

PART 3 - BUDGET AND POLICY FRAMEWORK 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 budget and policy framework

2.1 The process by which the budget shall be developed is:

- (a) At least three months before the Council's budget meeting, the Cabinet will publish initial proposals for the budget, having first consulted in the appropriate way. Details of the consultation process shall be included in the forward plan. Any representations made to the Cabinet will be taken into account in formulating the initial proposals, and reflected in any report dealing with them;
- (b) If an Overview and Scrutiny Committee has carried out budget formulation work, then the outcome of that work will be reported to the Cabinet and considered in the preparation of initial budget proposals;
- (c) The Cabinet's initial budget proposals will then go to the relevant Overview and Scrutiny Committees for further consideration. The proposals will be sent to the chairmen of the relevant Overview and Scrutiny Committees;
- (d) Where appropriate, the Overview and Scrutiny Committee may canvass the views of local stakeholders. The Overview and Scrutiny Committees will advise the Cabinet of their views of the proposed budget, having six weeks to respond to the initial proposals of the Cabinet;
- (e) In addition the Cabinet may seek informal discussions with the relevant Overview and Scrutiny Committee to debate any areas of difference before the matter goes forward for decision;
- (f) The Cabinet may amend its budget proposals before submitting them to the Council budget setting meeting for consideration, reporting on how it has taken into account the recommendations from the Overview and Scrutiny Committee;
- (g) At the Council budget setting meeting, the Council will consider the Cabinet's budget proposals and any report from the Overview and Scrutiny Committee. If that meeting is before the 8 February and the Council objects to any of the matters in points (i) to (iii) below, the Council must take the action in (h)
 - (i) budgets for gross spending, income and net spending used in the calculation of the Council tax;

- (ii) budgets for any other amounts used within any of those calculations; or
 - (iii) result of such a calculation.
- (h) Before the Council changes any of these calculations, it must inform the Leader of any objections it has to the Cabinet's amounts. It must give the Leader instructions requiring the Cabinet to reconsider the amounts in accordance with the Council's requirements.
- (i) If the Council gives such instructions, it must specify a period of at least ten working days, beginning on the day after the date on which the Leader receives the instructions. Within that period, the Leader may:
 - (a) submit revised amounts to the Council, with the Cabinet's reasons for them; or
 - (b) inform the Council why the Cabinet disagrees with any of the Council's objections.
- (j) When the period specified by the Council has expired, the Council must, when making calculations, take into account:
 - (a) any amendments to the amounts and the Cabinet's reasons for those amendments;
 - (b) any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for that disagreement, that the Leader submitted to the Council within the period specified.
- (k) Paragraphs (g) to (j) shall not apply where the Secretary of State issues a notice requiring substitute calculations in respect of limitation of Council tax and precepts in accordance with the relevant sections of the Local Government Finance Act 1992.
- (l) In approving the budget, the Council may also specify the extent of any changes to budget virement and degree of in-year changes to the policy framework which may be undertaken by the Cabinet, as set out in paragraphs 5 and 6 of these rules (budget transfers and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

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

- a) The Cabinet will publicise, in the forward plan, a timetable in which it will make proposals to the Council for the adoption of any plan or strategy which forms part of the policy framework. Within this timetable, the relevant Overview and Scrutiny Committee will conduct such research, consultation with stakeholders and investigations as are necessary to enable it to develop initial proposals;

- (b) If the matter is one where an Overview and Scrutiny Committee has previously carried out a review, then the outcome of that review will be considered in the preparation of initial proposals;
- (c) The Overview and Scrutiny Committee will present its recommendations for the policy framework document to the Cabinet. The Cabinet will finalise its proposals for the Council to consider, having taken into account the proposals from the Overview and Scrutiny Committee. The Cabinet's report to the Council will show its response to those proposals;
- (d) The Council will consider the Cabinet's proposals and may adopt them, amend them, refer them back to the Cabinet for further consideration, or substitute its own proposals in their place;
- (e) Before the Council:
 - (i) amends the draft plan or strategy;
 - (ii) approves, for the purpose of submission to the Secretary of State 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 modification) the plan or strategy,it must inform the Leader of any objections that it has to the draft plan or strategy. It must give the Leader instructions requiring the Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it.
- (f) Where the Council gives instructions in accordance with paragraph (e), it must specify a period of at least ten working days beginning on the day after the date on which the Leader receives the instructions. Within that period the Leader may:
 - (i) submit a revised draft plan or strategy and the Cabinet's reasons to the Council; or
 - (ii) inform the Council why the Cabinet disagrees with any of the Council's objections.
- (g) When the period specified by the Council has expired, the Council must, when:
 - (i) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy; or
 - (ii) approving, for the purpose of its submission to the Secretary of State, 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,

take into account any amendments made to the draft plan or strategy, any disagreement that the Cabinet has with any of the Council's objections, and the Cabinet's reasons for such amendments or disagreement that the Leader submitted to the Council.

(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 Cabinet's proposals without amendment) or (if the Cabinet's proposals are not accepted without amendment), that the Council's decision will become effective five working days after the publication.

