

## **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 Executive to implement it.

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

#### **A. The process by which the Policy Framework shall be developed is:**

- a. The Overview and Scrutiny Management Committee will receive reports from the Executive, and will conduct such research and consultation with stakeholders and investigations as it considers necessary to enable it to develop proposals for the relevant parts of the Policy Framework as fall within its Terms of Reference for the forthcoming year.
- b. The Executive will publicise when the decision is first included in the Forward Plan (which shall be available on the Council's web page) a timetable for making proposals to the Council for the adoption of any plan or strategy that forms part of the Budget and Policy Framework, and its arrangements for consultation. The Chair of Overview and Scrutiny Management Committee will also be notified.
- c. By a date designated by the Executive in accordance with paragraph 2A(b) of these Rules, where a plan or strategy that forms part of the Policy Framework needs to be adopted, the Executive will publish an Issues Paper for the plan or strategy, having first canvassed the views of local stakeholders as appropriate and in a manner suitable to the matter under consideration. Details of the Executive's consultation process shall be included in relation to each of these matters in the Forward Plan and made available on the Council's web page. Any representations made to the Executive shall be taken into account in formulating the Issues Paper, and shall be reflected in any report dealing with them. If the matter is one where Overview and Scrutiny Management Committee has carried out a review of policy, then the outcome of that review will be reported to the Executive and considered in the preparation of the Issues Paper.
- d. The designated date referred to in paragraph 2A(c) of these Rules shall be three (3) months unless the Executive considers that there are special factors that make this timescale inappropriate. If it does, it shall state the reasons in publicising the Forward Plan in accordance with paragraph 2A(b) of these Rules and shall inform Overview and Scrutiny Management Committee of the time for response when the Issues Paper is referred to it.
- e. The Executive's Issues Paper shall be referred to Overview and Scrutiny Management Committee for further advice and consideration by sending a copy to the Scrutiny Manager who will convene a meeting of Overview and Scrutiny Management Committee. Overview and Scrutiny Management Committee shall canvas the views of local stakeholders if it considers it appropriate in accordance with the matter under consideration, and having particular regard not to duplicate any consultation carried out by the Executive. Overview and Scrutiny Management Committee shall report to the Executive on the outcome of its deliberations. Overview and Scrutiny Management Committee shall have six weeks to comment upon the Issues Paper unless the Executive considers that there are special factors

that make this timescale inappropriate. If it does, it will inform the Overview and Scrutiny Management Committee of the time for response when the Issues Paper is referred to it.

- f. Having considered the report of the Overview and Scrutiny Management Committees, the Executive will finalise its proposals before submitting them to the Council for consideration. It will also report to Council on how it has taken into account any comments or recommendations from the Overview and Scrutiny Management Committee.
- g. The Council will consider the proposals of the Executive and may adopt them, amend them, refer them back to the Executive for further consideration, or substitute its own proposals in their place. This includes any plan or strategy, submitted by the Executive, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval – whether in the form of a draft or otherwise – where any plan or strategy is required to be so submitted. In considering the matter, the Council shall have before it the Executive's proposals and any report from any Overview and Scrutiny Management Committee.
- h. The Council's decision will be publicised in accordance with Article 4 and a copy shall be given to the Leader. The Notice of Decision shall be dated and shall state either that the decision shall be effective immediately (if the Council accepts the Executive's proposals without amendment) or (if the Executive's proposals are not accepted without amendment), that the Council's decision will become effective on the expiry of five clear days after the publication of the notice of decision, unless the Leader objects to it in that period. The Leader may, in writing, waive that right thus giving immediate effect to the decision. If the Council resolves to refer the matter back to the Executive for the further consideration, that decision shall take effect immediately.
- i. If the Leader objects to the decision of the Council, s/he shall give written notice to the Service Director: Legal & Governance to that effect prior to the date upon which the decision is to be effective. The written notification must state the reasons for the objection. Where such notification is received, the Service Director: Legal & Governance shall convene a further meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting. Where the Council has referred the matter back to the Executive for further consideration, the Service Director: Legal & Governance shall convene a further meeting of the Council to reconsider the matter following the Executive's further considerations.
- j. The Council meeting must take place within 10 clear days of either the receipt of the Leader's written objection or within 15 clear days of the date of the meeting where the Council has referred the matter back to the Executive for further consideration. At that Council meeting, the decision of the Council shall be reconsidered in the light of the objection or further considerations by the Executive, which shall be available in writing for the Council.
- k. 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 in accordance with Article 4, and shall be implemented immediately.
- l. 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, in accordance with paragraphs 5 and 6 of these Rules (viement and in-year adjustments). Any other changes to the Policy Framework are reserved to the Council.

