



# COHERENCE AND SUSTAINABILITY: FINANCIAL SUSTAINABILITY OF COLLEGES AND UNIVERSITIES



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

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## Financial Sustainability of colleges and universities in Scotland

1. The Scottish Funding Council (SFC) has a key role in ensuring that the institutions we fund continue to plan and manage their activities in a way which ensures their sustainability and financial viability. This contributes to the success of students and researchers, local communities and the wider Scottish economy. Financial sustainability is, therefore, a condition of grant and is set out in our Financial Memorandum.
2. This report presents an aggregate picture of the financial health of Scottish institutions based on a review of their 2019-20 financial statements and the latest forecast position for 2020-21. The analysis includes 20 incorporated, six non-incorporated colleges and 18<sup>1</sup> higher education institutions. While this report presents an aggregate position, there is significant variation in the financial position of individual institutions.
3. Financial management is a dynamic process and the information contained within this report is an update to the information provided in our report ([SFC/CP/05/2020](#)) published on 20 October 2020 as part of phase one of the SFC Review of Coherent Provision and Sustainability.

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<sup>1</sup> The Open University in Scotland is not included in this analysis due to different reporting arrangements in place. While the Open University has operations in Scotland, the institution's accounts are only produced on a UK basis.

## **Financial sustainability of the college sector**

4. The financial sustainability of the college sector is very fluid, with assumptions being updated as circumstances change. All of the figures in this section capture incorporated and non-incorporated colleges.

### **Key messages**

- The 2019-20 position included four months of the COVID-19 impact. Colleges were already facing a series of cost pressures prior to the impact of COVID-19, including increasing cost pressures from cost of living pay awards, employers' pension contributions, maintaining the college estate and the UK's exit from the European Union. The COVID-19 crisis has heightened those challenges particularly for colleges with high levels of commercial and international income.
- The sector's 2019-20 adjusted operating position shows a small surplus which is significantly improved on the level of deficit previously forecast. Improvements are largely due to additional fee and education contract revenue, Coronavirus Job Retention Scheme (CJRS) income, staff and operating cost savings.
- Some colleges had originally stated that the impact of COVID-19 would be particularly severe in 2020-21. However, a combination of mitigating actions taken by colleges, Coronavirus Job Retention Scheme income (£7.4 million) and additional funding provided by SFC has helped to stabilise the 2020-21 financial position and a near break-even position is currently projected.
- Maintaining short-term liquidity remains a challenge for colleges. However, the sector cash position at the end of 2019-20 was improved on both forecast and on 2018-19 levels, largely due to colleges placing on hold capital works as a result of restrictions enforced through the COVID-19 lockdown. The forecast also shows a positive cash position in 2020-21 for the vast majority of colleges.
- Overall sector borrowing decreased during 2019-20 in line with forecast and is forecast to continue reducing during 2020-21. Pension liabilities increased substantially during 2019-20 due to the economic downturn related to the pandemic. Increased pension contributions remain a significant risk to colleges' sustainability.
- The sector-wide position masks particular financial challenges for some individual colleges.



## **Actions taken to date in responding to the COVID-19 emergency**

5. Actions taken in assisting the college sector to respond to the COVID-19 emergency in 2019-20 and 2020-21 include:

### **Enhanced flexibility**

- We did not recover SFC funds for COVID-19 related shortfalls against core activity targets;
- We increased flexibility in the administration of student support funds;
- We undertook an in-year redistribution exercise of student support to meet requests for additional funding in 2020-21 (£1.6 million) and repurposing and reallocating £5 million unspent funds to allow colleges to provide students with equipment and support those in hardship;
- We extended timescales for spending the flexible workforce development fund and increased the 2020-21 budget; and
- We provided flexibility in grant drawdowns to several colleges encountering liquidity challenges.

### **Reducing reporting burdens**

- We kept returns and reporting requirements to a minimum; and
- Updated the college credit guidance.

### **Providing additional funds**

- The Scottish Government introduced the Young Person's Guarantee programme and the National Transitional Training Fund.
- The Coronavirus Job Retention Scheme provided additional income.
- We provided additional funding for student mental health and wellbeing support.
- Additional funding was made available for college student associations and unions.
- We provided an additional £15 million of financial sustainability funding, distributed to all colleges to help address the major impact that COVID-19 has had on colleges in terms of reduced commercial income, increased costs and general weakening of their financial sustainability.
- We allocated funding to three colleges for income lost during 2020-21 in providing student accommodation rent rebates.
- We provided an additional £3 million winter COVID-19 discretionary funds for colleges.
- We provided £6.5 million additional capital funding to support economic recovery.
- We provided £2.3 million additional capital funding to support digital provision.

## 2019-20 Annual Accounts

6. Colleges provided annual accounts for Academic Year 2019-20 at the end of 2020 and early 2021. Key findings from the analysis are set out in the following paragraphs.

### **Context**

7. The 2019-20 position included four months of the COVID-19 impact. Colleges were already facing a series of cost pressures prior to the impact of COVID-19, including increasing cost pressures from cost of living pay awards, employers' pension contributions, maintaining the college estate and the UK's exit from the European Union. The COVID-19 crisis has heightened those challenges particularly for colleges with high levels of commercial and international income.

### **Operating and Adjusted Operating Position**

The college sector 2019-20 position is improved greatly on forecast.
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8. The college sector reported an operating deficit of £54 million and an adjusted operating surplus of £3.4 million during 2019-20.
9. The methodology for calculating the adjusted operating position, or underlying position, has been agreed following sector consultation with a view to ensuring consistency of approach and interpretation of colleges' financial performance. This addresses the recommendation made by Audit Scotland in the 2018 report on Scotland's Colleges: "SFC should: revise its accounts direction to ensure colleges calculate their underlying financial position consistently.
10. The adjusted operating position is intended to reflect the financial performance after allowing for non-cash adjustments and other material one-off or distorting items required by the Statement of Recommended Practice (SORP). The adjusted operating position is therefore designed to smooth any volatility in reported results arising from the implementation of Financial Reporting Standard 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the college. This should give a better indication of the college's operational cash generating capacity.
11. The overall adjusted operating position for the sector, both forecast and actual for 2019-20, and also including the previous year's result, is set out in the following table:

	<b>2019-20 Actual £'000</b>	<b>2018-19 Actual £'000</b>	<b>2019-20 Forecast £'000</b>
Adjusted Operating Surplus/(Deficit)	3,365	12,887	(9,711)

12. The sector's 2019-20 annual accounts show a sector adjusted operating surplus of £3.4 million which represents a deterioration on the previous year's result (£12.9 million surplus) but is improved on the forecast (£9.7 million deficit). The improved operating position is largely due to higher fee and education contract income, Coronavirus Job Retention Scheme income of £8.8 million and generation of staff and other operating cost efficiencies, helping to mitigate against the reduction in commercial and international income. Nine colleges reported an adjusted operating deficit in 2019-20. A summary of each college's 2018-19 and 2019-20 operating and adjusted operating position, liquidity and borrowing is set out in **Annex A**.

#### ***Reliance on SFC grant***

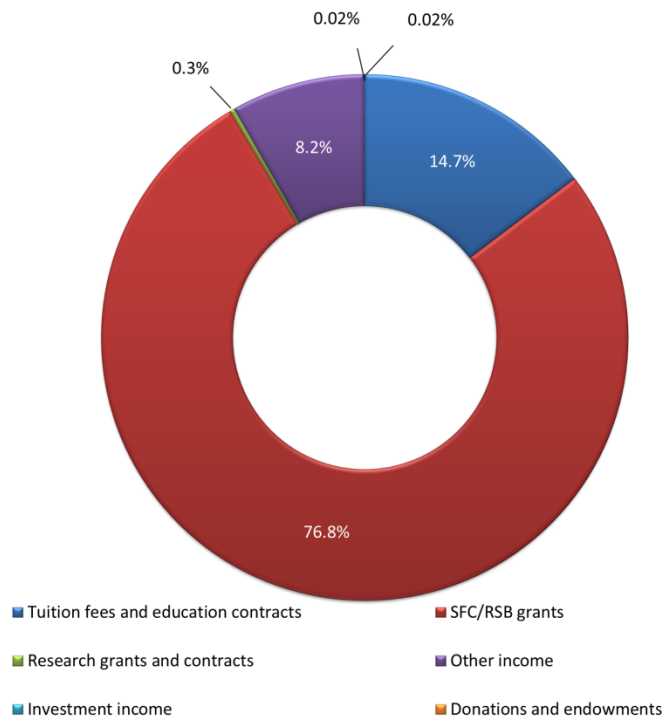
13. SFC grants accounted for 77% of total sector income in 2019-20. There is a large variation in grant dependency across the sector as illustrated in the table below:

<b>Funding Council grants as % of total income</b>	<b>Actual 2019-20</b>	<b>Actual 2018-19</b>	<b>Forecast 2019-20</b>
Lowest	48%	48%	48%
Average	74%	73%	75%
Highest	87%	86%	88%

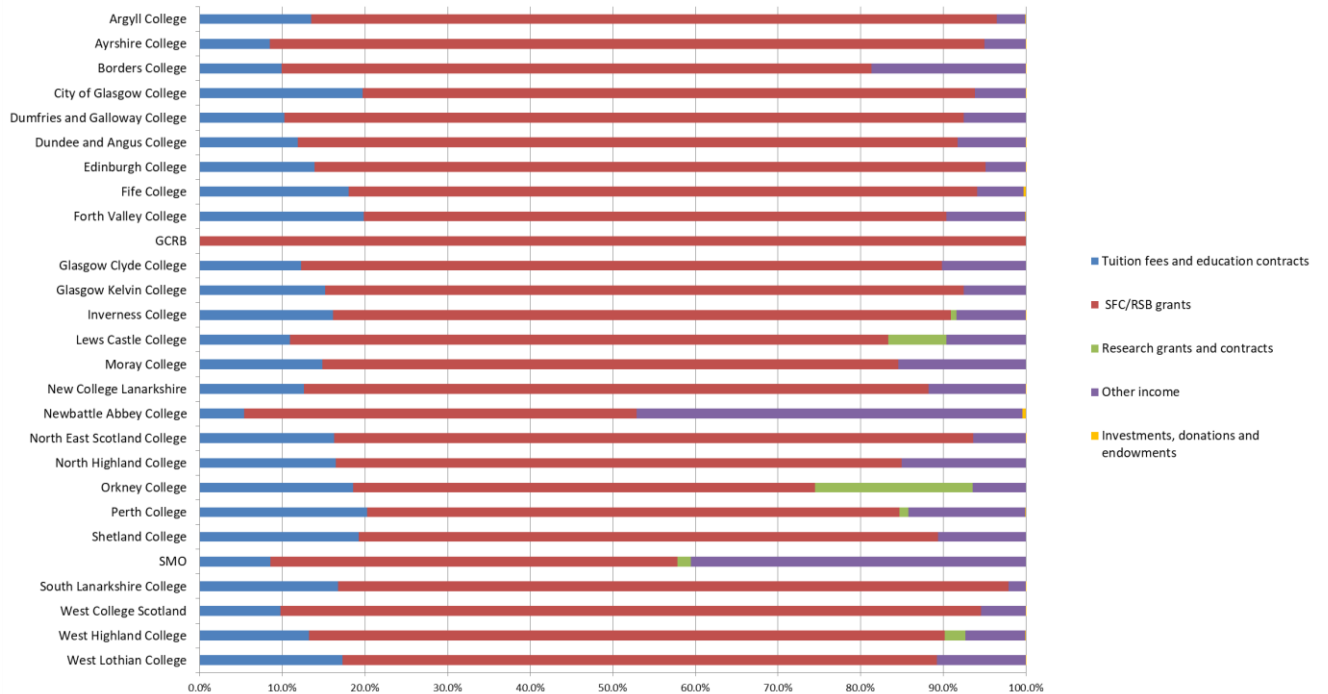
14. Sources of income for the college sector, and by individual college, in 2019-20 are shown in the chart and graph below:



College income by category 2019-20



College income by category for 2019-20

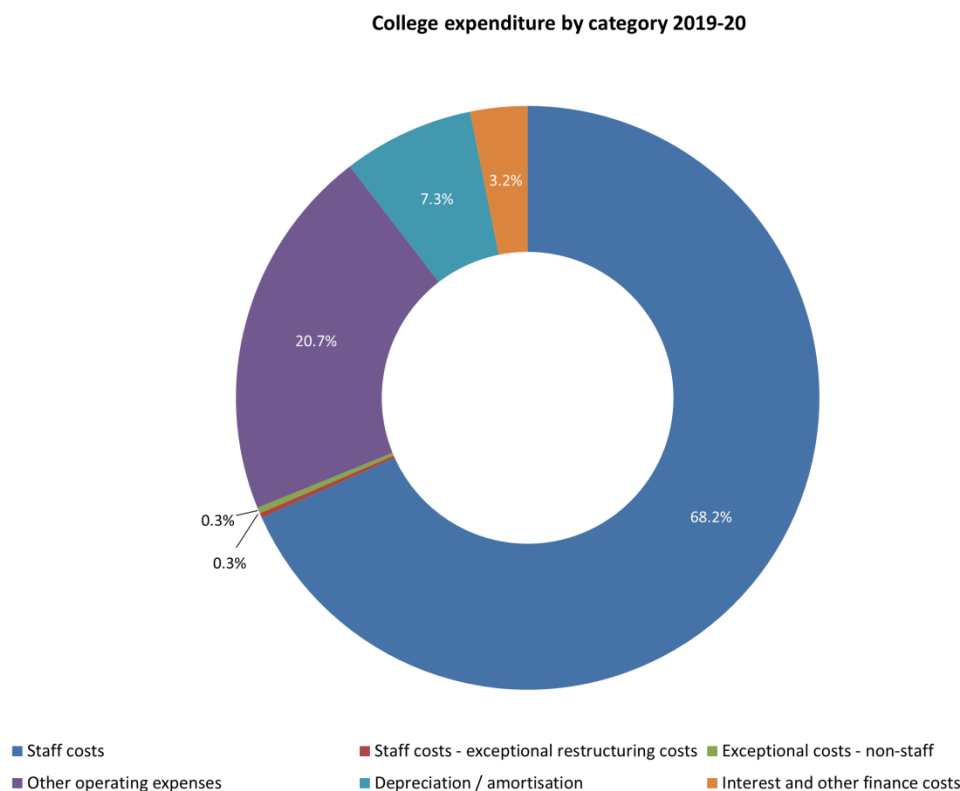


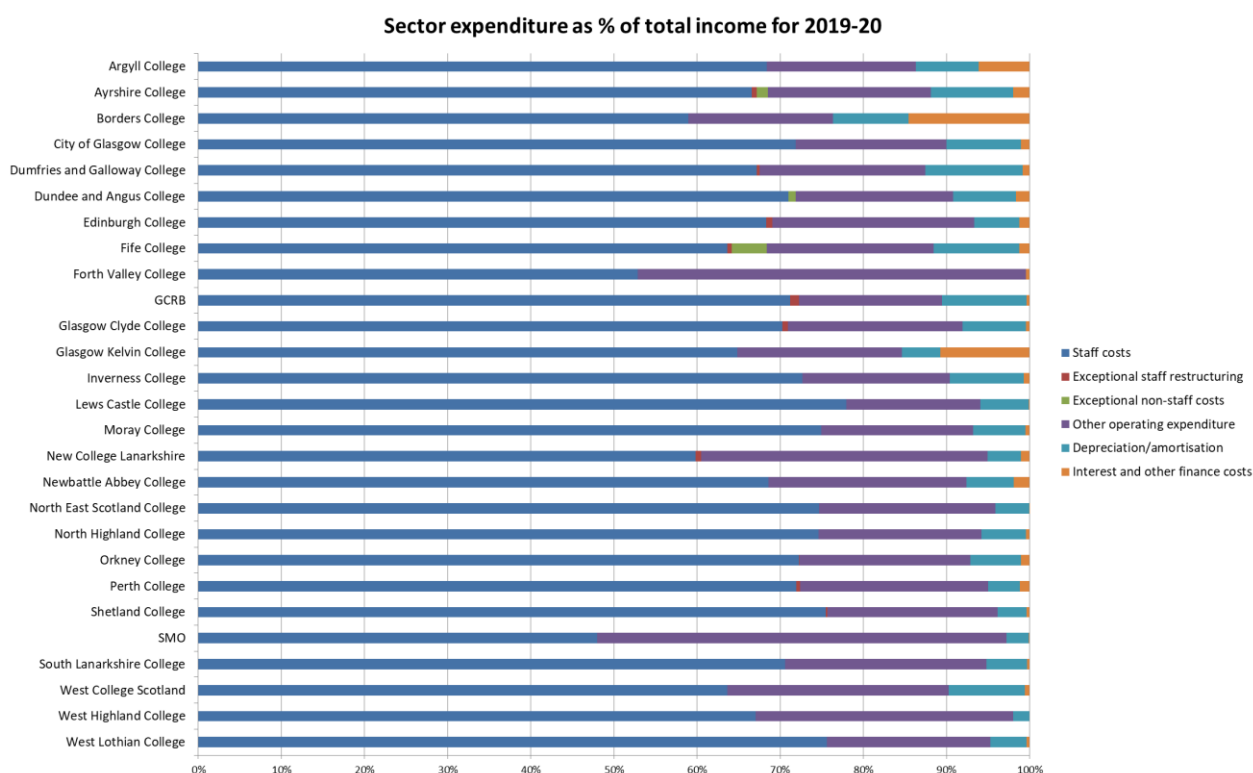
The impact of COVID-19 is more significant for colleges with a larger proportion of commercial income

15. The impact of the COVID-19 outbreak on colleges' financial sustainability has been significant in 2019-20. COVID-19 accounted for reductions of £7.1 million and £1.4 million in fee and other commercial income respectively against 2018-19 levels albeit both headings were improved on forecast. Coronavirus Job Retention Scheme income of £8.8 million helped to mitigate the reduction in the commercial income stream. However, there are limited opportunities for colleges to generate commercial income, and surplus thereon, and as a result they are heavily dependent on SFC grant.

### ***Staff and other operating costs***

16. Staff costs represent the largest element of expenditure for colleges and constituted 68% of total sector costs in 2019-20. Expenditure headings for the college sector, and by individual college, in 2019-20 are shown in the chart and graph below.





17. There is a large variation in the ratio of staff costs as a percentage of total costs across the sector as illustrated in the table below.

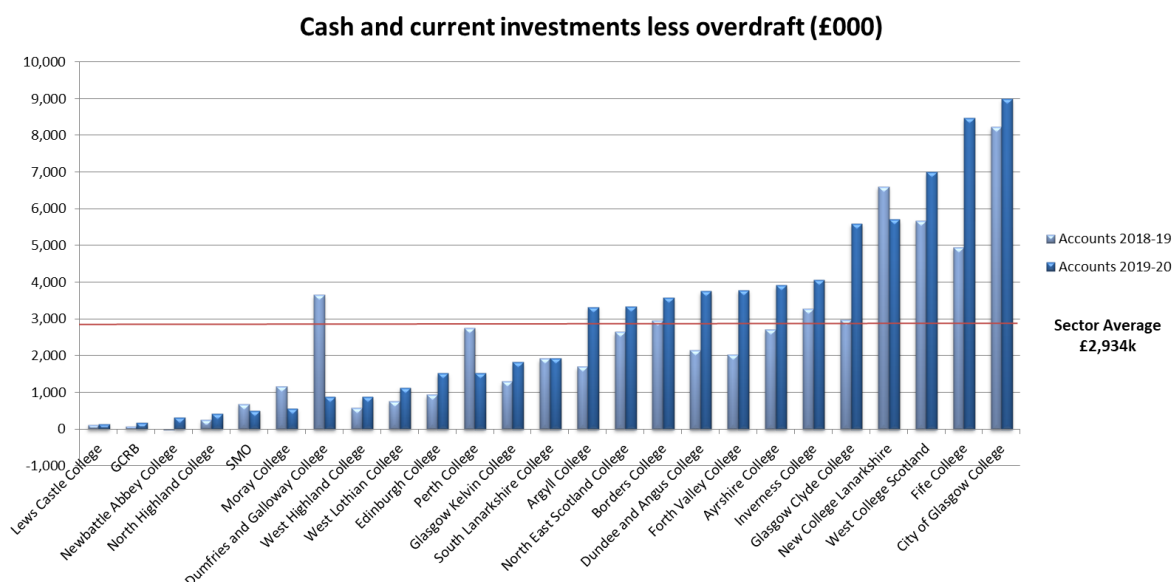
Staff costs as % of total costs	Actual 2019-20	Actual 2018-19	Forecast 2019-20
Lowest	48%	49%	45%
Average	68%	67%	69%
Highest	78%	75%	79%

18. Colleges have indicated that savings have been generated in the following areas: academic materials and consumables; utilities; property costs; photocopying; and travel and subsistence. Colleges have also reported that they have incurred additional costs related to online learning and remote working. However, student support was not a cost pressure in 2019-20 on the basis of returns provided.

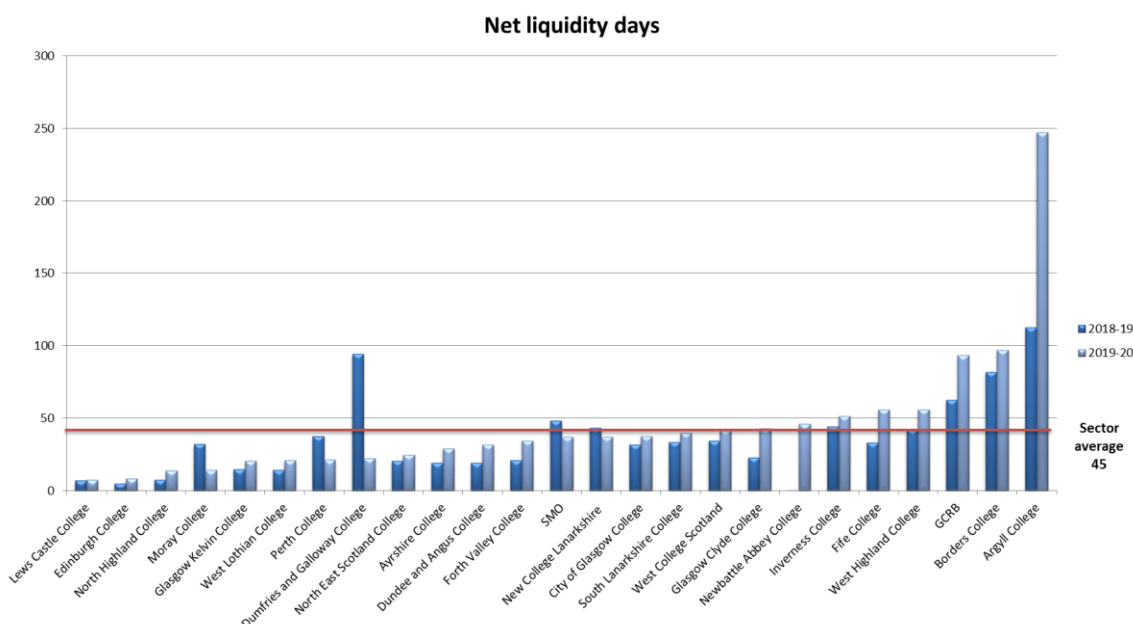
### Cash

Liquidity has improved in 2019-20 mostly due to colleges placing a hold on capital works.

