

CONSTITUTION AND ETHICS COMMITTEE	AGENDA ITEM No. 4
4 JULY 2022	PUBLIC REPORT

Report of:	Cecilie Booth, Corporate Director Resources	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth, Corporate Director Resources Kirsty Nutton, Acting Service Director: Financial Services	Tel. 452520 Tel. 384590

UPDATE BUDGET POLICY FRAMEWORK PROCEDURE RULES

R E C O M M E N D A T I O N S	
FROM: Corporate Director: Resources	Deadline date:
It is recommended that Constitution and Ethics Committee:	
APPROVES the updated Budget Policy Framework Procedure Rules, as outlined in Appendix A and RECOMMENDS to Council for approval.	

1. ORIGIN OF REPORT

- 1.1 This report is presented to Cabinet following referral from the Corporate Director of Resources, the *S151 Finance Officer*.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide the Constitution and Ethics Committee the opportunity to review and approve the proposal to update the Budget Policy Framework Procedure Rules, as set out in part 4, section 6 of the Council's constitution.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	NA
Date for relevant Council meeting	27 July 2022	Date for submission to Government Dept. (<i>Please specify which Government Dept.</i>)	NA

4. BACKGROUND AND KEY ISSUES

- 4.1 In April 2022 a [report](#) to Cabinet outlined a proposed budget setting process. This was produced on reflection of the challenges presented during the 2022/23 Budget setting and after considering feedback from officers, members and the independent improvement and assurance panel a number of recommended changes to the current process were proposed. These are summarised as follows:

- Setting a balanced budget in a timely manner, which will include bringing forward the current timescales operated.
- The 2023/24 budget will flow from the Medium Term Financial Strategy and the CEO's vision for a Sustainable Council.
- To review the remit and terms of reference of the Financial Sustainability Working Group (FSWG).
- To provide additional training and workshops for members .
- The finance team will work with opposition members to prepare an alternative budget.
- To review the process for consideration of Budget Amendments .
- Future budget reports will be presented in a more user friendly format.

This report seeks to formalise some of those changes within the Council's Budget and Policy Framework Procedure Rules, as part of the constitution. This incorporates revised terms of reference for FSWG to reflect the strengthened role of this group, including its involvement in supporting the delivery of the Council's Improvement Plan.

5. CONSULTATION

5.1 The terms of reference have been considered by the leaders of each political group.

There are no further consultation requirements. This is an enhancement to the budget process.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Following approval by the Constitution and Ethics Committee on 4 July 2022 and Full Council on 27 July 2022, the revised Budget Policy Framework Procedure Rules will form part of the Council's Constitution, forming an integral part of the Council's Budget Setting Process.

7. REASON FOR THE RECOMMENDATION

7.1 The reason for this proposal is to ensure that the Budget Policy Framework Procedure Rules reflects the:

- Revised approach to the development of a Medium Term Financial Strategy and Revenue & Capital Budget Setting.
- Revised Terms of Reference for the FSWG.

This recommendation will best support the Council to fulfil its statutory obligation to set a lawful and balanced budget by 11 March annually.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 No other options have been considered. This recommendation strengthens the role of the Cross Party Working Group, to ensure it has an active role in the delivery of a sustainable and balanced budget and a Medium Term Financial Strategy.

9. IMPLICATIONS

Financial Implications

9.1 There are none.

Legal Implications

- 9.2 The provisions of the Local Government Finance Act 1992 (LGFA 1992) set out what the council must base its budget calculations on and require the council to set a balanced budget, having regard to the advice of its Chief Financial Officer (section 151). The setting of the budget in March each year is a function reserved to Full Council, which will consider the draft budget which has been prepared and proposed by Cabinet. When it comes to making its decision in March each year, the Council is under a legal duty to meet the full requirements of s31A of the LGFA 1992, which includes the obligation to produce a balanced budget.
- 9.3 Once the budget has been agreed by Full Council the Cabinet cannot make any decisions which conflict with it, although variations and year-in-year changes can be made in accordance with the Council's financial regulations.
- 9.4 Councils are under a general duty (Section 151 of the Local Government Act 1972) to make arrangements for 'the proper administration of their financial affairs'. It is for each council to decide on the detail of its budget setting process as part of this overall duty.

Equalities Implications

- 9.5 There are none.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Council Constitution Part 4, Section 6

11. APPENDICES

- 11.1 *Appendix A- Revised Budget Policy Framework Procedure Rules – To follow*

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