**B. The process by which the Budget shall be developed:**

For the purposes of the Constitution, the Budget shall be defined as meaning the process whereby in any financial year, the Executive submits to the Full 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,
  - a. Overview and Scrutiny Management Committees will receive regular updates on performance (including financial matters) for their Portfolio. Any Scrutiny Panel may conduct such research and consultation with stakeholders if they wish to enable them to develop opinions and form comments for the relevant parts of the Budget as fall within their Terms of Reference for the forthcoming year and to communicate these to the Executive.
  - b. The Executive will publish in advance a timetable for the Budget. The chair of Overview and Scrutiny Management Committee will also be notified.
  - c. The Executive's timetable will be subject to variation dependent upon the timing of the Local Government Finance Settlement and the information available. This will be advised upon by the Service Director: Finance & Commercialisation. Each Cabinet Member will, during the course of any meetings with Overview and Scrutiny Management Committee update on the progress and the possible changes and pressures within their areas of responsibility. The Executive shall publish the Executive's Major Budgetary Proposals in accordance with the timetable referred to in paragraph (b) above. The Executive's Major Budgetary Proposals shall form the basis of any consultation process or exercise, shall be disseminated to the Group Leaders and may be updated from time to time by the Executive as further information becomes available.
  - d. Issues Papers which shall inform the process upon which the draft Corporate Improvement Plan shall be based shall be referred, in accordance with the timetable referred to above, to Overview and Scrutiny Management Committee for consideration and comment. The Committee shall have such time as the timescale provided for by the Executive to respond to the Issues Paper.
  - e. Having considered the comments of Overview and Scrutiny Management Committee on the Issues Papers upon which the draft Corporate Improvement Plan shall be based, the Executive will finalise its proposals before submitting them to the Council for consideration. It will also report to Council on how it has taken into account any comments or recommendations from Overview and Scrutiny Management Committee.
  - f. By convention, when the Executive's budgetary proposals are endorsed by the Cabinet prior to submission to the Council, the other Groups shall make their budgetary amendments publicly available, and the Council shall make them available on its website. Failure to comply with this convention will not in any way invalidate the budgetary process and this convention is not enforceable by the Council or any party in any manner.

- g. For the avoidance of doubt, at the budget meeting the only additional papers that may be placed on Members' desks at the outset of the meeting are any papers that, in the view of the Head of Paid Service, Service Director: Strategic Finance & Commercialisation or Monitoring Officer, are either conducive to the conducting of the meeting, relevant to the discussion or they otherwise consider ought properly to be brought to Members' attention.
- h. The Council will consider the proposals of the Executive and may adopt them, amend them, refer them back to the Executive for further consideration, or substitute its own proposals in their place. In considering the matter, the Council shall have before it the Executive's proposals and any comments or recommendations from Overview and Scrutiny.
- i. The Council's decision will be publicised in accordance with Article 4 and a copy shall be given to the Leader. The notice of decision shall be dated and shall state either that the decision shall be effective immediately (if the Council accepts the Executive's proposals without amendment) or (if the Executive's proposals are not accepted without amendment), that the Council's decision will become effective on the expiry of five clear days after the publication of the notice of decision, unless the Leader objects to it in that period. The Leader may, in writing, waive that right, thus giving immediate effect to the decision. If the Council resolves to refer the matter back to the Executive for the further consideration, that decision shall take effect immediately.
- j. If the Leader objects to the decision of the Council, s/he shall give written notice to the Service Director: Legal & Governance to that effect prior to the date upon which the decision is to be effective. The written notification must state the reasons for the objection. Where such notification is received, the Service Director: Legal & Governance shall convene a further meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting. Where the Council has referred the matter back to the Executive for further consideration, the Service Director: Legal & Governance shall convene a further meeting of the Council to reconsider the matter following the Executive's further considerations.
- k. The Council meeting must take place within either six clear days of the receipt of the Leader's written objection or within 11 clear days of the date of the meeting where the Council has referred the matter back to the Executive for further consideration (or such other timeframe in order to meet any statutory deadlines). At that Council meeting, the decision of the Council shall be reconsidered in the light of the objection or further considerations by the Executive, which shall be available in writing for the Council.
- l. 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 in accordance with Article 4, and shall be implemented immediately.
- m. In approving the Budget, the Council will also specify the degree of any in-year changes to the Budget which may be undertaken by the Executive, over and above the rules in paragraphs 5 and 6 of these Rules (virement and in-year adjustments). Any other changes to the Budget are reserved to the Council.

### **C. VARIATIONS TO THE PROCESS**

Legislative requirements specific to an individual element or aspect of the Policy Framework and/or Budget may require that the process outlines in these Budget and

Policy Framework Rules has to be varied (for example, the Early years Development Plan is, by virtue of the Schools Standards and Framework Act 1998 the responsibility of the Early Years Partnership who are responsible for the development of the plan prior to submission to Full Council for approval). Where this is the case, in publishing a timetable under paragraphs 2A(b) and 2B(b), the Executive shall outline any variation in the process.

