

Budget Virement Policy

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1.0 Introduction

- 1.1 NHS Lancashire and South Cumbria ICB (the ICB) undertakes an annual financial planning cycle which informs the budget setting process. The Chief Executive retains responsibility for the effective use of financial resources within the ICB but delegates budgetary responsibilities to other Executives and Directors, herein called Budget Holders.
- 1.2 The delegation arrangements are subject to the need to comply with the Standing Orders and Standard Financial Instructions of the ICB, and to manage within the financial resources allocated, which may require funding to be transferred between budgets.

2.0 Purpose of the Policy

- 2.1 The purpose of this policy is to assist Budget Holders in the fulfilment of their budgetary responsibilities by setting out the rules under which resources can be transferred within a single budget or between different budgets.
- 2.3 These rules are referred to as the budget virement process and are designed to put in place a formal system of approval for changes between budgets to ensure the ICB can keep appropriate control of financial resources.

3.0 Scope of the Policy

- 3.1 This policy applies to all areas of ICB spend and applies to all members of the ICB Board, Committees, Sub Committees and all ICB employees.

4.0 Budget Virement Rules

- 4.1 The following budget virement rules and principles apply:-
 - Budget Holders must not incur expenditure which would normally be chargeable to the budget of other Budget Holders without their written prior authority.
 - Budget virements will be non-recurrent.
 - Any requirement to amend a budget recurrently will need to be considered as part of the annual financial planning cycle.
 - Virement from non-pay budgets to pay budgets will need to consider establishment controls
 - Virement is not permitted from non-recurrent budgets to meet recurrent expenditure.
 - Virement is not permitted between running costs and programme budgets (either way).
 - Virement is not permitted where it would result in a breach of any rules on earmarked funding.
 - Virement is not permitted between capital and revenue budgets (either way).
 - Virement is not permitted where it would commit the ICB to additional recurrent spend in excess of commitments agreed within the ICB financial plan.
 - All virements can only be approved in accordance with the financial limits set out in the ICB Scheme of Delegation, as included in the process sections below.

5.0 Budget Virement Process for Transfers between Expenditure Budgets and Cost Centres

- 5.1 Budget Holders must not assume that a virement will take place and must not take any action to commit expenditure until the approval process has been completed and confirmed. The ICB Scheme of Delegation sets out the financial limits for budget virements within existing expenditure budgets, as below:-

Committee Name or Post holder	Financial Limits
L&SC ICB Board	Over £10m
ICB Chief Executive	Up to £10m
Chief Finance Officer	Up to £5m
Finance Officer VSM	Up to £1m
Finance Officer Band 8A to 9	Up to £500,000

- 5.2 **Virement between budget lines within an individual cost centre** – where an individual Budget Holder is responsible for the cost centre, they can propose a virement between the budget lines of that cost centre. Budget Holders will need to contact the relevant Finance Lead in writing to request the transfer and the Finance Lead will confirm once the transfer has been approved and processed. The Finance Lead will record the transfer on the Budget Virement Tracker.
- 5.3 **Virement between cost centres which come under the responsibility of an individual Budget Holder** – where an individual Budget Holder is responsible for both cost centres, they can propose a virement between those cost centres. Budget Holders will need to make this proposal in writing to the relevant Executive Director and send written support to the relevant Finance Lead and the Finance Lead will confirm once the transfer has been approved and processed. The Finance Lead will record the transfer on the Budget Virement Tracker.
- 5.4 **Virement between cost centres which come under the responsibility of different Budget Holders** – where an individual Budget Holder wishes to propose a virement between a cost centre that they are responsible for and a cost centre that someone else is responsible for, they must secure written support from both Budget Holders and the relevant Executive Director, or both Executive Directors if applicable. The written support must be sent to the relevant Finance Lead and the Finance Lead will confirm once the transfer has been approved and processed. The Finance Lead will record the transfer on the Budget Virement Tracker.

6.0 Budget Virement Process for Transfers from Reserves

- 6.1 The ICB Scheme of Delegation sets out the financial limits for budget virements from reserves, including the distribution of new in-year resource and capital allocations, as below:-

Committee Name or Post holder	Financial Limits
Chief Finance Officer	Greater than £75m
Finance Officer VSM	Up to £75m
Finance Officer Band 8A to 9	Up to £50m

7.0 Monitoring of Budget Virements

- 7.1 The ICB Corporate Finance team have created a budget virement form to facilitate the requesting and confirmation of all budget virement proposals. A Budget Virement Tracker will be maintained to record all changes from the initial baseline budgets that were loaded into the financial ledger at the start of the financial year.

8.0 Roles and Responsibilities

- 8.1 Roles and responsibilities of individuals, teams and committees are described through the course of this policy.

9. Equality and Health Inequalities Impact Risk Assessment (EHIIRA)

- 9.1 An EHIIRA has been completed and signed off by the Equality and Inclusion Team. Details can be requested from the Equality and Inclusion Team.

10. Implementation and Dissemination

- 10.1 This policy will be publicly available on the ICB website.

11. Training Requirements

- 11.1 There are no specific training requirements in relation to this policy.

12. Monitoring and Review Arrangements

- 12.1 The policy will be reviewed every three years or as and when statute, financial regulations or NHS requirements change, whichever happens first.

13. Consultation

- 13.1 As this is a technical finance policy to comply with statute, financial regulatory and NHS reporting requirements, it does not require consultation, although the views of ICB finance professionals and the Audit Committee have been sought.
- 13.2 Similar policies from across NHS organisations have also been reviewed in order to ensure a consistent approach.

14. Associated Documents

- 14.1 The following documents should also be referenced when reading this policy:

Publisher	Document
NHS Lancashire and South Cumbria ICB	Scheme of Reservation and Delegation