

# Section 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 a budget or a policy framework is in place, it will be the responsibility of the executive to implement it.

## 2. The Adoption of Plans or Strategies

The process by which the policy framework shall be developed is:

- (a) Not less than 2 months before a plan or strategy needs to be adopted, the executive will publish initial proposals for the policy framework, having first canvassed the views of local stakeholders as appropriate and in a manner suitable to the matter under consideration. Details of the executive's consultation process shall be published at the Civic Centre, Sunderland and be available on the Council's web page;

Any representations made to the executive shall be taken into account in formulating the initial proposals, and shall be reflected in any report dealing with them. If the matter is one where an overview and scrutiny committee has carried out a review of policy, then the outcome of that review will be reported to the executive and considered in the preparation of initial proposals;

- (b) The executive's initial proposals shall be referred to the relevant overview and scrutiny committee for further advice and consideration. The proposals will be referred by sending a copy to the proper officer who will forward them to the chairman of the relevant overview and scrutiny committee. If there is no such chairman, a copy must be sent to every member of that committee. The overview and scrutiny committee shall canvass the views of local stakeholders if it considers it appropriate in accordance with the matter under consideration, and having particular regard not to duplicate any consultation carried out by the executive. The overview and scrutiny committee shall report to the executive on the outcome of its deliberations. The overview and scrutiny committee shall have four weeks to respond to the initial proposals of the executive unless the executive considers that there are special factors that make this timescale inappropriate. If it does, it will inform the overview and scrutiny committee of the time for response when the proposals are referred to it;
- (c) Having considered the report of the overview and scrutiny committee, the executive, 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 overview and scrutiny committee;

- (d) The Council will consider the proposals of the executive and may adopt them. The Council's decision will be publicised in accordance with this Constitution and a copy will be given to the Leader. The notice of decision shall be dated and state that the decision shall be effective immediately;
- (e) Where the Council has any objection to the proposed plan or strategy it must take the action set out in paragraph (f) below;
- (f) Before the Council:-
  - (i) amends the draft plan or strategy;
  - (ii) approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft) of which any part is required to be so submitted; or
  - (iii) adopts (with or without modification) the plan or strategy, it will require the proper officer to inform the Leader of any objections which it has to the draft plan or strategy and must give to him instructions requiring the executive to reconsider, in the light of those objections the draft plan or strategy submitted to it;
- (g) Where the Council gives instructions in accordance with paragraph f) there will be a period of 5 working days beginning on the day after the date on which the Leader receives the instructions on behalf of the executive within which the Leader may:-
  - (i) submit a revision of the draft plan or strategy as amended by the executive (the "revised draft plan or strategy"), with the executive's reasons for any amendments made to the draft plan or strategy, to the Council for the Council's consideration; or
  - (ii) inform the Council of any disagreement that the executive has with any of the Council's objections and the executive's reasons for any such disagreement. Such notification shall be sent to the proper officer and where it is received, the proper officer shall convene a further meeting of the Council to reconsider the matter.

- (h) The Council meeting must take place within 10 working days of the receipt of the Leader's further submission under paragraph (g) above. At that Council meeting the Council must when:-
  - (i) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;
  - (ii) approving for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft or revised draft) of which any part is required to be submitted; or
  - (iii) adopting (with or without modification) the plan or strategy; take into account any amendments made to the draft plan or strategy that are included in any revised draft plan or strategy, the executive's reasons for those amendments, any disagreements that the executive has with any of the Council's objections and the executive's reasons for that disagreement, which the Leader submitted to the Council, or informed the Council of, within the period specified in (f) above.
- (i) The Council shall at that meeting make its final decision on the matter on the basis of a simple majority. The decision shall be made public in accordance with Article 4, and shall be implemented immediately.

### **3. Adoption of the Budget**

The process by which the budget shall be developed is

- (a) Not less than 2 months before the budget needs to be adopted, the executive will publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate and in a manner suitable to the matter under consideration. Details of the executive's consultation process shall be published at the Civic Centre, Sunderland and be available on the Council's web page.

Any representations made to the executive shall be taken into account in formulating the initial proposals, and shall be reflected in any report dealing with them. If the matter is one where an overview and scrutiny committee has carried out a review of policy, then the outcome of that review will be reported to the executive and considered in the preparation of initial proposals;

- (b) The executive's initial proposals shall be referred to the relevant overview and scrutiny committee for further advice and consideration. The proposals will be referred by sending a copy to the proper officer who will forward them to the chairman of the

relevant overview and scrutiny committee. If there is no such chairman, a copy must be sent to every member of that committee. The overview and scrutiny committee shall canvass the views of local stakeholders if it considers it appropriate in accordance with the matter under consideration, and having particular regard not to duplicate any consultation carried out by the executive. The overview and scrutiny committee shall report to the executive on the outcome of its deliberations. The overview and scrutiny committee shall have four weeks to respond to the initial proposals of the executive unless the executive considers that there are special factors that make this timescale inappropriate. If it does, it will inform the overview and scrutiny committee of the time for response when the proposals are referred to it;

