



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

## University outcome agreement funding allocations for AY 2020-21

**SFC Announcement**

Issue Date: 7 April 2020

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Summary: Announcement of outcome agreement funding for universities in Academic Year 2020-21.

FAO: Principals/Chairs of Scotland's universities

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## University outcome agreement funding allocations for AY 2020-21

### Purpose

1. I am writing to announce Scottish Funding Council (SFC) decisions on the allocation of outcome agreement funding to universities for the forthcoming Academic Year (AY) 2020-21.
2. We are working through unprecedented times, given the current global Coronavirus outbreak. It is also a rapidly shifting environment for students, staff, and the communities around us. We are therefore announcing our funding allocations for AY 2020-21 to help provide some stability for the university sector. As we confirmed in our letter of 19 March to [University Principals COVID-19](#), we will maintain existing payment processes to ensure funds continue to flow to universities.
3. SFC has received near final outcome agreements from universities and will work from the current versions for AY 2020-21, including the important targets for widening access. If there are any exceptions to that we will be in touch with you directly on any outstanding issues.
4. SFC does not have any updated Ministerial guidance at this point. We will provide any updates when we receive them. In the meantime, the existing [guidance letter](#) from the Minister for Further Education, Higher Education and Science of 2 July 2019 stands.
5. The funding decisions set out in this announcement are based on the Scottish Government's [Scottish Budget 2020-21](#), approved by the Scottish Parliament on 5 March 2020.

### Key points

6. The key points in this funding announcement are:
  - SFC's Revenue budget for AY 2020-21 has increased by 2.7% (£27.9 million) from AY 2019-20 [paragraphs 10-12].
  - Teaching funding has increased by 3.1% (£20.3 million) [paragraph 13].
  - Research and Innovation budgets have received an inflationary increase of 1.8% (£5.2 million) [paragraph 54].
  - Funding for other national investments has increased by £8.8 million [paragraphs 60-61].
  - Capital maintenance funding has been broadly maintained, in cash terms, at the same level as last year [paragraphs 63-64].

## Scottish budget FY 2020-21

7. The Scottish Government's approved [Scottish Budget: 2020-21](#) set a Higher Education (HE) Resource (revenue) budget for Financial Year (FY) 2020-21 of £1,043.8 million; an increase of £18.9 million (1.8%) from FY 2019-20.
8. The overall HE Capital budget is set at £41.2 million; an increase of £3.7 million (9.9%) from FY 2019-20, and the HE Financial Transactions budget was slightly reduced to £55 million; a reduction of £0.5 million (-0.9%).
9. The above does not take into account £301 million of Resource funding for research and innovation that has been reclassified as Capital by the Scottish Government for FY 2020-21. This re-categorisation is effectively a change in accounting practice for the Scottish Government and has no implication for the ability of SFC to continue to deploy to universities the same level of revenue funding to existing research and innovation funding streams.

## Overall funds available for university sector

10. In setting SFC's Academic Year (AY) budget for 2020-21, we span two Financial Years (FYs); 2020-21 and 2021-22. The revenue budgets for FY 2020-21 announced by the Scottish Government are converted into AY budgets by taking account of the proportion of the FY 2020-21 budgets that are already committed to the current AY 2019-20. It also involves a forecast of the next FY budget for 2021-22, which we have assumed will not increase (in cash terms) beyond the current FY 2020-21 level.
11. Last year, in setting AY 2019-20 budgets, SFC had assumed 'flat-cash' settlements for the following FY 2020-21. The actual increased settlements for FY 2020-21 announced by the Scottish Government therefore further increase SFC's AY 2020-21 budgets.
12. On that basis SFC has set a university revenue budget for AY 2020-21 of £1,050.8 million (as shown in [Table 1](#)), which represents an increase of £27.9 million (2.7%) compared with AY 2019-20.
13. Overall Teaching funding has been set at £684.3 million; an increase of £20.3 million (3.1%) from AY 2019-20. Research and Innovation funding has been set at £290 million; an increase of £5.2 million (1.8%). AY 2020-21 budget allocations are shown in [Table 1](#).

