

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 as set out in this Constitution. Once a budget or a policy framework is in place, it will be the responsibility of the Executive to initiate and implement it.

2. PROCESS FOR DEVELOPING THE COUNCIL'S BUDGET

- 2.1 The Council's Medium Term Financial Strategy (MTFS) will be reviewed and reported on a quarterly basis throughout the year. The Cabinet will consider the revised financial assumptions and Financial Strategy on these occasions. The Corporate Director of Resources will confirm the Medium Term Financial Strategy and Budget timetable at the Annual Council meeting, alongside confirmation of the meeting calendar.
- 2.2 This approach will ensure members are fully abreast of the latest financial assumptions and the financial strategy being worked towards. This will support the delivery of the Council's corporate priorities and will include identified budget proposals for consideration by the Joint Meeting of Scrutiny Committees prior to submission to Council.
- 2.3 The Executive shall consider the Council's Budget and Medium Term Financial Strategy in line with the following high-level timetable. This will include consideration of the MTFS assumptions with the Revenue and Capital Budgets, the Asset Investment Strategy, Capital Strategy and the Treasury Management Strategy being recommended in the February Budget Setting Council meeting,

| Timescales | Update |
|------------|---|
| June/July | MTFS Quarter 1 Update |
| September | MTFS Quarter 2 Update |
| December | MTFS Quarter 3 Update |
| February | <p>Council Budget Setting meeting, including: MTFS Quarter 4 update including other associated strategies (eg Treasury Management) Budget Setting Report, including:</p> <ul style="list-style-type: none"> • Council Tax Resolution • Revenue and Capital Budgets for the following year • Section 25 Statement |

- 2.4 Prior to formal documentation being presented to Joint Meeting of Scrutiny Committees or the Executive, budget proposals and revised financial assumptions will be developed and reviewed by the Corporate Leadership Team (CLT) and

*Issue date August 2022
Version 10*

Cabinet Policy Forum (CPF). These will then be considered by the Financial Sustainability Working Group (FSWG). The FSWG will be required to support and contribute to the development of these budget proposals and develop additional 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 (terms of reference for the group is attached Appendix 1).

MTFS Quarterly Update

- 2.5 The MTFS Quarterly update report will provide an updated financial assessment of the Council's financial assumptions and the financial strategy being implemented, for members to note. This will be presented to Joint Meeting of Scrutiny Committees or the Executive. However, where the report outlines identified budget proposals for consideration, these will follow the required consultation and decision-making process, based on the financial impact, in line with the Council's budget virement policy, and the change in policy or service provision, and the impact will be clearly outlined in an Equality Impact Assessment. All budgetary changes for the following financial year will be outlined within the Budget Setting Report.

Budget Setting Meeting

- 2.6 Following the Local Government Provisional Finance Settlement In late December/ early January, Cabinet will formally publish the proposed Revenue and Capital budget alongside a revised Medium Term Financial Strategy (MTFS) and if required, it 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 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, to ensure that decisions made reflect the views of the community and members.
- 2.7 Following consultation, the final Revenue and Capital budget and consolidated MTFS will be considered by the Executive and presented to Council at the Budget Setting Council Meeting for approval, no later than 25 February. This will ensure the Council fulfills its duty to ensure a lawful and balanced budget and to set the Council Tax by 11 March in a timely manner.
- 2.8 At any stage during the year, Cabinet Members may also consult and seek advice from any Scrutiny Committee 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.
- 2.9 The Growth, Resources and Communities Scrutiny Committee will have overall oversight of the Strategic Financial Planning including, budget and finance issues, including Council Tax and the Treasury Management Strategy.

3. PROCESS FOR DEVELOPING THE POLICY FRAMEWORK

*Issue date August 2022
Version 10*

- 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.

ALTERNATIVE BUDGETS AND AMENDMENTS TO THE BUDGET

- 4.3 Where, at a Council meeting, a Member wishes to move an alternative budget to be adopted by the Council, they must not propose a budget which would mean setting an unlawful / deficit budget. An alternative budget is deemed to be one that proposes a different level of council tax. If a Member wishes to propose an alternative budget, they must consult with the Chief Finance Officer and the Council's finance team at least a month before formal notice (referred to in section 4.5) is required. This is to ensure that the financial implications have been adequately assessed.
- 4.4 Where at a Council meeting a Member wishes to move amendment(s) to the budget to be adopted by the Council they must not propose amendments which would mean setting an unlawful/deficit budget. An amendment should not include a

proposed change to the level of council tax, or significant changes to the financial assumptions of service delivery, which would otherwise require consultation.