19. Colleges' cash and equivalent balances increased from £59.7 million in 2018-19 to £73.3 million in 2019-20 largely due to colleges placing on hold capital works as a result of restrictions enforced through the COVID-19 lockdown.
20. Levels of cash at the end of July 2020 for each college are shown below:

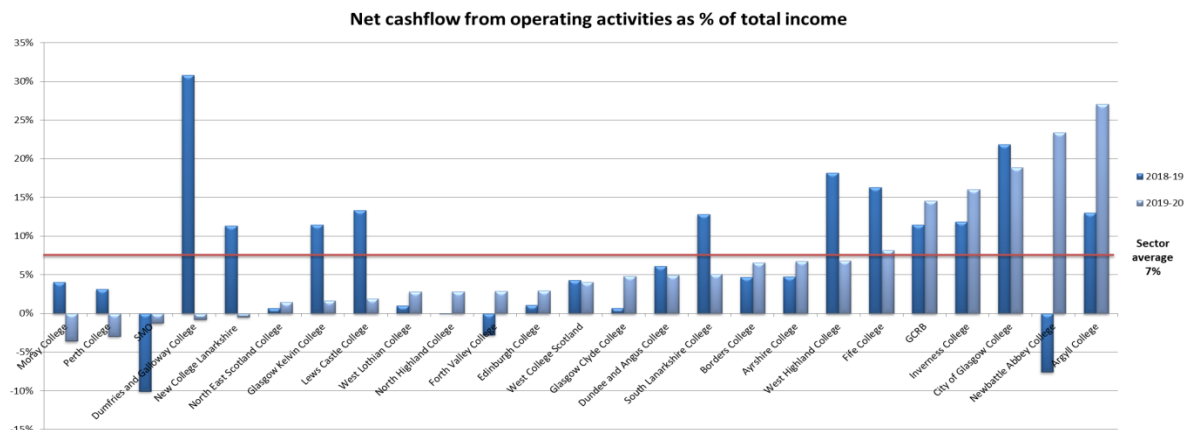


21. The graph below shows the number of days of expenditure available in cash for 2019-20 compared to 2018-19:



### **Net cash inflow**

22. Details of colleges' net cash inflow from operating activities as a percentage of total income for 2018-19 and 2019-20 are shown in the graph below:



23. Five colleges reported a negative net cash inflow from operating activities during 2019-20 which was improved on forecast (ten colleges) but in line with 2018-19 (five colleges). Across all colleges, the net cash inflow from operating activities as a proportion of total income moved from 7% in 2018-19 to 6% in 2019-20.

### ***Borrowing***

24. Total long-term borrowing (including NPD/PFI commitments) decreased from £266 million in 2018-19 to £254.5 million in 2019-20. Excluding NPD/PFI commitments, total borrowing decreased from £33 million to £29.1 million over the same period. Fifteen colleges reported outstanding borrowing at the end of July 2020. No college reported any breach of bank covenants in 2019-20. Capital expenditure amounted to £26.9 million in 2019-20.

### ***Pension liabilities***

Increases in pension contributions are a significant risk for colleges' sustainability.

25. Pension liabilities increased substantially during the year due to the economic downturn associated with the pandemic. The overall sector liability moved from £253.2 million at the end of July 2019 to £468.0 million by the end of July 2020.

### **2020-21 update**

26. Colleges provided updated financial forecasts for the current Academic Year at the end of March 2021. Key findings from the analysis are set out in the following paragraphs.

### ***Adjusted operating position***

The 2020-21 position is forecast to be close to break-even, the impact of COVID-19 is not considered to be as severe as anticipated.

27. The overall adjusted operating position for the college sector is a marginal deficit of £549,000 for Academic Year 2020-21. This is improved on the previous forecast (£15.3 million deficit), and is markedly improved on earlier forecasts, but is a deterioration on the 2019-20 result (£3.4 million surplus). Eight colleges are forecasting an adjusted operating deficit based on the latest returns.
28. In overall terms, twenty colleges are showing an improved position while six colleges are showing a deteriorating position though the extent of the deterioration is relatively small for most of these colleges. The forecasts reflect the recently announced 2020-21 financial sustainability funding of £15 million and £274,429 funding allocated to three colleges for income lost during 2020-21 in providing student accommodation rent rebates.
29. Some colleges had originally stated that the impact of COVID-19 would be particularly severe in 2020-21. However, a combination of mitigating actions taken by colleges, Coronavirus Job Retention Scheme income (£7.4 million) and additional funding provided by SFC has helped to stabilise the 2020-21 financial position. Tuition fee and education contract income is also £4.6 million higher than previously forecast though still well down on previous years' levels. While other income is also down on previous years' levels, Coronavirus Job Retention Scheme income has made up a substantial part of the shortfall.
30. While staff costs have increased by £8.1 million against the previous forecast, a large element of the increase relates to additional costs expected to be incurred in allowing students to complete courses and minimise deferrals. Staff restructuring costs of £5.9 million are projected in the current Academic Year, a significant proportion of which will be funded from the financial sustainability funding. Other operating costs have reduced by £11.4 million against the forecast largely comprising reductions in catering, premises and teaching departments and support costs.

### ***Balance sheet***

Forecast liquidity in 2020-21 for most of the colleges is not a cause for concern and borrowing is consistently reducing year on year.

31. The sector cash position is much improved on the basis of the latest forecast returns. Cash balances of £51.8 million are forecast at the end of July 2021 which represents an improvement on the previous forecast (£21.8 million) but reduced on 2019-20 (£73.3 million). The 2020-21 projected cash position reflects the 2019-20 results which were inflated by unspent balances due to colleges placing on hold capital works as a result of restrictions enforced through the COVID-19 lockdown. Six colleges had previously forecast negative cash balances at the end of the current AY but only one college is now forecasting a negative position at the end of July 2021.
32. Sector borrowing remains in line with expectations. Total long-term bank loans and external borrowing are expected to decrease from £254.5 million in 2019-20 to £244.3 million by the end of July 2021. No college reported any breach of bank covenants during the current Academic Year.

### ***Net cash inflow***

33. Based on the latest returns, eleven colleges are forecasting negative net cash inflow from operating activities (original forecast: twelve colleges). Across all colleges, the sector net cash inflow from operating activities as a proportion of total income has moved from 0.7% in the original forecast to 1.4% in the latest forecast for AY 2020-21.

## **Future prospects, challenges and risks**

### ***Key risks***

34. The most significant risk areas for colleges that could adversely affect their financial performance and sustainability relate to:
- Maintaining short-term liquidity remains the most significant area of risk;
  - The continued impact of the COVID-19 pandemic and the potential consequential failure to achieve income targets, particularly commercial income.
  - Changes to the funding model and colleges' ability to deliver regional outcome agreements and Government priorities.
  - The impact of cost efficiencies, including reduced staff numbers and frontline student services, on both the quality of student experience and on the health and wellbeing of college staff.
  - Future arrangements for funding Foundation Apprenticeships following the £8.8 million of additional funds for 2021-22.
  - The UK Government's policies designed to mitigate the effects of leaving the EU, in particular the development of the Shared Prosperity Fund.



- Additional staff costs arising from both cost of living pay awards and the outcome of the National Bargaining job evaluation exercise for support staff.
- Addressing backlog estates maintenance and ICT/digital requirements.
- Challenges of diversifying income and generating additional surplus.
- Delivering against fragmented funding streams and programme requirements.
- Meeting student support requirements.
- Increases in employer contributions to the Scottish Teachers Superannuation Scheme and Local Government Pension Schemes. The table below illustrates the impact of increases in contribution rates based on 2019-20 figures.

	<b>2019-20 Actual</b>	<b>Approximate cost per 1% increase</b>	<b>Total employers contributions with 5% increase</b>	<b>Total employers contributions with 10% increase</b>	<b>Total employers contributions with 20% increase</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>STSS (23%)</b>	48,564	2,111	59,121	69,679	90,794
<b>LGPS (14%-18%)</b>	29,135	1,821	38,240	47,344	65,554
<b>Total</b>	<b>77,699</b>	<b>3,932</b>	<b>97,361</b>	<b>117,023</b>	<b>156,348</b>

### ***Challenges***

35. While the additional 2020-21 funding made available to the college sector through COVID-19 support is very welcome and will help to stabilise institutions' finances, it is non-recurring funding which will only address immediate financial pressures. The 2021-22 budget also incorporates additional COVID-related 'consequentials' in the form of one-off funds, including £8.8 million funding for Foundation Apprenticeships.
36. An issue highlighted recently concerns the challenges colleges may experience in trying to plan expenditure from ring-fenced funds within the financial year (i.e. to March) to tie in with government accounting. The increase in, and late timing of, announcements of ring-fenced funding allocations in 2020-21 has exacerbated the problem.

### ***Future financial forecast returns***

37. A further Call for Information will be issued shortly to request colleges' financial forecasts covering the period 2020-21 through to 2023-24.

## Case study

38. Finance Directors told us that their approach to financial management through the pandemic involved:
- Supporting the pivot to remote learning and working, securing the safety of campuses, and focusing on maximising opportunities to support students to complete their qualifications.
  - Dealing with the sharp drop in income sources from the halt to on-campus teaching and operational delivery, including the cancellation by clients of commercial and international contracts. This involved reforecasting, planning and budgeting for significant adverse financial effects; and adjustments were required to funding conditions to support the reallocation of resources, sustain cash positions and maintain financial obligations.
  - College Boards urgently approving short term deficits and reduced cash balances.
  - Daily cash re-forecasting, with tough decisions on spend priorities, and cash-saving exercises (including staff vacancy management).
  - The application of the UK Government furlough scheme
  - Working with SFC on liquidity support through flexible grant drawdowns; voluntary severance scheme approval; and the confirmation of no clawback of core credit funding.
  - Balancing financial viability drives with immediate additional spend requirements (e.g. purchasing essential PPE, deep cleaning products, ICT equipment, reconfiguring college estates to support social distancing and to protect staff and students).
39. The Finance directors we engaged with throughout this Review and the pandemic highlighted the challenges and costs, but also their pride in the response that secured continued learning for students and mitigated the risks of lost learning and disengagement, prioritised the health and wellbeing of students and staff, communicated constantly with learners and provided ICT equipment and additional discretionary support for those in hardship, responded to requests for additional information and advice on national policy and funding issues. There is a strong sense that the lessons learned, the adjustments made, and the focus on learner needs, will boost the future of blended learning in colleges and enable them to play a critical role in Scotland's recovery.

## Financial sustainability of the university sector

40. At this current time, the financial sustainability of the university sector is extremely fluid, with assumptions being constantly updated as circumstances change.

### Key Messages

- The 2019-20 position included four months of the COVID-19 impact. Institutions were already facing a series of cost pressures prior to the impact of COVID-19, including increases in employer pension contributions, cost of maintaining buildings and the UK's exit from the European Union. The COVID-19 crisis has heightened those challenges particularly for institutions with high levels of commercial and international income albeit 2019-20 fee income, including international fee income, was improved on 2018-19 levels.
- The sector underlying operating position shows a surplus of £43 million for 2019-20 although down on the 2018-19 result. While the sector projects an adjusted operating surplus of £154.8 million in 2020-21, this includes one-off items of income (not adjusted for) that are not yet matched by expenditure that make the position look better than it is in reality. Surpluses are concentrated in three of the four ancient universities.
- The impact of COVID-19 restrictions on those universities with large numbers of international students is not as severe as expected in 2020-21, however, the situation remains volatile. Income from residences, catering and conferences has been most significantly impacted by the COVID-19 restrictions.
- Sector liquidity has improved on 2018-19 levels, largely due to institutions placing on hold capital works, considerable research activity and loans drawn down but not utilised as a result of restrictions enforced through the COVID-19 lockdown. It is envisaged that unspent balances will be utilised rapidly when restrictions lessen therefore cash balances should not be viewed in isolation as a measure of financial health, and both capital commitments and debt need to be taken into consideration.
- Sector borrowing has increased significantly in recent years. Sector borrowing increased by £85 million in 2019-20 largely due to Financial Transaction loans provided by SFC. The cost of servicing this debt has also increased. There remains the risk that universities with large amounts of external borrowing, in the form of private placements, are unable to build up sufficient cash reserves in order to make the repayments required at set points in time over the term of the borrowing.
- The sector-wide position masks particular financial challenges for some individual institutions.

