Financial forecast update return for higher education institutions for 2021-22

Issue date: 28 January 2022

Deadline: 18 March 2022

Reference: SFC/CI/02/2022

Summary: This Call for Information requests institutions to provide an updated financial forecast return for Academic Year 2021-22.

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

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Financial forecast update return for higher education institutions for 2021-22

Purpose

1. This Call for Information requests institutions to provide an updated financial forecast return for Academic Year 2021-22. The return should be sent to the Scottish Funding Council (SFC) by 18 March 2022.

Financial forecast update

2. The strategic plan forecast (SPF) is an established part of SFC’s financial health monitoring framework. Institutions submitted their 2021 SPFs at the end of June 2021 showing the forecast outturn for 2020-21 and a medium-term financial outlook up to 2022-23.

3. The financial forecast update (FFU) enables SFC to obtain a meaningful revised forecast of institutions’ financial position in terms of income and expenditure, underlying operating position, balance sheet and liquidity part way through the current academic year and draws comparisons with the original forecasts (SPF) provided at the end of June 2021.

Guidance and format of the financial forecast update

4. Guidance for completion of the return can be found in Annex A. A blank copy of the spreadsheet is published along with this Call for Information on our website. The return follows the same format as the June 2021 SPF.

5. A pre-populated spreadsheet return will be emailed to each institution when this Call for Information is published. SFC has pre-populated the 2021 SPF figures for 2021-22 and institutions are required to complete the updated FFU figures for 2021-22.

6. Where a variance between the SPF and the revised forecast (FFU) is significant, 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.

Information requested

7. 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 18 March 2022.
Further information

8. Please contact Wilma MacDonal[d, Senior Financial Analyst, Finance, tel: 0131 313 6565, email: wmacdonald@sfc.ac.uk or Ann Robertson, Senior Financial Analyst, Finance, tel: 0131 313 6689; email arobertson@sfc.ac.uk to discuss any aspect of this letter.

Chris Brown
Interim Director of Finance
Annex A

Guidance for completion

Structure of the FFU

1. The FFU 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. 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) ‘Borrowing covenants’.
   (viii) ‘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 FFU

*Input of financial forecast figures and comparatives*

4. The sheets in the spreadsheet contain yellow highlighted boxes for the input of the updated forecast figures. 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.

5. Please enter explanations in the commentary column for any significant variances.
6. Institutions should also provide details in the commentary column to enable a proper understanding of key aspects of the financial forecast and any changes to the assumptions made in the SPF.

**Financial commentary**

7. 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 differences from the original SPF and provide details of the key risks identified when preparing the forecast.

8. It would be helpful if you could provide copies of recent papers presented to your institution’s Governing Body relating to the revised forecast if they cover the areas highlighted above.

9. 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.