

Scheme of Transfers and Virements under Standing Order 17(a)

Definitions

Unless specified to the contrary within the specific paragraphs, each of the following words within this Scheme of Transfers and Virements has the precise meaning assigned to it in this scheme.

Accounts – For the purposes of this scheme, the Council shall be considered to be operating three “accounts” – the General Fund, the Housing Revenue Account, and the Capital Programme.

Budget – The Council’s budget agreed by Full Council for a financial year is set at a Council meeting at the same time as the Council Tax levels are set for the financial year and is amended from time to time in accordance with this scheme or other relevant powers.

The budget includes planned expenditure and income for the Accounts, as well as transfers into and out of Reserves and Provisions.

The General Fund budget for each financial year contains the policy proposals included in the Service Development Plans, as amended by the Service Area Budget – Savings Appendix of the Report and summarised in the General Fund Budget Summary Appendix of the Report. The matrices in the Service Area Budget Summary Appendix of the Report show budget heads within each service area.

The Housing Revenue Account budget for each financial year is set out in the Housing Revenue Account Appendix of the Report.

The Capital Programme is set out in Capital Programme Forecast Appendix of the Report. This is set in the context of the Prudential limits set out in of the Report.

Full Council may amend the Budget at any time during the financial year, and the amended budget will replace the budget set at the budget setting Council meeting held before the start of the financial year .

Reserves and Provisions – The Council sets aside amounts from its Accounts from time to time to meet potential future specific or general liabilities or risks. Collectively the cumulative values of these amounts are called the Council’s Reserves and Provisions.

The values of Reserves and Provisions which are subject to the Transfer provisions of this scheme are those that appeared in the Council’s accounts as at 31st March of the previous financial year in respect of that year (for example, the values for 2004/5 were the values for 2003/4 as they appeared in the accounts as at 31st March 2004) as amended by appropriations contained in the other elements of the budget.

Reserves and Provisions Established by the Director of Finance and Corporate Resources - The Director of Finance and Corporate Resources may agree that reserves be established by a Service Area at the end of the Financial Year for a

specified purpose, where the Service Area has sought permission from the Director of Finance and Corporate Resources to apply some of all of that reserve to expenditure for that specified purpose in the next Financial Year and the Director of Finance and Corporate Resources is of the opinion that this is a reasonable and prudent use of the resources.

The Report - References to the “Report” are references to the “Budget and Council Tax” report as agreed by Full Council at the budget setting meeting held to set the budget before the start of the current financial year.

Virements – A virement is an increase in any budget or budgets or part of a budget or budgets that is matched by an equal and opposite decrease in any other budget or budgets or part of budgets within the same Account, such that when the total changes are aggregated the net change across all budgets within that Account is zero.

Schedule of Earmarked Reserves and Provisions - the Schedule of Earmarked Reserves and Provisions approved by Full Council at the budget setting meeting held before the start of the financial year.

Transfers – For the purposes of this scheme, a Transfer is a movement of funds from any reserve, provision or Account to any other reserve, provision or Account.

New Spending – Any increase in gross expenditure or reduction in gross income above the aggregates included in each Account is considered to be “*new spending*” for the purposes of this scheme.

Earmarked Supported Borrowing – A permission to borrow issued by a Department of State limited to a specific purpose and coming with a commitment to include the financing charges within the calculation of Revenue Support Grant or Housing Subsidy.

GENERAL PROVISION

1. Except where explicitly stated to the contrary, no virement, transfer, or new spending is authorised by this scheme if it is in conflict with the Policy Framework or if it conflicts with anything specifically agreed by Full Council as part of the budget setting process other than by a decision of Full Council.

TRANSFERS

General

2. Spending on any Account above that allowed for in the Budget, or a shortfall in income below that estimated in the Budget will result in a charge to Reserves unless compensating changes are made. This follows from the Accounting Code of Practice, which has Statutory force. It is acknowledged that such transfers may result in a conflict with the Policy Framework. Statute provides procedures for dealing with such transfers, especially where the resultant transfers exhaust Reserves and Provisions. This scheme does not

deal with these transfers, although limits are placed on the Executive's action to minimise the chance that such circumstances arise.

3. In certain circumstances where such overspends on Accounts arise, there is a choice as to which Reserve the charge should be made. There may also be circumstances in which Provisions can be used to prevent Reserves being exhausted. These are matters that are reserved to Full Council.