## **Actions taken to date in responding to the COVID-19 emergency**

41. SFC has taken a variety of actions to assist the university sector in response to the COVID-19 emergency in 2019-20 and 2020-21 such as:

### **Being flexible**

- Not recovering SFC funds for shortfalls against core outcome agreement targets where these were related to COVID-19.

### **Reducing reporting burdens**

- Keeping returns and reporting requirements to a minimum.

### **Providing additional funds:**

- £75 million support for research.
- More funded student places, including leaving funds previously used for EU tuition fees (£7.2 million in 2020-21).
- UK Research and Innovation (UKRI) additional funding of £18 million to universities to support UKRI grant-funded research, research and technical staff and research infrastructures during the period of pandemic disruption, and £10.8 million relating to “change of use” from existing grant portfolios.
- increased research capital for universities from World Class Labs funding scheme (£11.8 million in 2020-21).
- UK Government Coronavirus Job Retention Scheme income (£27 million in 2019-20; £10.2 million forecast for 2020-21).
- funding for student mental health and wellbeing support (£612,000 in 2020-21).
- funding for university student associations and unions (£329,000 in 2020-21).
- £9.7 million for income lost in student accommodation rebates, announced as part of a £30 million package of support for college and university students in hardship as a result of COVID-19.
- £35 million resource funding to help colleges and universities maintain research activity, protect jobs and help students.
- £20 million capital funding for research and knowledge exchange.
- £3.5 million additional capital funding to support economic recovery.
- £2.4 million additional capital funding to support digital provision.

## **2019-20 Annual Accounts**

42. Universities provided annual accounts for Academic Year 2019-20 at the end of December 2020 and in early 2021. Key findings from the analysis are set out in the following paragraphs.

## **Context**

43. The 2019-20 position included four months of the COVID-19 impact. Institutions were already facing a series of cost pressures prior to the impact of COVID-19, including increases in employer pension contributions, cost of maintaining buildings and withdrawal from the European Union. The COVID-19 crisis has heightened those challenges particularly for institutions with high levels of commercial and international income.

## **Operating position**

44. The sector reported an operating surplus of £417.7 million in 2019-20 which represents a substantial increase on the 2018-19 operating deficit of £504.2 million. The sector underlying operating surplus/(deficit) reflects the position after accounting for several large items which distort the year on year results. These include Universities Superannuation Scheme (USS) provision adjustments, the costs of the Glasgow School of Art Mackintosh building stabilisation following the second fire and the costs of business interruption, and exceptional staff restructuring costs. Excluding these items, the underlying surplus for 2019-20 is £43 million which is in line with forecast but lower than the previous year's result.
45. The sector operating position and 'underlying' operating position are set out in the table below:

	<b>2019-20 Actual £'000</b>	<b>2019-20 Revised Forecast £'000</b>	<b>2018-19 Actual £'000</b>
Operating Surplus / (Deficit)	417,730	419,714	(504,246)
Underlying Operating Surplus / (Deficit)	43,109	42,575	91,002

46. The sector underlying position is skewed by the operating surpluses of the two largest institutions (University of Edinburgh and University of Glasgow). The sector position is considerably weaker after excluding the results of these institutions. The sector operating and underlying position, excluding these institutions, is set out in the table below:

	<b>2019-20 Actual £'000</b>	<b>2019-20 Forecast £'000</b>	<b>2018-19 Actual £'000</b>
Operating Surplus / (Deficit)	127,357	129,313	(300,504)
Underlying Operating Surplus / (Deficit)	(38,435)	(38,997)	(8,285)

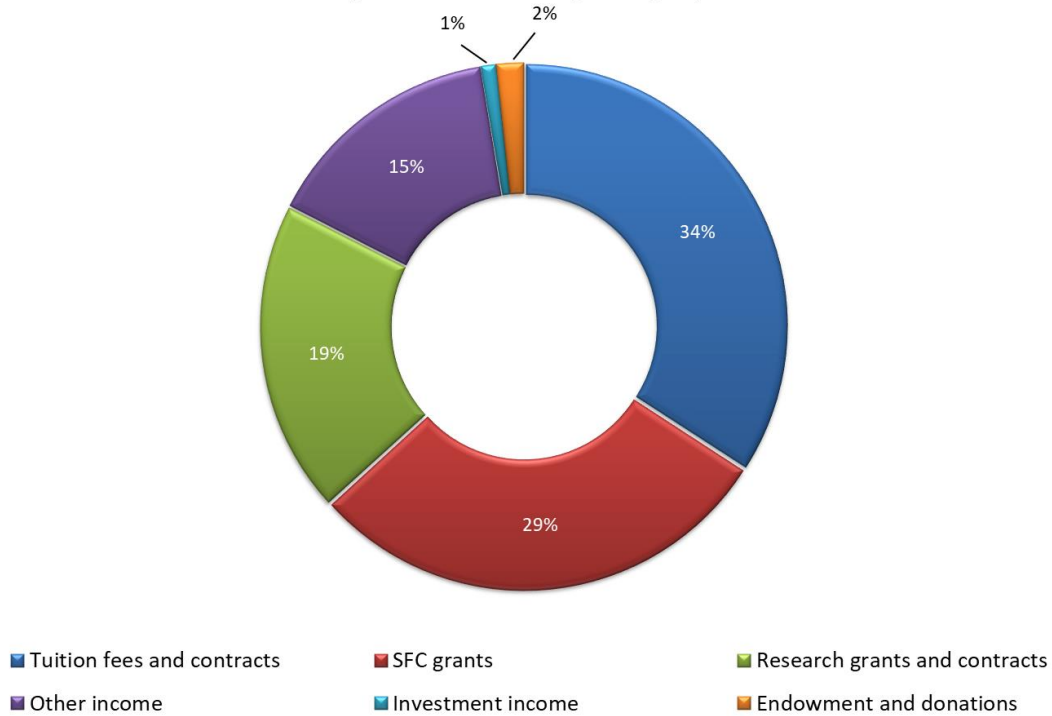
47. Eleven of the eighteen institutions reported underlying operating deficits in 2019-20, a downturn on the previous year's result where nine institutions incurred underlying deficits. Ten institutions had projected underlying deficits in 2019-20.
48. A summary of individual universities' 2019-20 operating position, liquidity and borrowing is set out in **Annex B**.
49. **Annex C** sets out the operating position as a percentage of income for each institution for the period 2014-15 to 2019-20. Some volatility in results is to be expected under the FRS 102 accounting standard as there may be a mismatch between the reporting of income and related expenses, particularly in relation to capital grants received.

### ***Sources of income***

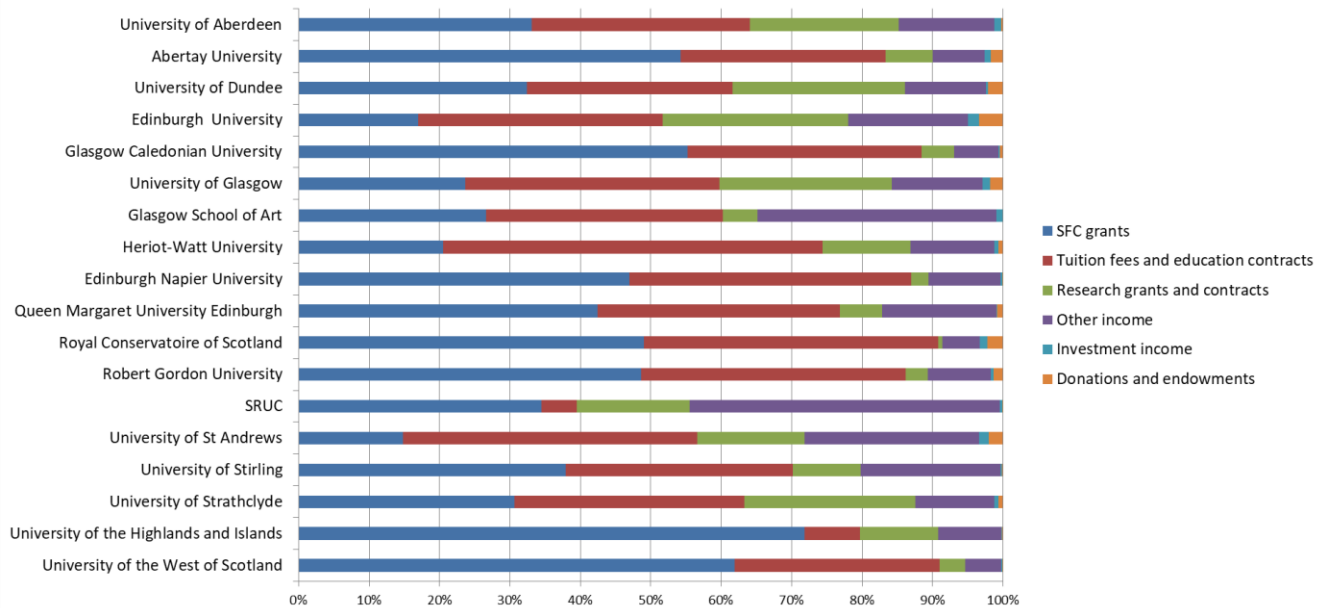
Tuition fees and education contracts are the largest proportion of university sector income
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50. Apart from SFC grants, universities receive income from tuition fees and contracts (including international student fees), research activity, commercial income, investment income and donations and endowments. SFC grants amounted to 29% of the sector's overall income with 71% coming from other sources. Sources of income for the university sector, and by individual institution, in 2019-20 are shown in the chart and graph below:

**University sector income by category 2019-20**



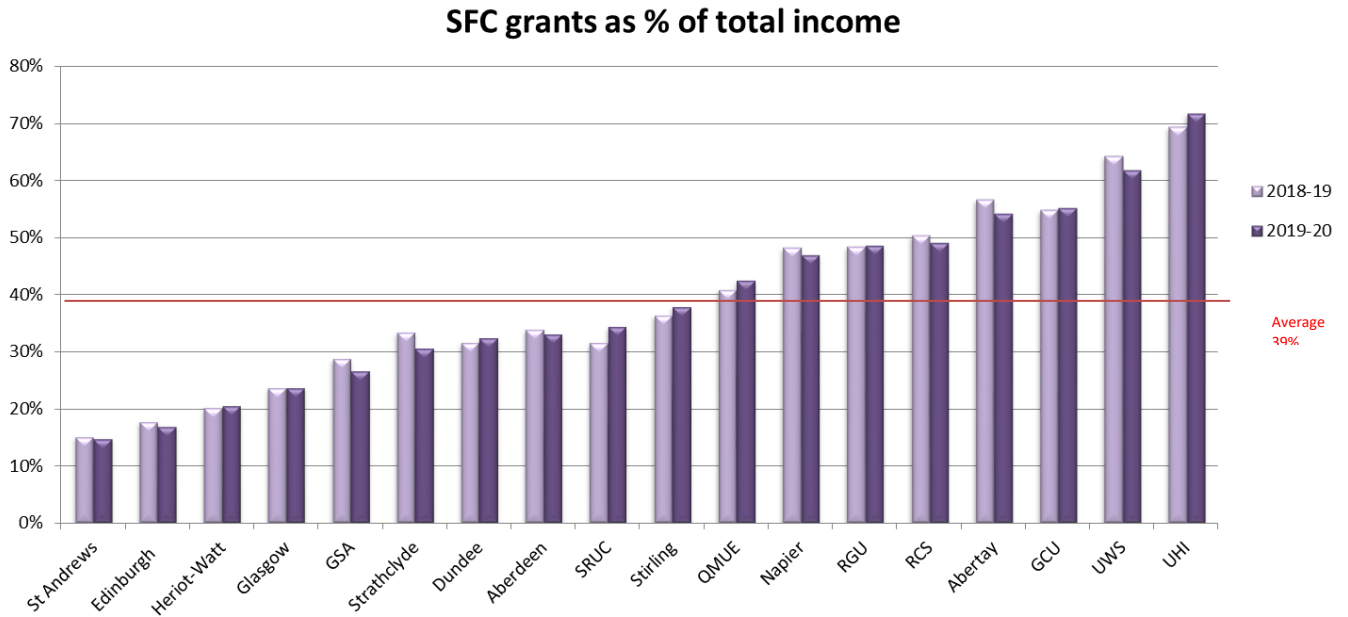
**Sources of income as a % of total income 2019-20**



