



POLICY AND RESOURCES COMMITTEE
Wednesday, 17 February 2021

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| REPORT TITLE: | BUDGET MEETING PROCEDURE |
| REPORT OF: | DIRECTOR OF LAW AND GOVERNANCE |

REPORT SUMMARY

To recommend to Council a process for the Budget decision making meeting of Council.

RECOMMENDATION/S

That the Committee recommend to Council that

1. For the duration of the extraordinary meeting of 1st March 2021 (Budget Council):
 - (a) the procedure attached as Appendix A be followed in respect of the meeting; and
 - (b) Council Standing Order 15.4 (timing of speeches) be suspended together with such other standing orders as may conflict with the Budget Council procedure or the Mayor's administration of the meeting, in such a manner as the Mayor in his or her absolute discretion dictates, to ensure the objective of Council setting a lawful budget and council tax requirement prevails.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION/S

- 1.1 The Council has a duty under the Local Government Finance Act 1992 to set a lawful budget in a timely manner. Members have a fiduciary duty to council tax payers to facilitate the setting of a lawful budget.
- 1.2 Failure to set a lawful budget in time may lead to a loss of revenue, significant additional administrative costs, as well as reputational damage. Failure to set a budget may lead to intervention from the Secretary of State under section 15 the Local Government Act 1999.
- 1.3 Budget Council is an extraordinary meeting of full Council and, in order to meet the legal duties at that meeting to set a balanced and lawful budget within the time set by legislation, the meeting requires within it a process for additional flexibility and compromise.
- 1.4 To provide for additional flexibility and compromise, and to allow further advice from the Chief Finance (s151) Officer in respect of budget proposals and amendments and the debate as it progresses, an alternate procedure is set out as Appendix A.

2.0 OTHER OPTIONS CONSIDERED

A Budget Council debate can be run in accordance with ordinary standing orders. This will not provide the same level of flexibility and efficient administration of the meeting in this particular instance.

3.0 FINANCIAL IMPLICATIONS

- 3.1 Delay in setting the Council Tax means a delay in collecting the Tax due not only to the Council, but also the precepting authorities.
- 3.2 The Council has a legal duty to provide a range of statutory services (such as refuse collection, homelessness prevention etc.) and is not absolved from its duty because of the late setting of the Tax. It also has to pay the monies due to the precepting authorities whether or not it collects any Council Tax.
- 3.3 Even if the Council sets the budget before the deadline but much later than the planned Budget Council Meeting, there is still likely to be some disruption to the administrative arrangements relating to the collection of Council Tax (such as printing, posting, delivery of demands) that have cost implication.

4.0 LEGAL IMPLICATIONS

- 4.1 Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 11th March in the financial year preceding the one in respect of which the budget is set.
- 4.2 If the budget is set after that date, the Act's provisions state that the failure to set a budget within the deadline does not, in itself, invalidate the budget. Such delay, however, is likely to have significant financial, administrative and legal implications, including potential individual liability of any Member who contributed to the failure to set a budget.
- 4.3 Section 66 of the 1992 Act provides that failure to set a Council tax (or delay in setting a Council tax) shall not be challenged except by an application for judicial review. The Secretary of State and any other person with an interest or "standing" may apply for judicial review.

5.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 5.1 There are no additional resource requirements directly from this report, however, specific savings initiatives may impact staffing.

6.0 RELEVANT RISKS

- 6.1 Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

7.0 ENGAGEMENT/CONSULTATION

- 7.1 Views were sought of Group Leaders in formulating the appended procedure.

8.0 EQUALITY, CLIMATE AND OTHER IMPLICATIONS

- 8.1 There are no additional resource requirements arising directly from this report.

REPORT AUTHOR: Philip McCourt
Director of Law and Governance

APPENDICES

Appendix A – Procedure for Budget Decision Meeting of Council

BACKGROUND PAPERS & SUBJECT HISTORY

BUDGET DECISION COUNCIL 5TH MARCH PROCEDURE AND RULES
Report to Cabinet and Council 2018/19

