

**VIREMENT AND CONTINGENCY RULES  
PART 4: RULES OF PROCEDURE  
CONSTITUTION OF LONDON BOROUGH OF HAVERING**

**Virements**

Virement is the ability to meet increased expenditure or reduced income under one service's budget head from savings in another. Virements may be used for both revenue and capital budgets.

Any decisions taken by the Executive shall not exceed those budgets allocated to each relevant budget head. Members do not have authority to create budgets.

Approval of virements must comply with the limits laid down in the Financial Procedure Rules (FPR).

Budget virements are required when a change to Council policy and/or service delivery requires resources to be reallocated, or when additional resources are received, or to meet any anticipated budgetary shortfalls.

All virements, whether revenue or capital, are subject to the following authorisation process as set out in the FPR, under Financial Planning and Financial Management, Section 6 of the FPR:

- (a) Virements in excess of £1 million will require Cabinet approval.
- (b) Virements between £250,000 and up to £999,999 will require approval by the relevant Cabinet Members.
- (c) All other virements will need to comply with procedures specified by the Chief Finance Officer (section 151 officer)

The cumulative value of virements for the year should be considered when deciding whether the various thresholds have been reached. The Chief Finance Officer will take the final decision as to whether a number of smaller virements need to be grouped together for threshold calculation purposes.

**Use of Contingency Funds**

The Chief Financial Officer may set up a central contingency fund. There will only be one such fund for the entire Council.

The Chief Financial Officer is authorised to release sums from the contingency if:

- (a) the amounts are not greater than £25,000, and
- (b) the item is deemed by them as unforeseen and a relevant use of the contingency, or
- (c) if the item is urgent (e.g. an emergency or threat to life) and there is insufficient time to consult with the relevant Cabinet Member.

The relevant Cabinet Member can release all other sums from the contingency if:

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- (a) the item is deemed by the Chief Financial Officer as unforeseen and a relevant use of the contingency, or
- (b) the item is urgent (e.g. an emergency or threat to life) after consultation with the Chief Financial Officer.

The Chief Executive has power to incur expenditure from the Contingency Budget without any further approval in exercise of their powers under paragraph 3.2 of part 3 of the Constitution to incur expenditure in connection with an emergency or disaster within the borough.

The Chief Financial Officer will also provide for a level of contingency for capital projects that is appropriate in their view, taking into account the level of risk associated with the capital programme. Sums will be released in accordance with the capital virement rules set out in the Financial Procedure Rules.