

## BUDGET AND POLICY FRAMEWORK RULES

### APPENDIX

#### SCHEME OF VIREMENT

##### Purpose of Scheme

1. The scheme of virement is intended to enable the Cabinet, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Full Council and, therefore, to optimise the use of resources.
2. The scheme of virement empowers the Portfolio Holder to manage the resources under his or her control and, therefore, to be accountable to the Cabinet and Full Council for their financial performance.

##### Key Controls

3. Key controls for the schemes of virement are:
  - (a) it is administered by the Head of Finance within guidelines set by the Full Council. Any variation from this scheme requires the approval of the Full Council;
  - (b) the overall budget is agreed by the Cabinet and approved by the Full Council. Chief officers and their nominated Spending Control Officers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources within approved estimates or between budget headings. For the avoidance of doubt, a list of approved budget headings will be maintained by the Head of Finance;
  - (c) virement does not create additional overall budget liability. Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Chief Officers must plan ahead to fund such commitments from within their own budgets, so as to avoid the need for supplementary estimates.
  - (d) in exceptional circumstances where a request for a supplementary estimate, i.e. an increase in the overall budgetary requirement of the authority is needed, the approval of Full Council will be required;
  - (e) virement between budgets of the Housing Revenue Account and the General Fund, and between revenue and capital budgets is prohibited;
  - (f) for the purposes of the virement scheme only, the Housing Portfolio is considered to consist of two budget portfolios (Housing Revenue Account and Housing General Fund);

(g) no virement relating to a specific financial year should be made after 31 March in that year; and

(h) any reference to a budget percentage threshold for virement refers to the gross budget unless otherwise specified.

4. Where an approved budget is a lump-sum budget or contingency, under the control of the Finance and Performance Management Portfolio Holder, intended for allocation during the year, its allocation will not be treated as a virement, provided that:

(a) the amount is used in accordance with the purposes for which it has been established; and

(b) the Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Cabinet.

### **Responsibilities of the Head of Finance**

5. To prepare jointly with the Chief Officer, a report to the Cabinet where revenue virements in excess of the greater of £5,000 or 2% are proposed.

6. To maintain a list of approved budget headings.

7. To maintain a register of approved virements.

8. To monitor that any allocation of an approved budget that is a lump-sum budget or contingency intended for allocation during the year is in accordance with the purposes for which it was established and the Cabinet approved scheme for its release. Where any proposed allocation falls outside of these conditions, the allocation will be deemed to be a virement and treated accordingly.

### **Responsibilities of Chief Officers**

9. Subject to 19 below, a Chief Officer may exercise virement on budgets under his or her control for cumulative amounts up to £5,000 between detailed account codes within the same cost centre during the year, subject to the agreement of the Head of Finance. (For this purpose 'cost centre' refers to the budget book sub-heading, e.g., for Accommodation Services the cost centres are Office Accommodation, Superintendents, Duty Officers and Catering).

10. Where a virement is required, the Chief Officer (or other Officer delegated by them) must send a signed written request to Accountancy detailing the amount and detailed cost codes involved.

### **Responsibilities of Portfolio Holders**

11. A Portfolio Holder, in consultation with the appropriate Chief Officer, may exercise virement on budgets under his or her control, within the same cost centre or between cost centres, for cumulative amounts up to the greater of £10,000 or 2% of gross cost centre expenditure during the year, following notification to the Head of Finance, and subject to the conditions in paragraphs 19 to 20 below. These limits are inclusive of amounts vired under 9 above, not in addition to.

12. Cumulative amounts greater than £10,000 or 2% whichever is the greater, within the same cost centre or between cost centres during the year require the approval of the Cabinet, following a report of the relevant Portfolio Holder in conjunction with the Head of Finance and the Chief Officer, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial year,

### **Responsibilities of Head of Finance**

13. To prepare jointly with the relevant Chief Officer a report to the Cabinet or full Council as appropriate, where revenue virements within the same cost centre, or between cost centres within the same portfolio, in excess of the greater of £10,000 or 2% of gross cost centre expenditure are proposed.
14. To maintain a list of approved budget headings.
15. To maintain a register of all approved virements.
16. To monitor that any allocation of an approved budget that is a lump-sum budget or contingency intended for allocation during the year is in accordance with the purposes for which it was established and the Cabinet approved scheme for its release. Where any proposed allocation falls outside of these conditions, the allocation will be deemed to be a virement and treated accordingly.

### **Responsibilities of Cabinet and Council**

17. Cumulative virements within a Portfolio greater than £10,000 or 2% of the total portfolio, whichever is the greater, require the approval of the full Council, following a report of the Cabinet in conjunction with the Head of Finance and the relevant Chief Officer(s) which must specify the cumulative expenditure and sources of funding, and must explain the service delivery implications in the current and future financial year.
18. The Cabinet may vire resources between individual capital projects within the General Fund or the Housing Revenue Account, subject to a report to Full Council if the cumulative virement exceeds £100,000 on either fund.
19. The prior approval of the Cabinet is required for any virement, of whatever amount, where it is proposed to:
  - (a) vire between budgets of different accountable Portfolio Holders;
  - (b) vire between budgets managed by different Chief Officers;
  - (c) change the level of the Council's manpower.

### **General**

20. Virements that are likely to impact on the level of service activity of another Chief Officer should be implemented only after agreement with the relevant Chief Officer.

### **Review**

21. These rules shall be subject to regular review as and when circumstances dictate.