

## **Section C**

# **Budget and Policy Framework Procedure Rules**

**SECTION C: BUDGET AND POLICY FRAMEWORK PROCEDURE RULES**

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**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 Article 4 of Part 2 of this Constitution. Once a budget or a policy framework is in place, it will be the responsibility of the Executive to implement it.

**2. Process for Developing the Framework**

- 2.1 The process by which the budget and policy framework shall be developed is stated below.
- 2.2 The Executive will publicise through the Register of Key Decisions and other methods a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework, and its arrangements for consultation after publication of those initial proposals.
- 2.3 All Members of the Council, including the chairs of scrutiny committees will also be notified. The consultation period shall in each instance be not less than 4 weeks, unless the requirements of any statutory timetable/deadline make this impracticable.
- 2.4 At the end of that period, the Executive will then draw up draft proposals having regard to the responses to that consultation. The scrutiny committees have responsibility for fixing their own work programme, and will need to take into account the Register of Key Decisions in doing so. As part of its consideration of the proposals it is open to the scrutiny committee to consult, investigate, research or report in detail with policy recommendations. The Executive will take any response from a scrutiny committee into account in drawing up draft proposals for submission to the Council, and its report to Council will reflect the comments made by consultees and the Executive's response.
- 2.5 Once the Executive has approved the draft proposals, the Chief Executive will refer them at the earliest opportunity to the Council for decision.

**3. Procedure for Conflict Resolution - Plans and Strategies**

- 3.1 This procedure applies in relation to those plans and strategies forming the policy framework of the Council as set out on Article 4.1(a) of Part 2 of this Constitution and to any plan/strategy for the control of the Council's borrowing and capital expenditure. Rules 3.2 to 3.5 below have been incorporated into these Rules as required by the Local Authorities (Standing Orders) (England) Regulations 2001.
- 3.2 Where the Executive has submitted a draft plan or strategy to the Council for its consideration and, following consideration of that draft plan or strategy, the Council has any objections to it, the Council must take the action set out in Rule 3.3

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3.3 Subject to 3.6 below, before the Council:

- (a) amends the draft plan or strategy;
- (b) approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for their 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
- (c) adopts (with or without modification) the plan or strategy,

it must inform the Executive Leader of any objections which it has to the draft plan or strategy and must give to the Executive Leader instructions requiring the Executive to reconsider, in the light of those objections, the draft plan or strategy submitted to it.

3.4 Where the Council gives instructions in accordance with Rule 3.3, it must specify a period of at least five working days beginning on the day after the date on which the Executive Leader receives the instructions on behalf of the Executive within which the executive leader may:

- (a) 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
- (b) 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.

3.5 When the period specified by the Council, referred to in Rule 3.4 has expired, the Council must, when:

- (a) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;
- (b) approving, for the purpose of its submission to the Secretary of State or any Minister of the Crown for their 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 so submitted; or
- (c) 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 disagreement that the Executive has with any of the Council’s objections and the Executive’s reasons for that disagreement, which the Executive Leader submitted to the Council, or informed the Council of, within the period specified.

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- 3.6 Where an amendment to a draft plan or strategy has been submitted under Council Procedure Rule 18.1, the Executive Leader may indicate on behalf of the Executive that s/he accepts the amendment. In these circumstances, the amendment will be regarded as incorporated in the draft strategy before Council and not (for the purposes of Rules 3.2 to 3.5 above) as an objection to it.

### **4. Procedure for Conflict Resolution - Revenue Budget**

- 4.1 This procedure applies to estimates and calculations relating to the revenue budget and Council Tax. Rules 4.2 to 4.5 below have been incorporated into these Rules as required by the Local Authorities (Standing Orders) (England) Regulations 2001. Those Rules do not apply to estimates and calculations submitted by the Executive to the Council where the estimates and calculations were drawn up by the Executive on or after 8th February in any financial year.
- 4.2 Where, before 8th February in any financial year, the Executive submits to the Council for its consideration in relation to the following financial year:-
- (a) 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, 34 to 36A, or 52ZF, the Local Government Finance Act 1992;
  - (b) estimates of other amounts to be used for the purposes of such a calculation; or
  - (c) estimates of such a calculation

and following consideration of those estimates or amounts the Council has any objections to them, it must take the action set out in Rule 4.3.

