

## APPENDIX 8

### (ANNEX 1)

# BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

## 1. Framework for Executive Decisions

- 1.1 The Council will be responsible for the adoption of the Budget and Policy Framework as set out in Section 4. Once a budget or policy framework is in place, it will be the responsibility of the Cabinet to implement it

## 2. Process for developing the Policy Framework and the Budget

*(in accordance with the statutory requirements of the Local Authority (Standing Orders) (England) Regulations 2001)*

- 2.1 The Cabinet will publicise by including in the Forward Plan a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the Budget and Policy Framework
- 2.2 The Cabinet may undertake consultation with overview and scrutiny committees and local stakeholders as appropriate. Any representations made to the Cabinet shall be taken into account in formulating and delivering proposals and shall be reflected in any report dealing with them. If the matter is one where the overview and scrutiny committee has carried out a review of policy, then the outcome of that review will be reported to the Cabinet and considered in the preparation of initial proposals
- 2.3 The Cabinet will consider the views of those consulted and may amend its proposals before making recommendations to Full Council for consideration. It will report to the Council on how it has taken into account any recommendations from an overview and scrutiny committee
- 2.4 The Council will consider the proposals of the Cabinet and may adopt them, amend them, refer them back to the Cabinet for further consideration, or substitute its own proposals in their place. In considering the matter, the Council shall have before it the Cabinet's proposals and any report from an overview and scrutiny committee
- 2.5 In respect of the preparation of the budget or a plan, policy or strategy forming part of the strategic framework, the Cabinet has the right to ask the Council to reconsider any proposed decision which runs counter to the Cabinet's proposals for either the budget or plans
- 2.6 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 2.7
- 2.8 Before the Council:
- (a) amends the draft plan or strategy;

- (b) 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
- (c) 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 instructions to him requiring the Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it

**2.8** Where the Council gives instructions in accordance with paragraph 2.7, 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:

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

**2.9** When the period specified by the Council (referred to in paragraph 2.8) has expired, the Council must, when:

- (a) amending the draft plan or strategy or, if there is one, the revised plan or strategy
- (b) 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
- (c) 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 Council'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. The Council will then meet again to consider any objections from Cabinet and will make its final decision on the matter on the basis of a simple majority

**2.10** Subject to paragraph 2.14 where, before 8<sup>th</sup> February in any financial year, the Cabinet submits to the Council for its consideration in relation to the following financial year:

- (a) 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;

- (b) estimates of other amounts to be used for the purposes of such a calculation;
- (c) estimates of such a calculation; or
- (d) amounts required to be stated in a precept under Chapter IV of Part 1 of the Local Government Finance Act 1992

and following consideration of those estimates or amounts the Council has any objections to them, it must take the action set out in paragraph 2.12

**2.11** Before the Council makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph 2.10(a), or issues a precept under Chapter VI of Part 1 of the Local Government Finance Act 1992, it must inform the Leader of any objections which it has to the Cabinet's estimates or amounts and must give instructions to him requiring the Cabinet to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements

**2.12** Where the Council gives instructions in accordance with paragraph 2.11, 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:

- (a) 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 Council'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
- (b) 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

**2.13** When the period specified by the Council (referred to in paragraph 2.12) has expired, the Council must, when making calculations (whether originally or by way of substitute in accordance with the sections referred to in paragraph 2.11(a)), or issuing a precept under Chapter VI of Part 1 of the Local Government Finance Act 1992, take into account:

- (a) any amendments to the estimates or amounts that are included in any revised estimates or amounts;
- (b) the Cabinet's reasons for those amendments;
- (c) any disagreement that Cabinet has with any of the Council's objections; and
- (d) the Cabinet's reasons for that disagreement which the Leader submitted to the Council or informed the Council of, within the period specified

**2.14** Paragraphs 2.10 to 2.13 shall not apply in relation to:

- (a) calculations or substitute calculations which a council is required to make in accordance with Sections 52(I), 52(J), 52(T) or 52(U) of the Local Government Finance Act 1992; and
- (b) amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with Section 52(J) or 52(U) of that Act.

