

Pre-Opening Resource

Budgeting for pre-opening guidance

September 2018

**New
Schools
Network**

Introduction

If you are reading this document, you will have been approved to open a free school by the Department for Education and secured a site. Congratulations!

Now that your project has moved into the pre-opening phase, you need to make decisions quickly and effectively in order to ensure that your free school opens on time. One of the biggest issues you have to consider is how to make the best use of the Project Development Grant (PDG) which the DfE have allocated to your group. Clear decision making here is crucial since you are now in receipt of public money and the grant may not cover all the costs associated with the set-up of your free school.

This document is intended to help your group plan how to spend your Project Development Grant effectively. Drawing lessons from government guidance and groups that have opened free schools in the past, it provides advice on how to sensibly budget for pre-opening. This guidance should be read in conjunction with the funding section of the DfE's preopening proposer group guidance and the budget planning tool which NSN has developed, and which we strongly recommend you use. Further guidance and examples from recently opened free schools may be accessed through the Essentials Advisory Service which is part of the [NSN Delivery Programme](#).

We hope you find this guide useful but please bear in mind that it should be considered to be guidance only: every free school is different.

Overview of the Project Development Grant

The Project Development Grant is designed to fund the wide range of activities that will be required to develop your proposal into a fully-fledged school. It does not cover the capital costs of construction/refurbishment of premises, the purchase of ICT kit or, furniture, fixing and equipment. These items are covered in separately negotiated grants; however, the PDG will cover any procurement and associated activities of the capital costs of your project.

Your school will not receive any on-going budget funding until it opens its doors, so everything before that point must be funded from this grant. This could include anything from designing and printing prospectuses to paying any staff you employ and renting space for pupil induction.

As such, it is important to plan carefully and allocate the grant prudently so that it lasts you until your opening date; the DfE will not respond favourably to groups that do not budget thoroughly for the whole pre-opening period. Equally, if you do not spend all of the Project Development Grant, then you will be able to use the money left over from it in your free school once it opens. Money is likely to be very tight in the school’s first few years, so don’t waste money in pre-opening which could be of real value later.

Since you are now spending public money, you will also need to ensure that you budget for how you will spend the grant and report your spending in a responsible and transparent manner. Before releasing any money to you, the DfE expect you to explain how you will use the Project Development Grant and require you to provide regular budget profiles and statements throughout the pre-opening period.

For more information on the Project Development Grant, please refer to the [DfE’s pre-opening guidance](#) or ask your lead contact there.

What the grant should be used for

Every free school group is different, so your use of the Project Development Grant will need to reflect your specific needs.

The main categories – or ‘blocks’ – of spend you are likely to incur are listed below. The relative size of these blocks will vary school by school but, where relevant, likely ranges of expenditure are included which have been taken from previously opened free schools’ pre-opening budgets. These blocks form the basis of NSN’s budget planning tool, which we recommend you refer to.

Spending block	What is this and why is it necessary?
1. Project Management support	<p>The <i>process</i> of setting up your school is complex, with many interlinking parts, deadlines and deliverables to manage. You may need someone to help you manage all these different components – to control the overall process and to know what needs to happen when.</p> <p>There are a wide range of tasks that usually fall within this category, including, for example:</p> <ul style="list-style-type: none"> ● Running the statutory consultation, you need to carry out ● Planning the project activities and timescales

