

Preparing a budget

External Funding Factsheet 4

Depending upon the type of programme sponsor, the presentation and the level of detail required for a budget will vary from one application to another. In all cases, follow the instructions provided in the applicant's guidance.

Beyond the specific requirements, however, for all grant programmes follow the same basic principles as you prepare this part of the application.

- 1) Speak to your Directorate Finance Unit at the earliest possible opportunity?
- 2) Identify your matchfunding? Is it eligible? Who has the authority to commit? Will you need partner contributions? Are these eligible?
- 3) All items requested in the budget should be justified elsewhere in the application. Those people appraising your bids should find no surprises or unexplained items once they arrive at the budget section. A budget that is not comprehensive may suggest to a potential funder that the entire proposal has not been well thought out!
- 4) All expenses should be reasonable, realistic and directly related to the activities that will be conducted as part of the proposed project.
- 5) Estimates of costs should be based on actual rates at the time of the application. Those appraising bids should have enough experience concerning costs to know when a budget is 'padded' or matching contributions inflated. Remember that they are reading applications from a number of other bidders at the same time.
- 6) Finally, do all the figures add up!

In addition to these "general rules", a number of other issues will be identified when preparing the budget:

- **Match Funding** – a grant programme is unlikely to provide funding covering 100% of total eligible costs. Intervention rates can vary from 30%-70%, with the norm usually 50%. Therefore you will still need to provide half the costs from KCC or partner contributions. What form will these take? Is matchfunding in-kind allowed (using the normal costs of a service or product as match funding)? Are the partners contributions eligible i.e. can volunteer time be used? Are the KCC management and partners aware of the level of funding required and are they prepared to sign the appropriate documentation to this effect?
- **Salaries** - Whether or not positions will be funded as part of the grant, it is often necessary to determine the value of time spent by personnel on grant projects as part of the in-kind matching contribution to the project. In most cases salaries can be calculated to include on-costs (national insurance). For multi-year projects, salaries in

For further information contact:

Martyn Riley, External Funding Officer, External Funding Unit, Room G.50, Kent County Council, Sessions House, County Hall, Maidstone, Kent ME14 1XQ Tel: 01622 694384
Fax: 01622 694448, Email: martyn.riley@kent.gov.uk

the second or third year should include an estimate of inflation or any increment increases that may apply to the post.

- **Equipment** – Some programmes will not allow capital expenditure of any kind but most revenue based funding streams accept a small element of capital spending. Depending upon the type of equipment, base your estimate on several estimates or a known contract cost. If computer equipment will be purchased, ISG could provide an estimate for the equipment as well as for installation and any networking requirements.
- **Materials and Supplies** – For those scoring bids it is always a good sign to see that all of the costs of a project have been well thought out - even the small things are considered. Although materials and supplies are often a very minor expense in most projects, they are still needed to accomplish most tasks. If appropriate, include in the budget costs for photocopying, publishing brochures/flyers, disseminating information, reports or evaluations, etc. This part of the budget could be useful for identifying potential matching contributions as well. In any case, it should not be omitted from the total expenses of the project – unless specifically excluded.
- **Contractual** - Included in this category are the costs for contracting individuals/organisations who are not going to be involved with the project on a continuing basis, but rather will be providing a specific area of skill or expertise that is needed to accomplish the goals of a project. These may include trainers, researchers, evaluators, etc. Also included in this category would be any services that might be required to complete the project that cannot be performed by existing personnel. Costs of contracts should be based as far as possible on actual estimates from various contractors, based on the specific deliverables expected.
- **Indirect Costs** - Funders will often indicate which (if any) indirect costs are an allowable expense. These include costs such as rent, heating and insurance. If allowable you may need to be apportion these costs between the project and other organisational activities.

Comprehensive and reasonable budgets play a critical part in the planning process for a grant and in the justification for why an assessor will recommend funding one applicant and not another.

It is also important to note that grant awards are seldom increased and in some cases you may be offered less - so it is important to be sure that the project can be accomplished with the funds requested or maybe less.



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