

# Cost Centre Summary Report – User Guide

## **Allocated**

This is the budget allocated to each cost centre. At the beginning of the financial year, this will match the approved school budget, but during the year, virements from one cost centre to another will alter the allocations. The total at the end of this column should equal the total funds delegated to the school, including school budget share, reserves carried forward (out-turn), standards funds and contingency allocations.

## **Commitment**

When an order has been raised but an invoice has not yet been received, the net amount will appear in this column against the appropriate cost centre.

## **Centrally Invoiced**

Once an invoice has been received and processed against an order, the amount will move from the commitment column to the centrally invoiced column. Similarly, non-invoiced income receipts raised for dinner monies, trip income, donations etc. will appear in this column prior to being reconciled.

## **Actual**

This is the total of all reconciled transactions in each cost centre. Any amount that was in the centrally invoiced column will move to this column upon reconciliation. A positive figure indicates expenditure, and a negative indicates income.

## **Balance**

This is the amount remaining in the cost centre after taking account of commitments, centrally invoiced and reconciled (actual) amounts. A negative figure in this cost centre indicates an overspend (except in the case of income cost centres – see below)

## **Spent %**

This is the proportion of the allocation that has been spent to date. For salary cost centres (generally beginning with 01) a rough guide may be to look at this in twelfths, i.e. by June, 3/12 of the budget, or 25% should have been spent (providing the budget itself is profiled that way). For other cost centres, particularly capitation, this is not usually a good method of monitoring the budget, as the expenditure in these cost centres will not necessarily occur in equal monthly amounts.

## **Income Cost Centres**

Usually beginning with the prefix 06, income cost centres are more difficult to understand. The allocation will be a negative number, indicating an anticipated amount of income. The Actual (income actually received) will also

be a negative number. The balance, also displayed as a negative, is income yet to be received. Only when the balance displays as a positive figure have you made more income than you originally expected.

## **Reserves**

The cost centre 07RESERVES (or a variation of this) is a holding place for money not used to set the budget. No transactions should be processed through this cost centre, and the amount in this cost centre is not the amount that will be carried forward to the next financial year as your outturn figure. Your outturn figure is made up of this, plus or minus the total of any over or under spends in all of the other cost centres.

## **Devolved Capital/Seed Challenge**

These cost centres, prefixed 09, are funds that are shown through the school's financial system, but which do not actually affect the revenue budget as a whole. The usual situation is to have two cost centres for each type of fund, one for expenditure and one for income. As money is spent, the allocation in both is increased to cover the cost of the transactions, one as an expense, and one as an income, thus having a nil effect on the total allocation. In the actual column, expenditure will increase throughout the year, and in period 13, a credit will be actioned which will match the total expenditure. There will then be equal amounts in the actual column, meaning that the net total is nil.

Example( by the end of the year):

	Allocation	Actual
09CAPEXP	20,000	19,999.50
09CAPINC	-20,000	-19,999.50

## **Cost Centres**

The majority of cost centres have a numerical prefix which dictates the type of expenditure:

- 01 Employee related expenditure
- 02 Premises related expenditure
- 03 Not used
- 04 Supplies and Services (Capitation) expenditure
- 05 Services bought back from Lancashire County Council (eg Finance, Personnel, Payroll, LEIS, Advisory Service).
- 06 Income
- 07 Reserves
- 08 Standards Fund expenditure
- 09 Devolved Formula Capital
- 10 Catering Service