Earmarked Reserves and Provisions for Specified Purposes

4. Certain reserves and provisions have been established to aid the smooth running of the Council's finances, and it will be normal to charge costs to those reserves and provisions subject to financial regulations and local procedures and policies. These are listed in Part A of the Schedule of Earmarked Reserves and Provisions, and officers may make transfers from these reserves and provisions up to the amounts in them for the specified purposes.
5. Part B of the Schedule of Earmarked Reserves and Provisions lists those other reserves and provisions from which transfers may only be made on the authority of the Executive, up to the limits of the amounts in them and for the purposes for which they were established.
6. Transfers from Reserves and Provisions Established by the Director of Finance and Corporate Resources may be made by the Director of Finance and Corporate Resources up to the amount of £250k. Transfers of any greater amount may only be made on the authority of the Executive.
7. Transfers from Reserves and Provisions not included in the Schedule of Earmarked Reserves and Provisions or transfers from Reserves and Provisions for purposes other than those for which they were established require the approval of Full Council, unless otherwise allowed by this scheme.

Executive Powers

8. The Executive shall have the power to approve any Transfer that does not result in New Spending across Accounts, on the recommendation of the Director of Finance and Corporate Resources, for the purposes of the efficient management of the Council's affairs.
9. For the purposes of maintaining Reserves at a prudent level (as determined by the Executive on advice from the Director of Finance and Corporate Resources,) the Executive may make any Transfer from any Account to the appropriate Reserve if there is a reported saving in that Account.

10. The Executive may make one or more Transfers up to a total of £500,000 in the financial year from any Reserve to any appropriate Account for the purposes of New Spending provided that:
- (a) Reserves are maintained at a prudent level after considering the effect of the Transfer and any risks that fall upon Reserves;
 - (b) The Account to which the Transfer is to be made is not immediately prior to making the transfer forecast to overspend; and
 - (c) The New Spending is for an objective contained within the Policy Framework, the Corporate Strategy, a legislative requirement or a contractual obligation.

VIREMENTS – GENERAL FUND

Officers

11. Officers may make any virement within a budget line in a service area (i.e. within any one line in the Service Area Budget Summary Appendix of the Report).
12. Subject to paragraph 12, officers may agree any virement within their area of responsibility which:
- (a) Is designed to keep function and finance together (as determined by the Director of Finance and Corporate Resources); or
 - (b) Increases the budget of a unit that is overspending by reducing that of a unit that is underspending.
13. Virements in paragraph 11 may only be agreed by officers provided that:
- (a) They do not result in a commitment which would itself lead to an increased overspend in the current financial year or give rise to unfunded expenditure in future years;
 - (b) They are consistent with the Service Development Plan;
 - (c) They do not conflict with any prior decision made or policy or plan or strategy adopted by the Executive; and
 - (d) They are reported to the Director of Finance and Corporate Resources.
14. The Director of Finance and Corporate Resources may agree any virement between areas of responsibility of different Officers whose effect falls within the criteria set out in paragraph 11 subject to the constraints in paragraph 12(a) to 12(c).

Executive

15. Subject to paragraph 15, the Executive may agree any virement either within or between any Service Area which:
- (a) Falls within the purposes of paragraph 11;
 - (b) Helps to maintain prudent levels of Reserves; or
 - (c) Helps to keep expenditure within the overall budget totals; or
 - (d) Finances new initiatives supporting the Policy Framework or the Corporate Strategy but not explicitly included in the Service Development Plan and Budget.
16. The Executive may only agree virements under paragraph 14 if it has received advice from the Director of Finance and Corporate Resources that after the virement:
- (a) Reserves remain at prudent levels; and
 - (b) No unfunded expenditure commitments arise in future years.

New Spending

17. Where additional resources arise during the year and these are limited for a specific use (e.g. because of grant conditions), then officers may commit the New Spending provided that:
- (a) There is no unfunded spending commitment for future years;
 - (b) Any match funding for the current year is met from identified underspends; and
 - (c) The Director of Finance and Corporate Resources certifies that the criteria in paragraph 15 apply.
18. Where additional resources arising from additional income, grant not limited for a specific use, or underspends of budgets are identified, then the Executive may agree New Spending, subject to the criteria in paragraphs 14 and 15.

VIREMENTS - CAPITAL PROGRAMME

General

19. The Capital Programme consists of individual projects and sums allocated for work of a particular type. Financial Regulations dictate that the latter type of expenditure can generally only be spent after approval by Executive of project schemes within that type.
20. Capital projects often span more than one year, and include provisions for contingencies, provisional sums and the like. This generates a degree of flexibility available for managing the overall programme and this scheme takes advantage of that flexibility.
21. Many funding streams for Capital projects are limited to particular types of projects. Nothing in this scheme allows virement between projects if the funding stream cannot be vired because of some other condition or limitation restricting or precluding a virement.
22. The Capital Programme is funded by a combination of capital receipts, grants and other direct external contributions and borrowing. The total amount of permitted borrowing can be varied during the financial year under the terms of Local Government Act 2003 and relevant regulations. Apart from any contingencies agreed in the Budget, this scheme does not permit any increase in the level of permitted borrowing beyond that agreed in the Budget. Such increases require approval by Full Council in the context of advice from the Director of Finance and Corporate Resources and subject to CIPFA's *"The Prudential Code for Capital Finance in Local Authorities."*

