

**RIBBLE VALLEY BOROUGH COUNCIL** **INFORMATION**  
**REPORT TO ACCOUNTS AND AUDIT COMMITTEE**

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Agenda Item No

meeting date: 25 NOVEMBER 2009  
title: USE OF VIREMENTS  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

**1 PURPOSE**

- 1.1 At the meeting of this committee on the 16 September 2009 members requested an update report on the ability for budget holders to use virements in the control of their budgets.
- 1.2 Relevance to the Council's ambitions and priorities: This report contributes to the council's ambition to be a well managed council providing efficient services based on identified customer needs

**2 FINANCIAL REGULATIONS**

- 2.1 The council's financial regulations have recently been reviewed and updated. It is good practice to keep the financial regulations under regular review in order to take account of evolving working practices.
- 2.2 The updated financial regulations were approved by Policy and Finance Committee on 22 September and by Full Council as an update to the Council's Constitution on the 20 October.
- 2.3 The financial regulations provide the overall key control framework to enable the Council to exercise effective financial management and control of its resources and assets. Another key purpose of the Regulations is to support and protect Members and staff in the performance of their duties where financial issues are involved.
- 2.4 One section of the financial regulations refers to budgetary control, which is aimed at ensuring that once Full Council has approved a revenue budget or capital programme, the resources allocated are used for their intended purpose and are properly accounted for.

**3 VIREMENTS BETWEEN BUDGETS**

- 3.1 Virements are a mechanism which is provided for in the financial regulations within the section on budgetary control and allows for the switching of funds between budget heads where this is required to maintain service levels and achieve policy objectives.
- 3.2 The financial regulations stipulate that subject to ultimate approval from the Director of Resources, budget allocations may be moved between revenue budget heads or between schemes in the capital programme.
- 3.3 The budget holder requesting the virement must complete the 'virement form' – see Annex 1 for sample. This must be completed giving full details and reasons for the request. The form must be signed by the Budget Holder, their Director and also the Director of Resources.

- 3.4 A virement is approved for the specific year in which it is requested and would be approved only as a one-off transfer of funds. There is no expectation of, or recurring reliance upon, the transfer of a budget in future financial years. Any such recurring requirement would need to be considered separately within the budget process.
- 3.5 In this case a request for recurring growth would be considered alongside all other budget head requests for growth (and usually it is suggested that growth items are offset by savings found elsewhere in the budget).
- 3.6 The table below provides details of the authorisation required for virements, dependent on the level of virement required.

	Revenue	Capital	Approval required
Up to	£500	£1,000	by the Service Manager
Up to	£5,000	£10,000	by the Director
Up to	£10,000	£25,000	by the Director of Resources
Up to	£25,000	£50,000	by the Service Committee
Over	£25,000	£50,000	by Policy and Finance Committee

*As stated previously however, we ensure all virement requests are (as a minimum) authorised by the budget holder, service Director and also Director of Resources.*

*In addition transfer of any budget for capital schemes would always be reported to the appropriate Committee before approval.*

- 3.7 In an average year there would be approximately ten requests for virement on revenue budgets, and generally these would be for a value below £5,000. The availability of the flexibility of virements, yet the low usage of the facility, is an indication of the robust initial budget setting procedure that we have in place. Shown at Annex 2 is a list of the virements for 2008/09.

#### 4 CONCLUSION

- 4.1 The use of virements allows the budget holder to be flexible in meeting the demands of maintaining service levels and to switch funds to meet policy objectives. Whilst it is a useful facility, transfer of funds under these arrangements is of a non-recurring nature.
- 4.2 The low usage of virements by budget holders is an indicator of the robust budget setting procedure that is in place at the council

LAWSON ODDIE  
FINANCIAL SERVICES MANAGER

AA21-09/LO/AC  
13 November 2009

**VIREMENT REQUEST FORM**

IN ACCORDANCE WITH FINANCIAL REGULATION NUMBER 6 – PERMITTED VIREMENT I HEREBY REQUEST THE FOLLOWING TRANSFER

Estimate Year \_\_\_\_\_ Estimate Type (01-Original or 02-Revised) \_\_\_\_\_

	Ledger Code	Ledger Code Description Eg Development Department/Equipment & Materials	Current Budget as per Powersolve £	Amount of Virement £	Resulting Budget £
Budget to be transferred from	/				
Budget to be transferred to	/				
Reason for Virement					

Approved By: Budget Holder \_\_\_\_\_

Date \_\_\_\_\_

Director \_\_\_\_\_

Director of Resources \_\_\_\_\_

<b>Accounts Section Only</b>	
Virement Number	
Entered on Powersolve By	
Date	

## Annex 2

### Virements completed in the Financial Year 2008/09

Reason: <i>To fund extra staffing required to cover for long term sickness</i>		
From	Street Cleansing/Fees and Charges	-3,500
To	Street Cleansing/Temporary Staff	3,500

Reason: <i>Purchase of a colour copier for the print room which is currently leased</i>		
From	Organisation and Member Development/Leasing Equipment	-2,410
To	Organisation and Member Development/Purchase of Equipment and Materials	2,410

Reason: <i>Changes in the funding structure for Arts Development which requires budgeted funding to transferred from the Platform Gallery to Arts Development</i>		
From	Platform Gallery/Promotional Activities	-3,300
To	Arts Development/Promotional Activities	3,300

Reason: <i>Contribution towards Ribble Valley Food Trail Reprint</i>		
From	Corporate Services/Promotional Activities	-1,000
To	Tourism/Promotional Activities	1,000

Reason: <i>Pennine Lancashire Food Festival</i>		
From	Economic Development/Promotional Activities	-3,000
To	Tourism/Publicity	3,000

Reason: <i>Purchase of Mowers, Major Repairs and Hire of Sweeping Equipment</i>		
From	Grounds Maintenance/Rechargeable Works income	-7,000
To	Grounds Maintenance/Repairs and Maintenance	1,500
	Grounds Maintenance/Hire of Plant	1,000
	Grounds Maintenance/Purchase of Equipment and Materials	4,500

Reason: <i>Replacement of Worn CCTV Cameras</i>		
From	CCTV/Repairs to Equipment and Materials	-6,500
To	CCTV/ Purchase of Equipment and Materials	6,500

Reason: <i>Use of Pump Priming Grant for Hire of Sweeper</i>		
From	Street Cleansing/Pump Priming Grant	-1,390
To	Street Cleansing/Hire of Plant	1,390

Reason: <i>Student Fee for CIPFA Training</i>		
From	Financial Services/Refreshments	-400
To	Financial Services/Tuition Fees	400

Reason: <i>Increase on Annual Billing Postage Higher than Anticipated</i>		
From	Council Tax/Printing and Stationery	-1,000
	Council Tax/Warrant Fees	-1,010
To	Council Tax/Postages	2,010

Reason: <i>Use of Pump Priming Grant for Hire of Sweeper</i>		
From	Street Cleansing/Pump Priming Grant	-1,390
To	Street Cleansing/Hire of Plant	1,390

Reason: <i>Purchase of IT Equipment and Desk</i>		
From	Legal Services/Tuition Fees	-1,390
To	Legal Services/ Purchase of Equipment and Materials	1,390