

BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

1. The framework for Cabinet 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 Cabinet to implement it.

2. Process for developing the framework

The DETR guidance envisages roles for both the Cabinet and the Scrutiny Committees in the development of the budget and policy framework which will eventually be adopted by Council, especially through the Cabinet requesting reviews by Scrutiny Committees of particular issues prior to submission of proposals to Council. In addition, Scrutiny Committees will have a general remit to consider matters of concern to the authority or its citizens and to investigate cross-cutting issues which affect more than one policy area.

The process by which the budget and policy framework shall be developed is:

CABINET LEADS PROCESS; SCRUTINY COMMITTEE INVOLVEMENT WITHIN CABINET CONSULTATION PROCESS; DIFFERENTIAL VOTING ON DISPUTES REGARDING BUDGET AND POLICY PROSALS.

2. Process for Developing the Framework

- (a) Five months (*October*) before a budget plan needs to be adopted (*11th March*), the Cabinet will publish initial proposals for the budget and policy Framework. The Cabinet will carry out consultation with all stakeholders, the public, local businesses, Area Committees and all other Forums as stated in the Forward Plan.
- (b) The Cabinet's initial proposals shall be referred to the relevant Scrutiny Committee(s) for consideration. The proposals will be referred by sending a copy to the Head of Legal and Democratic Services who will forward a copy to the Chairman of the relevant Scrutiny Committee(s). If there is no such Chairman, a copy will be sent to every member of that committee(s). The Scrutiny Committee(s) shall report to the Cabinet on the outcome of its deliberations. The Scrutiny Committee(s) shall have at least six weeks (*December*) to respond to the initial proposals of the Cabinet unless the Cabinet considers that there are special factors that make the timescale inappropriate. If it does it will inform the Scrutiny Committee(s) of the time for responses when the proposals are referred to it.
- (c) Once the Cabinet has approved the firm proposals, the Head of Democratic Services will refer them at the earliest opportunity to the Council for decision.

- (d) In reaching a decision the Council may adopt the Cabinet's proposals, amend them, refer them back to the Cabinet for further consideration, or in principle, substitute its own proposals in their place.
- (e) If it accepts the recommendations of the Cabinet without amendment, the council may make a decision which has immediate effect. Otherwise, it may only make an in-principle decision. In either case, the decision will be made on the basis of a simple majority of votes cast at the meeting.
- (f) The decision will be publicised in the draft Minutes and a copy shall be given to the Leader.
- (g) An in-principle decision will automatically become effective at least five working days from the date of the Council's decision, unless the Leader informs the Head of Democratic Services in writing within five working days that he/she objects to the decision becoming effective and provides reasons why.
- (h) In that case, the Head of Democratic Services will call a Council meeting within a further ten working days. The Council will be required to reconsider its decision and the Leader's written submission.

The Council may:

- (i) approve the Cabinet's recommendation by a simple majority of votes cast at the meeting; or
 - (ii) approve a different decision which does not accord with the recommendation of the Cabinet by a simple majority.
- (i) The decision shall then be made public in the draft Minutes and shall be implemented immediately.
 - (j) 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 Cabinet, in accordance with paragraphs 5 and 6 of these Rules (virement and in-year adjustments). Any other changes to the policy and budgetary framework are reserved to the Council.

3. Decisions outside the budget or policy framework

- (a) subject to the provisions of paragraph 5 (virement) the Cabinet, a Committee of the Cabinet, individual members of the Cabinet and any officers, Area Committees or joint arrangements discharging Cabinet 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 (see also Financial Procedure Rules).

- (b) If the Cabinet, a Committee of the Cabinet, individual members of the Cabinet and any officers, Area Committees or joint arrangements discharging Cabinet functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Chief Financial 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 paragraph 4 (urgent decisions outside the budget and policy framework) shall apply.

4. Urgent decisions outside the budget or policy framework

This procedure covers decisions contrary to the policy framework and contrary to or not wholly in accordance with the budget. Local authorities should ensure that the procedures for the latter case set out here reflect their Financial Regulations.

- (a) The Cabinet, a Committee of the Cabinet, an individual member of the Cabinet or officers, Area Committees or joint arrangements discharging Cabinet 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 Chairman of a relevant Scrutiny 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 Chairman of the relevant Scrutiny Committees' 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 a relevant Scrutiny Committee, or in his absence of the Vice-Chairman of a relevant Scrutiny Committee, the consent of the Mayor, and in his absence, the Deputy Mayor will be sufficient; and

- (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

Reference should be made to Financial Regulations. However, for ease of reference, a summary is shown here.

Virements are intended to allow staff to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore to optimise the use of resources.

- a) The Council shall have the following budget heads

In approving the budget framework for the year the Council will allocate resources to budget heads as follows:

- Statements of Service (General Fund Revenue Budgets)
- Individual Capital Projects (block allocations approved by Council within the capital programme will require further approval from Cabinet (Portfolio Holder Decision) for individual projects in excess of £50,000)
- An income or expenditure category within the Housing Revenue Account

- b) Virements

These are transfers of funding, either within a budget head or between budget heads

- i) Virements within a budget heads

Service Unit Heads are entitled to vire within a budget head.

However any virement which increases or decreases the gross expenditure total within the budget head supported by income or grants will need to adhere to the following process; -

- amounts over £50,000 and up to £250,000, the prior approval of Cabinet (Portfolio Holder Decision) will be required or/and the virement can be highlighted as part of the monthly Corporate Financial Monitoring report.
- amounts over £250,000, the prior approval of full Council will be required.

- ii) Virements between budget heads

Service Unit Heads are entitled to vire up to £50,000 provided that any virement which impacts upon a budget head for which the Service Unit Head is not responsible has the prior agreement of the other Service Unit Head.

Virements between budget heads over £50,000 and up to the value of £250,000 will be subject to the prior approval of the Cabinet, following a joint report between the relevant Service Unit Head (or Heads) and the Head of Financial Services. A separate report will be required as part of the monthly Corporate Financial Monitoring report.

Virements in excess of £250,000 will be subject to the prior approval of full Council.

In both cases the key requirements of virement are:

- The proposed expenditure and source of funding are clearly specified.
- No overall additional budget liability is created including any costs which will fall on another budget head of the authority (i.e. superannuation back-funding)
- That Service Unit Heads exercise responsibility and prudence. For example, recurring expenditure (employee costs) should not be supported from one off sources of savings or additional income, or create future commitments for which they have not identified future resources.
- The Head of Financial Services is duly notified via the Service Unit Heads liaison with their Accountancy representative.
- Virements involving employee costs will only be implemented after the adjustment has received the support of the Vacancy Clearance Panel.

6. In-year changes to policy framework

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet or a Committee of the Cabinet, an individual member of the Cabinet or officers, Area Committees or joint arrangements discharging Cabinet 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 which are necessary to ensure compliance with the law, ministerial direction or government guidance.

7. Call-in of decisions outside the budget or policy framework

- (a) Where a Scrutiny Committee is of the opinion that a Cabinet 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 Financial Officer.
- (b) In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer's report and/or Chief Financial Officer's report shall be 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 report and to prepare a report to Council in the event that the Monitoring Officer or the Chief Financial Officer conclude that the decision was a departure, and to the Scrutiny Committee if the Monitoring Officer or the Chief Financial 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 Financial 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 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 5 days of the request by the Scrutiny Committee. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Financial Officer. The Council may either:

i) endorse a decision or proposal of the Cabinet 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 or policy concerned to encompass the decision or proposal of the body or individual 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

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 Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer/Chief Financial Officer.