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Guidance

Integrated financial model for colleges (web accessible version)

Updated 11 February 2020

Contents

Introduction

Welcome to the Integrated Financial Model guidance. This model replaces the Financial Plan, the Financial Record, the Cash Flow forecast, and the CFADs model. This guide will describe each tab, provide instruction for completion and a description of the fields required. Further guidance on user inputs is within the Inform tab of the model workbook.

Please note no extra tabs should be inserted in the model and all manual inputs must be hard entered and not linked to data in other files. Any occurrence of either in a submitted model will result in it being rejected and a resubmission will be required by a college.

If you encounter any issues, in the first instance please email the ESFA at financial.model@education.gov.uk.

We will be offering a range of support to colleges to complete the new financial model:

- videos – we have developed an overview video to help colleges complete the new financial model
- specific or technical queries will be dealt with over email in the first instance with support from finance colleagues who have experience with colleges
- 1-to-1 support – we can offer phone calls or in some circumstances visits to colleges to support the completion of the new financial model
- updates to this guidance document and support videos – we will continue to develop this guidance document and will aim to release new videos on specific topics that emerge as common queries

overview video

If you have any suggestions about additional support of guidance that would help then please contact us using the email address above.

You can access the IFMC online.

Cover

The college name must be selected from the dropdown list in cell D11. The rest of the college details will be automatically populated; these should be sense checked. The college must select the most recent month to enter actual financial data to in cell H22.

Cell E35 provides an option for reporting bursary receipts on a 'net' or 'gross' basis. The selection of 'net' here will mean that you intend to report only the management fee income relating to the bursary receipt related to running the bursary scheme. We encourage colleges to report bursary income on a 'net' basis.

Inform

This tab provides a college with a key of the different cell types within the model and summary instructions for completion of the model.

Model Checks

This tab contains an overview of all checks within the model, along with their explanation. This tab should be double checked prior to submission as any college submission will be rejected if there are outstanding error checks to resolve and the model will then need to be re-submitted.

SOCI Inputs (Statement of Comprehensive Income)

This tab details income and expenditure on an accruals basis. It includes inputs for prior, current, and 2 future financial years and colleges should complete all of these years' entries in line with the requirements of the Financial Planning Handbook. Additional years have been added to the template and colleges may optionally use these either for their own planning purposes or where required by a funding body.

For some lines, there is also a choice of balance sheet account available to which the income or cost category will be linked in column H. This will be salmon coloured where the selection can be changed from the default.

Take note of the units and signage on each row. Financial values need to always be entered in thousands of pounds (£'000). Manually enter financial figures in the salmon cells (actual) and blue cells (forecasts).

Note that month-level figures only need to be entered if they deviate from a 'straight line' or even spread across the year, which is the base assumption in the model.

Annex A gives a breakdown of what should be contained in each income or expenditure line.

CF Inputs (Cash Flow)

This tab profiles cash receipts and payments in the same classifications as income and expenditure in the SOCI inputs tab. It includes inputs for prior, current and 2 future financial years.

To facilitate monthly cash flow inputs, we have provided 4 standard phasing profiles: 'GFE', 'AEB', 'ALLB' and 'straight line/manual' in a drop down list where applicable. A college should complete the annual cash amounts and then select the profile that best reflects the phasing across the months.

Manual input is available if 'straight line/manual' is the profile default or chosen from the drop down list. If manually profiled values in months add up to less than the annual value then the balance is automatically distributed on a straight-line basis in the remaining months of the financial year.

In all cases, monthly actuals in the current financial year need to be manually input.

Note that the balance sheet accounts link cannot be changed in this tab, only in the SOCI Inputs tab.

Other Inputs

The 'Other inputs' tab comprises inputs for specific capital items and comprises 6 separate sections.

