

Planning a budget

Tools & resources
Trusts, charities and foundations that provide grant funding often provide a template for preparing a budget and sometimes provide example budgets.

Top tip
Ask if anyone has experience of managing budgets and finances within the local community – there might be some valuable skills in the group.

This worksheet provides advice and guidance on how to plan your budget.

Plan the details of what you will do, when and how to work out all of the costs that you can identify.

Research and estimate costs of labour, materials or other things.

List costs in a spreadsheet in expenditure categories. Where costs are estimated, be cautious and use higher estimates.

Include a contingency for unexpected costs that might arise – usually between 10% and 15% of total costs.

Now estimate income and list this on the spreadsheet.

Include earned income, donations and grant funding, and be cautious where you are making estimates.

Compare costs with income to work out the final balance of monies at the end of the project.

If possible, plan to make a reasonable profit that you can re-invest into further or follow-on activity.

Plan how you will monitor actual expenditure and income during the project and compare this with your initial budget on the spreadsheet.

Plan how you will keep accurate paper and spreadsheet records to demonstrate that you have managed the budget carefully.

(But check first to see if the funder will allow a contingency in the budget).

Help & advice

Look for local charities or community and voluntary support networks that provide training on preparing budgets and managing finance.

However, if you are applying for grant funding, you are often asked to provide a "balanced" budget where the income is the same as costs.

Think about...

... how to provide a "balanced" budget where the income is the same as costs for funding applications. This can be difficult to manage especially if some of the costs and income are estimated. There are two ways that you can plan for this:

Think about two kinds of costs: essentials and extras. Include some costs for extra activity that would be good to do, but not essential. If possible plan these towards the end of the project if you can so that they can be reduced if necessary.

Think about additional or follow-on activity that can be flexible. Work out the costs, and include it in your project plan. Make it clear that this activity will be done if the first part of the project is completed within the budget, but might be reduced if you find that you need to reduce costs.