

IN COLLABORATION WITH



# OPTIMISING THE SCHOOL ESTATE TO GENERATE ADDITIONAL REVENUE STREAMS



## Better utilising your existing estate

How to maximise your existing facilities to generate income without investment.

## Improvements to attract inward investment

How to identify areas where small levels of investment will generate revenue.

## Developing new purpose built facilities

How to secure funding for development and expansion of new facilities.

## Raising funds for reinvestment

How to use existing land or assets to generate income for reinvestment.

## FOREWORD



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In my 14 years as a Lloyds Bank Senior Education Specialist, I have always been keen to add value to the education sector above and beyond my usual banking strategic support. I have been working closely with a significant number of large MATs throughout the pandemic and established that many MATs are keen to explore how they could save money and find new ways of generating additional income to help relieve the financial impact of Corona virus.

I am delighted that two colleagues who I class as specialists in income generation, cost management and estate management, jumped at the opportunity to create these guides. Following client consultation, Tim Warneford, Warneford Consultants and Steve Bolt, BCR Associates have identified some very real and achievable best practices with great examples from trusts who have already embraced the opportunities available around utilising/improving existing facilities, creating new facilities and in some cases controlled disposal of assets.

Whilst I recognise that your own opportunities and ability to invest in your estate will vary, I hope that this briefing ignites some healthy discussions and helps support your own financial recovery in the months and years ahead as you survive, revive and thrive.

Now, more than ever, schools are required to operate as independent businesses, saving costs, optimising their assets, and generating income, in addition to delivering their core function – education. All schools are facing considerable financial pressure, whether from sustained funding cuts, higher maintenance and staff costs and recently the impact of Covid-19 on income generation.

In addition to the above there is also increasing evidence to link teaching conditions with attainment levels, necessitating schools to improve their built environment so that they can attract high quality teachers and maintain pupil demand. Many schools will find themselves faced with the challenge of bridging financial gaps to provide pupils with a full curriculum, pastoral support and facilities required to help them attain their learning objectives.

### SO HOW CAN SCHOOLS HELP THEMSELVES?

This guidance, sets out the four key routes of potential income generation opportunity open to your school;

1. Better utilising your existing estate
2. Improving the estate to attract inward investment
3. Developing new, purpose-built assets
4. Raising funds for reinvestment via the disposal of land & assets

Each section provides recommendations, examples and information on available funding streams to be considered.

## HOW TO EXPLOIT THE FOUR KEY ROUTES

The extent to which the four routes can be exploited, and the strength of the business case for any investment or change in use, is dependent on the unique features of your assets, their current utilisation and the demand for services and facilities within the wider community.

### 1. Better utilising your existing estate

The least expensive and quickest way to generate income without investment, is to assess local market demand for your existing facilities and engage interested parties. For example, sports clubs or performing arts clubs, see pages 4-7 for further details.

### 2. Improving the estate to attract inward investment

Schools with poor condition or moth-balled facilities will need to consider how they can improve or re-purpose assets to better attract inward investment. The scale and vehicle for this investment will depend on the school's reserves and the expected return. Schools can look to reinvest revenues or savings accrued through use of existing assets. For example;

- Fitting-out facilities to appeal to the business community – schools can consider upgrading their IT infrastructure, installing interactive whiteboards, projectors and sound systems, allowing spaces to be used as training and away events.
- Resurfacing/ re-marking of sport facilities – for a relatively small investment, the school can optimise rental potential of sports facilities.
- Attracting capital investment from your target market - many commercial day nurseries will consider fronting the cost of repairs and refurbishments in exchange for a reduced rental rate, allowing you to secure an income and benefit from the improvements without an initial outlay. Internal maintenance responsibilities can be included within the lease agreements, ensuring the facilities are passed back to you in good working order.

