

Summary of consultation responses to the 2015/16 HESA Fundamental review of Financial Reporting

Background

A sector-wide consultation has taken place on a number of proposals formed by the Review Group. The Consultation circular can be found at: www.hesa.ac.uk/content/view/3227.

A total of 107 responses were received to the proposals – the majority were received from institutional colleagues from a range of institutions, two were received from other organisations.

Content of record: Tables 1-4 and 8

1.1 Colleagues are invited to comment on the intention to combine the FSR and Funding Council returns, and any likely issues.

Most Higher Education Providers (HEPs) welcomed the proposal. Many saw it as a positive step in reducing duplication, increasing efficiency and streamlining the process of submitting data.

Reducing the number of returns was welcomed because this removes the need for comparison between the returns and will prevent the need to explain unforeseen discrepancies.

Many providers were concerned with the tight deadlines due to their annual accounts and current committee schedules for signing off, which could put pressure on staff. Many providers suggested a later deadline in December. However the majority of providers were confident that they would be able to complete the combined return within the proposed timescales.

Providers were happy with the removal of forecasts in December as this would reduce burden.

Some providers questioned the expected level of internal approval of the new, combined FSR and Funding Council return.

Recommendation: Combine the FSR and Funding Council returns with a common deadline of 01 December.

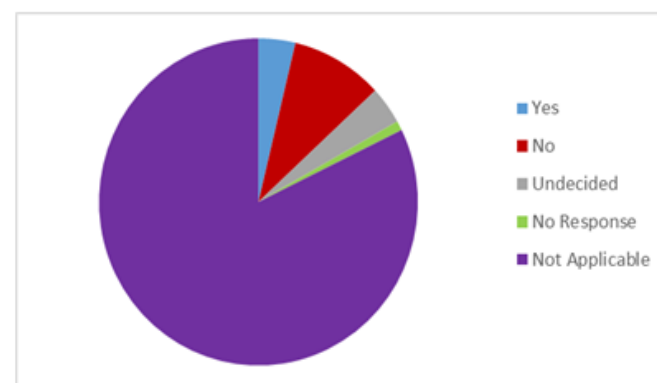
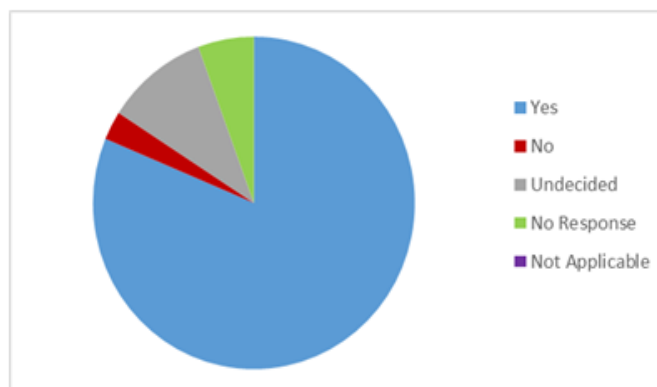
1.2 Colleagues from HEPs in Scotland and Wales are invited to comment on any issues they may foresee with moving to the earlier submission date of 1 December.

Many providers in Scotland and Wales indicated that timescales would be very tight, which could impact on university's internal processes.

Some indicated that any early submission would be draft subject to approval by Court or consultation with external auditors.

Earlier collection time will be the same as the Student record which will concentrate activity on the returns. The staggering of data collection dates across the Staff, Student and Finance records allows one provider time for checking the data against the other returns as each is completed.

Recommendation: Agree a normal submission deadline of 1 December.



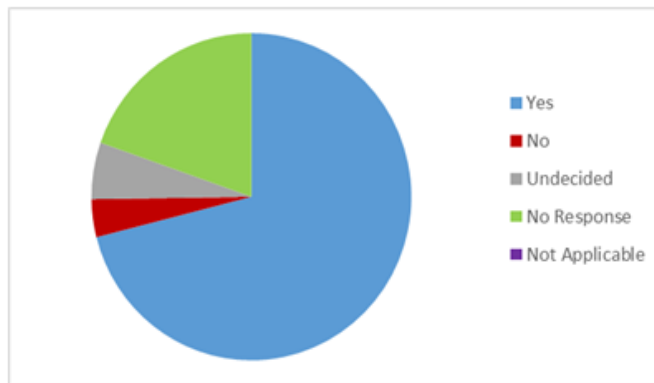
1.3 Colleagues are invited to comment on the additional items required from amalgamating Funding Council returns into the FSR template.