3. Decisions outside the budget or policy framework

3.1 Subject to the provisions of paragraph 5 (budget transfers and virements) the Cabinet, Committees of the Cabinet, individual members of the Cabinet and any employees, Area Committees or joint arrangements undertaking their responsibilities may only take decisions that are in line with the budget and policy framework. If any of these bodies or persons wishes to make a decision that 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 paragraph 4 below.

3.2 If the Cabinet, Committees of the Cabinet, individual members of the Cabinet, and any employees, Area Committees or joint arrangements undertaking their responsibilities 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 (with officers giving clear reasons for this advice), 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 shall apply.

4. Urgent decisions which are contrary to any plan or strategy which has been approved or adopted by the Council or which are contrary to or not wholly in accordance with the budget approved by the Council

4.1 The Cabinet, a Committee of the Cabinet, an individual member of the Cabinet or employees, Area Committees or joint arrangements undertaking their responsibilities may take a decision that is contrary to any plan or strategy which has been approved or adopted by the Council or contrary to or not wholly in accordance with the budget approved by 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 Overview and Scrutiny Committee agrees in writing that the decision needs to be made as a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of Full Council and the chairman (or in their absence the Vice-Chairman) of the relevant 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.

- 4.2 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. Budget Transfers and virements

- 5.1 For the purposes of the Constitution the following definitions apply:

- Budget Transfer: A movement of budget between two or more cost centres to reflect changes in structures or reallocation of recharges, but where the original purpose of the budget remains unchanged.
- Budget Virement: A movement of budget between two or more cost centres where the budget is being redeployed to fund a different service or activity from that for which it was originally allocated.

- 5.2 The Council has the following budget heads:

Regeneration, Culture, Environment and Transformation
Children and Adults
Chief Executive and Business Support

No virements of any value are permitted between these three budget heads without the agreement of the Council

- 5.3 These three budget heads are further divided into the following Cabinet Member Portfolios:

- Leader
- Adults' Services
- Business Management
- Children's Services (Lead Member)
- Education and Schools
- Front Line Services
- Deputy Leader and Housing and Community Services
- Inward Investment, Strategic Regeneration and Partnerships
- Planning, Economic Growth and Regulation
- Resources

Note: Further details of the themes included within the above Portfolios are set out in Part 3 of Chapter 3 (Responsibility for Cabinet Functions) of the Constitution.

- 5.4 Budget virements (of either expenditure or income) are permitted between these portfolios only with the agreement of the Cabinet collectively and also providing that:
- they do not result in changes to the net revenue budget allocated between the three main budget heads set out above;
 - they do not result in a reduction in the standard or quality of the relevant service being provided
- 5.5 Portfolio budgets are further sub-divided into service budgets. Each service budget is managed by a service manager. Service managers have responsibility for day-to-day running of the service concerned. Service managers may make budget virements of spending or income within the total of their service budget but may not make virements affecting the total of their or another service manager's net revenue budgets.
- 5.6 Directors may make virements between service managers' budgets providing they fall wholly within one portfolio holder's budget, subject to the following:
- consultation and agreement with the relevant portfolio holder;
 - consultation with affected service managers;
 - the virement does not result in a reduction in the standard or quality of the relevant service being provided;
 - the budget virement involved not provoking an overspend in any of the affected budgets or in the portfolio budget overall;
 - the financial systems records being amended to reflect the changes.
- 5.7 All virements are subject to the 'financial limits' contained in part 5 of chapter 3.

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, a Committee of the Cabinet, an individual member of the Cabinet or employees, Area Committees or joint arrangements 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 are necessary to implement a budget decision made by the Council;

- (b) which are necessary to ensure compliance with the law, ministerial direction or government guidance;
- (c) which form part of a policy that would be agreed annually by the Council following consultation, but where the existing policy document is silent on the matter.

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

- 7.1 Where an Overview and Scrutiny Committee considers a decision is, or would be, contrary to the policy framework or not wholly in accordance with the Council's budget, then it shall seek advice from the Monitoring Officer and/or Chief Finance Officer. If the advice of the officer(s) is that the matter is within the policy framework and budget, and this is accepted by the Overview and Scrutiny Committee, then no further action will be taken.
- 7.2 If the officer advice confirms the view of the Overview and Scrutiny Committee, or if it does not but the Overview and Scrutiny Committee does not accept the advice of the officer(s), the relevant Overview and Scrutiny Committee may refer the matter to Council. The officer report and the views of the Overview and Scrutiny Committee shall then be reported to the Cabinet with a copy to every member of the Council. Whether the decision is delegated or not, the Cabinet must then meet to decide what action to take and prepare a report to the Council.
- 7.3 No further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter.
- 7.4 The Council may:
 - (i) endorse the decision or proposal of the 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 budget or policy concerned to encompass the decision or proposal of the body or individual responsible for that matter 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) accept 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 finance officer and take a decision in compliance with the budget and policy framework.

References:

Chapter 2, *DETR Guidance*

The Local Authorities (Functions and Responsibilities) (England) Regulations 2000

