

Welcome!

Funding Core Costs: in principle and in practice

Please settle in and we'll be kicking off shortly...



Welcome from the Benefact Group

Our common purpose is to **give** all available profits **to good causes**



*DSC – The guide to UK Company Giving 2023-24

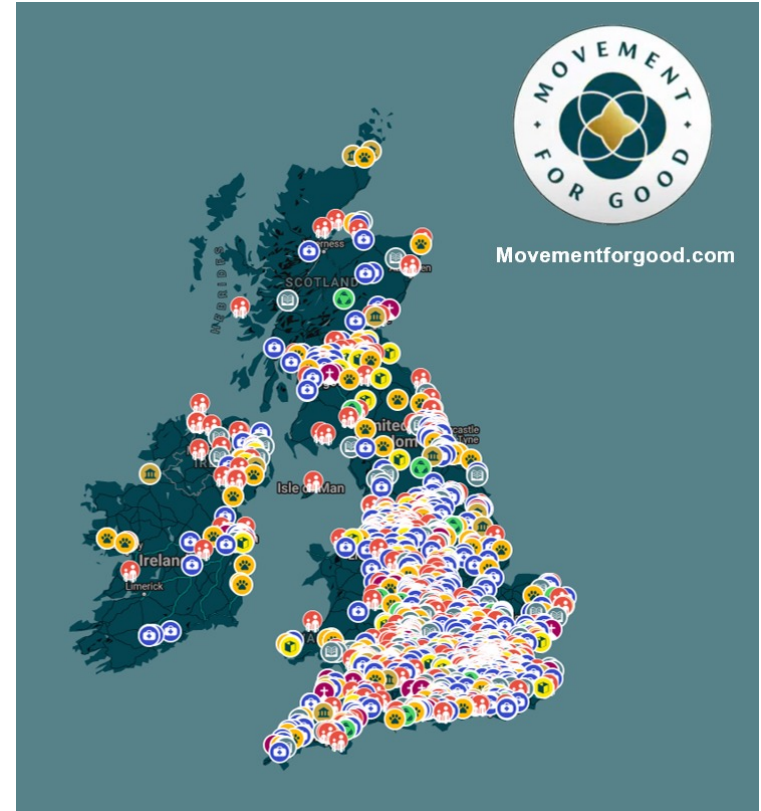


How we give – the Benefact Group



1. **Small donations** to charities doing every possible kind of good
2. **Larger grants** to charities doing amazing work really important to our customers and communities
3. **Charity support** enabling charities to be more successful and sustainable

Visit www.movementforgood.com
today to nominate





BENEFACT GROUP

George Knight, Training Consultant

FUNDING CORE COSTS IN PRINCIPLE AND IN PRACTICE

With the end in mind...

Key takeaways

- What are core costs?
- Understanding why they are not costs
- Working with funders to fundraise

Core Costs

“We must be equally committed to the fundraising of our services, as we are to the delivery of our services.”

Kara Logan



What are core costs?

Costs not directly applicable to service delivery

Why are they not costs?

Because without core functions the charity
cannot operate

**It is not: 80% of money goes to
the cause**

It is: 100% goes to the cause

Examples

- Management
- Administration
- Finance
- Governance
- Compliance

Why is it important?

Services can only run if the organisation
can run!

Who is responsible?

- Fundraising
- Finance
- Leadership team
- Service delivery
- Trustees
- Everyone?

Fundraising

How do you raise core costs?

Funding techniques

- Basic budgeting
- Full recovery
- Project repackaging

Basic budgeting

- Your project funding includes a flat % of your overheads in the costing.
 - Typically between 8-20%

Full recovery

- All core costs are distributed effectively between all projects

Project repackaging

- Funding for a project that pays for core costs:
 - Pay for our finance manager...
 - Hire our policy manager...
 - Keep our building serving beneficiaries...

Example

- Project needing funding
 - 10 courses delivered over 1 year for £10,000
 - 50 hours of consultancy over 1 year for £10,000
 - 5 fundraising bids written for £5,000

Project cost: £25,000

Core costs needing funding

- Customer service
- Finance
- Leadership team
- Building costs
- Utilities

Additional costs

- 1 CS agent for half a day a month for £650?
 - Consider putting this into project cost?
- % of finance staff for £X?
- % of leadership team for £X?
- % of building costs for £X?
- % of utilities for £X?

