



**Budget Process  
October 2020/21**

## **1. Introduction**

- 1.1 West of Scotland Housing Association “Group” currently comprises of a parent body West of Scotland Housing Association Ltd (WSHA), which is a registered charity, and Willowacre Ltd (WT) also a charity. WT is a wholly owned subsidiary of WSHA. Both companies are separate legal entities and individual budgets are prepared for each company.
- 1.2 WSHA must have robust planning and budgeting mechanisms in place to ensure that funds are used effectively and that stakeholders interests are met. The annual budget setting exercise is a key part of our approach to robust Financial Management. This Manual and accompanying Budget Template set out how you contribute to this.

## **2. Process**

- 2.1 During the budgeting process you should engage in detailed consultation with your team members, your Director and the Finance team to consider your budget requirements for the coming financial year. Once this process is complete the templates are submitted to the Finance Team for aggregation into the Annual Budget with the objective being presentation of the draft Budget for 2020/2021 for approval by the Board of Management in February 2020.
- 2.2 Each budget holder will be provided with a Budget Template in an excel format (see Appendix 1). The template should be used to outline your budget requirement for 2020/21. The template is split into 2 worksheets being the Budget Template and Budget Back Up. Other worksheets can be added for workings etc. Instructions on how to complete each worksheet are outlined in section 3 below. The account codes are also contained in the budget templates.
- 2.3 Essentially there are two types of budget. These are Revenue and Capital Budgets. Revenue Budgets relate to expenditure which is required for operational activities of the Association such as heating, lighting, day to day repairs, property insurance, legal fees etc. and these costs appear as a deduction in the Income and Expenditure Account.
- 2.4 Capital budgets are budgets to purchase longer life assets and the expenditure under these budgets features on the balance sheet of the Association for years to come. These budgets typically include the purchase of land and building costs associated with the housing stock, commercial properties and purchases of equipment used by the organisation in the day to day running of the organisation. The Property Director holds the property capital budget with the Chief Executive approving the budget for purchases of larger equipment and other capital spend. The Property Director also holds the budget for major property investment expenditure such as roofs, rendering and other capital costs that increase the rental life of the stock.

### 3. Budget Templates

3.1 This Manual outlines each section within the Budget Template and how you should complete these.

#### 3.2 Revenue Budget

This worksheet details the current operational budget and budget holders will be required to update the following:

- Column (a) contains the original budget for 2019/20
- Column (b) shows any budget adjustments, which have been made after the original budget for 2019/20 was set.
- Column (c) shows the revised budget for 2019/20
- Column (d), which consists of 12 columns, shows your requested budget for 2020/21. The annual budget requirement should be set out to show the profile of the estimated spend on a month to month basis. The monthly profile facilitates cash flow planning by the Finance Team.
- Column (e) shows your total budget request for 2020/21.

#### 3.3 Capital Budget

It is recognised that most budget holders will not require capital budgets however a section has been included for Capital expenditure where a current capital budget is held. If you require significant expenditure on new equipment purchases or other larger items this should be included here. Again, the expenditure should be profiled on a monthly basis.

#### 3.4 Budget Back Up Worksheet

This worksheet should be used to list your detailed spend against each budget heading. This will help inform the decision making process for the Leadership Team (LT) and the Board. It will also assist you when discussing your budget proposal with your Director. It may also be used to work out variances by comparing the budgeted expenditure against the actual expenditure which is provided as part of the devolved budgeting process.

### 4. Business Cases

In line with the Association's Procurement Strategy, you are required to complete a business case for any Budget Heading where you are requesting new or capital expenditure of £15,000 or over. Once complete this will be considered by the appropriate Director and then by the LT before going to the Board. A copy is attached at Appendix 2. All Business Cases should be submitted with your Budget Template to the Finance Manager.

## 6. Timetable

The timetable for the Budget Process is as follows.

Task	Who	By / When
Distribution of September Expenditure Report Budgets to Budget Holders	FA	11 October 2019
6 Month Budget Review Meetings completed by	FM	18 October 2019
Distribution of 20/21 Budget Templates to Devolved Budget Holders	FM	15 November 2019
Meetings with Finance Manager and budget holders for 20/21 budget process	Finance Staff & Managers	15 - 30 November 2019
Completion of Budget Templates by Devolved Budget Holders (and authorisation by Heads of Service) and returned to Finance – <b>no later than</b>	Managers	6 December 2019
Finance Manager prepares budget file by	FM	10 January 2020
Review of Draft Budget	FD/FM	10 January 2020
Amendments to Draft Budget complete	FD/FM	17 January 2020
Issue of Budget Pack to LT in advance of meeting (Budget, Business Cases and AEP)	FM	23 January 2020
Leadership Team Overview Budget Session Whole team meeting	LT	30 January 2020
Final Budget Adjustments post LT meeting	FD/FM	7 February 2020
Board Meeting to Consider Budget	FD/FM	26 February 2020
Preparation of Willowacre Ltd Draft Budget for submission to Willowacre Board	FD/FA	December 2019