The majority of providers were happy with the additional changes and recognised that these items are already collected or are changes they had anticipated following the adoption of the new FE/HE SORP. Many felt these changes will help to reflect the financial statements more accurately.

Some providers were concerned that it would mean significantly more work in a tighter timescale and indicated that templates need to be available early enough to ensure sufficient time for collating the data for the prescribed format.

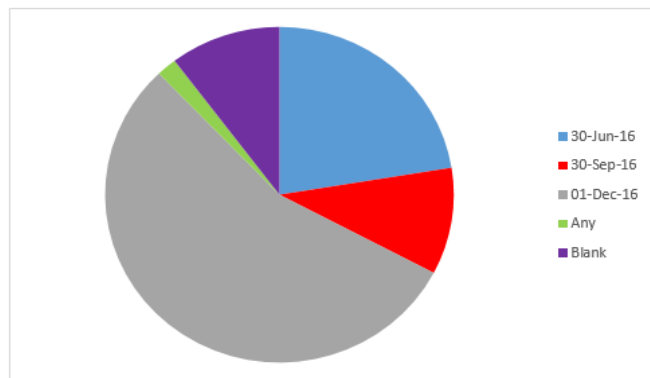
A number of queries were raised on specific items.

Recommendation: Combine the FSR and Funding Council returns. Investigate the queries raised.



4.2 Colleagues are invited to indicate when they would be in a position to return the restated 2014/15 accounts and opening balance sheet. Suggested dates have been 30 June 2016, 30 September 2016 or 1 December 2016.

The majority of providers indicated that they would be in a position to return the restated 2014/15 accounts and opening balance sheet by 1 December 2016. A minority indicated that they would be in a position to return these figures by 30 June 2016. Two providers did not have a preference of date, and one provider indicated either June or December.



Most of the reasons given for not being able to return these figures sooner than 1 December are because figures would still be unaudited and would not have been signed off.

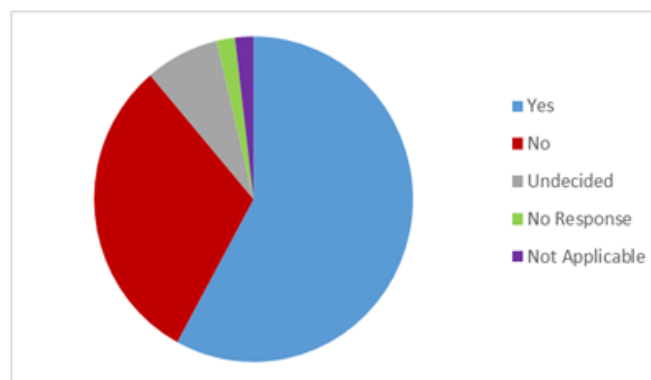
Those who indicated they could return these figures earlier, require these for internal analysis, or indicated a preference as there are no other returns being submitted at that time.

Recommendation: Collect the restated 2014/15 accounts and opening balance sheet.

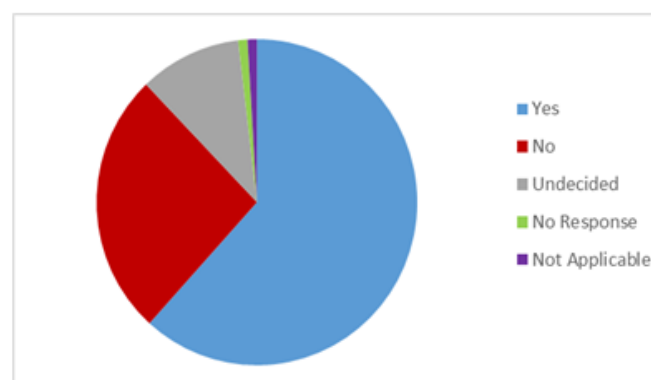
Content of record: Tables 5-7

Cost centre tables

2.1 Colleagues are invited to indicate whether or not cost centre-based data should continue to be included in Table 5 of the FSR if there was no longer a statutory requirement.



2.2 Colleagues are invited to indicate whether or not cost centre-based data should continue to be included in Table 7 of the FSR if there was no longer a statutory requirement.