	<ul style="list-style-type: none"> ● Processing the pupils’ applications as they come in ● Monitoring your budget ● Reporting to the DfE on progress ● Convening meetings of your wider group (including the Education and Skills Funding Agency etc.) ● Procuring services like your lawyers, payroll providers, etc. ● Registering your school with various bodies <p>A more complete list can be found in the accompanying budget planning tool. The precise requirements of each group will differ, as will the way you choose to manage this wide-ranging element of your budget.</p> <p>In the past, some groups have elected to employ their own full-time employees – often members of the proposer group or staff from the existing schools – to run the project. Most elected to employ professional project management firms to provide at least some services. Many thought the quality of support was very good. Some didn’t.</p> <p>Typically, this is an expensive spending block with groups in the past spending between £20,000 and £150,000 depending on what services they required. You must ensure that you follow the procurement arrangements laid out in the Academies Financial Handbook. For more information on the NSN Project Manager Partnership, which offers project management services, please contact the Delivery Team at open@newschoolsnetwork.org.</p>
<p>2. Educational / other specialist advisors</p>	<p>Depending on your group’s level of expertise in areas such as education and finance, you may need to allocate part of your budget to the hiring of specialist advisers. For example, an educational adviser could help you develop your curriculum and timetable or your assessment procedures. They might be able to help you develop role profiles for your teaching staff, or sit on interview panels with you to ensure you appoint the right people. You might also consider asking them to provide training for your staff, or induction for your principal designate – or have them co-create schemes of work with your teaching staff.</p> <p>The level and topics of support provided will depend heavily on your own group’s (and staff’s) capabilities – and also their capacity. If you have an existing school of the same type and phase in your trust, you</p>

	<p>may be able to gain this expertise and capacity in-house, requiring no or very little outside support. Some standalone free schools in the past have opted to partner with existing academies outside of their trust, who were then able to provide not just advice, but a base to host interviews, financial planning support and other support.</p> <p>You must consider the capacity of your team as well as their capabilities and expertise. You might have, for example, very experienced finance professionals in your group, but if they don't have the time to sit down and develop a three-year financial forecast, you will need to procure support to do this.</p> <p>Most groups seek expert advice on education and finance, but there may be other areas where you need it. For example, if you are likely to face local opposition to your project, then you may wish to seek out advice on PR/media relations.</p> <p>In previous years, schools spent a hugely varied sum on educational advice; ranging from almost nothing (when provided "in-house" by staff already employed by the trust) to around £80,000 where the educational advisers acted as pseudo-project-managers as well.</p>
<p>3. (Directly employed) lead-in year staff</p>	<p>This block is to cover the cost of the staff you, as a trust, directly employ during the pre-opening period, as well as the overhead costs of doing so.</p> <p>Normally, this includes a salary for your principal designate for two terms before opening, as well as other vital members of staff if possible (including a deputy headteacher, administrative support and school business manager).</p> <p>If you are a trust with one or more existing schools, then you will find it easier to cover the cost of these extra positions as they can be employed by your MAT and fulfil other functions there too. For instance, you may use this block to cover "release" or "back-fill" costs of your CEO and other senior leaders who will be working on the project. If you are not in a trust with any existing schools, then you will need to consider your capacity and the balance between project management, specialist advisers and employed staff carefully. Depending on the needs of your individual school project and the experience of the incoming principal designate it is not always helpful to assume that the principal will be able to project manage the</p>

	<p>opening once they are in post. There is a wide range of activity the principal designate will be involved in in addition to keeping the project on track.</p> <p>In the past, groups found that ensuring an administrator was working on the project – either funded from the Project Development Grant within this block of spend or spared from an existing MAT – in order to relieve the principal’s and governors’ workloads, was invaluable, particularly at periods of pressure or where less external project management was procured.</p> <p>Some schools have held back this money to employ their teaching staff a little before September, when their main contracts will begin. This helped with training, induction and giving them time to develop curricula.</p> <p>Remember this block will also have to include the overhead costs of employment, including:</p> <ul style="list-style-type: none"> ● Each member of staff, the cost of National Insurance and any pension contributions you are agreeing to make ● The cost of running a payroll (i.e. the fees you will pay to a payroll provider) ● The cost of employers’ liability insurances ● Any training or induction you wish to provide ● Normally, ‘expense’ costs (e.g. cost of phone calls, ICT equipment, etc.) are covered in the ‘administration’ block below. <p>The amount spent by schools on this in the past has varied widely, but it is likely to be one of your most expensive blocks of spend. In the past, schools have spent anywhere between £30,000 and £150,000 on directly-employed staff, spending at the upper end of the range where they elected to undertake most activities “in-house” and spend much less on project management, and at the lower end where they contracted a more complete project management service from a third-party.</p>
<p>4. Recruitment of school Year 1 staff</p>	<p>There are three main items to budget for within recruitment.</p> <p>First is advertising for staff to attract them to your school. This is important but also very expensive. Many free schools elected to advertise for teaching staff on the <u>Times Educational Supplement</u></p>

[\(TES\) website](#), although there are other options to consider such as [The Guardian](#), [Staffably](#), and [Eteach](#).

