



SFC Call for information

Strategic plan forecast (SPF) for higher education institutions 2018-19 to 2021-22

Issue date: 5 June 2019

Deadline: 30 June 2019

Reference: SFC/CI/03/2019

Summary: This Call for Information requests institutions to complete a strategic plan forecast for the period 2018-19 to 2021-22. The return should be sent to the Scottish Funding Council (SFC) by 30 June 2019.

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

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Strategic plan forecast (SPF) for higher education institutions 2018-19 to 2021-22

Purpose

1. This Call for Information requests institutions to complete a financial forecast for the period 2018-19 to 2021-22. The return should be sent to the Scottish Funding Council (SFC) by 30 June 2019.

Strategic plan forecast

2. The strategic plan forecast (SPF) is an established part of SFC's financial health monitoring framework.

Return of the SPF

3. 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.
4. Institutions are required to complete both the 2017-18 actual figures and the forecast figures for the four remaining years. 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.
5. The final version of the SPF should be approved by the institution's governing body. In the event that the schedule of governing body meetings, or other reasons, makes it difficult to achieve the 30 June deadline, please contact us as soon as possible. In that instance, it would be helpful to receive a draft version of the forecast in advance of it being signed off.
6. It would also be helpful if you could enter explanations for significant variances on the spreadsheet. 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.

Information requested

7. Please email both a signed copy in PDF format and an electronic copy of the return in Excel format, and the financial commentary by **30 June 2019** to isg-returns@sfc.ac.uk.

Further information

8. Please contact Claire Taylor, Senior Financial Analyst, Finance, tel: 0131 313 6604, email: ctaylor@sfc.ac.uk or Dorothy Carson, Senior Financial Analyst,

Finance, tel: 0131 313 6607, email dcarson@sfc.ac.uk) to discuss any aspect of this letter.

A handwritten signature in black ink that reads "L. MacDonald". The signature is written in a cursive, slightly slanted style.

Lorna MacDonald
Director of Finance

Guidance for completion

Structure of the SPF

1. The SPF takes the form of an excel spreadsheet which has ten sheets. A copy of the spreadsheet is published along with this Call for Information at Annex B.
2. Nine 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) 'Declaration'.

Completion of the SPF

Assumptions

3. To enable forecasts for all HEIs to be viewed on a consistent basis, the following assumptions must be used:

SFC grant

SFC grant for 2019-20 should be in accordance with [final funding allocations](#) announced on 17 May 2019. As future funding levels are uncertain, institutions should not forecast any increase in SFC grant for 2020-21 and 2021-22. It is important to note that SFC has no information on Scottish Government budgets beyond 2019-20, therefore this assumption is indicative. Institutions are encouraged to develop additional planning scenarios if they believe they are more appropriate for their circumstances.

Scottish Teachers Superannuation Scheme

SFC wrote to institutions on 25 March 2019 to confirm changes to the employer contribution rate for the Scottish Teachers Superannuation Scheme (STSS) from 1 September 2019. It has been confirmed that the STSS scheme employer contribution rate will increase from 17.2% to 23% for the period from 1 September 2019 to 31 March 2023.

Universities Superannuation Scheme

Institutions should refer to the BUFDG Financial Reporting Group newsletter of March 2019 in determining the level of Universities Superannuation Scheme (USS) employer contributions in their forecasts. Institutions should specify in the pensions worksheet which valuation the schedule of contributions is based on.

Input of financial forecast figures and comparatives

4. In the 'Assumptions' sheet you are required to enter your assumptions for specific areas of income and expenditure, including those specified by SFC.
5. The sheets in the spreadsheet contain yellow highlighted boxes for the input of the actual and forecast figures.
6. 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.
7. 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 grant letter issued on 17 May ([SFC/AN/09/2019](#)). 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

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

Commentary

9. Institutions should also provide a commentary on the financial forecasts. This serves two 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.

10. The following areas should be covered by the commentary.

Introduction

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.

Review of financial performance 2018-19

Discuss the key features of the latest forecast financial performance in 2018-19 and highlight positive and negative variances from previous forecasts (e.g. 2018 strategic plan forecast).

Underlying operating position – Five year forecast

The commentary should focus on explaining the impact of any significant one-off and non-controllable items on the operating position and the actions planned to address any emerging concerns.

SFC recurrent grant

You should confirm your assumptions regarding SFC grant income.

Changes in tuition fee income and other income

This should include details of the assumptions made regarding student numbers and the reasons for year-on-year movements in other sources of income.

Changes in staff and non-staff costs

Discuss the reasons for year-on-year movements in pay and non-pay expenditure and the impact on non-pay expenditure of price changes and changes in the level of activity.

In particular the following areas should be addressed:

- Assumptions regarding pay awards and their impact on pay expenditure.
- Assumptions regarding staff numbers.
- Assumptions regarding future pension employer contribution costs should also be confirmed.

Cash position

Due to the volatility of the operating position, the surplus/deficit figures are not likely to be meaningful indicators of the institution's financial sustainability and we are therefore focusing more on the cash position of each institution in our analysis. Please provide detailed commentary about the institution's operating cash position, especially if this position is deteriorating over the forecast or in any one year.

Risk management

This should provide details of the key risks identified when preparing the forecast and details of the risk management strategies devised to deal with them.

Any other information

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

Declaration

The 'Declaration' sheet should be signed and dated by the Principal.