



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

**Strategic plan forecast (SPF) for higher
education institutions
2021-22 to 2023-24**

SFC Call for Information

Issue Date: 6 June 2022

Strategic plan forecast (SPF) for higher education institutions (HEIs) 2021-22 to 2023-24

Issue date: 6 June 2022

Deadline: 30 June 2022

Reference: SFC/CI/04/2022

Summary: This Call for Information requests institutions to complete a strategic plan forecast for the period 2021-22 to 2023-24.

FAO: Principals, Finance Directors and Board Secretaries of Scotland's universities

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Strategic plan forecast (SPF) for higher education institutions 2021-22 to 2023-24

Purpose

1. This Call for Information requests institutions to complete a financial forecast for the period 2021-22 to 2023-24. The return should be sent to the Scottish Funding Council (SFC) by 30 June 2022.

Strategic plan forecast

2. The strategic plan forecast (SPF) is an established part of SFC's financial health monitoring framework.
3. The return builds on financial information already provided by institutions, including the Financial Forecast Update, and will enable SFC to provide advice on the financial sustainability across the university sector to both the Scottish and UK Governments.

Return of the SPF

4. Institutions are required to complete both the actual figures for 2020-21 and forecast figures for the following three years.
5. Guidance for completion of the return can be found in **Annex A** below. A blank copy of the spreadsheet is published along with this Call for Information on our website.
6. Please note that the guidance in **Annex A** requests a commentary on the financial forecasts which should cover the context in which the forecasts have been prepared. The commentary should also capture your additional scenario planning, working through a range of assumptions and options that help you and us understand the trade-offs involved, and choices you could make, to reach an optimal position for your institution. Please provide copies of recent papers presented to your institution's Governing Body. These should capture the scenario planning undertaken along with mitigating actions and key milestones in the decision-making process for addressing adverse variances.
7. Please also enter explanations for significant variances on the spreadsheet. As with previous forecast returns, we may come back to institutions with queries and requests for further details following our analysis of the forecast information.

Information requested

8. Please email an electronic copy of the return in Excel format and the financial

commentary to SFC by 30 June 2022. Please also attach recent papers presented to your Governing Body, which should include details of any additional planning scenarios that have been considered by the institution's Governing Body. If the schedule of Governing Body meetings makes it difficult to achieve this deadline, please provide a draft return with the final approved version to be provided as soon as possible thereafter.

9. Electronic copies of the return and supporting documents should be sent to isg-returns@sfc.ac.uk.

Further information

10. Please contact Andrew Millar, Assistant Director, Finance (Tel: 0131 313 6538; email: amillar@sfc.ac.uk) or Claire Taylor, Senior Financial Analyst, Finance (Tel: 0131 313 6604; email: ctaylor@sfc.ac.uk) to discuss any aspect of this letter.



Richard Maconachie
Director of Finance

Guidance for completion

Structure of the SPF

1. The SPF takes the form of an excel spreadsheet which has eleven sheets. A copy of the spreadsheet is published on our website along with this Call for Information.
2. Ten of the sheets require input by the institution. We suggest the order of completion is:
 - (i) 'Income'.
 - (ii) 'Expenditure'.
 - (iii) 'SoCIE'.
 - (iv) Cashflow.
 - (v) 'Balance Sheet' and 'BS Additional info' (these two sheets should be completed together, as various inputs on each drive figures on the other).
 - (vi) 'Assumptions'.
 - (vii) 'Pensions'.
 - (viii) 'Borrowing covenants'.
 - (ix) 'Declaration'.

Completion of the SPF

Assumptions

3. To enable forecasts for all HEIs to be viewed on a consistent basis, SFC grant for 2022-23 should be in accordance with [final funding allocations](#) confirmed on 26 May 2022.
4. Assumptions for international fee income should take account of local circumstances and be based on the latest available information regarding recruitment levels. As well as this 'realistic' scenario, institutions should also present the financial impact of any alternative scenario in the commentary accompanying the forecasts. Assumptions underlying all scenarios, along with potential mitigating actions and key milestones in the decision making process for addressing adverse variances, should also be clearly set out in the financial commentary.