As headteachers or principals become increasingly difficult to attract in certain parts of the country some groups have opted to try some elements of search and selection to identify and interview the right people. There are a number of agencies who will match the candidates to your position with varying degrees of success but this have proved a valuable process for some free schools. It can be expensive and cost up to 20% of the first year’s salary. This makes it more important to choose the right level of support. It is a good idea to talk to groups who have used this method.

Second are the more modest costs of screening your applicants such as the costs of running interviews. If your trust already runs an existing school of the same type and phase, then these costs would be significantly reduced as you would be able to use facilities there. Otherwise, these costs will vary depending on the model you choose. For example, you might have your principal travel to applicant teachers’ schools to observe them teach, in which case you will need to budget for travel costs. Or you may elect to hold an interview day at a host school, in which case you may need to make a contribution to that school and reimburse applicants their travel expenses.

Third are the costs associated with employing new staff such as conducting DBS checks.

You should bear in mind that in the past, few groups have found all their teaching staff on the first round of applications. It is prudent to budget to re-advertise some posts to ensure you are not forced into appointing from a disappointing field if you don’t have sufficient applicants the first time round.

NSN has negotiated a [discount](#) for advertising with TES that you may wish to take advantage of in order to keep your costs down. You should also consider whether you need to spend more on subjects that are difficult to recruit – such as science and MFL – and less where there are a large number of capable candidates seeking jobs. TES have a range of other options you may consider, such as “featured employer” and “job of the week” packages. You can also save by electing not to publish in the ‘print’ version of the newspaper, on the basis that most teachers do their job-seeking on the TES website.

	<p>To hire non-teaching staff, there are a range of good-value channels available to you. For example, Escape the City, Charity Job and your local authority job boards are good sources of talent. Accountancy Age and Public Finance Online are good sources of finance professionals for your Director of Resources. Adverts through these channels cost less than TES – normally around £500 for the advert and logo online.</p>
<p>5. Legal</p>	<p>There are two main areas of spend included here.</p> <p>First is the cost of employing a firm of lawyers, who will probably have three main functions. First, they may need to help you develop your contracts of employment for your directly-employed staff. This is probably most appropriate if you are moving away from the nationally negotiated teachers and support staff terms and conditions. If you are keeping with nationally recognised terms and conditions an HR consultant can advise you more cheaply. Second, whether you are a brand new trust or an existing trust, they will advise on and draw up/amend your trust’s articles of association to ensure they are compliant with the latest DfE requirements, draw up and clear the funding agreement(s) required to open your free school, and may, if required, advise on developing a scheme of delegation for your trust board/local governing bodies. Third, you may wish to have them advise you on the various construction/premises contracts you will enter into.</p> <p>Second are the much more modest costs of fees and registrations, such as registering with the Information Commissioner and with Companies House. Companies can be registered online for £12 but you have probably done this by the time you submit the proposal. Registration with the Information Commissioners Office costs £35 per annum.</p> <p>Typically, free schools tend to spend around £8,000-12,000 on legal fees to cover these ‘basics’ of funding agreement and employment matters.</p> <p>In addition, your school may have – or anticipate – other legal complexities such as TUPE agreements for current staff, in which case those will also have to be budgeted for within this block.</p>

