

Financial Forecast Update (FFU) for higher education institutions 2023-24



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ISSUE DATE: 8 February 2024

REFERENCE: SFC/CI/02/2024

DEADLINE: 29 March 2024

SUMMARY: This Call for Information requests institutions to provide an updated financial forecast return for Academic Year 2023-24.

FAO: Principals, Finance Directors and Board Secretaries of Scotland's universities; and the general public

FURTHER INFORMATION: **CONTACT:** Andrew Millar / Claire Taylor
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Table of contents

Purpose.....	4
Financial Forecast Update (FFU)	4
Guidance and format of the Financial Forecast Update.....	4
Information requested.....	4
Further information	4
Annex A.....	6
Guidance for completion	6
Structure of the FFU	6
Sheets not requiring completion	6
Completion of the FFU	6
Input of financial forecast figures and comparatives.....	6
Financial commentary	7

Purpose

1. This Call for Information requests institutions to provide an updated financial forecast return for Academic Year 2023-24. The return should be sent to the Scottish Funding Council (SFC) by **29 March 2024**. Earlier returns are encouraged where this is possible.

Financial Forecast Update (FFU)

2. The strategic plan forecast (SPF) is an established part of SFC's financial health monitoring framework. Institutions submitted their SPFs at the end of June 2023 showing the forecast outturn for 2022-23 and a medium-term financial outlook up to 2024-25.
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 2023-24. It also draws comparisons with the original forecasts (SPF) provided in June 2023.

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 SFC website. The return follows the same format as the June 2023 SPF.
5. Each institution will receive a pre-populated spreadsheet return when this Call for Information is published. SFC has pre-populated the 2023 SPF figures for 2023-24 and institutions are required to complete the FFU figures for 2023-24.
6. Where a variance between the SPF and the revised forecast (FFU) 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.

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 **29 March 2024**.

Further information

8. Please contact Claire Taylor, Senior Financial Analyst, Finance, tel: 0131 313 6604, email:

ctaylor@sfc.ac.uk or Andrew Millar, Assistant Director, Finance tel: 0131 313 6538,
email: amillar@sfc.ac.uk, to discuss any aspect of this letter.

A handwritten signature in black ink, appearing to read 'U Lodge', with a long horizontal flourish extending to the right.

Ursula Lodge CPFA

Deputy Director, Institutional Sustainability & Capital

Annex A

Guidance for completion

Structure of the FFU

1. The FFU takes the form of an excel spreadsheet which has ten sheets.
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 (variance +/- 5% or over 2% of total expenditure).

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 differences from the original SPF, 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.