

Budgeting for a JR initiative

Quick Guide and Template

Disclaimer

This guide provides information on developing a budget for a JR initiative. This information is intended as a guide only and is not financial advice. If you or your organisation has a specific financial issue, you should seek financial advice before deciding what to do.

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What is an initiative budget?

An initiative budget is the total estimated cost of completing all initiative activities across the lifetime of an initiative, including ongoing costs such as staff, office space and equipment.

What is the purpose of an initiative budget?

The initiative budget is designed to:

- provide an estimate of the amount of funding to apply for in the grant application;
- assist recipients to monitor spending under the initiative; and
- inform decisions when activity plans and costs change (which they will).

General guidance

Budget range

Although initial annual budgets for JR supporting bodies can vary, they will typically fall within the range of \$200,000 to \$400,000 per annum for the first few years.

Funding available under the National Justice Reinvestment (JR) Grants Program

It is worth noting that the National Justice Reinvestment (JR) Grants Program Grant Opportunity Guidelines do not provide guidance on how much each applicant is eligible to be funded for, nor exactly how many communities will be supported under the Program. We appreciate this can make it difficult to determine what a reasonable budget for the work you are undertaking might be so to guide your early thinking we have provided some high-level calculations on how the overall Program budget could be equitably broken down per each community. Please remember that this is a guide only and that you will need to determine for yourself what an appropriate budget for your desired activities will be. We also acknowledge that it is likely that some communities will receive more or less funding than others. For instance, it may be that more advanced stage communities receive higher amounts of funding due to the larger scale and complexity of their operations. It may also be that as a result of some communities applying during Round 2 or later that they only apply for up to two years worth of funding rather than the full three.

High-level calculation if funding under the Program were distributed evenly

The Program budget has put aside \$65.5 million, over three years, to support 'up to 30 communities'. If funding were to be split evenly across every community, that would mean there

is approximately. \$21.2 million, per year worth of funding, that could support up to 30 communities. That works out to be up to \$700k of funding per year, per community or up to \$2.1 million per community over the three year period (should they apply in Round One).

Key considerations

In the modern climate, this amount of funding is very little funding to play with, especially when considering it will be distributed across a wide range of activities. This is why it is important to build and strengthen partnerships with other organisations, potential funders or in-kind supporters, along with seeking opportunities for alignment to other work and/or funding as these opportunities. This will allow you to maximise the resources available to your initiative at a much lower cost. It is also another reason considering the structure of your supporting body (and the costs associated with that structure) is so important. You may also consider seeking funding from multiple funding sources to support your project operations, however, you should be mindful that each funding source may have its own reporting/evaluation requirements and this can add to the administrative load of your team.

What to include within a JR budget

Common operational costs for JR supporting bodies include but are not limited to:

- **Staff salaries** (noting you will need to budget for base salary, superannuation contributions and on-costs such as insurance).
- **Project overheads** (e.g. rent, insurance, laptops and other IT equipment, stationary and office furniture, travel, etc.)
- **Data and operational systems** (e.g. Microsoft 365/G-Suite subscriptions, accounting software, Microsoft Office subscriptions, establishing data-sharing platforms, etc.)
- **Project administration** (e.g. developing communications materials, paying community members sitting fees for governance meetings, venue hire/catering for meetings and other events, etc.)
- **Monitoring, evaluation and learning** (this can often be a hidden cost in the early stages of the initiative, however, all funding sources will require you to report in one form or another about the work you are doing and the impact it is having towards your chosen goal. It is important to budget for the time and expertise required to support this process to reduce unnecessary/hidden costs, along with ensuring that any monitoring/evaluation you are undertaking is actively informing the learning and improvement of the work itself, not just meeting your obligations to funders.)

Developing a budget for the National JR Program

The Grant Opportunity Guidelines provides guidance on what you can include in your JR Grant initiative budget, these have been described below.

Budget guidelines

Eligible activities

You can only spend the JR Grant on eligible and agreed activities that are included in your activity workplan and grant agreement. Eligible activities seek to improve justice outcomes that relate to the needs of a particular community and have strong local First Nations community leadership.

Other eligible activities to support JR may include:

- activities associated with community-led identification and implementation of JR reinvestment activities, including creating and maintaining a team, systems and frameworks to support local leadership, governance and community engagement, JR plans and strategies; and
- programs that are targeted at addressing possible drivers of contact with the criminal justice systems and improving justice outcomes.