### ***Reliance on SFC grant***

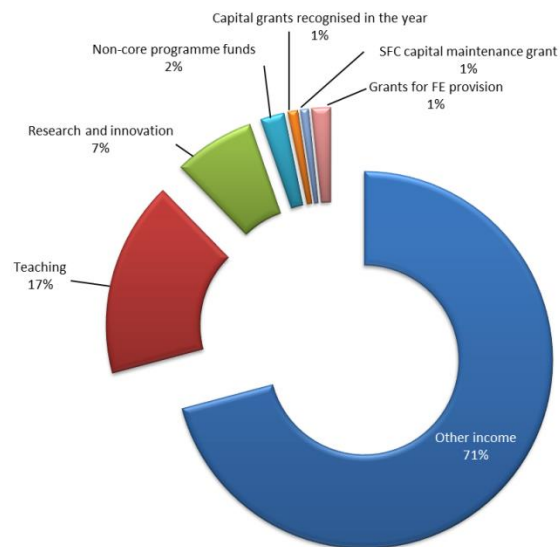
51. The larger universities are generally not as reliant on SFC funding and tend to have additional sources of other income. The percentage of income from SFC grant for each individual university in 2019-20 (and 2018-19) can be seen below:





52. SFC grant is earmarked for various purposes which can be seen in the chart below:

**SFC income in university sector by category as % of overall income 2019-20**



53. The majority of SFC grant in 2019-20 related to teaching (17% of overall sector income) while SFC funding for research represented 7% of overall sector income.

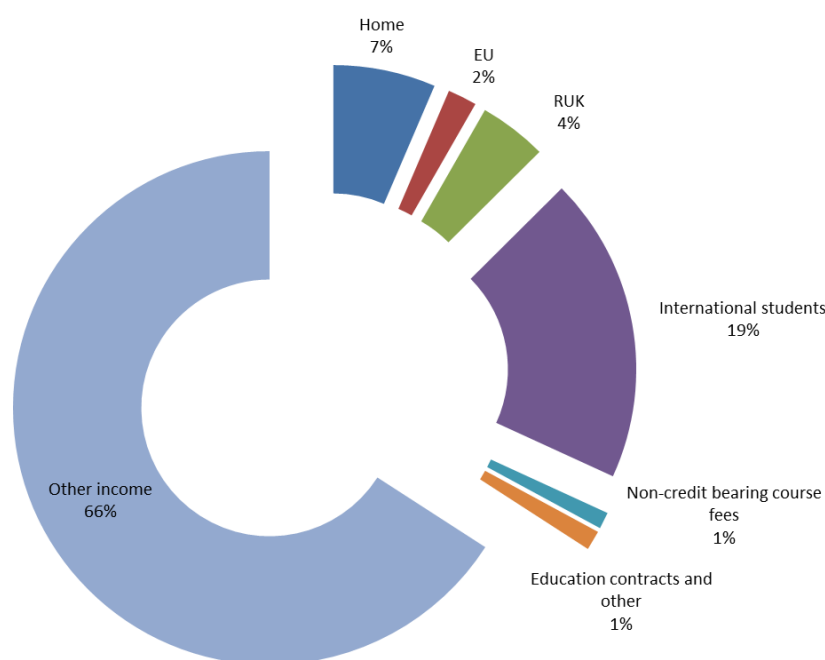
### ***Other sources of income (non-SFC)***

54. The most significant reduction in commercial income during 2019-20 related to residences, catering and conferences activity which reduced from £253.8 million in 2018-19 to £205.5 million in 2019-20.
55. All of the other sources of income come with associated costs and some of the activities can be loss making e.g. research. There are also cost pressures that need to be covered by the income e.g. employer pension contributions, which have increased substantially in recent years and will continue to rise placing more pressure on the financial sustainability of universities. The cost of maintaining buildings represents a significant pressure on university budgets albeit much of that has been postponed due to COVID-19 restrictions.

### ***International student fees***

56. The chart below splits the tuition fee and education contract income into the different categories of income and demonstrates the significance of international student tuition fees as a source of income.

**Tuition fees and education contracts as % of total income 2019-20**



57. In 2019-20, international fees represented 19% of the university sector total income (up by 2% from the previous year). Overall, international student tuition fees (£791.5 million) were much improved on 2018-19 levels (£676.9 million). Details of previous years' levels of international fee income against forecast are set out in the graph below.

**Total sector international student tuition fees forecast 'v' actual (£000)**



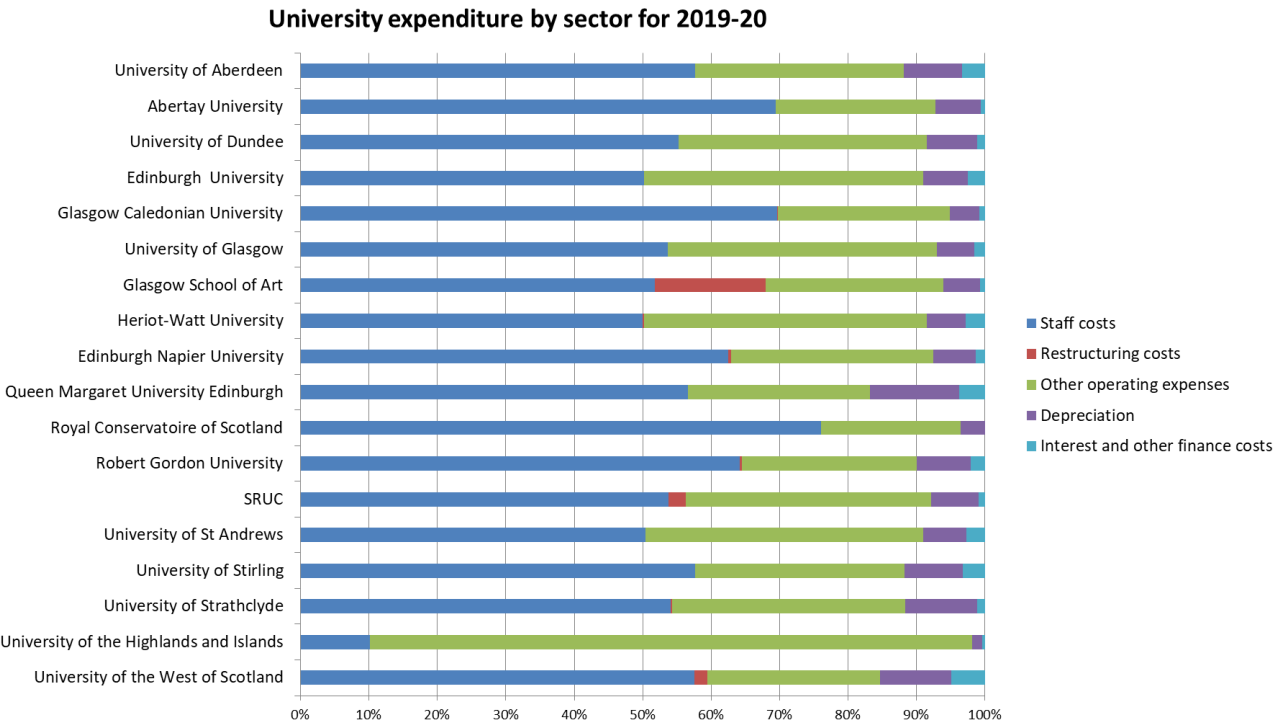
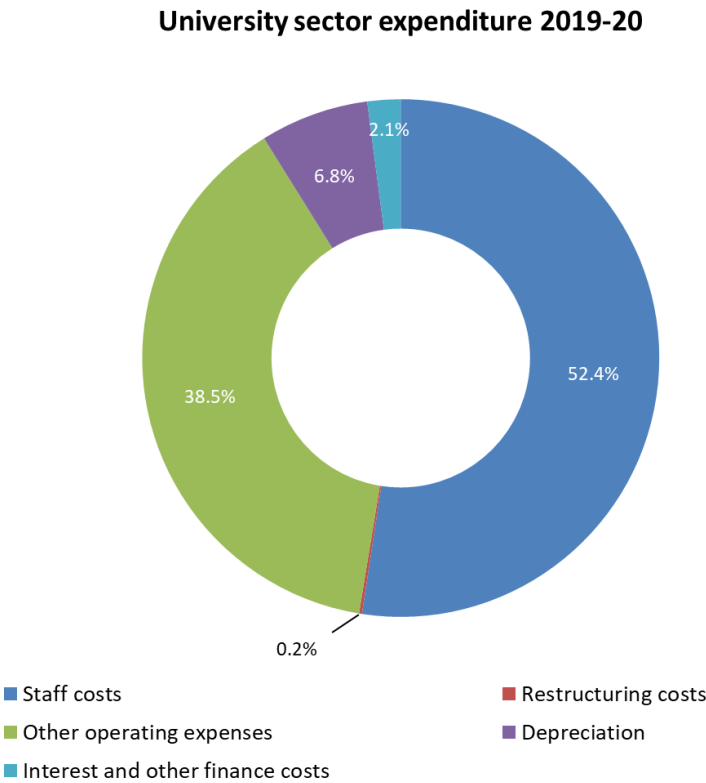
It is clear that institutions need this source of income in order to remain financially sustainable and to support other areas of their operations e.g. research is a loss making activity and it is therefore important that institutions continue to plan to support this through other surplus generating activity.

58. The management of loss-making research by cross-subsidy from surplus-generating activities should be seen as part of an interconnected set of university activities. The international research reputation of universities, and their position in league tables, affects the recruitment of international students. The surplus from those international students assists with the sustainability of the research activity. Research reputation drives other income and strengthens staff recruitment and business relationships and consequently research losses should be viewed in the context of the overall university mission and business model.
59. International tuition fee income continues to be an area of significant risk due to the international markets becoming ever more competitive and global events can occur over which institutions have no control. The COVID-19 pandemic has illustrated the significant risks attached to this income stream.

### ***Staff and other operating costs***

60. Staff costs represent the largest element of expenditure for institutions and constituted 52% of total sector costs in 2019-20. Expenditure headings for the university sector, and by individual institution, in 2019-20 are shown in the

chart and graph below. University of the Highlands and Islands is atypical as it has different structure to other institutions.



61. Institutions reported that the number of staff on furlough during the year was 3,204 which generated Coronavirus Job Retention Scheme income of

£27 million. Seven institutions spent a total of £6.8 million on staff restructuring during 2019-20, more than the £3.8 million spent in 2018-19.

