



NSW Department of
Community Services

Children's Services Costing Model Job Aid

**(Preschool, Mobile Children's Services, Long Day Care, Occasional Care,
and Vacation Care Services)**

Service System Development Division

Overview

This Job Aid is designed to assist children's services organisations in using the Excel-based Children's Services Costing Model Tool.

This Job Aid outlines:

- the purpose of the Children's Services Costing Model Job Aid
- who should use the Children's Services Costing Model Job Aid
- data input guiding principles
- detailed instructions illustrating how to:
 - save the cost model file to local disk
 - define staff profile and associated costs
 - define non-labour operating costs
 - define service delivery characteristics
 - define income and service viability

Purpose of the Job Aid

The purpose of the Job Aid is to assist children's services organisations to develop their own unit cost estimates, including unit costs for different age ranges. The Job Aid can also assist organisations to examine impacts on their financial viability when income and costs change.

Who should use this Job Aid?

Children's services organisations and the Department of Community Services (DoCS) should use this Job Aid for assistance in using the Children's Services Costing Model tool. Children's services organisations include those organisations providing preschool, mobile children's services, long day care, occasional care and vacation care services. It is recommended that the person selected to complete the data input templates be assisted by accounting and/or financial staff. For data related to service delivery, the selected representative can be assisted by service delivery staff. The basic user requirements of the Excel data input templates for NGO and DoCS staff include:

- a basic understanding of Excel
- a basic understanding of costs and costing principles
- a good understanding of the organisation's structure and cost centres

Note: Refer to DoCS Costing Manual for Child and Family Services, available at: (no link) for an overview of basic costing principles, definitions and concepts.

Data input guiding principles

The following guidelines should be applied when inputting data:

- ✚ Costs should reflect average indicative levels.
- ✚ Data should be accurate, up-to-date and include data for a full year, i.e. financial or calendar year.
- ✚ The costing process should be transparent with clear documentation of sources of data, assumptions and parameters.
- ✚ To develop indicative cost estimates, service cost data should be indicative and include the total costs incurred in delivering the service, independent of funding sources. When examining financial viability, actual financial costs, not imputed costs should be entered.

The next section outlines a detailed set of instructions on using the Children's Services Costing Model tool including illustrative examples on the type of data required, information sources, cost elements, model assumptions, and handy tips to help populate the costing templates.

Purpose of each worksheet

Worksheet Name	Purpose
Worksheet 1 "LABOUR PROFILE"	Captures information regarding the labour involved in direct service delivery to children of different ages and the indirect labour involved, such as supervisors and administrative staff.
Worksheet 2 "INPUTS – NON LABOUR OP COSTS"	Captures information regarding the non-labour operating costs that are incurred in service delivery including Motor Vehicle costs, IT/Computer, Telecommunications, Stationary/Postage/Photocopying, Depreciation & Equipment Maintenance, Staff Training, Accommodation Costs, Program Costs and Corporate Overheads.
Worksheet 3 "INPUTS – SERVICE DELIVERY"	Captures information about the service delivery characteristics such as opening hours, weeks open per year, maximum capacity, etc.
Worksheet 4 "OUTPUT"	Presents indicative hourly unit costs for different age ranges and indicative total service costs. No data is required to be entered in this worksheet.
Worksheet 5 "FINANCIAL VIABILITY"	Captures information regarding service financial viability including income and expenditure by age group, and operating deficit or surplus by age group.

STEP 1: Save cost model file to local disk

<p>1</p>	<p>Open the Children's Services Costing Model template. Select 'File' then 'Save as'.</p>	
<p>2</p>	<p>Select the drive and folder that you wish to save the file in from the 'Save-in' drop down menu.</p>	
<p>3</p>	<p>Rename the file in 'File Name' eg 'Service Name Children's Services Costing Model' then click on 'Save'.</p>	
<p>4</p>	<p>To open the required excel sheet, click on the associated tabs located at the bottom of the page.</p>	

STEP 2: Define staff profile and associated costs of the service

The staff profile will vary depending on the nature of the service you are costing. Input requirements for the workforce profile include staff mix, staffing levels, average salaries, and related on-costs.

