

SDF Community Inclusion Initiative - Community of Practice

Topic 6: Costing and Pricing

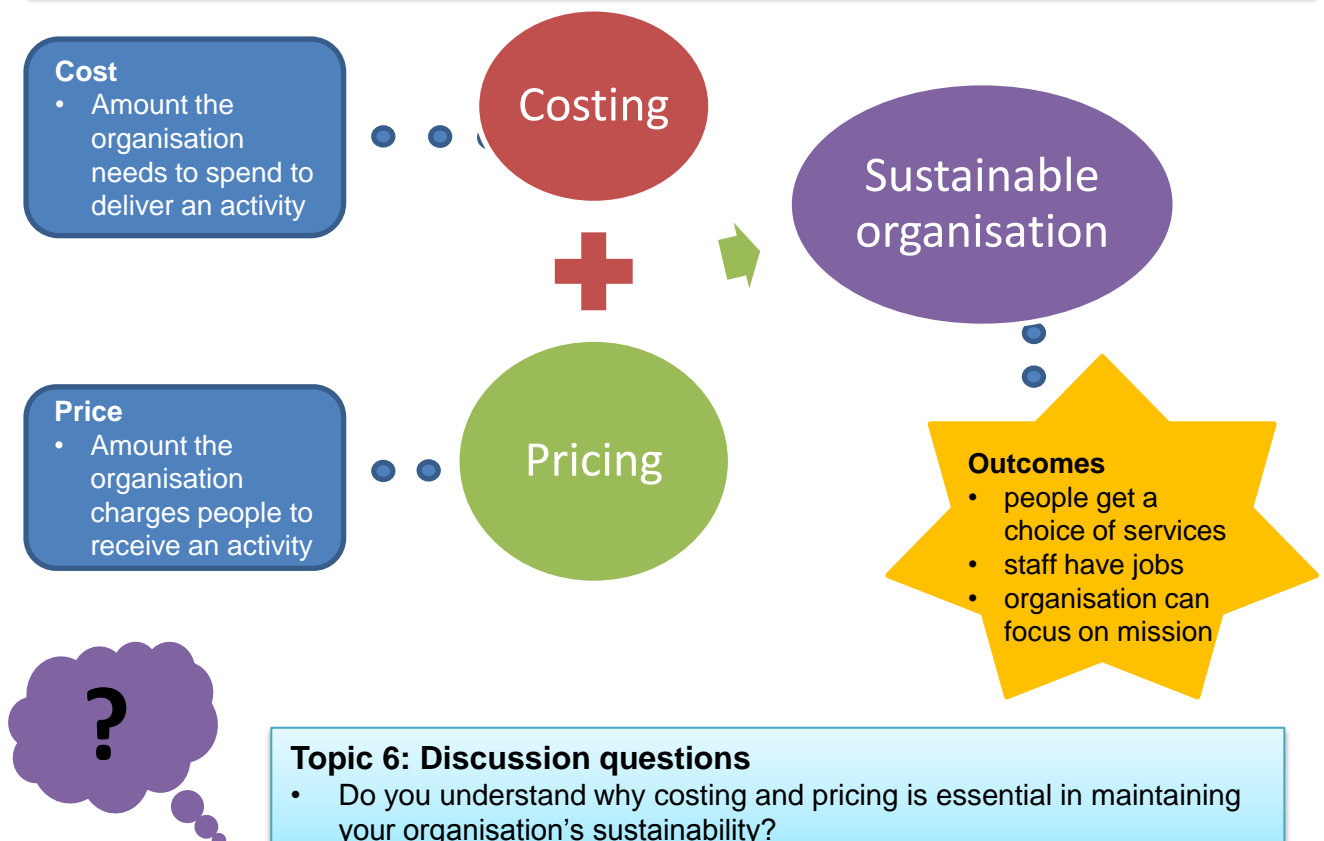
What is this?

This is the sixth in a series of resources to support providers of disability day services and community participation to increase community inclusion for people with disability. It is based on best practice and feedback from organisations participating in the Community Inclusion Initiative. It is intended as a conversation starter with frontline workers and team leaders, but can also be used with people with disability and their families.

1. Why is understanding Costing and Pricing important?

The NDIS future...

- ✓ Individuals are funded under the NDIS - not organisations
- ✓ Individuals choose which organisations they want to provide them with supports
- ✓ Organisations need to know how much it costs to provide supports
- ✓ The cost of providing supports should not exceed the NDIA prices
- ✓ Costing and pricing needs to be right so the organisation is sustainable and does not go into debt



2. The link between costing, pricing and community participation

Community Participation...

- ✓ 50% of all NDIS plans include community participation
- ✓ Enables people to contribute to social and economic life
- ✓ Can build pathways to employment and greater independence
- ✓ Must be achieved within an individual's allocated NDIS funding



Costing and pricing...

- ✓ Tells us whether a person's NDIS plan can be delivered within the current service model
- ✓ Makes us aware of all the costs associated with an activity, e.g. transport, staff overtime, preparation and meeting time
- ✓ Helps to explain the things people will pay for and what the organisation will provide
- ✓ Upholds people's rights to be informed and make decisions about their plans, and manage the risk of under or over spending their funding
- ✓ Invites creativity to think of new ways to facilitate more cost effective community participation



You asked...	Because...
Why do I have to know about costing and pricing?	Everyone has a responsibility to keep the organisation sustainable and ensure it has a future.
Isn't that the finance manager's job?	Finance staff can put a price on an activity – support staff must give program advice.
How can I understand the figures, I'm not trained for that?	You need to understand how much a person is paying for a service and ensure it is more than what it costs to deliver it. You are best placed to show where service efficiencies can be made without compromising client supports.



