



Scottish Funding Council  
Comhairle Maoinachaidh na h-Alba

## **Additional funding for universities in FY 2020-21**

# **SFC Announcement**

Issue Date: 24 March 2021

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Reference: SFC/AN/10/2021

Summary: Announcement of an additional £64.7 million for universities in Financial Year 2020-21.

FAO: Principals, Chairs, Finance Directors and Board Secretaries of Scotland's universities

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## **Additional funding for universities in FY 2020-21**

### **Introduction**

1. I am writing to announce the allocation of an additional £64.7 million to universities in Financial Year (FY) 2020-21. This follows Scottish Government announcements on additional funding in FY 2020-21 for universities and colleges.

### **Background**

2. As part of a [budget update statement](#) on 16 February 2021, the Scottish Government announced further 2020-21 non-recurring COVID-19 support. This included an additional £60 million for further and higher education:
  - £40 million resource funding to help universities and colleges maintain research activity, protect jobs and help students.
  - £20 million additional capital to boost research and knowledge exchange.
3. The Scottish Government had also previously announced on 26 January 2021 an additional £10 million for universities and colleges for income lost in providing rent rebates. This was announced as part of a £30 million package of [support for students in hardship](#) as a result of COVID-19. The £20 million balance for students experiencing hardship was allocated as additional student support funding to universities and colleges in February 2021.

### **Additional £40 million for research activity, protecting jobs and helping students**

4. This additional resource funding has been allocated by the Scottish Government “to help colleges and universities maintain research activity, protect jobs and help students”.
5. This funding will help address the major impact that COVID-19 has had on universities and colleges in terms of:
  - Reduced income, including from commercial contracts and residencies, affecting research funding and putting jobs at risk.
  - Additional costs, such as adjustments to campuses and facilities to allow for social distancing.
  - General weakening of their financial sustainability.

6. It will also support institutions to:
  - Provide assistance to students to maximise the successful completion of their studies in this Academic Year (AY).
  - Minimise the level of deferrals into next AY.
  - More generally, enable institutions and staff to deliver the outcomes we are seeking from them in this year.
7. SFC is aware of the difficulties faced by universities this year and the significant pressure placed on their finances due to a loss of income and increased costs associated with COVID-19. We are therefore allocating £35 million proportionally to universities. In line with the Scottish Government guidance, the remaining £5 million will form part of an allocation to colleges.

### ***Distribution***

8. We have provided a base allocation of £0.5 million to every university and allocated the balance (£25.5 million) in proportion to individual universities' share of the sum of their AY 2020-21 core grants for teaching, research and innovation as announced in SFC's [University Outcome Agreement Funding allocations for AY 2020-21](#).
9. This distribution methodology recognises that all institutions have been impacted by COVID-19 and that some of the additional costs will be fixed (i.e. independent of the size of the institution).
10. A breakdown of allocations for individual universities is shown in **Annex A**.

### ***Reporting***

11. As part of our ongoing monitoring we will work with universities on the use of this funding and meeting the conditions of grant, but we will also require a written report at the end of the current AY.

### **Additional £20 million capital for research and knowledge exchange**

12. This funding has been allocated by the Scottish Government to boost research and knowledge exchange in the university sector. This allocation is in addition to the [“£75 million boost for Scottish university research”](#) announced by the Scottish Government in May 2020.
13. This £20 million allocation acts as a top-up to the earlier £75 million funding boost referred to above. It is intended to meet the same priorities and is subject to the same set of funding conditions announced by SFC in June 2020 ([SFC/AN/08/2020](#)).

