

COMMUNITY ACTION: MK

Full Cost Recovery

What is Full Cost Recovery?

Full Cost Recovery means securing funding for all of your organisation costs associated with a project, including direct costs of your project and the overheads. It is a way to make your organisation more sustainable as it means that the total costs of running a project will be covered by the funder.

Full cost recovery is common so make sure you know whether the funder you are applying to will allow you to use this method.

How to work out Full Cost Recovery

There are normally 2 types of cost associated with delivering a project:

- **Direct costs** – include all costs associated with delivering your project e.g. paying a trainer to deliver a workshop, paying for room hire or refreshments for that project
- **Overhead/Indirect costs** – the costs needed to manage and support your project. These are also called back office costs. An example could be the salary of the Finance Team that manage the finances of the organisation.

Start by making a list of all of your costs involved in your project.

Think about all the costs associated with starting up, running the project and closing it down at the end.

Typical start up costs could include:

- advertising and recruiting staff and volunteers
- buying equipment
- finding and preparing premises
- promotion
- legal costs

Typical running costs could include:

- salaries of staff, including NI and pensions
- rent, light, heat
- staff training
- monitoring and evaluation costs
- material for day to day running e.g. office supplies

Typical closing down costs could include:

- staff redundancy
- disposal of assets
- final evaluation and reporting costs

Identify your overheads

This could include: salaries of core staff (e.g. managers, admin assistants), rent of your premises, administrative support costs. Don't forget to allow for VAT and inflation if necessary.

Full Cost Recovery should now allow you to allocate a proportion of your overheads to a particular project. You should share your overheads between different projects.

There are a number of ways which you can allocate your overheads including:

- Sharing overheads based on the number of direct project staff
- Share overheads based on the length of time a project occupies a premises or the floor space occupied by the project
- Share overheads based on direct project expenditure
- Share overheads based on the number of service users
- Share overheads based on the staff time based on a project

When working out your Full Cost Recovery you should always check that your estimation seems fair and reasonable, and are enough to cover only what you will need. Funders may ask you to explain how you worked out the costs so make sure you can answer their questions. Remember Full Cost Recovery is about getting your costs covered, not making a profit!

Further Resources

[WCVA](#)

[Big Lottery Fund](#)

[Fit4Funding](#)

Talk to our Support Team for more help
Support@CommunityActionMK.org or call 01908 661623

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