Many providers find these data useful for both internal and provider-level benchmarking, planning, etc. Many providers do not regard these data as time consuming or burdensome to collect and prepare. Many indicated that the overhead connected with producing the data is seen as worthwhile in order to obtain sector wide benchmarking data by discipline.

Cost centres offer triangulation between the Staff, Student and Finance data. If cost centres were removed some providers predicted an increase in FOI requests, if league table (or others) continue to ask for this data to be disaggregated.

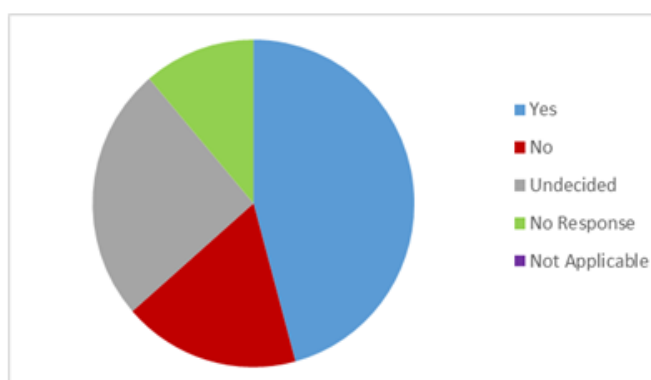
Some providers saw no benefit to cost-centre-based data being provided, if there was no statutory requirement. Many indicated it was burdensome to produce, particularly table 7, and not used internally. Providers felt that local interpretation of these categories make benchmarking meaningless. Some providers felt that as cost centres do not map onto their local departments, no real value is obtained.

Other methods for benchmarking, such as TRAC and TRAC(T) were suggested as an alternative.

Recommendation: To return cost centre-based data in the FSR as they are seen to be offering substantial benefit to the sector.

2.3 Colleagues are invited to indicate whether Table 7 should be kept as it currently is, or whether Table 7 would be more useful if it was different in some way?

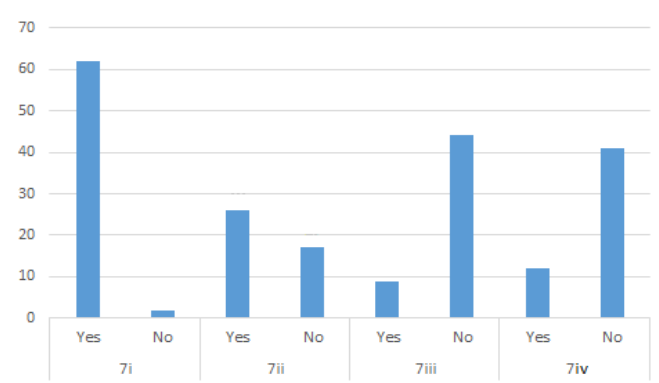
Collecting REF Units of Assessment or TRAC(T) as alternatives to cost centres, was not considered appropriate.



2.6 Colleagues are invited to indicate which of a range of suggestions for amendments to table 7 (7i – 7iv – see the [circular](#) for details) they would find useful, and why. Respondents were also asked to suggest possible alternatives.

A number of providers indicated a preference for collecting Table 7i alongside Table 7, however there was not a clear consensus. Therefore Table 7 will remain as it is currently.

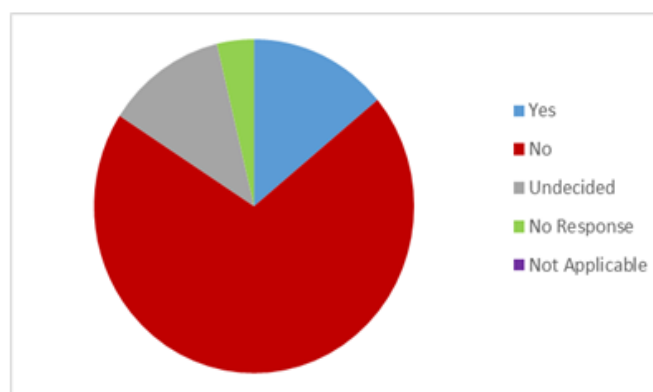
There were a number of suggestions to improve the current cost centre-based tables, which will be looked into.



