

## **Service & Resource Planning 2011/12 - 2015/16**

### **Virement Rules 2011/12**

#### **Introduction**

1. Under the Constitution the Council is required to specify the extent of virement within the approved budget which may be undertaken by the Cabinet. Any other changes to the budget are reserved to the Council, other than any changes necessary to ensure compliance with the law, ministerial direction or government guidance.
2. Virement for these purposes is taken to include not only the transfer of budget provision between budget heads<sup>1</sup> (including contingency provisions if such exist) but also the transfer of funds from balances by way of a supplementary estimate.

#### **Virements requiring Council approval**

3. The approval of Council is required for any virement which:
  - a) Involves the transfer of funds between revenue and capital budgets; or
  - b) Is a permanent virement and involves a major change in policy as described by the Policy Framework Documents<sup>2</sup>; or
  - c) Is a temporary virement, involves a major change in policy as described by the Policy Framework Documents and is for £500,000 or more; or
  - d) Where in the opinion of the Chief Finance Officer a Council decision is required.

The Chief Finance Officer must consider if virements are a major change in policy.

4. These provisions are reviewed annually as part of the budget setting process.

---

<sup>1</sup> i.e. the expenditure heads specified in the budget as approved by Council

<sup>2</sup> Set out in the Constitution, Section D (Full Council) Paragraph 4

### **Virements for which the Cabinet is responsible**

5. Virements that are not the responsibility of the Council become the Cabinet's responsibility. Cabinet delegates responsibility for temporary virements worth less than £250,000.
6. Thus the approval of the Cabinet is required for:
  - a) Any permanent virement that does not involve a major change in policy. These are the permanent virements not covered by 3b); or
  - b) Any temporary virement that does not involve a major change in policy and is less than £500,000 in value, but is more than or equal to £250,000 in value. These are higher value temporary virements that are not covered by 3c); and
  - c) Where the relevant Cabinet member or members have concerns.
7. Thus Cabinet delegates approval of any remaining temporary virements with a value below £250,000.

### **Virements delegated by the Cabinet**

8. The Cabinet delegates responsibility for the remaining temporary virements as follows:
  - a) Responsibility for agreeing temporary virements worth less than £250,000 but greater than or equal to £100,000 is delegated to the relevant Director and Chief Finance Officer (or their nominated officer), subject to the approval of the relevant Cabinet member.
  - b) Responsibility for agreeing temporary virements worth less than £100,000 but greater than or equal to £50,000 is delegated to the relevant Deputy Director or Head(s) of Service. These virements should be reported as part of the monthly monitoring process.
  - c) Responsibility for agreeing temporary virements worth less than £50,000 is delegated to budget holders and managers affected.
9. Delegated virements that the relevant Cabinet member or members have concerns about must be referred to the Cabinet for approval.

### **Monthly monitoring**

10. As part of monthly monitoring procedures directorates should be forecasting the full year outturn position. Where action plans to address potential overspends do not reduce the forecast overspend, temporary virements should be made from underspendings elsewhere to reflect the forecast overspend that is not covered by measures in the action plan. Action plans

that address overspends of £250,000 or more should be approved by the Chief Finance Officer and the Cabinet Member for Finance.

11. When virements are reported they will be assumed to be temporary virements unless it is specifically stated that they are permanent virements.

### **Temporary and Permanent virements**

12. Temporary virements only affect the current financial year. Permanent virements affect the current financial year and all future financial years.

### **Cumulative virements**

13. Successive virements to or from the same budget will produce a cumulative effect. If the cumulative effect would require approval at a higher level – for example by Council instead of the Cabinet, this should be obtained.
14. Once the higher level of approval has been obtained for a cumulative virement the cumulative total is reset to zero. This means that any subsequent virement is a separate request that should be treated as set out above.

### **Chief Finance Officer Powers**

15. If directorates do not make virements in accordance with the Virement Rules the Chief Finance Officer has the power to make other virements to remedy the position.

## Who approves any Virement?

The following series of questions are intended to help managers decide who should approve virements.

Question number	Question	If 'Yes', this virement is approved by:
1	Is it a transfer of funds from revenue to capital?	Council
	If not...	
2	Is it a permanent virement that involves a major change in policy? (Note 1)	Council
	If not...	
3	Is it a temporary virement that involves a major change in policy and is for £500,000 or more? (Note 1)	Council
	If not...	
4	Does the Chief Finance Officer consider that a Council decision is required?	Council
	If not...	
5	Is it a permanent virement that does not involve a major change in policy? (Note 1)	Cabinet
	If not...	
6	Is it a temporary virement that does not involve a major change in policy and is less than £500,000 but more than or equal to £250,000? (Note 1)	Cabinet
	If not...	
7	Does the relevant Cabinet member or members have concerns?	Cabinet
	If not...	
8	Is the temporary virement worth less than £250,000 but greater than or equal to £100,000?	Relevant Director, Chief Finance Officer (or their nominee) subject to approval by the relevant Cabinet member
	If not...	
9	Is the temporary virement worth less than £100,000 but greater than or equal to £50,000?	Deputy Director or Head(s) of Service, to be reported in the Monthly Monitoring
	If not...	
10	Is the temporary virement worth less than £50,000?	Budget holders and Managers affected

**Note 1** – The Chief Finance Officer must consider whether these virements involve a major change in policy.