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|--------------------------------|---------------|----------------------------------|----|
| <h1>REPORT TO EXECUTIVE</h1>   |               |                                  |    |
| <b>PORTFOLIO AREA:</b>         |               |                                  |    |
| <b>Date of Meeting:</b>        | 25 March 2002 |                                  |    |
| <b>Public</b>                  |               |                                  |    |
| <b>Key Decision:</b>           | No            | <b>Recorded in Forward Plan:</b> | No |
| <b>Inside/Policy Framework</b> |               |                                  |    |

**Title:** BUDGET VIREMENTS 11 SEPTEMBER 2001 TO 1 MARCH 2002

**Report of:** The City Treasurer

**Report reference:** Financial Memo 2001/02 No 145

**Summary:**

In accordance with the City Council’s Financial Procedure Rules, the City Treasurer is required to monitor and report to the Executive on the exercise of budget virement on a quarterly basis.

The virement procedure rules as set out in the Council’s Constitution, are reproduced at **Appendix A**. Any virements actioned during the period are detailed in **Appendix B**.

**Recommendations:**

The Executive are asked to note the budget virements which have been actioned during the period 11 September 2001 to 1 March 2002.

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Managing Expenditure Appendix A

## Scheme of Virement

### Why is this important?

1. The scheme of virement is intended to enable the Executive, Portfolio Holders, Chief Officers and their staff 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.

### Key controls

2. The scheme of virement is administered by the Chief Finance Officer within guidelines set by the Council. Any variation from this scheme requires the approval of the Council.
3. The overall budget is agreed by the Executive and approved by the Council. The Executive, Portfolio Holders, Chief Officers and budget managers 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 between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be the Service Objective level as set out in the annual Revenue Estimates Booklet.
4. Virement must not create additional overall budget liability. The Executive, Portfolio Holders and Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not incur recurring expenditure from one-off sources of savings or additional income, nor create future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Budget managers must plan to fund such commitments from within their own budgets.

### Responsibilities of the Chief Finance Officer

5. To prepare jointly with the Chief Officer a report to the Executive where virement in excess of £10,000 is proposed, or to the Council for sums in excess of £30,000.
6. To comment formally on the proposed exercise of virement for items under £10,000.
7. To monitor and report to the Executive on the exercise of virement on a quarterly basis.

Appendix A (Continued)

### Responsibilities of the Executive, Portfolio Holders and Chief Officers

8. The Executive, a Portfolio Holder or Chief Officers may exercise virement on

budgets under their control for amounts up to £10,000 on any budget head during the year, following notification to the Chief Finance Officer and in consultation with each other under arrangements agreed by the Council and set out below.

9. Amounts greater than £10,000 require the approval of the Executive, following a joint report by the Chief Finance Officer 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 years. Amounts greater than £30,000 require the approval of the Council.
10. The prior approval of the Executive is required for any virement, of whatever amount, where it is proposed to:
  - vire between budgets of different accountable Executive Members
  - vire between budgets managed by different Chief Officers and by the Council if the proposal exceeds £30,000.
  1. Virement that is likely to impact on the level of service activity of another Chief Officer should be implemented only after agreement with the relevant Chief Officer.
  2. No virement relating to a specific financial year can be made after 31 March in that year. (Refer to treatment of year-end balances section below).
  3. 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:

the amount is used in accordance with the purposes for which it has been established

the Executive has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of amounts provided should be reported to the Executive.

| Virements Actioned for Period 11 September 2001 to 1 March 2002 |   |                    |                         |                | API        |
|---|---|--------------------|-------------------------|----------------|------------|
| Date  | Virement Details  | Year               | Permanent/<br>Temporary | Value<br>£     | Auth<br>By |
| 10-Jan-02   | Repair & Maintenance Contract<br>reallocation of Civic Centre budget<br>(vired from various headings to Windows contract)   | 2001/02            | Temporary               | 15,400         | Mik        |
| 17-Jan-02   | IT budgets vired from stationery to Computer<br>Room Management/Repairs   | 2001/02<br>2002/03 | Permanent<br>Permanent  | 9,000<br>9,000 | J N<br>J N |
| 24-Jan-02   | IT budgets vired from telephone to mobile phone<br>budget   | 2001/02<br>2002/03 | Permanent<br>Permanent  | 2,400<br>2,460 | J N<br>J N |
| 18-Feb-02   | Bus Shelter General Repair costs vired to<br>Security Costs - Gates at Irishgate Bridge/<br>Millennium Gallery. The County Council now make a<br>contribution to the Bus Shelter maintenance costs. | 2002/03            | Permanent               | 6,500          | M E        |