

4.6 Financial Regulations and Procedure Rules

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1. THE BUDGET FRAMEWORK

1.1 The **Budget Framework** comprises the following;

- (a) General Fund Budget
- (b) Housing Revenue Account Budget
- (c) General Fund Capital ~~Investment~~ Strategy
- (d) Housing Revenue Account Capital Programme

1.2 ~~The~~ Council is responsible for agreeing the Budget Framework. It is the responsibility of the Executive (whether the Mayor, the Cabinet, individual Members or an officer acting on delegated authority) to operate within the Budget Framework.

1.3 Any proposal or decision by the Mayor or Executive that would result in expenditure exceeding the limits within the budget framework as defined above will be considered a breach of that framework, and must be dealt with in accordance with the Budget and Policy Framework Procedure Rules at Part 4.3 of section 4.3 of Part 4 to the Constitution.

2. FINANCIAL REGULATIONS

2.1 The Corporate Director, Resources is responsible for the administration of the Council's financial affairs. As part of her/his duties, s/he will, when s/he considers it appropriate, issue Financial Regulations/Procedures which are the rules governing the management of the Council's financial resources. S/he will ensure that the Regulations/Procedures and any updated or amended versions are made available to all chief officers, the Mayor and Members of the Council. These Regulations/ Procedures and any updated or amended versions will then be placed in Appendix A of these Rules.

2.2 It is the responsibility of all ~~chief~~Chief officers~~Officers~~ to comply personally with Financial Regulations/Procedures and to ensure that all officers within their ~~director~~Directorate with financial responsibilities also comply with them. Failure to comply with Financial Regulations/Procedures ~~may~~is likely to constitute a disciplinary offence and be investigated under the appropriate disciplinary procedure.

3. VIREMENT RULES

3.1 These rules aim to allow the Executive to manage the budget once it has been approved by Council, whilst also providing for good governance of financial matters. For more details on Virements please see FM2, FM5 and FA10 of Appendix A to these Rules.

3.2 A virement is the transfer of resources from one budget head to another, during a financial year. It is thus the financial consequence of a change in priority of service delivery or in the means by which services are delivered. It can also be the use of resources provided within the budget framework but which are not allocated for any specific purpose e.g. unallocated contingency. A virement will naturally flow from, and be part of, a decision.

3.3 The Executive shall have the power to vire resources within each of the above components of the Budget Framework agreed by Council, subject to the following limitations:

3.3.1(a) All individual virement proposals that exceed £1 million require the approval of ~~full~~ Council. Virements for the same budget head, project or substantively similar purpose which are below the £1m threshold should not cumulatively (over a period of three months) exceed the £1m limit without the approval of Council.

3.3.2(b) Individual virements between £250,000 and £1 million must be reported to the Cabinet for decision.

3.3.3(c) Individual virements below £250,000 can be authorised by the relevant Corporate Director/_Chief Officer provided that any virement so authorised which exceeds £100,000 must be subsequently reported to the Cabinet for noting.

3.3.4 (d) No virement to or from the following budgets (irrespective of the amount proposed) shall be made without the specific agreement of the Corporate Director, Resources:

- (i) Capital Financing (not normally available for virement)
- (ii) Support service and other forms of internal charges (to avoid unintended impact upon other departments' budget).
- (iii) Rates (to ensure compliance with rating legislation).
- (iv) Insurance (to ensure compliance with insurance policies).
- (v) Pensions (to ensure compliance with Pensions regulations).

3.4 Virements between ~~Departments~~ Directorates

The use of resources from one ~~department~~ Directorate to finance activities in another must be authorised by ~~the~~ Council or the Cabinet (depending on the level of resources involved) but the decision should only be made after advice from the relevant Corporate Directors and the Corporate Director, Resources. However, where the responsibility for a service(s) is merely

transferred from one ~~department~~ Directorate to another, the consequent transfer of budget resources is not deemed to be a virement for the purposes of these Rules.

3.5 Virements – Non-Financial Consequences

The Virement Rules refer only to the financial consequences of proposals and decisions by the Executive. However, such proposals and decisions can also impact upon services and upon the community. This needs to be acknowledged when determining the procedural arrangements for those proposals and decisions, for example they may represent a “key decision”.