

Forest Heath District Council

Budget and Policy Framework Procedure Rules

1. The framework for Cabinet decisions

- 1.1 The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once the budget and policy framework is in place, it will be the responsibility of the Cabinet to implement it.

2. Process for developing the policy framework

- 2.1 Normally, in the development of the policy framework, the Cabinet will liaise with the Overview and Scrutiny Committee and the Performance and Audit Scrutiny Committee to ensure that matters can be given proper consideration as part of the work programmes of these Committees.
- 2.2 However, the formal process by which the policy framework shall be developed is as follows.

2.3 Prior to Cabinet consideration

- (a) The Cabinet will publicise, by including in a Decisions Plan and/or by other methods, a timetable for making proposals to the Council for the adoption of any new or significantly revised policy or strategy that forms part of the policy framework. Where consultation on a draft policy is due to take place, the Decisions Plan will also set out the timetable for Cabinet consideration of the draft for consultation.

Consultation on draft policies

- (b) Where a policy is to be consulted on in draft form, the Overview and Scrutiny Committee and Performance and Audit Scrutiny Committee may wish to investigate, research or report in detail with policy recommendations before the end of the consultation period.

2.4 Preparation of final proposals by Cabinet

- (a) At the end of any consultation period, the Cabinet will approve its own final proposals for submission to the full Council. These proposals will have regard to the responses to any consultation and will take into account any response or proposals from the Overview and Scrutiny Committee or Performance and Audit Scrutiny Committee. Its report to Council will reflect the comments made by consultees and/or the Committees and the Cabinet's response.

(b) The Council will consider the proposals of the Cabinet and may:-

- (i) adopt them;
- (ii) amend them;
- (iii) refer them back to the Cabinet for further consideration; or
- (iv) substitute its own proposals in their place.

In considering the matter, the Council shall have before it the Cabinet's proposals and any report from Overview and Scrutiny or Performance and Audit Scrutiny Committee.

(c)

- (i) the Council's decision will be published on the Council's website and drawn to the attention of the Leader.
- (ii) the notice of decision shall be dated and shall state either that the decision shall be effective immediately (if the Council accepts the Cabinet's proposals without amendment); or
- (iii) if the Cabinet's proposals are not accepted without amendment, the decision must inform the Leader of any objections which the Council has and require the Cabinet to reconsider, in the light of those objections, the proposals submitted to it.
- (iv) the Council's decision will become effective on the expiry of 5 clear days after the publication of the notice of decision, unless the Leader objects to it in that period.

(d) If the Leader objects to the decision of the Council, he shall give written notice to the Chief Executive to that effect prior to the date upon which the decision is to be effective. The written notification must either:-

- (i) submit a revision of the proposals as amended by the Cabinet (the "revised proposals"), with the Cabinet's reasons for any amendments made to the proposals, to the Council for the Council's consideration; or
- (ii) inform the Council of any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for any such disagreement.

(e) Where such notification is received, the Chief Executive shall refer the matter to the next ordinary meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting. The Chief Executive may call an extraordinary meeting of Council if the matter is too urgent to await the next ordinary meeting.

(f) At that Council meeting, the decision of the Council shall be reconsidered in the light of the revised proposals or the objections, which shall be available in writing for the Council.

- (g) The Council shall at that meeting make its final decision on the matter on the basis of a simple majority. The decision shall be made public in accordance with Article 4 and shall be implemented immediately.
- (h) In approving the policy framework, the Council will also specify the degree of in-year changes to the policy framework which may be undertaken by the Cabinet. Any other changes to the budget and policy framework are reserved to the Council.

3. Process for developing the budget framework

3.1 There will be a process for financial planning:-

- (a) The Cabinet shall prepare and adopt a timetable to accomplish these objectives that should incorporate consideration of:-
 - (i) An early assessment of assumptions that will be used in the drafting of the forthcoming budget, taking account of financial issues that may have a significant impact on the medium term financial situation of the Council.
 - (ii) An overview of the financial position in the coming financial year following publication of the settlement details of the anticipated funding from Central Government.
 - (ii) Detailed consideration of items of growth or potential disinvestments.
- (b) Prior to Cabinet consideration:-
 - (i) The Cabinet will publicise, by including in the Decisions Plan and/or by other methods, 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. The Chairman of the Overview and Scrutiny Committee will be notified. The consultation period shall in each instance be not less than six weeks.
 - (ii) If the Committee wishes to respond to the Cabinet in that consultation process then it may do so. As the Overview and Scrutiny Committee has responsibility for fixing its own work programme, it is open to this Committee to investigate, research or report in detail with policy recommendations before the end of the consultation period.

- (c) Preparation for the formal budget meeting:-
- (i) The Council will hold its formal budget meeting in February or March when the Cabinet will present proposals to Council.
 - (ii) The budget proposals presented by the Cabinet having taken consideration of the views of the public, staff, members of the Overview and Scrutiny Committee and other consultees.
 - (iii) All potential amendments to the budget must be assessed for their financial implications prior to the Council meeting to comply with Financial Procedures. To avoid any problems arising from this requirement, all proposed amendments to the budget will therefore be notified in advance to the Chief Executive and S151 Officer.
 - (iv) At the budget meeting, the Council will decide on the budget for the forthcoming year and formally adopt this, satisfying any statutory requirements so that all income due to the Council and its preceptors can be collected.