# Appendix 1.

West of Scotland Housing Association Ltd  
 Budget Exercise 2019/20  
 Devolved Budget Holder

			a	b	c	d										e			
WOSHA - Company 1 Revenue Budget 2019/20			Actual Budget 2019-20 £	Any Budget Adjustments 2019-20 £	Revised Budget 2019-20 £	Requested Budget 2019-20 Apr-20	Requested Budget 2019-20 May-20	Requested Budget 2019-20 Jun-20	Requested Budget 2019-20 Jul-20	Requested Budget 2019-20 Aug-20	Requested Budget 2019-20 Sep-20	Requested Budget 2019-20 Oct-20	Requested Budget 2019-20 Nov-20	Requested Budget 2019-20 Dec-20	Requested Budget 2019-20 Jan-21	Requested Budget 2019-20 Feb-21	Requested Budget 2019-20 Mar-21	Requested Budget 2019-20 Total (£)	Devolved Budget Holder (Name)
COST CENTRE	EXPENSE CODE Civica Kypera	EXPENSE CODE DESCRIPTION																	
	9150	9013	revenue spend 1	800,000		800,000													0
	9151	9017	revenue spend 2	12,000		12,000													
	9152	9033	revenue spend 3	14,000		14,000													
	9153	9034	revenue spend 4	2,000		2,000													
	9157	9018	revenue spend 5	1,500		1,500													
	9158	9136	revenue spend 6	20,000		20,000													
	9204	9015	revenue spend 7			0													
				849,500	0	849,500	0	0	0	0	0	0	0	0	0	0	0	0	0

Capital Budget 2019/20			Actual Budget 2019-20 £	Any Budget Adjustments 2019-20 £	Revised Budget 2019-20 £	Requested Budget 2019-20 Apr-20	Requested Budget 2019-20 May-20	Requested Budget 2019-20 Jun-20	Requested Budget 2019-20 Jul-20	Requested Budget 2019-20 Aug-20	Requested Budget 2019-20 Sep-20	Requested Budget 2019-20 Oct-20	Requested Budget 2019-20 Nov-20	Requested Budget 2019-20 Dec-20	Requested Budget 2019-20 Jan-21	Requested Budget 2019-20 Feb-21	Requested Budget 2019-20 Mar-21	Requested Budget 2019-20 Total (£)	Devolved Budget Holder (Name)
	1101	1007	capital spend 1	0		0													0
	1201	1013	capital spend 2	15,000	7,000	22,000													0
	1301	1016	capital spend 3	24,000	0	24,000													0
				39,000	7,000	46,000	0	0	0	0	0	0	0	0	0	0	0	0	0



## Appendix 2.

Business Case Number \_\_\_\_\_

**West of Scotland  
Business Case Proposal**

Details of Project/Spend	
Name of Proposer	

<b>Strategic Fit</b>	
Description of the business need.	
Its contribution to the Association's aims and objectives.	
<b>Objectives</b>	
Why it is needed now?	
Key benefits to be realised.	
Critical success factors and how they will be measured.	
<b>Options Appraisal</b>	
High level cost/benefit analysis of (ideally) at least three options for meeting the business need.	
Any 'soft' benefits that cannot be quantified in financial terms	
Identify preferred option and any trade-offs	
VAT and Tax Implications	
<b>Commercial Aspects</b>	
This section is applicable where there is an external procurement; this section outlines the potential deal.	

Proposed sourcing option with rationale for its selection.	
Key features of proposed commercial arrangements (e.g. contract terms, contract length, payment mechanisms and performance incentives).	
The procurement approach/strategy with supporting rationale.	
<b>Affordability</b>	
Statement of available funding and 'ballpark' estimates of projected whole-life cost of project including departmental costs (where applicable).	
<b>Achievability</b>	
High level plan for achieving the desired outcome, with key milestones and major dependencies (e.g. interface with other projects).	
Outline contingency plans e.g. addressing failure to deliver service on time, major risks identified and outline plan for addressing them.	

Signed (Proposer)	
Date	

<b>Review by Finance Director</b>						
Observations and Notes by Finance Director						
Recommend Approval =	Yes		No		Other*	
*Please Comment Further						
Signed (Finance Director)						
Date						



**West of Scotland HA Ltd**

**Business Case Proposal**

Details of Project/Spend	
Name of Proposer	

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<b>LT Assessment/Decision</b>						
Observations and Notes						
Authorised	Yes		No		Other*	
*Please Comment Further						
Signed (LT Member)						
Date						

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<b>Business Case Review</b>	
Date of Review	
Control/Review Body/Function	