



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

College financial statements and returns 2020-21

SFC Call for Information

Issue Date: 25 November 2021

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Deadline: 31 December 2021

Reference: SFC/CI/16/2021

Summary: This Call for Information requests copies of audited 2020-21 financial statements and associated supporting information.

FAO: Principals / Executive Director / Directors of Finance and Board Secretaries of Scotland's colleges and Regional Strategic Bodies

Further information: **Contact:** Ann Robertson / Andrew Millar
Job title: Senior Financial Analyst / Assistant Director
Directorate: Finance
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College financial statements and returns 2020-21

Purpose

1. I am writing to ask you to provide copies of your audited 2020-21 financial statements and associated supporting information.
2. Regional colleges, non-assigned non-incorporated colleges, and Regional Strategic Bodies (RSBs) should send their returns to the Scottish Funding Council (SFC). RSBs should provide SFC with assigned colleges' financial statements, spreadsheet returns and associated documents.
3. All returns and associated documents should be submitted to SFC by 31 December 2021. Each RSB will set a deadline for its assigned colleges to return this information to it.
4. We understand that, due to the exceptional circumstances arising from COVID-19, the 31 December deadline may not be achievable for some institutions. If you consider that your institution will be unable to meet this deadline, please contact SFC.
5. If any of your documents are ready prior to 31 December, earlier submission to SFC would be welcomed.
6. Electronic copies of the annual accounts return and supporting documents should be emailed to: isg-returns@sfc.ac.uk.

2020-21 financial statements

7. In preparing their annual report and accounts, institutions are required to comply with the Accounts Direction¹ issued on 3 June 2021.
8. The annual accounts review is an established part of SFC's financial health monitoring framework. This framework also includes cashflow returns to which incorporated colleges, as arms-length central government bodies, are subject.
9. Guidance on completing the spreadsheet return can be found at **Annex A**.
10. The documents needed to complete your electronic return are published on our website along with this Call for Information and include a blank copy of the spreadsheet; and checklist of required documents (**Annex B**).
11. Finance Directors will receive an individual spreadsheet which we have pre-populated with the 2019-20 comparative figures and 2021 Financial

¹ <http://www.sfc.ac.uk/publications-statistics/guidance/2021/SFCGD072021.aspx>

Forecast Return (FFR) figures for 2020-21. For assigned colleges, we will send the pre-populated return to the RSB. If any changes are required to the 2019-20 figures due to prior year adjustments, institutions should advise SFC, or their RSB, of the amendments required and an updated return will be provided for completion.

Multi-college regions

- Assigned colleges should submit their documentation to their RSB who will forward everything on to SFC. SFC will follow up any queries with the RSB.

Cash budget for priorities (incorporated colleges only)

- We expect that some incorporated colleges will incur deficits as a result of spending the cash budget for priorities in the period. The Accounts Direction referred to above gives an illustrative form of words (at Appendix 5) for inclusion in the 2020-21 financial statements and a worksheet is included in the spreadsheet return so that comparable information on this spend can be collected across the sector. It is important that colleges provide a clear explanation of how the cash budget for priorities has been accounted for and the impact on the operating position for the year.
- Each college's cash budget for priorities is set out in the table below.

| Region | College | 2020-21 CBP £'000 |
|---------------------|-----------------------------|----------------------|
| Ayrshire | Ayrshire College | 1,324 |
| Borders | Borders College | 252 |
| Dumfries & Galloway | Dumfries & Galloway College | 390 |
| Edinburgh | Edinburgh College | 2,547 |
| Fife | Fife College | 2,152 |
| Forth Valley | Forth Valley College | 613 |
| Glasgow | City of Glasgow College | 1,156 |
| Glasgow | Glasgow Clyde College | 612 |
| Glasgow | Glasgow Kelvin College | 442 |
| Highlands & Islands | Inverness College | 496 |
| Highlands & Islands | Lews Castle College | 143 |
| Highlands & Islands | Moray College | 424 |
| Highlands & Islands | North Highland College | 97 |
| Highlands & Islands | Perth College | 529 |
| Lanarkshire | New College Lanarkshire | 863 |
| Lanarkshire | South Lanarkshire College | 197 |
| North East Scotland | North East Scotland College | 1,161 |
| Tayside | Dundee & Angus College | 1,055 |
| West | West College Scotland | 1,639 |
| West Lothian | West Lothian College | 190 |

Adjusted operating position

15. The 2020-21 Accounts Direction referred to above provides guidance on the calculation of the adjusted operating position for institutions in paragraphs 15 to 19 of Appendix 2.
16. Institutions are required to submit a draft Adjusted Operating Position calculation, together with their draft accounts and actuarial report, to SFC for agreement prior to finalising their 2020-21 accounts.

