

Part A

Report to: Council

Date of meeting: Tuesday, 18 July 2023

Report author: Head of Finance

Title: Constitution Update - Virement Rules

1.0 Summary

1.1 The Budget and Policy Procedure Rules include the agreed Scheme of Virement which exists to enable the Mayor, Executive/ Cabinet, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council. The scheme of virement has been updated to provide a simplified approach which will enable budgets to be realigned to meet the requirements of budget managers which will strengthen financial control and accountability at Officer level.

1.2 The updated Scheme of Virements is at section 5.0 within the Budget and Policy Procedure Rules which are attached at Appendix 1.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
The Budget and Policy Procedure Rules are not updated	Budgets are not updated in a timely manner to facilitate budget monitoring	Updated rules are approved	Treat	2

3.0 Recommendations

3.1 To approve the updated Budget and Policy Procedure Rules at appendix 1.

Further information:

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Report approved by:

Alison Scott, Shared Director of Finance

4.0 Detailed proposal

- 4.1 The Scheme of Virement is set out in section 5.0 of the Budget and Policy Procedure Rules which form Part 4(4) of the Council's Constitution.
- 4.2 The Scheme of Virement exists to enable the Mayor, Executive/ Cabinet, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council. Virements must always balance to zero and do not create an additional budget requirement with the exception of Supplementary Estimates which must be approved by Full Council.
- 4.3 The proposed changes to the Scheme of Virement will enable budget movements to be made within budget headings as set out in the budget approved by Council. This enables budgets to be updated to reflect budget management responsibilities and management structures, simplifying the budget monitoring process and increasing accountability.
- 4.4 Movements between budget headings, as set out in the budget approved by Council, remain subject to approval by Cabinet for movements up to £100,000 and for approval by Full Council over £100,000.
- 4.5 It is good practice to regularly review the provisions within the Council's Constitution to ensure that they remain appropriate to the operating environment. As such, a review of the Financial Procedure Rules will be undertaken by Officers and reported to Council during 2023/24.

5.0 Implications

5.1 Financial

- 5.1.1 The Shared Director of Finance comments that the proposed changes to the virement rules will strengthen financial management arrangements at Officer level while retaining the existing levels of oversight exercised by Council.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 The Group Head of Democracy and Governance comments that as this is an amendment to the constitution it requires the approval of Council.

5.3 Equalities, Human Rights and Data Protection

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no equalities or human rights implications.

5.4 Staffing

5.4.1 There are no staffing implications arising from this report.

5.5 Accommodation

5.5.1 There are no accommodation implications arising from this report.

5.6 Community Safety/Crime and Disorder

5.6.1 There are no community safety/crime and disorder implications arising from this report.

5.7 Sustainability

5.7.1 There are no sustainability implications arising from this report.

Appendices

- Appendix 1 – Budget and Policy Procedure Rules

Background papers

No papers were used in the preparation of this report.