THE BUDGET DECISION MEETING OF COUNCIL

Prior to the Council meeting

1. The recommendations of the Policy & Resources Committee will be proposed in respect of the agreement of the annual Budget, setting of the council tax requirement and related matters to the Council, which if seconded, will be debated by Full Council, in accordance with the provisions below and voted upon by a simple majority.
2. Any elected Member may put forward to the Council any amendments to the Policy & Resources Committee's budget proposal. Members should not put forward any proposal, however, that would mean setting an unlawful budget and they must take advice from officers to ensure their proposals are in order. To this end any amendments put forward must be evaluated by the Chief Finance Officer (s.151) and Monitoring Officer, or officers appointed by them for the purpose, to determine the service, financial and legal implications of implementing those proposals. The Chief Finance Officer will seek to give to the elected Member putting forward the amendment, and discuss with them where appropriate, the affect that those proposals will have on the on the robustness of the estimates made for the purposes of the Budget calculations and the adequacy of the proposed financial reserves (The Chief Finance Officer's duty to report to Council under s25 of the Local Government Act 2003).
3. For this purpose, the intended amendments to the Policy & Resources Committee's budget proposals are required to be submitted to the Chief Finance Officer by no later than **9 am five (5) calendar days before the Council Budget Setting Meeting**.
4. The amended proposals, once received by the Chief Finance Officer, will be held confidentially by officers and not shared with other political parties, with the exception that any amendments received for an elected Member who is part of a Group will be shared with the relevant Group Leader. All amended proposals will be considered by finance services officers by no later than **12 noon three (3) calendar days before the day of the Council meeting**, excluding the day of the meeting itself. The Chief Finance Officer and Monitoring Officer will confirm the legality and impact of all proposed amendments. Any that in the Monitoring Officer's opinion are unlawful shall be rejected.
5. All proposed amendments will be shared with all elected Members, by email, by the Chief Finance Officer by **5pm three (3) calendar days before the Council meeting**, excluding the day of the meeting itself.
6. Following a period for negotiation, any alterations to proposed amendments, will be allowed up to **9am on the day of the meeting**, provided they do not have substantial impact and are agreed with the Chief Finance Officer. By noon on the day of the Council meeting Democratic Services Officers will circulate

copies of all remaining proposed amendments to all Members of the Council, by email, in case any have been withdrawn.

7. At the Council meeting, the Mayor will refuse to accept any proposals for amendment that have not been through the above process and signed off as being lawful a proposal. This will not affect the Mayor's ability to allow an amendment at the meeting if the Mayor, in their absolute discretion, considers that the amendment is necessary for the purpose of ensuring the Council can set a balanced and lawful budget. If the Mayor considers this unusual step necessary, there may be an adjournment called to obtain officer advice on the new or revised amendments or alterations and also to allow for agreement between political groups.

At the Council Meeting

8. Budget Council is an extraordinary meeting of Council and, under Standing Order 3.2, the business to be conducted shall be restricted to the Budget matters contained in the summons.
9. That means that the agenda for the Budget Council will set out the budget and council tax setting decisions as the only items of business to be transacted at the meeting. None of the items of business that would be on an agenda of an ordinary meeting, including motions on notice, questions, petitions, minutes and so forth, will be taken. Public engagement in respect of the budget decision making, in the form of the opportunity to submit questions, statements and receiving of petitions, will have been made available at the preceding Policy and Resources Committee when formulating the Budget recommendations.
10. The Mayor or Council has agreed to deal with the Budget related motions or amendments in one debate (under SO15.15 Joint Debates) to facilitate the setting of a lawful budget; a process that requires flexibility and compromise.
11. To that end, the Council will be asked to agree suspension of Council Standing Order 15.4 (timing of speeches) and such other standing orders as may conflict with this budget process or the Mayor's administration of the meeting, in such a manner as the Mayor in his or her absolute discretion dictates, to ensure the objective of Council setting a lawful budget and council tax requirement prevails.

Debate at Council

12. At the Council Budget Setting Meeting the Leader as Chair of Policy & Resources Committee (or in their absence the Vice-Chair), will speak to the minute and preceding report and will move the motion to propose the Council's annual Budget. The Leader will have 15 minutes maximum for their speech.
13. The Chair of Children, Young People & Education Committee will speak to the Schools' Budget element of the Policy & Resources Committee Budget Recommendations/Minute(s) will have 7 minutes maximum for their speech.

