

## **Framework guidance for calculating overheads for the Cost Calculator for Children's Services (CCfCS)**

*The following guidance information can be used to populate the excel overheads template to calculate local authority overheads as carried out in the research completed by CCFR, Loughborough University, based on the work of Selwyn et al (2009).*

### **Overheads**

The CCfCS comes with a standardised overhead calculation based on the work of Selwyn et al (2009), along with the ongoing costs and outcomes programme of research at CCFR (<http://www.lboro.ac.uk/research/ccfr/research/exploring/>). The overhead figure (45%) is applied to salary information.

The framework developed by Selwyn and colleagues is designed to introduce transparency into overhead calculations and classifies costs according to five main expenditure categories: Employee, Client-related direct payment, Agency function, Establishment and Other, each of which (apart from Other) is divided into sub-categories (see Table 1). The sub-categories introduce an additional layer of transparency into the framework, making it easy to see, at a glance, which expenditure items have and have not been included in any individual agency's calculations. This framework enables estimates of overheads to be calculated that are as precise and accurate as possible.

**Table 1 Framework for expenditure allocation: overheads**

Code 1 Code main	Employee Main category	Sub category	Sub-allocation	Comment
1	Employee	1	Payroll including NI and SA	<p>All payroll costs including National Insurance and superannuation of staff in the section or team (includes temporary and sessional staff and support staff)</p> <p>List of staff roles and salary costs</p> <p>Identify staff involved in management, support and administrative roles (i.e. those not directly involved in service delivery).</p> <p>Estimate the time spent on other activities (e.g. training) of staff who deliver services. Such activities do not include case meetings which are directly connected with service delivery but do include strategic meetings, general team meetings etc.</p>
1	Employee	2	Other employee costs Costs associated with staff carrying out their work	<p>Transport and subsistence (how much of this is incurred as a result of travel in connection with cases?)</p> <p>Training and staff development</p> <p>Mobile telephones</p> <p>Personal insurance</p> <p>Membership of organisations and professional bodies</p> <p>Medical, dental and other fees</p>
<b>Code 2</b>	<b>Client-related</b>			
2	Client-related direct payment	1	Allowances	<p>Any allowances or grants paid regularly to clients (total amounts and description)</p> <p>Including travel</p>
2	Client-related direct payment	2	Start up grants and other payments	Any one off payments (total amounts and description)
<b>Code 3</b>	<b>Agency function</b>			
3	Agency function	1	Professional	Any professional fees and registration charges
<b>Code 4</b>	<b>Establishment</b>			
4	Establishment	1	Premises: All costs associated with premises and accommodation	<p>Includes rent, heating, lighting, maintenance, security, cleaning</p> <p>Who (cost centre, department etc) is responsible for these costs?</p> <p>How are premises costs apportioned to teams or departments? Is a nominal charge applied?</p> <p>Are costs shared with other sections or departments?</p> <p>If costs / buildings are shared, between how many people?</p>
4	Establishment	2	Running costs General office costs	<p>Stationery, telephone (not mobiles), printing, newsletters</p> <p>Company cars, leasing arrangements and servicing costs (how are charges levied, e.g. is a nominal charge made or are individual costs met?)</p>
4	Establishment	3	Central services	<p>Costs paid for corporate services such as HR, IT and payroll administration</p> <p>Is a nominal or standard charge levied? or...</p> <p>How are central services costed? What is the total cost of services? For how many individuals/teams are the services provided?</p> <p>Organisational chart of department/section</p>
4	Establishment	4	HQ management Costs of senior management not included in budget	<p>What is the overall management structure? Are nominal charges for management services levied?</p> <p>Organisational chart of department/section</p>
<b>Code 5</b>	<b>Other</b>			
5	Other	1	Any other items paid out but not listed above	All other costs, small team budgets