

Endorsements for Full Cost Recovery: A guide and toolkit on cost allocation

“I want people to use this toolkit to make sure that they really do know what a particular activity costs them. If you do know and the offer is below cost, walk away. Until we get a bit of toughness, we’ll carry on getting exploited – we’ll not change the naughty habits of the procurers”
Fiona Mactaggart MP, Home Office Minister for the Voluntary Sector

“It is the Government’s view that it is completely legitimate for service providers to factor-in the relevant proportion of overhead costs into their cost estimates for services delivered under contracts. We in Government will continue to work hard toward changing public funding practices and, in turn, the sector needs to allocate their costs on an accurate, fair and transparent basis to ensure proper accountability for the use of public money. **I therefore commend this new guidance to third sector organisations as an important tool in helping to meet this challenge.**”

John Healey MP, Economic Secretary to the Treasury

“This guide is a key and important contribution to delivering public services through the voluntary sector”

John Oughton, Office of Government Commerce

“Futurebuilders is committed to the principle of full cost recovery: the voluntary and community sector to be properly funded if it is to deliver services effectively. As part of this commitment, **Futurebuilders is providing all its investees with a copy of *Full Cost Recovery: A guide and toolkit on cost allocation***, written by New Philanthropy Capital and ACEVO.”

Richard Gutch, Futurebuilders

“*Full Cost Recovery: A guide and toolkit on cost allocation* provides a framework to build on the skills of voluntary and community sector managers to effectively identify their core costs and use the information to secure those costs through contract and grant funding negotiations in the local authority procurement and commissioning processes.”

Sir Brian Briscoe, Chief Executive, Local Government Association

“A great tool for voluntary organisations which will have relevance now and in the future”

Stuart Etherington, National Council of Voluntary Organisations (NCVO)

“Full Cost Funding: Any standard format or template used should take account of other standard reporting mechanisms used by the target sector – see *Funding our Future II* – a good practice example”

Dept for Education and Skills, Getting Better Delivery – Guidance for Effective Working with Frontline Providers, 2003

“The funding our future report by acevo, provides a workable and highly practical costing template for voluntary organisations”

Paul Palmer, Professor of Voluntary Sector Management at City University

“The software has proved an invaluable and enlightening resource, easy to use, and with minimal on-costs in terms of staff training. This will prove to be a flexible and robust resource for the management of finances across the voluntary and community sector.”

Sally Courtney, Finance Director, Toc H

Full Cost Recovery: A guide and toolkit on cost allocation was developed with support from:



Endorsements for Full Cost Recovery

“The Big Lottery Fund will adopt the principle of full cost recovery by allowing all legitimate overhead costs to be recovered by voluntary and community organisations.”

Big Lottery Fund, 2005

“Sustainability can only be guaranteed if other funders ensure that their investment takes account of the capacity needs of frontline organisations and funds the infrastructure that supports them”

Fiona Mactaggart MP, Home Office Minister for the Voluntary Sector, Change Up 2004

“No activity can be undertaken without the need for support functions, and funding bodies have an interest in ensuring that organisations are able to manage and administer activities properly.”

HM Treasury, Guidance to Funders 2003

“Funding bodies should ensure, as far as possible, that the delivery-price agreed with Frontline Providers on average reflects the full cost of delivery.”

Dept for Education and Skills, Getting Better Delivery – Guidance for Effective Working with Frontline Providers, 2003

“Funders should recognise that it is legitimate for providers to include the relevant element of overheads in their cost estimates for providing a given service under service agreement or contract.”

HM Treasury, The Role of the Voluntary Sector in Service Delivery - A Cross Cutting Review 2002

“The current approach to funding the voluntary sector is not necessarily helpful for building strong, independent and creative organisations; in the longer term as it does not pay sufficient attention to financing core costs”

'Speaking Truth to Power', Baring Foundation

“Core costs are often considered as 'extra' rather than as integral and fundamental to direct activity costs. Clearly, unstable voluntary organisations, skimping on their core costs, are not safe places for important activities”

National Council of Voluntary Organisations (NCVO)

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