	<p>Using existing policies and contracts as a starting point can be one way to reduce legal costs, though these will need to be tailored to your school. NSN holds a number of template documents on the pre-opening section of our website/as part of the Foundation Service package, which you may wish to refer to.</p>
<p>6. Marketing and admissions</p>	<p>Marketing can cover everything from community engagement – developing support for your school – to producing statutory materials such as the school’s prospectus. Major items of likely spend include:</p> <ul style="list-style-type: none"> ● Developing a ‘brand’ (e.g. the school badge / logo) for the school ● Design, production and printing of a prospectus – for your initial and your second intake ● Development and hosting of a website ● Advertising and marketing materials such as posters, leaflets, display boards, letters, any digital marketing you undertake ● Canvassing / campaigning on the ground to access specific groups ● Postage and stationary ● Events <p>Where relevant (e.g. if you are managing your own admissions process within the local authority’s coordinated admissions arrangements), you should also include within this block the production of any admissions literature (application forms and instruction leaflets) and welcome packs for your new pupils. The cost of corresponding with parents and the amount of paper you will generate on this front should not be underestimated. The cost of actually processing the application forms rests within the project management category.</p> <p>The spend by free school openers in the past varied significantly here, from around £10,000 to more than £25,000. The remaining spend will depend on your chosen marketing strategy.</p>
<p>7. Administrative</p>	<p>A relatively broad category, covering everything from the rent of office space for your staff through to procuring their ICT equipment, the cost of Internet and phone connections, of stationary and other office supplies, etc. This is a potential source of significant savings if you are able to use an existing trust school or be creative in securing other “free” accommodation.</p>

	<p>You should also include a nominal amount to cover travel or other expenses for staff, once appointed, particularly if the principal designate might be expected to do home visits or, attend training, meetings at the DfE etc.</p>
<p>8. Governance</p>	<p>This is likely to be a relatively modest block of expenditure, but the amount you need to spend will depend on the experience of your proposed governing body.</p> <p>Good governance is crucial for any school, so it is worth investing money here.</p> <p>You may wish to consider:</p> <ul style="list-style-type: none"> ● Governors’ indemnity insurance ● Registering your governors with the National Governors’ Association ● Any training you may provide for your governors ● Potentially any expenses – costs of phone calls and transport <p>There are a range of bodies which provide both free and paid-for advice and support to schools on governance, including the National Governors Association, the National College and the Freedom and Autonomy for Schools National Association (FASNA). NSN has negotiated a discount package with The Key for School Governors for free schools that you may be interested in too.</p> <p>There are various online training courses on aspects of governance such as safeguarding, interpreting data etc. and these can be accessed for modest costs.</p>
<p>9. Educational activities in support of Year 1</p>	<p>Because your school’s funding will not commence until you open, there are some educational activities that would normally come from the school’s main budget that you may wish to provide in “Year 0” for your first cohort. These may include:</p> <ul style="list-style-type: none"> ● Providing an induction day in the summer when students visit from feeder schools ● Providing a summer school or pre-joining induction for students in advance of September ● Procuring systems for the school, including a management information system and finance system

	Bear in mind that money spent on preparing pupils for your school now can save significant time and effort once the school opens. This may be important if your school’s ethos or curriculum will be particularly distinctive.
10. Contingency reserve	<p>Even with the most effective planning, unexpected items of expenditure will probably arise. It is, therefore, prudent to hold back a small contingency fund – the DfE recommend that this is around 5% of your budget.</p> <p>It is also worth bearing in mind that any funding from the Project Development Grant that you do not use will be allocated to your school. In the past, a few groups have found that they have been able to pass on significant contingencies to their school by making effective budgeting decisions elsewhere in the pre-opening period. However, you must not underestimate the costs of getting your school up and running, or jeopardise the project by not investing in what you need.</p>

How to approach spending your grant

The list above makes it clear just how much you need to do to get your free school open. The workload can feel overwhelming and it may, at times, feel like your budget is nowhere near enough, but remember that free schools have been opened before on this budget, or even less. It is possible, but requires a fair degree of creativity and a lot of planning and oversight: there’s very little room for waste.

