

# ACHIEVING EFFICIENCIES IN MULTI-ACADEMY TRUSTS 2019

## Project management: controlling costs and budgets

As an SBM or bursar it is crucial that you keep on top of costs, especially when project managing. Here **Valerie Hopkins** offers her expert advice.

Once you have set the budget (as explored in [Costing up a new project: budgeting well](#)) and your project is underway, it is essential that you keep your budget under control and minimise the risk of overspend.

Project-cost status should always be an agenda item at your project meetings or, for a small project, maybe there are no meetings but you need to manage the costs assiduously!

## Early stages: top tips

- Order components on time.
- Be ready for their delivery and installation.
- Check incoming invoices without delay.
- Challenge anything that appears faulty before it is too late.
- Keep to your time plan so you don't incur storage or other handling costs.
- Check that equipment works so you can get any problems dealt with under warranty terms.
- Book trades in advance, in the right sequence and get their agreement in writing.

If you have scoped well at the early stages, there should be no major surprises but if you haven't, what can you do if costs start to escalate? You have no choice but to re-evaluate and if necessary introduce a delay to raise funds, compromise or omit something. This can nullify the positive cost versus benefit – something you want to avoid.



## Minimising risk

So how do we minimise risk? In other words, how do we get the costings right from the outset and ongoing? Have a requirements specification in sufficient detail that providers/tenderers can give accurate prices. The information below outlines key actions to take to help manage the challenges ahead.

## Managing challenges (and avoiding nasty surprises)

- Ensure you ask for and receive quotes not estimates, i.e. exact prices that are not subject to change.
- Remember: knowing your needs = minimal variation = controlled cost.
- Project costing should include consequential costs over time, for example: maintenance agreements, repairs, training and documentation. Eliminate surprises.
- Be very conscious of the variables. For instance, for a build the cost of remedial ground works won't be known until a full survey is done, which may not be possible until demolition has occurred – which you cannot do until the contract is signed. For this reason, always include a contingency in any but the smallest building project, usually about 10%.
- Also, remember to cost for the time not only of your project manager but also for all staff who will be involved as advisors or owners of a process (such as your network manager for installing plasma screens).
- Keep to the programme as delays will cause an escalation in costs (of labour certainly) but also of materials or service prices.
- If the costings are too high for your budget, you should do one or more of the following:
  - assess what could be omitted or substituted without significant negative effect
  - look at efficiency savings in terms of working practices, processes and quality of materials – known as value engineering (VE)
  - look at raising funds or increasing the budget if feasible and consider whether the cost versus benefits would still be viable.



In quotes for a larger build project, whether a complete school or an extension, there are advantages in a design and build project, as you tend to have relatively known costs. However, elements of the specification are developed by the architect and main contractor as part of their bid, such as fire curtains, IT infrastructure, and environmental aspects appropriate to gain a BREEAM rating.

In reality, detailed design proceeds after the contract is signed, which can play havoc with the budget. You may find later that amendments are necessary. Try as you might, it may be impossible to nail everything down so you should concentrate on dealing with the 'known knowns' and ensuring accuracy and certainty there, minimising risk elsewhere, and setting a contingency, probably at around 10%.

## Generating revenue

Most projects you are involved in will be designed to improve provision for learners or for staff and will not be designed as revenue projects. However, if you do see an opportunity to implement some small revenue projects, how might you make sensible selections?

There are some easy wins, some of which might resonate with you, such as tidying and smartening up a spare office for rental e.g. for your local county music service. Cost is very low, and will probably be recouped in a couple of months. Ensure you have a space-sharing contract and agree an acceptable contract length and notice period for both parties.

Buying software can be trickier, and the benefits less immediate. For instance, setting up an alumni database may cost very little for the software but an immense amount in staff time. Alumni may bring in money in years to come (legacy giving perhaps) but it is not immediate. However, there may be other benefits of having a list of contacts to work with your students and provide careers advice, mock interviews or work placements.

The key point here is the obvious one: in order to assess which projects are worth pursuing you need to have a sound understanding of their costs (in time and money) and of their benefits – financial or otherwise.



## Controlling costs

The information below gives top tips to follow to help ensure you remain in control of the costs. Only then can you have peace of mind that your project will complete on time and within budget.

But be aware that the more complex the project, the more difficult it is to harness all costs accurately. There are some particular challenges, such as:

- your contractor going into administration (it's happened to me)
- variation in cost of materials perhaps linked with seasonality (although by keeping to the project time schedule these should be controllable)
- the weather, which can be your enemy in a build
- delays caused by prevalence of protected species or poor ground conditions.

Although you cannot altogether overcome these obstacles, you can allocate some of your contingency to them as they occur and if your project has been designed with an eye to anticipating and managing risk, you might be able to get on with another element of the project while playing a waiting game for your bats and newts to move on.

## Top tips for maintaining control

- Always nail down requirements.
- Keep cost vs benefit balance at the forefront of your mind.
- Have pre-defined milestones ('gates' in Prince2 parlance – checkout the 'stage gate model') when you formally assess the benefits to ensure they still are in the desired balance with the costs.
- If costs escalate, stop, take stock, think about what needs to change: timing, income opportunity or omission.
- Talk to your contractor; there may be opportunity to substitute or amend.



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