**FINANCE DIRECTORATE**

**Budget Manual**

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1. **Introduction**

The budget process runs from January to June of each year culminating in approval of the University budget by the Governing Body at its June meeting. Under exceptional circumstances a revised University budget is presented to the November meeting of the Governing Body in the event of material change in operating environment e.g., Covid

The annual budget process is run in parallel with a 5-year forecast that is typically filed with the OfS in December of each year.

The University budget and 5-year forecast is underpinned by the University revenue and cost drivers to support the Strategic Plan which ensures medium term financial sustainability.

A budget timetable is established for each year with a broad outline of timescales as follows: -

* Jan Start of the process
* Feb/Mar Planning round to sign off student recruitment targets
* Mar/Apr Faculties and Directorates complete budget inputs
* Apr/May Faculty and Directorate budget sign off meetings take place and Vice Chancellor sign off
* June Finance Committee and Governing Body Approval
* Sep/Oct Student Recruitment review for material movements to budget
* Nov/Dec Sign off Annual Financial Return for OfS

Budgets and forecasts will be prepared using the Universities EPM system.

1. **Responsibilities and accountabilities**

**Senior finance Business Partner**

Responsible for supporting the faculty with the preparation of the budget, and to provide support and challenge as and when required.

**Finance Business Partner / Assistant finance Business Partner**

To provide in depth data input analysis and support to the faculty and the Senior finance business partner throughout the process.

**Pro Vice Chancellor & Directors**

Responsible and accountable for delivering the budget

**Deputy Finance Director**

Responsible for leading and coordinating the budget setting process

**Chief Financial Officer**

Accountable for managing the sign off and presentation of the overall budget targets with the Governing Body

**Vice Chancellor**

Accountable for signing off and delivering the budget

**FP&A Team**

Responsible for consolidation, analysis and reporting of the budget, including year on year analysis and analytical review.

1. **Faculties**

Development of Faculty budget and 5-year forecast identifies all revenues and costs associated with the faculty on a profit centre basis and capital

The budget and 5-year forecast capture the revenues and costs associated with the following activities: -

* Teaching (Including International and Home partnerships) for which the budget envelope is determined centrally
* Research Grants and Contracts (including Research Excellence Framework funding) whose revenues represent in year deliverables and to a large extent are matched by costs, with projected future losses on contracts to be recognised at the earliest point
* Support and Central activities whose revenues and costs are attributed to the faculty based on appropriate drivers

In developing the faculty budget and 5 year forecast the faculty is required to make estimates of the following: -

* Campus based student number forecasts with related revenues
* Partner Link College student number forecasts with related revenues
* Transnational Education (TNE) student numbers and associated revenue forecast
* Research Grants and Contracts revenue forecast
* Other Faculty generated revenues

High level assumptions are set for Pay Inflationary uplifts, pensions and contingency.

The following information is provided by the Senior finance business partner in support of the development of the faculty budget and 5-year forecast: -

* All expected faculty revenues in line with the student number planning tool
* All staff costs in line with the workforce planning tool
* All other financial expenditure for teaching activities

Income is derived from student numbers as part of the planning round for 3 years, and years 4 and 5 are provided by the marketing and recruitment team (CRD).

The year-to-year calculation of the envelope is informed by forecast student recruitment using the ready reckoner tool and subsequent related revenues along with forecast increases in staffing costs and other changes in revenues / cost.

The prior year budget, plus additional requirements to deliver future activity levels are submitted as a bid for year-on-year changes for executive review and approval and is subject to a central affordability assessment.

The outline time frame for the development and finalisation of Faculty budgets and 5-year forecast is as follows: -

* Jan Trans-National Education (TNE) forecast to be compiled with the Senior finance business partner
* Feb Research Grants and Contracts forecast revenues to be compiled with the Senior finance business partner
* Feb Research Grants and Contracts forecast revenues to be compiled with the Senior finance business partner
* Feb Forecast student number intake to be returned to Planning and Statistics
* Mar Completed draft budget to be prepared with the faculty and the senior finance business partner within the EPM system
* Apr Review / changes to Faculty Submission
* Apr Meetings with Faculties (Pro VC, FOO, VC & DoF)
* Jun/Jul University budget approved by the Governing Body
* Jul Final Budget envelope communicated to Faculties

Although a revised budget will be produced and presented to the Governing Body for approval in November/ December it would only be under exceptional circumstances that the faculty budgets would be changed from that approved by Finance Committee/Governing Body in June/July (for example, where there was material student number under recruitment.

1. **Directorates**

Development of the Directorate budget is based on the current year budget and forecast.

Estimates are required for the upcoming budget year and the 4 following years.

