



Project Fundraising : Costing a Project

Once you have an idea of what you want to do, you then need to cost it out. This is where spreadsheets come into their own! Try to break down all activities, and use formulae to produce the figures. This means you can always go back and see how you have derived the figure, and can make changes at that stage. If you click on a cell in Excel, the formulae used to create the total will be displayed in the information bar at the top.

See the file 'Dalmore WWI project budget example' for an example using an Excel spreadsheet. At this stage the project included a number of activities which were later honed down.

Even if you are hiring outside contractors to do the work, you need to have a ballpark figure for your tender and to include in your funding application. This means knowing:

- **a day rate for the activity.** Many freelance workers have day rates of over £400, and this quickly makes a project very expensive. I tend to use a figure of £175 or £200, or even less if it is for a small museum, for work I provide.
- **how long an activity will need.** For example, in the Dalmore project there is a research module, and it is estimated that we would need to meet 8 times. Even though the contact time is only 2.5 hours each time, it will involve set up/down, travel and preparation, so I usually cost in 1 day for each 2.5 hour session.
- **what activities will be covered by inkind work.** For example in the Dalmore project the admin is based on assuming 3 days @ £150 per day. This could be included as part of the application as a cash item, or if this was going to be handled by someone in your group, it would be covered as inkind income.
- **how much the items will cost.** You will need to do some websearching or asking around. Sometimes it will be a guess – and if so, note this in your comments, and try to firm up a more realistic figure. It is useful to note in the comments where you got the quote too, for later reference. When applying for large cost items, you may have to provide tenders to the funders.
- **if you need to include extra time for evaluation.** Some funders, such as the National Lottery Heritage Fund, require substantial evaluation built into the project. If you are going for these funds, you will need to assess whether you need extra time and resources for this, or even if you need to hire someone else.
- **If you need to include contingency.** Contingency is essential for anything involving building works or where material costs can increase. But it can also be needed for some learning projects. Some funders require you to include it.

Your organisation has overheads. It is useful to explicitly set these out for yourself including: public / employer liability insurance, accountant/examiner fees, phone, accommodation, utilities, website hosting, email etc. Some funders allow you to claim for some of it (this is called Full Cost Recovery). You then have to guess how much of your total time and resources this project will require, and come up with a figure which represents a realistic portion of these.

For some projects you may also need equipment such as computers, projector, or other equipment. In the Dalmore example the only equipment was display boards. You may need to quote prices with and without VAT for some funders.

Treat the spreadsheet as a work in progress. Some activities may be dropped, others may need to be added depending on what funders you are thinking of approaching. Many funders have tiers, with often more required for applications to the upper tiers. In this case, you may feel that you need to delete some activities to get costs down to the lower tiers. The Dalmore example shows various scenarios. Note however, that unless going for huge funds, there is often little extra work going into the higher tiers: it usually only requires more thought on meeting additional outcomes.

Each funder will require you to group your costs into cost headings, and you are lucky if they are the same for different funders. I still recommend having an explicit spreadsheet with all activities and costs. Then at the bottom you create categories which relate to the funders' cost headings, and simply use formulae to the individual lines together. **The key point is that the figures are only typed in once.** When combining in different ways, you use formulae. See the example on the spreadsheet.

You will also need to identify potential income for the project. Note that almost all funders will require **ALL** funding to be confirmed before you can begin anything at all. This means that if you are relying on £200 from donations, you either have to have these donations already confirmed, or your organisation must agree to underwrite them in case you fall short. Most funders like match funding to spread the load, but this means that if one of your matches is turned down, the whole project must wait while another source is identified and applied for – which will usually take months.

The example Dalmore spreadsheet also has columns ready to record expenditure once the project begins. This allows you to monitor your spending as the project develops, as well as having all the information you need in one place for the project reporting (many funders will require copies of the invoices).

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