

# Part 4

## Budget and Policy Framework Procedure Rules



### Budget and Policy Framework Procedure Rules

#### 1. Definitions

For the purposes of the Budget and Policy Framework Procedure Rules:-  
“Executive” has the same meaning as in Part II of the Local Government Act 2000 and “Leader of the Council” shall have the same meaning as in Part II of those same Regulations.

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

#### 2. The framework for executive 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 Executive to implement it.

#### 3 Process for developing the framework

The development of the budget and policy framework is based on the principles that the Executive shall develop the budget framework in consultation with the other bodies of the Council, particularly involving the Overview & Scrutiny Panel. The policy framework shall be developed by the Overview & Scrutiny Panel and Executive in partnership.

#### 4. Budget framework

- (a) The Executive will publicise on its website the forward plan which is a timetable for making proposals to the Council for the adoption of the authority’s budget and its arrangements for consultation after publication of those initial proposals. The chairmen of all bodies of the Council will also be notified. The consultation period shall in each instance be not less than six weeks.
- (b) At the end of that period, the Executive will then draw up firm proposals having regard to the responses to that consultation. If a relevant body wishes to respond to the Executive in that consultation process then it may do so. It is open to the Overview & Scrutiny Panel to investigate,

#### 4. Budget framework (cont'd)

research or report in detail with any budget recommendations before the end of the consultation period. The Executive will take any response from any relevant body of the Council into account in drawing up firm proposals for submission to the Council, and its report to Council will reflect the comments made by consultees and the Executive's response.

- (c) Once the Executive has approved the firm proposals, the Head of Paid Service will refer them at the earliest opportunity to the Council for decision.
- (d) In reaching a decision, the Council may adopt the Executive's proposals, or subject to the provisions of paragraph 7 of these rules amend them, refer them back to the Executive for further consideration, or in principle, substitute its own proposals in their place.
- (e) If the Council accepts the recommendation of the Executive without amendment the decision will be publicised in accordance with Article 4.

#### 5 Policy framework

- (a) The Overview & Scrutiny Panel and the Executive shall have a shared responsibility for developing the policy framework. The Overview & Scrutiny Panel may develop policy at the request of the Executive or may initiate policy development independently. The Programming Panel will coordinate the policy development program. The timetable in accordance with which proposals will be made to the Council for the adoption of any plan or strategy that forms part of the policy framework will be published in the forward plan (for proposals developed by the Executive), at the Council's offices and on its website. Within this timetable the relevant body will conduct such research, consultation with stakeholders and investigations as are necessary to enable it to develop proposals for a policy framework for the Council.
- (b) The Overview & Scrutiny Panel will involve relevant Executive Members in its policy discussions. The Executive may involve the Chairman or nominee of the Overview & Scrutiny Panel in its policy discussions or may consult the Overview & Scrutiny Panel as appropriate.
- (c) Where the Executive has requested the Overview & Scrutiny Panel to develop policy proposals, the relevant body will present their recommendations for the policy framework to the Executive. The Executive will then finalise its proposals for the Council to consider. Where the Overview & Scrutiny Panel has initiated development of policy, it will present its recommendations for the policy framework to the Executive. The Overview & Scrutiny Panel will then finalise its proposals for Council to consider.

## **5 Policy framework (cont'd)**

- (d) The Council will consider the proposals of the relevant body and may adopt them, or subject to the provisions of paragraph 7 of these rules, amend them, refer them back to the relevant body for further consideration, or substitute its own proposals in their place.
- (e) If the Council accepts the recommendation of the Executive without amendment the decision will be publicised in accordance with Article 4.

## **6 Virement Framework**

In approving the policy and budgetary 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 Executive in accordance with paragraphs 10 and 11 of these Rules (virement and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

## **7 Mechanism for resolving differing views of the Executive and Council on budget and policy framework**

- (a) 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 (b).
- (b) Before the authority -
  - (i) amends the draft plan or strategy;
  - (ii) 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
  - (iii) adopts (with or without modification) the plan or strategy,

it must inform the Leader of the Council 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.

- (c) Where the authority gives instructions in accordance with paragraph 7(b) above, it must specify a period of at least five working days beginning on the day after the date on which the Leader of the Council receives the instructions on behalf of the Executive within which the Leader of the Council may –

## **7. Mechanism for resolving differing views of the Executive and Council on budget and policy framework (cont'd)**

- (i) 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
  - (ii) 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.
- (d) When the period specified by the authority, referred to in paragraph (c), has expired, the authority must, when -
- (i) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;
  - (ii) 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;
  - (iii) adopting (with or without modification) the plan or strategy to 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 Leader of the Council submitted to the authority, or informed the authority of, within the period specified.
- (e) Subject to paragraph (i), where, before 8 February in any financial year, the authority's Executive submits to the authority for its consideration in relation to the following financial year –
- (i) 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;
  - (ii) estimates of other amounts to be used for the purposes of such a calculation;
  - (iii) estimates of such a calculation; or
  - (iv) 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 (f).