### **3. Decisions contrary to or not wholly in accordance with the Budget or Policy Framework**

- a. Subject to the provisions of paragraph 5 (virement) the Executive, committees of the Executive individual Members of the Executive and any Officer, area committees or joint arrangements 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 4 below.
- b. If the Executive, a committees of the Executive, individual Members of the Executive and any Officer, or joint arrangements discharging Executive functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Service Director: Finance & Commercialisation 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 Officer is that the decision would not be in line with the 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 4 (urgent decisions outside the Budget and Policy Framework) shall apply.

### **4. Urgent decisions contrary to or not wholly in accordance with the Budget or Policy Framework**

- a. The Executive, a committee of the Executive, an individual Member of the Executive, Officer, or joint arrangements 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:
  - if it is not practical to convene a quorate meeting of the full Council; and
  - if the chair of Overview and Scrutiny Management Committee agrees that the decision is a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of full Council and the chair of Overview and Scrutiny Management Committee's 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 chair of Overview and Scrutiny Management Committee, the consent of the Mayor, Sheriff or in all their absence, the Head of Paid Service will be sufficient.

- b. 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.

## **5. Virement**

### **a. Budget “heads”**

The Council shall have a number of service Budget heads based upon the service and expenditure headings outlined in the Best Value Accounting Code of Practice and grouped into portfolios as determined by Council in accordance with individual Cabinet Member responsibility. The ability to move Budget allocations between these services or Budget heads will be governed by the virement rules set out below.

### **b. Virement Rules**

Net expenditure by the Executive, a Cabinet Member, officers or joint arrangements discharging Executive functions to implement Council policy shall not exceed those Budgets allocated to each budget head. However:

- i. Chief Officers (defined for these purposes as the Chief Executive, Directors, Service Director: Legal & Governance and the Service Director: Finance & Commercialisation) shall be entitled to vire across Budget heads where each individual virement does not exceed £200,000;
- ii. Cabinet Members shall be entitled to vire across Budget heads where each individual virement does not exceed £500,000;
- iii. the Cabinet shall be entitled to vire across Budget heads where each individual virement does not exceed £2,000,000;

Beyond that limit, approval to any virement across budget heads shall require the approval of Full Council.

- c. In the event of a major incident, the Executive may draw up to £200,000 from balances. “Major incident” shall be defined in the Council’s Major Incident Plan.

## **6. In-year changes to Policy Framework**

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, Officer, or joint arrangements 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 comply with a decision of the Council in respect of the Budget or Policy Framework;
- 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;

- d. which relate to policy in relation to schools, where the majority of school governing bodies agree with the proposed change; and
- e. which the Monitoring Officer and/or Service Director: Finance & Commercialisation agree is, or if not made would not be, contrary to the Policy Framework, or contrary to or not wholly in accordance with the Council's Budget.

**7. Call-in of decisions contrary to / not wholly in accordance with Policy Framework and / or Budget**

- a. Where an Overview and Scrutiny Committee or Panel 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 Service Director: Finance & Commercialisation.
- b. In respect of functions which are the responsibility of the Executive, the Monitoring Officer's report and/or Service Director: Finance & Commercialisation 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 and to prepare a report to Council in the event that the Monitoring Officer or the Service Director: Finance & Commercialisation conclude that the decision was a departure, and to the relevant Overview and Scrutiny Committee if the Monitoring Officer or the Service Director: Finance & Commercialisation 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 Service Director: Finance & Commercialisation 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 overview and 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 ten clear days of the request by the Overview and Scrutiny Committee. At the meeting it will receive a report of the decision or proposals, a report from the relevant Overview and Scrutiny Committee and the advice of the Monitoring Officer and/or the Service Director: Finance & Commercialisation. 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 financial regulations, 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 to reconsider the matter and take account of the advice of either the Monitoring Officer or Service

Director: Finance & Commercialisation. Such reconsideration shall take place in accordance with the procedure laid down in the Overview and Scrutiny Procedure Rules in Part 4 of this Constitution.

- d. The Council must take one (or more) of the three decisions set out in paragraph 7(c) of these Rules before the end of its meeting. If the Council does not, then the Call-In Procedure in relation to that called-in decision will come to an end and the decision may then be implemented.
- e. The Monitoring Officer / Service Director: Finance & Commercialisation may issue guidance as to the principles by which an Executive decision may be judged contrary and/or not wholly in accordance with the Budget / Policy Framework, and this guidance shall be made available publicly and to all Members of the Council.