

## **Part 4.7 Budget and Policy Framework Procedure Rules**

### **1. The Framework for Executive Decisions**

- (a) The Council is responsible for the adoption of its budget and policy framework as set out in Part 2, Article 4 of this Constitution. Once a budget or a policy framework is in place it is the responsibility of the Leader/Executive to implement it. The Executive will be responsible for adopting all other policies.
- (b) The Overview and Scrutiny Committees will assist and advise the Leader/Executive (including doing so at an early stage) as regards budget preparation and in the formulation, development and delivery of the Policy Framework and of policies that will help to deliver the Corporate Plan priorities.

### **2. Process for developing the budget and policy framework**

The process by which the budget and policy framework will be developed is as follows:

- (a) Proposals will be publicised by including in the Executive 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, and the arrangements for consultation after publication of those initial proposals.
- (b) At the end of the consultation period, the Leader/Executive will draw up firm proposals having regard to the responses to the consultation. If the Overview and Scrutiny Committees wish to respond to the Leader/Executive in that consultation process, they may do so. As the Overview and Scrutiny Committees have responsibility for setting their own work programmes it is open to each Committee to investigate, research or report in detail with policy recommendations before the end of the consultation period, having particular regard not to duplicate any consultation carried out by the Executive. The Overview and Scrutiny Committees shall report to the Executive on the outcome of their deliberations. The Leader/Executive will take any response from consultees (including the Overview and Scrutiny Committees) into account in drawing up firm proposals for submission to the Council. The Leader/Executive's report to the Council will reflect the comments made by consultees and the Leader's/Executive's response.
- (c) Once the Leader/Executive has approved the firm proposals the Democratic Services and Business Support Team Manager will refer them at the earliest opportunity to the Council for decision.

### **3. Procedures for conflict resolution: plans and strategies**

This procedure applies in relation to those plans and strategies forming the policy framework of the Council as set out in Part 2, Article 4 of this Constitution and to any plan or strategy for the control of the Council's borrowing and capital expenditure.

- (a) Where the Leader/Executive 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) below.

- (b) Before the Council:
- (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 modifications) 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 them instructions requiring the Leader/Executive to reconsider in the light of those objections the draft plan or strategy.
- (c) When the Council gives instructions in accordance with paragraph (b) above it must specify a period of at least five working days beginning on the day after the date on which the Leader received the instructions within which the Leader may:
- (i) submit to the Council for consideration a revision of the draft plan or strategy as amended by the Leader/Executive (the “revised plan or strategy”), with the Leader’s/Executive’s reasons for any amendments; or
  - (ii) inform the Council of any disagreement that the Leader/Executive has with any of the Council’s objections, together with its reasons.
- (d) When the period specified by the Council, referred to in paragraph (c), has expired, the Council must take into account any amendments, representations, or observations made by the Leader/Executive within the period specified, together with reasons, 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.

#### **4. Procedures for conflict resolution: the revenue budget**

This procedure applies to estimates and calculations relating to the revenue budget and council tax. Paragraphs (a) to (e) below do not apply to estimates and calculations submitted by the Leader/Executive to the Council where the estimates and calculations were drawn up by the Leader/Executive on or after 8 February in any financial year.

- (a) Subject to paragraph (e), where before 8 February in any financial year the Leader/Executive submits to the Council for its consideration in relation to the following 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 Council has any objections to them, it must take the action set out in paragraph (b) below.

- (b) Before the Council makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph (a)(i) above, 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 it has to the Leader's/Executive's estimates or amounts and must give to them instructions requiring the Leader/Executive to reconsider in the light of those objections, those estimates and amounts in accordance with the Council's requirements.
- (c) Where the Council gives instructions in accordance with paragraph (b) above 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 within which the Leader may:
  - (i) submit to the Council for consideration a revision of the estimates or amounts as amended by the Leader/Executive ("revised estimates or amounts") which have been reconsidered in accordance with the Council's requirements, with the Leader's/Executive's reasons for any amendments made to the estimates or amounts; or
  - (ii) inform the Council of any disagreement that the Leader/Executive has with any of the Council's objections, together with its reasons.
- (d) When the period specified by the Council, referred to in paragraph (c) above has expired, the Council must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph (a)(i) above, 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 Leader's/Executive's reasons for those amendments,
  - (iii) any disagreements that the Leader/Executive has with any of the Council's objections, and
  - (iv) the Leader's/Executive's reasons for that disagreement,
 which the Leader submitted to the Council or informed the Council of within the period specified.

- (e) Paragraphs (a) to (d) above shall not apply in relation to substitute calculations which the Council is required to make in accordance with Section 52ZF of the Local Government Finance Act 1992.
- (f) Where estimates and calculations are drawn up by the Leader/Executive on or after 8 February in any financial year and are submitted to the Council for their consideration, the procedure in paragraphs (a) to (e) will not apply.
- (g) 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 Leader/Executive in accordance with paragraphs 7 and 8 of these Procedure Rules (virement and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

## **5. Decision outside the budget or policy framework**

- (a) Subject to the provisions of Procedure Rule 7 (Virement), the Leader/Executive, individual Portfolio Holders and any officers discharging executive functions may only take decisions which are in line with the budget and policy framework. If the Leader/Executive, individual lead councillor or any officer 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 Procedure Rule 6 below.
- (b) If the Leader/Executive or any individual Portfolio Holder or officer discharging executive functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Chief Finance 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 Procedure Rule 6 (Urgent Decisions Outside the Budget and Policy Framework) shall apply.

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

- (a) The Leader/Executive, individual Portfolio Holders or officers 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 Chair of the Overview and 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 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. In the absence of the chairman of the Overview and

Scrutiny Committee, the consent of the Mayor, and in the absence of both, the 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.

## **7. Virement**

Steps taken by the Executive, individual Portfolio Holders or officers discharging executive functions shall not exceed those budgets allocated to each budget head. In the event that virement across budget heads or budgets becomes necessary or desirable, it shall be carried out in accordance with the Financial Procedure Rules in Part 4 of this Constitution.

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

The responsibility for agreeing the budget and policy framework lies with the Council and decisions by the Leader/Executive, individual Portfolio Holders or officers 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, or
- (d) for which provision is made within the relevant budget or policy

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

- (a) Where an Overview and 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 Finance Officer.
- (b) In respect of functions which are the responsibility of the Leader/Executive, the Monitoring Officer's report and/or Chief Finance Officer's report shall be to the Leader/Executive with a copy to all councillors. Regardless of whether the decision is delegated or not, the Leader/Executive must meet to decide what action to take in respect of the Monitoring Officer's or Chief Finance Officer's report and to prepare a report to the Council in the event that the Monitoring Officer or the Chief Finance Officer conclude that the decision was a departure, and to the Overview and 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 Finance 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 will be taken in respect of the decision or its implementation until the Council has met and considered the matter. Following a request by the Overview and Scrutiny Committee, the matter will be referred to the next ordinary meeting of the Council. At the meeting, it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Finance 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 Financial Procedure Rules, 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 Leader/Executive to reconsider the matter in accordance with the advice of either the Monitoring Officer or Chief Finance Officer.