How to work out additional costs?

- Yearly costs
 - Finance team - £10,000
 - Leadership team - £10,000
 - Building costs - £7,000
 - Utilities - £1,000

Yearly costs: £28,000

Basic Budgeting

What do we do?

Basic budgeting

- Charge flat 20% of project cost (**£25,650** with the CS agent)

20% of project cost: £5,130

New total cost: £30,780

Full recovery

What do we do?

What % of your operating time will this project take up?

- 10 courses
- 50 hours of consultancy
- 5 fundraising bids

Staff time: 20%

Building time: 10%

Full recovery

- Overheads needing funding
 - 1 CS agent for half a day a week for £650
 - Added into Project cost, not core
 - 20% of finance staff for £2,000
 - 20% of leadership team for £2,000
 - 10% of building costs for £700
 - 10% of utilities for £100

Full recovery

- Project costs:
 - £25,650
- Core costs:
 - £4,800

Total costs: £30,450

TASK: Costing projects

- At the Little Berry Nursery they are costing a 1 day project
- Using the costing document how much will this project cost over a year?



TASK: Costing projects

- Project costs:
 - Support worker: £15,000
 - Equipment: £1,500
 - Training: £200
- Variable costs (full recovery):
 - Part time salaries: £21,500
 - Utilities: £5,000
 - Building costs: £10,000
 - Stationary: £200



1. Fill out project costs

| | Project costs |
|-------------------|---------------|
| Support worker | £15,000 |
| Equipment | £1,500 |
| Training | £200 |
| Project cost sum: | £16,700 |

2. Fill out annual costs

3. Decide on a project time

commitment (answer as a %)

4. Add in pro-bono/in-

kind/income

| | Annual Costs | Project Time Commitment | Project Cost |
|--------------------|--------------|-------------------------|--------------|
| Part time salaries | £21,500 | 20% | £4,300 |
| Utilities | £5,000 | 20% | £1,000 |
| Building costs | £10,000 | 20% | £2,000 |
| Stationary | £200 | 20% | £40 |
| Variable cost sum: | | | £7,340 |

| | |
|---------------------------|----------------|
| Total Project Cost | £24,040 |
|---------------------------|----------------|

Putting it all together

Work with finance





Full cost recovery projects



Individual/community funding

Other unrestricted funding sources



“We must be equally committed to the fundraising of our services, as we are to the delivery of our services.”

Kara Logan

1. Give fundraising and service delivery an equal voice
2. Make a list of your major projects
3. Look at the overheads you can repackage as a project
4. Ask finance to give you details of all overheads
5. Practice full cost recovery
6. Apply!

Q&A

George Knight
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And finally... FOUR exciting things to leave you with

- 1. Attend an exclusive masterclass session**
- 2. Attend future webinars**
- 3. For Impact: The Charity Podcast**
- 4. Join our Movement for Good Network**

1. Attend an exclusive masterclass session

Feel you would benefit from being able to dive into specific questions relating to your organisation regarding funding core costs.

Register your interest via the webinar feedback form and you could be joining George for a one hour masterclass where you can get answers to your specific questions..

The masterclass will take place via Microsoft Teams and spaces are limited to enable attendees to get the most out of the time allocated.

11 June 2024

2:00 – 3:00pm

Apply via the webinar feedback form
(Successful applicants will be notified by close of business 4 June.)

2. Attend future webinars

Our next webinar is:

- **Writing winning funding applications**
26 June, 9:30 – 10:30am
Layla Moosavi, DSC Associate Fundraising Trainer, Independent fundraising trainer and consultant

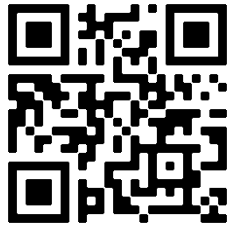
Future webinars:

- Writing winning funding applications: Your questions answered, 10 July
- Digital Fundraising: Tools and tactics, 2 October
- Positive teams: Recruitment, retention and wellbeing, 13 November

3. For Impact: The Charity Podcast

Episode1: Why are the media so wrong about charities?

Available on your favourite podcast platform or on our charity support hub – just scan the QR code.



3. Join our Movement for Good network

“The Movement for Good Network brings together a group of special charities to learn, share feedback and gain access to extra opportunities and support. We want to get to know your fantastic organisations better and do more to support you!”



Thank you for listening



Contact details



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