

Part 4.3 - Budget and Policy Framework Procedure Rules

1. THE FRAMEWORK FOR EXECUTIVE DECISIONS

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 Executive Board to implement it.

2. BUDGET AND POLICY FRAMEWORK PROCEDURE RULES - PROCESS FOR DEVELOPING THE POLICY FRAMEWORK

- 2.1 The 'Budget and Policy Framework' is the complete collection of approved strategies, policies, and plans that determine the work of the Council and its decision making activities. In particular, the 'Budget and Policy Framework' provides the reference point and the authority for the Executive Board and its individual members to take decisions and to implement them to achieve the Council's stated goals. Within any given year, there will be a Forward Plan (a programme of work to develop new policies etc.) to enhance and develop the 'Budget and Policy Framework' - and this will normally be agreed in outline at the Council's Annual Meeting in May each year as part of the Leader's announcements on the Executive Board's Forward Work Programme. Individual proposals for new policies, plans, and strategies will then also come to members for subsequent approval.
- 2.2 Elsewhere in this document is a description of the various member structures that develop, implement and monitor the work of the Council - these include the full Council, the Executive Board, Scrutiny Committees and the Advisory Panels that are charged with assisting the Executive Board Members in developing new policy and other proposals. In addition, there are both informal member meetings, officer meetings - such as Corporate Management Team and other working groups that play a key part in policy development and implementation.
- 2.3 References to the Budget in the context of the Budget and Policy Framework. shall be defined as meaning the process whereby before February/March in any financial year, the Executive submits to the Full Council for its consideration in relation to the following financial year –
- estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 32 to 37 or 43 to 49, of the Local Government Finance Act 1992;
 - estimates of other amounts to be used for the purposes of such a calculation;
 - estimates of such a calculation; or
 - amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992.

- 2.4 The Executive Board will publicise, by including in the Forward Plan, a timetable for making proposals to the Council for the adoption of the budget and of any policy, plan and/or strategy that forms part of the Budget and Policy Framework, and its arrangements for consultation after publication of its initial proposals. The manner of its consultation will be suitable and appropriate to the matter under consideration.
- 2.5 If the matter is one where a Scrutiny Committee has carried out a review of policy, then the outcome of that review will be reported to the Executive Board and considered in the preparation of its initial proposals.
- 2.6 At the end of the consultation period, the Executive Board will then draw up firm proposals having regard to the responses to that consultation. If a relevant Scrutiny Committee wishes to respond to the Executive Board in that consultation process then it may do so. As the Scrutiny Committees have responsibility for setting their own work programme, it is open to the Scrutiny Committee to consider the matter and report to the Executive Board with policy recommendations before the end of the consultation period. The Executive Board may 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 Executive Board's response.
- 2.7 Once the Executive Board has approved the firm proposals, the Chief Executive will refer them at the earliest opportunity to the Council for decision and in the case of the Budget in accordance with the timetable to be identified in the forward plan. So far as the Budget is concerned the Council may adopt the Executive Board's proposals or amend them as they consider appropriate. That decision will then be publicised and implemented in accordance with the timetable in the Forward Plan and to satisfy any statutory requirements.
- 2.8 In regard to any other plan or strategy within the Budget and Policy Framework, the Council may adopt the Executive Board's proposals, amend them, refer them back to the Executive Board for further consideration, or in principle, substitute its own proposals in their place. This includes any plan or strategy, submitted by the Executive Board, for the purpose of its submission to the Welsh Assembly Government or a Minister of the Crown for her/his approval – whether in the form of a draft or otherwise – where any plan or strategy is required to be submitted.
- 2.9 The decision of the Council will be publicised and a copy shall be given to the Leader. The notice of the decision shall be dated and shall state either that the decision shall take effect immediately, if the Council accepts the Executive's proposals without amendment, or, if the Executive'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 notice of the decision, unless the Leader objects to it in that period. If the Council resolves to refer the matter back to the Executive Board for further consideration, that decision shall take effect immediately.

- 2.10 The Leader must inform the Chief Executive in writing within 5 working days that s/he objects to the decision becoming effective and must state the reasons for the objection.
- 2.11 In that case, the Chief Executive will call a Council meeting within a further 10 working days from receipt of the Leader's written objection. At that meeting the decision of the Council shall be reconsidered in the light of the objection and the Council may:
- 2.11.1 Approve the Executive Board's recommendations by a simple majority of votes cast at the meeting; or
 - 2.11.2 Approve a different decision which does not accord with the recommendation of the Executive Board by a simple majority.
- 2.12 The decision shall then be made public, and shall be implemented immediately.
- 2.13 Where the Council has referred the matter back to the Executive Board for further consideration, the Chief Executive shall convene a further meeting of the Council within 15 working days of the original meeting, to reconsider the matter following the Executive's Boards further consideration. The decision of the Council shall be reconsidered in the light of these further considerations and the Council may make the decision in line with paragraphs 2.1 – 2.7 of these rules.
- 2.14 In approving the budget and policy framework, the Council will also specify the extent of virement within the budget and degree of in year changes to the policy framework which may be undertaken by the Executive Board, in accordance with paragraph 3 of these Rules (virement and in-year adjustments). Any other changes to the policy and budgetary framework are reserved to the Council.

