Appendix 2 – Summary of options for processing recharges

Option Description	Advantages	Disadvantages
Option 1 - Quarterly recharge of approved Budget • Application of revised apportionment methodology, to approved Budget • Posted quarterly to smooth the cashflow impact • No further adjustment would be made for differences arising from over or underspends • Variances would be retained within the Finance Committee budget line.	• Simplifies year end process • Gives certainty to Institutions • Aids cash flow and removes need for 'estimated' cash at year end • Excludes Carry Forwards and Contingency allocations being charged to Institutions • Automated journals to save manual input, can be done monthly or quarterly	• Does not reflect 'true' cost of service provided • Heavy reliance on Original Budgets being accurate early in the budget setting cycle
Option 2 - Approved Budget + Adjustment to actual • As above for option 1, but with an additional charge/credit in Q1 for the difference between Budget/Actuals • Posted quarterly to smooth the cashflow impact	• Gives Actual charge gives true cost of service being allocated • Improved cash flow as actual posted quarterly	• Uncertainty for institutions of costs being allocated in the following year • Would require more work in analysing outturn on a quarterly basis rather than once at year end
Option 3 - Q3 Forecast + adjustment for actuals • Application of revised apportionment methodology to Q3 forecast, • Posted in p11 • Difference between forecast and actual to be posted in Q1	• Can be done ahead of final accounts work	• Difficult to estimate 4th Quarter spend • Could lead to large variations being posted in following year • Uncertainty for Institutions • High reliance on monitoring

Option Description	Advantages	Disadvantages
Option 4 - Flat % applied to all GA budgets • Recharge review provides a weighted average % by area • Application of this fixed % to any of Options 1 – 3 (Budget only, Budget with actual adjustment, Q3 forecast) • % would be reviewed every 3 to 5 years	• Simplify estimate preparation • Simplify posting of actuals, whether based on budget or true cost • Works for static recharge as little movement in basis, i.e. Guildhall Complex • Works well if using individual recharge services	• Does not work where basis of charge is variable, i.e. Staff costs based on time spent on projects • Would not necessarily reduce workload at year end • Any significant change to any individual recharge could have a large impact on all percentages • Oversimplifies numerous operational variables