

YOUTH INVESTMENT FUND

Full Cost Recovery
Are you charging enough?

community land use 

**YOUTH
INVESTMENT
FUND**



A couple of questions first

Answer these with a “thumbs up”

1. Do you know how much your building costs to run per year?
2. Do you have a person in your organisation that is responsible for looking after your building?

What we will cover

- The costs that you must pay before you even open the doors and pay for staff to run services for your users and hirers
- How to make sure that you know all of them and why they are non-negotiable
- How to make sure they are covered in all funding applications and that you price them properly when you charge people for hiring and renting
- How to use the costs to help you fundraise and secure sponsors

Fixed costs – non negotiable

- Fixed costs – what is needed to keep a building available to use safely and the organisation that runs it legally compliant – the costs you must cover before opening the door
 - Variable costs – the costs that vary with use of your building (staff, materials/equipment for activities)
 - Core/central costs - which are about apportioning some variable costs that are needed to deliver services
- Rent and rates
 - Insurance
 - Statutory testing
 - Licenses
 - Cleaning (including windows)
 - Broad band
 - Water gas and electric standing charges and consumption
 - Grounds maintenance
 - Refuse (including sanitary) and recycling
 - Repairs and maintenance
 - Building fund for large repairs and renewals
 - Accounts Audit

Making Your Assets Viable

Full Cost Recovery for Premises

Fixed costs and pricing



Fixed costs

How they relate to pricing

They must be covered if the organisation running it is to be viable (financially) and the building is to be fit for purpose

You will have to balance covering these with opening hours, other variable costs like staffing, affordability to your users and your terms and conditions for types of hire and hirer



Working out your fixed costs

- Fixed Cost Calculations can be useful for fundraising and building relationships with local people, businesses and funders of all types

You can take your annual fixed costs per year, say £25,000 (bearing in mind you must pay them to operate).

You can then divide them by the total number of hours your building is open (taking away - if applicable, Bank Holidays, Weekends, any annual or holiday closedowns).

What you are left with is the cost per hour just of having your building BEFORE you open the doors to anyone.



Worked Example

Fixed Costs for Premises	
Rent and Rates	0.00
Cleaning	15,600.00
Insurance	1,420.00
Utilities	20,000.00
Broadband/zoom subscriptions	12,500.00
Repairs and Maintenance	7,000.00
Lift Maintenance	7,500.00
IT and Broadband	4,000.00
Window cleaner	2,400.00
Statutory Testing	600.00
Licences	300.00
Refuse	1,100
Repairs and Maintenance	2,300
Building Fund	3,000
Book keeping	8,820.00
Audit	4,560.00
Trustees Expenses	1,000.00
TOTAL	£92,100

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Worked Example

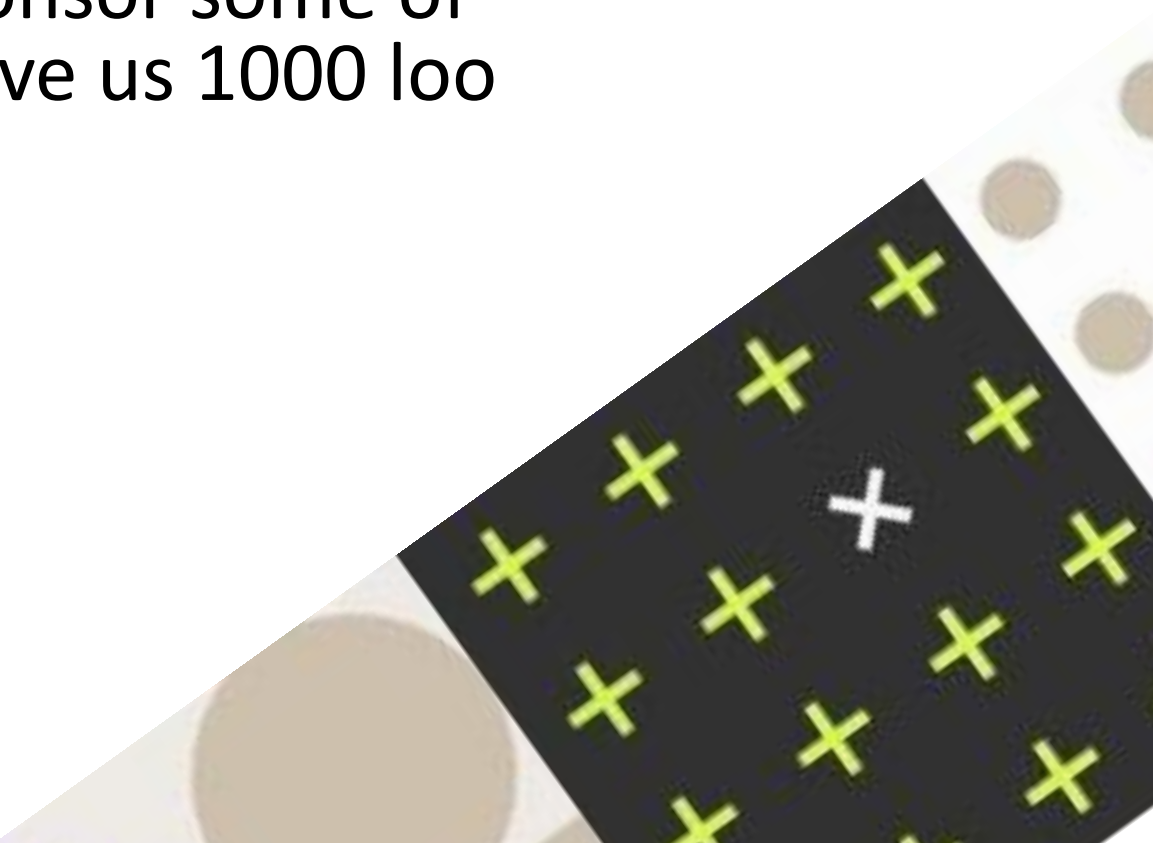
Days Building Available		Comments
Weekdays (8am to 9.30pm)	243	This is less annual close down (10) public holidays (8) and weekends (104)
Fixed costs for building per day = £92,100 /243 days	£379	
Hours Building Available		
Weekdays		
13.5 hrs minus 2.5 hrs change overs = 11.5hrs	2,794.5	This is to allow for the fact that hirers create downtime for pricing purposes
Fixed costs for building per hour = £92,100 /2,794.5 per hour	£32.90	



