

Section 6 - Budget and Policy Framework Procedure Rules

1. THE FRAMEWORK FOR EXECUTIVE DECISIONS

- 1.1 The Council will be responsible for the adoption of its Budget and Policy Framework. The Executive will be responsible for implementing the Budget and Policy Framework. The Executive will be responsible for initiating Budget and Policy framework proposals, and Council will be responsible for their approval on the recommendation of the Executive.
- 1.2 The Council may, from time to time, review which plans and strategies shall comprise the major policy framework (as listed in in Part 2 Article 4). The Cabinet will usually make recommendations on the plans that should be added or deleted.

2. PROCESS FOR DEVELOPING THE COUNCIL'S BUDGET

- 2.1 The budget setting process will have a two phased approach for developing and recommending budget proposals to Council for approval.
- 2.2 The Council's budget will be reviewed and reported on twice throughout each financial year. The Cabinet will consider the Council's Budget and Financial Strategy on both occasions. The Corporate Resources Director will confirm the number of phases and the timetable that will apply in the forthcoming financial year by the end of March prior to the start of each financial year.
- 2.3 This approach will enable identified budget proposals for savings and income generation and actions that mitigate new arising financial pressures to be implemented earlier in the financial year. This will therefore enable the Council to benefit from the result of more timely management action.
- 2.4 The Cabinet shall consider the Council's Budget and Financial Strategy in accordance with the Budget setting plan set out in 2.4 below. This will include consideration of the Revenue Budget, the Asset Investment Strategy, the Treasury Management Strategy and Medium Term Financial Strategy (MTFS).

Budget setting plan

MEETING	CONTENT	DATE
PHASE ONE		
Cabinet	To consider the first phase of budget proposals for consultation (following consideration from Cabinet Policy Forum and Financial sustainability Working Group). The publication of the report commences	Summer/ Autumn

Scrutiny Committee	To formally scrutinise the first phase of budget proposals	Summer/Autumn
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Cabinet	To recommend the first phase of budget proposals to Council having regard to feedback from the joint scrutiny committee and stakeholders	Summer/Autumn
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Council	To approve the first phase of budget proposals	Summer/
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PHASE TWO

Cabinet	To agree: <ul style="list-style-type: none"> • Council Tax base and estimated position on the Collection Fund • NNDR1 (Business Rates position) • Any changes proposed to the Council Tax Support Scheme. 	January
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Cabinet	To consider the final phase of budget proposals and the MTFs report for consultation (Following consideration from Cabinet Policy Forum and Financial sustainability Working Group). The	February
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Scrutiny Committee	To formally scrutinise the final phase of budget proposals.	February
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Audit Committee	To review and approve the Asset Investment Strategy and Treasury Management Strategy prior to inclusion in the MTFs.	January/February
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Cabinet	To recommend the MTFs including the revenue budget and Council Tax rates to Council having regard to feedback from the joint scrutiny committee and stakeholder consultation.	February
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Council	Approve the consolidated MTFs, including the revenue and capital budget and Council Tax Resolution.	March
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PHASE ONE

2.5 The purpose of Phase One is:

- identify new financial pressures arising in the current financial year and take timely actions to contain expenditure within approved budgets
- to identify the likely budget position for the forthcoming financial year prior to the Government providing the financial settlement and
- to provide an opportunity for directors to work up budget proposals at an early stage in consultation with Members and relevant stakeholders, and allow sufficient time for the delivery and implementation of budget proposals, in advance of the forthcoming financial year.

2.6 Directorates and the Financial Sustainability Working Group (FSWG) will be required to develop and present budget proposals that will contribute towards containing expenditure within the approved budget for the current financial

year and balancing the budget in future financial years. These options will be discussed with Cabinet Members and the FSWG. An outline terms of reference for the group is attached. (Appendix 1).

- 2.7. Within Phase One Cabinet will formally publish budget proposals and if required, will be subject to a consultation process, which will commence at this time. As part of the consultation process, the Cabinet shall formally consult all scrutiny committees at a joint meeting on these proposals. The Cabinet shall also consult with local stakeholders, including residents, partner organisations and businesses.
- 2.8. Cabinet will then formally consider the budget proposals and the results of the consultation, including the views of the joint scrutiny committee and make recommendations to Council to agree them.

