

Core Cost Commitment

The Berkeley Foundation is committed to funding a proportion of its charity partners' core costs. When applying to us for a grant, we encourage you to take a full cost recovery approach and apply to us for some of your overheads as well as the direct costs of your project.

What is a full cost recovery approach?

A full cost recovery approach takes account of all the costs involved in running a project. This means that you can apply for all of your direct project costs and a proportionate share of your organisation's overheads.

What is the difference between direct project costs and overheads?

A project is a distinct piece of work which you are asking us to fund. It will specifically align with the funding programme you are applying to. The direct project costs clearly relate to this project and might include: salaries of project staff, materials, volunteer expenses or a dedicated piece of equipment needed for the delivery of the project.

Overheads, or core costs, are the costs which are necessary for the organisation to operate and are spread across all projects and activities that your organisation provides. They could include a proportion of your organisation's rent and utility costs, or the costs of core staff members such as the Chief Executive or Administration team.

When should I apply the full cost recovery approach?

If your organisation runs several projects or programmes at one time, we would encourage you to apply the full cost recovery approach by sharing your overheads proportionately between these projects.

We would not usually fund the core activities of an organisation.

Should I take account of inflation?

We encourage you to capture annual inflation when setting out the budget for your project. This will be particularly relevant to staff salaries which often increase year on year in line with the inflation rate (CPI).

How do I work out the proportionate share of core costs?

We suggest that you start with the total annual cost for each of your overheads and split this proportionately between the projects or activities that your organisation runs, depending on the size of each project or activity. If a project represents 10% of your overall organisational activity, you would expect to apportion 10% of your overhead costs to that project.

Figure 1 shows the direct costs of a project in relation to organisational overheads. The level of overheads should not exceed 20% of your funding request to the Berkeley Foundation. We would normally fund between 10 – 20% of core costs.

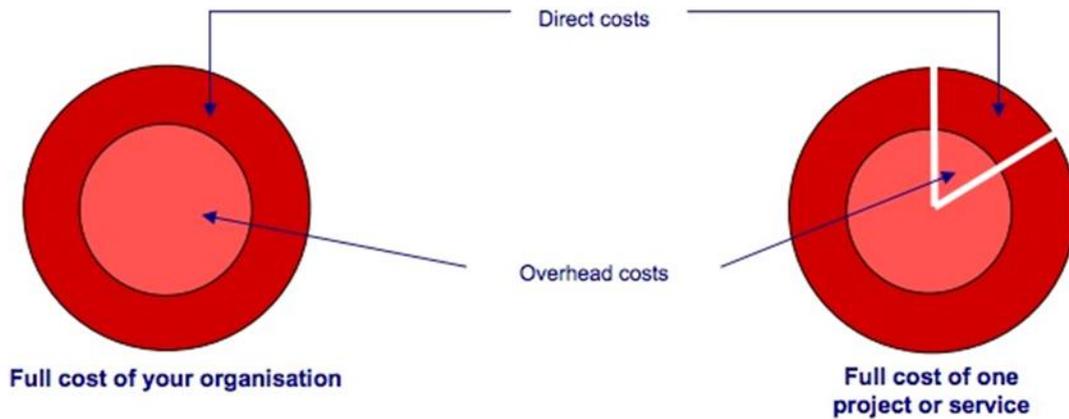


Figure 1 Full cost recovery model

We have created a template spreadsheet for you to use which allows you to set out the budget for the project that you are seeking funding for, as well as a proportionate share of your organisation's core costs.

Please use this template to present your budget whenever you apply to one of the Berkeley Foundation's open grant programmes. We are also happy to provide further guidance over the phone.

If you prefer to present your budget in your own format, please ensure that it includes the same information as in the template spreadsheet.