

### Extract from 'The Council's Constitution' March 2026 Version

#### Virement

The scheme of virement is intended to enable Strategic Directors, Heads of Service and budget holders to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources. It is administered by the S151 Officer within guidelines set out within these financial procedure rules. The overall budget is set by the Council. Budget holders are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The procedures for virements is the mechanism for moving resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be a line in the approved estimates, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA's Service Expenditure Analysis, i.e. employees, premises etc.

A virement does not create additional overall budget liability and therefore should not lead to an overspend. A virement should not be used where one off savings are used to fund recurring expenditure thereby creating future commitments, including full-year effects of decisions made part way through a year, for which future resources have not been identified.

Where an approved budget is a lump-sum budget or contingency 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;
- (b) The Cabinet/Council 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/Council.

The movement of budgets between services as a result of changes in management responsibility or changes in accounting policy or other changes that do not affect the amount available for service provision are not classed as virements and can be approved by the S151 Officer.

A Virement that is likely to impact on the level of service activity of another service area should be implemented only after agreement with the relevant service.

In all cases the overall budget position of the Council will be considered and virements should not be requested by Strategic Directors, Heads of Service or the S151 Officer if underspends in some services are required to meet overspends in other areas. In all

cases the competing demands and priorities as identified in the Council Delivery Plan will be paramount.

Strategic Directors and Heads of Service may request to vire sums within service budgets without limit provided such virement does not give rise to a change of Council policy or amend the permanent establishment. All such approval should be approved by the S151 Officer in the format requested.

All virements in excess of £50,000 will be reported within financial monitoring reports.

The S151 Officer is responsible for keeping a record of all virements and ensuring the finance system is updated in respect of approvals given.

Capital budget virements are governed by the same principles as revenue virements outlined above.

### **Supplementary Estimates**

A.25 The Budget is set on an annual basis and events occur that require additional spending within the year. This is particularly the case where there is a statutory requirement which cannot be avoided. A supplementary estimate is an addition to the Council's agreed **Budget**. Supplementary estimates can be one-offs, or recurring. In either case, supplementary estimates should only be considered after all other options, such as **Virements**, or savings, have been considered. Supplementary estimates include budgets fully funded by external grant or contribution.

A.26 Any un-ringfenced grants will be allocated as agreed with the Senior Leadership Team.

A.27 Where the Council receives ring fenced grant income either through a bidding process or new burdens funding other than that identified in the approved budget, an additional budget will be created and Directors and Heads of Service will be allowed to incur expenditure in line with the conditions of the grant. Cabinet or Council approval is not required as the Council has no discretion over how the funds are used.

A.28 The table below sets out the approval level required based on the value of the supplementary estimates. Council funding includes, but is not limited to revenue budget reserves, Section 106, capital receipts and borrowing. In all circumstances, the S151 Officer will be consulted on the proposals. Supplementary estimates apply to capital and revenue.

<b>Amount</b>	<b>Approval Required</b>
Up to £99,999	Head of Service + S151 Officer
£100,000–£250,000	Cabinet

Over £250,000	Full Council
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A.29 Where in exceptional or unexpected circumstances a Directorate is faced with a material increase in its net expenditure, which cannot reasonably be contained within its resource allocation figure for the year, the **Chief Executive** or **Strategic Directors** must (wherever possible, prior to incurring the expenditure) submit a request to **Cabinet** or **Council** for a supplementary estimate to cover the additional expenditure. The Cabinet or Council will also decide how the expenditure will be funded, e.g. from grant, revenue, reserve, loan or otherwise.