

Unit 60: Managing Finance in Own Area of Responsibility within Care Settings

Unit reference number: R/616/7430

Level: 4

Unit type: Optional

Credit value: 5

Guided learning hours: 21

Unit summary

We are an ageing population and people often require care in the later stages of life. It is not always possible for families to provide informal care to frail elderly or vulnerable relatives. People may also need extra support when leaving care. Simultaneously, budgets for health and social care settings are being challenged, putting further pressure on the system and on the staff delivering services.

In this unit, you will learn about financial management and its importance in your own work setting, the sources of available funding and the roles and responsibilities of those involved. You will learn how to plan budget requirements for your own area of responsibility, working with others to calculate the financial resources required. You will learn how to communicate the budget requirements within your remit, to assess the impact of an insufficient budget and to work with others to decide priorities for budget allocation.

You will learn how to calculate planned expenditure over the financial period, monitor actual spend and analyse differences between planned and actual expenditure. As a result of variances, you will learn how to take corrective action and revise and review budgets and expenditure in response to changes.

Learning outcomes and assessment criteria

To pass this unit, the learner needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria outline the requirements the learner is expected to meet to achieve the unit.

Learning outcomes	Assessment criteria
<p>1 Understand financial management in own work setting</p>	<p>1.1 Explain the importance of effective financial management systems within own work setting</p> <p>1.2 Discuss sources of funding that are used to construct the budget for own work setting</p> <p>1.3 Outline the roles, responsibilities and accountability of all those involved in financial management of the budget for own work setting</p>
<p>2 Be able to plan budget requirements for own area of responsibility</p>	<p>2.1 Work with others to calculate the financial resources required to meet objectives within own area of responsibility</p> <p>2.2 Communicate budget requirements within remit of role and responsibility to inform overall budget build</p> <p>2.3 Analyse the impact of insufficient budget on service delivery</p> <p>2.4 Work with others to prioritise budget allocation in own area of responsibility, in line with budget plan</p>
<p>3 Be able to manage a budget</p>	<p>3.1 Explain the financial management systems that are available to monitor a budget for own area of responsibility</p> <p>3.2 Agree roles and responsibilities of others in recording financial expenditure in line with organisational requirements</p> <p>3.3 Calculate planned expenditure over the financial period</p> <p>3.4 Monitor actual spend against planned expenditure</p> <p>3.5 Analyse variances between planned and actual expenditure</p> <p>3.6 Implement corrective action to address any variances</p> <p>3.7 Make revisions to the budget to take account of variances and new developments</p>

What needs to be learned

Learning outcome 1: Understand financial management in own work setting

Financial management systems

- Managing, e.g. increasing demands for services, procurement; increasing costs, e.g. living wage, reducing budgets, survival of organisation; financial abuse, e.g. fraud, embezzlement, theft; strategic objectives; subcontracted services, e.g. use of extra care housing/supportive housing/alternative to residential, role of auditing of outcomes and expenditure, managing demand.
- Regulatory requirements, e.g. legislation and codes of practice, audit, accountability, policies.
- Accountability to stakeholders, e.g. to funders, to individuals using services, to partnership organisations such as the NHS or private providers.

Funding

- Sources, e.g. internal, external, regular, sporadic, government, private and charitable donations.
- Other income.

Roles, responsibilities and accountability

- Commissioning services, e.g. best value.
- Accountability to stakeholders.
- Impact of personalisation agenda on roles and responsibilities, e.g. personal budgets, direct funding, responsibilities outlined in the Adult Social Care Efficiency Programme.

What needs to be learned

Learning outcome 2: Be able to plan budget requirements for own area of responsibility

Working with others

- Others, e.g. team members, trustees, owners or other senior decision makers, regulators or commissioners.
- Financial resources, e.g. budget, cost-benefit analysis, contingency planning, trends and developments that might influence future expenditure, procedures for making recommendations for expenditure.
- Objectives, e.g. organisational goals relating to activity/area of work, key performance indicators, purpose/scope of budget, timescale of budget, organisational processes for preparing budgets, cultural factors/processes/trends affecting budget setting.