Fundraising

- Fixed Cost Calculations can be useful for fundraising and building relationships with local people, businesses and funders of all types

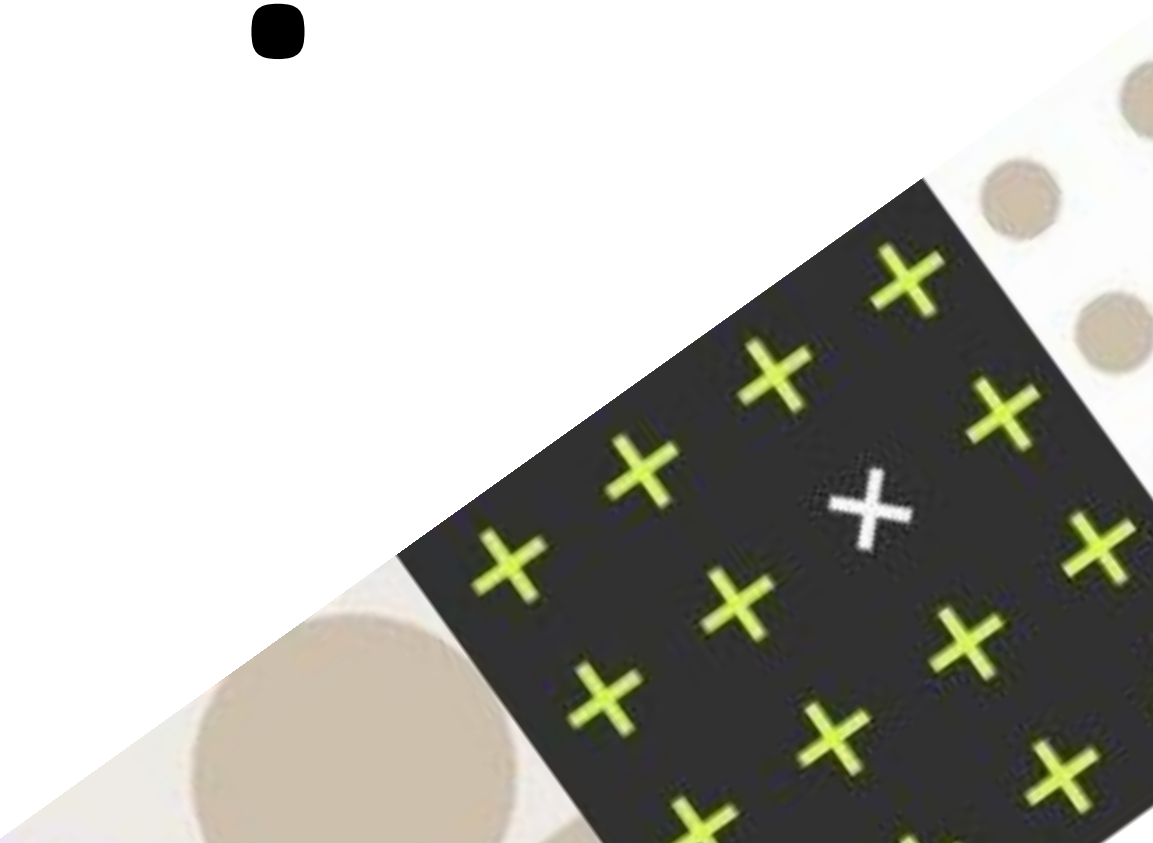
- Knowing them means apportioning them for project applications easier.
- It also means you can fund improvements to your building to help reduce costs with capital funders.
- You can explain your hire charges to users more convincingly.
- You can talk to local sponsors about providing cover for, say, 2 hours of these costs or get them to sponsor some of your fixed costs – like give us 1000 loo rolls



Questions



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Thank you!

- A full guide written about managing your building is available from the YIF Team
- Slides for this and all the other webinars are also available.
- If you need help one on one to talk about your specific circumstances - you just have to call!

Have a great week and enjoy your new facilities