To ensure you use your grant effectively it’s crucial that you plan your approach carefully. The two main considerations you should make when allocating your budget are:

Tasks and activities: What actually needs to happen and when? Take time to walk through the year ahead. List all the major activities that may take place – pupil open days, publishing a prospectus, running admissions, recruiting staff, etc. Any activity will probably need a budget lined up against it. However, with a limited “pot” of money, you may have to prioritise. Having a clear sense of what your priorities are will be important as you trade-off the “ideal” way to conduct one activity against another. Moreover, tasks can be approached in different ways. If you hire an administrator, you will increase your staffing costs, but could then potentially make a saving on project management by

having the administrator process your pupil applications. The key is to ensure that **every activity has “resource” matched with it** – and to try to **minimise unanticipated (un-resourced) activities**.

Capacity and capability: The other main variable is how much time and expertise you have within your group or the staff of your existing school(s). If you have a lot of educational expertise or capacity within your staff, you may be able to run all the staff interviews yourself and avoid having to hire an educational adviser to help. You may have a designer on your team who is able to prepare a good quality prospectus for free, saving you money on hiring a professional firm. You will probably find that your funding very quickly begins to feel tight; you may have to be creative about what you can manage “in-house” to free up funding for the areas where you really have to hire in outside expertise.

How to manage your grant effectively

The effective management of your Project Development Grant is time-consuming and takes considerable attention to detail. You should assign somebody with both the requisite financial skill and the necessary time to oversee it. They will need to be accountable to both your academy trust and the DfE for how this money is spent.

The main activities that are usually required for effective budget management are:

Planning

Deciding how you want to allocate your budget is crucial. Normally, it is best to do this in four stages:

- First allocate your budget into the major blocks of spend listed in section 3. In NSN’s budget planning tool, there are some examples of possible splits that you may choose to copy and adapt within the budget tool. These are:
 - *Internal Capacity Model:* Most likely existing SATs or MATs with the capacity to manage most if not all of the project through releasing/back-filling existing staff with relevant skills and experience;

- *External Capacity Model:* Most likely a brand new trust that will require a substantial amount of professional, third party support to manage the project
 - *Hybrid Model:* A midpoint between the first two scenarios for those groups with some existing capacity but who still need some external support. Equally, you may also find it more helpful to decide on a brand new split that better fits the needs of your school.
- Once you have split your budgets into the major 'blocks' of spend, the second stage is then to split each block into the different activities on which you may need to spend money. For example, in marketing, having decided on your total marketing budget, you will then decide how to split this across advertising, events, prospectus, etc.
 - When dividing up each block in stage ii, you may find in some cases that you don't have enough money. That is fine – *stage iii* is then to return to *stage i* and re-allocate money between the blocks. It is likely you may bounce between *stages i* and ii several times before you are happy with the allocation.
 - Once you are happy with the split of money *between and within* blocks, you must then decide *when* you will spend the money - i.e. how the total you have available splits across the years. Some items may be spent entirely in one month (e.g. the amount allocated for your prospectus will probably all be spent in one go). Others may be split evenly across the months (e.g. staff salaries). Deciding when spend will begin / end will be one way you can keep costs under control.

Authorising

Once your budget is agreed and operational, you must decide who is empowered to spend against it. Will you have a marketing lead who is authorised to spend everything within the marketing budget? If they want to spend less on the prospectus and more on an event, are they allowed to do that? What if they need more money – who will decide on releasing the contingency fund or on re-profiling money between blocks? Making sure you have a very clear process on who can authorise what will ensure that you are not signing up to liabilities that may take you over budget. You should also remember that your budget will inevitably be based on assumptions – over the course of the year, some items may come in more expensive than you forecast, so you should constantly be trying to bring in every line under budget to compensate for this. Consider how your project group will authorise changes to the budget as circumstances change through the pre-opening phase.

Executing

Make sure you have a good audit trail. Collect invoices and keep receipts (if the project has a debit card for small purchases make sure you retain the till receipt or invoice as well as the card receipt). Make sure you are keeping track of all the payments in and out of the account so you know how you are performing against budget.

Monitoring

Tied up with C is the act of monitoring how you are performing against budget. Is this something your full steering committee or trust board will want to see every month? Who will ensure that you are not over-spending? As well as to your steering committee/trust board, you will need to regularly report to the DfE through budget profiles and statements.