## Teaching funding

14. Total teaching funding allocated to universities for AY 2020-21 (excluding funding for Fee Anomalies and APUC) has been set at £681.3 million; an increase of £20.2 million (3.1%) from AY 2019-20. This is shown in [Table 4](#) and includes the Main Teaching Grant, the Widening Access and Retention Fund, funding for Small Specialist Institutions, the Disabled Student Premium and Upskilling funding. This also includes funding for pensions (see paragraph 36).

## Main Teaching Grant

15. Main Teaching Grant for AY 2020-21 has been set at £641.8 million; an increase of £14.6 million (2.3%) from AY 2019-20. Individual university allocations are shown in [Table 2](#).

## Teaching Subject Prices

16. Teaching subject prices have increased by 1.7% from AY 2019-20 and are shown in the table below:

<i>Subject Price Group</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
2019-20 price (gross)	£16,875	£9,575	£8,486	£7,387	£6,530	£5,323
<b>2020-21 price (gross)</b>	<b>£17,155</b>	<b>£9,734</b>	<b>£8,627</b>	<b>£7,510</b>	<b>£6,639</b>	<b>£5,411</b>

17. Our gross subject prices for AY 2020-21 include the following assumed level of tuition fees for eligible Scottish-domiciled/European Union (EU) students, which are unchanged from AY 2019-20:
- Full-time First Degree: £1,820
  - Other Undergraduate: £1,285
  - Taught Postgraduate: £5,500

## Teaching funding validation model – tolerance thresholds

18. SFC calculates universities' Main Teaching Grant based on the previous year's teaching funding – adjusted for any changes in policy – validated against a 'price × place' model, which also takes into account the assumed student tuition fees that universities will receive from [Student Awards Agency Scotland \(SAAS\)](#) and other sources for our funded places.
19. There is no change to the tolerance threshold for AY 2020-21 and it remains at +/- 2%.

### ***Compensation for expensive strategically important subjects***

20. Compensation for expensive strategically important subjects in AY 2020-21 amounts to £17.5 million (an increase of £0.7 million) and continues to reflect the difference between the teaching funding SFC allocates for higher subject price groups, and the annual tuition fee level that Scottish universities can charge students from the rest of the UK (£9,250 from AY 2017-18). This is shown in [Table 2](#) (column 7).

### **Embedding other non-core funding**

21. SFC has embedded the project funding for the successful Young Applicants in Schools Scheme (YASS) within the Open University in Scotland's (OUS) Main Teaching Grant from AY 2020-21. This has been achieved by providing OUS with 103 additional funded student places, on condition that the University continues to run the YASS. £0.4 million has been transferred from the other non-core programme funding budget for this purpose. The continued operation of the YASS will be monitored through the outcome agreement process.

### **Additional funded places for widening access and articulation**

22. In AY 2013-14 SFC introduced three new investment schemes providing universities with additional funded places to widen access, increase articulation and support key sectors of the economy with additional undergraduate and taught postgraduate skills places. There are no further allocations of additional places proposed for AY 2020-21.
23. SFC 'mainstreamed' the additional widening access places with universities' core funded places from AY 2018-19. In return for the mainstreaming of these places, SFC expects the sector as a whole and each university to continue to meet the relevant [Commission on Widening Access](#) (CoWA) targets. Through our outcome agreement process, we have set and agreed institutional targets to ensure that those targets can be achieved.
24. Following a review, we announced that there would no change to the additional articulation places 'Associate student' scheme for AY 2018-19 and AY 2019-20, subject to satisfactory outcome agreement targets with the universities that receive these places. This remains the case for AY 2020-21.
25. Universities (and colleges) are therefore asked to continue with the current arrangements for AY 2020-21 and to meet the priorities set out by the Scottish Government to expand articulation, ensuring they continue to support disadvantaged learners to progress to degree level study. This will be monitored by way of targets set through the outcome agreement process.

26. SFC continues to expect 75% of additional articulation funding for associate students to be transferred from universities to colleges, for those years in which activity is delivered in colleges. We will continue to monitor the transfer and impact of this funding.

