

3.7 POLICY AND BUDGET FRAMEWORK PROCEDURE RULES

3.7.1 THE FRAMEWORK FOR EXECUTIVE DECISIONS

The Council will be responsible for the adoption of its Policy and Budget Framework. Once the Policy and Budget Framework is in place, it will be the responsibility of the Cabinet and/or officers to implement it and, subject to the provisions below, to act in accordance with it.

3.7.2 PROCESS FOR DEVELOPING THE POLICY AND BUDGET FRAMEWORK AND THE DEFINITION OF THE FRAMEWORK

The Cabinet will publicise, by including in the forward plan and by other methods, a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the Policy and Budget Framework and its arrangements for consultation after publication of those initial proposals. The plans and strategies which form the Policy and Budget Framework are:

- Development Plan Documents (including the Local Plan/and any neighbourhood plans); and all plans and alterations which together comprise the Development plan
- Children and Young Peoples' Plan
- Youth Justice Plan
- Local Transport Plan
- Licensing Authority Policy Statement
- Crime & Disorder Reduction Strategy

For each of the plans and strategies that form the Policy and Budget framework, the Council shall be given an opportunity informally to discuss the emerging plan/strategy and related issues in advance of the Cabinet considering its formal recommendations to the Council.

The consultation process on any of the above plans and strategies will include an invitation to the relevant Overview and Scrutiny Panel to comment. It shall be open to the relevant Overview and Scrutiny Panel to comment as part of the Council's informal consideration of the emerging plan or during the formal consultation period. At the end of the consultation period, the Cabinet will draw up firm proposals having regard to the responses to that consultation. Failure of an Overview and Scrutiny Panel to respond or offer views shall not of itself cause any delay in the programming of a particular decision on such matters through the Cabinet and the Council.

The report of the Cabinet to the Council will identify any views given through

consultation and the response of the Cabinet to the points raised in such views. Once the Cabinet has devised firm proposals, the Chief Executive will refer them at the earliest opportunity to the Council for decision. The Council must then consider whether it has any objection to the Cabinet's proposals. Objections will take the form of suggestions to amend the proposals by the substitution of different proposals, the deletion of proposals or the insertion of new proposals.

The majority of those present and voting may pass a resolution objecting to the Cabinet's proposals. Such resolution will indicate the nature of the objections and will constitute an instruction to the Leader of the Council requiring the Cabinet to re-consider their proposals in the light of those objections.

On receipt of details of the objections, the Council Leader may, on behalf of the Cabinet:

- a) revise the proposals and notify the Council of the reasons for the revision; or
- b) inform the Council that the Cabinet disagrees with the Council's objections and explain the reasons for the disagreement.

Once a period of at least 5 clear working days has elapsed following the notification to the Leader of the Council of the objections (in effect starting with the working day after the first Council meeting) the Council will reconvene to consider the Cabinet's response to the objections. When making its final decision on the proposal (which will be by a simple majority) Council will take into account any amendments the Cabinet has made to the proposals and the reasons for such amendments, together with the reasons for any disagreement the Cabinet has with the other objections notified to it.

The Council will then proceed to decide on the proposal in the normal way. The Council will be free to amend the proposals put forward only insofar as the substance of its objections to them has been notified to the Cabinet in accordance with the preceding paragraphs.

It will be a matter for the Council to decide whether or not any changes that are to be proposed to the recommendations put forward by the Cabinet are of such significance as to amount to "objections" to the Cabinet's proposals. The Chief Executive, following consultation with the Monitoring Officer, will offer advice to the meeting in this respect.

3.7.3 MOTION IN COUNCIL INVOLVING INCREASED EXPENDITURE

When a motion or amendment is proposed at a Council meeting, other than as a result of a recommendation or report from the Cabinet, and the motion or amendment would either involve expenditure not provided for in the budget/MTFP, or a reduction in income anticipated by the budget/MTFP,

and the motion does not identify from where the required additional funding or equivalent amount of income can be provided, then the motion, or amendment, if carried, must be referred to the Cabinet and Section 151 Officer for consideration, prior to its reconsideration by Council.

