

DIE FIBEL

A Primer for Independent Theatre



COST- AND

FINANCING PLAN



Editorial



You have a sparkling idea for a theatre project of your own and no clue how to set about it? What does it take to realise a piece or a performance? How to finance your production? What's the best way to advertise and make the press write about you? And what legal regulations do you need to adhere to?

Lower Saxony is big and colourful – the Independent Theatre scene in particular is very lively and diverse. We welcome you to this community! The Association of Independent Theatre in Lower Saxony (*Landesverband Freier Theater in Niedersachsen, LaFT*) and the

Theaterhaus Hildesheim (TH) know their way about the scene and give advice on all matters at hand. Now we have distilled our many years of experience and created ***A Primer for Independent Theatre***, a concrete practical instruction guide in several brochures for Independent Theatre professionals. The Primer offers first steps for newcomers but is also suitable as a definitive update for the advanced.

Good luck from: Martina von Bargaen, Maria Gebhardt, Uta Lorenz, Ulrike Seybold, Carola Streib.
English translation by Mark Roberts.

Signets

We have flagged certain sections in ***A Primer for Independent Theatre*** with pictograms to indicate notes we wished to highlight, definitions, or tips. Aspects you should give special atten-

tion to when creating your project are marked with the pictogram 'attention'. The authors chose simplified icons of the respective sign language words.



Attention



Example



Definition



Note

Gender

A Primer for Independent Theatre was written in gender aware language. After conferring with a diversity consultant at the university of Leipzig, the authors chose a language model that was meant to allow self-recognition to a maximum of readers and to avoid the 'gender-gap'.

Aiming to reach the same goal in the English version of the Primer, the translator consulted a professor at the university of Hildesheim and has attempted to follow her advice.

Gender



In order to do justice to all gender classifications, readers should be given the opportunity to classify themselves.



1. The basics

The cost and financing plan (CFP) is the arithmetic heart of a project application. As the name implies, the cost and financing plan consists of two parts:



All the costs necessary for a project to happen are listed in the cost plan, grouped into a number of categories, thus making up a good overview of the complete encounter. The cost plan represents the outgoing side of the project. The financing plan represents the other side, namely where the money will be coming from. Based on the sum total calculated in the cost plan it states the funding sources available, or rather, which grants will have to be applied for to acquire this sum total. The financing plan must list all third-party funds as well as your own resources. This basic structure is always the same, even though individual financiers' requirements vary in certain details.

The CFP ripens together with your project. The first setup is usually no more than an ideal. Projects are rarely

realised with financiers and costs exactly as they were originally planned. Whenever the project changes, so does the cost and financing plan – and vice versa. Detailed checking and confirming of real expenses and proceeds during the course of the project is called 'controlling'. When the project has finished, the financiers expect a report on expenditure of funds. Among other things, this is to document that you used the funds as sketched out in your plan. How much time you have to hand in the report and how much detail it must contain varies. But usually you will find designated forms and instructions on the financiers' websites.

While flexibility is fine, it is important, from the beginning, to get the orders of magnitude right. As soon as a grant has been approved, you must unconditionally inform the financing institution of any greater changes in your CFP, regardless of whether the volume has risen or fallen. Financers base their decision not only on the contents of the project but also on the financial

foundation being sound, coherent, and appropriate. If you acquire a grant from an additional financier or one of the financiers you had planned with declines your application, you must also inform those that have already approved. Even changes between subgroups need to be communicated. In a worst-case scenario failure to do so can lead to a financier withdrawing their approval.



A rule of thumb, for many financiers in fact an actual regulation, is that any change of more than 20 percent within a cost-group must be advertised. Massive cuts in artists' payment, in particular, are a sour subject for many financiers because there are limits below which professional work is hardly possible. Be honest with yourself in your own interest, too, and set a lowest limit!



