BUDGETING FOR EVENTS

Always plan your budget on conservative income targets and realistic or best-estimate expenditure expectations.

Always allow for at least an overall 10% contingency on expenditure to offset unexpected costs or over-runs.

An event budget needs to be done early in the planning of a project and referred to and reviewed regularly – more frequently the closer you get to the event itself. The budget provides a framework for any event and should include both direct and indirect costs.

There is no single budget format that will cover all project eventualities, but the supplied worksheet is a good start and has the added advantage of complying with most major arts funding guidelines. No matter what format, using a spreadsheet with some level of auto-calculation is a good idea.

Keeping track of actual income and expenditure versus budgeted is vital.

1. Make a list of every cost you can think of. Include a cost for every aspect of your event, from producer fees to plastic spoons and everything in between. Refer to your project timeline, similar historical projects, any marketing material already produced, or contractual information to trigger possible costs for inclusion. Remember to consider and include indirect costs to your venue – your own time spent on the project, in-kind venue resources, etc.

2. Also consider those items referred to as in-kind. In-kind support is the delivery of a good or service (by yourself or a partner) which is not a cash contribution, but can be assigned a value. For example, a venue hires itself to a community group, giving them bump-in time at no cost – the charge for the event itself is a cash transaction but it also has an in-kind component which is the value of the bump-in hire if it had been charged. Always remember any in-kind cost or income must have a corresponding income or expenditure listing to match. In the case of this example, the venue would list the bump-in hire amount as in-kind income from them and an in-kind venue hire expense borne by the community group.

3. Once you have itemised all your costs, take this list and assign it to the major cost centres in the budget spreadsheet. Keeping the spreadsheet formatting fairly constant over a number of years will build up a useful record of costs to compare new projects against.

4. Estimate a cost for every item on your list. Add a contingency amount of between 3-10%, depending on how rough your estimate is and how far in advance your event is (around 3% a year is a good estimate). Once you have a confirmed cost, enter that actual figure in the sheet to help track savings and/or overuns.

5. Estimate your income (from registration fees, sponsorships, ticket sales, donations, product sales etc), then subtract a contingency of between 3-10 percent depending on how rough your estimate is.

6. A budget should be designed to achieve the best possible outcome, which should at least be break even (neither a loss nor a profit). Once all income and expenditure has been factored in, assess the end net result.

7. If the net result is less than anticipated, go back through your project objectives and plans to reacquaint yourself with priorities – dividing objectives into necessary items and desirable items. Then methodically work back through each budget line – reducing costs where possible against the priority list.

There will be times when a project may have to change its stated objectives because your budget process cannot sustain the original aims. This is a part of good planning and good budgeting – being able to recognise early the limitations of your financial modelling and acting upon it. Make sure any revised objectives are communicated to all stakeholders and team members.

Once your budget is at a satisfactory draft stage, keep an accurate record of your actual income and expenditure, and regularly review the budget. Your budget will likely need to change several times during the lifetime of an event to adapt to evolving plans, income and unforseen circumstances. It is important any changes are quickly communicated to team members and stakeholders.