1a) Capital expenditure (row 12 to 39)

This section covers capital expenditure and disposals. A college inputs a description of each major capital project in column G and the asset type from a dropdown box in Column H. In column J a college inputs the percentage of the capital spend that is capital grant funded and in column K the source of any funding (type of capital grant/finance lease/donation). If the addition is 100% college funded column K should be left blank. Note that the selection of finance lease funding will require further details in section 3 of this tab and will auto populate the value as a new lease at rows 115 and 116. From column S+ the value of the additions should be manually input profiled across the actual and forecast periods.

In rows 33 to 37, a college can manually input details of fixed asset creditors. Fixed asset creditors relate to the acquisition of fixed assets which have not yet been paid. Note that movements in year are split into 3 categories:

- Land and building
- Equipment
- Other assets

1b) Revaluations (row 40 to 63)

This section covers revaluations to Non Current Assets ('NCA'). A college must input a description into column C for the revaluation and choose a category for the NCA asset from the dropdown list in column D. The date of the revaluation in input in Column E. In column F, a college inputs the revaluation value. Column G will

auto-populate based on column E.

1c) Disposals (row 64 to 91)

This section covers both disposals to NCA and the movements of NCA to an Assets Held For Sale ('AHFS') account. A college inputs a description of the disposal in column C. In column D, a college must select which asset category of NCA is relevant from the dropdown list. Columns E and F are populated if the NCA is be moved to AHFS. Columns G, I and J are to be populated if the NCA is to be disposed of: column G – date of sale, column I - net sale value, and column J - NBV of the NCA. A college will also input the AHFS opening balance into cell S85 (if applicable).

2a) Capital grant liability (row 92 to 110)

This section covers capital grant liabilities. A college will manually input data from columns S to BO. The opening balance is input at cell S95 as a combined cumulative for all existing capital grants. Grants received in year, repayments in year, and amortisation in year are manually input split by capital grant type (categories are ESFA,HEFCE/Ofs,LEP,Other). Capital grants received must be input as a positive value, whilst repayments and amortisation must be input as a negative value.

3) Finance leases (row 111 to 12

This section covers finance leases. Note that the new lease values are auto populated with the new finance lease addition values input from the Capital expenditure section. Cell K115 needs to be populated with the interest rate payable on the leases – note that only one rate can be entered for all leases. A college must input the combined opening balance of all leases held at cell S113. Actual repayments (combined for both capital and interest) are manually input in the salmon cells on row 117, with forecasted repayments input in the blue cells. Actual historic interest expense is input in the salmon tabs on row 119.

4) Loans (row 124 to 467)

Up to 20 loans can be summarised in this section. Each loan is assumed to have a fixed interest rate for the term of the loan. If this is not the case, an assumption of a fixed interest rate will have to be made.

Inputs required are:

- Column C - a description of the loan.
- Column D - the loan category is to be selected from a dropdown list (categories are ESF/RF, Commercial or Overdraft).
- Column E - the commencement date - this date can be in the past, present or future.
- Column F - the date of the first interest payment in the current financial year.
- Column G - the expiry date of the loan.
- Column H - the opening balance of the loan at the start of the prior financial year.
- Column I - the total facility size of the loan is input (the current balance and any available funds to drawdown).
- Column K - the loan interest rate.
- Columns L to M - the compound interest and interest payment frequencies must be selected from the dropdown boxes.
- Column N - the interest loan accrued and unpaid at the end of the prior financial year (for the first return – 31 July 2019).

Error checks in the model include:

- Column J - ensures that any loan's opening balance cannot exceed the total facility size.
- Column R - confirms that the 1st modelled payment date is after the commencement date of the loan.
- Column S - confirms that the expiry date of the loan is after the 1st payment date in the current financial year.
- Column T - confirms the commencement date of the loan in column E precedes the present year opening balance date.