Supporting activities that: may be eligible include activities:

- that build support for and understanding about JR within a community, including communications products, community engagement sessions and learning/education activities to build capacity and capability for JR;
- related to data, including collecting and working with community data, stories and knowledge, setting up local data platforms and working with government data;
- to develop and implement monitoring, evaluation and learning to ensure community-led initiatives and programs contribute to the program's outcomes and objectives; and
- associated with collaboration and working with stakeholders to advocate for changes to justice systems.

Eligible expenditure items

Below is a list of things that you can include in your JR Grant Application budget:

- costs associated with delivering eligible activities (outlined above);
- costs associated with resourcing a local initiative team, and the tools to support local leadership, including:
 - wages for a small initiative team
 - staff training, transport, and accommodation
 - operating expenses such as office fit-out, rent, lease of computers, phones, etc.
 - IT costs (including costs associated with data collection, storage and maintenance)

- travel and accommodation costs for domestic travel for the purpose of stakeholder and community engagement activities directly related to the delivery of grant activities.
- professional development.
- Costs associated with consultancies, services, and support from JR experts;
- other administrative or initiative related costs (that is, relating to data work, communications, community engagement and learning and development) as identified by the community and agreed with the department;
- minor capital works (improvements or maintenance of existing buildings) directly relating to the proposed initiative or activity, providing:
 - the work has a total cost of under \$250,000 (consideration may be given to increase this total for initiatives located in rural and remote areas)
 - the work is completed within 12 months, unless otherwise agreed (more time may be allowed for rural and remote areas)
 - any work completed is within an existing structure (that is, no new buildings)
 - applicants can provide the following at the signing of a grant agreement: a quote with itemised costs of work to be undertaken (if greater than \$100,000); the scope of the works; if council approval required; timeframe for works; and proof of ownership/property owner consent to undertake works (including proof of the amount of time left on the lease).

In-eligible activities and expenditure

You cannot use JR Grant funds for the following activities, unless otherwise agreed in your Grant Agreement:

- costs incurred in the preparation of a grant application or related documentation;
- costs that have already been paid through other funding sources;
- capital expenditure over \$250,000 (noting that consideration may be given to increase this total for initiatives located in rural and remote areas). This includes expenditure involving complex and or high/risk refurbishments, or new building construction;
- overseas travel; and
- the covering of retrospective costs (costs that were paid before the Grant Agreement was signed).

Budget template

The JR Grant Application Activity Work Plan spreadsheet includes a budget template and a useful example budget. The example budget is copied below.

Justice Reinvestment Initiative					
Indicative Budget					
Organisation name:	The name of the organisation that will sign the grant agreement (must have an ABN) If your organisation is being auspiced by another organisation, it is their name				
Project title:					
Total grant funding sought (\$) (GST inclusive):	\$ 751,000.00	This is the total amount of funds you are applying for over the 3 years			
Directions: * Enter project details in Blank template (next tab)					
	2023-24 FINANCIAL YEAR	2024-25 FINANCIAL YEAR	2025-26 FINANCIAL YEAR	FIELDS IN BLUE WILL CALCULATE AUTOMATICALLY DO NOT ENTER DATA IN THEM	
Expenditure item	Grant funds requested for project activity including GST	Grant funds requested for project activity including GST	Grant funds requested for project activity including GST	Total cost including GST	Percentage of total project funding %
<i>Example only</i> Travel costs to undertake community outreach	\$ 3,000.00	\$ 2,000.00	\$ 1,000.00	\$ 6,000.00	1%
<i>Example only</i> Business fees for consultants / experts (for example, expert assistance and training in data collection and analysis)	\$ 10,000.00	\$ -		\$ 10,000.00	1%
<i>Example only</i> Staffing costs (include on-costs such as superannuation, etc)	\$ 160,000.00	\$ 180,000.00	\$ 200,000.00	\$ 540,000.00	72%
<i>Example only</i> Rental costs (office space, etc)	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 150,000.00	20%
<i>Example only</i> Supplies/Equipment costs (office space, etc)	\$ 15,000.00	\$ 10,000.00	\$ 10,000.00	\$ 35,000.00	5%
<i>Example only</i> Costs for other equipment related to your project/initiative (Other line item)	\$ -	\$ 10,000.00		\$ 10,000.00	1%
(Other line item)	\$ -			\$ -	0%
(Other line item)	\$ -			\$ -	0%
(Other line item)	\$ -			\$ -	0%
TOTAL PROJECT COST	\$ 238,000.00	\$ 252,000.00	\$ 261,000.00	\$ 751,000.00	100%
Further Information * Indicate calculation method for expenditure items e.g. quote * Indicate the source of any co-contributions					
Further information examples: Travel costs - \$500pa paid by state government grant \$10,000 for JR consultant based on quote (attached), \$2500 contribution from local council \$25,000pa rental costs from other source - shared space with [name of organisation]					

You can choose whether to use the JR Grant Application version or use your own template. If you manage other initiatives or your organisation has their own budget systems and reports, it can be useful to use those templates.

