

<b>Document Title</b>	Annual Budget Process and Budget Virement Procedure
<b>Responsible Person</b>	Corporate Services Director
<b>Date of Issue</b>	March 2019
<b>Next Review Due</b>	June 2024 (in line with Corporate Services Handbook)

## 1. Purpose

- 1.1. This procedure is designed to ensure that the approach taken to the process of setting out of the annual budget is consistent and the preparation is carried out within the relevant timescales.
- 1.2. Budget Virement is within the authorised guidelines and reported accordingly.
- 1.3. This procedure does not cover budgetary control, variance analysis and exception reporting, as these areas are incorporated within the Management Accounts Policy.

## 2. Documentation

- 2.1. Budget Amendment Form (Appendix 1)

## 3. Responsibilities

- 3.1. It is the responsibility of the Board to approve the Annual Budget.
- 3.2. It is the responsibility of the Management Team to agree the cost centres, account codes and the budget holders (Responsible Managers).
- 3.3. It is the responsibility of the Corporate Services Director to ensure that the budgeting process is adhered to.
- 3.4. It is the responsibility of Budget Holders to provide the relevant information during the budget process.
- 3.5. It is the responsibility of the Corporate Services Director to ensure that the budget virement process is adhered to.

## 4. Review

- 4.1. All new procedures will be reviewed within six months of the date of circulation and thereafter incorporated within the normal cycle of reviews for Policies and Procedures.

## 5. Annual Budget Process

- 5.1. October  
The Corporate Services Director will produce a report to the Management Team detailing the cost (or budget) centres and the responsible managers (each budget being managed by

a named budget holder). After consideration of the report the Management Team will agree cost centres and budget holders.

The Corporate Services Director will issue blank budget bid sheets to Budget Holders via spreadsheet for completion.

#### 5.2. November

Budget holders return the completed budget bid sheets to the Corporate Services Director. Details should be provided for each current year budget, along with an explanation as to how the budget has been arrived at. If there is to be no budget in the forthcoming year for a particular item a sheet should still be returned with £nil entry, including reason for its deletion.

The Corporate Services Director then meets with budget holders to discuss information submitted. During these discussions budget holders are encouraged to make costed proposals for improvements and changes. Staffing levels should also be considered.

The Business Plan (Strategic Implementation Plan) should be reviewed by the Audit and Internal Control Committee (AICC) for approval by the Board.

#### 5.3. December

- Assumptions about inflation, interest rates and salaries are agreed.
- The workforce budget is produced by the Corporate Services Director.
- The Corporate Services Director brings together all the individual budget bids into one overall budget. If any anomalies are spotted they are investigated.
- The Property Services Manager prepares the detailed Planned Maintenance Programme for the next financial year for submission and approval of the Board.
- The Corporate Services Director prepares the capital budget for all other items other than the Planned Maintenance Programme.

#### 5.4. January

The workforce budget and overall budget (including capital budgets and Planned Maintenance Programme) are reviewed by the Management Team and looked at in comparison with the projected rent and service charge income for the following year and compliance with loan covenants. Expenditure requirements are adjusted as needed. At this stage any queries or doubts which emerge are discussed again with the relevant budget holders.

The Property Services Manager submits a report on the Planned and Cyclical Maintenance Programmes to the Board for approval.

#### 5.5. February

The Board reviews the workforce budget and agrees annual salary award (if applicable).

#### 5.6. March

The Audit and Internal Control Committee (AICC) considers a draft version of the budget incorporating any options.

The Annual Budget is submitted to the Board for approval.

#### 5.7. September

The Corporate Services Director will contact Budget Holders and ask them to carry out a mid-year review of their budgets.

The Corporate Services Director brings together any changes into one overall budget. If any anomalies are spotted they are investigated.

## 6. Reporting

### 6.1. June

Audit and Internal Control Committee (followed by the Board) receives report on audited accounts accompanied by any variations from the last reported forecast out-turn.

### 6.2. October

Budget Review - Board receives report on performance and revised projected out-turn, which will be prepared by the Corporate Services Director.

### 6.3. January

The Corporate Services Director will prepare the initial budget preparation report to the Management Team.

The detailed Planned and Cyclical Maintenance Programmes are submitted to the Board for approval prior to finalising the annual budget.

### 6.4. February

Board receives workforce budget and agrees any salary award.

### 6.5. March

Audit and Internal Control Committee receives revised projected out-turn reports alongside budget proposals for the following year.

Board receives revised projected out-turn reports alongside budget proposals for the following year for approval.

### 6.6. Monthly

Budget holders receive reports, prepared by the Corporate Services Director, re performance in period compared with budget and year to date performance.

Management Team receives Management Accounts. Board receives management Accounts quarterly.

The Corporate Services Director will report to the Management Team, if for any reason, the above process is not being adhered to.

## 7. Budget Virement

7.1. During the year budget holders are expected to manage within their budget. Any savings are deemed to belong to the Company as a whole and not to the individual budget holder. If any budget looks like it will be overspent, the budget holder is required to request a "supplementary budget" stating the amount required, why it is needed and whether there is any possibility of an underspend elsewhere. The Corporate Services Director will verify the facts and issue a "budget journal".

7.2. In **all** cases the Corporate Services Director should complete a budget amendment form.

- 7.3. The journal should then be authorised by the budget holder(s) transferring the funds and the Corporate Services Director.
- 7.4. If required, by virtue of the values involved, the appropriate operational manager, senior manager or Chief Executive should countersign the journal (see below).
- 7.5. If the budget holder is the Corporate Services Director, then another manager should countersign. A journal should have a minimum of two different signatures at all times.
- 7.6. The journal is then processed through the “Open Accounts” system and filed by the Corporate Services Director.
- 7.7. There will be no Virement within the workforce budget unless approved by the Chief Executive. (Any changes in salaries should be in accordance with Payroll Procedure).

**Virement between revenue budgets up to a value of:**

£0 - £1,000	Budget holder transferring the “funds” plus the Corporate Services Director (or another manager if the Corporate Services Director is the budget holder).
£1,001 - £10,000	Budget holder transferring the “funds” plus a Senior Manager plus the Corporate Services Director.
£10,000+	Budget holder transferring the “funds” plus Chief Executive plus the Corporate Services Director. Board approval will also be required.

Virement between capital budgets must be authorised by the Board on submission of an “appraisal” report.

## BUDGET AMENDMENT FORM

**BUDGET DESCRIPTION**

<u>ACCOUNT CODE</u>	<u>INCREASE BUDGET</u>	<u>DECREASE BUDGET</u>	<u>REASON FOR AMENDMENT</u>
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**PREPARED BY:** \_\_\_\_\_

**AUTHORISED BY:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_