

DCA Funding Fair 10th March 2021

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- What are core costs?
- How to cost funding applications
- Short and long term budgeting tips

What are core costs?

- The overhead **costs** of an organisation, as opposed to those specific to a project. Whilst these **costs** do not directly produce outputs of charitable activity, they are necessary to deliver these activities.

How to cost funding applications

Five different options

- Basic budgeting
- Full cost recovery
- Project repackaging
- Unit costing
- Fundraising techniques

Types of costs and apportionment

1. Direct costs e.g. Staff costs and travel
2. Direct support costs e.g. Training, property costs
3. Indirect costs e.g. Governance, IT and finance.

Indirect cost	Basis of apportionment
Rent and utilities	Floor space / Headcount
IT	Headcount
CEO and senior team	Time
Governance	Expenditure

Hints and tips

Staff costs - daily rates

365 Days

104 Weekends

261 Days – most charities stop here

8 Bank holidays (National average)

25 Days Holiday 8 Sick days (National average)

20 Training days and days on charity business (typically 10% on average)

200 Days total

EXAMPLE A member of staff has a direct cost, including pensions and NIC, of £34,000 per year. The charity has direct support costs of 42.0% and overheads of 9.4%. This gives a full cost of £52,818, including direct costs and overheads, per annum. Using 260 days gives a charge rate of £203 per day or £25.39 per hour (based on an 8 hour day). Using 200 days gives a charge out rate of £264 per day or £33.01 per hour (based on an 8 hour day). Simply using a more appropriate number of days increases income to the charity by 30%. [CASS Data/008/42282].

Hints and tips

- Forgotten Costs
- Taxation
- Double Counting
- Negotiating with Funders

Hints and tips

Conclusions

1. Low core costs
2. Aim for full cost recovery
3. Define core costs as projects
4. Don't depend on unpredictable income
5. Good donor relationships

Short and long term budgeting

What are we planning to do?

What resources do we need to do it?

How much will they cost?

Where will the money come from?

Can we afford to deliver that plan?

Additional Resources

Dorset

Ward Goodman COVID-19 Hub <https://www.wardgoodman.co.uk/hub/>

DCA <https://www.dorsetcommunityaction.org.uk/covid-19-updates/>

VCD <https://www.volunteeringdorset.org.uk/>

CAN – BCP <http://www.bournemouthcvs.org.uk/>

Nationally

Government <https://www.gov.uk/>

NCVO <https://www.ncvo.org.uk/>

Small Charities Coalition <http://www.smallcharities.org.uk/>

Charity Commission <https://www.gov.uk/government/organisations/charity-commission>

Charity Tax Group <http://www.charitytaxgroup.org.uk/>

Association of Chairs <https://www.associationofchairs.org.uk/>

Community Accounting <https://www.caplus.org.uk/pricing-and-costing-service-and-specific-products>

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