How to prepare your JR Grant Application budget

The following steps will help you to create your initiative budget.

1. Reviewing your initiative activity workplan, define the resources you need:

Using the activity workplan you have already created, begin identifying what resources are needed to complete each activity, for instance, the venue hire, catering and sitting fee costs for community meetings to attend meetings. Once this is complete, review the list to identify any common resources which can be used across more than one activity. For instance, any activities that could be led by the same team member, any operating costs such as equipment, rent, training, travel, etc.

2. Estimate the cost of each resource:

Now that you have identified the resources you need, begin assigning an estimated cost to each. This will take research and collaboration as each initiative will be different. Here are some techniques you can use to support this process:

- **Use historical data:** review actual costs from similar initiatives you have previously completed (if possible).
- **Consult others with experience:** lean on other initiative managers in your organisation or in your professional network to get access to their historical budget data.
- **Consult suppliers:** get cost estimates from suppliers (such as an IT shop or newsagent) for the products and services that they will be supplying.
- **Online research:** review publicly available data such as Seek job ads, or sample initiative budgets for similar initiatives to benchmark against comparable initiatives.

3. Consider value for money:

Different resources will be more or less critical to the work you are achieving so it is worth considering what areas are worthwhile to invest more highly in, and what areas are less critical so you can make savings. For instance, each person who will work on the initiative will cost a specific rate of pay. More experienced people cost more, but will often be able to complete tasks faster and to a higher standard. This may provide good value for money as it means you can complete the work quicker or hire less staff to do the same amount of work. Alternatively, there may not be a big difference in the quality of design materials and/or suppliers you use to support your initiatives, and/or the quality of those materials and/or might not have a big impact in the overall ability of your initiative to meet its goals. This would be an area you could keep costs down to make a greater amount of the budget available to support your recruitment.

4. Include a contingency fund:

It is almost impossible to predict exactly what everything will cost at the beginning of the initiative, so include a 5-10% 'Contingency fund' to absorb increases in costs or emerging high priority activities.

5. Build the budget:

Compile the estimates into your initiative budget template.

6. Ask for feedback:

Circulate your initiative budget within your initiative team and organisation leadership for feedback to identify errors and omissions.

Verifying your budget (if your application is successful)

In this scenario, you may be asked to verify initiative costs that you provided in your application. You may need to provide evidence such as quotes for major costs.

If successful, a final initiative budget will be agreed in partnership between the Grant Application organisation and the Commonwealth represented by Attorney-General's Department. This final budget will be included in the Grant Agreement.

Managing an initiative budget

Managing the initiative budget is probably the most difficult part of initiative management, but also the most important. You will need to manage and monitor the initiative budget throughout the life of your initiative.

Initiatives rarely (if ever) go exactly according to plan. A good initiative manager must be able to identify when the budget is running over or under and manage these events to ensure that the initiative can achieve its outcomes even when things change.

It is important to use the original (JR Grant Agreement) initiative budget as a baseline to track 'variance', which is the difference between what you estimated something to cost versus what it actually costs. If there are unforeseen events, and you are tracking the budget, you will know this while you still have enough time to make adjustments and fix the problem.

Ideally, your initiative team should have a weekly budget update and meeting where the current budget status is reported to management. This will help the initiative team to quickly identify if expenditure is off track and make some decisions with leadership on how to get back on track.

Initiative teams should avoid unexpectedly running way over or way under budget. While the contingency is there to help you manage variance, it can only stretch so far. With careful budget tracking, you will know in advance if your initiative is forecast to go over budget so you can respond appropriately.

What to do when your initiative is over budget

Here are some ways to effectively manage initiative budgets, avoid overruns, and pull initiatives back into line:

- Request an increased budget with a valid rationale and a plan for getting costs back under control.
- Consider reducing the scope of your activity workplan such as cutting out low priority activities, or if you are underspending, increasing the number of high priority activities.

- Use lower-cost resources where possible. For instance, you could ask a more junior team member to perform some tasks, you could consider upgrading equipment rather than replacing it, or you could do training online instead of in person.
- Use your budget contingency (wisely!).

More information

For access to more resources on how to establish your JR initiative, [visit our resources hub](#) on the Justice Reinvestment Network Australia website, or contact the JR Partner team on justicereinvestment@nintione.com.au.