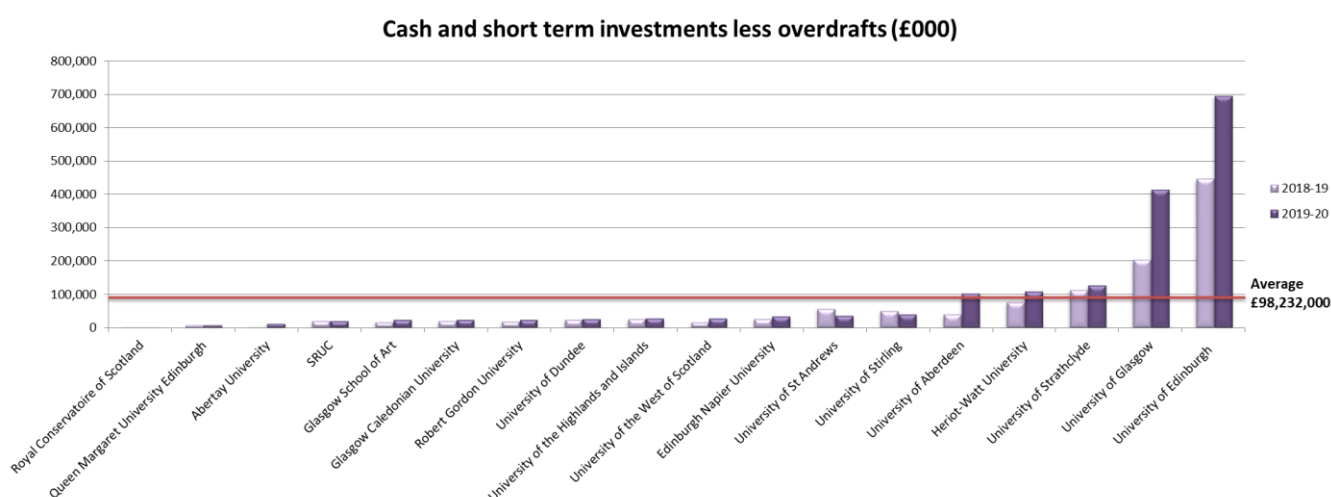
62. Institutions have indicated that savings have been generated in the following areas: academic materials and consumables; utilities; property costs; photocopying; and travel and subsistence. Institutions have also reported that they incurred additional costs related to online learning and remote working and PPE requirements.

## Cash

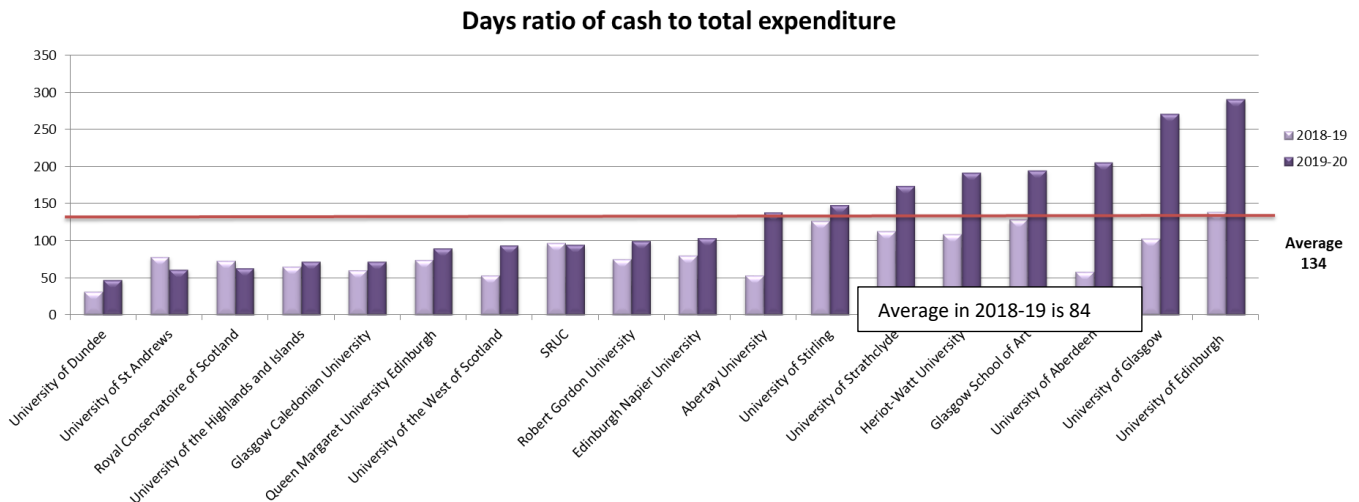
63. The sector reported cash and short-term investment balances of £1,768 million at the end of 2019-20 which is significantly higher than the previous year's balance of £1,183 million. Excluding University of Edinburgh and University of Glasgow, cash and equivalent balances moved from £532 million at the end of 2018-19 to £658 million by July 2020.

The positive sector cash balance position is a snapshot in time and is inflated largely due to institutions placing on hold major capital works and considerable research activity as a result of restrictions enforced through the COVID-19 lockdown.

64. Additional loans which have been drawn down but not fully utilised have contributed to the improved cash position. It is envisaged that unspent balances will be utilised rapidly when restrictions lessen.



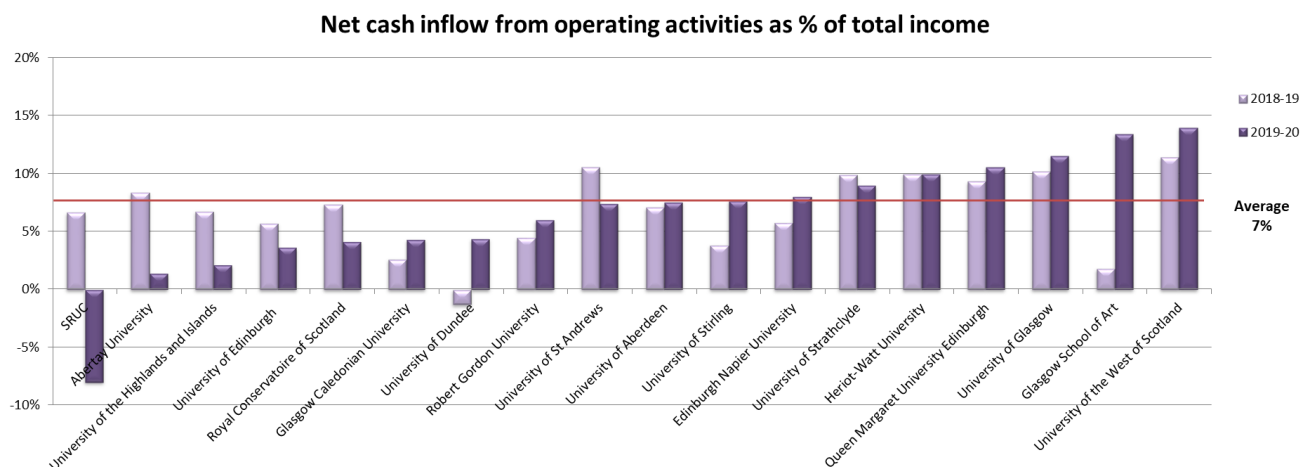
65. The chart below shows the changes in the number of days of expenditure covered by cash balances across the sector for 2018-19 and 2019-20:



66. The average number of cash days across the sector at the end of 2019-20 was 134 which represents an increase from 84 days in 2018-19. Eight institutions were above the sector average in 2019-20. Three institutions reported a drop in cash days from the previous year while fifteen institutions reported an increase. One institution reported less than sixty days of cash reserves by the end of July 2020.

### **Net cash inflow**

67. Net cash inflow from operating activities shows an institution's ability to generate sufficient cash to repay debt and for estates investment. The sector figure was £278.4 million in 2019-20, a decrease on the 2018-19 figure of £289.8 million.
68. Net cash inflow as a percentage of total income ranges significantly across institutions, as shown in the chart below:

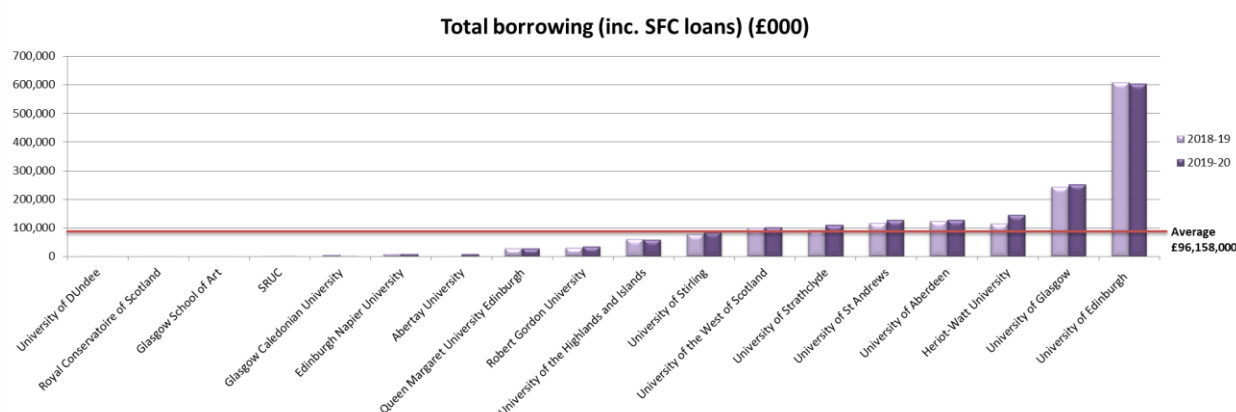


69. Only one institution reported an overall outflow of cash from operating activities during 2019-20. The negative position was as a result of the combination of the underlying operating deficit of £1.1 million and exceptional adjustments and there are no immediate concerns surrounding the institution's financial health. Across all institutions, the net cash inflow from operating activities as a proportion of total income remained the same at 7% in 2018-19 and 2019-20.

## Borrowing

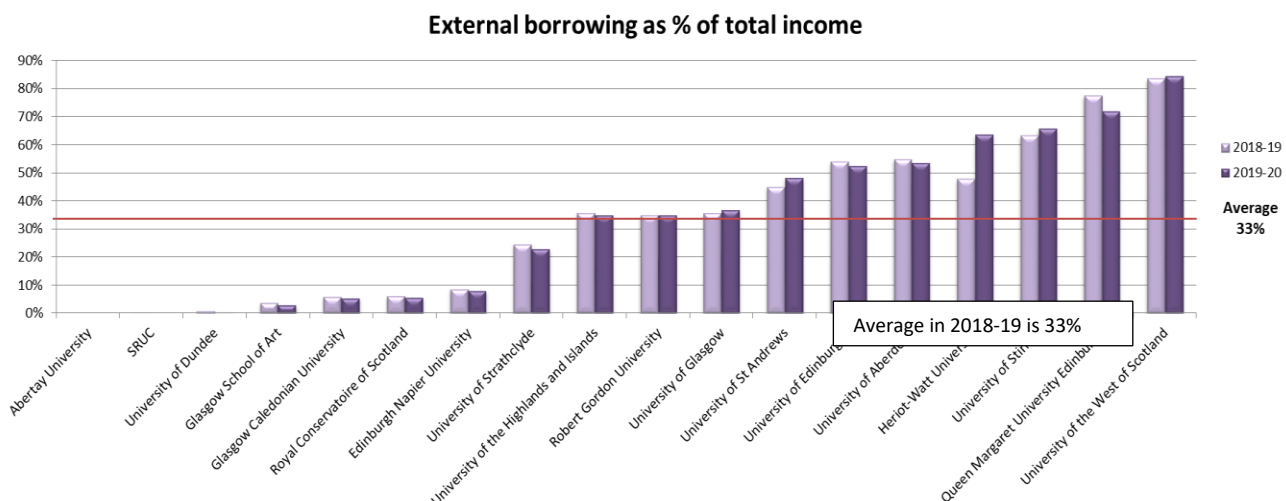
Sector borrowing sits at 40% of total income in 2019-20.