### **Additional funded places for skills**

27. SFC allocated an additional 1,195 FTE undergraduate (UG) and 832 FTE taught postgraduate (TPG) places for skills between AY 2013-14 and AY 2017-18. There are no changes to the UG Skills places scheme for AY 2020-21, subject to satisfactory industry collaboration measures being agreed in outcome agreements.
28. In AY 2019-20 we removed the TPG Skills places – apart from a small number that were associated with students on part-time courses in 2018-19 whose studies were due to continue in 2019-20, which we would continue to support until the courses were complete. The associated funding was repurposed for an Upskilling fund to support new, shorter, more flexible courses aimed at upskilling people already in work and/or addressing skills shortages.
29. For AY 2020-21 we have removed some more places associated with part-time TPG Skills courses that have now been completed. A total of £6.6 million is therefore available for upskilling/skills shortages in AY 2020-21 (see paragraph 35 below).

### **Innovation Centre TPG places**

30. SFC continues to provide additional funded student places 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. There are no changes to these additional places for AY 2020-21.

### **Widening Access and Retention Fund**

31. The Widening Access and Retention Fund (WARF) has been increased by £0.3 million (2.3%) to £15.3 million. Individual WARF allocations are shown in [Table 4](#).
32. SFC consulted with the sector last year on a planned review of the WARF to implement and deliver on the CoWA recommendations. As we indicated earlier changes to funding allocations would not be implemented before AY 2021-22.

### **Small Specialist Institutions**

33. The Small Specialist Institution (SSI) Grant has been increased by £0.2 million (2.1%) to £10.1 million. Individual SSI allocations are shown in [Table 4](#) and have been adjusted as necessary to reflect the further removal of TPG Skills places in AY 2020-21 (see paragraphs 27-29 above).

### **Disabled Students Premium**

34. The Disabled Students Premium (DSP) has been increased by £0.1 million (2.3%) to £2.8 million. Individual DSP allocations are shown in [Table 4](#).

### **Upskilling**

35. Funding for Upskilling has increased by £0.5 million to £6.6 million. This reflects a further transfer of funding associated with the previous TPG skills places (see paragraph 29 above) and an uplift of 2.3% that has been applied to all teaching grants. Individual allocations are shown in [Table 4](#).

### **Pensions contribution**

36. The uplift in teaching funding includes an allocation of £4.7 million in AY 2020-21 as a contribution towards the increasing costs of universities' Scottish Teachers Superannuation Scheme.

### **Controlled subject intakes/funded places**

37. Following the receipt of guidance letters from the Scottish Government, SFC has published AY 2020-21 intake targets for the controlled subjects of [Initial Teacher Education](#), [Pre-registration Nursing & Midwifery Education](#), [Medicine](#) and [Dentistry](#).
38. Associated funded student places for all controlled subjects have been calculated and we have shared our allocation modelling with universities. There may therefore be some adjustments to the funded places following discussions with universities and the relevant Scottish Government directorates. Controlled SFC and additional Scottish Government funded student places for AY 2020-21 are shown in [Annex B](#). 'Consolidation' (over-recruitment) student numbers for controlled subjects are shown in [Table 5](#).

### **Initial Teacher Education**

39. SFC published its AY 2020-21 intake target letter for [Initial Teacher Education](#) (ITE) on 14 February 2020. This letter confirmed a recommended total ITE intake of 4,070; a reduction of 110 (in Primary provision) from AY 2019-20.
40. Funded student places for ITE in AY 2020-21 total 6,303.5 FTEs, as shown in [Annex B](#); a decrease of 123.3 FTEs from AY 2019-20.

### ***Pre-registration Nursing and Midwifery Education***

41. SFC published its AY 2020-21 intake target letter for [Pre-registration Nursing and Midwifery Education](#) on 5 February 2020. This letter confirmed a recommended total Pre-registration Nursing and Midwifery intake of 4,206 students; an increase of 200 (5%) from AY 2019-20.
42. Funded student places for Nursing and Midwifery in AY 2020-21 total 10,460 FTEs, as shown in [Annex B](#); an increase of 778 FTEs from AY 2019-20. These places are largely supported by a transfer of ring-fenced funding from the Scottish Government. The minority of places funded by SFC (780 FTEs) remain unchanged from AY 2019-20.

