

Scheme of Transfers and Virements under Standing Order 20(I)

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 Plans, as amended by the Department Budget — Savings Appendix of the Report and summarised in the General Fund Budget Summary Appendix of the Report. The matrices in the Department Budget Summary Appendix of the Report show budget heads within each Department.~~

~~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** — The Director of Finance may agree that reserves be established by a Department at the end of the Financial Year for a specified purpose, where the Department has sought permission from the Director of Finance to apply some of all of that reserve to expenditure for that specified purpose in the next Financial Year and the Director of Finance 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 the Constitution 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.
2. The CIPFA Code of Practice on Local Authority Accounting in United Kingdom takes precedence over this document in determining how items should be accounted for; nothing in this document shall be construed as requiring the requirements of the Code of Practice to be breached.
3. Reserves must not be used to fund ongoing overspends unless there is an agreed, realistic plan to eliminate the overspend before the reserve is exhausted (this applies to all reserves, both earmarked and non-earmarked). The Director of Finance must review planned uses of reserves to ensure that these are not being used to hide or obscure systemic overspends. The Director of Finance must report to Full Council report any areas with inadequate plans to address overspends.

TRANSFERS BETWEEN FUNDS AND TO/FROM RESERVES

General

4. Spending on any ~~Account~~ Fund (that is the General Fund (GF), Housing Revenue Account (HRA), Dedicated Schools Grant (DSG) or Capital Programme) 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 Constitution. ~~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 Cabinet’s action to minimise the chance that such circumstances arise.
5. In certain circumstances where such overspends on Funds ~~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.~~ The annual Budget Report will identify which reserves overspends will and will not be charged against,

for approval by Full Council. In the event of inadequate reserves to fund overspends, the Director of Finance may have to use additional reserves to fund overspends, any such action is to be reported to Full Council.

Earmarked Reserves ~~and Provisions~~ for Specified Purposes

6. ~~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~~ Further, the council has capital monies, such as capital grants and capital receipts held in the council's useable reserves. The Schedule of Earmarked Reserves ~~and Provisions~~ in the Budget Report must specify how the council's useable reserves are to be used, including if they can be used to fund overspends, and this needs to be approved by Full Council as part of the Budget Report. Officers may make transfers from these reserves ~~and provisions~~ up to the amounts in ~~the Budget Report~~ ~~them~~ for the specified purposes.
- ~~7. 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 Cabinet, up to the limits of the amounts in them and for the purposes for which they were established.~~
- ~~8. Transfers from Reserves and Provisions Established by the Director of Finance may be made by the Director of Finance up to the amount of £250k. Transfers of any greater amount may only be made on the authority of the Cabinet.~~
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~~ Cabinet is permitted to do this in accordance with the next section.

Cabinet Powers

8. The Cabinet shall have the power to approve any Transfer that does not ~~result in New Spending across Accounts~~ additional gross expenditure or reduction in gross income across Funds (GF, HRA, DSG), on the recommendation of the Director of Finance, for the purposes of the efficient management of the Council's financial affairs.
9. For the purposes of maintaining reserves at a prudent level (as determined by the Cabinet on advice from the Director of Finance), the Cabinet may make any Transfer from any ~~Fund Account~~ to the appropriate reserve if there is a reported ~~underspend in that Fund.~~ ~~saving in that Account.~~
10. The Cabinet may make one or more Transfers up to a total of ~~£500,000~~ £1,500,000 in the financial year from any Reserve to any appropriate ~~Fund 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 ~~Fund 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 [Borough Plan Policy Framework](#), ~~the Corporate Strategy~~; a legislative requirement or a contractual obligation.

VIREMENTS – GENERAL FUND AND DEDICATED SCHOOLS GRANT

Officers

11. Officers may make any virement within a budget line in a ~~department~~ service area within a single fund (i.e. within the control of a single operational director and within either the General Fund or the Dedicated Schools Grant budget ~~any one line in the Department Budget Summary Appendix of the Report~~).
12. Subject to paragraph 13, officers may agree any virement within their area of responsibility which is designed to keep function and finance together (as determined by the Director of Finance), [such as moving budget following a restructure that moves responsibility and staffing from one service area to another](#).
- ~~(a) — Increases the budget of a service that is overspending by reducing that of a service that is underspending.~~
13. Virements in paragraph 12 may only be agreed by officers provided that:
- 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;
 - They are consistent with the [Borough Service Plan](#);
 - They do not conflict with any prior decision made or policy or plan or strategy adopted by the Cabinet ; and
 - [The virements are not used to circumvent the rules on use of earmarked reserves, or on new income and underspends detailed within this scheme; and](#)
 - They are reported to the Director of Finance.
14. The Director of Finance may agree any virement between areas of responsibility of different Officers whose effect falls within the criteria set out in paragraph 12 subject to the constraints in paragraph 13(a) to 13(c).

Cabinet

15. Subject to paragraph 16, the Cabinet may agree any virement either within or between any Department which:
- [Is designed to keep function and finance together \(as determined by the Director of Finance\), such as moving budget following a restructure that moves responsibility and staffing from one service area to another; Falls within the purposes of paragraph 12;](#)
 - Helps to maintain prudent levels of Reserves; or
- ~~Helps to keep expenditure within the overall budget totals; or~~

- (c) Finances new initiatives supporting the **Borough Plan Policy Framework or the Corporate Strategy** but not explicitly included in the Service Plan and Budget.
16. The Cabinet may only agree virements under paragraph 15 if it has received advice from the Director of Finance that after the virement:
- (a) Reserves remain at prudent levels; and
 - (b) The virements are not used to circumvent the rules on use of earmarked reserves, or on new income and underspends detailed within this scheme; and
 - (c) 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 certifies that the criteria in paragraph 16 apply.~~
- ~~18. Where additional resources arising from additional income, grant not limited for a specific use, or underspends of budgets are identified, then the Cabinet may agree New Spending, subject to the criteria in paragraphs 15 and 16.~~