3.7.4 DECISIONS OUTSIDE THE POLICY AND BUDGET FRAMEWORK

The Cabinet, a Committee of the Cabinet, Cabinet Members and any Officers, Area Committees or joint arrangements discharging executive functions (defined under Part 2 of the Constitution) may only take decisions which are in line with the Policy and Budget Framework. If any of these bodies or persons wishes to make a decision which is contrary to the Policy and Budget Framework, 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 Rule 3.7.5 below.

The Monitoring Officer or the Chief Financial Officer shall give advice to the meeting or person making the decision about any proposal that is likely to be contrary to the Policy and Budget Framework. If the advice of either of those officers is that the decision would not be in line with the existing Policy and Budget Framework then the matter must be referred by that body or person to the Council for decision. This shall not apply if the decision is required as a matter of urgency, in which case the provisions within Rule 3.7.5 (Urgent decisions outside the Policy and Budget Framework) shall apply.

3.7.5 URGENT DECISIONS OUTSIDE THE POLICY AND BUDGET FRAMEWORK

The Cabinet, a Committee of the Cabinet, Cabinet Members, Officers, Area Committees or joint arrangements discharging executive functions may take a decision which is contrary to the Policy and Budget Framework if the decision is a matter of urgency. However, the decision may only be taken:

- i. if it is not practical to convene a meeting of the full Council; and
- ii. if the Chair of the relevant Overview and Scrutiny Panel (or their Vice-Chair) agrees that the decision is a matter of urgency.

The reasons why it is not practical to convene a meeting of full Council must be recorded, along with the decision of the Chair of the Overview and Scrutiny Panel. Before such a decision is taken the advice of the Chief Executive, the Monitoring Officer and, where relevant, the Chief Financial Officer shall be sought and taken into account. Following the decision, a full report will be made to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

3.7.6 REVIEW OF DECISIONS AND PLANNED DECISIONS OUTSIDE THE POLICY AND BUDGET FRAMEWORK

Where an Overview and Scrutiny Panel believes that an executive decision is, (or if not yet made would be), contrary to the Policy and Budget Framework then it shall seek the advice of the Monitoring Officer and/or the Chief Financial Officer. In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer and/or Chief Financial Officer shall submit a report to the Cabinet with a copy to every Member of the Council. Regardless of whether the decision is delegated or not, the Cabinet must meet to decide what action to take in respect of the Monitoring Officer's/Chief Financial Officer's report.

The Cabinet must submit a report on its proposed action:

to Council in the event that the Monitoring Officer or the Chief Financial Officer concludes that the decision was contrary to the Policy and Budget Framework, and

to the appropriate Overview and Scrutiny Panel if the Monitoring Officer or the Chief Financial Officer concludes that the decision was not contrary to the Policy and Budget Framework.

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 the Policy and Budget Framework, the Overview and Scrutiny Panel will refer the matter to the next ordinary meeting of 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 meeting will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Financial Officer. The report shall also contain the Cabinet's proposals for resolving the relevant Policy and Budget Framework issues. Any such proposals of the Cabinet shall be dealt with in accordance with the procedures described in Policy and Budget Framework Rule 3.7.2 above.

3.7.7 IN –YEAR CHANGES TO THE POLICY AND BUDGET FRAMEWORK

There are 3 ways in which a Policy and Budget Framework item can be changed in year, namely:

- on a recommendation of the Cabinet;
- arising from a report of an Overview and Scrutiny Panel
- by a Member tabling an agenda motion for a Council meeting which is then carried on a vote.

Decisions by the Cabinet, and individual Cabinet Member, an Officer, a

Committee of the Cabinet, or a Joint Arrangement in discharging an executive function must be in line with the Policy and Budget Framework.

Those bodies and individuals may not make any changes to any plan or strategy that makes up the Policy and Budget Framework 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 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;
- e. which are allowed by Financial Regulations or by the Budget Management Scheme.

In respect of changes to the Policy and Budget Framework made under these provisions, such changes will be reported to the next meeting of the Council.

For those changes to the Policy and Budget Framework which are submitted for approval by the Council, the procedure at Policy and Budget Framework Procedure Rule 3.7.2 shall apply.

3.7.8 SPECIAL PROCEDURE RULES RELATING TO THE BUDGET AND MEDIUM TERM FINANCIAL PLAN (MTFP) ELEMENT OF THE POLICY AND BUDGET FRAMEWORK

The Cabinet has the responsibility to prepare and propose a draft Budget and MTFP to Council for its approval.

