

Finance and Resources Committee

Ref 10-22

DATE:	24 th February 2022
TITLE OF REPORT:	Scenario Planning
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PURPOSE:	To introduce a simple scenario planning tool which can be used as the first step in a review of financial uncertainty and provide an indicator towards a more robust and detailed sets of financial scenario.
KEY RECOMMENDATIONS/ DECISIONS:	<ul style="list-style-type: none"> • That the College utilise the tool as part of a more robust approach to financial scenario planning. • That the College produce and consider financial scenario planning at its Senior Leadership Team meetings and at meetings of the Finance and Resources Committee as appropriate.
RISK	<p>The main risks are:</p> <ul style="list-style-type: none"> • Without considering scenario planning, College management may not take appropriate remedial action when financial forecasts require it. • A lack of information being produced for the Board of Management to allow it to consider and support management and any remedial action it proposed.
RELEVANT STRATEGIC AIM:	<ul style="list-style-type: none"> • Highest quality education and support. • Sustainable behaviours.
SUMMARY OF REPORT:	<p>The College will adopt a more formal methodology re financial scenario planning as the sector enters changing and more challenging financial times.</p> <p>The exemplar attached shows the tool with (a) a balanced outcome, reflecting the current 2021/22 Budget and (b) a situation where there is a shortfall in credits and fees and a simple method of correcting the imbalance in the forecast.</p>

Scenario Planning							
Year to 31st July 2022							
Balanced Budget							
				Income	Year to		
	Credits			Per	July 2022		
			Year End	Credit	<u>Budget /</u>	<u>Estimate</u>	<u>Variance</u>
	Target	Shortfall	Estimate	£	<u>Target</u>	<u>Estimate</u>	<u>Variance</u>
					<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
INCOME							
Core	46,029	-	46,029	£ 281.93	12,977	12,977	0
Deferred	866	-	866	£ 297.54	258	258	0
ESF	3,140	-	3,140	£ 288.51	906	906	0
SFC Credit activity	50,035	-	50,035		14,141	14,141	0
Shortfall in credits as a %age			0.00%				
Foundation App's	400	(400)	-	£ 278.18			
<u>Assumed no FA activity</u>							
FWDF					100	100	0
SDS Employability Fund					200	200	0
<u>Fees - pro rata movement in fee income based on Credit variance</u>					2,211	2,211	0
Alternative Funding					784	784	0
Other income					76	76	0
Total Income					17,512	17,512	0
	Salary Award Over Budget		Required Savings				
	£ 000		£ 000				
EXPENDITURE							
<u>Wages & Salaries</u>	0				13,790	13,790	0
<u>Non Salary Expenditure</u>							
Property					1,125	1,125	0
Net Depreciation					450	450	0
Central Services					850	850	0
Marketing					150	150	0
Academic supplies					975	975	0
Cross College Costs					150	150	0
					3,700	3,700	0
Total Expenditure			0		17,490	17,490	0
Surplus / (Deficit)					22	22	0

Scenario Planning							
Year to 31st July 2022							
Scenario Planning - Shortfall in Credits							
				Income	Year to		
	Credits			Per	July 2022		
			Year End	Credit	<u>Budget /</u>		
	Target	Shortfall	Estimate	£	<u>Target</u>	<u>Estimate</u>	<u>Variance</u>
					<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
INCOME							
Core	46,029	-	46,029	£ 281.93	12,977	12,977	0
Deferred	866	-	866	£ 297.54	258	258	0
ESF	3,140	(1,400)	1,740	£ 288.51	906	502	(404)
SFC Credit activity	50,035	(1,400)	48,635		14,141	13,737	(404)
Shortfall in credits as a %age			(2.80%)				
Foundation App's	400	(400)	-	£ 278.18			
<u>Assumed no FA activity</u>							
FWDF					100	100	0
SDS Employability Fund					200	200	0
<u>Fees - pro rata movement in fee income based on Credit variance</u>					2,211	2,149	(62)
Alternative Funding					784	784	0
Other income					76	76	0
Total Income					17,512	17,046	(466)
	Salary Award Over Budget		Required Savings				
	1.00%		£ 000				
EXPENDITURE							
<u>Wages & Salaries</u>	100		400		13,790	13,490	300
<u>Non Salary Expenditure</u>							
Property					1,125	1,125	0
Net Depreciation					450	450	0
Central Services					850	850	0
Marketing					150	150	0
Academic supplies			166		975	809	166
Cross College Costs					150	150	0
					3,700	3,534	166
Total Expenditure			566		17,490	17,024	466
Surplus / (Deficit)					22	22	(0)