SECTION 16

16. BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

16.1 The Framework For Cabinet Decisions

The Council will be responsible for the adoption of its policy framework and budget as set out in **Section 4.2**. The policy framework and budget adopted by the Council will be based on that proposed by the Cabinet. 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 The Budget And Policy Framework

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

(a) The Cabinet 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 Chairs of Scrutiny Committees will also be notified. The consultation period shall in each instance be not less than three 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 Scrutiny Committee wishes to respond to the Cabinet in that consultation process then it may do so. As the Scrutiny Committees have responsibility for fixing their own Work Programme, it is open to the 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 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 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's proposals, amend them, refer them back to the Cabinet for further consideration, or in principle, 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.

(f) The decision will be publicised in accordance with **Section 4.2** and a copy shall be given to the Leader(s).

(g) An in-principle decision will automatically become effective five days from the date of the Council's decision, unless the Leader(s) informs the Proper Officer in writing within five 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 ten days. The Council will be required to re-consider its decision and the Leader(s)'s written submission at that meeting. The Council may

(i) approve the Cabinet'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 Cabinet by a simple majority.

(i) The decision shall then be made public in accordance with **Section 4.2**, 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 changes to the policy framework which may be undertaken by the Cabinet, in accordance with paragraphs 15.5 and 15.6 of these Rules. Any other changes to the policy and budgetary framework are reserved to the Council.

16.3 **Decisions Outside The Budget Or Policy Framework**

(a) Subject to the provisions of paragraph 16.5 ("Virement") the Cabinet, an individual member of the Cabinet 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 16.4 below.

(b) If the Cabinet, an individual member of the Cabinet 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 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 16.4 ("Urgent Decisions Contrary to the Budget or Policy Framework") shall apply.

16.4 **Urgent Decisions Contrary To The Budget Or Policy Framework**

The Cabinet, an individual member of the Cabinet, 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. In this case the procedure to be followed is set out in **Section 15.14**.

16.5 **Virement**

The rules for virement are set out in **Section 17.5** of the Council's Financial Procedure Rules and reference should be made to this. A summary of the virement rules is as follows:

16.5.1 Capital

(a) Steps taken by the Cabinet, an individual member of the Cabinet or Officers, area committees or joint arrangements discharging Executive Functions to implement Council policy, shall not incur greater expenditure on a scheme than the amount included in the Capital Programme (unless the Cabinet, an individual member of the Cabinet with delegated powers to make decisions or an officer is so authorised by financial regulations or other delegations). However, in the following circumstances the Cabinet may:

- transfer resources between schemes, including to a new scheme, up to a limit of £500,000 per scheme;
- transfer resources from revenue to schemes, including to a new scheme, up to a limit of £500,000 per scheme;
- incur capital expenditure where it is being wholly funded by grant and amend the Capital Programme accordingly;
- incur capital expenditure that is funded from a provision or earmarked reserve for the specific purposes that the provision or earmarked reserve was set aside and amend the Capital Programme accordingly;
- transfer resources between years for a scheme, subject to the overall cost of the scheme not increasing.

(b) Provided (in all of the above circumstances):

- that the expenditure is not contrary to any policy as set out in the Policy Framework, and the revenue costs falling on the Council of any new capital scheme does not exceed £100,000 per annum (excluding capital financing costs).

16.5.2 Revenue

(a) Steps taken by the Cabinet, an individual member of the Cabinet or Officers, area committees or joint arrangements discharging Executive Functions to implement Council policy shall not exceed those budgets allocated to each budget head. However, the Chief Executive, Directors and Heads of Service may, in consultation with the Section 151 Officer, transfer budgetary provision from one budget head to another (virement) provided that:

(i) the budget heads are the responsibility of the same Officer and do not exceed £100,000 per year in aggregate;

(ii) the transfer will not result in the adoption of a new policy or change to an existing policy;

(iii) the transfer will not result in additional revenue commitments in future years.

16.5.3 Any transfer of budgetary provision which does not meet the criteria set out in 16.5.2 shall be subject to approval by the Cabinet.

16.6 **In-Year Changes To Budget And Policy Framework**

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet, an individual member of the Cabinet or Officers, area committees or joint arrangements discharging Executive Functions must be in line with it. No changes to any policy and strategy which makes up the policy framework may be made by those bodies or individuals except those changes:

A number of possibilities are presented below:

(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.

16.7 **Call-In Of Decisions Outside The Budget Or Policy Framework**

(a) Where a Scrutiny Committee is of the opinion that a Cabinet 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 Chief Finance Officer.

(b) In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer's report and Chief Finance Officer'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 Chief Finance Officer conclude that the decision was a departure, and to the Scrutiny Committee 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 Finance 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 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 twenty one days of the request by the 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 Chief Finance Officer. The Council may either:

(i) endorse a 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 budget 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 Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer/Chief Finance Officer.