TRAC

2.4 - To reduce the time taken to finalise historic data returns and provide enhanced opportunities for greater utilisation of TRAC data, colleagues are invited to consider whether a process of transition to an earlier submission of TRAC should begin with voluntary submission alongside the submission of the FSR?

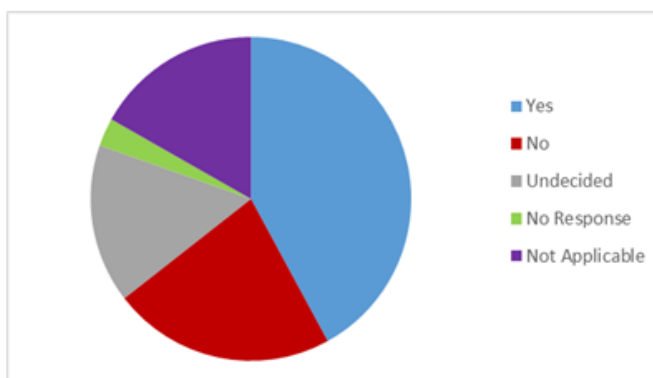
The majority of responses were not in favour of an earlier TRAC submission date. All comments from the consultation have been passed to the TRAC Support Unit.



Procurement data

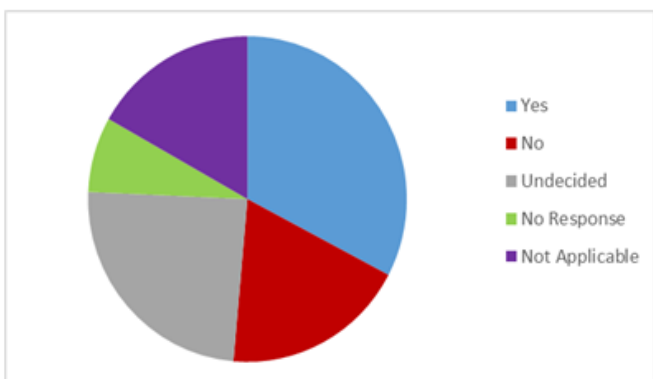
2.5 Colleagues are invited to comment on the principle of returning the "Other Operating Expenditure" figure split by items that are or are not influenced by procurement.

There was a wide range of views from the sector about procurement. All comments from the consultation have been passed to UUK, and the decision was made not to include this split at this time.



2.7 Colleagues are invited to comment on the items included in the list above, and whether or not they see any issues with returning the procurement split of "Other Operating Expenditure"?

There was a wide range of views from the sector about procurement. All comments from the consultation have been passed to UUK, and the decision was made not to include this split at this time.



Residences and catering operations

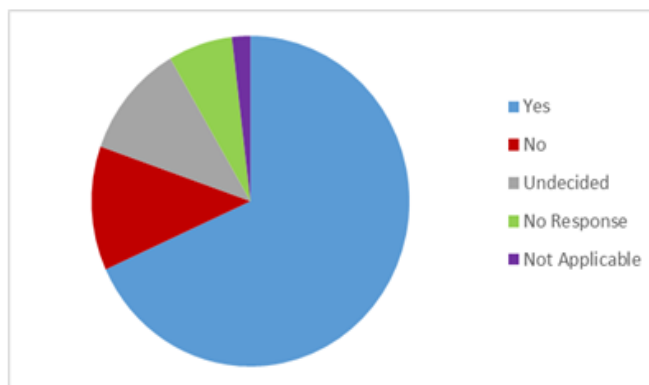
2.8 Colleagues are invited to comment on whether or not they would be able to return this split of "Residences" and "Catering operations", and whether or not they would find this helpful.

The majority of providers indicated that they would be able to return this split as it is already in their accounts.

Many providers recognised the advantages for consistency with Estates Management record (EMR) as well as for performance purposes and benchmarking.

Providers recognised the need for precise definitions of 'Residences' and 'Catering Operations' and the need to be consistent between other HESA records.

Recommendation: Implement the split of "Residences" and "Catering operations" in the FSR.



