Part 4C: Budget and Policy Framework Procedure Rules

1. **The framework for executive decisions**

1.1 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 executive to implement it.

2. **Process for developing the policy framework**

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

1. The Leader will publicise by including in the forward plan or by other methods a timetable for making proposals to the Council for the adoption of any plan or strategy that forms part of the policy framework. The Leader will, in a similar manner, publicise arrangements for consultation regarding the preparation of those proposals. Scrutiny Committees will also be notified and may suggest additional or alternative arrangements for consultation.

2. Before the executive (individually or collectively) decides on proposals to submit to the Council, the appropriate Scrutiny Committee or committees will receive a report from the officers setting out the context, options, outcome of consultation, implications and other relevant matters upon which the executive will rely in formulating its proposals. The Scrutiny Committee or committees may make representations or recommendations regarding the plan, strategy or budget to the executive which shall take them into account.

3. Once the executive has agreed its final proposals, or an Executive Councillor has settled his or her final proposals, the Chief Executive will refer them at the earliest opportunity to the Council for decision.

3. **Process for developing the General Fund budgetary framework**

**Mid-Year Financial Review**

3.1 The section 151 Officer will prepare a Mid-Year Financial Review for consideration by the Council in its autumn cycle. The purpose of the Mid-Year Financial Review will be:

a) To consider the implications of year-end actuals on both revenue and capital expenditure going forward and level of reserves

b) To consider any implications from the Council’s Annual Statement
c) To reflect any changes from Government’s Budget and Spending Review Announcements

d) To test underlying assumptions about net spending, inflation and interest rates, etc in the light of latest information and conditions

e) To review forecasts on retained business rate and Council Tax in light of actual growth and latest projections

f) To consider what impact all of the above have on reserves and future savings targets.

3.2 The Mid-Year Financial Review will be reported to the Strategy and Resources Committee for scrutiny and to the Leader for recommendation to the Council.

Budget Setting – Scrutiny of Budget Proposals, amendments and Executive Recommendation

3.3 The Executive will publish the Budget Setting Report, which will be followed as soon as practicable by a Member Briefing to which all members of the Council will be invited to attend. Amendments from Opposition Groups or any Member, to the Budget Setting Report will be published no later than three working days prior to the Strategy and Resources Scrutiny Committee. The Scrutiny Committee may comment on these amendments (but may not amend them) and the comments from the Scrutiny Committee will be submitted to Council for its consideration.

3.4 The Executive shall meet collectively to recommend budget proposals for submission to the Council. The Executive may amend its budget recommendations in the light of the Strategy & Resources Scrutiny Committee’s consideration of amendments.

3.5 Once the Executive has met in accordance with Paragraph 3.4, it shall publish its budget recommendations to the Council.

Amendments following the Executive’s recommendation to Council

3.6 Following publication of the Executive’s recommendation to Council, further amendments may be submitted by Opposition Groups or any Member. These must be amendments which satisfy the following:

(i) amendment(s) could not have been presented to the Strategy and Resources Scrutiny because information was not available at the time

(ii) amendment(s) are received by the Council’s s151 Officer within 4 days advance notice of the Council meeting (eg the Friday before a Thursday Council) and will be published as soon as practicable along with the s151 Officer opinion.

Budget Council Meeting: Restriction of Amendments
3.7 Subject to the provisions contained in this paragraph, only amendments submitted in accordance with Paragraph 3.3-3.6 shall be considered at the Budget Council Meeting. The exceptions to this rule are as follows:

a) The Executive may introduce amendments at the Council meeting or give advance notice of revised recommendations. This might be necessary, for instance, in response to changed circumstances, or in the light of scrutiny of amendments or to correct technical errors. The Leader must explain why it has proved necessary to introduce any amendment. This is to be done at the beginning of the budget item.

b) The Executive may make changes to the budget recommendations to give effect to decisions by precepting authorities.

c) Further amendments may be moved by any member in direct response to amendments made by the Executive at the meeting.

d) Technical amendments may be made by leaders of minority groups or proposers of amendments to correct arithmetical or factual errors.

e) The Mayor shall have discretion to permit amendments from members when satisfied that the need for the amendment could not have been anticipated before the deadline. The Mayor should also be satisfied that advance notice of such amendments was given as soon as reasonably practical, and not left to the day of the meeting unless this was unavoidable.

f) Members may submit revised amendments where the Mayor is satisfied that the substantive issues have been considered at the special Scrutiny Committee meeting.

g) The Executive may amend its budget recommendations in the light of amendments moved at the Strategy & Resources Scrutiny meeting or at the Council meeting.

h) If the Executive fails to secure Council adoption of its budget, further amendments may be moved, and these rules will not apply;

i) The Council may, by a simple majority, suspend these rules and permit further amendments.

