



Item

THE COUNCIL'S BUDGET PROCEDURE AND UPDATED SCHEME OF DELEGATION/FINANCIAL PROCEDURE RULES

To:

Civic Affairs Committee 5/07/2023

Report by:

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Wards affected:

All

1. Introduction

This report recommends further changes to the budget process to give effect to a review of the new procedures adopted in 2022/23. It also highlights for information changes which the Monitoring Officer has made to the Scheme of Delegation and Financial Procedures to reflect the Senior Management Review which came into force 25 May 2023.

2. Recommendations

To recommend to Council the changes to Council Procedure Rules and Budget Framework rules as set out in the Appendix A.

The Committee is recommended to:

- (i) agree the additions and changes to meetings November 2023-February 2024 and to note that there is still the issue of a second

Council meeting (non-budget) to resolve in February/March 2024, which should be addressed by the Governance Reference Group as soon as possible.

(ii) note the Financial Procedure Rules have been updated to reflect the Senior Management Structure effective from 25 May 2023 (appendix B)

(iii) note that the Scheme of Delegation has been updated to reflect the Senior Management Structure effective from 25 May 2023 (appendix C)

3. Background

3.1 Council adopted a new budget process in October 2022. Following the conclusion of the budget process in February, the Chief Financial Officer consulted with councillors and officers on any further adaptations that could be made. The result of those consultations is reflected in the proposed changes.

3.2 Councillors agreed to proposals to restructure the senior management of the Council on 2 March 2023. The new structure took effect on 25 May 2023 and the Monitoring Officer and Chief Financial Officer have reviewed the Scheme of Delegations and Finance Procedure Rules to ensure the documents match the new structure. There are no new delegations or changes to financial values this is updated by the Monitoring Officer under Article 14.3 of the Constitution.

Changes to budget timetable and Budget Procedure Rules

3.3 The changes proposed are:

- splitting both Strategy and Resources Scrutiny Committee meetings in October 2023 and January 2024 into Budget and Non-Budget meetings to allow a better, more-focussed scrutiny and consideration of budget matters
- delaying the autumn Strategy and Resources Scrutiny Committee budget meeting to November 2023 to allow consideration of Q2 outturn forecasts and outline strategic budget items within the development of the Medium Term Financial Strategy (MTFS)

- Similarly, splitting the September Housing Scrutiny Committee meeting into a Budget and non-Budget meeting, creating alignment with the General Fund timetable
- adding a Council meeting after the November Strategy and Resources to approve the General Fund and Housing Revenue Account MTFs and any other budget-related items
- running the General Fund budget consultation based on the MTFs over a longer period (up to 8 weeks)
- The Executive will meet earlier in February as will the Budget Council meeting (the latter to avoid February half term in keeping with the agreed Convention of avoiding school holidays where possible).

3.4 The relevant wording changes to reflect the above process in the Budget Framework and Procedure Rules is attached in the Appendix for Council approval.

Although this will increase the overall number of meetings it does reflect the preferred way forward from the consultations undertaken with Members across the Political Groups.

The proposed meetings timetable would look like this for 2023/24:

- Monday 20 November (5.30pm) – Additional Strategy and Resources Scrutiny Committee (budget only) followed by an Executive meeting.
- Additional Housing Scrutiny Committee (budget only) Tuesday 21 November
- Thursday 30 November (6pm) – Additional Full Council (MTFS/draft budget only)
- (up to) 8 week budget consultation
- Monday 15 January 2024- Additional Strategy and Resources Scrutiny Committee (budget only)
- Monday 29 January 2024-Strategy and Resources Scrutiny (non-budget)
- Monday 1 February or Thursday 5 February (5.30pm) -Executive meeting

- Thursday 15 February -Council (budget)

4. Implications

There are none

5. Consultation and communication considerations

Councillors were consulted on the review of the 2022/23 budget process and on the revised proposals set out in this report.

6. Contact

If you have a query on the report please contact Caroline Ryba, Chief Financial Officer caroline.ryba@cambridge.gov.uk.

APPENDIX A

PART 4C BUDGET AND POLICY FRAMEWORK PROCEUDRE RULES

Budget Setting – Scrutiny of Budget Proposals, amendments and Executive Recommendation

- 3.3 The Executive will meet to consider a Medium Term Financial Strategy (MTFS) with outline strategic budget proposals following scrutiny. The MTFS will then be available for public consultation.
- 3.4 The Strategy and Resources Scrutiny Committee will scrutinise the draft budget with comments reported to the budget cycle Executive and to the Council budget meeting.
- 3.5 The Executive will meet to recommend final budget proposals for submission to the Council. The Executive may amend its draft budget - in the light of the public consultation, Strategy and Resources Scrutiny Committee consideration and any advice from the s151 Officer. Any member of the Council can attend and speak at this meeting.

