

University Final Funding Allocations AY 2025-26



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University final funding allocations for AY 2025-26

Purpose/background

1. I am writing to announce the Scottish Funding Council's final funding allocations for universities for the forthcoming Academic Year (AY) 2025-26.
2. The Scottish Funding Council (SFC) published [indicative funding allocations](#) on 3 April 2025 to help universities plan for the forthcoming AY. **This final announcement confirms funding allocations for AY 2025-26 and sets out the changes from the indicative announcement. The only material changes relate to controlled subjects/places and funded places for Innovation Centres.** Any other updates on policy or other budgets since the indicative publication are also set out in this announcement.
3. We have continued to engage with the Scottish Government through the funding allocation process to ensure that our funding principles align with Ministerial policy priorities including those set out in our Letter of Guidance.
4. We have also continued to engage with the sector prior to announcing these final funding allocations. Through our discussions this year, it is clear that the student demand picture across Scotland is changing. We are committed, with Universities Scotland, to develop a shared understanding of the future shape and needs of the sector for the medium-term. We will do this by having individual discussions with each university as well as with Universities Scotland.
5. The final funding allocations set out in this announcement are based on the Scottish Government's [Scottish Budget: 2025-26](#), approved by the Scottish Parliament on 25 February 2025.

Scottish Budget 2025-26

6. The Scottish Government's 2025-26 Budget set a university resource (revenue) budget for Financial Year (FY) 2025-26 of £773.6 million (m). This represents an increase of £12.9m (1.7%) from FY 2024-25. This FY budget includes funding for both teaching and additional strategic projects - this publication focuses on the former.
7. The university capital budget, including research and innovation funding, has been set at £368.3m; an increase of £11.4m (3.2%) from FY 2024-25.

Overview

8. We have sought to balance a range of priorities for universities – fulfilling our statutory mission and duties, aligning with the Scottish Government's stated priorities, and considering sector and stakeholder feedback, including the need to:
 - Continue to secure opportunities for Scottish-domiciled students and ensure that any reduction in funded student places does not disadvantage first year Scottish applicants.

- Continue to promote widening access to Higher Education (HE), in line with Scottish Government policy.
 - Continue to embed Graduate Apprenticeships and other work-based learning opportunities within our core provision, in line with Scottish Government expectations.
 - Enhance the 'unit of resource' for publicly funded student places (i.e. the amount of teaching funding - 'the price' - per funded place) to protect the quality of the student's teaching and learning experience and to support them to succeed in their studies.
 - Enhance investment in research and innovation.
 - Consider the financial sustainability of universities and their absorptive capacity in dealing with any shifts in funding allocations; mitigating impacts on individual institutions' viability as much as possible and taking account of cumulative impacts across the sector.
 - Continue to fund national infrastructure and specific programmes of national interest for the sector through strategic investment funds.
9. The key points in this final funding announcement for AY 2025-26 are:
- **Total teaching funding for universities has increased by £12.9m (1.8%):** see [paragraph 20](#).
 - **Non-controlled funded student places have been reduced by 2,500 FTEs (-2.2%), equivalent to the removal of the second tranche of additional 'SQA places' allocated in AY 2021-22, with the associated funding being repurposed to enhance the teaching unit of resource:** see [paragraphs 31-35](#).
 - **Research and innovation funding has increased by £11.3m (3.6%):** see [paragraphs 40-42](#).
 - **Capital maintenance funding is unchanged from FY 2024-25:** see [paragraph 45](#).

Updates/changes from indicative funding allocations

10. Updates and changes to the final funding allocations from the [indicative announcement](#) are set out below:

Controlled subjects/places

11. Due to the timing of the indicative announcement, we are obliged to use the current AY (2024-25) funded student places to calculate the indicative funding allocations for the controlled places funded by SFC. **Final funded places have now been updated following the issuing of AY 2025-26 intake targets and the sharing of our funded places modelling with individual universities.**
12. For Paramedic Education and Pre-registration Nursing & Midwifery, intake targets to be used in funded places calculations have been discussed with the Scottish Government

and will be confirmed following this announcement. The resultant changes to SFC controlled places for AY 2025-26 can be seen in [Table 3](#) (and [Table A2b](#)).