70. Total sector external borrowing (excluding SFC Financial Transaction loans) increased from £1,599 million in 2018-19 to £1,636 million in 2019-20, an increase of £37 million. If SFC Financial Transaction loans are included, the borrowing increased from £1,646 million in 2018-19 to £1,731 million in 2019-20, an increase of £85 million. Borrowing in 2018-19 and 2019-20 by individual institution is shown in the chart below:



71. Total sector capital expenditure amounted to £411.5 million during 2019-20. This expenditure was financed not only through borrowing, but also through funding body grants, retained proceeds of sale from property disposals, internal funds and other external sources. Most universities put capital expenditure on hold from March 2020 onwards as a result of the impact of COVID-19 on their operations.
72. Sector external borrowing represented 40% of total income in 2019-20 compared to 39% in 2018-19. The average borrowing for the sector is 33% of total income. Ten institutions reported above average borrowing in 2019-20. The scale of borrowing at each institution from 2018-19 to 2019-20 is shown in the graph below:





73. Much of the sector's borrowing is now in the form of private placements due to the very low interest rates available. However, this type of borrowing involves large bullet payments at set points in the future with interest being paid in the intervening years. Out of the total sector external borrowing figure of £1,636 million at the end of July 2020, £946 million was in the form of private placements. Institutions with this form of borrowing will have to ensure they have the necessary funds to repay at the set points. Therefore, building up cash reserves, through generating ongoing surpluses, is essential to allow them to do this. One institution undertook additional borrowing in the form of private placements during 2019-20.

74. The amount of interest on borrowing paid by the sector increased from £40.5 million in 2018-19 to £43.8 million in 2019-20. No covenants were breached during 2019-20.

## 2020-21 update

75. Universities provided updated financial forecasts for the current Academic Year in mid-April 2021. Key findings from the analysis are set out in the following paragraphs.

### *Underlying operating position*

The university sector is forecasting an adjusted operating surplus of £154.8 million in 2020-21 but this includes one-off items of income (not adjusted for) that are not yet matched by expenditure that make the position look better than it is in reality. For example, there is £65 million of City Deal funding included in the operating position which may not have matching expenditure in the same year.

76. The latest forecasts show a sector operating surplus of £146.6 million for 2020-21. The projections are impacted by Universities Superannuation Scheme (USS) net pension provision 'credits'<sup>2</sup> (£3.1 million) and exceptional staff restructuring costs (£11.3 million). Eight institutions are forecasting exceptional staff restructuring costs.
77. In aggregate, after adjusting for USS 'credits' and staff restructuring costs, institutions are forecasting an underlying operating surplus in 2020-21 of £154.8 million. The 2020-21 position is significantly improved on the previous projections due to a combination of increased international fee income and SFC grant, and lower staff and other operating costs, however, residences income remains substantially down on previous years' results.
78. There is significant variation between universities in terms of their financial positions and performance that is not reflected in our aggregate indicators. The latest forecasts are skewed by the projections for three ancient institutions which are projecting a combined underlying surplus of £184.2 million with the remaining fifteen institutions forecasting a combined deficit of £29.5 million. Nine institutions are forecasting an underlying deficit in 2020-21 albeit the levels of deficit, in general, are significantly reduced against previous forecasts. The latest underlying operating position for 2020-21 is also improved on both 2018-19 (£91.0 million surplus) and 2019-20 (£43.1 million surplus) results.
79. The improved operating position also takes account of Coronavirus Job Retention Scheme income (£10.2 million in 2020-21) and additional SFC funding while the forecasts reflect £65.1 million City Deal funding which may not have matching expenditure in the forecast period.

### ***Fee and residences income***

The financial impact of COVID-19 restrictions on those universities with large numbers of international students is much better than expected, however, the position remains volatile.

80. International fee income is expected to increase from £676.9 million in 2018-19 and £791.5 million in 2019-20 to £850.5 million in 2020-21. The increase in international fee income continues the trend of strong growth in this revenue stream over recent years. International fee income projection forecasts for 2020-21 have improved over the course of the Academic Year. The table below shows the financial impact on the 2020-21 underlying position of reductions to

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<sup>2</sup> Universities' commitments to fund USS deficit recovery contributions are reflected in their financial returns as a liability. This liability varies from year to year due to changes in the projected pensionable payroll but can also move significantly when there is a change in the level of recovery contributions. A revised set of contributions, arising from the USS 2018 valuation, was agreed in September 2019 and resulted in a decrease in institutions' USS liabilities and 'credits' to the staff costs.

international fee income, albeit this does not take into account any mitigating actions that would be taken by institutions.

<b>Sector underlying operating surplus 2020-21</b>	<b>£'000</b>
Current projection	154,768
Revised projection (10% reduction in 2020-21 forecast international fee income)	69,716
Revised projection (25% reduction in 2020-21 forecast international fee income)	(57,862)
Revised projection (50% reduction in 2020-21 forecast international fee income)	(270,491)
Revised projection (100% reduction in 2020-21 forecast international fee income)	(695,751)

Income from residences, catering and conferences has been most significantly impacted by the COVID-19 restrictions
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81. Income from residences, catering and conferences is projected to reduce from £253.8 million in 2018-19 to £205.5 million in 2019-20 with a further reduction to £127.5 million anticipated in 2020-21. All institutions are forecasting substantial reductions in residences, catering and conferences income in 2020-21 against pre-COVID levels. The position remains extremely volatile. In general, the ancient and chartered institutions have been disproportionately impacted by the reduction in this source of income.

### ***Mitigating actions***

82. Actions taken by institutions to mitigate deficits include staff restructuring activity as staff costs represent the largest element of expenditure (57% in 2020-21) and eight institutions are forecasting staff restructuring costs in 2020-21. Many universities have set out actions to mitigate deficits which do not include staff restructuring activity in the first instance instead reflecting additional staffing and other operating cost efficiencies into their latest forecasts. These include not factoring in any cost of living pay award in 2020-21, vacancy management, freezing non-essential spend, delaying capital spend, taking advantage of VAT payment deferral schemes and renegotiating payment plans with suppliers.
83. Universities must balance the need to take mitigating actions with their ability to recover and compete successfully in future years. Any restructuring activity

has to be carefully considered taking account of institutions' requirement to deliver required outcomes and Government priorities in particular the ability to support economic recovery and meet student targets.

84. It is essential that institutions remain flexible enough to respond to future opportunities without a depleted workforce. Staff restructuring can therefore be seen as a mitigating action in the most pessimistic of scenarios.
85. There are also cost pressures that need to be considered e.g. employer pension contributions, which have increased substantially in recent years and will continue to rise placing more pressure on the financial sustainability of universities.

### ***Cash and equivalent balances***

Cash balances appear strong in the latest forecast, however this is due to universities delaying spend on capital works and research activity during lockdown. Also, some universities have drawn down government loans and other external borrowing that will be spent on specific projects in the near future.

86. Sector cash and equivalent balances are expected to increase from £1.182 billion in 2018-19 to £1.769 billion in 2020-21, in line with the position reported at the end of July 2020 and much improved on previous projections. The increase in cash balances, particularly in 2020-21, reflects delays in implementing capital programmes and research activity as a result of restrictions enforced through the COVID-19 lockdown. Additional loans which have been drawn down but not fully utilised have also contributed to the improved cash position. It is envisaged that unspent balances will be utilised rapidly when restrictions lessen.
87. Fourteen institutions are forecasting an improved cash position against the previous return. No institution is forecasting a negative cash balance by the end of July 2021, however, three institutions anticipate having less than two months of cash reserves by the end of July 2021 although all three are projecting over fifty days of reserves at that date. It is possible that this could prove problematic in terms of repaying debt in future years, particularly Private Placement debt in the form of bullet repayments albeit such loan finance is not repayable until 2027 at the earliest.
88. Maintaining short-term liquidity is critical and institutions' focus during the COVID-19 pandemic has been on protecting cash reserves and thereby their ability to absorb short term operational deficits. Several institutions have

agreed overdraft or revolving credit facilities with lenders to provide additional headroom.

### ***Net cash inflows***

89. Across all universities, the net cash inflow from operating activities is forecast to reduce from an inflow of £289.8 million in 2018-19 to an inflow of £235.7 million in 2020-21. The 2020-21 figures are, much improved on previous forecasts as a result of the improved operating position. Four institutions expect to report a net cash outflow from operating activities during 2020-21.

### ***Borrowing***

Borrowing is forecast to continue to increase in 2020-21. The bulk of this borrowing relates to the Ancient universities. Some of the new borrowing relates to short term facilities to help universities manage through this period of uncertainty.

90. Total long-term borrowing is expected to increase from £1.646 billion in 2018-19 to £1.751 billion by 2020-21, an increase on previous forecast returns. Forecast borrowing at the end of 2020-21 is expected to amount to 40% of sector income.
91. Sector borrowing has increased significantly in recent years. The increase in borrowing since 2018-19 largely relates to the chartered institutions though ancient institutions account for the bulk of the sector borrowing. Most additional borrowing during 2020-21 relates to SFC Financial Transaction loans. Several institutions have been successful in accessing UK Government loan schemes but only one institution has drawn down from this source to date. For others, it is a contingency in the event that institutions are required to react rapidly to any further challenges arising from COVID-19. As described above, several institutions have also agreed overdraft or revolving credit facilities with lenders to help them manage through the crisis.

Cash surpluses are required to ensure universities are able to repay their borrowing. This is a significant commitment for some universities.

92. Capital repayments will require the generation of surpluses and cash and this could be challenging given the expected multi-year impact of COVID-19. There is a risk that universities with large levels of borrowing are unable to build up sufficient cash reserves to make the repayments required at set points over the term of the borrowing.

93. No covenants were breached during 2019-20 and no breaches are expected during 2020-21 as a result of improved international numbers. Institutions have provided assurances that they are engaging on a regular basis with lenders and keeping them fully apprised. Lenders appear supportive, are taking a pragmatic approach and have indicated a willingness to renegotiate covenants where breaches are related to COVID-19. Some institutions have already amended existing covenants with lenders to allow the required level of short-term finance.

## **Future prospects, challenges and risks**

### ***Key risks***

94. The most significant risk areas for universities that could adversely affect their financial performance and sustainability relate to:
- The continuing impact of COVID-19 pandemic, required public health restrictions that affect Scotland's competitive position, and the potential failure to achieve international student recruitment targets, within a more competitive global market.
  - Rise in staff costs including increases in employers' pension contributions, the Universities Superannuation Scheme (USS) in particular.
  - Stock market pressures and wider economic challenges that lead to significant drops in regular donations and income from endowments;
  - Existing debt levels and the management of lender and private placement relationships.
  - Fall in rUK recruitment in an increasingly competitive market.
  - The future of Graduate Apprenticeship funding, following one-off funds of £7 million for 2021-22.
  - Changes in UK Government policy on higher education, for example, the response to the Review of Post-18 Education and Funding in England, as lower tuition fees in England could have a significant impact on Scottish institutions, and other education policies that may affect Scottish institutions.
  - UK policy relating to visa and immigration regulations; wider international policies, including mobility and exchange schemes; and the development of policy designed to mitigate the effects of leaving the EU.
  - Unanticipated public spending cuts in teaching and/or research income.
  - Impact of changes to UK research funding, and the research funding policies of charities and industry.
  - Failure to effectively manage major capital investment programmes and their financial impacts.

## ***Challenges***

95. While the additional 2020-21 funding made available to the university sector through COVID-19 support is very welcome and will help to stabilise institutions' finances, it is important to note that it is non-recurring funding which will only address immediate financial pressures. The 2021-22 budget also incorporates additional COVID-related 'consequentials' in the form of one-off funds, including £7 million funding for Graduate Apprenticeships.

