

<b>Budget and Policy Framework Procedure Rules</b>
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1. **THE FRAMEWORK FOR CABINET 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 to implement it.

2. **PROCESS FOR DEVELOPING THE FRAMEWORK**

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

- (a) The Cabinet will publicise by including in the notice of key executive decisions, publishing at the Council's offices and by other methods – e.g. on its web site, 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 Chairs of Overview and Scrutiny Committees will also be notified. The consultation period shall in each instance be not less than 6 weeks.
- (b) At the end of that period, the Cabinet will then draw up firm proposals having regard to the responses to that consultation. If a relevant Overview and Scrutiny Committee wishes to respond to the Cabinet in that consultation process then it may do so. As the Overview and Scrutiny Committees have responsibility for fixing their own work programme, it is open to the Overview and Scrutiny Committee to investigate, research or report in detail with policy recommendations before the end of the consultation period. The Cabinet will take any response from a Overview and Scrutiny Committee 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's response.
- (c) Once the Cabinet has approved the firm proposals, the Monitoring Officer, as proper officer will refer them at the earliest opportunity to the Council for decision.
- (d) Subject to paragraphs (e) to (i) below, in reaching a decision, the Council may adopt or approve the Cabinet's proposals, refer them back to the Cabinet for further consideration, amend them or substitute its own proposals in their place.
- (e) If it accepts the recommendation of the Cabinet 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. Any in-principle decision must record the Council's objections and require the Cabinet to reconsider their proposals in the light of those objections.
- (f) The decision will be publicised in accordance with Article 4 and a copy shall be given to the leader on behalf of the Cabinet.
- (g) An in-principle decision will automatically become effective on the expiry of 5 working days beginning on the day after the date on which the leader is given a copy of the Council's decision, unless within that 5 working day period the leader on behalf of the Cabinet informs the Chief Executive, as proper officer in writing that he/she objects to the decision becoming effective and provides reasons why. Such an objection by the leader may include a statement of the Cabinet's reasons for disagreeing with the Council's position or put forward revised proposals giving reasons for any amendment for the Council's consideration.

- (h) In that case, the Chief Executive, as proper officer will call a Council meeting. The Council meeting will be held in January on the Council reserve meeting date specified in the Municipal Calendar. The Council may by a simple majority of votes cast at the meeting:
- (i) approve or adopt the Cabinet's recommendation; or
  - (ii) amend the Cabinet's recommendation; or
  - (iii) approve a different decision which does not accord with the recommendation of the Cabinet.
- (i) The decision shall then be made public in accordance with Article 4, and shall be implemented immediately.
- (j) Paragraphs 2(e) to (i) above shall only apply to proposals approved by the Cabinet in respect of the budget for the following financial year where the proposals are approved by the Cabinet for submission to the Council before 10 December in any financial year.
- (k) 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, 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 3(c) below and paragraph 5 (virement) the Cabinet, committees of the Cabinet, individual members of the Cabinet and any officers, area committees or joint arrangements 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 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, committees of the Cabinet, individual members of the Cabinet and any officers, or joint arrangements discharging Cabinet functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Deputy Chief Executive (Finance and Legal) 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.
- (c) Nothing in these rules precludes the Cabinet taking any decision which is contrary to or not wholly in accordance with the budget or capital plan providing that any additional costs incurred can be offset by additional (unforeseen) income, contingency funds (reserves and balances) or savings from elsewhere within the budgetary allocations to functions which are its responsibility and do not exceed £100,000 in any instance.

4. **URGENT DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK**

- (a) The Cabinet, a committee of the Cabinet, an individual member of the Cabinet or officers, or joint arrangements discharging Cabinet 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 Chair (or vice in his/her absence) of a relevant Overview and Scrutiny Committee agrees that the decision is a matter of urgency.
- (b) 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 and Vice-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.
- (c) 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.

5. **VIREMENT**

5.1 **Components of the Budget**

- (a) The Council shall have the following budget heads:
- (i) General Fund Revenue Account
  - (ii) General Fund Capital Programme
  - (iii) Housing Revenue Account
  - (iv) Housing Investment Programme
- (b) The budgets at (i) and (ii) above shall be subdivided into service areas as follows:
- (a) Community Engagement and Localism
  - (b) Sports, Leisure and Heritage
  - (c) Environment
  - (d) Housing
  - (e) Planning and Conservation
  - (f) Resources
- (c) The revenue budgets set out at (i) and (iii) above will be further subdivided into cost centres as set out in the annual “Guide to the Budget” publication.
- (d) The capital programmes set out at (ii) and (iv) above shall be subdivided into individual capital schemes.

5.2 **Limits on Virement between Main Budget Heads**

- (a) There shall be no virement between main budget heads 5.1(a)(i) and 5.1(a)(iii) or between main budget heads 5.1(a)(ii) and 5.1(a)(iii).

- (b) Virement between main budget heads 5.1(a)(i) and 5.1(a)(ii) or between 5.1(a)(iii) and 5.1(a)(iv) shall only occur where it is possible to make, increase or reduce a revenue contribution to capital expenditure equivalent to any change in capital expenditure.
- (c) Virement between main budget heads 5.1(a)(i) and 5.1(a)(iv) shall only occur where it is possible to make, increase or reduce a revenue contribution to capital expenditure equivalent to any change in capital expenditure and the relevant capital expenditure is not related to the Council's housing stock.
- (d) Virement between main budget heads 5.1(a)(ii) and 5.1(a)(iv) shall only occur where the relevant capital expenditure is not related to the Council's housing stock.
- (e) Virement between main budget heads must be approved and will be subject to the financial limitations set out at clause 5.4.