13. In modelling our controlled funded places, we use intake targets for AY 2025-26, actual intake figures and retention data. For AY 2025-26, there has been a reduction in the number of SFC controlled places and the associated changes to teaching funding are shown in [Table 2](#).
14. As in previous years, additional ring-fenced places funded by the Scottish Government are not included in the indicative funding announcement. These are now shown in [Table A2c](#). 'Consolidation' student numbers for controlled subjects are shown in [Table 5](#) (and [Table C2b](#)).
15. In response to the challenges that universities face in recruiting students to Pre-registration Nursing & Midwifery Education programmes, SFC has agreed with the Scottish Government an approach which allows universities the opportunity to recruit to the three-year intake targets set in AY 2023-24. Funded places for Pre-registration Nursing & Midwifery have been modelled based on the previously set intake targets. It is our intention to adjust funded places in-year to reflect universities' actual intakes, above or below the intake targets.

Innovation Centre TPG places

16. SFC continues to provide additional funded student places (205 FTEs) for Masters-level courses to be delivered under the Innovation Centre (IC) programme. These places put particular emphasis on the development of provision to help address the skills needs of the IC's relevant industry. This involves close industry engagement, often in the form of a student placement at an IC's industrial partner.
17. While there has been no change to the overall number of funded places for AY 2025-26, the distribution of those places between institutions has been amended following the indicative funding announcement. The changes to funding and funded places are shown in [Tables 2 and 3](#).
18. Universities are reminded that, as a condition of grant, SFC may recover funding if universities under-enrol against their IC places.

Overall university funding allocated for 2025-26

19. [Table 1](#) provides a summary of the overall budget allocations for the university sector announced in this publication for 2025-26.

Teaching funding

20. **Total teaching funding allocated to universities for AY 2025-26, including the Main Teaching Grant and additional elements outlined below (including the fee anomalies budget), has been set at £728.1m, an increase of £12.9m (1.8%).** The budget released by changes to controlled funded places and Innovation Centre TPG places has been used to reinstate a Fee Anomalies budget for AY 2025-26 so that is in line with anticipated

claims, and to support claims for AY 2024-25 that could not be met in full from the current budget. This is shown in [Table 1](#). Final funding allocations for individual institutions are shown in [Table 4](#).

Main Teaching Grant

21. **Main Teaching Grant for AY 2025-26 has been set at £693.7m, an increase of £11.8m (1.7%).** Funding allocations for individual universities are shown in [Table 2](#).
22. As indicated above, we have removed 2,500 funded student places and repurposed the associated funding to enhance the teaching unit of resource. See section below on [funded student places](#).

Teaching subject prices

23. Using the budget increase, and repurposed funding associated with the reduction of funded places by 2,500 FTEs, **teaching subject prices for AY 2025-26 have increased by 3.3%** and are set out below:

Subject Price Group	1	2	3	4	5	6
AY 2024-25 price (gross)	£17,760	£10,077	£8,931	£7,775	£6,873	£5,601
AY 2025-26 price (gross)	£18,343	£10,408	£9,224	£8,030	£7,099	£5,785

24. Our gross subject prices for AY 2025-26 include the following assumed level of tuition fees for Scottish-domiciled/‘home fee’ students:
 - Full-time first degree: £1,820
 - Other undergraduate: £1,285
 - Taught postgraduate: £7,000
25. In Subject Price Group 6, where our price is less than the taught postgraduate fee assumption, the assumed tuition fee is the subject group price.

Compensation for Expensive Strategically Important Subjects

26. In AY 2024-25, we made changes to our model of calculating the compensation we provide to universities delivering expensive, strategically important non-controlled subjects involving students from the rest of the UK (rUK). As part of a phased approach, we did not fully implement that model for AY 2024-25 and mitigated the full impact on individual institutions. For AY 2025-26, the change has been fully implemented, **reducing this element of our teaching funding by a further £1.9m to £10.2m.**
27. As set out in SFC’s Conditions of Funding ([Annex C](#)), universities may charge rUK students up to the new maximum rate of £9,535 per year.

Widening Access and Retention Funding

28. Widening Access and Retention Funding (WARF) for AY 2025-26 is **£15.6m, which is unchanged from AY 2024-25**. WARF allocations for individual universities are shown in [Table 4](#).

Small Specialist Institutions Grant

29. The SSI Grant for AY 2025-26 is **£14.0m; an increase of £0.2m (1.8%) from AY 2024-25**. SSI Grant allocations are shown in [Table 4](#).

Disabled Students Premium

30. The Disabled Students Premium (DSP) for AY 2025-26 is **£2.9m, which is unchanged from AY 2024-25**. Final DSP allocations for individual universities have been updated to reflect changes in funded places and are shown in [Table 4](#).