Officers

23. Officers should make such virements as are necessary to ensure that the overall capital spend is kept within the sums allocated for that purpose within their area of responsibility provided that:
 - (a) They do not stop or significantly change projects approved by Full Council or the Executive except where as part of project approval the Full Council or Executive has delegated authority to officers to revise or reschedule such projects;
 - (b) They do not commit expenditure beyond resources available in future years; and
 - (c) They report changes to the Director of Finance and Corporate Resources.

Executive

24. The Executive may make such virements within the Capital Programme as are necessary to ensure that overall spending is within the resources available, and it can bring forward, delay or stop projects as necessary to achieve this.
25. The Executive may vire funding from one set of capital projects to another without limit provided that:
 - (a) Reductions are not made to funding of projects below the level that is contractually committed;
 - (b) Spending commitments in future years are not made beyond the resources available to fund them.

New Spending

26. Where new Capital resources, not limited to specific purposes, are identified during the year, the Executive may commit new expenditure from the reserve list, where such a list exists, in its own priority order providing that:
 - (a) The Capital Programme is not projected to overspend its resources;
 - (b) Spending commitments in future years are not made beyond the resources available to fund them.
27. Where new Capital resources, not limited to specific purposes, are identified during the year, and the reserve list has been fully funded, the Executive may commit new expenditure on other capital schemes provided that:
 - (a) The Capital Programme is not projected to overspend its resources;
 - (b) Spending commitments in future years are not made beyond the resources available to fund them;
 - (c) The new spending meets objectives set out in the Policy Framework or the Corporate Strategy.
28. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do not require matched funding, the Executive may commit new expenditure provided that:
 - (a) Spending commitments in future years are not made beyond the resources available to fund them;
 - (b) If the new funding is by Supplementary Credit Approval, a report is received from the Director of Finance and Corporate Resources indicating that the cost of the new borrowing is affordable;

- (c) The new spending meets objectives set out in the Policy Framework or the Corporate Strategy.
29. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do require matched funding, the Executive may commit new expenditure on that match funding provided that:
- (a) The Reserved List, where such a list exists, has been fully committed and there are sufficient capital resources available to meet the match funding requirements directly or by virement, OR additional revenue resources have been identified to meet the match funding requirements;
 - (b) Spending commitments in future years are not made beyond the resources available to fund them.

VIREMENTS – HOUSING REVENUE ACCOUNT

30. The Director of Housing and Community Care may make any virements necessary for the efficient running of the Housing Revenue Account within the Account, including the use of revenue resources for capital purposes, provided that:
- (a) Spending commitments in future years are not made beyond the resources available to fund them; and
 - (b) The changes are reported to the Director of Finance and Corporate Resources.

REPORTING ARRANGEMENTS

31. Subject to paragraph 30, all Transfers, Virements and New Spending are to be reported to Full Council whether or not they require Full Council's approval. Normally this will be done by means of the regular expenditure monitoring reports made by the Director of Finance and Corporate Resources. The reports will classify changes by whether Officer, Executive or Full Council approval was required.
32. Virements within one line of the Service Area Budget Summary Appendix of the Report, Transfers falling within Part A of the Schedule of Earmarked Reserves and Provisions and Virements within the HRA will not normally be reported to Full Council but will be reported if the Director of Finance and Corporate Resources or the monitoring officers consider that a report should be submitted.
33. Any failure to report to or notify the Director of Finance and Corporate Resources on any matter as required under this scheme will not invalidate the decision by virtue of that failure to report or notify alone.

Schedule 1

Earmarked Reserves and Provisions

PART A Officers have the authority to make transfers from these reserves and provisions up to the amounts in them for the specified purpose.

Standards Fund	Connexions
Single Regeneration Budget	Quality Improvement
Service Unit Transfers	Supporting People
Learning and Skills Council	Social Services and Housing PFI
NNDR Revaluation Refunds	Viewstar Replacement
Access Fund	Pension Transfer Rights
Middlesex House and Lancelot Road	HB Verification Framework
Systems Development	Reorganisation Costs
JFS	Granville Plus
Care for the Elderly	Property Reserve
	Local PSA

PART B Transfers may only be made on the authority of the Executive.

Section 106 and Commuted Car Parking
 Dollis Hill House
 Capital Funding
 Edward Harvist Trust
 Capital Support for DDA
 Chalkhill