

# CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

## Part 4.C- Budget and Policy Framework Procedure Rules

### 1 The framework for executive decisions

The Full Council shall be responsible for the adoption of the Budget and Policy Framework as set out in Article 4. Once a Budget or a Policy Framework is in place, it shall be the responsibility of the Executive to implement it.

### 2 Process for developing the Budget and Policy Framework

- (a) The Executive shall be responsible for the preparation of proposed plans, strategies or budgets that form part of the Budget and Policy Framework. For the purposes of these rules, 'plan or strategy' means:
- i) A plan or strategy specified in Article 4 (Appendix); or
  - ii) A plan or strategy for the control of the Council's borrowing or capital requirement; or
  - iii) Any other plan or strategy whose adoption or approval is a matter for determination by the Council by virtue of Regulation 146 5(1) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.

The Budget shall mean:

- i) The identification and allocation of financial resources for the following financial year(s) by the Full Council including:
  - Revenue Budgets;
  - Capital Budgets;
  - The Council Tax base;
  - The Council Tax level;
  - Borrowing requirements;
  - Prudential indicators;
  - The Medium-Term Financial Strategy; and
  - The level of Uncommitted Reserves.
- ii) Any resolution of Full Council identified as a budgetary decision causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase above that stated in the approved budget.

- (b) In respect of the adoption of plans and strategies comprising the Budget and Policy Framework the Scrutiny and Overview Committee shall have not less than four weeks to respond to the initial proposals referred to it unless the Mayor considers that there are special factors that make this timescale inappropriate.
- (c) The Mayor shall publish in advance a timescale for the Budget. The Chair of Overview and Scrutiny Committee will also be notified. The timescale will be subject to variation dependent on the timing of the Local Government Finance Settlement and the information available. This will be advised upon by the Chief Finance Officer.
- (d) It is open to the Scrutiny and Overview Committee to comment on the policy proposals and the Executive will take any response from the Scrutiny and Overview Committee into account in drawing up proposals for submission to the Council. The Executive's report to the Full Council will reflect how they have taken into account the recommendations of the Scrutiny and Overview Committee and/ or their reasons for not doing so.
- (e) The Full Council will consider the proposal and may by simple majority:
  - i) adopt the proposal or approve submission to the relevant Secretary of State (where that is required); or
  - ii) object to the proposal and instruct the Executive to reconsider in the light of those objections.

The instruction to the Executive will allow at least 5 working days for the Executive to either submit a revised proposal or to respond to the objections in relation to the original proposal, giving reasons for the response. In the event that sub-paragraph 2(e) has been recommenced, the proposal having not reached either outcome at sub-paragraph 2(h), the Executive must give particular consideration to whether a revised proposal is required.

- (f) If it accepts the recommendation of the Executive without amendment, the Council may make a decision, which has immediate effect.
- (g) The decision shall be publicised and a copy shall be given to the Executive.
- (h) Where the Council has objected to the proposal in accordance with sub-paragraph (e)(ii) above, the Full Council will, within 7 clear working days of receipt by the Chief Executive of the response of the Executive, consider that response and may either:
  - i) Approve the proposal: by a simple majority of those voting, approve the original or revised proposal for adoption or submission to the Secretary of State; or

- ii) Make amendments: by a two thirds majority of those voting, amend or modify the revised or original proposal.

In the event that neither outcome is achieved, the Chief Finance Officer will advise the Council of the minimum decisions and resolutions the Council must make at that meeting as required to comply with statutory requirements and:

- (i) If a decision on the Proposal is not identified by the Chief Financial Officer as required to be made at that meeting, the proposal fails and the process at sub-paragraph 2(e) must be recommenced; or
- (ii) If a decision on the Proposal is identified by the Chief Financial Officer as required to be made at that meeting, there will be no time limit on the length of the meeting and the Council shall continue to meet until it has reached a final decision on the matter.

The decision shall then be made public and may be implemented immediately;

In approving the Budget and Policy Framework, the Council shall 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 or Corporate Director, in accordance with paragraphs 6 and 7 of these Rules (virement and in-year changes). Any other changes to the Policy and Budgetary Framework are reserved to the Council or delegated to the General Purposes and Audit Committee on grounds of urgency.

### **3 Provisions relating to the Budget for the Authority**

- (a) Once the Mayor's budget proposals are noted by the Cabinet prior to the period for consideration by the Overview and Scrutiny Committee, the political groups and/or any member of the Council, can choose to prepare an alternative budget or amendments. The Finance function will specifically assign a senior finance officer to each political group to support this exercise.
- (b) Consistent information will be made available to all groups but discussions and requests for supplementary information within the groups are confidential to that group. If similar requests are made by more than one group, officers will take steps to ensure there is no duplication of effort, whilst maintaining group confidentiality.
- (c) The alternative budgets / amendments produced must have the effect of providing the Council with a "balanced budget" as determined by the Chief Finance Officer, following which a budget motion can be submitted for presentation to Full Council.

