

5. THE BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

The Budget and Policy Framework

- 5.1 The Budget and Policy Framework refers to the financial and policy decisions of the Council where:
- (a) The Leader and Cabinet makes recommendations for the policy or budget decision to Council; and
 - (b) The Council makes the final decision to adopt the Leader and Cabinet's recommendations. If Council does not accept or fully accept the Leader and Cabinet's recommendations, the procedure set out below must be followed.
- 5.2 The Leader and Cabinet is responsible for the implementation of the Budget and Policy Framework.
- 5.3 The following Budget and Policy Framework Procedure Rules (hereinafter in this Section 2 the Rules) are mandatory standing orders required to be adopted by the Council under the Local Authorities (Standing orders) (England) Regulations 2001, to set out how the Budget and Policy Framework will be agreed.

Policy Framework Decisions

Leader and Cabinet Policy Proposals

- 5.4 The Leader and Cabinet will formulate draft plan or strategy decisions with the support of officers and will determine whether to:
- (a) Undertake public or other stakeholder engagement and / or consultation; and / or
 - (b) Proactively engage with a Scrutiny Committee for the purpose of scrutiny, including as part of the annual overview and scrutiny work plan.
- 5.5 The Leader and Cabinet will take into account the outcome of these processes in the formulation of the draft plan or strategy made to Council.
- 5.6 The Leader and Cabinet will submit the draft plan or strategy to Council of adoption.

Council's Consideration of Leader and Cabinet Draft Plan or Strategy

- 5.7 Council will consider the draft plan or strategy and take one of the following decisions:
- (a) Adopt the Leader and Cabinet's proposals and if so the draft plan or strategy is agreed as Council policy; or
 - (b) Inform the Leader of any objections it has to the Leader and Cabinet's draft plan or strategy, including any amendments to the proposals.

- 5.8 If an amendment to a Policy Framework item has been agreed by Council and the Leader indicates, on behalf of Cabinet, that they accept the amendments, then the Budget and / or Policy item shall be deemed to include such amendments. If the amendment isn't accepted by the Leader;
- 5.9 The Council must:
- (a) Give the Leader instructions requiring the Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it; and
 - (b) Specify a period (the relevant period) of **at least five clear 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 reconsider the draft plan or strategy.

Leader's Consideration of the Council's Objections

- 5.10 The Leader may, within the relevant period, give notice in writing to the Monitoring Officer of their intention to:
- (a) Submit a revised draft plan or strategy to Council including the reasons for any amendments; or
 - (b) Inform Council of its disagreement with the Council's objections to the draft plan and strategy and the reasons for the disagreement.
- 5.11 If the Leader does not take the above action within the relevant period, the Council's decision on the draft plan or strategy (with any amendments) will become effective at the expiry of the relevant period and notice will be given in accordance with the Access to Information Rules Procedure Rules set out under Part 1 of this Constitution.

Council's Final Decision

- 5.12 If the Leader gives notice in writing to submit a revised draft plan or strategy, or disagrees with the Council's objections to the original draft plan or strategy, either:
- (a) At the next ordinary Meeting; or
 - (b) At an Extraordinary Meeting, meeting for the purpose, if a decision needs to be made at an earlier date.
- 5.13 The Council's final decision to adopt the plan or strategy must take into account, where applicable, the Leader and Cabinet's revised draft plan or strategy, or disagreement with the Council's objections.

The Budget Framework: Setting the Annual Council Tax and Budget

The Formation of Budget Proposals

- 5.14 In the financial year, the Leader and Cabinet with the support of officers will formulate draft budget proposals and will:

- (a) Determine the process for any public or other stakeholder engagement and / or consultation; and / or
 - (b) Agree with a Scrutiny Committee a process for the scrutiny of the proposals.
- 5.15 The Leader and Cabinet will take into account the outcome of these processes in the formulation of the draft budget made to Council.
- 5.16 The Leader and Cabinet will submit its draft budget proposals to Council in accordance with the procedure set out below.

Leader and Cabinet's Budget Estimates or Amounts

- 5.17 Subject to the provisions of Rule 5.14, in any financial year the Leader and Cabinet shall submit to 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 – 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 I of the Local Government Finance Act 1992.
- 5.18 The proposals submitted in accordance with Rule 5.16 shall be called collectively the “budget estimates or amounts”.

The Budget Setting Meeting: Council's Consideration of the Budget Estimates or Amounts

- 5.19 The Council shall consider the Budget Estimates or Amounts at its annual budget setting meeting.
- 5.20 If the Council approves the budget estimates or amounts without amendment, this decision will be final.
- 5.21 If the Council has any objections to the Budget Estimates or Amounts, it must:
- (a) Before it makes a calculation (whether originally or by way of substitute) in accordance with any of the sections of the Local Government and Finance Act 1992 referred to in Rule 5.17 above, or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992;
 - (b) Inform the Leader of any objections which it has to the budget estimates or amounts; and
 - (c) Give the Leader instructions requiring the Cabinet to reconsider, in the light of those objections, those budget estimates and amounts in accordance with the Council's requirements.