- 4.3 Before the Council makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in Rule 4.2(a), it must inform the Executive Leader of any objections which it has to the Executive's estimates or amounts and must give to the Executive Leader instructions requiring the Executive to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements.
- 4.4 Where the Council gives instructions in accordance with Rule 4.3, it must specify a period of at least five working days beginning on the day after the date on which the Executive Leader receives the instructions on behalf of the Executive within which the Executive Leader may:
- (a) 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

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Executive's reasons for any amendments made to the estimates or amounts, to the Council for the Council's consideration; or

- (b) 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.

4.5 When the period specified by the Council, referred to in Rule 4.4 has expired, the Council must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in Rule 4.2(a) take into account:

- (a) any amendments to the estimates or amounts that are included in any revised estimates or amounts;
- (b) the Executive's reasons for those amendments;
- (c) any disagreements that the Executive has with any of the Council's objections, and
- (d) the Executive's reasons for that disagreement,

which the Executive Leader submitted to the Council, or informed the Council of, within the period specified.

4.6 Where estimates and calculations are drawn up by the Executive on or after 8th February in any financial year and are submitted to the Council for their consideration, the procedure in Rules 4.2 to 4.5 will not apply. In these circumstances the estimates and calculations will be submitted to the Resources and Governance Scrutiny Committee, together with amendments submitted in accordance with Council Procedure Rule 18.3. Where the Resources and Governance Scrutiny Committee has any objection to the estimates and calculations, it will report such objections to the Council, the Executive Leader and the Executive Member with portfolio responsibility for Finance. The Executive Leader and/or the Executive Member with portfolio responsibility for Finance will report to the Council whether they agree or disagree with any objection of the Resources and Governance Scrutiny Committee.

4.7 Immediately after any vote is taken at a budget decision meeting where the calculation set out in Rule 4.2 is made, including a meeting where making the calculation was included as an item of business on the agenda for that meeting, there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting. In this Rule, references to a vote are references to a vote on any decision related to the making of the calculation.

**5. Decisions outside the Budget or Policy Framework**

- 5.1 Subject to the provisions of Rule 7 and Financial Regulations in relation to the budget, and Rules 6 and 8 in relation to the policy framework, the Executive, committees of the Executive, individual members of the Executive and any Officers 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.
- 5.2 If the Executive, committees of the Executive, individual members of the Executive and any Officers, discharging Executive functions want to make such a decision, they shall take advice from the City Solicitor and/or the City Treasurer 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 not authorised by Rule 7 or Financial Regulations, then the decision must be referred by that body or person to the Council for decision. If the advice of the City Solicitor is that the decision would be contrary to the policy framework and not authorised by Rule 8, 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 of Rule 6 apply.

**6. Urgent Decisions Outside the Policy Framework**

- 6.1 The Executive, a committee of the Executive, an individual member of the Executive or officers, discharging Executive functions may take a decision which is contrary to the Council's policy framework if the decision is a matter of urgency. However, the decision may only be taken if:
- (a) either the Chief Executive, the City Treasurer or the City Solicitor advise in writing that the legal or financial position of the Council or the interests of the Council and/or the residents of Manchester would be prejudiced if the matter were not determined before the next scheduled Council meeting, AND
  - (b) the chair of a relevant scrutiny committee (or in their absence the Lord Mayor or, in the absence of both, the Deputy Lord Mayor) agrees that the decision is a matter of urgency.
- 6.2 The advice of the Chief Executive, City Treasurer or City Solicitor and the consent of the chair of the relevant scrutiny committee (or, if relevant, the Lord Mayor or Deputy Lord Mayor) to the decision being taken as a matter of urgency must be noted on the record of the decision.
- 6.3 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 and In-Year Changes to the Budget

7.1 Steps taken by the Executive, a committee of the Executive, an individual member of the Executive or Officers, discharging Executive functions to implement Council policy shall not exceed those budgets allocated to each budget heading, subject to Rules 7.2 to 7.4 below.

