

SECTION 3 - BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

1. 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.

2. Process for developing the framework

The Executive leads the process; Scrutiny Panels will be involved within the Executive consultation process

(a) The Executive will publicise by including in the forward plan and publishing at the Council's three offices 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 Chairman of the relevant Scrutiny Panel will also be notified. The consultation period shall in each instance be not less than four 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 Scrutiny Panel wishes to respond to the Executive in that consultation process then it may do so. As the Co-ordinating Scrutiny Panel has the responsibility for fixing the work programme of the Scrutiny Panels, it is open to the Scrutiny Panels to investigate, research or report in detail with policy recommendations before the end of the consultation period. The Executive will take any response from a Scrutiny Panel 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 proper officer 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, amend them, refer them back to the Executive for further consideration, or in-principle, substitute its own proposals in their place.

(e) If it accepts the recommendation of the 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) The decision will be publicised and a copy shall be given to the Leader.

(g) An in-principle decision will automatically become effective five working days from the date of the Council's decision, unless the Leader informs the proper officer in writing within five working days that he/she objects to the decision becoming effective and provides reasons why.

(h) In that case, the proper officer will call a Council meeting within a further five working days. The Council will be required to re-consider its decision and the Leaders written submission within five working days.

The Council may:

(i) approve the Executive's recommendation by a simple majority of votes cast at the meeting; or

(ii) approve a different decision, which does not accord with the recommendation of the Executive by a simple majority.

(i) The decision shall then be made public and shall be implemented immediately.

(j) 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 Executive, in accordance with paragraphs 5 and 6 of these Rules (in-year changes). 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 5 (virement) the Executive, Committees of the Executive, individual members of the Executive and any officers, area committees 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 paragraph 4 below (urgent decisions outside of the budget and policy framework).

(b) If the Executive, Committees of the Executive, individual Members of the Executive and any officers, area committees or Joint Arrangements discharging Executive functions want to make such a decision, 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. 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 Executive, a Committee, 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 a relevant 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 relevant Scrutiny Panel's 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 Chairman of a relevant Scrutiny Panel, or in his absence the Vice-Chairman, the consent of the Mayor, and in the absence of the above, the Deputy Mayor, 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.

5. Virement

(a) The Council shall have the following budget heads

The Council will receive reports on its Budget in Executive Portfolio groupings apart from the Financing Items (Below the Line items) managed by the Council's Chief Finance Officer. In addition there will be budget reports available based on Service Units controlled and managed by the relevant Head of Service and where delegated the responsible manager.

(b) Virement rules applicable to these budget heads

The detailed virement rules are set out in the Financial Standing Orders and Regulations section of the Constitution. The following is a summary of those rules:-

- (i) Normally the use of virement must not reduce service standards;
- (ii) The use of virement must not create additional liability within the financial year or in future years;
- (iii) Where in setting the Annual Budget there is an approved lump-sum budget intended for allocation during the year, its allocation will NOT be treated as virement, provided that the amount is used in accordance with the purposes for which it has been established;
- (iv) Full Council may authorise virement to other purposes amounts provided within the approved annual revenue estimates and the approved capital expenditure programme;
- (v) Full Council must approve any virement that would significantly affect service standards.

Summary of Virement Limits – Revenue Estimates

Level of authority	Value of virement (including any partnership funding)	Notes
Heads of Service	Up to £20,000 for any single virement within the approved revenue estimates coming under his/ her individual responsibility	Must be approved by the Head of Finance and Strategic Director
Strategic Director	Up to £40,000 for any single virement within the approved revenue estimates coming under their responsibility	Must be approved by the Head of Finance and relevant Executive Portfolio Holders
Executive Member	£40,001 and above for any single virement within the approved revenue estimates	Requires a joint report from the Head of Service and Head of Finance and endorsed by the Strategic Director

Summary of Virement Limits – Capital Programme

Level of authority	Value of virement (including any partnership funding)	Notes
Heads of Service	Up to £20,000 for any single virement within the approved capital programme coming under his/ her individual responsibility	Must be approved by the Head of Finance and Strategic Director
Strategic Director	Up to £50,000 for any single virement within the approved capital programme coming under their responsibility	Must be approved by the Head of Finance and relevant Executive Portfolio Holders
Executive Member	£50,001 and above for any single virement within the approved capital programme	Requires a joint report from the Head of Service and Head of Finance and endorsed by the Strategic Director

6. In-year changes to policy framework

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Executive, a Committee, 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 listed below:

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

(b) In respect of functions, which are the responsibility of the Executive, the Monitoring Officer's report and/or Chief Financial Officer's report shall be to the Executive with a copy to every Member 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 Chief Finance Officer conclude that the decision was a departure, and to the Scrutiny Panel if the Monitoring Officer or the Chief Finance 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 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, the 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 Council shall meet within five working days of the request by the 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 Chief Financial Officer. The Council may either:

(i) endorse a decision or proposal of the Executive decision taken 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 or the Chief Financial Officer.