### 3. Developing new, purpose-built assets

Depending on increased pupil demand and the academic performance of the school, the school may be eligible for expansion funding, thereby increasing pupil premium. Other innovative vehicles are also being used to fund the development of new school facilities where a feasible business model can be established. For example;

- Increasing pupil numbers to meet capacity – where demand can be evidenced as a result of year on year over-subscription, expansion facility funding can be awarded through the Condition Improvement Fund for eligible schools. If increased demand is as a result of local demographic changes, the school can negotiate access to basic needs funding.
- Section 106 planning gain – developer contributions may be earmarked specifically for expansion or development of school facilities. Schools can negotiate directly with LAs where S106 is unallocated. Any development can be designed to meet both pupil and wider community needs, allowing the school to generate income as soon as the facilities are commissioned.
- Operating lease – schools that are unable to secure funding for facilities such as MUGAs or 3G pitches, and have insufficient reserves, can enter into an operating lease, offsetting lease costs by sub-letting some of the facilities to a third party.

### 4. Raising funds for reinvestment via disposal of land & assets

Where schools have surplus land and/or assets, in excess of Sport England's requirements, and are granted Secretary Estate approval, it is possible to dispose of land, allowing capital receipts to be recycled for investment in the development and improvement of the school estate.

## INCOME GENERATION FROM OUTDOOR FACILITIES

By making full use of every external space available, there are a number of ways that schools can generate additional income. When school facilities are not in use, e.g. early mornings, evenings, weekends and out of term time, these spaces can be rented out or even franchised

to a wide range of users all year long. A good example of this is performance arts. Schools with performing arts facilities, such as a drama room or main-hall stage, can attract rental income from drama clubs. Some national franchises such as Stage Coach UK, actively seek school facilities to host their weekend classes and summer clubs. Indoor and outdoor sports facilities can also be made available for summer and winter sports clubs. Revenue generated can be reinvested in improvement projects as well as helping to offset any initial investment.



**THIS DIAGRAM IS AN EXAMPLE OF AREAS WHERE EXTERNAL AREAS CAN BE OPTIMISED TO PRODUCE ADDITIONAL REVENUE.**

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|--|--|---|--|
| <p><b>1</b> Squash courts could be used for clubs or a potential franchise opportunity</p> | <p><b>4</b> 3G Pitches/MUGA's could be used for local sports clubs or community use</p>  | <p><b>7</b> Excess electricity generated from PV/ Solar panels can be sold back to the grid</p> | <p>external partners who would take over the facility and with it the maintenance costs, providing a reduced rental income</p> |
| <p><b>2</b> Tennis Courts could be used for clubs or a potential franchise opportunity</p> | <p><b>5</b> Playing fields can be rented out to local community for Rugby, Cricket, Hockey, Athletics or American Football</p> | <p><b>8</b> Raising funds for reinvestment via disposal of land and assets</p>                  | <p><b>10</b> Swimming pool could be rented to local schools via local authorities, for swimming clubs or community use</p>     |
| <p><b>3</b> Netball Courts could be hired out for competitions and community use</p>       | <p><b>6</b> Gymnasium could be used for private personal training or weightlifting sessions</p>                                | <p><b>9</b> Mothballed Facilities such as former sports halls, classrooms can be let to</p>     |  |

## INCOME GENERATION FROM INDOOR FACILITIES

Each Academy has a large amount of indoor space that is often not in use outside school hours. Through creative use of space it is possible to unlock revenue from your assets without causing any disruption to the running of the school. With careful planning events, conferences, evening classes etc. can take place out of hours, at weekends or in school holidays to make sure that you are optimising any potential revenue that your estate is able to generate.



# WARNEFORD CONSULTANTS ARE DELIGHTED TO BE WORKING IN COLLABORATION WITH BCR ASSOCIATES

We feel that maximising revenue generated from the school estate goes hand in hand with making sure that schools are as streamlined as possible in terms of energy spend and consumption. Click below for a whitepaper on how BCR Associates can help schools to reduce costs on energy spend and improve efficiency:

[DOWNLOAD WHITEPAPER](#)



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## Developing The Trust

### Joining the Dots:

Hear from Kevin Yardley, Director of Income Generation on helping estates yield substantial revenue streams as well as Steve Bolt on increasing efficiency and rationalising procurement costs to optimise resources and maximise potential in the education sector.

Click to listen to Tim's Podcast

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