

Pricing a CT service:

Full cost recovery

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What is FCR – google it!

- NCVO
- Charity Finance
- National Audit Office
- Cass Business School
- Grant funders ++



What is FCR – definition

Ensuring all costs involved in running a project are recovered

CFG – “if the organisation doesn’t, it will go bust”



Two main types of costs:

- Direct costs
- Overheads
 - (core costs
 - support costs
 - indirect costs)
- Set-up costs ??



1. Direct costs

- Vehicle
- parking
- Maintenance
- Fuel
- Vehicle insurance
- Road fund licences etc
- Vehicle equipment



Direct costs (cont)

- Driver
- PA
- Comms – mobile phone, tracker
- Covid-safe / PPE



2. Overheads

- Depot costs
- Other insurance
- Management & supervision
- Office costs
- Communication
- Advertising
- ++



Vehicle costs

- What kind of vehicle
 - Standard minibus
 - Van conversion
 - Coach-built
 - Low-floor ++
- New / second-hand
- Finance cost
 - Interest rate
 - Nominal rate if using reserves



Vehicle costs

- Depreciation – how many years?
- Capital costs
 - Life of contract
 - Life of vehicle
 - Expected mileage (urban/rural)
- Parking
- Cleaning



Vehicle costs

- Maintenance
 - Planned
 - Unplanned
 - LOLER
 - Tyre contracts
 - First Aid kits / extinguisher checks
 - Logistics



Vehicle costs

- Fuel
 - Operational mileage
 - Positioning mileage
 - Pump price
 - mpg
 - Other mileage



Vehicle costs

- ❑ Vehicle insurance
- ❑ Road fund licences etc
 - ❑ Road fund
 - ❑ Permits
- ❑ Vehicle equipment
 - ❑ Boosters
 - ❑ Specialist seat belts
- ❑ Trackers / CCTV



Staff costs

- Driver/PA
 - Hourly rate
 - No of operational hours
 - Sign-on
 - Vehicle checks
 - Post incident interviews
 - Uniform
 - Mobile phone
 - DBS



Staff costs

- Employer on-costs
 - NI
 - Pension
 - SSP / company sick pay
 - Holiday pay
- Team meetings
 - Paperwork



Staff costs

- Recruitment
- Induction/ Training
 - Hours
 - Trainer
 - Venue costs
 - Refresher training
- Covid PPE



Other Staff costs

- Depends on the contract spec
 - Bookings assistant
 - Scheduler
 - Monitoring
 - Out-reach
 - Development



To consider:

- Costings per day
- Costings per annum
 - School days
 - Working days



To consider:

- Annual increases
 - Inflation RPI/CPI
 - or nothing
- Crystal ball gazing
 - Fuel
 - NLW
 - Insurance



Overheads

- Depot costs
 - Rent
 - Rates
 - Utilities etc

- Other insurance
 - Employers liability
 - Public liability
 - Commercial etc



Overheads

- Management & supervision
 - Direct supervision
 - Senior management
 - Finance
 - HR / payroll
 - H&S



Overheads

- Office costs
 - Office rent
 - Furniture
 - Stationery
 - IT
 - cleaning



Overheads

□ Communication

- Telephone
- Postage
- Broadband
- Printing
- Social media
- Website
- Advertising
- ++



Two ways to apportion overheads

- Use percentages of direct costs
 - Operational management $x\%$
 - Overhead $y\%$
- Calculate total overhead and split it between services



Start-up costs

(over life of contract)

- Tendering costs
- Planning
- Service advertising
- Recruitment
- Training
- Dry runs



WARNING!!

- If operating under Permits
 - Profit **X**
 - Surplus **X**
 - FCR \checkmark

