

Full cost recovery – a short guide



The Big Lottery Fund is committed to the principle of 'full cost recovery'. This factsheet is intended to give you a general idea of what full cost recovery is, and what it means for your organisation.

Full cost recovery is applicable to groups applying to the Young People's Fund and Investing In Communities. It is not applicable to applications for the small grants programmes such as Awards For All and Investing In Ideas.

What is full cost recovery?

Full cost recovery is defined as: "paying the full cost of a project to an organisation".

In practical terms, this means that in addition to providing funding for direct project costs, we can also provide a proportionate contribution towards overheads that are indirectly incurred as a result of the project.

Some definitions:

A **project** is defined as the programme, initiative, group or piece of work for which you want funding from us.

Direct project costs are defined as 'the costs that relate clearly and directly to a project'. These can include salaries, volunteer expenses, building costs and IT equipment.

Overheads are defined as 'costs incurred that partly support the project, but also support other projects or activities that your organisation provides'.

Who does full cost recovery apply to?

Full cost recovery is only applicable to organisations that are managing a number of projects or concerns at the same time.

For example, if your organisation currently runs three separate projects, and as a result of your application to the Big Lottery Fund, you take on a fourth, we could provide a contribution towards overheads accrued by that fourth project.

If your project activities are the same as the core activities of your organisation then full cost recovery would not apply – you would just request direct project costs.

How much can be claimed for?

We can provide a proportional contribution toward overheads.

For example:

Anytown Community Centre is open five nights a week. If their lottery-funded project is successful they will open six nights a week.

They will therefore pay electricity and heating for one additional night a week.

Because this expense is incurred as a result of a Big Lottery Fund project, but not project specific, they can claim overhead costs for heating and electricity for that additional night.

Typical overheads

- salaries of core staff such as administration, janitors, cleaners
- audit, accountancy and legal fees
- rent, heating, lighting and insurance
- meetings of trustees and/or management committee.

Costs that we cannot fund

- costs incurred before the grant is awarded
- costs already covered by funds from elsewhere
- costs covered by a gift (another form of restricted fund)
- costs with no associated outputs or outcomes.

Further information

The Big Lottery Fund provides a more detailed guide to full cost recovery, along with a spreadsheet to assist you in calculating your overheads, which is available from www.biglotteryfund.org.uk or call us on 0870 240 2391, or email enquiries.Scotland@biglotteryfund.org.uk