

## Virement Rules 2010/11

### 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.

### Virement rules requiring Council approval

3. The approval of Council is required for any virement which:
  - Is a permanent virement, unless it can be demonstrated to the Chief Finance Officer that it does not imply a major change in policy as described by the Policy Framework Documents<sup>2</sup> (e.g restructuring a service);
  - Involves the transfer of funds between capital and revenue budgets;
  - Is a temporary virement that is greater than £500,000 and represents a major change in policy as described by the policy framework documents. All virements greater than £500,000 will be considered a major change in policy unless it can be demonstrated otherwise to the Chief Finance Officer.
  - Or in the opinion of the Chief Finance Officer a Council decision is required.
4. These provisions are subject to annual review as part of the budget setting process.

### Virements for which the Cabinet is responsible

5. The approval of the Cabinet is required for any temporary virement greater than, and including £250,000 but less than £500,000.
6. The Cabinet may only approve temporary virements which are greater than £500,000 if they have been demonstrated not to represent a major change in policy as described in paragraph 3 above.

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<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

7. The Cabinet delegates approval of temporary virements below £250,000.
8. The Cabinet may only approve permanent virements that have been demonstrated not to imply a major change in policy (see paragraph 3).

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

9. For temporary virements greater than and including £100,000 and less than £250,000, the relevant Director and Chief Finance Officer (or his/her nominated officer) may effect virements, subject to the approval of the relevant Cabinet member in each case.
10. Temporary virements greater than and including £50,000 and less than £100,000 may be approved by the relevant Head(s) of Service and reported as part of monthly monitoring.
11. Virements above the specified limits or about which the relevant Cabinet member(s) have concerns, must be referred to the Cabinet for approval.

### **Recognition of virements**

12. As part of monthly monitoring procedures directorates should be forecasting the full year out turn position. Where action plans to address potential overspends do not reduce the forecast overspend, 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 responsible for Finance.
13. If directorates do not effect virements in accordance with the Virement Rules the Chief Finance Officer has the power to require virements to be effected.
14. When virements are reported they will be assumed to be temporary virements unless it is specifically stated that they are permanent virements.

### **Cumulative virements**

15. Where successive virements to or from the same budget result in the cumulative virement reaching the above thresholds, approval should be sought as set out in paragraphs 3-14.
16. Once the highest level of approval has been obtained for a cumulative virement the cumulative total is reset to zero with the effect that any subsequent virement is separate request and treated as set out in paragraphs 3-14.