

EMERGENGE FOUNDATION

GUIDE TO OVERHEADS AND FULL COST RECOVERY

DEFINITIONS

Generally, organisations are faced with 2 sorts of costs: **'project'** costs and **'overhead'** costs.

Overhead costs within organisations are known variously as 'core costs', 'running costs' or 'indirect costs'.

Examples of these costs might include such things as:

- Office and administrative staff (salaries, HR costs, etc.)
- Premises costs such as rent, heat, light, rates
- IT equipment costs
- Training, fundraising and governance costs

Project costs are also known as 'direct costs' – these are the precise costs based simply on running a project. The reality is that organisations cannot run multiple projects without also finding funding for their 'overhead' costs.

INDIVIDUALS

In the case of individuals overheads are more likely to be restricted to premises costs such as rent, heat, light, IT costs – arising either from a rented office or a 'home office'. You can claim for these using the Simple method below. If you need further advice on whether other items, such as insurance costs and salary costs are considered as 'direct project costs' or 'overheads', [please contact us](#).

PRINCIPLES

We do, of course, appreciate that you will have overheads and we offer two ways, based on the principle called Full Cost Recovery or FCR, whereby you can recover a proportion of these. The two options are:

1. Simple method

Using this option you can recover your overheads without having to make a detailed calculation:

- Simply calculate 10% of the total cost of your project and add this sum to your application, identifying it on the form as 'FCR' or 'Contribution to Overheads.
- You will need to justify this figure by providing some simple information* that makes clear your overheads are at least the figure that you are requesting.

** This information will be a simple list of your annual overhead costs, provided on a Word or Excel spreadsheet and sent as an attachment with your application.*

2. Detailed method

This option provides you with the potential to more accurately recover overhead costs but is significantly more complicated. Please refer to the spreadsheet provided at the bottom of the page at: <https://www.tnlcommunityfund.org.uk/funding/funding-guidance/full-cost-recovery>

There is detailed guidance on this site to help you complete the spreadsheet. You will need to send us a copy of this spreadsheet with your application, including on your application form the calculated value of FCR you are requesting.

NB Make sure the addition of your FCR/overhead contribution doesn't take your application request above the maximum grant request! If it does you'll need to adjust the scope of your project accordingly.

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