4. Decisions outside the budget and policy framework

- (a) Subject to the provisions of Rule 6 the Cabinet, committees of the Cabinet, individual members of the Cabinet and any officers, 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 policy, or contrary to or not wholly in accordance with the budget approved by the Council, then that decision may only be taken by the Council, subject to Rules 5 and 7 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 the S151 Officer as to whether the decision they want to make would be contrary to policy, or contrary to or not wholly in accordance with the budget.
- (c) If the advice of either of those officers is that the decision would not be in line with the existing budget and policy framework, then the decision must be referred to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in Rule 5 (Urgent decisions outside the budget and policy framework) shall apply.

5. Urgent decisions outside the budget and 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 policy or contrary to or not wholly in accordance with the budget if the decision is a matter of urgency. However, the decision may only be taken if:-
 - (i) it is not practical to convene a quorate meeting of the Council;
 - and*
 - (ii) the Chairman of the Overview and Scrutiny Committee agrees in writing that the decision is a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of the Council and the chairman 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 Chairman of the Overview and Scrutiny Committee the consent of the Vice-Chairman will be sufficient.

 - and*
 - (iii) the Council's Financial Procedure Rules are complied with in all other respects.
- (b) Following the decision, the decision maker 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.

6. Virement

- (a) The Council shall have sufficient budget heads to enable service delivery and effective budgetary control in line with the Council's budget and policy framework.
- (b) Steps taken by the Cabinet, a committee of the Cabinet, an individual member of the Cabinet or officers, or joint arrangements discharging Executive functions to implement Council policy shall not exceed the budgets allocated to each budget head. However, such bodies or individuals shall be entitled to vire across budget heads – as follows:-
 - (i) the Cabinet - non-recurring expenditure of up to £50,000 in any one case within budget allocations to functions which are the responsibility of the Cabinet;
 - (ii) executive members (Portfolio Holders) - non-recurring expenditure of up to £50,000 in any one case within budget allocations to functions which are the

responsibility of the Executive Member; virement will also require the agreement of the Leader.

- (iii) authorised officers:-
 - (a) provided that it does not constitute a Key Decision, Chief Officers and Assistant Directors be authorised to undertake virements of up to £25,000 on behalf of the Cabinet in any one case between the budgets under their control, subject to consultation with the relevant Portfolio Holder(s) and the Leader and the S151 Officer; such virements should be non-recurring and must not include asset rental or fixed percentage maintenance budgets, interest income or recharges which have implications elsewhere in the budget, and must be confirmed in writing to the S151 Officer in a format approved by him/her and reported to Cabinet via budget monitoring reports; and
 - (b) in the case of budgets allocated to the control of a Committee, Chief Officers and Assistant Directors be authorised to undertake virements of up to £5,000 in any one case between the budgets under their control, subject to consultation with the Committee Chairman and the S151 Officer; such virements must not have implications elsewhere in the budget, and must be confirmed in writing to the S151 Officer in a format approved by him/her and reported to the Committee via budget monitoring reports.

Any in year unplanned contributions from reserves exceeding £10,000 will need to be approved by Cabinet; those at the year end are seen by Council as part of approving the Council's financial statements.

7. In-year changes to budget and policy framework

7.1 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, or joint arrangements discharging Executive functions must (subject to Rule 5) be in line with that framework. No changes to the budget and policy framework may be made by those bodies or individuals except those changes:-

- (a) which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint;
- (b) which are necessary to implement a budget decision made by the Council;

- (c) necessary to ensure compliance with the law, ministerial direction or government guidance where there is no discretion how to act;
- (d) 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.

8. Call-in of decisions outside the budget and policy framework

- (a) Where the Overview and Scrutiny Committee is of the opinion that an executive decision is, or if made would be, contrary to policy, or contrary to or not wholly in accordance with the budget, then it shall seek advice the Monitoring Officer and/or S151 Officer.
- (b) The Monitoring Officer's report and/or S151 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. The Cabinet must prepare a report to:-
 - (i) the Council if the Monitoring Officer or the S151 Officer conclude that the decision was a departure; and
 - (ii) the Overview and Scrutiny Committee if the Monitoring Officer or the S151 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 S151 Officer is that the decision is or would be contrary to policy or contrary to or not wholly in accordance with the budget, the Overview and Scrutiny Committee may refer the matter to the 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 matter will be referred to the next ordinary meeting of the Council except in cases of urgency when an extraordinary meeting will be called. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the S151 Officer. The Council may either:-
 - (i) endorse a decision or proposal of the Cabinet decision maker as falling within the existing budget and policy framework. In this case no further action is required;
or
 - (ii) amend the Council's Financial Procedure Rules or policy concerned and agree to the decision with immediate effect; *or*
 - (iii) here the Council accepts the decision or proposal is contrary to policy 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/S151 Officer.