Noak Bridge Parish Council

Budget and Virement Policy

Version	Date Adopted	Minute Reference	Review Date
1	25/03/2026	35/2026/01	25/03/2029

1. Purpose

1.1. The budget sets the pre-authorised legal spending limits of the Council and provides the basis for determining the Council Tax requirement.

1.2. This policy establishes the rules governing transfers ("virements") between approved budget headings during the financial year, including treatment of income variances and the use of contingencies and earmarked reserves.

2. Informal Grievance Procedure

2.1. A virement is the transfer of an approved budget from one budget heading to another in order to reflect changes to service delivery, timing, or cost during the financial year.

2.2. Virements may apply to income or expenditure budgets, or both.

3. Principles

3.1. Virements shall not:

- a) alter the approved Precept requirement;
- b) create new ongoing financial commitments without Full Council approval;
- c) be used retrospectively after year-end for the purpose of balancing accounts;
- d) replace the need for proper budget setting, budget monitoring or reporting.

3.2. Virements shall only affect the current financial year unless Full Council agrees otherwise.

3.3. Virements are an internal accounting mechanism and do not authorise additional expenditure beyond the approved budget without separate Council approval.

4. Financial Responsibilities

4.1. The Responsible Financial Officer (RFO) shall report actual performance against budget at least quarterly, providing explanations for significant variances.

4.2. Where variances indicate a material overspend or underspend, the RFO, or Councillors may recommend, or request, a virement to Full Council for approval.

5. Virement Approval and Reporting

5.1. All virements must be approved by Full Council.

5.2. All virement decisions shall be recorded in the Council minutes.

5.3. The RFO shall maintain a register of approved virements and report them within budget monitoring reports.

6. Earmarked Reserves and Contingency

6.1. Virements from Earmarked Reserves (EMRs) may only be approved by Full Council.

6.2. Virements to or from the General Reserve or Contingency may only be approved by Full Council and must identify the underlying purpose and residual risk.

6.3. The sufficiency of reserves shall be considered prior to approval.

7. Treatment of Income Variances

7.1. Where income increases or decreases materially from the approved budget, the RFO shall report the impact to Full Council.

7.2. Virements may be used to realign expenditure where income changes are linked to specific activities or grants.

8. Year End and Retrospective Restrictions

8.1. Virements must not be used after year-end close-down to eliminate overspends or alter year-end presentation.

8.2. Material overspends shall be reported to Council and recorded transparently in the Annual Governance and Accountability Return (AGAR) if required.

9. Interaction with Other Governance Documents

9.1. This policy shall be read in conjunction with the Council's Financial Regulations and Standing Orders.

9.2. Where inconsistencies arise, Financial Regulations shall prevail unless amended by Full Council.

10. Review

10.1. This policy shall be reviewed at least every three years or sooner if required by legislative or guidance changes.