Budget Council Meeting: Rules of Debate

3.8 The rules of debate contained in the Council Procedure Rules shall be modified in respect of the Budget Council Meeting as follows:

a) The Executive shall present its budget recommendations. A period of 45 minutes is allowed for this, extendable at the discretion of the Mayor. The format and mode of the presentation is for the Executive to decide.
b) Minority groups may then present alternative budgets, subject to compliance with the provisions of these Rules. A period of 45 minutes is allowed for each alternative budget, extendable at the discretion of the Mayor. The format and mode of the presentation is for the minority group to decide.

c) Alternative budgets will then be moved in turn as amendments to replace the Executive recommendation. They will be debated in the usual way, although replacement budgets will be deemed to have been moved and seconded.

d) At the conclusion of each debate, a vote will be taken for and against the alternative budget.

e) If the alternative budget is voted down, the Leader of the proposing Group may ask for separate votes to be taken on individual proposals within the alternative budget, but there shall be no further debate.

f) Where individual amendments have been submitted by councillors, these will then be debated in the usual way. However, where they are to the same effect as something in an alternative budget, they shall be considered at the same time as the alternative budget, with the proposer being able to ask for a separate vote in accordance with paragraph e).

g) After consideration of amendments the Executive’s budget proposals will be debated in the usual way but, subject to paragraph h) below, no amendments may be moved.

h) If the Executive’s budget is rejected, amendments and alternative proposals may be made as under the present rules, subject to the dispute resolution provisions set out in Section 4 of the Budget and Policy Framework Procedure Rules.

4. Dispute Resolution

4.1 In this Part -

"executive" and "executive leader" have the same meaning as in Part II of the Local Government Act 2000; and

"plan or strategy" and "working day" have the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001

4.2 Where the executive of the authority has submitted a draft plan or strategy to the authority for its consideration and, following consideration of that draft plan or strategy, the authority has any objections to it, the authority must take the action set out in paragraph 4.3.

4.3 Before the authority –

1. amends the draft plan or strategy;
2. 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

3. adopts (with or without modification) 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 him instructions requiring the executive to reconsider, in the light of those objections, the draft plan or strategy submitted to it.

4.4 Where the authority gives instructions in accordance with paragraph 4.3, it must specify a period of at least five working days beginning on the day after the date on which the executive leader receives the instructions on behalf of the executive within which the executive leader may -

1. submit a revision of the draft plan or strategy as amended by the executive (the "revised draft plan or strategy"), with the executive's reasons for any amendments made to the draft plan or strategy, to the authority for the authority's consideration; or

2. inform the authority of any disagreement that the executive has with any of the authority's objections and the executive's reasons for any such disagreement.

4.5 When the period specified by the authority, referred to in paragraph 4.4, has expired, the authority must, when -

1. amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;

2. 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

3. adopting (with or without modification) the plan or strategy,

take into account any amendments made to the draft plan or strategy that are included in any revised draft plan or strategy, the executive's reasons for those amendments, any disagreement that the executive has with any of the authority's objections and the executive's reasons for that disagreement, which the executive leader submitted to the authority, or informed the authority of, within the period specified.

4.6 Subject to paragraph 4.10, where, before 8th February in any financial year, the authority's executive submits to the authority for its consideration in relation to the following financial year -
1. 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;

2. estimates of other amounts to be used for the purposes of such a calculation;

3. estimates of such a calculation; or

4. 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 authority has any objections to them, it must take the action set out in paragraph 4.7.

4.7 Before the authority makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph 6(a), or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992, it must inform the executive leader of any objections which it has to the executive's estimates or amounts and must give to him instructions requiring the executive to reconsider, in the light of those objections, those estimates and amounts in accordance with the authority's requirements.

4.8 Where the authority gives instructions in accordance with paragraph 4.7, it must specify a period of at least five working days beginning on the day after the date on which the executive leader receives the instructions on behalf of the executive within which the executive leader may -

1. submit a revision of the estimates or amounts as amended by the executive ("revised estimates or amounts"), which have been reconsidered in accordance with the authority's requirements, with the executive's reasons for any amendments made to the estimates or amounts, to the authority for the authority's consideration; or

2. inform the authority of any disagreement that the executive has with any of the authority's objections and the executive's reasons for any such disagreement.