Regional colleges and RSBs

17. If your institution has recorded any significant deterioration in its financial position for the current Academic Year (2021-22) compared to that set out in the 2021 FFR, please inform the relevant Senior Financial Analyst within the Finance directorate as soon as possible and provide a full commentary on the reasons for the deterioration. [A list of the Senior Analyst portfolios](#) is available on the SFC website.
18. Similarly, if any covenants relating to your institution's borrowing have been, or are likely to be breached within the next 12 months, please advise the relevant Senior Financial Analyst as soon as possible.

Assigned colleges

19. If your college has recorded any significant deterioration in its financial position for the current Academic Year (2021-22) compared to that set out in the 2021 FFR, please inform your RSB as soon as possible and provide a full commentary on the reasons for the deterioration. The RSB should inform the relevant Senior Financial Analyst.
20. Similarly, if any covenants relating to your college's borrowing have been, or are likely to be breached within the next 12 months, please advise your RSB as soon as possible. The RSB should inform the relevant Senior Financial Analyst.

Further information

21. Please contact Ann Robertson, tel: 0131 313 6689, email: arobertson@sfc.ac.uk or Andrew Millar, tel: 0131 313 6538, email: amillar@sfc.ac.uk for further information.



Chris Brown
Acting Director of Finance

Completion of the financial statements spreadsheet

Explanations for significant variances

1. Please enter explanations for any significant variances in the columns provided. Providing comprehensive reasons for larger variances in the spreadsheet should reduce the number of questions we have after submission. Please use the explanations column to draw attention to anything you feel it would be useful for SFC to know.
2. When we have reviewed your spreadsheet, we will consider if there are any further issues we need to raise with you, or in the case of assigned colleges with your RSB, before concluding our consideration of your financial statements. A blank copy of the spreadsheet format is available on our website.

Which figures does the institution need to add?

3. All blue boxes in the worksheets should be completed. If the figure for an item is zero, please enter a "0" and don't simply leave the box blank. The cash budget for priorities sheet is not required for non-incorporated colleges.

Spreadsheet order

4. There are eleven sheets in the spreadsheet that have boxes to be completed. We suggest that the order of completion is:
 - (i) Income.
 - (ii) Expenditure.
 - (iii) Pension contributions.
 - (iv) Statement of Comprehensive Income and Expenditure (SoCIE).
 - (v) Balance Sheet.
 - (vi) Adjusted operating position.
 - (vii) Cash budget for priorities.
 - (viii) Additional info (please complete all applicable sections).
 - (ix) Cashflow.
 - (x) Commentary.
 - (xi) Declaration.
5. Please note that only whole numbers should be input into the spreadsheet. It is very important that you do not link the spreadsheet to another document or add additional columns or rows in any of the sheets in the workbook.

What explanation is the institution expected to provide?

6. If the movement in an item on last year's results or on the October 2021 FFR forecast is of a significant amount, please provide details of the reason for the variance in the explanation column.
7. Explanations which are genuinely insightful, giving clarity about the cause of a variance, are more useful to us as we analyse your accounts. We hope that by receiving meaningful explanations at this stage the number of queries arising from our review of the spreadsheet and accounts should be small.

Commentary sheet

8. A commentary sheet is provided for institutions that wish to bring to our attention any events or circumstances that had a significant impact on the institution's performance during the year.
9. Your commentary should include a description of how the general economic environment and the COVID-19 emergency have impacted on the financial performance of the institution.
10. It is important to our interpretation of the financial statements to understand the adjusted operating position of the institution and comparison with prior years. The commentary should refer, among other things, to the following:
 - Explanation of year-on-year variances.
 - Description of any material items.
 - Adjusted operating position.

Financial statements and return checklist

Please ensure that all of the documents referred to below are submitted to SFC in the format indicated and no later than 31 December 2021. Assigned colleges should ensure that all documents are submitted to their RSB in the format indicated to allow the RSB to send its information to SFC no later than 31 December 2021. Each RSB will set a deadline for its assigned colleges to return the required information to it.

| | | |
|---|--|-------|
| 1 | A signed copy of the audited financial statements | PDF |
| 2 | An unsigned copy of the audited financial statements (to be put on SFC's website after laying in Parliament) | PDF |
| 3 | Management letter and report from external auditor | PDF |
| 4 | Paper to finance committee which accompanied the financial statements | PDF |
| 5 | Subsidiary accounts (where applicable) | PDF |
| 6 | Internal auditor's annual report | PDF |
| 7 | Audit Committee annual report | PDF |
| 8 | Copy of the spreadsheet signed by the Principal | PDF |
| 9 | The spreadsheet return | Excel |