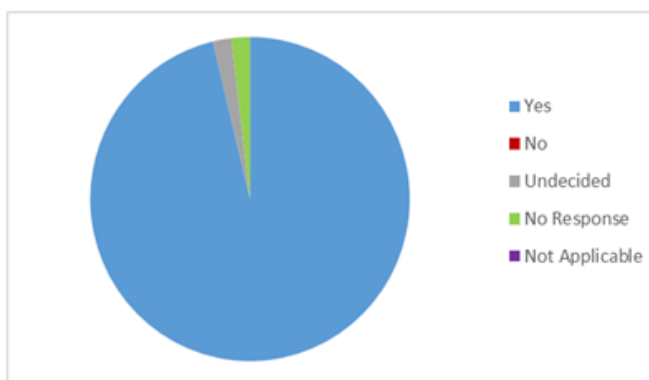
Data collection and timescales

3.1 Colleagues are invited to comment on the proposal to pre-populate the FSR template.

Almost all providers welcomed the pre-population of the template, indicating that this would save time in preparation of the FSR and reduce burden on providers. Many specified this would reduce the risk of errors in re-keying the data.

Providers identified that they would still need the ability to restate prior year figures if necessary and possibly provide an explanation to accompany the changes.

Recommendation: Pre-populate the FSR templates with the previous year's data wherever possible.

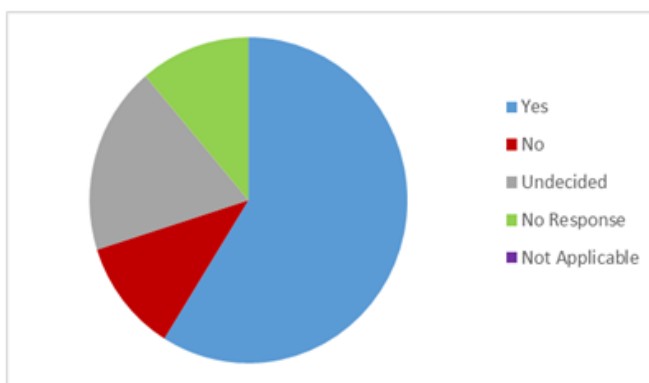


3.2 Colleagues are invited to comment on the above timescales proposals.

Generally the proposed timescales were accepted by providers, though several indicated that this would depend on provider sign-off being received in time.

Several suggestions were made to revise the deadlines for receiving information, including having the preparation guidance and template available earlier.

Recommendation: Timescales to be moved forward as suggested. Consider releasing guidance and template earlier.



3.3 Colleagues are invited to comment on the proposal to use the Institution Profile to perform checks across HESA records.

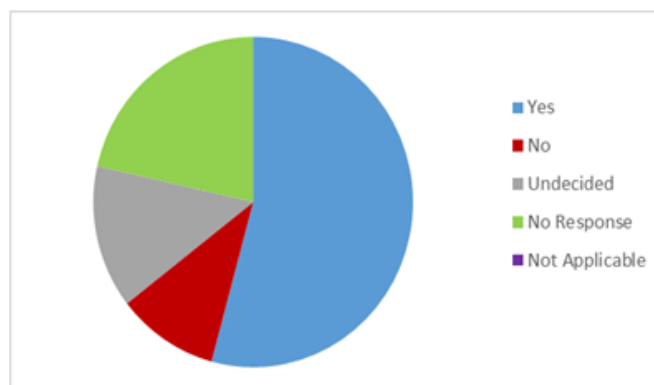
The majority of providers were happy with the proposal to use the Institution Profile record to perform the checks across HESA records. Many indicated that they were performing these comparisons manually at present.

However most indicated that although they are happy for checks to be done using the Institution Profile record, they would prefer to continue using the Staff and Student records. Checks would be much more limited and would not provide the current level of detail.

Some providers were against moving to the Institution Profile checks. They did not consider this helpful, given that the Institution Profile is a “snapshot” return in June and will not reflect the end of year accounts.

Recommendation: Use the Institution Profile record to perform checks across cost centre-based data in the FSR.

Recommendation: Continue using the Staff and Student records to perform checks across cost centre-based data in the FSR.



3.4 Colleagues are invited to comment on the data quality checks.

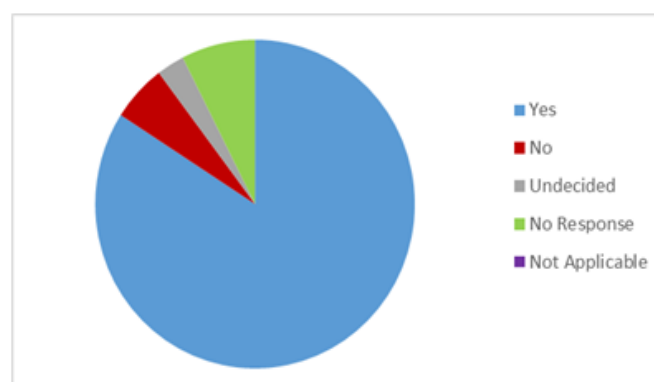
A number of comments were received from providers, which will be fed into future work on the data quality checks.

