

Outcome agreements for universities final funding decisions for AY 2015-16

Purpose

1. This note provides details of the Scottish Funding Council's (SFC) final decisions on funding outcome agreements for academic year (AY) 2015-16. On 30 January 2015 (SFC/AN/01/2015) we provided indicative figures for universities to allow them to finalise outcome agreements for AY 2015-16. At that time the figures for universities could not be finalised until the budget bill had been agreed by the Scottish Parliament. The budget bill was passed on 4 February 2015 and there was no change to the overall funding for universities.
2. The decisions on funding are in line with the Cabinet Secretary's letter of guidance of 31 July 2014 and letter of advice on the 2015-16 budget of 20 November 2014. They support SFC's strategy, in particular the extent to which the outcome agreements meet the national aspirations identified by SFC. They have also been guided by negotiations on outcome agreements including consideration of performance against the AY 2013-14 and AY 2014-15 outcome agreements where that is likely to affect the amount or type of funding we should allocate for AY 2015-16.

Overall available funds for the university sector

3. In his letter of guidance of 31 July 2014, the former Cabinet Secretary reiterated the Scottish Government's high-level strategic objectives:
 - High-quality effective learning;
 - Access to education for people from the widest range of backgrounds;
 - Learning which prepares people well for the world of work and successful long-term careers, and in doing so supports our ambitions for economic growth;
 - Internationally competitive and impactful research; and
 - Effective knowledge exchange and innovation including excellent university/industry collaboration.
4. The guidance letter also highlighted the "significant impact on the economy and on the prosperity and well-being of Scotland's people. In the coming year I would like to see further efforts to support access to learning, research and innovation." We will continue to use our funding through the outcome agreement process to demonstrate what universities deliver in return for public investment.

- Total core SFC funding for universities in AY 2015-16 remains the same as what was announced in January 2015. For AY 2015-16 we will allocate around £1,041 million of core SFC funding. We will also allocate £21 million of capital infrastructure funding and around £66 million of ring-fenced Scottish Government funding for controlled subjects.

Teaching funds

- The Cabinet Secretary’s recent letter of advice of 20 November 2014-15 set out the available resources for universities in 2015-16. In that letter SFC was asked to “maintain the unit of resource for teaching in cash terms...”. We have therefore made no adjustment to our teaching price groups for 2015-16 and these remain at the same level as last year.
- Our prices include an assumed level of tuition fees (£1,820) for eligible home - Scottish/ EU - undergraduate students which is paid for by the Students Awards Agency for Scotland (SAAS).
- The six price groups for AY 2015-16 have the following prices:

| Price Group | Price (gross) |
|-------------|---------------|
| 1 | £16,946 |
| 2 | £9,615 |
| 3 | £8,522 |
| 4 | £7,418 |
| 5 | £6,558 |
| 6 | £5,345 |

Additional funded places

- Funding for teaching includes the additional funded places we introduced in 2013-14. In 2015-16 we are continuing to invest in our schemes which provide institutions with additional places to widen access, increase articulation from college and provide undergraduate/postgraduate skills to support key sectors of the economy. We have also continued previous investments that included increasing provision in STEM subjects and at the University of the Highlands and Islands.
- Given the strategic importance of these schemes, the intention is that the places for undergraduate provision will build up over four years and as such we have added additional places for AY 2015-16. Only places that were filled in AYs 2013-14 and 2014-15 have been rolled forward to 2015-16. We have moved places from the widening access scheme (SIMD 40) to articulation as detailed in paragraph 11.

Widening access

11. In AY 2014-15 we initially allocated a further 730 funded places for widening access. However, depending on their enrolments, the Royal Conservatoire of Scotland (RCS) and the University of St Andrews were able to receive further places. It is projected RCS will receive an additional four places and St Andrews an additional nine places, taking the total allocation up to 743 places. The take-up across the sector continues to be good with almost all universities either meeting or exceeding their allocated numbers. The University of Glasgow had the largest number of additional places to fill at 200 FTEs and filled 138 of these places. We have agreed with the University that for 2015-16, they will receive funding for 150 places. Places being re-distributed will be used to support an increase in places for articulation as set out in paragraph 14. Our reallocation of places helps ensure that all the additional places for 2015-16 are filled and are in line with universities' plans for widening access places.
12. For AY 2015-16 we have allocated an additional 680 funded places for widening access, subject to continued delivery.