Non-controlled funded student places

31. In AY 2024-25 we removed the first tranche of additional 'SQA places' (1,289 FTEs) that were allocated to the sector in AY 2020-21 following the revised 2020 SQA qualification results. **For AY 2025-26 we have removed 2,500 funded places, equivalent to the second tranche of additional SQA places that were allocated to the sector in AY 2021-22.**
32. Our starting point was to remove the 2,500 SQA places in line with how they were originally allocated. For those universities delivering significantly in excess of their allocated funded places (based on the AY 2024-25 Early Statistics), and who have indicated that they have sustained demand, we have reinstated their respective SQA places.
33. To achieve the full reduction of 2,500 funded places, using AY 2024-25 Early Statistics we have removed the balance of additional places from those institutions that are under-delivering by more than 4% against their funded places (post removal of the SQA places). In considering the removal of additional funded places, the sector requested that we consider more than one year's worth of data. We have therefore implemented the further removal of places by comparing the three-year average student numbers for the affected institutions with their current level of funded places (once the SQA places are removed).
34. We have not made any changes to Consolidation numbers (non-controlled) for AY 2025-26 ([Table 5](#)) as a result of the above changes to funded places at this stage. We are in discussion with some institutions regarding their Consolidation number and will update this table in due course if this results in numbers changing.
35. Funded student places for individual universities are set out in [Table 3](#), with further detail provided in [Table A4](#).

Graduate Apprenticeships

36. We remain committed to supporting Graduate Apprenticeships (GAs) and the expectation is that the sector will continue to deliver an intake of 1,378 GA places in AY 2025-26. As in AY 2024-25, we have not identified separate funded student places for GAs and discussions are ongoing with GA providers on volumes and frameworks.

Additional funded places for Articulation

37. Streamlining the learner journey by encouraging articulation between colleges and universities remains a priority for SFC and the Scottish Government. SFC's Additional Articulation Places ('Associate Student') Scheme continues to support this priority area.
38. Universities (and colleges) should continue with current arrangements to meet Ministerial priorities to expand articulation and ensure support continues for disadvantaged learners to progress to degree level study. SFC continues to expect at least 75% of additional articulation/Associate Student funding to be transferred from universities to colleges, for those years in which activity is delivered in colleges.
39. We have reviewed the use of funded places provided in this area and will write further to the sector on the future of the Scheme during AY 2025-26.

Research and Innovation funding

40. We have increased core Research and Innovation funding (excluding funding for Innovation Centres) by £11.3m (3.6%) for AY 2025-26 to £328.5m. We have allocated the uplift as follows:
- **£8.1m (3.1%)** to the Research Excellence Grant (REG) to support world-leading research, increasing the Grant to **£264.4m for AY 2025-26**.
 - **£1.2m (3.1%)** to the Research Postgraduate Grant (RPG) for postgraduate research training and support, increasing the Grant to **£39.1m for AY 2025-26**.
 - **£2.0m (8.7%)** to the Knowledge Exchange and Innovation Fund (KEIF) to support university-business interactions, increasing the Fund to **£25.0m for AY 2025-26**. We have applied a higher percentage increase to this element in recognition of the continuing development of KEIF and to maintain an increasing trajectory for this Fund given historic underinvestment.
41. This approach will continue to support Scotland's competitive position on discovery research and economic strategy ambition on innovation. Funding allocations for individual universities are shown in [Table 6](#).
42. The REG and RPG have been allocated on the same basis as last year. Following on from last year, universities are encouraged to use the additional Research and Innovation (R&I) funding allocated through these grants to continue to support their research culture ambitions where they see fit.

Innovation Centres

43. Total funding for Innovation Centres for 2025-26 is £8.0m, which is unchanged from 2024-25. The institutional split of this funding is shown below:

Innovation Centre	Admin hub institution ¹	Funding
Built Environment – Smarter Transformation (BE-ST)	Edinburgh Napier University	£2.0m
Digital Health & Care Innovation Centre (DHI)	University of Strathclyde	£2.0m
Industrial Biotechnology Innovation Centre (IBioIC)	University of Strathclyde	£2.0m
The DataLab	University of Edinburgh	£2.0m

Capital funding

44. **SFC's FY 2025-26 university capital budget (excluding R&I funding) is £28.6m; an increase of £0.1m (0.5%) from FY 2024-25.** This increase relates to the Edinburgh Medical School - all other capital budgets remain unchanged. The breakdown of this budget is shown below:

Capital budgets	FY 2025-26 allocation
Capital Maintenance Grant	£5.0m
Edinburgh Medical School	£4.8m
<i>HE Research Capital Grant - SFC match (TBC)</i>	<i>£18.8m</i>
Total SFC University Capital	£28.6m
<i>HE Research Capital Grant – DSIT (TBC)</i>	<i>£18.8m</i>

Capital maintenance

45. The Capital Maintenance Grant for FY 2025-26 is **£5.0m, which is unchanged from FY 2024-25.** Funding allocations for individual universities (based on proportions of Main Teaching Grant) are shown in [Table 8](#).

