

SECTION 16

16. Budget and Policy Framework Procedure Rules

16.1 The Framework for Decisions

- 16.1.1 The Council will be responsible for the adoption of its Budget and Policy Framework as set out in Section 4. Once a Budget or a Policy Framework is in place, it will be the responsibility of the Cabinet to implement it.

16.2 Process for developing and changing the Policy Framework

- 16.2.1 The processes and protocol for changes to the Constitution are set out in Sections 2.4 to 2.6. Changes to the Financial Regulations (Section 20) and the Contract Procurement Rules (section 21) that require approval by Council, are referred via Finance, Audit and Risk Committee for review of the governance implications.
- 16.2.2 Other elements of the Policy Framework will be recommended by Cabinet on to Council. Overview and Scrutiny Committee can consider it as part of their work programme. Either Cabinet and Overview and Scrutiny Committee can consider stakeholder engagement, but consultation should not be duplicated. To the extent that it is covered by their terms of reference, other Committees can also provide input in the process. Cabinet will consider all the comments and recommendations that are made to it, and detail how they have been considered in making its recommendation on to Council.

16.3 Process for developing and approving the Budget

- 16.3.1 The section should be read in conjunction with sections 2 and 4 of the Financial Regulations (section 20 of the Constitution).
- 16.3.2 Council will approve a revised Medium Term Financial Strategy each year. This will be recommended to Council by Cabinet, and Finance, Audit and Risk Committee will provide comment (as per their terms of reference) in advance of this being considered by Cabinet. The Medium-Term Financial Strategy will estimate the financial resources available and make recommendations on general budget estimate (e.g. inflationary impacts).
- 16.3.3 All budget proposals should be in accordance with the adopted Council Plan or to respond to a statutory obligation. Executive Members will work with Officers to determine priorities and the cost and other resource implications of implementing proposals. Where Council Motions have been passed during the year that make recommendations with cost or resource implications then these will be considered as part of this process.
- 16.3.4 The proposals (which will include both increases and decreases to revenue and capital expenditure) will be presented to informal Budget Workshops. The Budget Workshops will be split between administration and opposition Councillors. They provide a confidential opportunity to review and ask questions of the proposals that have been put forward. The Workshops also provide an opportunity for alternative proposals to be considered.
- 16.3.5 Following the Budget Workshops, Cabinet will determine which proposals will be taken forward to be considered as part of the final budget. In considering this, they will receive an update on funding forecasts. Finance, Audit and Risk Committee will provide comment (as per their terms of reference) in advance of this being considered by Cabinet.
- 16.3.6 The final budget will be considered by Cabinet in early February, for recommendation on to Council at the end of February. Finance, Audit and Risk Committee will provide comment (as per their terms of reference) in advance of this being considered by Cabinet.
- 16.3.7 Opposition Groups can each propose a package of alternative budget proposals. These must be provided to the Chief Finance Officer (or a designated member of the finance team) at least 5 working days in advance of the Council meeting that approves the budget. The alternative budget proposals will be published as an addendum to the Council report, along with a report on the robustness of the estimates and the adequacy of the Council reserves to afford the financial

impact. This is in accordance with section 25 of the Local Government Act 2003. The Chief Finance Officer has a statutory obligation to refuse any proposals that do not allow the Council to set a balanced budget.

- 16.3.8 The Administration Group can only make minor changes to their budget proposals to the extent that they reflect new information that has become available. Such changes should be provided to the Section 151 Officer as soon as is practicable, so that they can determine the impact on the budget estimates. The changes will be published as an addendum to the Council report, along with a report on the robustness of the estimates and the adequacy of the Council reserves to afford the financial impact. The Chief Finance Officer has a statutory obligation to refuse any changes that do not allow the Council to set a balanced budget.
- 16.3.9 At the Council meeting, the changes detailed in paragraph 16.3.8 will form part of the substantive budget proposal. Any opposition group proposals (as per paragraph 16.3.7) will each be considered as a package, and it will not be permitted to vote on individual items within those proposals.
- 16.3.10 With the agreement of the Monitoring Officer and Chief Finance Officer, rules 16.3.8 and 16.3.9 can be waived where it is in the interests of achieving sufficient consensus to get the Budget approved by Council.

16.4 Decisions Outside the Policy Framework or Budget

- 16.4.1 Decisions must be taken in accordance with the Budget and Policy Framework. Any decision being taken that is contrary to this must be taken by Full Council, unless urgency provisions apply (see paragraph 16.5). The decision by Council can be to allow an exceptional decision to be taken outside of the Policy Framework or Budget, or to change the Policy Framework or Budget. The Monitoring Officer will approve changes to the Policy Framework to ensure compliance with the law, ministerial direction or government guidance. The Chief Finance Officer will approve changes to the Budget that ensure compliance with the law, ministerial direction or government guidance.
- 16.4.2 It is the responsibility of the decision-taker to 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 Budget.
- 16.4.3 In general, an item of revenue expenditure will be determined to be contrary to the Budget if it is either:
 - (a) A completely new item of expenditure that is not in line with approved budgets or existing delegations, or;
 - (b) An item of expenditure that is linked to an approved budget but is delivering it a new way or extending how it is being delivered, and leads to a significant increase in Council expenditure (above £75k).
- 16.4.4 For new items of capital expenditure, the financial regulations (section 20, paragraph 5.7) allow the Executive Member with responsibility for Finance to approve up to £100k. New items of expenditure above that threshold will be outside the approved budget. Increases in costs to deliver approved capital projects, will only be considered to be outside the budget where they arise from material changes to the scope of the project.

16.5 Urgent Decisions Outside the Policy Framework or Budget

- 16.5.1 In addition to other urgency powers, urgent decisions that are outside the Policy Framework or Budget can be taken:
 - (a) if it is not practical to convene a quorate meeting of the Full Council; and
 - (b) if the Chair of Overview and Scrutiny Committee agrees that the decision is a matter of urgency.

- 16.5.2 The reasons why it is not practical to convene a quorate meeting of Full Council and the Chair of the Overview and Scrutiny Committee'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 Chair of the Overview and Scrutiny Committee the consent of the Head of Paid Service will be sufficient. The Chair of Overview and Scrutiny Committee should receive copies of any individual Executive delegated decision that could be subject to call-in. Delegated decisions must be taken, recorded and published in accordance with the Council's Guidance the statutory requirements and procedures.
- 16.5.3 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.