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| Overview | **What is this unit about?**  This unit is about managing finance in order to achieve the stated objectives for your area of responsibility. It involves developing and agreeing a master budget for your area and using this to monitor evaluate and control performance and take action to deal with identified variances.  Delegating responsibility for budgets for clearly defined activities is a key aspect of this unit.  The `area of responsibility' may be, for example, a branch or department or functional area or an operating site within an organisation.  **Who is this unit for?**  The unit is recommended for managers of settings whose main purpose is children's care, learning and development.  **Principles and values**  You must work within the principles and values of the sector in order to achieve this unit.  **Origin of unit**  This unit originates from the National Occupational Standards for Management and Leadership E2  **Content of unit**  This unit is not divided into individual elements. |

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| **Performance criteria**  You must be able to: | 1. Confirm your financial responsibilities, including the limits of your authority, with those to whom you report. 2. Gather and evaluate available financial information and the objectives and associated plans for your area and consult with colleagues to identify priorities, potential problems and risks. 3. Identify and make use of opportunities to delegate responsibility for budgets for clearly defined activities to colleagues in your area, providing them with the required ongoing support and resources. 4. Discuss and, if appropriate, negotiate delegated budgets with colleagues and agree provisional budgets. 5. Consult on and develop a realistic master budget for your area and submit it to the relevant people in the organisation for approval and to assist the overall financial planning process. 6. Discuss and, if appropriate, negotiate the proposed master budget for your area with the relevant people in the organisation and communicate the final budget to colleagues in your area. 7. Establish systems to monitor and evaluate performance against delegated budgets and the master budget and put contingency plans in place. 8. Identify the causes of any significant variances between what was budgeted for and what actually happened and discuss and ensure prompt corrective action is taken, obtaining agreement from the relevant people if required. 9. Propose revisions to the master budget, if necessary, in response to variances and/or significant or unforeseen developments and discuss and agree the revisions with the relevant people. 10. Provide ongoing information on the financial performance of your area to relevant people in your organisation. 11. Advise the relevant people as soon as possible if you have identified evidence of any potentially fraudulent activities. 12. Encourage colleagues in your area to think about and identify ways of reducing expenditure and increasing income, selecting and pursuing those ideas which have potential for implementation. 13. Review the financial performance of your area, particularly in relation to achievement of the stated objectives, and identify improvements for the future. |

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| Knowledge and understanding  You need to know and understand: | General knowledge and understanding   1. The purposes of budgetary systems 2. The importance of agreeing financial responsibilities, including the limits of your authority, for your area with those to whom you report 3. Where to get and how to evaluate the available financial information in order to be able to prepare a realistic master budget for your area 4. The importance of taking account of the objectives and associated plans of your area in developing and operating the master budget 5. How to identify opportunities and delegate responsibility for budgets 6. The importance of consulting with colleagues in identifying priorities, potential problems and risks and generally preparing the budget for your area 7. How to discuss, negotiate and confirm budgets with colleagues in your area and with people who control the finance and the key factors that should be covered 8. How to establish systems to monitor and evaluate performance against budgets 9. The importance of contingency plans and the type of contingencies that may occur 10. The main causes of variances and how to identify them 11. What different types of corrective action could be taken to address identified variances 12. The importance of agreeing revisions to the budget and communicating the changes 13. The importance of providing regular information on the financial performance of your area to relevant people and what they might want to know 14. Types of fraudulent activities and how to identify them 15. How to encourage colleagues to think about ways of reducing expenditure and increasing income 16. How to review the financial performance of your area against the stated objectives   Sector specific knowledge and understanding   1. Factors, processes and trends that are likely to affect financial management in your industry/sector 2. Legal, regulatory and ethical requirements in the sector   Context specific knowledge and understanding   1. The scope and nature of your area of responsibility including the vision, objectives and operational plans 2. Your financial responsibilities, including the limits of your authority 3. The people you report to in your organisation 4. Financial information available in your organisation 5. Activities for which budgets have been delegated 6. The budgeting period(s) used in your organisation 7. Organisational guidelines and procedures for the preparation and approval of budgets and for monitoring and reporting of performance against budgets and revising budgets 8. The agreed master budget for your area, including delegated budgets 9. Systems established for managing and evaluating performance against budgets 10. Contingency plans put in place 11. What to do and who to contact if suspect fraud has been committed 12. Who needs information on the financial performance of your area, what information they need, when they need it and in what format |

**Additional Information**

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| Behaviours | 1. You act within the limits of your authority. 2. You are vigilant for potential risks. 3. You develop systems to gather and manage information and knowledge effectively, efficiently and ethically. 4. You clearly agree what is expected of others and hold them to account. 5. You respond quickly to crises and problems with a proposed course of action. 6. You comply with, and ensure others comply with, legal and regulatory requirements, organisational policies and professional codes, principles and values. 7. You prioritise objectives and plan work to make best use of time and resources. 8. You use communication styles that are appropriate to different people and situations. 9. You take and implement difficult and/or unnecessary decisions, if necessary. |

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| Skills | Listed below are the main generic `skills' which need to be applied in managing finance for your area of responsibility. These skills are explicit/implicit in the detailed content of the unit and are listed here as additional information.   1. Communicating 2. Negotiating 3. Decision making 4. Contingency planning 5. Questioning 6. Information management 7. Consulting 8. Problem solving 9. Monitoring 10. Thinking systematically 11. Assessing 12. Leadership 13. Delegating 14. Motivating 15. Acting assertively 16. Planning 17. Valuing and supporting others 18. Prioritising |
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