In the worksheet (Tab label: LABOUR PROFILE), please provide information about your organisation, i.e. name, location, contact name and contact details. This is followed by information relating to the workforce profile of the service including:

- a) Direct Client Support/Primary Contact staff (e.g. childcare workers, early childhood teachers, etc)
- b) Indirect Client Support/Non-Primary Contact staff (e.g. authorised supervisor, administrative staff, senior management, etc)

For both workforce groups data requirements include:

- details on the appropriate Full Time Equivalent (FTE) count
- average indicative base salary levels (excluding salary on-costs) and any allowances paid in addition to the base salary (For 1 FTE)

For direct- client support staff only, specify the FTE count for under 2 year olds, between 2 and under 3 year olds, and 3 years and over. This information will be used to calculate the labour cost component for the service and will help in estimating the indicative unit costs of service delivery.

Where a direct client support staff member works with more than one age group, apportion their FTE allocation based on the time they spend with each group (e.g. if a childcare worker [1 FTE] generally spends half their time with the under 2 year olds and the other half with those between 2 and under 3 years, 0.5 FTE needs to be allocated in each cell).

Note: The model calculates unit costs for one service type at a time. Organisations delivering a range of service types (e.g. an organisation delivering preschool and occasional care services) need to separate the labour and non-labour operating costs associated with each service type and enter the information separately into the costing model tool to develop unit costs for each service type. Care needs to be taken to apportion indirect costs to the service types using an appropriate basis, such as each cost object's percentage of total direct costs.

Note: A separate costing model template has been developed for Vacation Care services. Organisations completing the excel-based Vacation Care Costing Model should also use this Job Aid as a guide.

Please enter information in the yellow cells only

STEP 2: Define staff profile and associated costs of the service

		CHILDREN'S SERVICE COSTING MODEL							
1	Provide organisational profile details - organisation name, location, and contact person details.	Organisation Name							
		Contact Name and Contact Details		1					
		Location							
2	Estimate the FTE count for each direct staff position across the age ranges. Repeat this step for indirect client support staff positions.	Workforce Profile							
		Direct Client Support Staff (Primary Contact Staff)		Number of FTEs (<2 year olds)	Number of FTEs (2 years - <3 years)	Number of FTEs (3 years and above)	Total Salaries (For all FTE)	Average Base Salary (For 1 FTE)	Annual Allowance (For 1 FTE)
		Director					\$0		
		Authorised Supervisor					\$0		
		Early Childhood Teachers			2		\$0		3
		Childcare Workers					\$0		
		Untrained Assistants					\$0		
		Support Staff							
		Relief Staff							
		Other 1							
		TOTAL		0.0					
		3	For each position type, enter the average base salary (excluding salary on-costs) and any additional allowance that one FTE would receive each year. Repeat this step for indirect client support staff positions. Vacation Care Services - only input total annual salaries and allowances for each position type.	Indirect Client Support Staff (Non-Primary Contact Staff)		FTE	Total Salaries (For all FTE)	Salary inc. allowances (For 1 FTE)	Salary Oncosts
Director					\$0		Superannuation		
Authorised Supervisor					\$0		Worker's Comp	4	
Cook					\$0		Leave Loading		
Administrative Officer					\$0		Payroll Tax		
Other 1					\$0		FBT		
Other 2					\$0		Other		
TOTAL				0.0	\$0		TOTAL	0.0%	
Total FTE				0.0					
Other Comments									
4	Enter the annual base salary on-costs (%) including superannuation, worker's compensation, leave loading, etc								

STEP 3: Define non-labour operating costs

The second worksheet, i.e. (Tab label: INPUTS – NON LABOUR OP COSTS) relates to operating costs which are the non-labour cost elements associated with delivering the children's service you are costing. These operating costs will get allocated to the unit labour costs incurred to deliver the service to each age range.