PHASE TWO

- 2.9 Phase Two will result in Cabinet making recommendations to Council on further budget proposals and the consolidated MTFS Report, to enable Council to set a lawful and balanced budget and to set the Council Tax by 11 March each year. Every Council has a statutory obligation to agree the Council tax by that date.
- 2.10 In January, Cabinet will formally publish its second phase of budget proposals and the consolidated MTFS and if required, will be subject to a consultation process, which will commence at this time. As part of the consultation process, the Cabinet shall formally consult on the further budget proposals with all scrutiny committees at a joint meeting on these proposals. The Cabinet shall also consult with local stakeholders, including residents, partner organisations and businesses, the same process outlined in Phase One to ensure that decisions made reflect community and Members' views.
- 2.11 Following consultation, the final budget proposals and consolidated MTFS report will be considered by Cabinet and presented to Council for consideration and approval. This will be required to take place no later than 11 March.
- 2.12 Details of the Cabinet's consultation process as set out within the budget plan shall be included in the Forward Plan.
- 2.13 At any stage during the year, Cabinet Members may also consult and seek advice from any scrutiny committees about relevant service issues in relation to the formulation of budget proposals. Scrutiny committees have the ability to develop their own proposals as part of any themes they are reviewing as part of their work programme. Any such proposals will be reported to Cabinet and Cabinet will formally respond when recommending their budget proposals.
- 2.14 In addition to the requirements of this procedure rule the Cabinet may also receive and invite comments from any or all Members or persons on its proposals.
- 2.15 The Growth, Environment & Resources Scrutiny Committee will have overall oversight of the Budget and finance issues (and corporate issues such as Council Tax and the Treasury Management Strategy).

3. PROCESS FOR DEVELOPING THE POLICY FRAMEWORK

- 3.1 Where statutory deadlines allow, at least two months before a plan or strategy in the policy framework needs to be adopted by Council, the relevant Scrutiny Committee will consider initial proposals for the plan or strategy. Details of any consultation processes shall be included in relation to each of these matters in the Forward Plan, where the plan or strategy is being recommended by the Cabinet. The consultation process shall be published and available on the Council's website.
- 3.2 Any representations made to the relevant Scrutiny Committee shall be taken into account when considering the initial proposals, and shall be reflected in any report dealing with them. If the matter is one where a Scrutiny Committee has carried out a review of policy, then the outcome of that review will also be considered alongside the initial proposals.
- 3.3 The Scrutiny Committee may consult local stakeholders, any or all Members and any such persons or communities as they shall consider appropriate, allowing a period of four weeks for them to respond to the initial proposals, unless there are special factors that make this timescale inappropriate. If there are, it will inform the consultees of the time for response when the proposals are referred to them.
- 3.4 With the exception of the corporate priorities, the relevant Scrutiny Committee will submit its proposals, including any views received during the consultation process, to the Cabinet for them to determine and make recommendations to Council.

4. ADOPTION OF BUDGET AND POLICY FRAMEWORK

- 4.1 The Cabinet will consider the comments of the Scrutiny Committees and, if it considers it appropriate, may amend its proposals before submitting them to the Council meeting for consideration. It will also report to Council on how it has taken into account any recommendations from the scrutiny committee.
- 4.2 The Council will consider the proposals of the Cabinet and may adopt them, amend them, refer them back to the Cabinet for further consideration, or 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 the relevant Scrutiny Committees.
- 4.3 Where at a Council meeting a member wishes to move a substantial amendment or amendments which amount to an alternative Budget to be adopted by the Council, they may only do so provided they give notice in writing of the proposed amendment(s) to the Proper Officer no later than 10 am **five** working days before the Council meeting (not including the day of the meeting). A substantial amendment, or amendments which amount to an alternative budget, is deemed to be one that proposes a different level of Council Tax. Any other amendments must comply with the rules relating to amendments to motions in the Council Standing Orders. Notice of a substantial amendment shall be circulated to all Members and the alternative proposal(s) will be dealt with as amendments in the order they are received by the Proper Officer.

- 4.4 The Council's decision will be published on the Council's website. The Proper Officer will notify the Leader of the Council's decision and a copy shall be given to the Leader. 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 (if the Cabinet's proposals are not accepted without amendment), that the Council's decision will become effective on the expiry of five working days after the publication of the notice of decision, unless the Leader objects to it in that period.
- 4.5 If the Leader objects to the decision of the Council, he or she shall give written notice to the Proper Officer to that effect prior to the date upon which the decision is to be effective. 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.
- 4.6 The Council meeting must take place within 10 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.
- 4.7 The Council shall at that meeting make its final decision which shall be published on the Council's website, and shall be implemented immediately.
- 4.8 These procedures only applies to plans which relate to executive functions. Plans that relate to non-executive functions will be reported to the relevant committee prior to submission to Council.

5. DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK

- 5.1 Subject to the provisions of paragraph 6 below, the Executive may only take decisions which are in line with the Budget and Policy Framework. If the Executive 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 the Council, then that decision may only be taken by the Council. In approving the Medium Term Financial Strategy, the Council will specify the level of virement within the budget. Any other changes to the Budget and Policy Framework are reserved to the Council.
- 5.2 The Executive shall take advice from the Monitoring Officer and/or the Chief Financial Officer as to whether a decision 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 the Executive to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 6 below apply. However the decision may only be taken:
- (a) if it is not practical to convene a quorate meeting of the full Council;

- (b) if the Chair of the Growth, Environment & Resources Scrutiny Committee agrees that the decision is a matter of urgency;
 - (c) In the absence of the Chair of the Growth, Environment & Resources Scrutiny Committee, the Chair of the Scrutiny Committee relevant to the decision must give consent;
 - (d) In the absence of both Chairs, the consent of the Mayor or Deputy Mayor will suffice.
- 6.2 The reasons for urgency and why it is not practical to convene a quorate meeting of the Council and the Chairman of the relevant scrutiny committee's consent to the decision being taken as a matter of urgency must be noted on the record of the decision.
- 6.3 Following the decision, the decision taker will provide a full report to the next Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

7. IN-YEAR CHANGES TO BUDGET OR POLICY FRAMEWORK

- 7.1 Changes to the Budget may be made by the Executive where those changes:
- (a) are necessary to ensure compliance with the law, ministerial direction or government guidance;
 - (b) where the changes do not exceed virement limits set by Council;
 - (c) follow a decision to spend less than the budget allocated by Council (R (Buck)v Doncaster MBC (2013)).
- 7.2 Changes to the Budget may be made by the Executive where those changes are in respect of:
- (a) 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.
 - (b) two or more policies which conflict with one another on the matter under consideration.

8. CALL-IN OF DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK

- 8.1 Where a Scrutiny 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.
- 8.2 Where the Monitoring Officer and/or Chief Financial Officer are of the opinion that the decision in question is contrary to the Policy Framework or contrary to or not wholly in accordance with the Council's Budget then they shall prepare a report 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.

- 8.3 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, a 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 21 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 Financial Officer. The Council may either:
- (a) 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 Members in the normal way;
 - (b) 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 Members in the normal way;
 - (c) 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 the Monitoring Officer and/or Chief Financial Officer.

Financial Sustainability Working Group – Terms of Reference

Objective

There is an urgent imperative for the Council to deliver a balanced and sustainable budget and an expectation from Government, expressed through the recent MHCLG review, that the Council will move to this sustainable budget position by the 2023/24 financial year. Officer structures were introduced to ensure that the financial challenges and the move to sustainability are closely governed with urgency and grip. These arrangements are as follows:

- There is a two-weekly process of evaluating ideas, developing business cases, and escalating and unblocking issues (RIT and Executive CMT)
- There is a monthly meeting of the Corporate Management Team (CMT) that makes decisions on the strategic financial proposals (from an officer basis) and holds an operational oversight of performance against budget actions.

This officer structure (set out in Annex A) now needs to be matched in new member arrangements and structures.

Core to this is the creation of a cross party working group of members, working in partnership, reviewing Council expenditure and services, ideas presented by officers, and producing ideas of their own for officers to evaluate with a view to recommending a sustainable, balanced budget to Cabinet for the next financial year and the medium term.

This will also include reviewing the current year financial position and making recommendations to be incorporated as part of a revised budget, in order to strengthen the current financial position and deliver savings and efficiencies at the earliest opportunity. These terms of reference set out the purpose, membership and operations of this new cross party working group.

Purpose

The primary purpose of the Financial Sustainability Working Group (FSWG) is to address the funding gap and deliver a robust and sustainable budget by 2023/24, by:

- Conducting a thorough review of all the Council's budgets;
- Formulating a budget strategy to create a balanced and sustainable budget by 2023/24;
- Reviewing budget ideas and proposals presented by senior officers and agreeing which of those ideas are incorporated in the budget and which require further work to be undertaken;
- Identifying new savings, income generation and efficiency opportunities for officers to work on and bring back as proposals for the budget;
- Recommending a budget for the 2022/23 financial year to Council within available resources;
- Advising the Council on a Medium Term Financial Strategy for following financial years;
- Advising the Council on the budget position during the current financial year (including Revenue programme, capital programme, reserve levels and asset disposals).

Constitution & powers

This is a working group of Cabinet and any recommendations would be made to Cabinet for consideration and approval.

Membership

The FSWG shall comprise of:

- Group Leaders and their Deputies;
- The Finance Spokesperson for each Group;
- The Cabinet Member for Finance.

Substitution arrangements will not apply.

The Financial Sustainability Working Group shall appoint a Chair and Vice-Chair at its first Meeting. The quorum of the Working Group shall be half plus one based on the agreed membership at the start of each financial year.

Operations

Meetings will be held on a monthly basis, within 2 weeks of the Officer CMT Budget Group (as set out in Annex A). Meetings may be held more or less frequently as the Group sees fit.

Meetings of the Working Group will be supported by the Chief Executive and the Section 151 Officer. The Corporate Management Team will attend as necessary to present and discuss proposals, and respond to Group queries.

Meetings will be administered by the Corporate Finance Team with confidential briefing papers issued in advance of the meeting and notes, attendance and actions taken at each meeting.

Papers distributed prior to the meetings will contain the same information as those discussed at Budget CMT and Budget CPF.

Papers will be confidential as proposals being discussed will directly affect Staff and Service users.

Officer Meeting Structure