### ***Medicine***

43. SFC published its AY 2020-21 intake target letter for [Medicine](#) on 6 April 2020. This letter confirmed that the overall medical intake target for AY 2020-21 was 1,038 students; an increase of 25 from AY 2019-20, for the HCP-Med for Healthcare Professionals programme. This programme provides a route for experienced Healthcare Professionals living and working in Scotland to become doctors.
44. The overall intake for AY 2020-21 supports the continuing widening access programme (50 students) and the Scottish Graduate Entry Medicine (ScotGEM) course which was introduced in AY 2018-19 (55 students).
45. In AY 2019-20, in response to workforce planning demands and Ministerial guidance, SFC established (for the first time) a minimum intake target for students who were Scottish-domiciled and/or from the rest of the European Union (EU), for each university, from within their overall intake target. The Scottish Government is looking for a phased increase in the recruitment of Scottish-domiciled (Scots-dom)/rest of EU (rEU) students and has requested that, by AY 2021-22, there should be an additional 100 Scots-dom/rEU students, with a similar reduction in the recruitment of students from the rest of the UK (rUK). SFC has therefore increased the minimum intake target for Scots-dom/rEU students in AY 2020-21 by 33 students.
46. For AY 2020-21 pre-clinical funded student places have increased to 1,538 FTEs; an increase of 161 FTEs, and clinical funded student places have increased to 1,775.4 FTEs; an increase of 73 FTEs. (These figures include ScotGEM). These funded places are shown in [Annex B](#). Scottish Government ring-fenced places have increased to accommodate the additional Scots-dom/rEU places, however, SFC funded places in AY 2020-21 remain unchanged from AY 2019-20.

## ***Dentistry***

47. SFC published its AY 2020-21 intake target letter for [Dentistry](#) on 6 April 2020. This letter confirmed that undergraduate dental intakes have been maintained at 155 students, the same as for AY 2019-20. (This includes 20 additional international students that may also be recruited to compensate for the historic reduction of income from Scots-dom/EU students). Pre-clinical student places total 85.6 FTEs; a small decrease of 2 FTEs, and clinical places total 394.2 FTEs; a decrease of 16 FTEs.

## ***Paramedic Education***

48. In AY 2020-21 SFC will be providing funding for the new Paramedic Education Programme. We will write to universities with further information once the Scottish Government writes to SFC to confirm the intake targets, the associated monitoring and conditions of grant.

## **Expansion of Early Years Education**

49. In support of the Scottish Government's plans to increase entitlement to free childcare, SFC will continue to allocate additional funded places in AY 2020-21 for additional Childhood Practice students.
50. The numbers of places for AY 2020-21 have yet to be finalised with the Scottish Government but will be confirmed in May. We expect the Scottish Government will continue to meet the costs of this additional activity through additional ring-fenced funding.

## **Funding for Counsellors**

51. As part of its Programme for Government in responding to mental ill-health, the Scottish Government committed to providing more than 80 additional counsellors in HE and FE over a four year period from AY 2019-20.
52. Counsellor funding for AY 2020-21 for both universities and colleges will total £3.65 million. Individual allocations and guidance for AY 2020-21 will be announced in May. Additional ring-fenced funds will be transferred to SFC from the Scottish Government for this purpose.

## **Free sanitary provision**

53. SFC expects a further year's funding for the provision of free sanitary products in universities to be announced in due course and are currently working with the Scottish Government to confirm funding for 2020-21.

## **Research and Innovation Funding**

54. Research and Innovation grant allocations for AY 2020-21 have received an inflationary uplift of 1.8%. University allocations are set out in [Table 6](#) and are described below.

## **Research Excellence Grant**

55. Research Excellence Grant (REG) funding for AY 2020-21 has been set at £240.3 million; an increase of £4.3 million from AY 2019-20. Individual university allocations are shown in [Table 6](#).
56. Excellence remains the cornerstone of SFC's research funding policy and therefore we have maintained the modest adjustment made to the REG formula last year in order to further recognise the highest quality research. That was, to adjust the ratio of quality response in the REG (A) component from 3:1 to 3.31:1 when responding to 4\* and 3\* research assessment in the Research Excellence Framework respectively.

## **Global Challenges Research Fund**

57. SFC expects to receive £16.1 million from the UK Department of Business, Energy and Industrial Strategy (DBEIS) for 2020-21 under the Global Challenges Research Fund (GCRF). These funds, once confirmed, will be allocated to universities based on their proportionate share of components (A) and (B) of their REG. Individual university allocations will be set out in a separate announcement in May.

