

This guidance sheet looks at the income you get from your room hire, and whether this is enough for you to cover your costs. If you aren't making enough from people hiring your hall, you will be eating into your reserves and you may need to find other sources of funding to keep your hall open.

Forward planning

For your hall to be financially viable you need to make sure your income is sufficient to cover all of your expenditure. Your income may come from:

- Room hire
- Interest on savings
- Fundraising activities / Donations
- Grants from grant making bodies or via the Parish Precept
- Renting out property

Setting your budget

Firstly, you need to establish how much it costs to run your hall.

It is good practice to set an annual budget at the start of each financial year. This simply sets out how much you expect to spend during the year.

You can look at the previous year's accounts and use them as a guide. Use the same headings, this will help you to be sure you haven't missed anything.

Remember to allow for inflation by adding a percentage, depending on the economic climate.

You may also need to make additional alterations if something significant has changed in your hall.

For example if you insulate the hall and install a more efficient heating system, your heating costs may be reduced. Or if you start to pay a cleaner or install Broadband, these additional costs will need to be included. (Of course, you may also find these improvements increase income by attracting new hirers!)

Add a contingency to cover the risk that a regular hirer may drop out during the year.

Some of your costs are fixed e.g. insurance premiums, whilst others change depending on how much the hall is used e.g. heating. Don't worry too much about getting everything exactly right but try to be realistic.

Are you charging enough?

Once you know how much you expect to have to pay out in the next year, you need look at where the money is likely to come from.

Very few halls are guaranteed an income. The Parish Council may provide a grant through the parish precept, but the rest of the income is likely to come from room hire.

Set your budget

- Establish how much it costs to run your hall
- Take into consideration any recent changes and inflation

Understand your market

- Look at who uses your hall regularly. Are groups changing their use of the hall?
- Which groups make regular bookings and how many are one off bookings?

Set your hire charges

- Work out expected bookings and divide by costs to get a cost per hour
- Consider prices other venues charge, the facilities you offer and funds to subsidise the costs

It is important to know if this is going to be enough to cover the running costs for the building so you need to look at the usage of the hall.

As with the expenditure, you can't guarantee that everything will stay the same as last year, but you can use last year's figures as a guide.

By looking through your booking records identify who your users are. Go through each month and count up the sessions. How many user sessions do you have?

When you do this make a note of how many hours each session lasted so you can be accurate as to how many hours the hall was used. Some bookings will be one off sessions and you need to decide whether you are likely to have the same number in the coming year.

When you have done this you can then divide the costs (your budget) by the number of hours to come up with a cost per hour. You can then compare your actual costs per hour against the prices you charge.

Setting your hire charges

When setting your prices, consider the following:

- The amount it costs to run the hall.
- The price charged by other venues i.e. your competitors.
- Your purpose - to provide a community meeting place, not make a huge profit.
- The facilities you are offering - does the price represent good value for money?
- The availability of alternative funding to subsidise costs e.g. the amount you receive via the Parish Precept, fundraising etc.

It's a good idea for the committee to set different rates for different users e.g. a higher rate for public bodies, businesses and private party bookings. This enables you to keep rates lower for local community groups and charities.

However you must be consistent, and have an agreed charging structure in place.

You should also have a reserves policy, this lays down how much you want to set aside for a 'rainy day'. A guide on establishing a reserves policy is available from the Charity Commission.

Understanding your market

When you go through your records look at who uses the hall regularly. Understanding who uses your hall and how their usage might be changing will help you plan for the future.

- Which groups make regular bookings?
- How many 'one off' bookings do you get?
- Are groups changing their use of the Hall, are their bookings going up or down?
- Look at the membership of your user groups, is it increasing or decreasing?
- If a club is struggling will they go on using your hall?
- Can you see how things might change in the next year?

It is a good idea to survey users of the hall so that you can see what people like or dislike about your hall, so you can advertise the good things, and put right any problems.

Village halls have some of the lowest venue hire rates yet there is often resistance to increases. It's best practise to review rates each year to allow for small changes as needed, rather than waiting until a big increase is inevitable.

Additional resources

ACRE Village Hall Information Sheet 41, 'Accounting and Village Halls' also includes details about setting hire charges, plus finance and reserves policies.

All ACRE Information Sheets, model policies and documents are available from ACT on request, free to halls in Cumbria.

For more information please contact ACTion with Communities in Cumbria on Tel: 01768 425 666 or visit our website: www.cumbriaaction.org.uk

ACT champions community and rural issues

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