

SECTION 16 – FINANCIAL PROCEDURE RULES

MANAGING EXPENDITURE

Scheme of virement

Why is this important?

16.87 The scheme of virement (that is, switching resources between approved estimates or heads of expenditure) is intended to enable the Cabinet, Strategic Directors / Director / Heads of Service and their staff to manage budgets with flexibility within the overall policy framework determined by the Full Council, and therefore to optimise the use of resources. Any income or expenditure at variance from the approved budget and without virement authorisation shall be regarded as over or under spending for which the Head of Service of the service is responsible.

16.88 Where expenditure or income not in the approved budget is introduced it will be covered by the same rules.

16.89.1 The scheme of virement applies to the revenue budget and the capital programme.

16.89.2 For the avoidance of doubt, the re-profiling of capital budgets between financial years (provided always that the overall project budget remains the same) is not a Virement to which Rules 16.92 to 16.100 below apply. Such re-profiling of budgets will be subject of approval of the Section 151 Officer and will be reported to Cabinet within the budget monitoring reports.

Key controls

16.90 Key controls for the scheme of virement are:

16.90.1 it is administered by the Section 151 Officer within guidelines set by Full Council. Any variation from this scheme requires the approval of the Full Council

16.90.2 the overall budget is proposed by the Cabinet and approved by Full Council. Strategic Directors / Director / Heads of Service and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement. For the purposes of this scheme, a budget head is considered to be a line in the approved Budget Book.

16.90.3 the overall budget must stay in balance and virement does not create additional overall budget liability. Strategic Directors / Director / Heads of Service 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. Heads of Service must plan to fund such commitments from within their own budgets.