Your organisation should include *annual* costs (not initial acquisition costs) for the list of operating cost line items including costs for motor vehicles, IT/computer, telecommunications, stationery, staff training and other corporate overheads.

To develop indicative unit costs for your service, annual operating costs should reflect the true cost of service delivery irrespective of funding sources. This means that the value of subsidised items such as rent, or donated materials such as nappies, equipment, etc should be estimated at market values and included in the worksheet where appropriate. Alternatively, to examine financial viability you should only enter actual costs paid out over the period.

Note: the non-labour operating cost line items are consistent with the *Standard Chart of Accounts for Non-Government Organisations Data Dictionary*. A full description of all cost line items in the data dictionary is available at: <http://www.mob.com.au/mob2007/COA.html>

The operating costs should reflect the appropriate proportional allocation (i.e. based on the FTE count reported on the first worksheet). In other words, they should reflect the operating costs associated with the provision of the children's service model being costed only (eg. preschool service). Operating costs associated with your organisation's provision of other services, such as occasional care, long day care, etc, should be excluded.

Note: Please enter information in the yellow cells only.

STEP 3: Define non-labour operating costs

1	Populate annual non-labour operating cost line items.	NON LABOUR OPERATING COSTS	
2	Space provided for additional comments.		
		Motor Vehicle	
		Annual Costs	Comments
		Depreciation - Motor Vehicle	
		Fuel and Oil	
		Repairs and Maintenance	1
		Insurance	2
		Registration	
		Lease Payments	
		[Other - Please specify if any]	
		Total Motor Vehicle	\$0
		IT/ Computer	
		Annual Costs	Comments
		Computer Expenses	
		[Other - Please specify if any]	
		Total IT/Computer	\$0
		Telecommunications	
		Annual Costs	Comments
		Telephone and Fax Charges	
		[Other - Please specify if any]	
		Total Telecommunications	\$0
		Stationery / Postage / Printing	
		Annual Costs	Comments
		Postage, Freight and Courier	
		Printing and Stationery	
		[Other - Please specify if any]	
		Total Stationery / Postage / Printing	
		Depreciation and Equipment Maintenance	
		Annual Costs	Comments
		Depreciation - Plant & Equipment	
		Assets Purchased < \$5000	
		Equipment Hire/Lease	
		[Other - Please specify if any]	
		Total Depreciation and Equipment Maintenance	\$0
		Training	
		Annual Costs	Comments
		Employment Support and Supervision Costs	
		Training and Development	
		[Other - Please specify if any]	
		Total Training	\$0

Tip: Quote indicative annual costs and not initial acquisition prices. Define average lifespan of the equipment/motor vehicle and calculate the depreciation value to work out annual costs.

Tip: To avoid double counting, identify operating costs/overheads not captured via labour costs. For example, for line item Agency Governance Costs, separate the labour cost component (salaries) and only include costs not reported elsewhere.

STEP 4: Define service delivery characteristics

The following instructions are for the next worksheet (Tab label: INPUTS – SERVICE DELIVERY):
In the table labelled “Service Operating Assumptions”

- enter the number of weeks the service is open per year
- enter the number of days the service is open per week
- enter the number of hours the service is open per day

Next, in the table labelled “Capacity Assumptions”

- enter the maximum capacity your service can accommodate per day for the three age ranges. That is the maximum number of places your service has on offer for each age group on any one day.
- enter the actual average FTE attendance per day, for the three age ranges

Note: The actual average FTE attendance per day should reflect an average day and take into account the highs and lows in capacity utilisation over the year. The entry should be in full time equivalent terms, for example, two children both attending 0.5 days each would equal 1 FTE.

Note: Please enter information in the yellow cells only.

