

## **Appendix 1 - Budget and Policy Framework Procedure Rules**

### **1. The framework for Cabinet decisions**

- 1.1 The Council will be responsible for the adoption of its budget and policy framework comprising of the Medium Term Financial Strategy (MTFS) and the Strategic Plan (i.e. the Policy Framework, encompassing key strategies and plans that support delivery of the strategic outcomes, priorities and services) – as set out in Section 5 (The Full Council), of the Constitution. Once a budget or a policy referred to in the policy framework is in place, it will be the responsibility of the Cabinet to implement it.

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

- 2.1 After appropriate consultation with stakeholders, the Cabinet will draw up initial proposals in relation to any plan, strategy or budget which forms part of the Council's budget and policy framework. Once drawn up the Proper Officer will serve copies of them on the Chairman of the relevant Overview and Scrutiny Committee(s) together with dates when the Cabinet will consider them further, which shall allow a reasonable period for the Overview and Scrutiny Committee(s) to consider the proposals.
- 2.2 The relevant Overview and Scrutiny Committee will consider whether to respond to the Cabinet's initial proposals and whether any further consultation is appropriate. If so, the Committee will conduct such consultation, and will reflect any representations made to it, in its response to the Cabinet prior to the decision being made by the Cabinet.
- 2.3 The Cabinet will finalise its proposals for the Council to consider having taken into account the comments from the relevant Overview and Scrutiny Committee. The report to Council will show the Cabinet's response to those comments.
- 2.4 The Council will consider the proposals of the Cabinet and if the Council has no objection to those proposals it may adopt them.
- 2.5 If the Council has any objections to a draft plan or strategy proposed by the Cabinet, then before the Council:
- a. amends the draft plan or strategy; or
  - b. approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for their 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

c. adopts (with or without modification) the plan or strategy,

it shall inform the Leader of the Council of those objections and shall give the Leader of the Council instructions requiring the Cabinet to reconsider, in the light of those objections, the draft submitted to it.

2.6 Where the Council gives instructions in accordance with paragraph 2.5 it shall 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 Council's instructions in writing on behalf of the Cabinet, within which the Cabinet may:

a. submit a revision of the draft plan or strategy as amended by them (the "revised draft plan or strategy"), with the Cabinet's reasons for any amendments made to the draft plan or strategy, to the Council for the Council's consideration; and/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.

2.7 When the period specified by the Council under paragraph 2.6 has expired, the Council shall, when:

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

b. approving, for the purpose of its submission to the Secretary of State or any Minister of the Crown for their 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

c. adopting (without 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 Cabinet's reasons for those amendments, any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for that disagreement, which in each case have been notified to the Council within that period.

2.8 Subject to paragraph 2.12, where, before 8 February in any financial year, the Cabinet submits to the 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 43 to 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,

and following consideration of those estimates or amounts the Council has any objections to them, it shall take the action set out in paragraph 2.9.

- 2.9 Before the Council makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph 2.8 (a) or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992, it shall inform the Leader of the Council of any objections which it has to the Cabinet's estimates or amounts and shall give to the Leader of the Council instructions requiring the Cabinet to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements.
- 2.10 Where the Council gives instructions in accordance with paragraph 2.9, it shall 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 Council's instructions in writing on behalf of the Cabinet within which the Cabinet 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 the Council's requirements, with the Cabinet's reasons for any amendments made to the estimates or amounts, to the Council for the Council's consideration; and/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.
- 2.11 When the period specified by the Council under paragraph 2.10 has expired, the Council shall, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph 2.8(a) or issuing a precept under Chapter IV of Part 1 of the Local Government Finance Act 1992, take into account any amendments to the estimate or amounts that are included in any revised estimates or amounts; the Cabinet's reasons for those



amendments; any disagreement that the Cabinet has with any of the Council's objections; and the Council's reasons for that disagreement which in each case have been notified to the Council within that period.

2.12 Paragraphs 6 and 7 shall not apply in relation to:

- a. calculations or substitute calculations which an authority is required to make in accordance with section 52J or 52U of the Local Government Finance Act 1992; and
- b. 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.

2.13 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 Cabinet in accordance with paragraphs 5 and 6 of these Rules (virement and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

### **3. Decisions outside the Budget or Policy framework**

- 3.1 Subject to the provisions of paragraph 5 below (virement), the Cabinet, and any officers 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 not in line with the policy framework or the budget approved by the full Council, then that decision may only be taken by the Council, subject to paragraph 4 below.
- 3.2 If the Cabinet, or any officer discharging Cabinet functions, want to make such a decision, they shall take advice from the Monitoring Officer and/or the County Treasurer as to whether the decision they want to make is not in line the policy framework or 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 officer to the Cabinet and by the Cabinet to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 4 below (urgent decisions outside the budget and policy framework) shall apply.



#### **4. Urgent decisions outside the Budget or Policy framework**

- 4.1 The Cabinet, or the Chief Executive or a Chief Officer may take a decision which is not in line with the Council's policy framework or the budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken:
- a. if it is not practical to convene a quorate meeting of the full Council; and
  - b. if the Chairman of the relevant Overview and Scrutiny Committee agrees that the decision is a matter of urgency.
- 4.2 The reasons why it is not practical to convene a quorate meeting of full Council and the consent of the Chairman of the relevant Overview and Scrutiny Committee 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 relevant Overview and Scrutiny Committee the consent of the Chairman of the Council or in the absence of both, the Vice-Chairman will be sufficient.
- 4.3 Following the decision, the Cabinet 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**

- 5.1 Steps taken by the Cabinet, or any Sub-Committee or Portfolio Holder or officer, discharging executive functions to implement Council policy shall not exceed the allocated budget for the service in question.
- 5.2 Section 13 (Financial Regulations) of this Constitution sets out the rules for the operation of virement across the budgets allocated for particular functions of the Council.
- 5.3 Virement in excess of the limits from time to time prescribed for the purposes of the Financial Regulations shall require the approval of the full Council.

#### **6. In-year changes to the Budget and Policy Framework**

- 6.1 The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet, or any Sub-Committee or Portfolio Holder or any officer, discharging executive functions must be in line with it.



6.2 No changes to any policy and strategy which make up the policy framework may be made by any officer and no such changes may be made by the Cabinet except those changes:

- a. which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint.
- b. which are necessary to ensure compliance with the law, ministerial direction, guidance issued by Government or a Government Agency, or guidance issued by the Audit Commission or the Council's external Auditor.
- c. 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.
- d. which relate to policy in relation to schools, where the majority of school governing bodies agree with the proposed change.
- e. for which the budget or policy specifically provides for in-year change.

## **7. Call-in of decisions outside the Budget or Policy Framework**

7.1 Where an Overview and Scrutiny Committee is of the opinion that a Cabinet decision is, or if made would be, not in line with the policy framework or the Council's budget, then it shall seek advice in the form of a report from the Monitoring Officer and/or County Treasurer.

7.2 In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer's report and/or County Treasurer report shall be submitted to the Cabinet and copied 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 County Treasurer conclude that the decision was not in line with the policy framework and/or budget, and to the relevant Overview and Scrutiny Committee if the Monitoring Officer or the County Treasurer conclude that the decision was in line with the policy framework and/or budget.

7.3 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 County Treasurer is that the decision is or would be not in line with the policy framework or the budget, the Overview and Scrutiny Committee may refer the matter to the 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 20 working days of the request by the Overview and 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 County Treasurer. The Council may either:

- a. endorse a decision or proposal of the Cabinet 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 elected members in the normal way; or
- b. amend the Council's Financial Regulations (Section 13) 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 elected members in the normal way; 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 existing framework to accommodate it, require the Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer or the County Treasurer.

