

Budget setting for Playcentres



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Why set a Budget?

A budget is an essential part of the centre planning process.

A budget has been described as *“a plan expressed in dollars rather than words.”*

A budget will help you keep a check on expenditure during the year and ensure that money is made available for purchases or funding of centre goals during the year or in some cases money set aside so that more long-term goals can be met. Setting the budget is also a good time to involve the Centre members in Centre management and to feel included in the use of money available for the benefit of the Centre as a whole.

Use the [budgeting Tool on the website](#) and the [Budget Manager in Xero](#).

Beginning the Budget Cycle

The best time to begin the review of your annual budget is in conjunction with reviewing your Centre Annual Plan.

Consult your Centre office holders and members about what aims/ goals they would like the centre to work towards this year. Possible ways include:

- Asking if there are any gaps in the current budget.
- Putting up a wish list on the notice board for members to contribute to
- Convening a budget sub-committee meeting for those interested
- Asking current office holders to decide on goals for the next year

General Principles

Costs which are fixed and needed to maintain the centre’s eligibility for bulk funding (see section on this) should be met out of bulk funding and fees; fundraising should be used to meet spending on items which are more optional (nice to have but not essential.)

Centre members will need to decide on the priorities for this at a meeting. The process can be team building and give the centre members a feeling of ownership of where the centre is going for the next year.

Finalising the Budget

Estimate your income for the next year. This will include fees and bulk funding minus percentages allocated for Federation and Association levies. An amount may be given for fundraising during the year. Take care to consider the following when looking at income:

- Are you planning more/ fewer sessions?
- Is the number of under 2-year-olds going to change during the year? How? (*The rate for under 2s is significantly higher*).
- How many children are going to school?

Discuss the goals/ things on wish list and work out estimated costs of these. Total these. Include any fixed costs (see section on fixed costs to ensure you have included them all) and total the figures. Now compare the expenditure against income.

If there is more expenditure than income (a deficit) you will need to look at estimated costs to see if these can be cut and prioritise goals in discussion with centre members.

Useful Questions

Possibilities for Reducing Spending

- Are there funds 'left over' from last year that could go towards this year's budget? (Maybe you could budget for a *small* deficit to take up some of these funds)
- Can some money be set aside in this year and combined with next year's budget to afford the item then?
- Which and by how much can other expenditure be cut to maybe lessen the deficit?

Possibilities for Increasing Income

- How much could/ should fees be raised to cover the extra spending?
- How much could be covered by fundraising and application for grants? (This kind of income is not guaranteed)
- Should the centre try a publicity drive or open another session to abolish any waiting list?

Managing the Budget

Once your budget has been decided upon a copy of it should be passed at a centre meeting and included in the minutes. Use the same headings given in this budget for the 6 monthly budget comparisons which the treasurer should present to the centre meeting in March the next year. This is a time when the centre can see how the plan is working, re-evaluate priorities and set new goals for the next six months. Six months into the financial year you will have a better idea of whether income is matching predictions and whether costs as estimated are more or less.

Monitoring the Budget

A form has been included which could be used to monitor budget expenditure. In the first column (labelled actual) fill in the final totals from the previous year. These are a guide for this year. Then when the budget is finalised by the centre meeting, enter the figures agreed on in column 2 (labelled projected). In 3 months, at the December, meeting put the figures from the cashbook in the third column (labelled 3 months actual). Then work out what proportion of the amount agreed on for the year this is. Do the same at 6 months (labelled 6 months actual).

Evaluating your Budget Spending

In general figures which are regular expenditure items (power, rates, telephone, equipment consumables, housekeeping items should be spent proportionately throughout the year i.e. you should have spent only 25% of the budget for this at 3 months, 50% at 6 months. If the calculations show this, then all is well.

Income should be evaluated in the same way as expenditure.

- Is the amount received in income as planned?
- Why is it greater/ less than planned? Increase/ drop-in sessions, increase/ drop in 2-year-olds?
- Is it because bulk funding has yet to be received from the association? (This will appear as income in 3 lump sums.)
- Is it because the fundraising event was cancelled recently?
- Have the invoices for fees/ donations gone out late this term?

If the calculations show figures not matching the time period given, then you need to consider why.

- Is expenditure in one part of the budget high because the bill comes once a year and 100% has been spent at this time
- Is expenditure low because this cost is to be incurred at a later time
- Is the account due but the invoice has not yet been given to the centre
- Are there claims from office holders outstanding (encourage regular claiming)
- Are you spending more / less due to changes in numbers of sessions, numbers of children?
- Has there been a special reason why the last account was higher (heaters being left on, a cold snap)

By monitoring spending closely like this, it is possible for the centre to act to cut expenditure if it is too high or to plan to spend more if needed in a certain area. If there has been a drop in income the Centre should be able to recognise it early enough to adjust spending plans or to increase fund raising activities to make up a shortfall

“Opening the Door” Costs

These are the general costs which centres generally need to budget for.

