Fundraising Now, 30 March 2023, George Knight, Training Consultant

SECURE FUNDING OF CORE COSTS



Working Together, with Tech!

Some things remain the same

- There's no such thing as a silly question
- Respect space and values for others
- Participation involvement/contribution

Some things because we're virtual

- Where possible, video always on during whole group or breakout room discussion
- When we break, feel free to switch camera off
- Take a screen rest during breaks

... a virtual handshake



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?



Alternative funding

- Project funding
 - Money to run projects exclusively
- Capital
 - Money to build things
- Development
 - Money to develop new projects



Fundraising



How do you raise core costs?



Funding techniques

- Basic budgeting
- Full recovery
- Project repackaging
- Unit costing



"Unrestricted" funding sources

- Individuals
- Community
- Corporate
- Legacies
- Trading



Basic budgeting

- Your project funding includes a flat % of your overheads in the costing.
 - Typically between 10-20%



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...



TASK: Repackaging

 What could you repackage into projects?





TASK: Repackaging

- Part time therapist
- Fundraiser
- Comms campaigns
- Volunteer expenses
- Marketing admin
- Volunteer coordinator
- Data for the quality manager
- Staff in new charity shop helping you
 social change to help others

Unit costing

- Project is broken down into bitesize costs:
 - Fund X for £100
 - Buy two X for a beneficiary for £10
 - Typically individual funding



Project funding

- Questions to consider:
 - Can it include all costs?
 - Can we build all costs into the project costs?
 - Can we run this project without funding everything?



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



Costing your fundraising

- Salary
- Equipment
- Stationary
- Expenses
- Overheads



Putting it all together



What costs need covering?

5. Analysis of support costs				Product Sales	
	Education	Social Inclusion	Recreation & Leisure	& Gardening Services	Total 2019-20
	£	£	£	£	£
Management & Admin Staff	534	3,631	454	721	5,340
Premises	999	6,790	849	1,348	9,986
Administration	154	1,049	131	209	1,543
Professional fees	-	-	-	-	-
Depreciation	78	530	66	105	779
Audit	-	-	-	-	-
Governance	-	-	-	-	-
Insurance	358	2,434	304	484	3,580
	2,123	14,434	1,804	2,867	21,228



St Mary's Secret Garden

- We need to cover >£20k
 - What % of each costing line per project?
 - We are open for 5 days, so a 2-day project can be 40% of the costs for that line
 - Keep more detailed finance lines



Work with finance









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Kara Logan

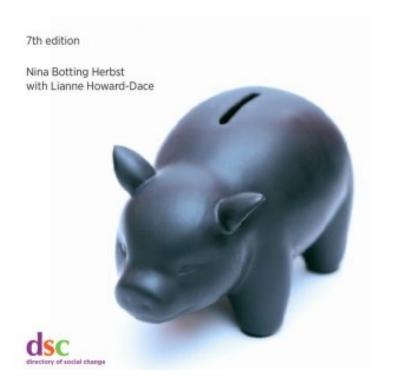


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 - https://ciof.org.uk/about-us/groups



The Complete Fundraising Handbook









Key takeaways

What are core costs?

Understanding why they are not costs

Working with funders to fundraise



START

STOP

CONTINUE



Any questions?

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Thank You

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