

# Finance Advisory Network

## Introduction to Budgeting

### Webinar

05 July 2022 and 12 October 2022

### Purpose

This introductory course will provide delegates with a fundamental knowledge for understanding budgeting. Delegates will gain a good basic understanding of how to set, monitor and report on their local service budgets. Delegates will learn how to identify and understand variances within their budget and how to provide more meaningful forecasts and monitoring information.

### Learning Outcomes

Attendees will benefit from:

- A better understanding of budgetary control, variance analysis, ongoing budget monitoring and financial reporting
- An awareness of how to link budgets to service plans, how to identify and estimate future income and expenditure levels and how to build savings targets into a budget
- Practical examples of the different ways to build a budget, varying cost types, how to distinguish between net and gross income and expenditure and what to include and not to include in a budget
- A greater understanding of the different elements of their budgets and how to understand and interpret budgetary information

### Who Will Benefit

The programme is aimed primarily at local authority budget holders and non-finance managers who have responsibility for the setting, forecasting, monitoring and reporting of local service budgets. It is an ideal introduction for someone new to managing budgets or new to the sector.

It would also be useful to finance support staff who are new to the role of supporting budget holders with the provision of forecasting information, and to more experienced non-financial budget holders as a refresher.

## Programme

09:30 – 9:45

### **Registration Period**

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09:45 – 10:00

### **Introductions and Housekeeping**

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10:00 – 10:40

### **The budget monitoring process**

The opening session of the day will examine the purpose of budgets, why we need effective budgetary control and reporting in the public sector. We will look at the overall corporate budget setting and monitoring process and the role and responsibilities of the local services budget holder in contributing to this process and budgeting best practice.

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10:40 – 11:15

### **Cost behaviours and profiling**

Using practical examples and a short exercise, this session will look at the different characteristics of fixed, variable, and stepped costs. You will learn how to tell what type of costs are included within your budget, the varying levels of budgetary control, and how best to apportion them across the year.

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11:15 – 11:30

### **Morning break**

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11:30 – 12:10

### **Different types of income and expenditure**

It is important when setting a revenue budget, that only items of revenue income and expenditure are included in the budget and that any capital items are excluded and accounted for correctly within the capital programme. This session will examine how to tell the difference between capital and revenue and what costs should and should not be included within your revenue budget. We will also take a look at the difference between net and gross income and expenditure and why it is important to show these correctly.

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12:10 – 12:45

### **Variance analysis**

This session will look at how to identify and analyse variances between your planned budget and actuals. Using practical examples, we will demonstrate why regular variance analysis is vital as well as looking at the reasons why variances can happen and how they should be managed.

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12:45 – 13:30

### **Lunch break**

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13:30 – 14:15

### **Linking your budget to your service plan**

In the first afternoon session we will look at how your service budget should be linked to your service plans and how you can use planned levels of service provision to estimate income and expenditure amounts for the year. We will examine what the key drivers of income and expenditure are and how you can identify those specific to your own service area. This session will include a short exercise and some group discussion.

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14:15 – 15:00

### **How to build a budget**

This session will build on the learning from earlier sessions to identify the different types of costs and sources of income. We will examine budget building approaches such as incremental budgeting and zero based budgeting and consider what would be the most appropriate approach for you to use when setting your budget at the start of the year. We will also look at savings and best practice approach to meeting savings targets. This session will include some group discussion and a short exercise.

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15:00 – 15:15

### **Afternoon break**

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15:15 – 15:50

### **Year-end procedures**

This last session will look at the year-end processes that need to be completed by budget holders in order to feed into and facilitate the overall corporate closedown process. We will identify what tasks you need to complete as you approach the year-end, including a look at the concept of accruals accounting and how to identify your year-end debtors and creditors, commitments and provisions and the difference between them.

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15:50 – 16:00

### **Summary and close**

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This event can also be delivered on-site. Please contact Jennifer Bevan [jennifer.bevan@cipfa.org](mailto:jennifer.bevan@cipfa.org) for further information.

*We reserve the right to alter the timing or content of sessions where circumstances require.*



### **CIPFA Sustainability Policy**

CIPFA is delivering all of our training courses, workshops and seminars in accordance with our sustainability strategy. We do not provide hardcopy course materials to delegates and these are now distributed by email in advance of the event. We are striving to reduce our carbon footprint in every way that we can, and we hope that we can count on your support.