- (d) Failure to comply with the process outlined in paragraphs 3a) – c) will not in any way invalidate the budgetary process and this convention is not enforceable by the Council or any Political party in any manner.
- (e) Any motions to amend the Executive’s budget proposals will only be permissible if it has been
  - (j) Provided to the Chief Finance Officer at least 7 working days prior to the Council’s Budget Meeting; and
  - (ii) Certified by the Chief Finance Officer at least 2 working days prior to the Council’s Budget Meeting as being reasonably calculated and sufficiently deliverable as to be robust and sustainable in the medium term and continue to ensure that reserves are maintained at an adequate level which protects the Council’s financial standing.
- (f) Where, the Executive submits to the Council for its consideration in relation to the following financial year in accordance with the relevant legal timeframes:-
  - i. estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 31A, 31B and 34 to 36A or 42A, 42 B and 45 to 49 , of the Local Government Finance Act 1992;
  - ii. estimates of other amounts to be used for the purposes of such a calculation;
  - iii. estimates of such a calculation; or
  - iv. amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992,
  - v. Confirm that a calculation has been made in accordance with Section 52ZB of the Local Government Finance Act 1992 and that the appropriate action as is required as a result of that calculation is pursued.

and following consideration of those estimates or amounts the Council has any objections to them, then the dispute resolution process set out in paragraph 2 will apply.

#### 4. **Decisions outside the Budget or Policy Framework**

- (a) Subject to the provisions of paragraph 6 (virement) below, the Executive or Corporate Director 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, or contrary to or not wholly in accordance with the budget approved by Full Council, then that decision may only be taken by the Council,

subject to 5 below.

- (b) If the Executive or Corporate Director want to make such a decision, they shall take advice from the Monitoring Officer as to whether the decision they want to make would be contrary to the Policy Framework, or the Chief Finance Officer if it would be 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 that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 5 (urgent decisions outside the Budget and Policy Framework) shall apply.

## **5 Urgent Decision outside the Budget or Policy Framework**

- (a) The Executive or the Chief Executive may take a decision, which is contrary to the Council's Policy Framework or contrary to or not wholly in accordance with the Budget approved by Full Council if the decision is a matter of urgency. However, the decision may only be taken:
  - i) If it is not practical to convene a quorate meeting of the Full Council or of the General Purposes and Audit Committee which has power to determine any matter reserved to the Council in cases of urgency; and
  - ii) If the Chair of the Scrutiny and Overview Committee agrees that the decision is a matter of urgency.
- (b) The reasons why it is not practical to convene a quorate meeting of the Council and the Chair of the Scrutiny and Overview 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 Chair of the Scrutiny and Overview Committee, the consent of the Chair of the Council will be sufficient. In the absence of both the Chair of the Scrutiny and Overview Committee and the Chair of the Council, the consent of the Deputy Chair of the Council will be sufficient.
- (c) Following the decision, the decision taker shall 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 In-year changes to Policy Framework**

The responsibility for agreeing the Budget and Policy Framework lies with the Council, and decisions by the Executive or Chief Executive, must be in line with the Budget and Policy Framework. 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 shall result in the closure or discontinuance of a service or part of service to meet a budgetary constraint; or

- (b) Which are necessary to ensure compliance with the law, Ministerial Direction or Government guidance; or
- (c) In relation to the Policy Framework, 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; or
- (d) Which relate to policy in relation to schools, where the majority of schools governing bodies agree with the proposed change.

## **7 Review of decisions outside the Budget or Policy Framework**

- (a) Where the Scrutiny and Overview Committee is of the opinion that an Executive decision is, or if made would be, contrary to the Policy Framework, then it shall seek advice from the Monitoring Officer or where it is of the opinion that an Executive decision is contrary to or not wholly in accordance with the Council's Budget, then it shall seek advice from the Chief Finance Officer.
- (b) In respect of functions which are the responsibility of the Executive, the Monitoring Officer's report in respect of the Policy Framework or the Chief Finance Officer's report in respect of the Budget shall be to the Executive with a copy to every Councillor. Regardless of whether the decision is delegated or not, the Executive must prepare a report to Council in the event that the Monitoring Officer or the Chief Finance Officer conclude that the decision was a departure, and to the Scrutiny and Overview Committee if the Monitoring Officer or the Chief Finance 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 is that the decision is or would be contrary to the Policy Framework or the Chief Finance Officer is that the decision is or would be contrary to or not wholly in accordance with the Budget, the Scrutiny and Overview Committee may refer the matter to Council. In such cases, no further actions shall be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet as soon as practicable. At the meeting it shall receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Finance Officer. The Council may either:
  - (i) Endorse a decision or proposal of the Executive decision taker 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 Councillors in the normal way; or
  - (ii) 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 Councillors in the normal way; or

- (iii) 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 Executive to reconsider the matter in accordance with the advice of the Monitoring Officer in respect of the Policy Framework or Chief Finance Officer in respect of the Budget.