14. The proposals will need to be seconded and the Member seconding has 7 minutes available for this purpose, or where proposed alterations have been circulated, 10 minutes. The seconder may speak at the time of seconding or reserve their speech for later on in the debate.
15. The Leader of the next largest Group on the Council will have the right to speak first on the proposal, who may propose any amendment, which has been signed off by the Chief Finance Officer, and will have 15 minutes maximum for their speech. Any amendment will need to be seconded and the Member seconding the amendment has 7 minutes for this purpose and may make their speech at the time of seconding or reserve it for later in the debate on this amendment.
16. The Leader of the next largest Group will have the right to speak next on the earlier proposals put before Council, and may have 15 minutes to propose their own amendment provided it has been signed off by the Chief Finance Officer, which shall need to be seconded with the seconder having a maximum of 7 minutes for this purpose and the right to reserve their speech until later in the debate.
17. This process continues until the Leader of each Group and all Members who are not in a Group have had the opportunity to speak, and the budget and all proposed amendments have been proposed and seconded.
18. The matter is then open to one full debate from all Members of the Council. Each Member may speak only once on this item, other than those who have submitted the original proposal or an amendment who will later have a right of reply. Each speaker, other than as set out above, has a maximum of 3 minutes to speak.
19. The debate is managed by the Mayor who has control of the debate and may use their discretion to ensure the effective, efficient, fair and orderly conduct of the business. The Mayor's interpretation and their application of the standing orders and this process will be final.
20. At the end of the debate if any Member seconding a proposal (the substantive proposal or a proposed amendment) has reserved their seconder's speech to later in the debate, their speeches, of a maximum of 7 minutes will be taken in the reverse order in which the motions were proposed and seconded.
21. When the debate has concluded the Leader of the Council, and any Group Leader or Member not in a Group who has proposed an amendment, will have a right of reply. Each speaker will be taken in the reverse order in which the motions were proposed and seconded, with the Leader of the Council having the last right of reply on behalf of the Policy & Resources Committee. Any speaker with a right of reply has up to 5 minutes to respond.
22. When the debate has concluded, the Mayor will if he/she thinks fit, sum up the debate before putting the amendments to the vote. In doing so he/she may

request the Chief Finance Officer to draw the attention of the meeting to any relevant factors.

23. The Mayor will then put the amendments to the vote in the order of the amendments proposed by the smallest Group Leader first, followed by the next largest etc. Each amendment will be voted on in turn, with a recorded vote being required to be taken on each amendment.
24. Some proposed amendments may impact on others and there may be inter dependencies between them. For example, if one amendment is passed or lost it may result in others automatically being lost, whilst some amendments may have no impact on others and may stand alone regardless of the outcome of voting on other amendments. The Chief Finance Officer will advise accordingly and the Mayor may adjourn the meeting to facilitate the provision of that advice. Following the conclusion of the voting on the amendments, the Chief Finance Officer will confirm how the individual amendments that have been carried affect the Council Tax proposal as necessary.
25. There may be a need for a short adjournment to allow for the preparation of the Council Tax resolutions to reflect the budget proposals as amended/if amended to be circulated prior to the substantive vote.
26. Once the amendments have each been voted upon and determined, the Chief Finance Officer will clarify any amendments that have been agreed and how they affect the budget proposal. The Mayor will then put the substantive proposal (motion), as amended if they have been amended, to the Council for a vote. A recorded vote is required and will be included in the minutes.
27. If the budget proposal is accepted without amendment by Council, the Council may make a decision which has immediate effect.
28. If the budget is lost, the Council will be asked by the Mayor to adjourn and allow members of the Policy and Resources Committee to meet as a working group and return to the adjourned meeting with further proposals.
29. An adjourned meeting must make a lawful resolution before 11th March.

Exclusion of notices of motion and formal questions

30. Formal questions from Councillors and Notices of Motion shall not be received and considered and the respective Council Standing Orders 12 and 13 shall accordingly not apply.
31. For the avoidance of doubt, neither public questions may be asked nor statements or petitions be submitted (Council Standing Orders 10 and 11) and other reports will not be considered. Motions without notice may be moved (Council Standing Order 14 applies).

Speakers

With exception of right of reply, each speaker may speak only once.
Speakers will be allocated the following time

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| The Leader of the Council speaking to the P&R's Budget Recommendation(s)/Minute(s) | 15 minutes |
| The Chair of Children, Young People & Education Committee speaking to the Schools' Budget element of the P&R's Budget Recommendation(s)/Minute(s) | 7 minutes |
| Seconder - May reserve right to speak later ^a | 7 minutes |
| The Group Leader of the largest other political group speech in response and (if applicable) in proposing their respective Amendment (Alternative Budget Proposals) | 15 minutes |
| Seconder (if applicable) speaking to their respective Alternative Budget Proposal(s) / Amendment - May reserve right to speak later ^b | 7 minutes |
| Next largest Group – as above | 15 minutes |
| Repeated for each Group in descending order of size | 7 minutes |
| Other speakers – general debate | 3 minutes |
| ^b Seconder of amendments (if reserved right to speak) independent member/smallest group first - then next largest - repeated | 7 minutes |
| ^a The Seconder of the P&R Budget Recommendation(s) / Minutes(s) | 7 minutes |
| The Group Leaders of the political groups right of reply independent member/smallest group first - then next largest Repeated for each Group in ascending order of size | 5 minutes |
| <i>Move to the vote. Amendments in ascending order of size of Group, followed by substantive motion on proposals</i> | - |

(For the avoidance of any doubt the times mentioned in the table above shall not affect the Mayor's discretion to permit a speaker to speak beyond the allotted time).