

Virement Rules 2020/21

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;
 - changes arising from additional non-ringfenced grant income notified in year;
 - transfers between revenue and capital budgets;
 - the transfer of funds from general balances or contingency by way of supplementary estimate.
4. Virements can be temporary virements, only affecting the current financial year, or permanent, affecting the current financial year 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. Where Cabinet approval is required for a virement, this approval will normally be sought via the monthly ' Business Management and Monitoring Report'. The report must explain the reason for the virement, the proposed expenditure and the source of funding, and set out the implications in the current and future financial years.

Cumulative Rule

8. If a 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 table below. 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 virement is treated as a new and separate request. Cumulative virements are reset to zero at the end of each financial year.

Virement Approvals

9. All virements will be subject to the following approval limits:

Amount	Minimum approval required
Up to and including £0.5m <i>(Subject to the cumulative rule above)</i>	Director <i>(following consultation with the Budget Holder), Section 151 Officer</i> and relevant Cabinet Member(s)
Greater than £0.5m <i>(Subject to the cumulative rule above)</i>	Cabinet <i>(following consultation with relevant Cabinet Member(s), Director and Section 151 Officer)</i>
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> Officer and relevant Cabinet member(s)). Section 151 Officer must consider if virements involve a major change in policy)
Any virement that involves a major change in policy and is over £1m	Council (Section 151 Officer must consider if virements involve a major change in policy)

Exceptions to the virement rules

10. Exceptions to the virement rules are as follows:
- (i) If **Section 151 Officer** 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) 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.
 - (iv) Transfers between revenue and capital will be classed as a change in policy and will require Council approval regardless of the value.