

Guildford & Waverley Borough Councils

Report to: Corporate Governance & Standards Committee (GBC)/Standards & General Purposes Committee (WBC)

Date: 16 January 2025

Ward(s) affected: All

Report of Joint Strategic Director: Law, Democracy & People

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Status: Open

Key decision: No

Proposed Budget Procedure Rules

1. Executive Summary

- 1.1 All Councils have a responsibility to set a balanced budget (including council tax) before 11 March in every year. This report sets out a proposed procedure for setting the budget, including timescales for amendments to be considered by Finance.

2. Recommendation

The Corporate Governance & Standards Committee (GBC) / Standards & General Purposes Committee (WBC) is asked to recommend to Council:

- (1) That the Budget Procedure Rules set out in **Appendix 1** to this report be adopted and incorporated into the Constitution.
- (2) That the Monitoring Officer be authorised to make any consequential amendments to the Constitution.

3. Reasons for Recommendation:

- 3.1 A procedure for holding a Budget Setting Council meeting will ensure that there are appropriate timescales for the scrutiny of any proposed amendments to the Budget, and that the legal requirements are met.
- 3.2 It will also ensure that any amendments have been considered by the Joint Strategic Director – Finance & Resources and that members are aware of the financial implications of any amendments without the need for adjournments.

4. Purpose of Report

- 4.1 Members are asked to consider whether to agree to recommend the proposed Budget Procedure Rules, as set out in **Appendix 1** to this report, to Guildford/ Waverley Borough Councils for adoption in their respective Constitutions.

5. Strategic Priorities

- 5.1 At the heart of the Council's current corporate strategy 2024 – 2034 is the priority of being a resilient and well-managed Council, meaning being the best that we can do in how we organise and deliver our services and using all our limited resources wisely and carefully.
- 5.2 Financial sustainability remains a key priority for the Council, which requires prudent financial management and ensuring that the Council's constitutional provisions for its budget setting processes are clear, understood by all and are lawful.

6. Background

- 6.1 Regulation 4 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) sets out that the formulation of the draft budget and its submission to the Council for its consideration is the sole responsibility of the Executive. It is important to establish a set of arrangements that provides members with clear and lawful procedures, and which avoids any misunderstandings in the budget setting process.

- 6.2 The purpose of the budget decision meeting is for the full Council to raise any objections it has to the draft budget submitted by the Executive and, if so, to instruct the Executive as to how it wishes those objections to be addressed. This is quite different to the traditional meeting format, and this can sometimes cause confusion.
- 6.3 Budget setting is covered in the Constitution through the Budget & Policy Framework, and mandatory standing orders are also set out in other parts of the Constitution e.g. the requirement for a recorded vote at the Budget Setting Council meeting is set out in the Council Procedure Rules. The proposed Budget Procedure Rules seek to bring all parts of budget setting together, with a suitable timetable.

7. Consultations

- 7.1 The Joint Strategic Director - Finance & Resources has been consulted on the proposed procedure and is supportive.
- 7.2 The Joint Constitutions Working Group also considered the proposed Budget Procedure Rules at its meeting on 16 December 2024. It asked for the following:
- (a) That a flowchart be produced to accompany the Procedure Rules.
 - (b) That the Rules be simplified.
 - (c) That non-financial amendments be acceptable.
 - (d) That the Leader of the Principal Opposition Group, rather than the Leader of the second largest group, be asked to speak after the proposer/seconded of the Executive budget proposal.
 - (e) That, if the Rules are accepted, then members should receive a timetable setting out the various dates for submission of amendments.

The relevant changes have been made to the proposed Rules, and a flowchart is set out at **Appendix 2** to this report.

8. Key Risks

- 8.1 The drafting of the Budget Procedure Rules will significantly reduce any risk of misunderstandings and provide councillors with greater clarity and understanding of the procedural requirements.

8.2 It is important that the wording of any Procedure is written in such a way that it is accessible by all, affords clarity and provides an understanding to members, officers, and the public of the procedural requirements. The flowchart is designed to support this. It is equally important for any legislative provisions or prescriptive requirements to be incorporated and there is no option to change any of these components.

9. Financial Implications

9.1 There are no financial implications resulting from this report.

10. Legal Implications

10.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) set out what the council has to base its budget calculations on and requires Councils to set a balanced budget having regard to the advice of their Chief Finance Officer (the Section 151 Officer).

10.2 Regulation 4 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) requires that the preparation of the budget estimates making up the Council Tax is an Executive function. The setting of the budget is reserved to full Council, who must consider the draft budget which has been prepared by the Executive. Once the budget has been agreed by full Council the Executive cannot make any decisions which conflict with it, although virements and year-in-year changes can be made in accordance with the Council's Financial Procedure Rules.

11. Human Resource Implications

11.1 There are no direct HR implications.

12. Equality and Diversity Implications

12.1 There are no equality and diversity implications arising from this report. This report has given due regard to the requirements of the Public Sector Equality Duty (Equality Act 2010) when making any recommendations concerning constitutional arrangements.

13. Climate Change/Sustainability Implications

13.1 There are no climate change or sustainability implications.

14. Summary of Options

14.1 The Corporate Governance & Standards Committee/Standards & General Purposes Committee is asked to consider whether they wish to recommend the proposed Budget Procedure Rules to their respective Councils for adoption. The Committees may:

- (a) recommend that the Councils adopt the procedure;
- (b) decide that no changes are required at either Council.

15. Background Papers

GBC & WBC Constitutions

16. Appendices

Appendix 1: Draft Budget Procedure Rules

Appendix 2: Flowchart setting out the process to be followed