The German Association of Independent Performing Arts recommends a lower bound for artists' wages of EUR 2300 per month (as of March 2017). More on the subject here: <https://darstellende-kuenste.de/de/themen/soziale-lage/diskurs/honoraruntergrenze.html>. Another source of information is the 'art but

fair' initiative, who stand in for fair working conditions and payment for members of the art community.

In order for your project not to collapse due to just one financier declining your application, you should include buffers and nice-to-haves in the cost and financing plan. That is, elements that you would like to implement in the project but whose omission won't change the face of the project in essential ways. For instance you can easily include extensive documentation in your CFP and delete it during the process if necessary.



Incoming and outgoing payments in publicly funded projects must always balance out. All expenses need to be covered by third-party funds and your own resources. Your group mustn't make a profit nor a loss with the project as a whole. The money you want to earn, your artists' wages, must be listed in the cost plan as your payment. Even though, in the case of often untidy figures, it may look contrived, everything must add up to a zero outcome afterwards. It is classically your own resources, as stated in the report, that make this possible.



 You have calculated that your production will have a total cost of EUR 16,758.23. Don't expect it to be a round number, due to things like externals' concrete cost estimates and KSK-fees

(→ DIE FIBEL | A Primer for Independent Theatre: Legal Basics) and the like. You expect to receive funding of EUR 14,000. Then your own resources need to be EUR 2,758.23.

2. Types of grants

Furthermore you should find out what type of grant you can expect from which financer. Many grants are what is called 'deficit grants' (*Fehlbetragsfinanzierung*). Here the financer grants you funds up to a certain limit on the assumption that this amount is missing from the project total. Should you then, for example, achieve better box-office results than calculated in your CFP, these additional receipts would be subtracted from the grant and you would receive the smaller amount, the amount lacking. If more than one of your financers have approved a deficit grant, the amount held back is distributed proportionally. But this is another case where you can open up several possibilities for yourself by starting an honest and fair dialogue with the

financing institutions in good time. Together you can decide how to deal with a rise or fall in your expected outcome.

Some financers offer 'fixed amount grants' (*Festbetragsfinanzierung*). Here you definitely receive payment of the amount approved and can keep it regardless of how your CFP develops. This type of grant is rather an exception.

A third type is the 'percentage grant', also called 'proportional financing' (*prozentuale Förderung* or *Anteilsförderung*) as granted for instance by the 'Aktion Mensch'. Here you are approved support amounting to a certain percentage of your project costs. After the project, and after reckoning up, the

actual grant is calculated from the real costs and the approved percentage.

 Given a planned project total of EUR 100,000 and an approved percentage of 70%, the calculated grant is EUR 70,000. At the end of the project, accounting shows total costs of EUR 90,000. Given the approved percentage of 70% the grant actually transferred is EUR 63,000.

 As to the precise guidelines please read the information offered by the respective funding institutions. And clarify in advance whether your group is entitled to a grant. Many financers request that not private individuals but private companies or corporations with a given legal status act as applicant (→ DIE FIBEL | A Primer for Independent Theatre: Legal Basics). Often they require that your group is organised as a registered society and that the tax office recognises it as charitable. But even if you don't fulfil these requirements you could consider cooperating with a registered society that is entitled, like the LaFT or the TH. Ask for concrete advice in such cases!





3. Structure of the CFP

Any cost and financing plan should carry a headline stating the project name and the date of creation. This helps the financiers keep an overview and allows them to associate the many applications with the proper projects. Afterwards it also helps you to track changes during the course of the project by means of the version numbers or dates.

3.1. COST PLAN / OUTGOING

If you have little or no experience values it may at first seem difficult to precalculate the cost of a project. For certain positions (e.g. equipment rent, printing costs, room rent) it is sensible to get concrete information in advance or even to request cost estimates. In other cases, and in general: ask for advice or speak to other theatre professionals that have more experience.



It is advisable to divide your cost plan into project phases and also into personnel costs on the one and ma-

terial costs on the other hand. Possible project phases of a theatre production include: planning phase, realisation/rehearsal phase, performance phase, and post-performance phase.

