

Annex 8 – Cost Allocation Forms and Guidelines

Covering Letter

Dear All

S&F COST-ALLOCATIONS 2009/10

Most of you will be unsurprised to receive this request to complete your cost-allocation return for the current financial year.

Please use the attached blank Excel spreadsheet and do not insert columns into the body of the file (if you want to track other facility usage-related data do it further to the right).

The format of the form is the same as last year. Guidance notes are contained within the spreadsheet on a separate worksheet, as is a list of HESA codes. (Please remember that the attribution to science areas and science priority areas each now total 1 per project across columns N-Q, and also across columns W-AC).

Details of the Full Cash Cost for each Facility are given on the second page of this letter. Please insert the appropriate amount into the relevant cell on the spreadsheet.

For anyone new to the mechanism, the purpose of cost-allocation is to establish a price structure for the units of delivery in each facility, and to provide a means of monitoring the year's delivery against declared capacity. To do this we derive a notional Full Cash Cost (FCC) to NERC based on summing your working allocation for the current financial year, a small overhead for the Swindon Office costs, additional overheads when we pay less than the normal HEI rates, and a capital rental calculated from the original spend usually amortised over seven years, and inflation-indexed. The capital rental essentially captures the average capital investment made by NERC in the facility over time; this may include all or proportions of capital spend derived from grants or other schemes, as well as that from the S&F Capital Budget. Your FCC – a notional figure - is thus always higher than the allocation of real funds approved in the contract/SLA amendment (please note when filling in the boxes in your annual reports).

As a rule of thumb, if you do commercial work similar to what you deliver free to NERC customers, the minimum price charged should be at the FCC of a unit of delivery. If you use facility resources to do the work, that is what we would expect NERC to be reimbursed. The notional FCC of each project should also always be advised to the NERC customers so they don't forget that somebody has to pay!

Please email your returns to sfmt@nerc.ac.uk by the **19th April, 2010**.

(The Full Cash Cost for each facility is not included here in this annex)

- [Cost Allocation Form](#) (Excel spreadsheet)