<p>1 Enter the service operating assumptions.</p>	SERVICE DELIVERY INPUTS					
	Service Operating Assumptions		Capacity Assumptions			Maximum no. licensed places
	Weeks of operation in a year	1	Maximum capacity per day (places)	<2 year olds	2	3
<p>2 Enter the maximum capacity and the average FTE attendance per day for each age range.</p>	Days open per week		Average FTE attendance per day			
<p>3 Enter the total maximum number places that your service is licensed.</p>	Average number of hours open per day					

Once you have inputted data in all relevant sheets, the model will calculate the indicative unit costs shown in (Tab Label: Output)

CHILDREN'S SERVICES MODEL OUTPUTS

Unit Costs

Key Operating Parameters

Hours of operation per day	0
Days of operation in a year	0
Maximum no. of licensed places available	0
Average service capacity utilisation per day	N/A

Unit Costs: 0 - <2 year olds

Number of utilised service hours per year	0
Total cost of service delivery per year	N/A
Hourly unit cost per child	N/A

Unit Costs: 2 - <3 year olds

Number of utilised service hours per year	0
Total cost of service delivery per year	N/A
Hourly unit cost per child	N/A

Unit Costs: 3 years and over

Number of utilised service hours per year	0
Total cost of service delivery per year	N/A
Hourly unit cost per child	N/A

Total Service Costs

Labour Costs

	Annual Cost
Direct Staff Salaries	N/A
Supervisor/Director Allocation	N/A
Administration and Other Support Allocation	N/A
Salary Oncosts	\$0
(A) Total Labour Costs	\$0

Non-Labour Costs

	Annual Cost
Motor Vehicle	N/A
IT/Computer	N/A
Telecommunications	N/A
Stationery/Postage/Printing	N/A
Depreciation and Equipment Maintenance	N/A
Training	N/A
Accommodation Costs	N/A
Program Costs	N/A
Corporate Overheads	N/A
(B) Total Non-Labour Costs	\$0
Total Service Costs (A+B)	\$0

STEP 5 - Define the Income to determine Financial Viability

The following instructions are for the next worksheet (Tab label: FINANCIAL VIABILITY). This sheet will assist service planning and assessment of financial viability when income and costs change.

In the section labelled “Income”:

- enter the amount of DoCS funding you receive each year
- enter the amount of other funding you receive each year
- enter the total amount of fee income you receive each year
- enter any other amounts of income received each year

Income by age group is automatically generated based on the proportion of FTE direct staff consumed by each age group.

Expenditure by age group will be automatically generated from the costing information entered in earlier worksheets.

Total Deficit (-) / Surplus (+) will show the annual deficit/surplus of your service based on the information entered.

Deficit/Surplus per utilised service hour by age group provides a useful guide to how fees may need to change as a result of any changes in income and costs.

Note: This feature will not provide an accurate reflection of service financial viability if the value of any subsidised inputs is included in the “LABOUR PROFILE” or “INPUTS – NON LABOUR OP COSTS” worksheets.

Please enter information in the yellow cells only.

STEP 5 - Define the Income to determine Financial Viability

<div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;">1</div> <p>Enter the income details of your organisation including funding, fees and any other income.</p>	FINANCIAL VIABILITY	
	Income and Expenditure	
	Income	
	Funding - DoCS	
	Funding - Other	1
	Fees	
	Other	
	Total Income	\$0
	Income by Age Group	
	0 - <2 yrs	\$0
2 - <3 yrs	\$0	
3 yrs and over	\$0	
Total Income	\$0	
Expenditure by Age Group		
0 - <2 yrs	N/A	
2 - <3 yrs	N/A	
3 yrs and over	N/A	
Total Expenditure	\$0	
Total (-) Deficit / (+) Surplus		\$0
(-) Deficit/ (+) Surplus per Utilised Service Hr by Age Group		
0 - <2 yrs	N/A	
2 - <3 yrs	N/A	
3 yrs and over	N/A	