4.9 When the period specified by the authority, referred to in paragraph 4.8, has expired, the authority must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph 6(a), or issuing a precept under Chapter IV of Part I of the Local Government Finance Act 1992, take into account -

1. any amendments to the estimates or amounts that are included in any revised estimates or amounts;
2. the executive's reasons for those amendments;
3. any disagreement that the executive has with any of the authority's objections; and
4. the executive's reasons for that disagreement,

which the executive leader submitted to the authority, or informed the authority of, within the period specified.

4.10 Paragraphs 4.6 to 4.9 shall not apply in relation to –

1. 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
2. amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with section 52J or 52U of that Act.

5. **Decisions outside the budget or policy framework**

5.1 Subject to the provisions of paragraph 7 (virement)

- the executive,
- committees of the executive,
- individual members of the executive,
- any officers discharging executive functions, or
- joint arrangements discharging executive 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 6 below.

5.2 If

- the executive,
- committees of the executive,
- individual members of the executive,
- any officers discharging executive functions, or
- joint arrangements discharging executive functions

want to make a decision which might depart from the budget or policy framework, 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.
5.3 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 5 (urgent decisions outside the budget and policy framework) shall apply.

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

6.1 The

- executive,
- committees of the executive,
- individual members of the executive,
- any officers discharging executive functions, or
- joint arrangements 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:

1. if it is not practical to convene a quorate meeting of the full Council; and

2. if the chair of a relevant overview and scrutiny committee agrees that the decision is a matter of urgency.

6.2 The reasons why it is not practical to convene a quorate meeting of full Council and the chair of the relevant overview and 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 chair of a relevant overview and scrutiny committee the consent of the Mayor, and in the absence of both the deputy mayor will be sufficient.

6.3 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**

1.1 Virement is covered in the Financial Procedure Rules.

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

8.1 The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the executive, a committee of the executive, an individual member of the executive or officers, or joint arrangements 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:
1. which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint;

2. necessary to ensure compliance with the law, ministerial direction or government guidance;

3. 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.

4. which the Executive is permitted to make under a particular policy or under the Financial Procedure Rules.

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

9.1 Where a 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 financial officer.

9.2 Where the monitoring officer or chief financial officer is called upon to advise pursuant to Rule 9.1, s/he must prepare a report.

1. If the monitoring officer or chief financial officer concludes that the 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 s/he must submit a report to the Executive Councillor responsible for the function to which the decision relates, with copies to the Leader and to the Scrutiny Committee which sought advice.

2. If the Executive Councillor to whom the report is submitted accepts that the decision does not accord with the budget or policy framework, and the decision has not been implemented, s/he must either reach a decision which does accord with the budget or policy framework or must seek the authority of the Council to depart from it.

3. If the Executive Councillor to whom the report is submitted accepts that the decision does not accord with the budget or policy framework, but the decision has been implemented, the Executive Councillor must submit a report to Council explaining the decision and how it came to be made.

4. If the monitoring officer or chief financial officer concludes that the 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 s/he must submit a report to the Scrutiny Committee which sought advice, with copies to the Leader and to the Executive Councillor responsible for the function in question.

5. If the Scrutiny Committee does not accept the advice given pursuant to paragraph 4, it may refer the report to a meeting of the Council.

6. The Scrutiny Committee may also submit a report to Council where the monitoring officer or chief financial officer has reported to the Executive under Rule 9.2.1, for instance suggesting any remedial measures where a decision has been implemented, in whole or in part.

9.3.1 If:
   
   1. the decision has yet to be made, or has been made but not yet implemented, and
   2. 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,

no further action will be taken until the Executive Councillor has considered the report prepared under Rule 9.2.1.

9.3.2 If, having considered the report prepared under Rule 9.2.1, the Executive Councillor either does not accept the advice of the monitoring officer and/or the chief financial officer or, nonetheless wishes to abide by the decision, no further action shall be taken until the Council has considered the matter under Rule 9.2.2 or Rule 9.2.3.

9.3.3 If the Scrutiny Committee does not accept the advice of the monitoring officer and/or the chief financial officer in a report prepared under Rule 9.2.4, and refers the report to a meeting of the Council under Rule 9.2.5, no further action shall be taken until the Council has considered the matter.

9.3.4 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 or budget to accommodate it, it shall require the executive to reconsider the matter in accordance with the advice of the monitoring officer/chief financial officer.

9.4 Rule 6, governing urgent decisions outside the budget or policy framework, takes precedence over Rule 9.