

Part 3.2 Budget and Policy Framework Rules of Procedure

1. Introduction

- 1.1 The Budget and Policy Framework (“the Framework”) is the collective name given to the budgets and the major plans and strategies of the Authority that must be considered by Cabinet (including the Mayor) before they are finally approved.
- 1.2 This part of the Constitution sets out how the Cabinet will decide on which plans and strategies are in the Framework. It also sets out how decisions will be taken on the content of the Framework where the budgets and such plans and strategies are brought forward.
- 1.3 Once a budget or plan or strategy within the Framework is in place it is the responsibility of the Cabinet and/or the Mayor to implement it.

2. Content of the Budget and Policy Framework

2.1 The Framework comprises:

2.1.1 The Authority’s Budget

The Authority’s Budget includes the allocation of financial resources to different services and projects, proposed contingencies, earmarked and un-earmarked reserves, the transport levies, and decisions relating to the control of the Authority’s borrowing requirements, the control of its capital expenditure and the setting of virement limits.

The Budget also includes the Treasury Management Strategy. Treasury Management is the management of the Authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The Treasury Management Strategy aims to protect the Authority from market-related risks by monitoring interest rates, economic indicators and UK and overseas government finances. The prime objective of the Authority’s investment strategy is to maintain capital security whilst ensuring that there is the necessary liquidity to carry out its business.

2.1.2 The Mayoral Budget

The Mayoral Budget relates to the carrying out of the Mayoral functions (which are described in Part 2.2 of this Constitution). It includes the Mayoral precept (if there is one) and Mayoral general fund.

2.1.3 Plans and Strategies

Such other major plans and strategies as may be identified by the Cabinet.

- 2.2 The Cabinet (including the Mayor) will keep under review the composition of the Framework.

3. Process to develop the Budget

- 3.1 The process described below aims to ensure that appropriate and effective consultation takes place with all Members and other stakeholders on the content of the Authority's Budget and the Mayoral Budget. This process needs to be considered in conjunction with the decision-making arrangements in Parts 2.1 and 2.2 of this Constitution..

Initial Proposals

- 3.2 Prior to the calculations on the transport levies being finalised the Cabinet will produce their initial proposals for the Authority's Budget and the Mayor will produce their initial proposals for the Mayoral Budget respectively. These initial proposals will be accompanied by:

- 3.2.1 a summary of information that has been taken into account in producing the initial proposals (including specific reference to consideration of any reviews/studies previously carried out by the Overview and Scrutiny Committee);

- 3.2.2 detailed information on how it is intended to consult with the Members, constituent councils, stakeholders, residents and others;

- 3.2.3 a timetable for the consultation and the preparation of final proposals for consideration by the Overview and Scrutiny Committee and Cabinet;

- 3.2.4 proposals on the extent of virement permitted within the relevant budget.

- 3.3 These initial budget proposals and accompanying information will then be referred to the Overview and Scrutiny Committee by the Cabinet and Mayor respectively. The Overview and Scrutiny Committee will at this stage examine the consultation proposals and timetable and make recommendations on these, where it is considered appropriate, to the Cabinet and Mayor respectively.

Preparing the final proposals

- 3.4 The Cabinet and Mayor will consider any recommendations made by the Overview and Scrutiny Committee and, where it is considered appropriate, amend their budget proposals, consultation process and/or timetable accordingly. Once the consultation process has been completed, the Cabinet will refer the details of their revised proposals for the Authority's Budget to the Overview and Scrutiny Committee, together with the relevant background information on which the revised proposals have been based. The Mayor will do likewise in respect of their revised proposals for the Mayoral Budget. It is the responsibility of the Cabinet and the Mayor and relevant officers to ensure that the Overview and Scrutiny Committee has sufficient background information to enable it to evaluate the revised proposals against that background information.

- 3.5 The revised proposals for the Authority's Budget will then be referred back to the Cabinet and the revised proposals for the Mayoral Budget will be referred back to the Mayor, together with any recommendations and/or observations from the Overview and Scrutiny

Committee. The Cabinet will prepare final proposals for the Authority's Budget and the Mayor will prepare final proposals for the Mayoral Budget, having regard to any recommendations and/or observations from the Overview and Scrutiny Committee.

Approval of the Authority's Budget and the Mayoral Budget

- 3.6 The final proposals for the Authority's Budget must be approved by a unanimous decision of the voting Cabinet Members as set out in paragraph 5.7.1 of Part 2.1 of this Constitution.
- 3.7 The approval of the Mayoral Budget is a matter for the Mayor subject to the requirements set out in paragraph 6 of Part 2.2 of this Constitution.
- 3.8 Once the Authority's Budget and the Mayoral Budget have been approved, the Chief Finance Officer shall prepare a notice of the respective decision and provide this to each constituent council.

Plans and Strategies

- 3.9 A similar process to that outlined in paragraphs 3.2 to 3.8 shall be applied to those plans and strategies which form part of the Framework.

4. Decisions that contravene the Budget and Policy Framework

- 4.1 The Authority's Financial Regulations contain provisions allowing virement. Subject to those provisions, the Cabinet, Mayor (or Deputy Mayor), committees, subcommittees and officers of the Authority discharging any functions of the Cabinet or Mayor are only authorised to take decisions in line with the approved budgets, plans and strategies within the Framework. Only the Cabinet can take a decision that wholly or in part does not accord with the Framework.
- 4.2 Decision makers must take the advice of the Monitoring Officer and/or Chief Finance Officer where it appears to them that a decision they wish to make would be contrary to the approved budget, plans and strategies in the Framework. Where advice is given that the decision would be contrary to the Framework, that decision must be referred to Cabinet.