- (c) Having considered the report of the overview and scrutiny committee, the executive, 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 overview and scrutiny committee;
- (d) The Council will consider the proposals of the executive and may adopt them. The Council's decision will be publicised in accordance with this Constitution and a copy will be given to the Leader. The notice of decision shall be dated and state that the decision shall be effective immediately;
- (e) Subject to paragraph (j) below, where before 8<sup>th</sup> February in any financial year, the executive submits to the Council for its consideration in relation to the following financial year.
  - (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 32 to 37 or 43 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 precepts under Chapter IV of Part 1 of the Local Government Finance Act 1992,

and following consideration of those estimates or amounts the Council has any objections to them, it must take the action set out in paragraph (f) below;

- (f) Before the Council makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to

in paragraph e(i) or issues a precept under Chapter IV of Part 1 of the Local Government Finance Act 1992, it will require the proper officer to inform the Leader of any objections which it has to the executive's estimates or amounts and must give to him instructions requiring the executive to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements;

(g) Where the Council gives instructions in accordance with paragraph (f), there will be a period of 5 working days beginning on the day after the date on which the Leader receives the instructions on behalf of the executive within which the Leader may:-

(i) submit a revision of the estimates or amounts as amended by the executive ("revised estimates or amounts"), which have been reconsidered in accordance with the Council's requirements, with the executive's reasons for any amendments made to the estimates or amounts, to the Authority for the Council's consideration; or

(ii) inform the Council of any disagreement that the executive has with any of the Council's objections and the executive's reasons for any such disagreement. Such notification shall be sent to the proper officer and when it is received the proper officer shall convene a further meeting of the Council to reconsider the matter.

(h) The Council meeting must take place within 10 working days of the receipt of the Leader's notification and the Council must, when making calculations (whether originally or by way of substitute) in accordance with the Sections referred to in paragraph e) or issuing a precept under Chapter IV of Part 1 of the Local Government Finance Act 1992, take into account:-

(i) any amendments to the estimates or amounts that are included in any revised estimates or amounts;

(ii) the executive's reasons for those amendments;

(iii) any disagreement that the executive has with any of the Council's objections; and

iv) the executive reason for that disagreement which the Leader submitted to the Council, or informed the Council of, within the period specified.

(i) The Council shall at the meeting make its final decision on the budget on the basis of a simple majority. The decision shall be made public in accordance with Article 4, and shall be implemented immediately.

- (j) Paragraph e) to h) shall not apply in relation to:-
  - (i) Calculations or substitute calculations which the Council is required to make in accordance with Section 520, 52J, 52T or 52U of the Local Government Finance Act 1992; and
  - (ii) amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with Section 52J and 52U of that Act.

#### **4. In-Year Changes to the budget and policy framework**

In approving the budget and policy framework, the Council will also specify the extent of virement within the budget and the degree of in-year changes to the policy framework which may be undertaken by the executive in accordance with paragraphs 7 and 8 of these rules (virement and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

#### **5. Decisions outside the budget or Policy framework**

- (a) Subject to the provisions of paragraph 7 (virement) the executive, committees of the executive, individual members of the executive and any officers, area committees or joint arrangements 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, 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 6 below.
- (b) If the executive, committees of the executive, individual members of the executive and any officers, area committees or joint arrangements discharging executive functions want to make such a decision, they shall take advice from the monitoring officer and/or the chief financial officer as to whether the decision they want to make 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 that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 6 (urgent decisions outside the budget and policy framework) shall apply.

#### **6. Urgent decisions outside the budget or policy framework**

- (a) The executive, a committee of the executive, an individual member of the executive or officers, area committees or joint arrangements

discharging executive functions 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; and
- (ii) if the chairman of a relevant overview and scrutiny committee agrees 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 chairman of the relevant overview and 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 chairman and vice-chairman of a relevant overview and scrutiny committee the consent of the Mayor will be sufficient.

- (b) 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.

## **7. Virement**

- (a) The Budget Heads shall be aligned with the portfolios for the time being of Cabinet Members.

The current budget heads are:

Leader  
Deputy Leader  
Cabinet Secretary  
Children, Learning and Skills  
Healthy City  
Vibrant City  
Dynamic City

- (b) Steps taken by the executive, a committee of the executive, an individual member of the executive or officers, area committees or joint arrangements discharging executive functions to implement Council policy shall not exceed those budgets allocated to each budget head. However, such bodies or individuals shall be entitled to vire within budget heads up to a maximum excluding the use of delegated budget surpluses of 1% of the total budget requirement for the year in aggregate, with a limit per individual virement of £250,000. Beyond that limit, approval to any virement shall require the approval of the full Council. Allocations from the provision for

contingencies and specific provisions made for strategic priorities will be approved by Cabinet during the year as necessary.

## **8. Permitted in-year changes to budget and policy framework**

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, area committees 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 or discontinuance of a service or part of service to meet a budgetary constraint; or
- (b) necessary to ensure compliance with the law, ministerial direction or government guidance; or
- (c) where the proposal is fully funded from external sources; or
- (d) 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;
- (e) which relate to policy in relation to schools, where the majority of school governing bodies agree with the proposed change.

## **9. Call-in of decisions outside the budget or policy framework**

- (a) Where an overview and 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.
- (b) In respect of functions which are the responsibility of the executive, the monitoring officer's report and/or chief financial officer's report shall be to the executive with a copy to every member of the Council. Regardless of whether the decision is delegated or not, the executive must meet to decide what action to take in respect of the monitoring officer's report and to 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 overview and scrutiny 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 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, the overview and 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 28 days of the request by the overview and 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:

(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 either the monitoring officer/chief financial officer.