Articulation

13. In AY 2014-15 we allocated 1,089 additional funded places for 1 + 3 and 2 + 2 articulation schemes with colleges. Of these places, 1,078 were filled and these have been embedded into core teaching funding allocations for AY 2015-16, subject to continued delivery.
14. We have re-allocated widening access places from the University of Glasgow for articulation places at the University of Strathclyde and Glasgow School of Art. This takes the total of additional articulation places for AY 2015-16 to 1,118.

Skills: undergraduate and taught postgraduate

15. In AY 2014-15 we allocated 342 additional undergraduate funded places for skills and 340 of these places were filled. We intend embedding all of these places and allocating a further 342 undergraduate places for AY 2015-16.
16. We also allocated 852 taught postgraduate (TPG) funded places for skills in AY 2014-15. Most of these places were filled and in some cases there are plans to fill these places from AY 2015-16. In our indicative announcement in January we stated that we had no plans to increase the number of TPG skills places and allocate additional places in AY 2015-16. However we did say that we might look at some redistribution of existing places if that was necessary.
17. For AY 2015-16 we have embedded 822 of the 852 additional places allocated in AY 2014-15. Following discussions with some institutions, for 2015-16 we have reduced places at the RCS and the University of Strathclyde by 10 and 8

places respectively. These 18 places have been reallocated to the Open University Scotland.

18. In AY 2014-15 we allocated 105 TPG places for Innovation Centres. We have allocated a further 110 places in AY 2015-16 providing a total of 215 places which are fully funded as part of our overall investment in the Innovation Centres.

Additional places schemes introduced in 2012-13

19. We are continuing the additional places schemes we introduced in AY 2012-13 (STEM, UHI, Crichton, Community Education, British Sign Language and Regional Coherence). This is the fourth year for most of these additional places. We continue to monitor the success of these places and are allocating these additional places in line with our original plans. An additional 1,027 undergraduate places are being allocated for AY 2015-16.

Total additional places 2015-16

20. For 2015-16 we have allocated a total of 3,277 additional places at a cost of around £18 million. A summary is provided in the table below:

| Additional places for AY 2015-16 | FTEs |
|---|--------------|
| Widening Access | 680 |
| Articulation | 1,118 |
| Undergraduate Skills | 342 |
| STEM, UHI, Crichton, Community Education, British Sign Language, Regional Coherence | 1,027 |
| Innovation Centres | 110 |
| Total | 3,277 |

Small specialist institutions

21. We continue to support our small specialist institutions and, for 2015-16, have provided a Small Specialist Institution (SSI) grant at the same level as in AY 2014-15 to Glasgow School of Art and SRUC. RCS has been allocated an additional SSI grant for AY 2015-16 for their additional funded places.

Transfer to SAAS

22. As tuition fees are paid to universities for eligible students from SAAS, we will transfer resource to SAAS to cover the cost of our additional places for widening access, articulation and skills. In addition, SAAS now administers the part-time Fee Waiver Scheme, previously administered by SFC. We have therefore budgeted for a total of £20 million in 2015-16 for the SAAS transfer.

Rest of UK funded places

23. We have continued to reduce funded places as originally planned, to phase out funded places for rest of UK (RUK) students. We are removing 3,835 places for RUK in AY 2015-16, which is the fourth year of this reduction. We are planning to remove about 309 places in AY 2016-17 which will be the last year of phasing out these places. The saving for AY 2015-16 is £21.6 million, but we continue to provide compensation for strategically important subjects and price validation at a cost of £15.7 million.

Controlled provision and additional SG ring-fenced places

24. Intakes and funded places for 2015-16 for the controlled subjects of Medicine, Dentistry and Initial Teacher Education were announced in February 2015 (SFC/AN/05/2015 and SFC/AN/04/2015).