Amendments following the Executive's recommendation to Council

- 3.6 Following publication of the Council Agenda including the Executive's Budget recommendations, amendments may be submitted by Opposition Groups or any Member. These must be amendments which are received by the Council's s151 Officer so that they can be published by midday on the Tuesday (before a Thursday Council) along with the s151 Officer opinion.

APPENDIX B -

Part 4F: Financial Regulations and Financial Procedure Rules

OTHER FINANCIAL ACCOUNTABILITIES

Virement

A.23 The Chief Financial Officer is responsible for agreeing procedures for virement of expenditure between budget headings. The Chief Financial Officer may approve technical virements to make budget transfers where there is no underlying change in the budget intention.

A.24 Directors and Assistant Directors are responsible for agreeing in-year virements within delegated limits, in consultation with the Chief Financial Officer. Executive Councillor or full Council approval will be required for virements in excess of £75,000 and for those which are between service groupings and/or portfolios, as set out in the current General Fund and Housing Revenue Account budget books.

A.25. The scheme of virement is set out in the Financial Procedure Rules paragraphs 1.11 to 1.15.

Part 4F: Financial Regulations and Financial Procedure Rules – Appendices

SCHEME OF VIREMENT

1.10 The overall budget is agreed by the executive and approved by the full council. The scheme of virement is intended to enable the executive, Directors, Assistant Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore to optimise the use of resources according to changing needs.

Key controls

1.11 Key controls for the scheme of virement are:

- (a) It is administered by the Chief Financial Officer within guidelines set by the full council. Any variation from this scheme requires the approval of the full council.
- (b) All virements must be notified in writing to the Chief Financial Officer.
- (c) Permanent virements are permitted following consultation and agreement with the Chief Financial Officer.
- (d) Virements enable the executive and officers to manage their budgets responsibly and prudently, therefore they must not:
 - create additional overall budget liability
 - support recurring expenditure from one-off sources of savings or additional income
 - involve the creation of a new policy or change in policy
 - create future resource commitments
 - represent a permanent change to the staffing establishment
- (e) The Chief Financial Officer may approve technical virements to make budget transfers where there is no underlying change in the budget intention or impact on service delivery. Technical virements include those arising from approved policy changes and restructures, rationalisation of accounting codes and technical accounting changes.
- (f) Approval limits with the scheme of virement are totals for transfers between cost centres for the financial year. Transactions must not be broken down in order to circumvent appropriate approvals, where a series of transactions together in the financial year exceed a limit, approval from the next appropriate level must be sought.

1.12 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that: (a) the amount is used in accordance with the purposes for which it has been established (b) the executive has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the executive.

Responsibilities of the Chief Financial Officer

1.13 To administer the scheme of virement.

1.14 To prepare jointly with the relevant head(s) of service a report to the executive on proposed virements, where required under the scheme.

Responsibilities of Directors and Assistant Directors

1.15 Directors and Assistant Directors may exercise virement on budgets under his or her control within the annual limits set out below.

Nature of virement	Total annual approval limit	Approval by:
Within a cost centre	No limit	Cost centre manager
Between cost centres within a service grouping	Up to £75,000	director Assistant Director in consultation with the Chief Financial Officer
	£75,001 to £250,000	Executive councillor*
	Over £250,000	Full council
Between cost centres in different service groupings and/or portfolios	Up to £250,000	Executive councillor(s)* in consultation with the Chief Financial Officer
	Over £250,000	Full council
*All decisions taken by the Executive Councillor will follow the same process for out of cycle decisions, or if time allows, be sent to Strategy and Resource Scrutiny Committee for consideration.		

Part 4F: Financial Regulations and Financial Procedure Rules

Treatment of year-end balances

A.25 The Chief Financial Officer is responsible for agreeing procedures for carrying forward under and overspendings on budget headings.

Part 4F: Financial Regulations and Financial Procedure Rules – Appendices

TREATMENT OF YEAR-END BALANCES

1.18 The scheme of carry forwards sets out the treatment of year-end balances. It is administered by the Chief Financial Officer.

1.19 The rules below cover arrangements for the transfer of resources between accounting years, ie a carry-forward.

- (a) Carry forwards will be considered on a cost centre by cost centre basis and will only be considered where the application of the resources carried forward is in line with the original approved budget.
- (b) No carry forward of less than £10,000 will be considered.

Key controls

1.20 Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

Responsibilities of the Chief Financial Officer

1.21 To administer the scheme of carry-forwards.

1.22 To report jointly with the relevant Director or Assistant Director all material overspendings and underspendings on cost centre estimates to the executive and to the full council.

Responsibilities of Directors and Assistant Directors

1.24 Net underspendings on cost centre estimates under the control of the director and head of service may be carried forward, subject to approval, as follows:

Amount of carry forward	Approval by:
Below £10,000	Carry forward not permitted
£10,000 to £50,000	Director / Assistant Director and Chief Financial Officer
Over £50,000	Full council