The Directorate budget holder should provide supporting narrative aligned to the Universities Strategic Plan.

In developing the budget utilising, the EPM system the Directorate is required to make estimates of the following: -

* Staffing Costs including vacant posts with the support of the Senior finance business partner and the workforce planning tool within EPM.
* Non–staff costs based on any additional requirements
* Resource requirements for new or changed activities
* Reduction in resource associated with discontinued or reduced activities

The following information is provided by the Senior finance business partner using the EPM system in support of the development of the Directorate budget and 5-year forecast:

* Budget assumptions
* Financial envelope associated with current activities
* Workforce plan and associated cost for review by the Directorate

The outline time frame for the development and finalisation of Directorate budgets is aligned with the faculty budget timeframes.

The capital plan is refreshed each year to reflect changes in the strategic plan, programme and with consideration to any financial constraints

1. **Medway School of Pharmacy (MSoP)**

The School of Pharmacy is responsible for development of its budget and 5-year forecast, ensuring that objectives set by the Joint Pharmacy Planning Group (JPPG) are met. In developing its plan, estimates will be required of student recruitment and levels of research activity / revenues.

* Planning assumptions are agreed jointly by the University of Greenwich (UoG) and University of Kent (UoK) Directors of Finance and communicated to SoP
* Bursaries payable to SoP students will be based on the UoK bursary scheme
* Tuition fee charges are based on UoK charges. The SoP tuition fee charges must be presented to the JPPG for approval
* The SoP budget and 5-year forecast will be presented to the April/May meetings of the JPPG for approval
1. **Natural Resources Institute (NRI)**

In February of each year NRI is required to produce a budget and 5-year forecast. This should reflect:

* Teaching (Including International and Home partnerships) for which the budget envelope is determined centrally
* Research Grants and Contracts - pipeline work and reasonable estimates of new contracts.
* Consultancy projects

There is an overriding objective to meet contribution / surplus targets agreed at budget meetings with the VC, DoF and Director of NRI.

In framing the budget 5 year forecast it is important that account is taken at the earliest point, of projected future losses on any contract(s).

1. **Research Excellence Framework (REF)**

The budget available for REF funding is informed to the university by OfS in March / April of each year. The allocation of this to Faculties and Directorates is determined by the Research Committee in September of each year and reflected in the budgets accordingly.

1. **Central Costs and Income**

Central costs and revenues refer to any cost or revenue that is managed centrally and therefore not linked directly to any Faculty or Directorate or any other devolved budget. They include but are not limited to Interest Receivable, Depreciation, Interest Payable, Development Fund, Other Central Costs, and LPFA pension deficit charge. The Central Costs and revenues for the budget and 5-year forecast are developed by the FP&A team in conjunction with the Deputy Finance Director and Chief Financial Officer, informed by third party data and VCG / VCO / Executive decisions.

1. **Greenwich University Enterprises Limited (GUEL) Activities**

Greenwich University Enterprises Limited is a wholly owned subsidiary of the University of Greenwich.

GUEL was established to accommodate non-charitable activities undertaken by the university. These include consultancy contracts, research contracts where the report is not in the public domain and some conferencing, residence and catering activity.

The key areas of activity in GUEL are categorised as: -

* Research and Consultancy
* Conferences and Short Lets
* Analytical Testing
* Software Sales
* Other Activities

The GUEL budget is developed by the Senior finance business partner, informed by the residences and conferences plan approved by the Finance Committee in March / April of each year.

The profits in GUEL are Gift Aided to the University.

1. **Shared Services**

The shared services Budgets are developed by ILS, EFD and Finance Directorate in collaboration with the Finance Business partnering team and other universities.

They are split into a continuing operational budget and strategic requests.

The strategic requests are

* For any requests for a budget that are not covered by the operational budget.
* Not necessarily of a Capital nature although they may be so.
* Developed by the directorates with business plans being developed where appropriate.
* Once finalised these are discussed by the Senior Management at each University and then between the Finance departments at each university, before being considered at Campus Management Board

The budget envelope and planning assumptions for the operational budget are determined in line with all other Directorate budgets.

The universities Finance Directors will give clear guidance as to the affordability of the requests and delegate responsibility to the chairs of Campus Management Board to ensure that the appropriate requests are approved within the envelope advised.

Spend on both operational and strategic requests is shared between the 3 parties in agreed proportion.

1. **Student Union (GSU)**

The students of the university are members of the GSU.

The Union is an independent organisation. It receives an annual subvention from the University to provide services for their students and to improve engagement. The subvention for the GSU is agreed as part of a budget meeting between the CEO and Union President with the VC and CFO as part of the budget review meetings.