Row 150+ includes a profiled account for each loan. In the case of 'Loan 1':

- The opening balance of the loan (row 152) will auto-populate from the previous input data.
- In row 153, a college will input any new loan drawdowns from the total facility size, entering these as a positive value. In row 154, a college will input any capital repayments, entering these as a negative value. This will be for both the current financial year and a forecast for future financial years.
- In rows 158 and 159 a college will input actual interest accrued and paid in the period. There are no inputs for forecast interest accrued and interest paid for forecast future periods – this is calculated by the Loancalcs tab and is greyed out, so no input can be made here.

BS Inputs

This tab contains balance sheet accounts and feeds through to the CalcAccounts tab. Note that where applicable balance sheet entries are auto populated for I&E movements and cash movements in this tab based on the selection made in column H of the SOCI Inputs tab. Should the balance sheet show any unexpected values – a college should check the SOCI Inputs tab to ensure that each input line is mapped to the appropriate balance sheet account.

The college manually inputs certain balance sheet figures in the salmon cells (actual) and blue cells (forecasts).

The inputs follow the same format as a standard balance sheet, with asset accounts first, then liability accounts, followed by capital accounts. Column J contains the prior financial year inputs, to be manually populated, if necessary. Columns AJ to BS contain profiled inputs for actual and forecast periods, some of which are manually inputs. The totals for future financial years of these inputs are summarised in columns N, P and Q.

Row 255+ provides a college with a facility, if required, to manually enter any transfers between reserves (up to a maximum of 3). Transfer 1 is fixed as a transfer between the revaluation reserve and the SOCI, or vice versa. For additional transfers, a college must select the relevant reserves from the dropdown list in column C. Note that any movement in provisions will automatically go through the restricted reserve. If this is not the case, then a transfer between reserves will have to be made.

Narrative

There is a model requirement for a college to provide narrative in the yellow boxes in this sheet, to provide explanations of income and expenditure changes year on year.

CF Profiled

There are no manual inputs from a college in this tab, it is a calculation tab. This section consolidates inputs from 'CF inputs' and profiles them across the forecast period to calculate monthly cash flow.

LoanCalcs

There are no manual inputs from a college in this tab, it is a calculation tab. This section consolidates inputs from the Loans section in the Other Inputs tab and provides a summary of college borrowings. This tab feeds into the Fin. Stat. reporting tab.

CalcAccounts

There are no manual inputs from a college in this tab, it is a calculation tab. This section consolidates previous input tabs and provides a summary of SOCI, balance sheet, and cash flow data which feeds into the Fin. Stat. reporting tab.

Fin. Stat.

There are no inputs for a college in this tab, it is a reporting output tab. This section provides a college with 4 years of financial statements comprising SOCI, balance sheet, direct and indirect cash flows.

Ratios

There are no inputs for a college in this tab, it is a reporting output tab. This section provides a college with 4 years of performance-related ratios.

FS PY Var

This tab provides a comparison of the previous college financial year financial figures in the model (auto-populated by the model) to the college audited accounts. Column K requires a college to manually input the audited financial statement figures in the model classifications when available. A variance analysis is then generated.

Financial Health

This section provides a college with the calculated ESFA financial health ratios based on the model inputs. The template calculates the autoscore financial health points score and grade. A college must enter a self-assessment of financial

health using the dropdown list. Where the self-assessed grade is different to the autoscore grade, a college will need to provide a rationale for this difference which will need to be consistent with the moderation criteria detailed in the Financial Planning Handbook.

