



Unit 2 Peal House, Cocker Avenue, Poulton Le Fylde, Lancashire, FY6 8JU

t: 01253 283050

w: www.airisuk.com | e: info@airisuk.com

Operating Lease for Academies Key Features & Compliance Guidance

What is the benefit?

Airis energy solution's **Light as a Service** (LaaS) allows your faculty to lessen its carbon footprint and launch net cash savings through a completely compliant working lease structure.

How do we represent value for money?

The academies fund handbook requires an academy to ensure spending decisions represent value for money. Value for money is characterized in the AFH as:

“Achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of resources, the avoidance of waste and extravagance, and prudent and economical administration”

Our LaaS contract accomplishes all of these targets as we:

- Our compliant contract adheres to academy guidelines.
- Reduced energy utilization decreases a school's carbon impression
- Maintenance free solution for the bespoke period of the agreement
- Lighting control frameworks further improve effectiveness
- Reduced energy utilization improves effectiveness and unlocks utility savings
- Better lighting improves student well fare and education outcomes
- Requires zero capital requirement

How can we provide good estate management for schools?

The Academies Financial Handbook expects academies to apply good estate management. The DfE guide “Good estate management for schools” says:

“Energy and water are valuable and costly resources. You should manage the estate to:

- Understand how much energy and water you use
- Reduce consumption
- Minimise water”

Our LaaS agreement will ordinarily decrease the energy devoured in lighting your schools by up to 70%, which lessens your weakness to changing energy costs and helps to diminish your ecological effect by bringing down your carbon discharges.



Accounting for the LaaS within state funded schools:

Our **LaaS** agreement is a completely consistent operating lease that holds fast to foundation rules which implies it is in a structure which state financial schools can sign (local Authority and Academies)

1. A conforming operating lease cannot finance more than 90% of the total cost to supply and install the asset Airis is responsible for and takes the risk of the Residual Value (10%) throughout the initial term of the agreement.

This test qualifies to the academy guidelines.

2. The Lessor is needed to take 'sufficient risk' in the lease

Most evaluators will utilize the '90% test' to establish this. This is not captured in current guidelines but is an excellent guide. This implies that the lease rentals must not surpass 90% of the original capital cost. When working out the '90% test' evaluators exclude the interest to work out how much capital is being reimbursed. We retain a 10% residual interest in the equipment, implying that the test is promptly fulfilled.

This test qualifies to the academy guidelines.

3. An Operating Lease requires the school to pay only a proportion of the capital value of the equipment and over a short agreement term, classed usually as the equipment's 'useful economic life'.

High quality LED lights have an anticipated life of 50,000 hrs. In a school environment, the foreseen burn hours of academy lighting (10hrs x day, 5 days, 39 weeks) is typically 1,950 per year. Therefore, the expected life of a high-quality LED solution is 25 years. The Airis agreement will be for a bespoke time period of your choosing, anywhere between 5 & 10 years and ultimately chosen by the academy.

This test qualifies to the academy guidelines.

4. What occurs towards the end of the initial agreement?

The school can choose to either return the equipment or alternatively enter into a further maintenance period with Airis energy solutions (to be discussed and agreed). Following this period Airis energy solutions will provide the school with a perpetual usage notice for the remainder of the solutions useful life which is can be anywhere from 10-15 years.

This test qualifies to the academy guidelines.

5. Operating Lease payments are treated as part of your operating expenditure.