Topic 6: Discussion questions

- Are you working in partnership with your finance team to help with costing and pricing?

3. Understanding the basics of costing and pricing

What's the big idea? Four simple steps to costing and pricing...

- ✓ **Define** your support model
- ✓ **Calculate** what that model really costs to deliver
- ✓ **Offer** the support model to clients at clear, attractive and helpful prices
- ✓ **Review** and **refine** your support models over time



Defining the Support Model 1

Simple steps to collect important information for costing...

What do we earn?

- ✓ What support has been purchased?

What do we spend?

- ✓ Who delivers the support?
- ✓ Where is this support delivered?
- ✓ What program costs are involved in this model?
- ✓ Who supervises the model?
- ✓ How does the organisation support the model?

Defining the Support Model 2

Other things to consider....

- ✓ **NDIA plans, outcomes and allocated funding**
- ✓ **Staff costs** – including non-chargeable time!
- ✓ **Program costs** – e.g. transport, art supplies,
- ✓ **Supervision costs** – 'span of control'
- ✓ **Facility or asset costs** – e.g. computers, phones
- ✓ **Organisation or overhead costs** – e.g. rent, insurance
- ✓ **Is there a profit here somewhere?**
- ✓ **Are we delivering great outcomes?**



Topic 6: Discussion questions

- How well can you **define** your support models?
- Have you and the finance team **calculated** what your model really costs to deliver?
- Is our support model clearly **offered** to clients at attractive prices?
- How quickly can we **refine** our model?



4. Transitioning to the NDIS

How does costing and pricing help organisations transition to the NDIS?

- ✓ Focuses buyer (participant) and seller (organisation) on pricing and support which is **clear, attractive and helpful** over time
- ✓ Identifies work practices, models and activities that drive:
 - **great outcomes** ... and encourages more
 - **poor outcomes** ... and how to avoid them
- ✓ Transparently communicates inclusions, exclusions, prices and additional options
- ✓ Frees staff to be creative, entrepreneurial and outcomes focussed without being financially reckless
- ✓ Ensures people can achieve their goals, grow and move forward in their lives with the most appropriate and affordable supports

How can you help? The role of program staff...

- ✓ Help to accurately calculate hourly rates of service by including everything required to deliver a service, e.g. actual staff travel time and kilometres, actual meeting time rather than allocated time, training required, computers access
- ✓ Understand the organisation's rate for an hour of service delivery and how that compares with the NDIA rate
- ✓ Be part of the problem solving to create efficiencies



Making changes where change is needed...

- ✓ **Cut costs**, e.g. pair people with same interests for joint activities; Skype for meetings rather than face-to-face
- ✓ **Change the service model**: e.g. use volunteers for local community activities, provide incentives so people become more independent
- ✓ **Increase revenue**: e.g. increase fees, develop social enterprises, increase fundraising



Topic 6: Discussion questions

- What changes can make the most difference for your organisation?
- What changes can make the most difference for your clients?
- How can you prioritise action?

5. Sharing ideas and practice

The following quotes were made by our Community of Practice reflecting on current costing and pricing solutions and challenges

"We have developed our own tool to cost all our supports. It enables us to key in a person's NDIA plan and determine whether we can afford to deliver it with our model. We look at every plan from a human resource and financial perspective."

"The program and finance staff meet weekly to work together to get the costing of supports right."

"Understanding and having cash reserves to make the transition is essential. Organisations need to be prepared to go from block funding for future service provision to payment for services already provided."

"The challenge is where a person may be managing their own funding, accessing services from a number of agencies and we do not see their plan. If they overspend their package then we are looking at debt recovery and that is not something we have had to deal with in the past."

"Our experience is that most people who transition to the NDIS do not make major changes in their first year. They continue with programs and services they have previously received."

"At the annual review we found a significant underspend of some clients' packages. Organisations need to monitor each client's spending [with] software and systems in place to do this effectively and efficiently. Systems need to scale up or down spending to ensure NDIS supports and outcomes are delivered."

"The Board is holding staff to closer account. There is no more cross subsidising and cost shifting between programs across the organisation."

"It's essential for all staff, clients and families to understand what can be achieved within their plan. We have to be very clear about what we will provide and how it can be provided."

"People need to understand that if they want to try something that is not included in their plan then they can go back to the NDIA and ask for more hours."

"Sometimes we forget how little exposure some people, especially school leavers, have to different options. They have no idea what they want."



Contact
Us!

We are interested to hear from people about community inclusion.
Tell us what you think about these resources or any of the issues raised.
What do you agree with? What have we missed?

Get in touch with James Bannister on james.bannister@NDS.org.au

Useful Resources and Further Reading

- NDS Costing and Pricing Learning Program: [Link](#)
- NDS National Costing and Pricing Framework for Disability Services: [Link](#)
- *Costing your services* – NSW Ageing, Disability and Home Care: [Link](#)
- NDIS 2015 Price Guide FAQ: [Link](#)
- NDIA Pricing and Payment – information for providers: [Link](#)
- Saward Dawson, Intelligent Unit Costing and Pricing solutions for individual support packages: [link](#)
- *Uncounted costs: choice & control for people with behaviours of concern* (Anglicare Tas/SARC): [link](#)
- *Volunteer Supported Service Models within the NDIS context*. (Interchange/HDG): [link](#)