of the Local Government Act 1992; and
- 9.1.2. 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.

10. Recorded Vote

10.1. A recorded vote will be held for any vote taken at the Council's budget setting meeting, including in respect of amendments.

11. Decisions outside the Budget or Policy Framework

- 11.1. Subject to the provisions of the Financial Regulations (Part 5 of the Constitution), the Cabinet, individual portfolio holders, individual officers, committees or joint arrangements discharging executive functions may only take decisions which are in line with the approved Budget.
- 11.2. If any of those bodies or persons wishes to make a decision which is contrary to the approved Budget Approval Rules, the decision may only be taken by Council, subject to the Rule below in respect of urgent decisions outside the Budget and Policy Framework.
- 11.3. If those bodies or persons detailed above want to make a decision which is or may be contrary to the Budget Approval Rules, they shall first consult and take advice from the Monitoring Officer and/or the Section 151 Officer as to whether the decision they want to make would be contrary to the Budget Approval Rules.
- 11.4. If the advice of the Monitoring Officer or the Section 151 Officer is that the decision would not be in line with the existing Budget Approval Rules, 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 Rule 12 below (urgent decisions outside the Budget Approval Rules) shall apply.
- 11.5. Council may either:
 - 11.5.1. endorse a decision or proposal of the Cabinet decision taker as falling within the existing budget Approval Rules. 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
 - 11.5.2. amend the budget framework or policy concerned to encompass the decision or proposal of the decision taker responsible for that Cabinet 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

- 11.5.3. 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 decision taker to reconsider the matter in accordance with the advice of either the Monitoring Officer/Section 151 Officer and refer it back to the Cabinet. The decision taker must reconsider within 7 working days of the Council meeting; and
- 11.5.4. Whatever decision the Cabinet takes at that meeting is final, bearing in mind that a decision taken outside the Budget Approval Rules will be unlawful.

12. Urgent decisions outside the Budget

- 12.1. The Leader, the Cabinet, a Cabinet Committee, an individual member of the Cabinet, officers, or joint arrangements discharging executive functions may take a decision which is contrary to the Budget approved by Full Council if the decision is a matter of urgency. However, the decision may only be taken if:
 - 12.1.1. any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interest;
 - 12.1.2. it is not practical to convene a quorate meeting of the Full Council within the Access to Information Rules; and
 - 12.1.3. the Chair of a relevant Overview and Scrutiny committee agrees that the decision is a matter of urgency.
- 12.2. The reasons why it is not practical to convene a quorate meeting of Full Council and the Chair of the relevant Overview and Scrutiny committee's consent to the decision being taken as a matter of urgency must be noted on the record of the decision.
- 12.3. Following the decision, the decision taker will provide a full report to the next available Full Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

13. Virement

- 13.1. Budget virement means a process of transferring budgeted sums from one budget line to another in the light of experience or to reflect anticipated changes. The Council's rules on virement are set out in the Financial Regulations (Part 5 of the Constitution), Corporate Scheme of Financial Delegation, Appendix 1.

14. In-year changes to Policy Framework

- 14.1. No changes to any policy and strategy which make up the Policy Framework may be made by those bodies or individuals except those changes:

- 14.1.1. which will result in the closure, amendment or discontinuance of a service or part of a service to meet a budgetary constraint;
- 14.1.2. are necessary to ensure compliance with the law, ministerial direction, or government guidance; and
- 14.1.3. which are within the scope set out for in year changes in the policy document in question, or when the policy document was approved by Full Council.

15. Summary explanatory note and diagram : Budget and Policy Framework

- 15.1. The Budget and Policy Framework is the framework which sets out arrangements for the adoption and implementation of the Council's Budget, policies, plans and strategies.
- 15.2. These are decisions where both Full Council and the Leader and Cabinet have a role in the decision making:
 - 15.2.1. The Leader and Cabinet develop and recommend the Budget and Policy Framework decision to Full Council for approval; and
 - 15.2.2. The full Council makes the final decision.
- 15.3. The specific financial and policy decisions that are reserved for Council are set out in regulations and in Parts 3 and 5 of the Constitution.
- 15.4. Once decisions are agreed, the Leader and Cabinet has responsibility for implementing the framework.
- 15.5. The rules provide for the process to be followed if the Council disagrees with any of the Leader and Cabinet's recommendations. A summary of the budget process is set out as an example:

