

BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

1 THE FRAMEWORK FOR CABINET 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 Cabinet Executive to implement it.

2 PROCESS FOR DEVELOPING THE FRAMEWORK

The process by which the budget and policy framework shall be developed is within the budget and degree of in-year changes to the policy framework which may be undertaken by the Cabinet Executive, 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.

The term budget means all the components of the budget such as the budget allocation to different services and projects, proposed taxation levels, contingency funds (“reserves” and “balances”) and any plan or strategy for the control of the Local Authorities borrowing or capital expenditure.

- (a) The Cabinet Executive will publicise a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework, and its arrangements for consultation after publication of those initial proposals. The Scrutiny Commissioners will also be notified. The consultation period shall in each instance be not less than 4 weeks.
- (b) At the end of that period, the Cabinet Executive will then draw up firm proposals having regard to the responses to that consultation. If the Scrutiny Commission wishes to respond to the Cabinet Executive in that consultation process then it may do so. As the Scrutiny Commission has responsibility for fixing its own work programme, it is open to the Scrutiny Commission to investigate, research or report in detail with policy recommendations before the end of the consultation period. The Cabinet Executive will take any response from the Scrutiny Commission 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 Cabinet Executive’s response.
- (c) Once the Cabinet Executive has approved the firm proposals, the Proper Officer will refer them at the earliest opportunity to the Council for decision.
- (d) In reaching a decision, the Council may adopt the Cabinet Executive’s proposals, amend them, refer them back to the Cabinet Executive for

further consideration, or in principle, substitute its own proposals in their place.

- (e) If it accepts the recommendation of the Cabinet Executive without amendment, the Council may make a decision which has immediate effect. Otherwise, it may only make an in-principle decision. In either case, the decision will be made on the basis of a simple majority of votes cast at the meeting.
- (f) An in-principle decision will automatically become effective five days from the date of the Council's decision, unless the Leader informs the Proper Officer in writing within five days that he/she objects to the decision becoming effective and provides reasons why.
- (g) In that case, the Proper Officer will call a Council meeting within a further 10 days. The Council may:
 - i. approve the Cabinet Executive's recommendation by a simple majority of votes cast at the meeting; or
 - ii. approve a different decision taking account of any response from the Leader by a simple majority.
- (h) In approving the budget and policy 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 Executive, in accordance with paragraphs 5 and 6 of these Rules (virement and in-year adjustments). Any other changes to the policy and budgetary framework are reserved to the Council.

3 DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK

- (a) Subject to the provisions of paragraph 4 (virement) the Cabinet Executive, individual Members of the Cabinet Executive and any Officers or joint arrangements discharging Cabinet 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 4 below.
- (b) If the Cabinet Executive, individual Members of the Cabinet Executive and any Officers or joint arrangements discharging Cabinet Executive functions 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, 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 (urgent decisions outside the budget and policy framework) shall apply.

4 URGENT DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK

- (a) The Cabinet Executive, an individual member of the Cabinet Executive or Officers or joint arrangements discharging Cabinet 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 at least 2 of the three Scrutiny Commissioners agree 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 Commissioners' consent to the decision being taken as a matter of urgency must be noted on the record of the decision.

- (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.
- (c) Steps taken by the Cabinet Executive, a Committee of the Cabinet Executive an individual Member of the Cabinet Executive or Officers or joint arrangements discharging Cabinet Executive functions to implement Council policy shall not exceed those budgets allocated to each budget head. However, such bodies or individuals shall be entitled to vire across budget heads but only as detailed in Financial Regulations found in Part 12 of this Constitution. Beyond that limit, approval to any virement across budget heads shall require the approval of the full Council.

5 IN-YEAR CHANGES TO POLICY FRAMEWORK

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet Executive, an individual Member of the Cabinet Executive or Officers or joint arrangements discharging Cabinet 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:

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- (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.

6 POLICY AND BUDGET FRAMEWORK FOR USE OF GENERAL FUND AND HOUSING REVENUE ACCOUNT REVENUE BALANCES

6.1 Basic Principles

6.2 The Council plans to maintain its General Fund Revenue balance at no lower than 10% and, under normal circumstances, no higher than 30% of its annual net revenue budget.

6.3 What Balances and Reserves are for:

- Meeting unforeseen expenditure arising during the course of any one financial year.
- Supporting non-recurring items of expenditure and the introduction of key service initiatives where the expenditure is also non-recurring.
- Mitigating the impact of changes in statutory requirements/Regulations.
- Accommodating fluctuations in investment income arising from interest rate changes.
- Meeting any shortfall from reduction in income from fees and charges and reductions in entitlement to government grants.
- Assisting in evening-out year on year changes arising out of statutory requirements/Regulations.

6.4 Authority for Use of Balances and Reserves

6.5 The Cabinet Executive has authority to apply the General Fund Revenue Balance for all or any of the purposes set out at 2, up to an aggregate of no more than 2% of the net revenue budget estimate for that financial year, subject to the estimated balance for that financial year not falling below 10% of the annual net revenue budget at the time the decision is made.

- 6.6 Any such use of these balances will be reported by the Cabinet Executive to the Council at revised estimates and year end.
- 6.7 Use of the balances beyond the lower limits set out at 1.1 is reserved to the Council.