Communicate with others

- Communicate budget requirements:
 - written and verbal communication, e.g. meetings, newsletters, publications, video conferencing
 - stakeholders, e.g. employees, providers of finance, consumers, community, other organisations or groups.
- Communication skills, e.g. consultation, negotiation, reporting in line with organisational procedures.

Insufficient budget

- Impact on, e.g. staff, salary, sub-contracted services, individuals using services etc.

Prioritise

- Factors, processes and trends that are likely to affect the setting of budget priorities in your industry/sector.

What needs to be learned

Learning outcome 3: Be able to manage a budget

Financial management systems

- The purpose of budgetary systems, e.g. sources of income, how budgets are set, administration of budgets, cost centres, accountabilities, audit requirements.
- Information for monitoring expenditure, e.g. cash flow, controlling costs, spreadsheet data, training needs.

Financial expenditure

- Organisational financial policies, procedures and practice, including budgetary timescales.
- Budgetary controls and financial record-keeping requirements.
- Record keeping and auditing requirements.
- Review process, e.g. your own, agreed process for checking resource allocation against current, future and emerging service needs and objectives.
- Expenditure decisions, e.g. decisions regarding expenditure on resources, which may require input from a range of stakeholders.
- Risk analysis, e.g. use of accepted methods and tools to evaluate cost/benefit and implications of insufficient funding or excess expenditure.

Planned expenditure

- Expenditure, e.g. sales volumes, sale price, material prices, material usage, staff costs.

Monitoring

- Implementing a process for calculating actual spend against planned spend.

Variance analysis

- Variance analysis as a concept and a technique.
- Negative and positive variances.

Corrective action

- Integrating variance analysis into budget monitoring across an organisation.
- Reporting systems for monitoring and controlling variances.
- Carrying out corrective actions.

Making revisions

- Revisions, e.g. own organisation's requirements for expenditure control, contributions team members can make, the range of variations from the budget that may occur and the corrective action to be taken.

Information for tutors

Suggested resources

Books

- Green A – *An Introduction to Health Planning for Developing Health Systems*, 3rd edition (Oxford University Press, 2007) ISBN 9780198571346
- Handy C – *Understanding Organizations* (Penguin, 1993) ISBN 9780140156034
- Handy C – *Understanding Voluntary Organizations: How to Make Them Function Efficiently* (Penguin, 1990) ISBN 9780140143386
- Martin V, Charlesworth J, Henderson E – *Managing in Health and Social Care*, 2nd edition (Routledge, 2010) ISBN 9780415493895
- Westwood S – *The Fundamentals of Financial Management – What You Really Need to Know* (Kindle, 2015) ASIN B00WGUCHEE

Journals

- Community Care*
- Health Service Journal*

Websites

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| www.cipfa.org | Chartered Institute of Public Finance and Accountancy – public finance. |
| www.local.gov.uk | <i>LGA Adult Social Care Efficiency Programme – The final report.</i> |
| www.kingsfund.org.uk/audio-video/joined-care-sams-story | The King’s Fund is an independent charity working to improve health and care in England
Video – Joined-up care: Sam’s story – a focus on how integrated care saves money and provides better care. |

Assessment

This guidance should be read in conjunction with the associated qualification specification for this unit.

This unit is internally assessed. To pass this unit, the evidence that the learner presents for assessment must demonstrate that they have met the required standard specified in the learning outcomes and assessment criteria, and the requirements of the assessment strategy.

To ensure that the assessment tasks and activities enable learners to produce valid, sufficient, authentic and appropriate evidence that meets the assessment criteria, centres should follow the guidance given in *Section 8 Assessment* of the associated qualification specification and meet the requirements from the assessment strategy given below.

Wherever possible, centres should adopt an holistic approach to assessing the units in the qualification. This gives the assessment process greater rigour and minimises repetition, time and the burden of assessment on all parties involved in the process.

Unit assessment requirements

This unit must be assessed in accordance with the assessment strategy (principles) in *Annexe A* of the associated qualification specification.

Assessment decisions for learning outcomes 2 and 3 (competence) must be made based on evidence generated during the learner's normal work activity. Any knowledge evidence integral to these learning outcomes may be generated outside of the work environment, but the final assessment decision must be within the real work environment. Simulation cannot be used as an assessment method for learning outcomes 2 and 3.

Assessment of learning outcome 1 (knowledge) may take place in or outside of a real work environment.