3. VARIATIONS TO THE PROCESS–VIREMENTS AND IN YEAR ADJUSTMENTS / CHANGES TO THE POLICY FRAMEWORK

- 3.1 The Executive Board, individual Executive Board Members and any officer 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, then that decision may only be taken by the Council, subject to paragraph 3.3 below.
- 3.2 If the Executive Board, individual Executive Board members or any officer discharging executive functions wishes to make such a decision, they shall be advised by the Monitoring Officer as to whether the decision is contrary to the Budget and Policy Framework. If the advice is that the decision would not be in line with the Budget and Policy Framework, then the decision must be referred by that body to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 3.3 shall apply.

- 3.3 The responsibility for agreeing the Budget and Policy Framework lies with the Council and decisions by the Executive Board, an individual Member of the Executive Board or an officer must be within it. No changes to any policy and strategy which make up the Budget and Policy Framework may be made by those bodies or individuals except those changes:
- 3.3.1 Which will result in the closure or discontinuance of a service or part of service to comply with a decision of the Council in respect of the Budget and Policy Framework;
 - 3.3.2 Necessary to ensure compliance with the law, ministerial direction or Welsh Assembly Government guidance;
 - 3.3.3 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;
 - 3.3.4 Which relate to policy in relation to schools, where the majority of school governing bodies agree with the proposed change; and
 - 3.3.5 Which the Monitoring Officer agrees is, or if not made, would not be contrary to the Budget and Policy Framework;
 - 3.3.6 Which are in accordance with the virement rules which are set out hereunder.

4. VIREMENT

Introduction

This section sets out the rules of virement that must be complied with by Service Directors, Responsible Officers and Budget Managers in controlling and monitoring their budgets.

Service Directors may, if they so desire, set specific local virement rules for their budget managers but these cannot exceed the overall limits set out below. Any Budget Manager who is unclear as to the limits of his/her discretion in terms of virement should request clarification from the Service Director.

Definition and Purpose

Virement is the transfer of funds between budgets for the purpose of providing a flexible approach to the achievement of objectives. Virement can be a useful tool, enabling managers to stay within their budget in overall terms. If misused however, virement can undermine the Council's strategic objectives by moving funds away from priority services and this would obviously be undesirable. For this reason strict rules and limits are applied on virement both within and between services.

(A service for the purpose of these rules is defined as any area of operations which has a budget heading appearing within the authority's estimates of income and expenditure e.g. print unit, refuse collection museums etc.).

Virement Policy and Rules

Virement can either be temporary or permanent. Temporary virement occurs within the financial year for which budgets have been allocated and must be used to correct identified short-term budgetary problems e.g. a fall in income receipts, an over estimating of income or under estimating of expenditure at the budget preparation stage. Permanent virement occurs when funds are transferred and change the pattern of spending on services in future years.

In exercising virement, officers must be in a position whereby they can fully justify the creation of a continuing commitment on the Authority.

Where the virement of a budget is likely to reduce the level/standard of service provided, the action should be approved by the Executive Board.

The virement rules and limits to be applied are as follows:

Virements within Directorates

- a. Up to £10,000
Budget managers may vire within a service.
- b. Between £10,001 and £25,000
Responsible Officers may vire within and between services.
- c. Between £25,001 and £100,000
Directors may vire between services within the Directorate.
- d. Between £100,001 and £200,000
A Director wishing to vire a sum between services, within the Directorate, in excess of £100,000 and below £200,000 must seek the approval of the Director of Resources and the relevant service Executive Board Member.
- e. Above £200,000
A Director wishing to vire a sum between services within the Directorate, in excess of £200,000 must seek the approval from the Executive Board.

All the above amounts are the cumulative maximum that can be vired in or out of a service per financial year.

The use of virement must be notified to the appropriate line manager as part of the normal monthly reporting procedures.

Virements between Directorates:

a. Up to £200,000

These must be agreed between the Service Directors involved and sanctioned by the appropriate Executive Board members and the Director of Resources.

b. Over £200,000

These must be agreed between the Service Directors involved and approved by the Executive Board.

Notification of all virements should be forwarded to the Resources Department who shall ensure that the necessary amendments are made to the Financial Management System.

The following additional guidance on virement should also be noted:

- A part of a budget can only be transferred to another service if it is certain that it will not be needed to meet the spending needs of the original service.
- The net amount of the budget transfer between services must always be zero and cannot result in an increase in the overall budget in future years. Virement between HRA and the Council Fund must have the agreement of the Director of Resources.

5. URGENT DECISIONS CONTRARY TO OR NOT WHOLLY IN ACCORDANCE WITH THE BUDGET AND POLICY FRAMEWORK

The Executive Board, an individual Member of the Executive Board or an officer discharging executive functions may take a decision which is contrary to the Council's Budget and Policy Framework if the decision is a matter of urgency.

However, the decision may only be taken:

if it is not practical to convene a quorate meeting of the full Council; and if both the Chair of the relevant Scrutiny Committee and Chair of the Policy & Resources Scrutiny Committee agree that the decision is a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of full Council and the chair of the relevant Scrutiny Committees' 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 Chair (i.e. s/he is not available for the duration of the process e.g. holidays/illness) of the relevant Scrutiny Committee, the consent of the Chief Executive will be sufficient.

Following the decision, the decision taker 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.