## ***Future uncertainties***

96. Financial forecasting becomes more challenging in times of uncertainty. While there is positive news regarding levels of vaccination rates which may result in the United Kingdom being perceived as a safer destination for international students, there remains significant uncertainty about the operating environment for higher education institutions in the short to medium term.
97. The impact of COVID-19 on the longer-term financial viability and sustainability of higher education providers is also uncertain. Many higher education courses are delivered over multiple years and the financial planning of providers is generally based on the cycle of students completing their courses over time. Any decline in student enrolments and fee income at individual providers, from one year to the next, is likely to mean that those providers will need to manage that income decline over the medium to longer term.
98. There are a number of potentially significant events on the horizon which will affect institutions' financial viability and sustainability, the most important of which relates to the 2020 Universities Superannuation Scheme (USS) pension revaluation exercise which is expected to substantially increase contributions further for both employers and staff and/or change the benefits offered through the scheme in addressing the deficit. The affordability of increased employer pension contributions is uncertain and will increase financial pressure on institutions in the future. Institutions have also highlighted that increased contribution rates will not be affordable for many employees. There is a threat of further industrial action and a significant proportion of university employees have already chosen to opt out of the USS. In addition to the USS, it is anticipated that institutions which operate their own schemes will propose making changes to current pension arrangements. The table below illustrates the impact of increases in USS contribution rates based on 2019-20 figures.



	<b>2019-20 Actual</b>	<b>Approximate cost per 1% increase</b>	<b>Total employers contributions with 5% increase £000</b>	<b>Total employers contributions with 10% increase £000</b>	<b>Total employers contributions with 20% increase £000</b>
<b>USS (21.1%)</b>	293,344	13,903	362,857	432,370	571,395

99. It is envisaged that banks will adopt a more cautious approach to lending to institutions in future. There are already indications that they may only be willing to lend in smaller amounts and may decide to lend at preferential rates to higher ranking institutions. Many institutions are not currently in a position to commit to future borrowing and are currently reassessing estates development programmes. Environmental sustainability conditions are likely to be incorporated in future lending agreements.
100. SFC will issue a further Call for Information shortly to request universities' financial forecasts covering the period 2020-21 through to 2022-23.

### **Case study**

101. University Finance Directors outlined the immediate measures taken to respond to the COVID-19 pandemic:
- Significant short-term cost cutting to mitigate against potential losses in international income (with budgets assuming 100% loss) and commercial activities including hiring freezes, deferred capital projects, reduced maintenance spend to minimum required levels, and reduced consumables budgets.
  - Additional recruitment activity as a result of providing increased access to education for home students during the crisis; agility and innovation – through development of additional entry routes (November and January) to respond to changes in international demand preferences; and increased rUK demand.
  - Reduced operating costs as a result of lockdown with staff working from home and reduced consumables spend and activity.
102. They were at pains to stress that the unique circumstances of this year and next do not shift the underlying financial strains within the sector, particularly the reliance on international income (and in some cases an overreliance in the Chinese student market), and significant maintenance debt that is bound to increase due to meeting necessary sustainability goals. They pointed to hidden costs and cost deferrals that are not reflected in this year's financials:

- The significant USS deficit that is likely to add significant future costs in deficit repayments, additional commitments by employers and staff benefit reductions. Provision impacts here will be significant but are expected to be reflected in 2021-22 accounts instead of the current year due to accounting rules.
- Infrastructure: COVID-19 cost cutting measures, combined with increased workload in responding to the pandemic, from IT supporting the move to online and estates management supporting changing lockdown requirements, reduced universities' ability to deliver and progress key infrastructure projects. Long required increases in spend will need to be borne in future years, alongside anticipated IT spend increases.
- Research debt: Increased student numbers have increased teaching load, reducing research activity. While awards have continued, applications have reduced, as have costs associated with further research activity (including spend on projects, but also additional costs such as conferences, travel etc.). There is a hidden cost here which is expected to have a knock on impact in future years. Cash from this year is being used to support research activity (including leave) through this year and next.

100. Many one-off costs savings will not be repeated:

- Teaching delivery and student experience: while learning outcomes are being met, the lack of face to face contact reduces costs particularly around consumable costs associated with labs and general consumables. These savings are unlikely to be sustained in the long term.
- Staffing: Some universities entered the crisis with a large number of vacancies that were not filled or were subject through the year to cost cutting measures. Universities will be considering staffing levels for the future.

103. Cash balances cannot be viewed in isolation as a measure of financial health. Both capital commitments and debt need to be taken into consideration.

## Annex A

## Summary of colleges' operating and adjusted operating positions, liquidity and borrowing for 2018-19 and 2019-20

	Operating surplus/(deficit)		Adjusted operating surplus/(deficit)		Cash and cash equivalents less overdrafts		Total borrowing	
	2018-19 Actual £000	2019-20 Actual £000	2018-19 Actual £000	2019-20 Actual £000	2018-19 Actual £000	2019-20 Actual £000	2018-19 Actual £000	2019-20 Actual £000
<b>Incorporated colleges</b>								
Ayrshire College	(1,352)	(1,567)	1,790	1,295	2,705	3,912	50,971	48,687
Borders College	(1,038)	(955)	214	373	2,957	3,579	0	0
City of Glasgow College	(12,366)	(4,720)	1,201	(360)	8,227	8,992	144,249	139,549
Dumfries and Galloway College	(1,513)	(1,950)	54	(607)	3,660	873	0	0
Dundee and Angus College	(2,344)	(3,777)	2,249	1,014	2,150	3,757	4,114	3,632
Edinburgh College	(6,227)	(4,625)	708	507	936	1,520	9,692	9,338
Fife College	(3,319)	(3,080)	208	1,016	4,955	8,466	6,356	5,588
Forth Valley College	(1,782)	(4,476)	1,268	1,170	2,020	3,785	3,737	3,562
GCRB	(28)	7	(6)	57	81	183	0	0
Glasgow Clyde College	(3,577)	(3,101)	107	267	2,972	5,599	410	0
Glasgow Kelvin College	(2,121)	(1,804)	(328)	454	1,301	1,827	301	289
Inverness College	(335)	(2,049)	329	166	3,282	4,066	37,846	37,161
Lewis Castle College	(470)	(737)	(23)	22	120	142	0	0
Moray College	(679)	(1,290)	98	(263)	1,171	555	494	401
New College Lanarkshire	(1,409)	(4,375)	324	21	6,602	5,714	646	0
North East Scotland College	434	(2,408)	2,330	584	2,651	3,341	42	0
North Highland College	(1,307)	(957)	(419)	44	256	426	1,277	1,213
Perth College	(243)	(2,025)	1,274	(642)	2,756	1,529	0	0
South Lanarkshire College	219	(661)	1,170	316	1,521	1,928	0	0
West College Scotland	(5,960)	(7,434)	26	(1,826)	5,677	6,995	2,330	1,820
West Lothian College	(1,351)	(1,599)	140	196	760	1,129	2,369	2,211
<b>Total incorporated colleges</b>	<b>(46,768)</b>	<b>(53,583)</b>	<b>12,714</b>	<b>3,804</b>	<b>56,760</b>	<b>68,318</b>	<b>264,834</b>	<b>253,451</b>
<b>Non-incorporated Colleges</b>								
Argyll College	(37)	1,208	212	1,395	1,701	3,326	15	0
Newbattle Abbey College	(251)	(49)	(117)	(246)	(11)	320	71	31
Orkney College	(103)	(642)	(90)	(630)	n/a	n/a	n/a	n/a
SMO	(177)	(66)	(177)	(66)	680	502	590	551
Shetland College	(28)	(1,199)	(28)	(1,199)	n/a	n/a	n/a	n/a
West Highland College	373	307	373	307	581	873	537	462
<b>Total non-incorporated colleges</b>	<b>(223)</b>	<b>(441)</b>	<b>173</b>	<b>(439)</b>	<b>2,951</b>	<b>5,021</b>	<b>1,213</b>	<b>1,044</b>
<b>Sector total</b>	<b>(46,991)</b>	<b>(54,024)</b>	<b>12,887</b>	<b>3,365</b>	<b>59,711</b>	<b>73,339</b>	<b>266,047</b>	<b>254,495</b>

## Summary of universities' operating and underlying operating position, liquidity, and borrowing for 2018-19 and 2019-20

	Operating surplus/(deficit)		Underlying operating surplus/(deficit)		Cash and cash equivalents less overdraft		Total borrowing	
	Actual 2018-19 £000	Actual 2019-20 £000	Actual 2018-19 £000	Actual 2019-20 £000	Actual 2018-19 £000	Actual 2019-20 £000	Actual 2018-19 £000	Actual 2019-20 £000
Aberdeen	(44,157)	33,787	(1,596)	3,751	40,704	102,824	125,595	128,880
Edinburgh	(134,431)	191,610	60,778	47,610	445,907	695,985	609,789	604,650
Glasgow	(69,311)	98,763	38,509	33,934	204,595	414,267	245,000	253,667
St Andrews	(27,268)	31,035	12,025	2,231	58,214	36,378	118,468	128,681
<b>Ancient</b>	<b>(275,167)</b>	<b>355,195</b>	<b>109,716</b>	<b>87,526</b>	<b>749,420</b>	<b>1,249,454</b>	<b>1,098,852</b>	<b>1,115,878</b>
Dundee	(55,113)	22,587	(13,777)	(9,079)	25,739	27,869	2,315	1,314
Heriot-Watt	(30,129)	8,214	2,530	(14,892)	76,523	109,423	116,428	146,875
Stirling	(31,873)	12,611	(2,879)	(5,689)	51,663	40,302	79,880	86,792
Strathclyde	(68,486)	36,078	7,346	(7,220)	114,686	127,566	94,423	112,287
<b>Chartered</b>	<b>(185,601)</b>	<b>79,490</b>	<b>(6,780)</b>	<b>(36,880)</b>	<b>268,611</b>	<b>305,160</b>	<b>293,046</b>	<b>347,268</b>
Abertay	(2,466)	(2,961)	(653)	(3,259)	5,105	13,780	1,076	11,227
GCU	(7,874)	(2,255)	(5,409)	(3,134)	20,674	24,289	7,387	6,905
Napier	(6,875)	(4,006)	(6,661)	(3,348)	26,962	35,211	10,734	10,271
QMU	(6,044)	(479)	(3,389)	(838)	8,082	8,772	30,738	29,198
RGU	(8,135)	(8,607)	(8,135)	(8,239)	19,115	25,465	32,837	36,833
UHI	(1,666)	(187)	5,617	(2,390)	26,021	28,537	62,273	60,622
UWS	(8,460)	(2,149)	(7,625)	28	16,179	28,626	100,442	102,943
<b>Modern</b>	<b>(41,520)</b>	<b>(20,644)</b>	<b>(26,255)</b>	<b>(21,180)</b>	<b>122,138</b>	<b>164,680</b>	<b>245,487</b>	<b>257,999</b>
GSA	(2,177)	6,772	13,104	14,572	17,826	24,224	1,861	1,592
RCS	533	150	444	150	4,597	4,199	1,484	1,418
SRUC	(314)	(3,233)	773	(1,079)	19,998	20,459	5,297	6,615
<b>Small Specialist Institution (SSI)</b>	<b>(1,958)</b>	<b>3,689</b>	<b>14,321</b>	<b>13,643</b>	<b>42,421</b>	<b>48,882</b>	<b>8,642</b>	<b>9,625</b>
<b>Sector total</b>	<b>(504,246)</b>	<b>417,730</b>	<b>91,002</b>	<b>43,109</b>	<b>1,182,590</b>	<b>1,768,176</b>	<b>1,646,027</b>	<b>1,730,770</b>

## 2019-20 financial statements