## **Research Postgraduate Grant**

58. Research Postgraduate Grant funding for AY 2020-21 has been set at £35.9 million; an increase of £0.7 million from AY 2019-20. Individual university allocations are shown in [Table 6](#).

## **University Innovation Fund**

59. University Innovation funding for AY 2020-21 has been set at £13.7 million; an increase of £0.2 million from AY 2019-20. Individual university allocations are shown in [Table 6](#).

## **Other programme funding**

60. A portion of SFC's annual funding for universities is earmarked for other national services (including JISC, QAA, and APUC), and strategic programmes which will allow SFC to meet all current awarded commitments. They will allow us to focus on short-term intervention projects that support transformational

change aligned to Scottish Government and SFC priorities (e.g. widening access), and projects where we can facilitate collaboration and leveraging of funds from other partners (e.g. Innovation Centres).

61. The budget for this funding in AY 2020-21 has been set at £54.3 million; an £8.8 million (19%) increase from the published AY 2019-20 budget of £45.5 million.

### **Funding transfer to SAAS**

62. SFC anticipates a transfer of funding to SAAS totalling £22.3 million. This is a reduction of £6.4 million from AY 2019-20.

### **Capital**

63. The Scottish Government’s FY 2020-21 budget provides an HE Capital budget of £41.2 million; an increase of £3.7 million (9.9%). The budget also provides Financial Transactions funding of £55 million which, together with £16.8 million Research Capital Grant funding from DBEIS (which will be matched by SFC) provides an overall amount of capital funding available to universities in FY 2020-21 of £113.0 million, as shown below:

<i>Capital budgets</i>	<i>£ million</i>
Capital Maintenance Grant	16.8
Edinburgh Medical School	4.1
SRUC backlog maintenance	3.5
Research Capital Grant - SFC match	16.8
<b>Total HE Capital</b>	<b>41.2</b>
Financial Transactions	55.0
Research Capital Grant – from DBEIS	16.8
<b>Total Capital funding for universities</b>	<b>113.0</b>

### **Capital Maintenance Grant**

64. The budget for Capital Maintenance Grant has been set at £16.8 million; an increase of £0.1 million from FY 2019-20. This grant is allocated pro-rata to a university’s share of its Main Teaching Grant. Individual university allocations are shown in [Table 8](#).

### **Research Capital Grant (DBEIS)**

65. Research capital grant funding totalling £33.5 million (£16.8 million from DBEIS and a further £16.8 million from SFC) is due to be allocated in FY 2020-21. Individual allocations will be announced in May following formal confirmation from DBEIS.

## Financial Transactions

66. SFC has £55.0 million of Financial Transactions (FT) funding available in FY 2020-21. Further details on this programme will be announced in May.
67. SFC will continue to work with the sector to maximise the impact of all its capital funding, including FT funding, and to ensure that our funding levers investment from other sources wherever possible.
68. Where projects emerge which are more focused around industry-led innovation, we will continue to explore the potential for these projects to be funded through the Scottish Government Building Scotland Fund, which is a precursor to the Scottish National Investment Bank.

## Tables

69. We have attached the following tables for AY 2020-21:
  - [Annex A – Funding allocations to universities.](#)
  - [Annex B – Funded places and student number targets.](#)
  - [Annex C – Conditions of funding.](#)
  - [Annex D – profile of monthly payments for main grants.](#)
  - [Table 1 – University sector – overall budget.](#)
  - [Table 2 – Breakdown of Main Teaching Grant.](#)
  - [Table 3 – Funded student places.](#)
  - [Table 4 – Summary of grants for Teaching.](#)
  - [Table 5 – Consolidation numbers.](#)
  - [Table 6 – Summary of grants for Research and Innovation.](#)
  - [Table 7 – Summary of grants for Teaching, Research and Innovation \(compared with AY 2019-20\).](#)
  - [Table 8 – Capital Maintenance Grant \(FY 2020-21\).](#)

## Further information

70. Given the emerging financial implications from the current COVID-19 crisis, our funding proposals may be subject to change.

71. For more information, please contact Martin Smith, Chief Funding & Information Officer, tel: 0131 313 6528, email: [msmith@sfc.ac.uk](mailto:msmith@sfc.ac.uk).

A handwritten signature in black ink, appearing to read 'L. MacDonald', written in a cursive style.

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