Annex A: definitions

Category	Description
ESFA other funding	To include income from the post-16 partnership funds and the Skills Development Fund, and income in respect of research carried out by the college
Other funding including local authorities and schools	To include income from local authorities and schools for 14-19 partnership and top up funding for high needs students
Bursaries and other learner support management fee 16-19 (exclude from above income category)	For any learner support bursary element of this funding, colleges should not include agency funding, other than retained admin charge
Levy Programme Funding 16-18	Funding paid from levy accounts. Additional payments include funding not paid from levy accounts e.g. Learning support, 16-18 additional payments, English/maths
Subcontracted out (exclude from above income category) – Levy employer 16-18	Include all funding from employers including co-investment payments and any amounts above the funding band
Levy Programme Funding 19+	Funding paid from levy accounts. Additional payments include funding not paid from levy accounts e.g. learning support, English/maths
Subcontracted out (exclude from above income category) – Levy employer 19+	Include all funding from employers including co-investment payments and any amounts above the funding band
Subcontracted out (exclude from above income category) – Non-Levy employer 16-18	Include all funding from employers including co-investment payments and any amounts above the funding band
Subcontracted out (exclude from above income category) – Non-Levy employer 16-19	Include all funding from employers including co-investment payments and any amounts above the funding band
AEB Grant – ESFA –	For any bursary element of this funding Colleges should only report the retained

Community learning/learning support management fee (exclude from income line above)	administration costs in this line. There are separate lines to capture devolved AEB income.
AEB Procured – ESFA - Community learning/learning support management fee (exclude from income line above)	For any bursary element of this funding Colleges should only report the retained administration costs in this line. There are separate lines to capture devolved AEB income.
Advanced learner loans	For any bursary element of this funding Colleges should only bursary report the retained administration costs in this line.
OfS HE recurrent grant	To included income directly received from OfS for prescribed HE, including that transferred from ESF
ESFA European Social Fund	To include income from co-financed projects either directly or indirectly from ESFA
Other European funds	Colleges receiving funds (from European structural funds) before incurring costs should recognise a current liability for the unspent proportion of the grant
Catering, residences and conferences	Income may be compared against costs to determine whether activities are subsidised or make a net contribution
Other income from learning activities	Income may be compared against costs to determine whether activities are subsidised or make a net contribution
Other income from non-learning activities	To include income not included elsewhere for example services rendered to outside bodies, income from consultancy, other non-teaching-related activity not already separately identified
Endowment income	To include income from endowments as defined in the FE & HE SORP
Interest and investment income	To include investment income, for example income from short term investments, realisation of investments held as long-term funds. Do not include endowment income, shown separately above
Non-cash accounting receipts or non-exchange transactions (gifts)	This line is intended for colleges to use to account for one-off non-cash accounting receipts: for example, an acquisition for nil consideration which in substance is a gift: or non-exchange transactions for example a donation of an asset, which in substance is a gift. Such transactions can distort EBITDA and adjusted income and because of this the accounting receipts are not recognised
Staff costs (excl restructuring)	To include basic pay costs. overtime, other allowances and additions, employer pension costs and employer NI costs
Teaching staff	To include, for example, teachers and lecturers, heads of schools or departments, academic management and assessors
Contracted tuition services	Contracted tuition services are included with staff costs. Note that the FE/HE SORP states that these must be shown as non-pay expenditure in the college's year end accounts
Teaching and other support staff	To include, for example, library staff, learning support staff, college nurses, welfare officers, recreation tutors, careers officers and counsellors

Administration staff	To include, for example, finance, HR, timetabling and data entry staff
Operational and maintenance staff	To include, for example, cleaning, caretaking and security staff; maintenance staff and health and safety officers
Apprenticeship levy	The levy introduced in April 2017 is calculated as 0.5% of annual pay bills over £3 million (with an allowance of £15,000 to offset)
Other staff	To include, for example, marketing staff and exam officers
Teaching costs	To include, for example, materials, consumables, equipment, training functions such as hairdressing, marketing, prison contracts and partnership
Teaching and other support costs	To include, for example, library resources, computer learning, learner transport, payment to student unions, medical services, welfare services and non-pay recharge from the Learner Support Fund
Administration costs	To include, for example, IT, professional fees, insurance premiums, travel and subsistence, recruitment and bank charges
Operational & maintenance costs	To include, for example, heating, lighting, cleaning, caretaking, water charges, security, insurance, waste disposal and national non-domestic rates; unblocking drains, repairing breakages and planned maintenance
Bad debt provision costs	This is the value of debts provided for in the period

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