

Virement Rules 2019/20

Introduction

1. The Council's budget is the financial expression of its plans and policies. The virement process allows budgets to be adjusted to reflect changes in those plans and policies throughout the financial year. The use of virements is intended to enable directorates to manage budgets with a degree of flexibility while at the same time ensuring that these remain consistent with the overall policy framework determined by Council.
2. Under the Constitution the Council is required to specify the extent of virement within the approved budget which may be undertaken by the Cabinet or delegated to officers. 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.
3. Virements for these purposes is taken to include:
 - the transfer of budget provision between budget heads as set out in budget approved by Council each February prior to the start of the financial year;
 - changes to gross income and gross expenditure budgets;
 - transfer of funds from corporate reserves;
 - the transfer of funds from general balances or contingency by way of supplementary estimate.
4. Temporary virements only affect the current financial year. Permanent virements affect the current financial years and all future years.
5. No expenditure shall be incurred without appropriate budget provision and, if necessary, a virement should be undertaken to put this in place before the expenditure is incurred.
6. No virement relating to a specific financial year should be made after 31 March of that financial year.
7. Amounts that require Cabinet Member approval must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial years.
8. Where a Cabinet approval is required to a virement, this approval will normally be sought via a 'Financial Monitoring and Medium Term Financial Plan Delivery Report'.
9. When a Cabinet Member is making a decision on an operational matter, any necessary virements must be included as part of that decision.

Permanent Virements

10. Permanent virements will be subject to the following approval:

Amount	Minimum approval required
Up to and including £0.5m <i>(Subject to the cumulative rule in 4.3.3 (xvi))</i>	Director <i>(following consultation with the Budget Holder)</i> , Section 151 Officer and relevant Cabinet Member(s)
Greater than £0.5m <i>(Subject to the cumulative rule in 4.3.3 (xvi))</i>	Cabinet <i>(following consultation with relevant Cabinet Member(s), Director and Section 151 Officer)</i>
Any permanent virement that involves a major change in policy	Council (Section 151 Officer must consider if virements involve a major change in policy)

Temporary Virements

11. Temporary virements will be subject to the following approval:

Amount	Minimum approval required
Up to and including £0.250m <i>(Subject to the cumulative rule in 4.3.3 (xvi))</i>	Budget Holder <i>(as delegated by Director)</i>
Greater than £0.250m but less and including £0.5m <i>(Subject to the cumulative rule in 4.3.3 (xvi))</i>	Director <i>(following consultation with the Budget Holder)</i> , Section 151 Officer and relevant Cabinet Member(s)
In excess of £0.5m <i>(Subject to the cumulative rule in 4.3.3 (xiv))</i>	Cabinet <i>(following consultation with relevant Cabinet Member(s), Director and Section 151 Officer)</i> and relevant Cabinet member(s) .
Major Change in Policy and is worth £0.5m or more but less than £1m	Cabinet <i>(following consultation with relevant Cabinet Member(s), Director and Section 151 Officer)</i> and relevant Cabinet member(s) . Section 151 Officer must consider if virements involve a major change in policy)
Major Change in Policy greater than £1m	Council (Section 151 Officer must consider if virements involve a major change in policy)

Transfers between revenue and capital budgets

12. Transfers between revenue and capital budgets) will be subject to the following approval:

Amount	Minimum approval required
Transfer of budget between revenue and capital budgets less than £0.250m	Budget Holder (<i>as delegated by Director</i>)
Transfer of budget between revenue and capital budgets less than £0.5m	Director (<i>following consultation with the Budget Holder</i>), Section 151 Officer and relevant Cabinet Member(s)
Transfer of budget between revenue and capital budgets greater than £0.5m but less than £1m	Cabinet (<i>following consultation with relevant Cabinet Member(s), Director and Section 151 Officer</i>) and relevant Cabinet member(s) .
Transfer of budget between revenue and capital budgets greater than £1m	Council

Additional non-ringfenced grant

13. Virements relating to allocation of expenditure budgets funded by additional non-ringfenced grant notified during the financial year will be subject to the following approval:

Amount	Minimum approval required
Less than and including £1m	Cabinet (<i>following consultation with relevant Cabinet Member(s), Director and Section 151 Officer</i>) and relevant Cabinet member(s) .
Greater than £1m	Council

Exceptions to the virement rules

14. Exceptions to the virement rules are as follows:
- (i) If **Section 151 Officer** or the relevant **Cabinet Member(s)** decides a decision by Council or Cabinet is required.
 - (ii) Member approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the relevant Finance Business Partner(s).
 - (iii) Member approval is not required for budget movements arising in order to comply with the CIPFA Service Expenditure Reporting Code of Practice

guidance on accounting for overheads, or budget movements arising in order to comply with proper accounting practice. Approval is required from Strategic Finance Manager (Accounting & Reporting).

- (iv) Ringfenced grant funding has to be used for specified purpose. Virements to update income and expenditure budgets to match the grant notification provided by the relevant body can be actioned without further approval.
- (v) If the proposed virement, together with the total of previous virements within the same financial year, would result in a cumulative increase or decrease that would require approval at a higher level (for example Council rather than Cabinet), the cumulative virement should be reported and approval obtained for the virement that triggers the requirement for cumulative approval, in accordance with the tables above. The overall effect on the relevant budget must be noted as part of the request. Once the higher level of approval has been obtained for a cumulative virement the total is reset to zero. This means that any subsequent virements is a separate request that should be treated as set out above. Cumulative virements are reset to zero at the end of each financial year.