



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC Call for information

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College Mid-Year Financial Forecast Return 2024-25



College Mid-Year Financial Forecast Return 2024-25

ISSUE DATE:	4 February 2025
REFERENCE:	SFC/CI/01/2025
SUMMARY:	This Call for Information requests colleges / Regional Strategic Bodies to provide an updated financial forecast return for Academic Year 2024-25.
FAO:	Principals, Finance Directors and Board Secretaries of Scotland's Regional Colleges, non-assigned non-incorporated colleges, Regional Strategic Bodies; and the general public.
FURTHER INFORMATION:	CONTACT: Andrew Millar / Wilma MacDonald JOB TITLE: Assistant Director / Senior Financial Analyst DIRECTORATE: Finance TEL: 0131 313 6538 / 0131 313 6565 EMAIL: amillar@sfc.ac.uk / wmacdonald@sfc.ac.uk

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College Mid-Year Financial Forecast Return 2024-25

Purpose

1. This Call for Information requests colleges / Regional Strategic Bodies to provide an updated financial forecast return for Academic Year 2024-25.
2. Regional colleges, Regional Strategic Bodies (RSBs), and non-assigned non-incorporated colleges should send their returns to the Scottish Funding Council (SFC) no later than **28 March 2025**. Earlier returns are encouraged where this is possible.
3. For all multi-college regions, individual returns will be required from the RSB for each of the assigned colleges by 28 March 2025.

Mid-year financial forecast return

4. The financial forecast return (FFR) is an established part of SFC's financial health monitoring framework. Financial projections are a key source of information in enabling SFC to monitor and assess the medium-term financial planning and health of institutions. The FFR submitted by institutions in June 2024 included forecasts for 2023-24 to 2026-27.
5. The mid-year return (MYR) enables SFC to obtain a meaningful revised forecast of institutions' financial position in terms of income and expenditure, adjusted operating position, balance sheet and liquidity part way through the current academic year. It also draws comparisons with the previous 2024-25 forecast provided in the June 2024 FFR.
6. We have worked with college Finance Directors to agree income and expenditure assumptions that should be used in preparing the financial forecasts (see **Annex A**).

Guidance and format of the mid-year financial forecast return

7. Guidance for completion of the return can be found in **Annex B**. A blank copy of the spreadsheet is published along with this Call for Information on the SFC website. The return follows the same format as the June 2024 FFR.
8. Finance Directors will receive an individual spreadsheet which we have pre-populated with the 2024-25 forecast from the 2024 FFR. Institutions are required to complete the 2024-25 MYR figures. For assigned colleges, we will send the pre-populated return to the RSB.
9. Where a variance between the FFR and the revised MYR forecast is significant (variance +/- 5% or over 2% of total expenditure), explanations must be included on the spreadsheet and in the accompanying financial commentary. As with previous forecast exercises, we may come back to institutions with queries and requests for further details

following our analysis of the forecast information.

Important changes in the return

10. There is one change to our information request for this and for future financial monitoring returns.

Efficiencies worksheet

11. As with the FFR return, we have asked institutions to provide information on staffing and non-staffing efficiencies included in the MYR forecast.

Information requested

12. Please email an electronic copy of the return in Excel format, along with a financial commentary and any relevant recent papers presented to your Governing Body, to isg-returns@sfc.ac.uk by **28 March 2025**.

Further information

13. Please contact Andrew Millar, Assistant Director, Finance (tel: 0131 313 6538; email: amillar@sfc.ac.uk), or Wilma MacDonald, Senior Financial Analyst, Finance (tel: 0131 313 6565; email: wmacdonald@sfc.ac.uk) to discuss any aspect of this communication.



Ursula Lodge CPFA

Deputy Director, Institutional Sustainability & Capital

Annex A

Key planning assumptions

1. We have worked with the college Finance Development Network Lead Group in developing income and expenditure assumptions that should be used in preparing the MYR. These assumptions are provided to support planning consistency across the sector.
2. Institutions should also develop any additional planning scenarios they consider appropriate to their own operating environment and circumstances.