7.2 Such bodies or individuals shall be entitled to vire across budget headings as follows:

### (a) Capital

- A Chief Officer (as defined in Part 8 of this Constitution) may vire capital up to £250,000 from within the capital programme following notification to the City Treasurer as part of the Checkpoint process.
- The Executive may vire capital in excess of £250,000 and up to £500,000 across budget headings. The approval of the Executive is not required if the virement is from an approved capital budget for an agreed programme pending allocation.
- Any capital virement above £500,000 shall require the approval of the Executive and any capital virement over £1 million shall require full Council approval unless in either case this is a virement from an approved capital budget for an agreed programme pending allocation.

### (b) Revenue

- A Chief Officer (as defined in Part 8 of this Constitution) (or their nominated Heads of Service) with support from their Head of Finance can vire amounts of up to and including £500k within their budgets as long as this is in support of the priorities agreed in the Medium Term Financial Plan and they are properly recorded on SAP. Where this involves changes to the staffing establishment for their service area this needs to be in consultation with the Director of Human Resources, Organisational Development & Transformation.
- The Executive may vire revenue in excess of £500,000 across budget headings.
- Any revenue virement above £500,000 which are between Directorates or in support of a policy change or key decision shall require the approval of full Council. Virements between staffing and non staffing budgets of over £500,000 require the approval of full Council.

7.3 The Executive may:

- (a) Increase capital or revenue expenditure in-year by use of reserves (in addition to the use of reserves planned in the budget calculations), provided that such use of reserves does not exceed £10,000,000 in



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aggregate in a financial year and provided that the City Treasurer has certified in writing that such use of reserves would not cause the Council's overall reserves to fall below a prudent level. Any such use of reserves shall be reported to the next meeting of full Council.

- (b) Increase the capital budget provided that additional expenditure can be funded through:
- Additional external resources
  - Additional capital receipts

7.4 The Chief Executive may exercise any of the powers of the Executive under 7.2 and 7.3, in consultation with the Executive Leader, the Executive Member with portfolio responsibility for Finance and the City Treasurer where the legal or financial position of the Council or the interests of the residents of Manchester would be prejudiced if the matter were not determined before the next scheduled executive meeting. The Chief Executive will report any such decision to the next meeting of the Executive.

### **8. In-year Changes to Policy Framework**

8.1 The responsibility for agreeing the policy framework lies with the Council, and decisions by the Executive, a committee of the Executive, an individual member of the Executive or Officers, discharging executive functions must be in line with it. Subject to Rule 6, no changes to any policy and strategy which make up the policy framework may be made by those bodies or individuals except those changes which are necessary to ensure compliance with the law, ministerial direction or government guidance, or where the existing policy document is silent on the matter under consideration.

### **9. Call-in of Decisions Outside the Budget or Policy Framework**

9.1 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 City Solicitor and/or City Treasurer.

9.2 In respect of functions which are the responsibility of the Executive, the City Solicitor's report and/or City Treasurer'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 report and to prepare a report to Council in the event that the City Solicitor or the City Treasurer conclude that the decision was a departure, and to the scrutiny committee if the City Solicitor or the City Treasurer conclude that the decision was not a departure.

9.3 If the decision has yet to be made, or has been made but not yet implemented, and the advice from the City Solicitor and/or the City Treasurer 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 scrutiny committee may refer the matter to Council. In such cases, no further action will be taken in

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respect of the decision or its implementation until the Council has met and considered the matter. At the meeting it will receive a report of the decision or proposals and the advice of the City Solicitor and/or the City Treasurer. The Council may either:

- (a) 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 Members in the normal way;

*Or*

- (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;

*Or*

- (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 Executive to reconsider the matter in accordance with the advice of either the City Solicitor / City Treasurer.