

Annex D: Commentary to support the OfS Annual Financial Return 2025 workbook

Provider's name:	
UKPRN:	

The Office for Students (OfS) asks providers to submit a commentary to accompany financial tables to inform our assessment of the providers' financial viability and sustainability. We collect this information to help us understand what the forecast is based on, how providers manage their 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 providers after the data has been signed off to seek further clarifications.

Forecast assumptions

1. To help the OfS understand the financial and student number forecasts please complete the table below. Please enter the narrative explaining the assumptions made in each of the listed areas (for ease of reference the relevant workbook table number is provided). For each area please also explain what actions you plan or may be able to take to mitigate any negative effects arising from the assumptions not crystallising, such as actual student numbers achieved in future years being lower than your forecast assumes or costs in future years being greater than what you have assumed in your forecast. For each area listed in the table please provide narrative about the measures you would implement to maintain your financial viability and sustainability and how feasible the implementation of these measures is.

AFR table	Area	Explanation for the forecast assumptions for Year 4 to Year 7	Mitigations
Assumptions	Value of UK-domiciled undergraduate fee (per student)		
7	UK-domiciled undergraduate student FTE (full-time and part-time)		
6	Average annual fee increase for a non-UK domiciled undergraduate student		
7	Non-UK domiciled undergraduate student FTE (full-time and part-time)		
6	Average annual fee increase for a UK postgraduate taught student		
6	Average annual fee increase for a non-UK postgraduate taught student		
7	Postgraduate taught student FTE (all domiciles, full-time and part-time)		
7	Postgraduate research student FTE (all domiciles, full-time and part-time)		

AFR table	Area	Explanation for the forecast assumptions for Year 4 to Year 7	Mitigations
N/A	Higher education franchised in student FTE		
N/A	Non-higher education student FTE		
9	Staff FTE		
1	Other income		
1	Donations and endowments income		
1	Interest rates on debt		
Assumptions	Annual change in total OfS grants		
Assumptions	Annual percentage change in total Research England grants		
Assumptions	Changes to pension provisions and pension adjustments (all schemes)		
Assumptions	USS employers' pension contribution rate		
Assumptions	TPS employers' pension contribution rate		
Assumptions	LGPS employers' pension contribution rate		
Assumptions	Employers' pension contribution rate related to other schemes		
Assumptions	Average annual inflation in salaries and wages		

AFR table	Area	Explanation for the forecast assumptions for Year 4 to Year 7	Mitigations
Assumptions	Average annual operating cost inflation		
Assumptions	Annual building maintenance costs		
Assumptions	Value of any budget contingency included in the forecasts		

2. If you teach any franchised in higher education students or deliver any non-higher education provision, please provide details of these arrangements. How is this area of activity forecast to change in the forecast period?

3. Please provide any details or narrative to explain estimates you have provided in the Assumptions table - Backlog maintenance section (2a and 2b) on the total value of any capital investments needed to bring your infrastructure, facilities and equipment up to a 'good' standard of condition that is suitable for delivering high quality higher education and student experience. This question only applies where the provider is responsible for the cost of repairs and maintenance – it may not apply to leased/rental properties or equipment.

Ensuring financial viability and sustainability

4. How do you ensure your business's financial viability¹ and sustainability,² including the identification and management of material risks to viability and sustainability?

5. What do you consider to be the most significant five or more risks to the financial viability and sustainability of the provider, and how are these risks managed?

6. Describe any 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?

7. Should you not be able to achieve the forecast student numbers, income levels or should costs increase beyond your forecast, how would you manage this? Describe the actions you would take to manage a significant shortfall in income or unexpected rise in expenditure, for example, a 10 per cent drop in income and a 10 per cent rise in expenditure.

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.

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) 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.

8. What processes are in place in relation to cash management. What are the processes for producing and monitoring rolling cashflow forecasts. What timeframe do these forecasts cover?

9. If the financial forecast assumes that net liquidity days³ would fall below 30 days (including negative liquidity) during Year 3 or 4, what mitigations are in place or are considered to manage the insolvency risk?

10. Where the financial and student number forecasts include any significant changes which are significant in relation to your overall finances, i.e. worth over 10 per cent of the total income or expenditure or of a large absolute value on the statement of income and expenditure, what are the reasons for these movements? The explanation must include details about any material exceptional income or expenditure items.

11. Where the financial and student number forecasts include significant changes which are significant in relation to your overall finances, i.e. worth over 10 per cent of the total assets or liabilities or of a large absolute value on the statement of financial position, what are the reasons for these changes? The explanation must include details about any material exceptional items.

12. Where the financial and student number forecasts include any significant changes which are significant in relation to your overall finances, i.e. worth over 10 per cent of the total cash inflow or outflow or of a large absolute value on the statement of cash flows, what are the reasons for these movements? The explanation must include details about any material exceptional cash items (you may cross-refer to other questions if appropriate).

³ Net liquidity days are calculated as: ((cash and cash equivalents + current asset investments - overdrafts - bank loans and external borrowing falling due within one year - loans from directors falling due within one year) / (total expenditure - depreciation and amortisation - changes to pension provisions and pension adjustments))*365. The definition here reflects the terminology used for the OfS's reportable events guidance.

Borrowing

13. Have any covenant breaches occurred in the most recent financial year for which audited financial statements are available and since? What happened as a result? Please provide details.

14. If relevant, please set out the debt covenants in place for the existing borrowing and describe how you manage your compliance with them? Do your forecasts show that you will continue to meet these covenants for the full forecast period? Please provide details of any independent reviews of covenant compliance that have taken place and the results of those reviews.

15. If, after the Year 2 financial year end date, an overdraft, revolving credit facility or any other short-term credit facilities have been arranged or are being arranged at present, please provide details below, including facility type, size, availability dates and stage of approval by the lender.

16. If new borrowing is forecast 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.

Other

17. If you have forecast any provisions in your statement of financial position, what do these relate to and what underpins the forecast? Please provide here any additional commentary regarding assumptions underpinning the forecast. This is to supplement the information recorded in the workbook, if necessary.

18. Where there is a balance shown in any year for 'other reserves', what comprises this balance?

19. If you have separately disclosed material items in your audited financial statement of comprehensive income and expenditure, please give details of what these relate to.

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20. Is there any further information that would be helpful to the OfS in assessing your financial and student number forecasts to ensure that we understand the provider's 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 your entries in the tables. If you rely on a financial support of a third party, or a financial guarantee is in place, this section should provide details on this. It should also include comments on the financial standing of the corporate group, if your provider belongs to one.

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