

# Financial commentary to support the OfS registration application

|  |  |
| --- | --- |
| **Provider name:** |  |
| **UKPRN:** |  |

The Office for Students (OfS) asks each provider applying for registration to submit a commentary to accompany financial and student number tables to inform our assessment of a provider’s financial viability[[1]](#footnote-1) and sustainability.[[2]](#footnote-2)

We collect this information to help us understand a provider’s business model and what its forecasts are based on, how a provider manages its financial risks, the likelihood of the forecast being delivered and the mitigations in place should the forecast not be achieved. Where the commentary does not provide sufficient clarity on material areas, we may contact a provider to seek further clarifications. If referring to your business plan as part of your response, please cite the relevant paragraph numbers or headings for reference.

# The answer boxes below expand automatically to accommodate longer responses.

## Historical performance and forecast assumptions

1. If applicable, please explain any student number changes between years in the historical Years 1, 2 and 3 and explain what assumptions underpin the forecast student FTE in Years 4 to 8 with a breakdown into the categories as per Table 1. For the forecast student numbers, please provide the supporting rationale for the reasons why you think the forecast is achievable (this could be in separate documents, such as evidence of market research undertaken, evidence of contracts with recruitment agents or collaboration partners etc).

|  |
| --- |
|  |

1. If your provider teaches or plans to teach any higher education students under subcontractual partnership arrangements or subcontracts teaching of any higher education students to another provider, please provide details of these arrangements. How is this area of activity forecast to change in the forecast period and what evidence underpins these assumptions?

|  |
| --- |
|  |

1. If applicable, please explain any staff FTE changes between years in the historical Years 1, 2 and 3 and explain what assumptions underpin the forecast staff FTE in Years 4 to 8 in Table 1.

|  |
| --- |
|  |

1. If applicable, please explain what assumptions underpin the forecast income from public funders in Table 2.

|  |
| --- |
|  |

1. Please explain what assumptions underpin the forecast fee income in Table 2. This should include details on assumed fee levels.

|  |
| --- |
|  |

1. Please explain what assumptions underpin the forecast other income in Table 2. If this income has been changing year-on-year in the historical Years 1, 2 and 3, please explain the reasons for this.

|  |
| --- |
|  |

1. For staff costs in Table 2, if applicable, please explain any changes between years in the historical Years 1, 2 and 3 and explain the assumptions underpinning the forecast in Years 4 to 8.

|  |
| --- |
|  |

1. For expenditure items other than staff costs in Table 2, if applicable, please explain any changes between years in the historical Years 1, 2 and 3 and explain the assumptions underpinning the forecast in Years 4 to 8.

|  |
| --- |
|  |

1. Where data on fixed assets or endowments in Table 3 (headings 1 and 2) shows changes between years in the historical Years 1, 2 and 3 please explain reasons for this and explain the assumptions underpinning the forecast in Years 4 to 8.

|  |
| --- |
|  |

1. Where data on current assets in Table 3 (heading 3) shows changes between years in the historical Years 1, 2 and 3 please explain reasons for this and explain the assumptions underpinning the forecast in Years 4 to 8.

|  |
| --- |
|  |

1. Where data on short term liabilities in Table 3 (heading 4) shows changes between years in the historical Years 1, 2 and 3 please explain reasons for this and explain the assumptions underpinning the forecast in Years 4 to 8.

|  |
| --- |
|  |

1. Where data on long term liabilities in Table 3 (headings 6 and 7) shows changes between years in the historical Years 1, 2 and 3 please explain reasons for this and explain the assumptions underpinning the forecast in Years 4 to 8.

|  |
| --- |
|  |

1. If new borrowing is forecast (including short term credit facilities such as an overdraft, revolving credit facility or other) or refinancing of the existing borrowing will be required, please provide details, including facility type, size, timing and stage of approval by the lender (if already being arranged). If refinancing is required, please advise what actions are being considered should it not be possible.

|  |
| --- |
|  |

1. Where data on cash flow in Table 4 shows any fluctuations or changes between years in the historical Years 1, 2 and 3 please explain reasons for this and explain the assumptions underpinning the forecast in Years 4 to 8.

|  |
| --- |
|  |

## Ensuring financial viability and sustainability and scenario planning

1. How does your business ensure its financial viability and sustainability, including the identification and management of material risks to viability and sustainability? What do you consider to be the most significant risks and how are these risks managed?

|  |
| --- |
|  |

1. The OfS requires all providers applying for registration to consider and provide details of and commentary on specific scenario planning. You are required to provide data in relation to student and staff FTE, income and expenditure and cash balances in Annex M: ‘financial and student number tables’. In the scenario planning worksheet. For the scenario(s) you are required to have considered, please explain here the financial data and the underlying assumptions (including those in relation to staffing, income and expenditure and cash balances). Additionally explain the mitigations that could be implemented. For each mitigation, assess its feasibility and the anticipated ease or difficulty of implementation.

* Providers already delivering higher education are required to complete planning for two scenarios:
  + Scenario 1: Assume zero growth in higher education student enrolments (new student entrants), across all levels and domiciles, for each of the four years following the OfS registration application and reflect the corresponding reduction in fee income.
  + Scenario 2: Assume 40 per cent fewer new higher education student enrolments (new student entrants) than forecast across all levels and domiciles, in the first year after the application, followed by zero growth in student numbers and fee income for the next three years.
* Providers not yet delivering higher education are required to complete planning for one scenario:
  + Scenario 1: Assume zero enrolments of higher education students in the first year after the application (i.e. no new students join across all levels and domiciles) followed by 80 per cent fewer enrolments than forecast in the next three years and reflect the corresponding reduction in fee income.

|  |
| --- |
|  |

1. As per paragraphs 35 and 44 of Annex L: Guidance for providers about the financial information required for registration, describe here any additional scenario planning, sensitivity analysis or stress testing that has been undertaken to understand and mitigate the risks to financial viability and sustainability that arise from uncertainty in the financial and student number forecasts? Please provide supporting evidence (this could be in a separate document).

|  |
| --- |
|  |

## Other

1. Is there any further information that would be helpful to the OfS in assessing your provider’s financial and student number forecasts and financial viability and sustainability? If so, provide this below. Please use this space to provide any further information you wish to bring to our attention, or any further explanation supporting the entries in the financial and student number tables. If your provider relies on any form of financial support from a third party at present, or it may require and rely on financial support of a third party in the period covered by the forecast, please explain the format of this support, give details of the period of time it is, or will be available for, and provide any supporting evidence, if such evidence exists. If your provider belongs to a corporate group, please explain what the group’s financial standing is and provide supporting evidence.

|  |
| --- |
|  |

1. ‘Financially viable’ means that the OfS judges that there is no reason to suppose the provider is at material risk of insolvency within a period of three years from the date on which the judgement is made. [↑](#footnote-ref-1)
2. ‘Financially sustainable’ means the OfS judges that the provider’s plans and protections show that it has sufficient financial resources to fulfil [conditions D(iii) and D(iv)](https://www.officeforstudents.org.uk/media/1406/ofs2018_01.pdf) of ongoing registration for the period of five years from the date on which the judgement is made, and that it is likely to be able to operate in accordance with these plans and projections over this period. [↑](#footnote-ref-2)