Nursing and Midwifery Pre-registration Education

25. From AY 2014-15, all Nursing and Midwifery Pre-registration Education became 'controlled' and we identified funded places for the new intake of Honours students. Nursing & Midwifery Pre-registration Education intakes and funded places for AY 2015-16 were announced in April 2015 (SFC/AN/07/2015). This covers both Honours and non-Honours provision.

Research and knowledge exchange

26. Indicative funding decisions for the Research Excellence Grant (REG) and the Research Postgraduate Grant (RPG) were announced in March 2015 (SFC/AN/06/2015). For AY 2015-16 we have increased the budget for the REG and the RPG by 0.5%, in line with the Cabinet Secretary's guidance of a "slight cash uplift in the unit of resource for research".
27. Research and Knowledge Exchange funding in AY 2015-16 totals £282.3 million; consisting of REG (£231.8 million), RPG (£34.6 million) and Knowledge Exchange funding (£15.9 million).

Strategic funds

28. We have budgeted for all our on-going strategic fund commitments. These funds are fully committed for our continuing support for innovation centres and research pools, as well as specific projects and our support for sector-wide agencies and services. Our priority is to use strategic funds to meet existing commitments and where we can lever in additional support, for example European Structural Funds and Department for Business, Innovation and Skills (DBIS) research capital funds. Given the pressure on our strategic funds in AY 2015-16, we are limited in our capacity to develop and invest in any new

proposals from the sector. However, we closely monitor these funds and the timing of projects so some funding may be available in future years.

Review of teaching prices and validation

29. In AY 2012-13 we introduced new teaching funding price groups and a new validation process. The validation process aimed to avoid large swings in teaching funding for a transition period and we said we would review this process after three years. The validation process includes a tolerance of +/-5%, meaning we only adjust funding for universities outwith the tolerance band.
30. Having reviewed the validation model and consulted with the sector, we have reduced the tolerance level to +/-4% for AY 2015-16. We plan to reduce it further to +/-2% in AY 2016-17, with the intention of moving to 'price-only' model in AY 2017-18.

Capital infrastructure funding

31. We have allocated £21 million of capital funding to universities for financial year (FY) 2015-16. (Of this, £5 million is ring-fenced for specific research and development investment.) The £16 million balance of funding has been allocated between universities based on their share of teaching grants.
32. In addition, the Department for Business, Innovation & Skills (DBIS) is providing a research capital allocation that has been distributed by reference to an institution's income from Research Councils. For FY 2015-16 DBIS is providing £16.1 million which SFC will match from its strategic funds.

Funded places and indicative numbers (for consolidation)

33. The Scottish Government's consolidation policy limits the number of full-time Scottish and EU undergraduate students. As in previous years, institutions should not exceed their indicative numbers for non-controlled subjects by more than 10%. We have revised the indicative number for each institution to reflect the increased number of funded places allocated for AY 2015-16 and whether places were filled in 2014-15.
34. Three institutions (Queen Margaret University, Heriot-Watt University and Robert Gordon University) are taking part in a pilot scheme to increase their consolidation limits, where this could be directly linked to their plans to increase widening access, or support specific skills areas such as ICT. We have not adjusted their indicative numbers, but will allow them to recruit a small number of places beyond the tolerance level of 10% where this meets the strategic objectives of the pilot scheme. This will be in place for two years; the current AY 2014-15 and the next AY 2015-16.

Funding Tables

35. We have attached the following tables for AY 2015-16:

- Table 1: university sector - overall budget
- Table A1: detailed breakdown of teaching grant
- Table A2a: non-controlled funded student places
- Table A2b: controlled student places funded by SFC
- Table A2c: additional student places funded by Scottish Government
- Table A3: breakdown of changes to additional funded places
- Table A4: funded places to price groups
- Table B1: new REG model - unit of assessment (subject) weightings
- Table B2: REG
- Table B3: RPG
- Table C1: adjustment to funded student places for changes in funding arrangements for RUK students
- Table C2a: indicative student numbers for non-controlled subject areas
- Table C2b: indicative student numbers for controlled subject areas
- Table D1: validating resources for teaching against allocations derived using new price groups
- Table D2: assumed tuition fees from funded places used in validation

Further information

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