## 7. Mechanism for resolving differing views of the Executive and Council on budget and policy framework (cont'd)

- (f) Before the authority makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph (e)(i), or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992, it must inform the Leader of the Council 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.
- (g) Where the authority gives instructions in accordance with paragraph (f), it must specify a period of at least five working days beginning on the day after the date on which the Leader of the Council receives the instructions on behalf of the Executive within which the Leader of the Council may -
- i. 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
  - ii. 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.
- (h) When the period specified by the authority, referred to in paragraph (g), has expired, the authority must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph (e)(i), or issuing a precept under Chapter IV of Part I of the Local Government Finance Act 1992, take into account –
- i. any amendments to the estimates or amounts that are included in any revised estimates or amounts;
  - ii. the Executive's reasons for those amendments;
  - iii. any disagreement that the Executive has with any of the authority's objections; and
  - iv. the Executive's reasons for that disagreement,
- which the Leader of the Council submitted to the authority, or informed the authority of, within the period specified.

## **7. Mechanism for resolving differing views of the Executive and Council on budget and policy framework (cont'd)**

- (i) Paragraphs (e) to (g) shall not apply in relation to –
  - i. 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
  - ii. 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.
- (j) Where on or after 8 February in any financial year, the authority's Executive submits to the authority for its consideration in relation to the following financial year any or all of the matters described in paragraph 7(e)(i) (ii) (iii) and (iv) any proposal or amendment which would, if adopted, increase the Council's net revenue expenditure by more than £10,000 or involve adjustments to main budget heads of more than £20,000 collectively or of more than £10,000 to any budget head must, if it is to be considered, be submitted in writing to the Head of Paid Service at least four working days in advance of the meeting of the authority at which the level of the Council Tax is due to be set.

## **8 Decisions outside the budget or policy framework**

- (a) Subject to the provisions of paragraph 6 (virement) the Executive, and any officers, 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 9 below
- (b) If the Executive, and any officers, or joint arrangements discharging executive functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Section 151 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 9 (urgent decisions outside the budget and policy framework) shall apply.

## 9 Urgent decisions outside the budget or policy framework

- (a) The Executive, or officers, 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:
- i) if it is not practical to convene a quorate meeting of the full Council; and
  - ii) if the Chairman of the Overview & Scrutiny Panel 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 Overview & Scrutiny Panel consents 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 the Overview & Scrutiny Panel, the consent of the Chairman of the Council and, in the absence of both, the Vice Chairman of the Council, will be sufficient.

- (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.

## 10. Virement: heads and limits

- (a) The Council shall have the following mandatory main service heads which accord with the Best Value Accounting Code of Practice (as amended or replaced from time to time):
- i) Central Services
  - ii) Culture and Related Services
  - iii) Environmental Services
  - iv) Highways, Roads and Transport Services
  - v) Housing Services
  - vi) Planning and Development Services

(b) Steps taken by the Executive, or officers, or joint arrangements discharging executive functions to implement Council policy shall not exceed those budgets allocated to each budget head. However, the Executive shall be entitled to vire across budget heads up to a maximum of £50,000 per individual virement. Beyond that limit, approval to any virement across budget heads shall require the approval of the full Council. Officers of the Council shall be entitled to vire over budget heads according to the limits as more particularly set down in the Delegation Scheme and Financial Regulations.

## **11 In-year changes to policy framework**

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by 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:

- (a) necessary to ensure compliance with the law, ministerial direction or government guidance;
- (b) 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.

## **12 Call-in of decisions outside the budget or policy framework**

- (a) Where the Overview & Scrutiny Panel 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 Section 151 Officer.
- (b) In respect of functions which are the responsibility of the Executive, the Monitoring Officer's report and/or Section 151 Officer's report shall be to the Executive with a copy to every councillor of the Council. Regardless of whether the decision is delegated or not, the Executive 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 Section 151 Officer conclude that the decision was a departure, and to the Overview & Scrutiny Panel if the Monitoring Officer or the Section 151 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 Section 151 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 Overview & Scrutiny Panel 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 decision shall be referred to the next reasonably available meeting of Council following the request by the Overview & Scrutiny Panel. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Section 151 Officer.



## 12. Call-in of decisions outside the budget or policy framework (cont'd)

The Council may either:

- i) endorse a decision or proposal of the executive 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 executive 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 Executive to reconsider the matter in accordance with the advice of either the Monitoring Officer/Section 151 Officer.