



SFC Guidance

Higher education institutions' (HEIs) strategic plan forecasts (SPF) 2012-13 to 2015-16

Issue date: 10 May 2013

Summary: This document provides guidance for the completion of HEIs' SPF returns

FAO: Principals and directors of Scotland's universities

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Higher education institutions' (HEIs) strategic plan forecasts (SPF) 2012-13 to 2015-16

Guidance for completion

Return to be provided by 30 June 2013

Introduction

1. As part of SFC's financial health monitoring framework, HEIs are requested to provide a forecast outturn for the current financial year (2012-13) and financial forecasts covering the three years beyond that (2013-14 to 2015-16).

Key planning assumptions

2. In the commentary document that should accompany the return, institutions should state the key underpinning assumptions applied to assist with our understanding of the forecasts.

Pensions

3. For institutions that are using the 'defined benefit' treatment for one or more of their pension schemes, please enter the appropriate figures in note 10 on the Balance Sheet – additional information sheet.
4. The assumptions made regarding the movements in the pension scheme asset/liability should be recorded in the space provided under note 10; the assumptions made regarding the impact on the income and expenditure account should be included in note 11 for service costs; and the assumptions made regarding the net return on the asset/liability should be included in note 12 on the Balance Sheet – additional information sheet.

Structure of the SPF

5. The SPF takes the form of an excel spreadsheet which has nine sheets. A copy, pre-populated with information unique to each HEI, has been sent directly to each institution's Director of Finance. For information purposes an unpopulated copy can be downloaded from the guidance section of the website:
<http://www.sfc.ac.uk/guidance/GovernanceGuidance/FinancialSustainability/FinancialSustainabilityGuidance.aspx>

- 6 Eight of the sheets require input by the institution. We suggest the order of completion is:
- (i) 'Income'
 - (ii) 'Expenditure'
 - (iii) 'I&E'
 - (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

- 5. In the 'Assumptions' sheet you are required to enter your assumptions for specific areas of income and expenditure.
- 6. The 2011-12 comparative figures have been populated taking figures from the 2011-12 financial statements return. These figures have not been locked in the spreadsheet to allow you to make any necessary changes.
- 7. The sheets in the spreadsheet contain yellow highlighted boxes into which the forecast figures should be input.
- 8. 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.
- 9. Please enter explanations for any significant variances where appropriate.

Funding Council grants

- 10. The tables at **Annex A** list the main grants institutions will receive in 2013-14, referenced to the corresponding lines on the Income sheet of the SPF.

Sheets not requiring completion

- 11. The Summary sheet does not require to be completed. This summarises various key figures from the spreadsheet.

Commentary

12. 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
13. The following areas should be covered by the commentary.

Introduction

14. 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 estate strategy are reflected in the forecasts, and how these developments are to be financed.

Review of financial performance 2012-13

15. Discuss the key features of the latest forecast financial performance in 2012-13 and highlight positive and negative variances from previous forecasts (e.g. 2012 strategic plan forecast).

Changes in tuition fee income and other income

16. 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

17. 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.
18. In particular the following areas should be addressed:
 - Assumptions regarding pay awards and their impact on pay expenditure
 - Assumptions regarding staff numbers
 - Impact of equal pay audits
 - Assumptions regarding future pension contribution costs

Risk management

19. 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

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

Declaration

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

Return of the SPF

22. Please send both a hard copy and an electronic copy of the return and the financial commentary by **30 June 2013**.
23. The return should be signed by the principal/chief executive officer on behalf of the board of governors.
24. The hard copy should be sent to: Angela Iannetta, Administrative Officer, LGS, Scottish Funding Council, Apex 2, 97 Haymarket Terrace, Edinburgh, EH12 5HD.
25. The electronic copy should be sent to:
GMAP-returns@sfc.ac.uk

Further information

26. Please contact Wilma MacDonald, Financial Analyst, Learning, Governance and Sustainability for further information, Tel: 0131 313 6565, email: wmacdonald@sfc.ac.uk.

A handwritten signature in black ink, appearing to read "BRIAN BAYERSTOCK".

Brian Baverstock, Head of Learning, Governance and Sustainability

Funding Council grants

General funding	SPF heading
Teaching	
Main teaching grant for validation	a (i)
Adjustment for price group validation	a (ii)
Expensive strategically important subjects	a (ii)
Widening access	a (ii)
Articulation	a (ii)
Skills for growth	a (ii)
Additional taught postgraduate places	a (ii)
Additional places for STEM, UHI, Crichton, Community Education, British Sign Language, Regional Coherence	a (ii)
Changes to controlled funded places	a (ii)
Ring-fenced places for controlled subjects:	a (ii)
Medicine	a (ii)
Dentistry	a (ii)
Initial teacher education	a (ii)
Nursing and midwifery pre-registration education	a (ii)
Research and Knowledge Exchange	
Research Excellence Grant	b (i)
Research Postgraduate Grant	b (ii)
Knowledge Exchange Grant	b (iii)

Strategic funding	SPF heading
Access	d (iii)
Knowledge exchange	d (v)
Diversity and specialism	d (vi)
Research	d (iv)
Effective institutions	d (ix)
Innovation centres	d (v)
Capital funding	SPF heading
SFC Capital Maintenance	e
SFC / BIS Research Capital	e