



HOLME VALLEY PARISH COUNCIL

BUDGET VIREMENT POLICY

Version Control:

Versions:

- 1) Originally adopted 18 December 2017 Agenda Item: 1718 68
- 2) Re-adopted 15 May 2023 Agenda Item: 2324 12
- 3) Re-adopted 13 May 2024 Agenda Item: 2425 12



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BUDGET VIREMENT POLICY

1. Introduction

The Council's budget is normally set in early February for the next financial year and is the basis for the precept request from residents. Generally, there will be some over-spends and some under-spends on budget accounts by the end of each financial year.

The purpose of this Policy is to clarify when a transfer between budget accounts is to be made, how to deal with transfers from the Contingency account and what happens when a budget is exceeded or under-spent.

2. Why do we need a Virement Policy?

The Council has a Contingency budget account which is monies held for unexpected projects within the Parish and to prevent any drawdown on the Earmarked Reserves.

It should be noted that no payments should be made directly from the Contingency account, but a transfer is made (upon authorisation from the full Council, in accordance with Standing Orders and Financial Regulations) from the account to the nominated project and the payment made from there.

The Clerk/RFO produces an Actual versus Budget report regularly throughout the year, to show when accounts are over and under budget, but also approaching budget. It is therefore not necessary to itemise all spending over budget, only significant amounts (say £100 and over) but the full Council or its Finance & Management Committee may then wish to consider a virement. If Finance & Management Committee meets first (after any over-spend) that Committee must make a recommendation to full Council on any virement it considers to be necessary. Only full Council can decide whether a virement transfer is required.

3. Definition of Virement

Virement is the process of transferring a revenue budget from one budget heading to another, with the approval of the full Council. It can be used to amend budgets in the light of experience, or to reflect anticipated changes in the pattern of future income or expenditure.

The budget virement process is part of the practice to make sure that the Council has adequate policies and procedures in place to ensure effective system of financial control.

4. Financial Responsibilities

Budgetary control must be strictly maintained throughout the year in order that any potential expenditure over-spends or income loss within individual Committee or budget headings are identified at the earliest opportunity.

Any Committee that has a budget should review its financial position at every meeting.