Building Costs

(Rent/ rate/ mortgages levy column in cash book or power / insurance column)
 Rates
 Rent (if applicable)
 Power
 Insurance

General Costs

(Centre administration column in cash book)
 Payment for Auditor
 Telephone
 Photocopying
 Postage
 P.O. Box rental (if applicable)
 Stationary
 Bank fees

Housekeeping Costs

Tea, coffee, sugar and milk
 Food for children’s morning tea (if provided)
 Crockery / cutlery
 Cleaning materials and rubbish bags
 First aid items
 Civil Defence Kit items
 Soap, towels, light bulbs, toilet tissue

Employment Costs

Wages for session leaders or cleaners
 ACC levy for employees
 Holiday pay for employees (unless included in hourly rate)

Equipment Budget

Equipment can be classified as

Consumable (will need restocking during the year e.g., flour, clay)
 Fixed. (I.e., items which can be re-used e.g., puzzles, toys etc)

Equipment (Consumables)

The consumables allowance is a little more difficult to budget for. Use the previous year's amount as a guide and maybe add a little more for cost increases.

It covers items such as:

- Clay, sand (do you replace it every year or two years?), timber for carpentry, nails
- Flour, oil, salt (for playdough) and cornflour (for fingerpaint)
- Sawdust, plaster of paris
- Paints, dyes, crayons, pens, paper, glue, wallpaper paste
- Pet supplies such as food and litter trays

Equipment (Fixed)

Equipment for Play

The equipment checks each year should highlight for your centre what needs to be replaced or repaired in order to meet the minimum standards listed in the Equipment Book. Items identified for replacement during this check must be budgeted for *first*. Additional equipment is given in the book as suggestions to add zest to a new play area.

Another option is to look at one or two specific corners each year for an overhaul ensuring you do so in order to visit each area in turn.

Remember to look at purchasing items that reflect other cultures as a way of working towards a more inclusive environment. There is a bicultural equipment list of equipment that should be held by every centre (this is included in the Equipment Book, and your bicultural officer should also have a copy).

Remember also to purchase items that are suitable for the wide age range at Playcentres. Safety is also an important issue to consider.

Furniture

Remember to budget each year to maintain, replace or upgrade some furniture to avoid the need for a total overhaul all at once in 10 years' time.

Remember to ensure that any equipment purchased for use for babies must meet safety standards so don't cut corners on purchasing second-hand cots or highchairs if you are unsure about this.

Children's Books

The same ideas apply as above, replace 'over-loved' books, and keep up to date with new books. Once again remember the range of cultures of the families in your centre and the age range of the children.

Property Budget

Centres are expected to set aside 2% of their total bulk funding for property maintenance. Any costs which exceed this may be applied for from the Property Team as per the Association Property Kit. Please contact a Property Co-convenor for current details.

Maintenance includes

Care of the grounds e.g., planting, lawn mowing costs, rubbish removal
 Set aside money for internal painting (the property levy does not cover this)
 Maintenance of floor surfaces (new carpet or cleaning an old one, or vinyl or floor polishing once or twice a year)
 Security such as window stays, gate latches, padlocks, door locks

Safety Items include

Resurfacing of ramps and steps
 Cupboard safety catches and power point covers
 Heater guards and window barriers
 Stove top guards, castor cups or ways to fix objects in case of earthquake
 Safety surfacing, replacement or relaying from time to time

Major Projects include

Laying safety surfacing
 Playground remodelling
 Revamp of kitchen or bathroom
 Building additions
 A useful strategy is to put some money aside each year or add to it with fundraising

Property Fund levy covers

External painting

Excursions and Team Building

If the centre pays for some excursions allow for this
 If centre pays for socials, AGM costs or graduation celebration allow for this
 If centre pays for donations or gifts allow for this

Fundraising Costs

Allow for any costs for purchase of products for fundraising

Public Relations/ Publicity Budget

Cost of advertising in local paper (maybe once a term or once a year with an open day)

Supplies of pamphlets/ posters for local health centres, Plunket, community rooms

Giveaway pamphlets/ *Haere Mai* booklet for new enrolments or interested visitors

Internal PR with termly centre newsletter

Purchase of Playcentre journal to give away to each family

Donation of journal to local waiting rooms, Plunket health clinic

Donation of Playcentre calendars/ fact sheets to local schools

Education Costs

Cost of first aid courses (licensing requirement 1 person with a current first aid certificate per session)

Cost of implementing centre policy on childcare for trainees or mileage reimbursements

Updating of supply of books in centre which are required for Course 1, Course 2 and Course 3 courses

Extra allowance for one off event e.g., centre specific professional development (where an area of need is identified), convention, learning together days or regional hui

Implementing centre policy on incentives for trainees who complete certificates (maybe a book purchase or book voucher or subsidising a graduation celebration)