SFC grant assumptions

3. Guidance on SFC grant funding assumptions reflects Scottish Government funding for the college sector confirmed at the time of writing. SFC will update colleges if further funding is allocated.

Credits and teaching income

4. Core funding for 2024-25 should be based on the final college sector funding allocations for AY 2024-25 announced on 30 May 2024 ([College Final Funding Allocations 2024-25 - Scottish Funding Council](#)).
5. If it is anticipated that core credit thresholds will not be met, funding should be reduced accordingly, after mitigations of 2% tolerance and the reduction of recovery by 20% permitted to reduce planning volatility. All other funds should also be considered as subject to recovery unless agreed directly with SFC.

Capital Maintenance

6. SFC Capital Maintenance funding should be based on the final 2024-25 funding allocations announced on 30 May 2024.
7. SFC has agreed colleges' requests to switch FY 2024-25 capital maintenance budget from CDEL to RDEL and wrote to individual colleges/RSBs to confirm the amounts that are reclassified as RDEL. Colleges should reflect the revised budget splits in the MYR forecast.

Other SFC grants

8. Additional funding is being provided to cover the cost of increased employer contributions to the Scottish Teachers Superannuation Scheme which were implemented from April 2024. Colleges will receive funding in February 2025 for the period April 2024 to March 2025.

9. Scottish Government has confirmed funding will be made available in AY 2025-26 to support pressures from the increase in National Insurance rates. For for the purposes of this MYR, colleges should assume no additional funding will be made available covering the period April 2025 to July 2025.

Other assumptions

Non-SFC income

10. Non-SFC income projections should be prepared taking account of local circumstances. Institutions will need to take account of the latest available information from staff with responsibility for securing and delivering non-SFC funded activity while taking account of anticipated levels of demand.

Staff costs

11. The impact of National Bargaining harmonisation/job evaluation costs for all staff and any workforce planning requirements should be incorporated in the MYR.
12. Colleges should continue to accrue for the costs of implementing support staff job evaluation as per the detail provided by Colleges Scotland. Scottish Government has confirmed that responsibility for job evaluation funding commitments now rests with the Scottish Government until the process is complete. Colleges should continue to follow the agreed accounting treatment set out in the 2023-24 Accounts Direction.
13. Institutions should also reflect in the MYR 2024-25 cost of living pay award increases for lecturing and support staff of £1,500 per FTE. Incremental increases should also be reflected.
14. Institutions should assume that funding will not be provided for severance costs.
15. FRS 102 pension adjustments should be excluded from the forecasts.

Non-staff costs

16. Non-staff cost projections should be prepared taking account of local circumstances. Colleges should use actual expenditure to date and extrapolate costs for the remainder of the academic year as appropriate.

Annex B

Guidance for completion

Structure of the MYR

1. The MYR takes the form of an excel spreadsheet which has eleven sheets.
2. Ten of the sheets require input by the institution. We suggest the order of completion is:
 - (i) Capital expenditure.
 - (ii) Income.
 - (iii) Expenditure.
 - (iv) Efficiencies.
 - (v) SoCIE.
 - (vi) Adjusted operating result.
 - (vii) Balance Sheet.
 - (viii) Liquidity analysis.
 - (ix) Cashflow.
 - (x) Declaration.

Sheets not requiring completion

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

Completion of the MYR

Input of financial forecast figures

4. The sheets in the spreadsheet contain blue highlighted boxes for the input of the updated forecast figures. 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.
5. If the movement in an item on last year's results or on the June 2024 FFR forecast is of a significant amount (variance +/- 5% or over 2% of total expenditure), please provide

details of the reason for the variance in the explanation column.

Financial commentary

6. Please note that a commentary is required on the financial forecast to cover the context in which the forecast has been prepared and enable a proper understanding of key aspects of the financial forecast. The commentary should cover any significant variances from the original FFR, including any changes in the assumptions, and provide details of the key risks identified when preparing the forecast.
7. You should also provide copies of recent papers presented to your institution's Governing Body relating to the revised forecast if they cover the areas highlighted above.
8. As with previous forecast exercises, we may come back to institutions with queries and requests for further details following our analysis of the forecast information.