Next steps

Our suggestions for what you should do next are:

Plan: It is important that you take your time to plan out how you will use your Project Development Grant and resist the urge to start spending it straight away. We recommend you refer to the DfE's pre-opening guidance and NSN's budgeting tool. Further guidance and examples of budgets from recently opened free schools may be accessed through the Essentials Advisory Service which is part of the NSN Delivery Programme.

Read: Our budget planning tool provides some benchmarks, but you will need to read more about the different aspects of pre-opening before you can make an informed judgement about what they involve, or might cost.

Set up appropriate systems: Before undertaking any spending, you need to establish how decisions around this will be made, recorded and reported. You are now being entrusted with a significant amount of public money, so it is important you use it transparently and in line with any requirements the DfE have.

Speak to others: Though the pre-opening stage can seem daunting, remember that other groups like yours have managed to open free schools before. Their advice, and that of others who are going through pre-opening with you, can be extremely helpful, so make sure you seek it out. NSN may be

able to help if there is a free school that you particularly want to speak to and we run spotlight visits to successful open free schools throughout the year which provide a valuable opportunity to share experiences and ask questions.

Acknowledgements

The original version of this document, and our budget planning tool, was created by Tom Shinner, Lead Proponent and Vice Chairman of Governors at [The Greenwich Free School](#). It has been updated in 2017 for groups opening free schools by NSN staff.

NSN would also like to thank all those free schools that contributed to this guidance whose insight was invaluable.

Support for schools in pre-opening

NSN has supported free school groups in pre-opening since 2014. NSN's unrivalled knowledge and experience has been informed by our work with over 70% of open and approved free school groups throughout the application and pre-opening phases.

The NSN Delivery Programme has been meticulously designed to address the challenges of the rigorous pre-opening process. Whilst proposer groups may have a wealth of skills and expertise, the NSN Delivery Programme will fill gaps in capacity and/or capability, providing a range of support options to prepare schools for a successful opening.

Our exclusive packages of advice, support and project management have been developed to comply with Department for Education (DfE), and Education and Skills Funding Agency (ESFA) guidance and focuses on the areas that our experience shows will provide free schools with the most value in pre-opening.

NSN Delivery Programme

Foundation Advisory Service

All approved projects have access to our core advisory service, which is free of charge. This foundational offer includes:

- An invitation to our annual launch event, delivered in partnership with the DfE
- A telephone and email service
- Key pre-opening resources
- Invitations to our Spotlight events at open free schools
- An invitation to our events focusing on the final stages of pre-opening

Site Advisory Service

Relevant to both sequential and concurrent groups, the NSN Site Advisory Service helps groups to navigate the complex process of securing a site and suitable free school building. Developed to complement the support provided by LocatED and ESFA, the service includes:

- A named NSN Project Manager

- Access to NSN Site Associates
- Comprehensive and exclusive guidance resources about free school capital projects
- In-depth support meetings with NSN Project Managers and Site Associates
- Detailed feedback from support meetings

Essentials Advisory Service

Developed to support the project management and delivery of the non-site related challenges you will tackle in pre-opening, the NSN Essentials Advisory Service focuses on areas such as pupil recruitment and admissions, the section 10 consultation, finance, governance, education planning and staffing. The NSN Essentials Advisory Service provides:

- A named NSN Project Manager
- Access to a range of NSN Associates
- Bespoke and exclusive networking opportunities with existing free schools
- In-depth meetings with NSN Project Managers and Associates
- Detailed feedback from support meetings
- Comprehensive and exclusive suite of guidance resources about all aspects of pre-opening
- Spokesperson training for principal designates

Project Management Partnership Service

Based on our vast experience, and developed with the DfE's Pre-Opening Guidance in mind, the NSN Project Management Partnership is for groups planning to outsource some or all of the project management of their free school in pre-opening.

Split into two phases, the NSN Project Management Partnership takes into account the volume, complexity and timing of tasks in different phases of pre-opening. With additional bolt-on services available to buy, the NSN Project Management Partnership is the most bespoke service offered as part of the NSN Delivery Programme.