Personnel costs describe all fees and wages that go out to those collaborating on the project, that is artists and everybody else whom you pay money to. Mind you don't overlook any dues, for instance for the KSK (→ DIE FIBEL | A Primer for Independent Theatre: Legal Basics).

The material costs group gathers all payments that have nothing to do with personnel. Here are a few examples:

- Rent for rehearsal rooms
- Rent for equipment
- Props and stage fixtures
- Accommodation and catering costs
- Insurances
- Office expenses
- Advertising and printing costs
- GEMA (German performing rights society)

Sometimes theatre groups label freelance contracts for non-artistic work or for artists that are not full-time members of the production as 'material costs' – for example the creation of a website can be treated as material within the cost-group 'public relations/advertising'. Be sure to check the funding guidelines of the financiers in question for any particular requirements. If there aren't any, develop a system that works for you and stick to it.

To keep your CFP transparent, you should include the bases of calculation in your individual positions, i.e. number of people, number of working days, hourly or daily rates. A CFP usually lists gross costs, that is costs including VAT. If you happen to be cooperating with a VAT-registered institution (the TH is an example), discuss the concrete terms directly (→ DIE FIBEL | A Primer for Independent Theatre: Legal Basics).



The word 'net' stems from Italian where it means 'clean'. What is called a 'net price' is the price without the addition of value added tax. Add the tax (and other dues) to the net price and you get the gross price. 'Grosso' is Italian for 'big'.





Not all payments you may need to make in the course of a project are eligible for public support. The rules for public funding in all areas around travel expenses, accommodation, and catering are tied closely to the *Bundesreisekostengesetz*, the German federal law for travel expenses. Such costs can only be supported within certain limits. You will find information about such specifics as well as any exceptions in the funding guidelines, which the financiers usually publish together with their announcements or, at the latest, will send along with the approval. If possible, inform yourself in advance, so you can adapt the CFP accordingly.

Project grants must not be used for larger investments. The details vary, so you should always ask the respective financier and get advice. It may seem paradoxical, but it is much easier to get equipment rent accepted for funding than equipment purchase, even though added rent can easily surpass the purchase price. It can be slightly different if you require certain somewhat expensive fixtures and, in case of doubt, can explain that these cannot be hired. For instance because nobody offers them for hiring or because you will need to modify them.

3.2. FINANCING PLAN / INCOMING

The financing plan consists of two main parts: own resources and third-party funds.



Your own resources is all payment that is either supplied by or generated by your group. This is usually mainly box-office money and non-monetary contributions. Practically all funding programmes demand own resources. But not all programmes state a minimum percentage that your own resources must provide of the project total. Keep to this rule of thumb: it is good to supply eight to ten percent of the project budget as own resources, and more is generally better.

When calculating the box-office money for your application you must, of course, rely on estimates. Be careful with the assumptions you make so as not to risk underfunding, for instance when the size of the audience falls short of what you foresaw. You should never calculate as if you expected your piece to always play to full houses!



Third-party funds is all payment supplied by external financiers, regardless of whether they are public grant

givers or sponsors or something else (→ DIE FIBEL | A Primer for Independent Theatre: Support-Environment in Lower Saxony). But it is still sensible to divide financiers into these groups. Public grant givers and trusts are often bound by specifications stating how high a percentage of a project's total cost they are maximally allowed to supply. You hardly ever find grants that offer to fully finance a project. Moreover, many financiers require at least one other third-party source beside themselves. Here also you should accept advice from LaFT and TH in finding suitable financiers.

3.3. NON-CASH ITEMS / NONMONETARY PERQUISITES

Non-cash items, or nonmonetary perquisites, form a special case within the CFP. They describe all material and service costs that, while they do have a specific value, will not need to be paid in money within this project. Since such items definitely support the project, you are allowed to estimate their monetary values and list them in the CFP. Such a value would then have to appear on the outgoing as well as on the incoming side.

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