New Income and underspends

17. If the council receives new grant, donations or contributions, and these are limited for a specific purpose (such that only one service area can utilise the new income), then officers may commit to additional expenditure providing that:
- (a) There is no unfunded spending commitment for future years; and
 - (b) Any match funding for the current year is met from identified underspends.
18. If the council receives new grant, donations or contributions, and these could be used for two or more different purposes (i.e. more than one service area can utilise the funding), then Cabinet may determine how this funding is used, providing that:
- (a) *It is used to deliver or support objectives within the current Borough Plan or other council strategies or plans;*
 - (b) There is no unfunded spending commitment for future years; and
 - (c) Any match funding for the current year is met from identified underspends.

19. Proposals to spend new income from grants, donations or contributions on objectives outside both the Borough Plan and not to and the council's other strategies and plans require approval from Full Council.
20. Where service areas generate additional income from current income streams, or underspend on expenditure, this can be used by officers, subject to approval by the Director of Finance, for:
 - (a) Addressing overspends in the council,
 - (b) Match funding new grant, donations or contributions (as set out in paragraphs 17 and 18), and/or
 - (c) Allocating to reserves (subsequent use of reserves is subject to the rules set out under the "Earmarked Reserves for Specified Purposes" heading in this document).
21. Cabinet may approve use of additional income from current income streams, or underspends on expenditure for new items of expenditure if the objectives are within the Borough Plan or to carry out the council's statutory responsibility, and no unfunded commitments are created in current or future years. Approval from Full Council is necessary for new items of expenditure outside the objectives of the Borough Plan or to carry out the council's statutory responsibility.
22. Officers may create new income streams where both the additional income and the estimated risk to the council is less than £0.1m (as determined by the Director of Finance), above this limit approval is required from cabinet where the additional income will be spent on objectives in the Borough Plan or to carry out the council's statutory responsibility;, and from Full Council where it will be spent on objectives outside the Borough Plan or not to carry out the council's statutory responsibility.

VIREMENTS - CAPITAL PROGRAMME

General

23. 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 Cabinet of project schemes within that type~~ a number of programmes managed by an Operational Director and then further broken down into projects with their own Project Manager. The Capital Programme is funded by a combination of capital receipts, grants and other direct external contributions and borrowing. The Director of Finance is responsible for ensuring the capital programme is affordable, prudent and sustainable in line with CIPFA's Prudential Code for Capital Finance in Local Authorities (2017).
24. 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.~~
25. 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.

~~26. 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 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 subject to CIPFA's "The Prudential Code for Capital Finance in Local Authorities."~~

Officers

26. ~~Directors~~ **Officers** should make such virements, **including between both project and programme headings**, 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 Cabinet except where as part of project approval the Full Council or Cabinet 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.~~ **Where the change is:**
 - **Up to £0.5m, the change is approved by the appropriate Programme Board**
 - **Between £0.5m-£3m, the change is approved by Capital Programme Board**

Cabinet

27. The Cabinet 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.
28. The Cabinet may vire funding **between both project and programme headings**, ~~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 **already committed to the relevant projects/programmes within the Capital Programme.** ~~available to fund them.~~

Treatment of Year-end Balances

29. **Due to the multi-year nature of capital projects, at the end of each financial year the actual expenditure may deviate from budget. This will include projects that have underspent due to delays or overspending as a project is ahead of schedule.**
30. **The Cabinet may vire of budget within approved capital projects across financial years to reflect timing differences between planned expenditure and actual expenditure.**

New Spending

31. Where new Capital ~~resources, not limited to specific purposes,~~ projects are identified during the year, the Cabinet may commit new expenditure ~~from the reserve list, where such a list exists, in its own priority order~~ provided that:
- (a) Spending commitments in future years are not made beyond the resources already committed to the relevant projects/programmes within the Capital Programme; ~~the resources available to fund them.~~
 - (b) The cost of any new borrowing is affordable and prudent; ~~The Capital Programme is not projected to overspend its resources;~~
 - (c) The new spending meets objectives set out in the Borough Plan. ~~Policy Framework or the Corporate Strategy.~~
- ~~32. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do require matched funding, the Cabinet 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

32. The Member of the Council Management Team Responsible for Housing ~~Regeneration and Growth~~ may make any virements necessary for the efficient running of the Housing Revenue Account (HRA) within the HRA Account, including the use of revenue resources for capital purposes ~~except purchase or construction of new properties,~~ provided that:
- (a) Spending commitments in future years are not made beyond the resources available to fund them;
 - (b) The changes are reported to the Director of Finance.
33. Purchase and/or construction of new properties shall be subject to the approval process set out in the Capital Programme section.

REPORTING ARRANGEMENTS

34. Subject to paragraph 32, all Transfers, Virements and New Income Spending are to be reported to ~~Cabinet Full Council~~ whether or not they require ~~Cabinet's Full Council's~~ approval. Normally this will be done by means of the regular expenditure monitoring reports made by the Director of Finance. The reports will classify changes by whether Officer, Cabinet or Full Council approval was required.

35. Virements within one line of the Department Budget Summary Appendix of the Report, [within one capital programme portfolio headings, \(except purchase and/or construction of new properties\)](#) ~~Transfers falling within Part A of the Schedule of Earmarked Reserves and Provisions and Virements within the HRA~~ will not normally be reported to [Cabinet, Full Council](#) but will be reported if the Director of Finance or the Monitoring Officer consider that a report should be submitted.
36. Any failure to report to or notify the Director of Finance on any matter as required under this scheme will not invalidate the decision by virtue of that failure to report or notify alone.