- 5.22 If an amendment to the Budget has been agreed by Council and the Leader indicates, on behalf of Cabinet, that they accept the amendments, then the Budget shall be deemed to include such amendments.

Leader and Cabinet's Revised Budget Estimates and Amounts

- 5.23 If the amendment isn't accepted by the Leader and the Council gives instructions in accordance with Rule 5.21 above, it must specify a period (the relevant period) of **at least five clear 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 Council's requirements, with the Cabinet's reasons for any amendments made to the estimates or amounts, to 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.

Council's Consideration of the Leader and Cabinet's Revised Budget Estimates or Amounts

- 5.24 The Council must meet after the expiry of the relevant period to make calculations (whether originally or by way of substitute) in accordance with the sections 32 – 37, or 43 – 49 of the Local Government Finance Act 1992, or issue a precept under Chapter IV of Part I of the Local Government Finance Act 1992.
- 5.25 When making the decisions in accordance with Rule 5.18 above, Council must take into account the Leader's submissions under Rule 5.21 above including:
- (a) Any amendments to the estimates or amounts that are included in any revised budget estimates or amounts;
 - (b) The Cabinet's reasons for those amendments;
 - (c) Any disagreement that the Cabinet has with any of the Council's objections, the Cabinet's reasons for that disagreement.

The Exclusion of these Rules

- 5.26 Rules 5.19 – 5.24 shall not apply in relation to:
- (a) Calculations or substitute calculations which an Authority is required to make in accordance with Section 52I, 52J, 52T or 52U of the Local Government Finance Act 1992; and
 - (b) Amounts stated in precept issued to give effect to calculations or substitute calculations made in accordance with Section 52J or 52U of the Local Government Finance Act 1992.

Recorded Vote

- 5.27 A recorded vote will be held for any vote taken at the Council's budget setting meeting, including in respect of amendments.

Decisions Outside of the Budget or Policy Framework

- 5.28 Subject to the provisions of the Financial Procedure Rules set out under Part 7 of this Constitution when discharging executive functions, the Leader or the Cabinet may only take decisions which are in line with the approved Budget and Policy Framework.
- 5.29 If decision needs to be made outside of the approved Budget or Policy Framework the decision may only be taken by Council, subject to the Rule 5.32 and 5.33 below in respect of urgent decisions outside the Budget and Policy Framework.
- 5.30 If decision is, or may be, may be contrary to the Budget and Policy Framework the advice of the Monitoring Officer and / or the Chief Financial Officer shall be obtained as to whether the decision make would be contrary to the approved Budget and / or Policy Framework.
- 5.31 If the advice of the Monitoring Officer or the Chief Finance Officer is that the decision would not be in line with the approved Budget and/ or Policy Framework, the decision must be referred to Council unless the decision is a matter of urgency, in which case the provisions of Rules 5.31 and 5.32 below (urgent decisions outside the Budget and Policy Framework) shall apply.
- 5.32 Council may either:
- (a) Endorse a decision or proposal of the Leader or Cabinet that the as falling within the approved Budget and / or Policy Framework, in which case no further action is required save for the decision of Council be minuted and circulated to all councillors; or
 - (b) Amend the budget and / or the policy or concerned to encompass the decision or proposal of the Leader or Cabinet and agree to the decision with immediate effect, in which case no further action is required save that the decision of Council be minuted and circulated to all councillors; 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 approved budget or policy framework to accommodate the proposed decision, require the Leader or Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer and / or the Chief Finance Officer within seven clear working days of the Council meeting; and
 - (d) Whatever decision the Leader or Cabinet takes at that meeting is final, bearing in mind that a decision taken outside the approved Budget or Policy Framework will be unlawful.

Urgent Decisions Outside the Budget and / or Policy Framework

- 5.33 The Leader or Cabinet may make a decision which is contrary to the Council's Policy Framework 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 if:
- (a) Any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interest;
 - (b) It is not practical to convene a quorate meeting of the Council within the requirements of the Access to Information Procedure Rules; and
 - (c) The Chair of the relevant Scrutiny Committee (or in the absence of the Chair, the Vice-Chair) agrees that the decision is a matter of urgency;
 - (d) Advice from the Chief Finance Officer and Monitoring Officer is sought.
- 5.34 The reasons why it is not practical to convene a quorate meeting of Council and the consent of the Chair of the relevant Scrutiny Committee (or in the absence of the Chair, the Vice-Chair) to the decision being taken as a matter of urgency must be noted on the record of the decision.

Virement

- 5.35 Virement is the ability to meet increased expenditure or reduced income under one expenditure code from savings in another expenditure code. The Council's Rules on virement are detailed in the Financial Procedure Rules set out under Part 7 of this Constitution.

In-Year Changes to the Policy Framework by Cabinet

- 5.36 No changes to any policy and strategy which make up the Policy Framework may be made except those changes:
- (a) Which will result in the closure, amendment or discontinuance of a service or part of a service to meet a budgetary constraint;
 - (b) Which are necessary to ensure compliance with the law, ministerial direction, or government guidance; and
 - (c) Which are within the scope set out for in-year changes in the policy document in question, or when the policy document was approved by Council.