### 5.3 **Virement between Service Areas**

Subject to the limitations set out at clause 5.2 above, any virement between service areas shall only occur provided that:

- (a) where a Portfolio Holder wishes to transfer a provision of up to £50,000 between service areas, the agreement of both Portfolio Holders shall first be obtained;
- (b) where a Head of Service wishes to transfer a provision of up to £25,000 between service areas the agreement of both Heads of Service (if both budgets do not fall under the responsibility of the one Head of Service) and the two relevant Portfolio Holders shall first be obtained;
- (c) Chairs of relevant Overview and Scrutiny Committees shall be advised of any such virement.

### 5.4 **Virement within Service Areas**

- (a) Subject to the limitations set out at clause 5.2 above, individual virement between cost centres/capital schemes within service areas in excess of £25,000 shall require the approval of the relevant Portfolio Holder/Committee Chair.
- (b) The relevant Portfolio Holder/Committee Chair shall consult the Deputy Chief Executive (Finance and Legal) prior to authorising any such virement.
- (c) No individual virement shall exceed £50,000 or 10% of the portfolio budget, whichever is the lower, without the prior approval of Cabinet.
- (d) No individual virement shall exceed £100,000 without the prior approval of Council.
- (e) The Aggregate of Virement within any portfolio in any one of the main budget heads shall not exceed £100,000 in any one financial year without the prior approval of Cabinet.
- (f) A Head of Service may exercise individual virement of up to £25,000 between budgets under his or her control subject to their being within the same service area. Any such virement in excess of £1,000 shall first be agreed with the Deputy Chief Executive (Finance and Legal) who will, in any event, be notified of all agreed virement.
- (g) Funds provided to support once-off items of expenditure shall not be transferred to support expenditure with ongoing implications.
- (h) All virements over £10,000 shall be reported to Council.

- (i) The Chair of the relevant Overview and Scrutiny Committee shall be advised of any such virement.

## 5.5 Treatment of Unspent Year End Balances

### 5.5.1 Revenue Budgets

- (a) Where at the year-end underspendings on budget are identified these will be treated as savings and accrued with general balances, except in cases where the relevant Head of Service can provide good reasons to the Deputy Chief Executive (Finance and Legal) why some or all of any specific budget was not incurred in line with budget expectations and a sound case made for retention (carry forward to the ensuing financial year). The reasons for the carry forward of unspent budgets (or part) of £10,000 or more to be reported to Cabinet.
- (b) For the purposes of clause 5.5.1 such balances should relate to individual budget codes within a cost centre.
- (c) Only savings arising on budgets under the direct control of the Head of Service may be carried forward (i.e. this will exclude such items as capital financing charges, insurance and rates).
- (d) Savings arising from increases in income (e.g. as a result of Government decisions or increased activity) cannot be carried forward to justify additional expenditure.
- (e) In order to effect a carry forward the Head of Service will require the approval of the Deputy Chief Executive (Finance and Legal) who will maintain a schedule of all carried forward items.

### 5.5.2 Capital Schemes

- (a) By their nature capital schemes tend to be different from the majority of revenue budgets and therefore different rules need to apply. Schemes can be scheduled over periods that overlap year-ends and, even when complete, residual payments such as final account instalments and retentions often remain outstanding.
- (b) Where a capital scheme is not fully expended at the year end only any committed unspent balance will normally be carried forward. Uncommitted, unspent balances will not normally be automatically carried forward.
- (c) Portfolio holders will receive **a quarterly report** on the progress of capital schemes **at or above the value of £250,000** which will also **be presented at Cabinet as part of the Council performance and budget summary. The report shall contain key milestones achieved, next steps and any delay in programme. In addition it will report the key project risks and current budget / forecast position, including gross and net benefit to the Council.**
- (d) However, at the year end Heads of Service should review all such unspent balances and identify any that are no longer required for their original purpose.
- (e) Heads of Service should consult with the Deputy Chief Executive (Finance and Legal) with regard to 5.5.2 (b) and (d) above to ensure that balances are only carried forward where there is a legitimate requirement.

## 6. **IN-YEAR CHANGES TO POLICY FRAMEWORK**

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet, a committee of the Cabinet, an individual member of the Cabinet or officers, area

committees or joint arrangements discharging Cabinet 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:

- (a) which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint;
- (b) necessary to ensure compliance with the law, ministerial direction or government guidance;
- (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.

#### **7. CALL-IN OF DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK**

- (a) Where an Overview and 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 Deputy Chief Executive (Finance and Legal).
- (b) In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer's report and/or Deputy Chief Executive (Finance and Legal)'s report shall be to the Cabinet with a copy 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 Deputy Chief Executive (Finance and Legal) conclude that the decision was a departure, and to the Overview and Scrutiny Committee if the Monitoring Officer or the Deputy Chief Executive (Finance and Legal) 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 Deputy Chief Executive (Finance and Legal) 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 and Scrutiny Committee 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 Council shall meet within 2 months 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 Deputy Chief Executive (Finance and Legal). The Council may either:
  - (i) endorse the decision or proposal of the Cabinet 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 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 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 Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer or the Deputy Chief Executive (Finance and Legal).