

## Unit FM3.07: Budget management of facilities management operations

*The assessment criteria form part of the unit and specify the standard that a learner is expected to meet to demonstrate that the learning outcomes within the unit have been achieved. The additional guidance, which is shown in brackets and italics alongside the assessment criteria, does not technically form part of the unit, in that it is not included in the reference version of the unit shown by the Register of Regulated Qualifications. The additional guidance is provided to illustrate how the assessment criteria might be interpreted. The BIFM will generally expect assessors to interpret the assessment criteria as described, or to an equivalent level of demand.*

### Aim of the unit:

This unit addresses delegated responsibilities for the budget management of operational functions, rather than budget management for facilities management as a whole.

Title	Budget management of facilities management operations	
Ofqual ref	D/504/5756	
Level	3	
Credit value	4	
Learning outcomes	Assessment criteria	
When awarded credit for this unit, a learner will:	Assessment of this learning outcome will require a learner to demonstrate that they can:	
1 understand the function of budgets and the processes by which they are prepared	1.1	explain how the use of budgets contributes to the financial management of facilities management operations ( <i>By reference to fixed asset and revenue budgets and their different effects on financial management and reporting (e.g. Profit and Loss, Balance Sheet, Cashflow Forecast). Also, use of cost centres</i> )
	1.2	describe the processes of zero-based and incremental budgeting, and explain the advantages and disadvantages of each ( <i>No further guidance</i> )
	1.3	identify different sources of information used to inform the

	<p>preparation of fixed asset and revenue budgets relevant to facilities management operations <i>(Including, for example, historic cost performance, supplier information (e.g. known price increases), cost drivers (e.g. space, staff headcount, production) together with known/anticipated changes, demand trends for services)</i></p>
<p>2 understand the processes by which progress against budget is monitored</p>	<p>2.1 describe how data on income and expenditure is captured to enable timely analysis <i>(See below)</i></p> <p>2.2 describe typical reports used to monitor expenditure against budget in facilities management <i>(See below)</i> <i>(ACs 2.1 and 2.2 should be evidenced using example(s) from learner's own experience, e.g. purchase order and invoicing processes, budget versus actual expenditure reports)</i></p>
<p>3 understand the processes by which variances between actual and budgeted expenditure are investigated</p>	<p>3.1 identify when variances can be attributed to changes in demand <i>(See below)</i></p> <p>3.2 describe how to investigate variances that cannot be explained by changes in demand, including variances that could have resulted from the misuse of resources <i>(See below)</i>  <i>(ACs 3.1 and 3.2 should be evidenced using example(s) from learner's own experience or case study)</i></p>
<p>4 be able to recommend ways in which service delivery and/or budgets could be amended to</p>	<p>4.1 identify appropriate options to address the variances, based on:</p>

address variances between actual and budgeted expenditure	<ul style="list-style-type: none"> <li>• possible changes to service delivery</li> <li>• reallocation of budgets so that under-spends fund over-spends</li> <li>• increasing the overall budget allocation <i>(No further guidance)</i></li> </ul> <p>4.2 compare the costs and benefits of the various options <i>(Including, for example, effect on internal customer satisfaction if service specifications are changed, effect on organisational efficiency by increasing overall budget allocation)</i></p>	
Additional information about the unit		
Details of the relationship between the unit and relevant National Occupational Standards or other professional standards or curricula (if appropriate)	The unit is mapped to the Facilities Management National Occupational Standards FM308, FM319, FM321 and FM322.	
FM Professional Standards reference	FM functional area:	FM functional area component:
	Finance and IT	Financial Management

### Resources:

[Management Accounting for Business](#) by Colin Drury  
[The Economist Guide to Financial Management](#) by John Tennent  
[Mastering Financial Management: A Step-by-Step Guide to Strategies, Applications and Skills \(Financial Times Series\)](#) by Mr Clive Marsh  
[Financial Management: Theory and Practice](#) by Eugene F. Brigham and Michael C. Ehrhardt  
[Fundamentals of Financial Management](#) by J. Van Horne and Prof John M Wachowicz JR  
[Financial and Management Accounting: An Introduction](#) by Prof Pauline Weetman  
[Business Development Series: Practical Financial Management: A Guide to Budgets, Balance Sheets and Business Finance: 2](#) by Colin Barrow  
[Fundamentals of Financial Management \(Concise Edition\)](#) by Eugene F. Brigham and Joel F. Houston  
[Financial & Management Accounting](#) by Pauline Weetman  
[Financial Management: Principles and Applications](#) by Sheridan Titman, John D. Martin, and Arthur J. Keown  
[Guide to Setting Budgets and Managing Cashflows, A](#) by Jennifer Rhodes

[www.icaew.co.uk](http://www.icaew.co.uk)

[www.acca.org.uk](http://www.acca.org.uk)

A Practical Guide to Facilities Management by Ian C Barker MCIOB