

Innovative Methods to Generate Additional Income and Capitalise on Resources

The Academy Financial Management Conference 2022

Identifying opportunities for additional income generation within the local community

Strategic First Steps

- The school estate is a valuable resource if we are only realising its value during the school day then we aren't maximising the benefit of developing and maintaining the assets
- Sport England identified that schools operate or own 39% of all available sports facilities. 77% of sports halls and 61% of artificial grass pitches. This is an invaluable resource for a nation trying to get active and unlocking it can bring significant benefits both financially and towards your schools wider aims
- Local knowledge is key - invest the time in research and building relationships to establish what local needs you can meet to generate income
- Take advantage of strategic work already undertaken:
 - Sport England strategy documents
 - local indoor and outdoor facility strategies
 - sport specific development plans
 - local partnership strategy documents - big locals etc
- Build strategic partnerships which will inform your strategic decisions and promote your business to those who need it:
 - Active Sports Partnerships
 - Council Sports Development Teams
 - The arts council
 - Local arts and culture
 - Use the school community to build background information
- To develop the business strategically ask:
 - What activities are already popular in the area and have been identified as lacking facilities both nationally and locally?
 - Can we provide the access they need through existing or new facilities?
 - Does the activity meet a need for our students or their families?
 - Can we find a delivery partner who is aligned with our aims and ethos?

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Case Study

- Generations MAT - Identified their catchment as a national hotspot for football participation and talent - facility strategies both locally and nationally identified a shortfall in floodlit 3G pitches
- Invested in 2 new top of the range pitches - LED floodlights
- Built relationship with local FA through hosting coaching and referees courses
- Identified key local partners
- Introduced new year round bookings policy, allocated pitch time in clear blocks targeting different age groups
- Mix of commercial and community partners
- Established key partnership with Premier League Club to develop women and girls game
- Total football income now circa £300,000 per annum

Assessing current commercial activity

Key indicators

- Many schools operate their facilities out of hours in partnership with the local Council or 3rd party operator, its fundamental to understand the contract behind this relationship and establish, duration, review mechanism. mechanism for termination, income share arrangements, income calculations
- Outsourcing the out of hours operation should as a rough benchmark deliver 50% profit margins to the school, the key question is 50% of what? minimum income guarantees and break clauses for underperformance are critical
- Self delivery should as a rough benchmark deliver 60% profit margin but at what cost? Is your organisation geared-up for out of hours delivery? Staffing implications are substantial, processes for payment and business development need to be established. There's a very different mindset to running a business than a school, you will need to decide to what extent you will operate in "silo's"
- Competitor analysis is important part of the process, who is offering a similar service locally, what are they charging what is their occupancy rate?
- Establish a system of KPI's not limited to headline income, staffing, equipment, cleaning costs, occupancy rates, customer retention, customer feedback should all feed into an overall scorecard. If you have externalised the management then there should be a clear and regular client review process, you get the service you deserve!

Establishing the best uses and investments for the funds raised: improving staffing and resources for pupils

Whats our motivation?

- There should be a clear and specific use for the funds raised through income generation, facility development (which becomes a virtuous circle through providing additional income opportunities) is an ideal allocation, but schools have used the funds to reduce teacher weighting, improve resources and support services
- A lettings based business will always have fluctuations in income and can be hit by facility closures or national events such as COVID. When budgeting, a stress test must be included to show how the organisation would cope with a reduced level of income being generated
- You will need to keep your income generation team motivated, there needs to be a clear narrative about how their work benefits the organisation and community, this will also help attract customers who share your values
- The best Income Generation will deliver benefits other than money which benefit your students and the wider community and you would want to continue with even if they were cost neutral

Advice to help smaller schools with fewer resources raise additional funds

Size isn't a barrier

- Ask for help from your school community, there are entrepreneurs out there who will help in a flexible cost effective way
- Yes, you can outsource the whole lettings operation, but you will get best value if you know the true potential and current worth of your business before negotiating, do you have someone confident in that sphere who can negotiate with these companies?
- Look for ways your community can support you with minimum commitment, easyfundraising or bags for help for example
- Engage with national governing bodies who need locations to base new facilities, you could deliver benefits to the students, local community and an income stream with no outlay
- Look for easy wins with no capital outlay, for example SolarCatcher units
- Facility development is possible through operating leases - secure potential income first then navigate the ESFA rulebook!