



Mumbles
Community Council

VIREMENT POLICY

Approved by Council on 13/04/2021

To be reviewed by Council April 2023

1. Introduction

- 1.1 A budget is a series of estimated income and expenditure values which is prepared to allow the Community Council to monitor and control the amount it spends over the course of a financial year.
- 1.2 The Council must approve its budget each year by 31 January with the budget being effective for the following financial year from 1 April each year. Therefore, the information contained in the budget is at least 2 months out of date by the time it is implemented.
- 1.3 The combination of estimated values and the length of time since the budget was prepared means that it is inevitable that during the financial year, items of expenditure will arise which are not included in the budget or where the agreed budget is insufficient to meet the actual cost of the planned expenditure.
- 1.4 Financial Regulation 4.2 states the following and authorises the transfer of budgets i.e. virement in specific circumstances

'No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure by more than 10% of the budget other than by resolution of the Council. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').'

- 1.5 This policy provides guidance to Committees on the process of virement and the order in which budgets should be considered before recommending virement for approval by Council.

2. Budget Virement

- 2.1 It is important that every decision made by Committees and Council to incur expenditure identifies the budget that will fund the expenditure with the actual budget name and reference being recorded in the minutes of the meeting.
- 2.2 Where virement is required due to the original budget being insufficient or there being no budget, the relevant Committee must identify where the budget is to be vired from to fund the expenditure.

- 2.3 Virement should be considered in the following order
- From a budget with a known underspend within the Committee's own area of responsibility
 - From a budget with a known underspend within another Committee's area of responsibility subject to consultation with and the agreement of the Chair of the other Committee
 - From the Contingency included in the annual budget
 - From earmarked or general reserves
- 2.4 The virement must be agreed by the Committee and a recommendation made to Council.
- 2.5 If the virement is approved by Council, the RFO will action the budget transfers and they will appear on the next budget monitoring reports.
- 2.6 The Virement Policy should be reviewed by Council every 2 years.