



COUNCIL: 19 October 2023

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**Report of: Simon Goacher (Independent Legal Advisor) on behalf of the Chief Operating Officer**

**Relevant Portfolio Holder: Councillor Gagen**

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**SUBJECT: REVISION OF VIREMENT LEVELS**

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Wards affected: Borough wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To present Council with information about virement levels adopted by other authorities and to recommend that Council approves the revision of the virements levels as set out in this report.

## **2.0 RECOMMENDATIONS TO COUNCIL**

- 2.1 That the amendment of the virement approval levels in the Budget and Policy Framework be approved as follows:

|  |               |
|--|---------------|
| Service Head   | £25,000       |
| Chief Officers and Section 151 Officer               | £50,000       |
| Cabinet (Policy & Resources Committee from May 2024) | £100,000      |
| Full Council   | over £100,000 |

- 2.2 That Proper Officer Provisions and Scheme of Delegation to Chief Officers etc (Constitution 4.2 to 4.2C), C. To the Head of Finance, Procurement & Commercial Services (as section 151 officer) to increase write off levels to £25,000, be amended as set out in Appendix 1 attached.

- 2.3 That the Head of Legal & Democratic Services update the Constitution accordingly.

## **3.0 BACKGROUND**

- 3.1 The Council will be changing its form of governance from after the annual council meeting in 2024. As part of the change of governance the Council will need to review its constitution to ensure that it meets the new governance structure and is generally fit for purpose. As part of the work to prepare for that it has been

highlighted that the current levels allowing for virements and write-offs are relatively low compared to other local authorities.

- 3.2 The use of virements is an important part of ensuring that budgets can be managed in year to provide some flexibility. It enables the Council to support budgets which are under pressure by reallocating money from areas which are underspent. At present any virements in excess of £50,000 require full council approval.
- 3.3 A review of the virement levels in the constitutions of similar sized councils shows that there is no real consistency on the approach adopted but the level of virement requiring full council approval in the Council's constitution is low compared to other councils (see comparison table at appendix 2).
- 3.4 This also reflects the position with write-offs generally. The Proper Officer Delegations in the constitution currently only allow the Head of Finance to write off sums up to £5000. This sum was set some many years ago and doesn't reflect the current financial/economic realities and causes unnecessary bureaucracy and inefficient work practices. Proposed amended wording is attached at Appendix 1 and merely increases the current write off level to £25,000.
- 3.5 It is recommended that the virement and write off levels be increased to provide greater flexibility and speed up decision making. It is important to note that virements are reallocation of resources and do not increase the overall budget of the Council.

#### **4.0 THE LEGAL FRAMEWORK**

- 4.1 The Council's constitution must contain its financial standing orders (financial regulations). It is within the discretion of the Council to set virement approval levels. This must be done reasonably and in accordance with sound governance and accounting practice.

#### **5.0 SUSTAINABILITY IMPLICATIONS**

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

#### **6.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 6.1 There are no significant financial or resource implications arising from this report.

#### **7.0 RISK ASSESSMENT**

- 7.1 It is not considered that there are any significant risks in amending the virement levels.

#### **8.0 HEALTH AND WELLBEING IMPLICATIONS**

- 8.1 There are no health and wellbeing implications arising from this report.

#### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

1. Proper Officer Provisions and Scheme of Delegation to Chief Officers etc
2. Comparison table