Input of financial forecast figures and comparatives

5. In the 'Assumptions' sheet you are required to enter your assumptions for specific areas of income and expenditure such as tuition fees and staff costs.
6. The sheets in the spreadsheet contain yellow highlighted boxes for the input of the actual and forecast figures.
7. Please note that only whole numbers can be input into the return. Please do not link the spreadsheet to another document or change the formatting in the spreadsheet.
8. Please enter explanations for any significant variances where appropriate.

Scottish Funding Council grants

9. SFC grants should be analysed in accordance with the headings in the final funding allocations confirmed on 26 May ([SFC/AN/15/2022](#)). The grants for small specialist institutions, widening access and retention funds and accelerated provision should be shown as General fund teaching.

Sheets not requiring completion

10. The Summary sheet does not require to be completed. This summarises various key figures from the spreadsheet and is calculated automatically.

Commentary

11. Institutions should also provide a commentary on the financial forecasts. The commentary serves four purposes:
 - To explain how the financial forecasts represent the institution's strategic plan.
 - To enable a proper understanding of key aspects of the financial forecast.
 - To explain the actions taken by the institution to remain sustainable and financially viable, including financial and non-financial impact of cost saving measures.
 - To explain any potential alternative options and trade-offs you could make to reach a more optimal position for your institution. This should include details of key milestones in the decision making process.
12. Please provide a commentary which should follow a similar format to that provided with the Financial Forecast Update return. The areas listed below should be covered by the commentary. Please note that there is no need to

provide a separate commentary if the required content is covered in recent papers approved by your institution's Governing Body.

Introduction

13. This should cover the context in which the forecasts have been prepared. It should include an explanation of how the elements of the institution's strategic plan, human resource management strategy and estates strategy are reflected in the forecasts, and how these developments are to be financed.
14. This section should also summarise the expected financial impacts of the COVID-19 pandemic on your institution's operating position and liquidity, as set out in subsequent sections of the commentary.

SFC recurrent grant

15. You should confirm your assumptions regarding SFC grant income which should be in accordance with the [final funding allocations](#) confirmed on 26 May 2022.

Changes in tuition fee income and other income

16. This should include details of the assumptions made concerning international fee income for 'new intake' students and those continuing studies, and consequential impacts on residences and catering income. The commentary should also provide details regarding student numbers and the reasons for movements in other sources of income including research and development contract and consultancy income. Institutions should set out the assumptions underlying both the 'realistic' and alternative scenarios for projected international fee income.

Changes in staff and non-staff costs

17. The commentary should cover the reasons for movements in staff and non-staff costs and the impact of changes in the level of activity. Assumptions regarding staff numbers, pay awards and future pension employer contribution costs should be confirmed.

Underlying operating position

18. The impact of any significant one-off and non-controllable items on the operating position should be explained.

Cash position

19. Please provide detailed commentary about the institution's operating cash position and whether your institution anticipates any liquidity challenges during the forecast period and the timing thereof. This should cover potential

liquidation of investment funds in addressing cash flow challenges and associated transaction costs.

Borrowing

20. The commentary should refer to the borrowing covenants worksheet within the SPF template and cover any expected breach of covenants and the consequences thereof, including the prospect of any immediate loan repayment. Recent discussions with lenders in addressing short-term liquidity challenges and concerning securing long-term finance or debt refinancing should also be covered.
21. The commentary should also highlight details of negotiated loan repayment holidays.

Risk management

22. This section should provide the key risks identified when preparing the forecast and details of the risk management strategies devised to deal with them. This should include reprioritisation of operations, deferral of expenditure and mitigating actions that would be undertaken in the event of adverse movements on income and expenditure, particularly movements on key income headings. Institutions should set out details of all potential actions to address adverse variances (including the pros and cons of each action) and key milestones in the decision making process.

Any other information

23. This should provide any other information which you think should be brought to our attention.