

## APPENDIX 2

### 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

Subject to paragraph (i) below, the process by which the budget and policy framework shall be developed is:

- a) By the end of February, the executive will have consulted on its budget proposals as it considers appropriate and approve the draft Budget and Medium Term Financial Plan.
- b) The Scrutiny (Policy & Performance) Committee shall determine whether it wishes to scrutinise the draft Budget and Medium Term Financial Plan. The Scrutiny (Policy & Performance) Committee shall report to the executive the outcome of its deliberations in sufficient time for the executive to consider the views of Scrutiny (Policy and Performance), make its recommendations to Council and for Council to meet and set the budget and Council tax before 11 March.
- c) Having considered the report of the Scrutiny (Policy & Performance) Committee, the executive, if it considers it appropriate, may amend its proposals before submitting them to a council meeting prior to 11 March for consideration and adoption. It will also report to Council on how it has taken into account any recommendations from the overview and scrutiny committee.
- d) The Council will consider the proposals of the executive and may adopt them, amend them, refer them back to the executive for further consideration, or substitute its own proposals in their place. In considering the matter, the Council shall have before it the executive's proposals and any report from any relevant Scrutiny (Policy & Performance) Committee having regard to the requirement for the Council to set the council tax before 11 March. The council tax levy requires receipt of precepts from precepting authorities and will be submitted to the council meeting.
- e) If the Leader objects to the decision of the Council, he/she shall give written notice to the proper officer to that effect during the first working day after the Council's decision. The written notification must state the reasons for the objection. Where such notification is received, the proper officer shall convene a further meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting.
- f) The Council meeting must take place within 7 working days of the receipt of the Leader's written objection. At that council meeting, the decision of the Council shall be reconsidered in the light of the objection, which shall be available in writing for the Council.

- g) The Council shall at that meeting make its final decision on the matter.
- h) The policy on virements is set out in Financial Procedure Rules. Any other changes to the budget and policy framework, i.e. significant net increases in the General Fund, Housing Revenue Account, or Capital projects, are reserved to the Council.
- i) Any of the time periods set out within the process for developing the Budget and Policy Framework contained herein may be varied by agreement between the Executive and the Scrutiny (Policy and Performance) Committee provided that proper regard is had to allowing a reasonable period of time at each stage.

### **3. Decisions outside the budget or policy framework**

- a) Subject to the provisions of virements 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 4 below.
- 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.
- c) Changes to income and expenditure contained within the approved budgets do not constitute a departure from the budget and policy framework provided they are contained within the overall approved resource envelope.

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

- a) The executive, a committee of the executive, an individual member of the executive or officers, area committees 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 chair of Scrutiny (Policy & Performance) 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 Scrutiny (Policy & Performance) 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 Scrutiny (Policy & Performance) Committee the consent of the chairman of the Council and in the absence of both the vice-chairman of the Council 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. 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 of the executive, an individual member of the executive or officers, area committees or joint arrangements discharging executive functions must be in line with it.

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

- a) Where Scrutiny (Policy & Performance) 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 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 financial officer conclude that the decision was a departure, and to the Scrutiny (Policy & Performance) Committee if the monitoring officer or the chief financial 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 (Policy & Performance) 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 10 days of the request by the Scrutiny (Policy & Performance) Committee. 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 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 execution 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/chief financial officer.

*References: Chapter 2, DETR Guidance*

*The Local Authorities (Functions and Responsibilities) (England) Regulations 2000*