



Questions on Full cost recovery – from survey

1. How does BIG interpret the term full cost recovery?

We interpret the term 'full cost recovery' to mean securing funding for – or 'recovering' – all your organisation's costs, including the direct costs of your projects and all your overheads. In full cost recovery your organisation's overheads are shared among your organisation's different projects. The full costs of your project are all the costs directly relating to the project plus the project's share of the overheads.

2. What do you mean by overheads?

Overheads are the costs which are necessary for the organisation to operate, but do not relate specifically to one project. Typically they include the costs of overall management, administration and support, and premises that relate to the whole organisation. These costs are often also called indirect, core, central or support costs.

3. Can I apply to cover the cost of fundraising through full cost recovery?

Yes, fundraising is a typical overhead for the organisation as a whole. Details on how to work out our contribution are provided on page 3 of our Full Cost Recovery guidance.

http://www.biglotteryfund.org.uk/fcr_applicants.pdf

4. Can I apply for contingency costs for a revenue project through full cost recovery? This is particularly an issue during the changing economic climate.)

No, as this is not in itself a direct cost. However, some work can be done at the planning stage to help you and your project plan for changes that may occur in the future. We point out two likely changes to your costs that affect many projects. These are changes in the rate of inflation and changes in the level of project activity – such as a sudden change in demand for your services.

Planning like this is known as building in "known unknowns" into your overheads. This is best done from the start. More help on how to factor changes in the rate of inflation and level of project activity are set out on page 5 of the guidance notes:

http://www.biglotteryfund.org.uk/fcr_applicants.pdf

You may apply for contingency costs for capital projects.



5. Will applying for all of the overheads relevant to my project mean that I am less likely to be funded by BIG?

No. Failure to properly fund overheads can lead to instability and poor service delivery. We want projects to be successful.

6. Does the full cost recovery policy differ depending on which funding programme I am applying to?

Yes, although the policy covers most of our programmes, there are a couple of exceptions for our smaller grants programmes. Be sure to check the relevant programme guidance notes before applying for a grant.

7. Does the percentage of our total overheads for which we are applying have any impact on the scoring of our application or the likelihood of its success?

No.

8. Is there a maximum amount of overheads for which we can apply?

No, an explanation on how best to work out your costs in detail is provided in our guidance
http://www.biglotteryfund.org.uk/fcr_applicants.pdf

9. Is it compulsory to use BIG's full cost recovery spreadsheets to calculate the amount of overheads costs?

No.

10. Does BIG offer any other support or advice on full cost recovery?

The following resources may be useful to you if you need more information on the Big Lottery Fund, full cost recovery or costing projects:

- Your local council for voluntary service (or similar)
- Your local authority
- Your local rural community council (in England).

Full Cost Recovery: a free toolkit can be downloaded at
www.acevo.org.uk



New Philanthropy Capital provide a free toolkit on their website at:
www.philanthropycapital.org

CASH – Online provide a free spreadsheet and brief set of guidance notes for calculating your full costs. This can be downloaded from their website at: www.cashonline.org.uk