Research capital

46. We are expecting to receive HE Research Capital (HERC) grant funding from the UK Department for Science, Innovation & Technology (DSIT) for FY 2025-26, which will be matched by SFC. The amount is still to be confirmed and we are working on the assumption that it will be the same level as FY 2024-25 (£18.8m). Once the amount is

¹ Whilst ICs are hosted by one institution, their focus remains Scotland-wide across all universities and colleges.

confirmed we will issue a separate publication and will also look to update the tables in this publication.

Scottish Wider Access Programme

47. The Scottish Wider Access Programme (SWAP) is a national programme providing access to HE courses for adults returning to education, hosted by University of Edinburgh and Glasgow Kelvin College. Funding for the SWAP for AY 2025-26 is £0.2m (£240k). This funding will be directed through the University of Edinburgh, as the original financial host for the programme. Annual objective setting, evaluation and impact assessment will continue to be undertaken by SFC in conjunction with the SWAP.

Access to free period products

48. Funding (£0.9m) for universities to provide access to free period products in AY 2025-26 has been embedded into Main Teaching Grant allocations and therefore separate guidance/funding allocations will no longer be issued. Universities will be aware of their legal duty to continue to provide access to free period products under [the Act](#).

Funding transfer for SAAS

49. SFC anticipates a transfer of funding to the Scottish Government for Student Awards Agency Scotland (SAAS) totaling £22.8m, which is unchanged from 2024-25.

Tables

50. We have attached the following annexes and tables for AY 2025-26:
- [Annex A - Summary of university funding allocations](#)
 - [Annex B - Summary of university funded places and student number targets](#)
 - [Annex C - Conditions of funding](#)
 - [Annex D - Profile of monthly payments for main grants](#)
 - Table 1 - Summary of overall university budgets
 - Table 2 - Main Teaching Grant
 - Table 3 - Total funded student places
 - Table 4 - Summary of teaching grants/funding
 - Table 5 - Consolidation numbers
 - Table 6 - Summary of research and innovation grants/funding
 - Table 7 - Combined teaching, research and innovation funding compared to AY 2024-25
 - Table 8 - Capital Maintenance Grant (for FY 2025-26)
 - [Tables 1 - 8 combined](#)

51. We have also provided the following additional tables:

- Table A1 - Main Teaching Grant
- Table A2a - Non-controlled funded student places (funded by SFC)
- Table A2b - Controlled student places (funded by SFC)
- Table A2c - Additional student places (funded by Scottish Government)
- Table A2d - All controlled student places (funded by SFC and Scottish Government)
- Table A3 - Breakdown of changes to non-controlled funded student places
- Table A4 - Funded student places by teaching subject price group
- Table B1 - Unit of Assessment (subject) weightings for REG(a)
- Table B2 - Breakdown of REG allocations
- Table B3 - Breakdown of RPG allocations
- Table B4 - Breakdown of REG(a) allocations by Unit of Assessment
- *There is no Table C1*
- Table C2a - Consolidation numbers for non-controlled subjects
- Table C2b - Consolidation numbers for controlled subjects
- Table D1 - Derivation of Main Teaching Grant for initial funded student places
- Table D2 - Assumed tuition fees
- [Tables A1 – D2 combined](#)

Fair Work First

52. The Scottish Government expects that all public bodies and those in receipt of public funds should be exemplars, and be able to demonstrate practices, of [Fair Work](#). Recipients of public sector grants are required, as a minimum standard, to comply with the following mandatory criteria:

- Pay at least the Real Living Wage.
- Provide appropriate channels for effective workers' voice, i.e. collectively (e.g. through trade union recognition) and individually (e.g. through staff surveys).

53. Recipients of public sector grants are expected to commit to working towards the remaining five desirable [Fair Work First criteria](#).

Further information

54. If you require any additional information, please contact Tiffany Ritchie, Acting Director of Finance, email: tritchie@sfc.ac.uk or Gordon Craig, Deputy Director, Tertiary Education Funding, email: gcraig@sfc.ac.uk, in the first instance.

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