Other items

4.1 Colleagues are invited to comment on the proposal to split HE-BCI and the FSR, and to indicate their preferred date to return HE-BCI between 1 December and the current date.

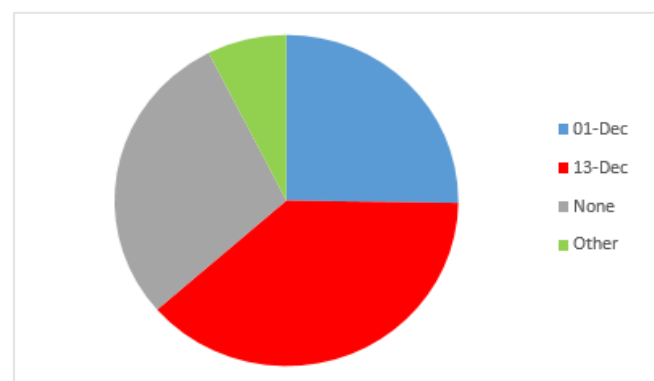
The vast majority of providers were supportive of splitting the FSR and HE-BCI records. Many indicated that HE-BCI was completed by different parts of their university and acknowledged that they did not sit naturally together.

Recommendation: Split the FSR and HE-BCI into separate collections.



The majority were happy with the current 13 December return date, however a sizeable proportion would like to submit HE-BCI on the 1 December. A small minority would like to submit HE-BCI earlier or later.

Recommendation: Keep the return date for HE-BCI as the 13 December.

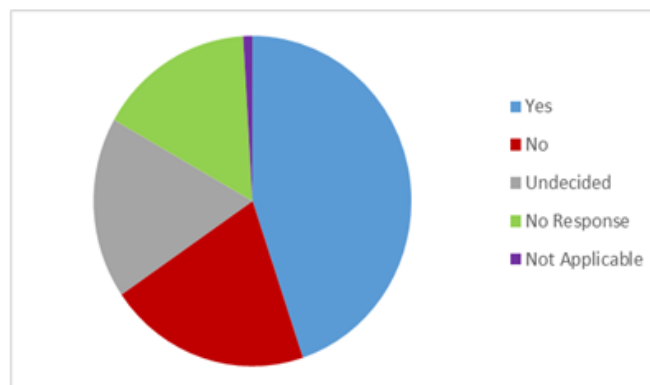


4.3 Colleagues are invited to indicate any issues they foresee with returning income for research studentships awarded within a research grant or contract separately.

Detailed comments from this consultation question have been passed to HEFCE.

There was a wide range of views from the sector about splitting income for research studentships, in particular the difficulty many providers would face in reporting elements other than research student fees and stipend elements, should these be required.

The decision was made not to require this information at this time.



4.4 Colleagues are invited to comment on areas for improvement within the guidance documentation.

A number of helpful comments were received from providers, which will be fed into future work on the guidance documentation.

4.5 Colleagues are invited to comment on the current KFI's.

A wide range of comments were received from providers. The majority of respondents indicated some level of support for discussing and developing the KFI's further. HESA received several detailed suggestions, including the automatic calculation of an EBITDA; for various ratios utilizing EBITDA; exploring the impact of the FE/HE SORP; and for alignment of the KFI's with work being undertaken by the Financial Sustainability Strategy Group (FSSG). Given the high level of interest this item has garnered, HESA proposes to identify an appropriate group and process to develop the KFI's further.

Recommendation: HESA to locate or identify a group to develop the KFI's in line with the work of the Financial Sustainability Group (FSSG).

Additional comments

Many providers welcomed the move to streamlining reporting of financial data and the simplifications identified as part of this consultation. One provider hoped that opportunities to simplify reporting requirements will continue to be sought on a regular basis.

Some providers suggested that a clearer view and understanding of the objectives would assist providers in maintaining and improving the quality of the returns.