14. Both funding allocations contribute towards mitigating the effects of the COVID-19 pandemic on the Scottish university research base, recognising a wide range of impacts to both the income and activity of university research in the short, medium and longer term. This support is intended to:
  - Protect excellent, world-leading research.
  - Help institutions concentrate fully on planning the long-term future.
  - Help universities focus more effort on the high priority research needed to fight the outbreak and to support society and the economy.
  - Support PhD students whose studies have been affected by the pandemic.
15. Interim reporting has shown that institutions are making good use of the initial £75 million allocation, as appropriate to their own profiles of activity. We understand that, following work carried out in collaboration with Universities Scotland, a common set of principles has been agreed and adopted across the sector for the support of PhD students whose work has been affected by the pandemic. Funding has been used to protect jobs at all levels and adjustments to the focus and timing of work have been offered to significant numbers of early career staff and PhD students. Projects have been supported across the sector both directly in the fight against COVID-19 but also in addressing associated health, social and economic impacts.

### ***Distribution***

16. SFC has allocated this additional £20 million in proportion to individual universities' share of the sum of their AY 2020-21 core grants for research and innovation as announced in SFC's [University Outcome Agreement Funding allocations for AY 2020-21](#), i.e. the sum of their total Research Excellence Grant, Research Postgraduate Grant and University Innovation Fund, as detailed in Table 6 of the above publication. This follows the same allocation methodology that was used for the earlier £75 million funding boost.
17. A breakdown of allocations for individual universities is set out in **Annex A**.

### ***Reporting***

18. Universities must provide written reports on progress and delivery against the same conditions of grant that were attached to the [additional £75 million research funding allocation for universities announced in June 2020 \(paragraph 6\)](#). The reports should be of sufficient length to reflect the scale and use of the resource allocated, and be received by SFC no later than the end of April 2021; and the end of August 2021.
19. The first report should cover all of these conditions of grant, and should outline any spending that has taken place and clarify where any unspent funds have

been allocated. This report should be added as an annex to the April 2021 report on the university's use of their proportionate share of the £75 million allocation.

20. The second report should provide a summary account of the use to which each university has put its total allocation of additional research funding; from both the £75 million and £20 million funding boosts.
21. SFC will engage with the university concerned if any report fails to provide assurance as required above. Full use of this funding will be conditional on a successful resolution.
22. Reports should be sent by email to Dr Charlotte Matheson, Policy/Analysis Officer, Research & Innovation Directorate, email: [cmatheson@sfc.ac.uk](mailto:cmatheson@sfc.ac.uk).

### **Additional £10 million for rent rebates**

23. This additional Scottish Government funding has been allocated for universities and colleges for income lost in providing student accommodation rent rebates. SFC issued a Call for Information to universities and colleges on 12 March 2021, and on the basis of the information provided by that call we have allocated £9.7 million to the university sector.

### ***Distribution***

24. Funding has been allocated in proportion to universities' estimated lost income in AY 2020-21 providing student accommodation rent rebates, less any related cost savings.
25. A breakdown of allocations for individual universities is set out in **Annex B**.

### **Conditions of grant**

26. Paragraphs 4-6, 12-14 and 23 describe the overall objectives of these grant funding allocations and therefore, as a condition of grant, funds must only be used for those purposes.
27. In addition, universities must use this additional funding (as applicable) to:
  - Support students in finishing their courses and achieving their qualifications, minimising deferrals.
  - Protect excellent, world-leading research.
  - Focus more effort on the high priority research needed to fight the outbreak and to support society and the economy.
  - Support PhD students whose studies have been affected by the pandemic.

- Wherever possible, sustain existing capacity for the future delivery of the education and research that Scotland will need.
- Maintain coherent provision and maximise the alignment of skills provision with the needs of the economy and society.
- Enable necessary organisational change to be implemented fairly and reasonably.

28. As referenced in paragraph 18, there are additional specific conditions attached to the additional £20 million capital for research and knowledge exchange.

#### **Release of funds**

29. This funding is for FY 2020-21, with funds being provided to universities in March 2021.

#### **Further information**

30. Please contact Martin Smith, Chief Funding & Information Officer, tel: 0131 313 6528, email: [msmith@sfc.ac.uk](mailto:msmith@sfc.ac.uk) or Gavin Bruce, Assistant Director, Funding, tel: 0131 313 6585, email: [gbruce@sfc.ac.uk](mailto:gbruce@sfc.ac.uk).



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