



# SFC Call for information

## Strategic plan forecast (SPF) for higher education institutions 2017-18 to 2020-21

Issue date: 25/05/2018

Deadline: 30 June 2018

Reference: SFC/CI/02/2018

**Summary:** This Call for Information requests institutions to complete a strategic plan forecast for the period 2017-18 to 2020-21. The return should be sent to the Scottish Funding Council (SFC) by 30 June 2018.

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

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## **Strategic plan forecast (SPF) for higher education institutions 2017-18 to 2020-21**

### **Purpose**

1. This Call for Information requests institutions to complete a financial forecast for the period 2017-18 to 2020-21. The return should be sent to the Scottish Funding Council (SFC) by 30 June 2018.

### **Strategic plan forecast**

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

### **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 2016-17 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 2018** to [isg-returns@sfc.ac.uk](mailto: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](mailto:ctaylor@sfc.ac.uk)) or Dorothy Carson, Senior Financial Analyst,

Finance (Tel: 0131 313 6607; email [dcarson@sfc.ac.uk](mailto: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 style with a large initial 'L'.

**Lorna MacDonald**  
Director of Finance

### Guidance for completion

#### Structure of the SPF

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

#### Completion of the SPF

##### *Input of financial forecast figures and comparatives*

3. In the 'Assumptions' sheet you are required to enter your assumptions for specific areas of income and expenditure.
4. The sheets in the spreadsheet contain yellow highlighted boxes for the input of the actual and forecast figures.
5. 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.
6. Please enter explanations for any significant variances where appropriate.

##### *Funding Council grants*

9. SFC grants should be analysed in accordance with the headings in the final grant letter issued on 18 May ([SFC/AN/10/2018](#)). 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**

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

## **Commentary**

8. 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.
9. 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 2017-18***

Discuss the key features of the latest forecast financial performance in 2017-18 and highlight positive and negative variances from previous forecasts (e.g. 2017 strategic plan forecast).

### ***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 contribution costs.

### ***Balance sheet – 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***

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