

Developing a budget for your project



Often community and voluntary groups struggle to put together a robust and well thought out budget for their project, but the solution is simple - planning and preparation are the cornerstones of the well-costed budget.

- **So what is a budget?** A budget is simply the financial plan for your project and includes ALL the costs relating to running your project. Sometimes there are costs which a funder will not meet (some funders won't pay for salaries, or will only pay for a proportion of capital costs, for example) but these still need to be included in your budget even if you will be applying elsewhere for these costs, or meeting this from within your own organisation.
- **Where do you start?** This is one of those occasions where many hands can make light work. Write down all the cost headings relating to every aspect of your activity / proposed project and then try to estimate what the cost will be for each of these headings. If your project includes staff posts, look online for job adverts to get a realistic feel for the expected rate of pay and remember to add on a percentage to cover National Insurance etc. (funders will usually tolerate anything between 10% to 13% for this). If the project runs over three years remember to add a cost of living increase to the post too.

Try to be as accurate as you can when planning your budget by carefully thinking through each of your proposed cost headings and giving actual costs wherever you can (use quotes if possible). Involve other people from your group in planning the budget as they may include cost headings you had not thought about.

- **What is full cost recovery?** Although this sounds rather scary, full cost recovery simply means that you apply for all of the costs associated with your project. So this means that you include, not only rent and staff costs, but



also a contribution towards heating and lighting, management of staff, telephone costs, marketing, administration etc.

It's not as complicated as it sounds and it will actually be looked on favourably (in the main part) by your funder. This is because it will demonstrate that you have done your homework, have a thorough understanding of the true costs relating to your project, and you are safeguarding the financial stability of your group through responsible financial management.

- **Does your budget represent 'good value for money'?** One of the key questions a funder will ask themselves when assessing your application is whether it represents 'good value for money'. One of the ways they will do this is by calculating the cost per beneficiary and making a comparison with another service delivering an equivalent project, check out the guidance sheet, 'Writing a good funding application' for more information on this.
- **Check, check and re-check...** check your budget, have you included all costs relating to your project? Check your sums - it is amazing how often groups submit applications without checking totals, although a funder is unlikely to reject your application for a simple error of calculation, it certainly won't help your case.
- **Your budget as a tool** - And finally, remember to use your budget as a tool in helping you to deliver your project and keeping on track with expenditure.



For help and advice on funding, contact Ashfield Voluntary Action or Mansfield CVS.

Ashfield Voluntary Action

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