



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC CALL FOR INFORMATION

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Strategic Plan Forecast (SPF) for Higher Education Institutions (HEIs) 2023-24 to 2025-26



Strategic Plan Forecast (SPF) for Higher Education Institutions (HEIs) 2023-24 to 2025-26

Issue Date:	31 May 2024
Reference:	SFC/CI/03/2024
Deadline:	28 June 2024
Summary:	This Call for Information requests institutions to complete a strategic plan forecast for the period 2023-24 to 2025-26.
FAO:	Principals, Finance Directors and Board Secretaries of Scotland's universities and the general public.
Further Information:	<p>Contact: Andrew Millar</p> <p>Job title: Assistant Director</p> <p>Directorate: Finance</p> <p>Tel: 0131 313 6538</p> <p>Email: amillar@sfc.ac.uk</p> <p>or</p> <p>Contact: Claire Taylor</p> <p>Job title: Senior Financial Analyst</p> <p>Directorate: Finance</p> <p>Tel: 0131 313 6604</p> <p>Email: ctaylor@sfc.ac.uk</p>

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Strategic Plan Forecast (SPF) for Higher Education Institutions (HEIs) 2023-24 to 2025-26

Purpose

1. This Call for Information requests institutions to complete a financial forecast for the period 2023-24 to 2025-26. The return should be sent to the Scottish Funding Council (SFC) by 28 June 2024.

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 (FFU), and will enable SFC to provide advice on the financial health of the university sector to both the Scottish and UK Governments.

Return of the SPF

4. Institutions must complete both the actual figures for 2022-23 and forecast figures for the following three years.
5. We included a new worksheet in the template for last year's return to allow us to collect information on international students, which was helpful for our analysis. Once again, the template requires you to provide information on the number of international students from each country studying at your institution split into undergraduate and postgraduate. This year, we have also requested data on transnational education and global online activity. Commentary is required on assumptions and any caveats on the information provided and international strategy for future years including estimates of future markets and associate risks.
6. We have changed some of the information collected in the 'BS Additional Info' worksheet. The information collected on short-term investments and cash and cash equivalents balances now requires a split between restricted and unrestricted only. We have also included an extra line to collect information on SFC Financial Transactions funding included in cash and cash equivalent balances.
7. 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.
8. 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.

9. 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

10. Please email an electronic copy of the return in Excel format and the financial commentary to SFC by 28 June 2024. 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. As set out in Richard Maconachie's letter of 8 March 2024 to institutions, because financial returns are essential for SFC's institutional financial health monitoring and reporting, it is important that returns are submitted to SFC timeously.
11. Electronic copies of the return and supporting documents should be sent to: isg-returns@sfc.ac.uk.

Further information

12. 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.



Ursula Lodge CPFA

Deputy Director, Institutional Sustainability & Capital

Annex A: Guidance for completion

Structure of the SPF

13. The SPF takes the form of an excel spreadsheet which has twelve sheets. A copy of the spreadsheet is published on our website along with this Call for Information.
14. Eleven 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) 'International students'
 - (vii) 'Assumptions'.
 - (viii) 'Pensions'.
 - (ix) 'Borrowing covenants'.
 - (x) 'Declaration'.

Completion of the SPF

Assumptions

15. To enable forecasts for all HEIs to be viewed on a consistent basis, SFC grant for 2024-25 should be in accordance with final funding allocations confirmed on 30 May 2024 - [University Final Funding Allocations 2024-25](#). For the purposes of this financial return, institutions should assume flat cash funding for 2025-26. However, you should note that this is a planning assumption and no decision has been made concerning funding beyond 31 July 2025.
16. 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

17. 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.
18. The sheets in the spreadsheet contain yellow highlighted boxes for the input of the actual and forecast figures.
19. Please note that only whole numbers should be input into the return. Please do not link the spreadsheet to another document or change the formatting in the spreadsheet.
20. Please enter explanations for any significant variances where appropriate.

Scottish Funding Council grants

21. SFC grants should be analysed in accordance with the headings in the final funding allocations confirmed on 30 May 2024 - [University Final Funding Allocations AY 2024-25](#). 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

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

Commentary

23. 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.
24. There has been a disappointing return of commentaries in previous financial return exercises from some institutions, either no commentary or very little commentary with

no Governing Body papers provided. The commentary is very important and provides SFC with important context in which the forecasts have been prepared. We will request further commentary from those institutions that may not provide adequate information.

25. 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 fully covered in recent papers approved by your institution's Governing Body and you have supplied SFC with those papers.

Introduction

26. 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.

SFC recurrent grant

27. You should confirm your assumptions regarding SFC grant income which should be in accordance with the final funding allocations confirmed on 30 May 2024 - [University Final Funding Allocations AY 2024-25](#).

Changes in tuition fee income and other income

28. 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 while the commentary should also cover reliance on particular international markets.

Changes in staff and non-staff costs

29. 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

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

Cash position

31. 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

32. 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.
33. The commentary should also highlight details of negotiated loan repayment holidays.

Risk management

34. 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

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