Cabinet will recommend to Council a budget that includes the allocation of resources to different services and projects, setting the council tax, and decisions relating to the control of its capital expenditure and borrowing requirement.

Section 31A of the Local Government Finance Act 1992 requires budget calculations to be made before 11th March, but they are not invalid merely because they are made on or after 11th March.

The Council has two options available to it at the budget setting meeting. It can object to specific parts of the proposals and if it does so, must require the Leader on behalf of Cabinet to reconsider its proposals. The Council is required to give the Cabinet reason(s) why it considers those proposal(s) should be changed and it is then for the Cabinet to consider those proposed changes and the reasons put forward. Alternatively, it is open to the Council to accept the budget in its proposed form at the meeting, in which case no further action is necessary.

Council may then determine the budget on the basis of the Cabinet's recommendations, plus any insignificant changes adopted as amendments at the Council meeting.

Alternative Budget Proposals

If alternative proposals to those contained in the budget report are moved at the budget setting meeting, the Chief Finance Officer will need to consider if the estimates or proposed financial reserves contained in the report are affected and whether a further report on the robustness of the budget (which may be oral) is required under section 25 of the Local Government Act 2003.

If the Chief Finance Officer is unable to report on the estimates or the reserves because of the lateness of the alternative proposals, then they will **not** be able to comply with the statutory requirement.

The Council itself (on advice from the Chief Executive) will decide whether any amendment to the budget proposals is of such significance as to amount to an "objection" to the budget to require reconsideration by the Cabinet.

If a significant proposal is accepted on a vote at Council (from those proposals notified at the Cabinet meeting), this stands as a formal objection and will be referred to the Leader to secure consideration by the Cabinet and report back to the reserve Council budget meeting.

Once Cabinet has considered the objections, it is required to put its proposals (which may or may not be revised) back to the reserve Council budget Meeting. If the Cabinet does not agree with Council's views on a proposed change, it is required to state why and the Council can then take those reasons into account, along with its original thoughts as to why the change was desirable. At the meeting, it is open to Council to take such decision as it sees fit on any variation from the budget as originally proposed that has been the subject of consideration under the process outlined above.

The Council's Budget and MTFP forms part of the Council's Policy and Budget Framework. However, good financial management requires that some flexibility for in-year changes is permitted. The Budget Management

Scheme provides the parameters for such changes and should be read in conjunction with these Procedural Rules for adopting and amending the Policy and Budget Framework.

The purpose of the Budget Management Scheme is:

- a) To ensure that income and expenditure is in line with the agreed Council budgets and operational plans (consistency of purpose), and,
- b) To maintain overall Financial control of Council income and expenditure

In-year changes to the Budget and MTFP may be made by the Council in response to:

- a) a report and recommendation of the Cabinet
- b) Overview and Scrutiny business
- c) a successful agenda motion from a Councillor (where necessary, following consideration of Officer advice)

In addition, the Budget Management Scheme applies to the approved Budget and future years MTFP. This is to ensure that Council determines any changes in budgets that are contrary to the Policy and Budget Framework, and that specific items allocated by Council in the MTFP and Budget are not used for purposes other than those originally intended whilst allowing fortuitous or unplanned savings to be retained under certain conditions.

In these Budget Management Rules, all references to "Heads of Service" refer also to all senior managers reporting directly to Directors. In addition, they also refer to Directors where they have specific responsibility for a budget, e.g. a corporate project.

3.7.9 MANAGEMENT OF APPROVED BUDGET / MTFP

The Cabinet and, where authority is delegated to them to do so, Officers may authorise expenditure included within the approved budget/MTFP. Approval levels and officer delegation is set out in the Council's Financial Regulations.

Financial management of the Capital Programme will be undertaken in accordance with the approved Budget Management Scheme for Capital Budgets.

Council approval will be required for all new capital schemes or acquisitions or developments which require the use of prudential borrowing that is outside the budget.

3.7.10 MONITORING OF BUDGET AND MTFP

Cabinet will monitor the budget/MTFP and ensure its delivery and shall make recommendations to Council where amendments are deemed appropriate or necessary.

3.7.11 FINANCIAL REGULATIONS

The Financial Regulations define the boundaries within which we operate to effectively manage risk. They clarify roles and responsibilities and provide a framework for decision making to ensure a robust control framework and scheme of delegation for financial decision making.