### **3. Decisions outside the Budget and Policy Framework**

- 3.1 Subject to the provisions of Rule 5 (virement), the Cabinet or any decision-making arm of the Cabinet, may only take decisions that are in line with the budget and policy framework. If it wishes to make a decision which is contrary to the 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 the provisions of Rule 4 below
- 3.2 If the Cabinet, or any decision-making arm of the Cabinet, wants to make a decision, advice shall be taken first from the Monitoring Officer and/or the Section 151 Officer as to whether the decision 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 to the Council for a decision, unless the decision is a matter of urgency, in which case the provisions in Rule 4 (urgent decisions outside the budget or policy framework) shall apply.

### **4. Urgent decisions outside the Budget and Policy Framework**

- 4.1 The Cabinet or an individual member of the Cabinet 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:
  - (a) it is not practicable to convene a quorate meeting of the Full Council; and
  - (b) the Chair of a relevant overview and scrutiny committee agrees that the decision is a matter of urgency.
- 4.2 The reasons why it is not practicable to convene a quorate meeting of Full Council and the consent of the Chair of the relevant overview and scrutiny committee 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 the relevant overview and scrutiny committee, the consent of the Vice Chair or, in the absence of both, the Mayor, will be sufficient
- 4.3 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**

- 5.1 The Council has set virement limits within which decision makers can exercise discretion in approving or otherwise financial transfers within the budget. The limits are set out within the Financial Procedure Rules

- 5.2 Where the Cabinet or an individual is discharging Executive functions to implement Council policy, then any decision to spend or make savings shall not exceed those budgets allocated to each budget head for which they have responsibility. However, the Cabinet or those individuals shall be entitled to vire across budget heads provided there is compliance with the Financial Rules of Procedure.

**6. Policy Framework – In-year Changes**

- 6.1 The responsibility for agreeing the budget and policy framework lies with the Council, and decisions of the Cabinet or an individual member of the Cabinet must be in line with it. Changes (including modifications, revisions, variations, withdrawal or revocation) to policy framework plans or strategies must ordinarily be approved by the Council. However, the Council may, at the time when the plan or strategy is approved, authorise the Cabinet, or a body or individual exercising Cabinet functions, to make such changes, provided that those changes will:

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

**7. Call-in of decisions outside the Budget and Policy Framework**

- 7.1 Where an overview and scrutiny committee is of the opinion that a decision of the Cabinet, or any decision making arm of the Cabinet, 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 or Section 151 Officer
- 7.2 In respect of functions which are the responsibility of the Executive, and where the decision has already been made and implemented, the Monitoring Officer/ Section 151 Officer shall report to the Cabinet on the advice that has been given to the overview and scrutiny committee and shall copy that report to each Member of the Council. The Cabinet must consider the report of the relevant Officer and decide what action to take in respect of the report. Where the advice concluded that there was a departure from the budget or policy framework, the Cabinet must report to Council on the action it intends to take. Where there was no such departure, the Cabinet must report to the overview and scrutiny committee on any action to be taken
- 7.3 If the decision has yet to be made, or has been made but not yet implemented, and the advice of the relevant 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 overview and scrutiny committee may refer the matter to the Council. In such cases, no further action may be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet within 28 days of the request by the overview

and scrutiny committee or sub-committee. At the meeting, the Council will receive a report of the decision or proposals and the advice of the relevant Officer. If the Cabinet has prepared a report on the matter, this will also be submitted to the Council. The Council may either:

- (a) endorse the decision or proposal of the Cabinet, or its decision making arm, as falling within the existing budget and policy framework of the Council. In this case, no further action is required other than that the decision of Council be minuted and circulated to all Members; or
- (b) amend the Council's Financial Rules of Procedure or the policy concerned to encompass the decision or proposal and agree to the decision with immediate effect. In this case, no further action is required other than that the decision be minuted and circulated to all Members; or
- (c) 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 or budget to accommodate it, require the Cabinet to reconsider the matter in accordance with the advice of the relevant Officer.

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