- 4.5 Members must give formal notice in writing of any proposed amendment(s) to the budget or any which would constitute an alternative budget to the Chief Finance Officer no later than 12 noon 10 working days before the Council meeting (not including the day of the meeting). Such notice shall be circulated to all Members and the alternative proposal(s) and amendments will all be dealt with as amendments in the order they are received by the Proper Officer.
- 4.6 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 5 working days after the publication of the notice of decision, unless the Leader objects to it in that period.
- 4.7 The amended proposals will be considered by the Chief Financial Officer by no later than 12 noon 5 clear working days before the day of the Council meeting, excluding the day of the meeting itself. The Chief Financial Officer will confirm the legality and impact of all proposed amendments. Any that, in the Chief Financial Officer's opinion, are unlawful shall be rejected. The Chief Financial Officer will share all amended proposals, together with Finance sign off and comments, with the Chief Executive and Monitoring Officer by 5pm 5 clear working days before the day of the Council meeting, excluding the day of the meeting itself. All proposed amendments will be shared with all Elected Members, by email, by the Chief Financial Officer by 12 noon 3 clear working days before the Council meeting, excluding the day of the meeting itself.
- 4.8 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.
- 4.9 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.
- 4.10 The Council shall at that meeting make its final decision which shall be published on the Council's website, and shall be implemented immediately.
- 4.11 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/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, Resources and Communities Scrutiny Committee agrees that the decision is a matter of urgency;
 - (c) In the absence of the Chair of the Growth, Resources and Communities 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.
- 5.3 The reasons for urgency and why it is not practical to convene a quorate meeting of the Council, along with 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
- 5.4 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.

6. IN-YEAR CHANGES TO BUDGET OR POLICY FRAMEWORK

- 6.1 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, or joint arrangements discharging executive functions must be in line with it. No changes to any policy and strategy which make up the policy framework may be made by those bodies or individuals except those changes:
- (a) Which will result in the closure, amendment or discontinuance of a service or part of service to meet a budgetary constraint;
 - (b) Which are necessary to ensure compliance with the law, ministerial direction or government guidance;

- (c) Where the changes do not exceed virement limits set by Council;
- (d) 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.

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

- 7.1 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.
- 7.2 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.
- 7.3 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

The Council is driving forward its plan to deliver a Future Sustainable Council, which includes the delivery of a Corporate strategy and performance framework, a Medium Term Financial Strategy and a balanced revenue and capital budget. There is an expectation from Government, expressed within the DLUHC review (2021) that the Council will move to this sustainable budget position by the 2023/24 financial year.

The Council has drafted an Improvement Plan in response to the DLUHC review and put in place an Independent Improvement and Assurance Panel, which will support the Council (members and Officers) to achieve financial sustainability.

The Financial Sustainability Working Group is a core cross party working group of members, which will work in partnership, with a common goal of supporting the delivery of the improvement plan and longer-term financial sustainability, with key activities including

- Reviewing the Council's expenditure and services, ideas presented by officers
- 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.
- Reviewing the current year financial position including the delivery of the savings programme 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.
- Reviewing the Progress of the delivery against the Improvement plan objectives and making recommendations to be considered which will support the delivery of these.

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 support the delivery of a Future Sustainable Council and a balanced and sustainable budget by:

- A thorough review of all the Council's expenditure and income budgets;
- The formulation of a balanced and sustainable budget for the following financial year, which is within the Council resource envelope;
- The formulation of a Medium Term Financial Strategy covering a period of 3-5 years.
- 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 and work with officers to develop these to bring back to the group for review;
- Reviewing the Council's on the budget position during the current financial year including:

- Revenue Budget
- Capital programme
- Reserve levels
- Savings Programme delivery
- Asset disposals
- The delivery of the outcomes outlined within the Councils Improvement Plan

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, 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 Leadership Team will attend as necessary to present and discuss proposals and respond to Group queries.

Papers distributed prior to the meetings will be confidential as proposals being discussed could directly affect Staff and Service users. Meeting and notes, attendance and actions will be recorded by democratic services.