



Scottish Funding Council
Comhairle Maoinachaidh na h-Alba

University outcome agreement funding AY 2020-21: additional guidance

SFC Guidance

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Summary: Additional guidance on outcome agreement funding allocations for universities in Academic Year 2020-21.

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University outcome agreement funding for AY 2020-21: additional guidance

Purpose

1. This document provides further guidance on the university outcome agreement funding for AY 2020-21, setting out additional details on the methodologies used in calculating universities' allocations.

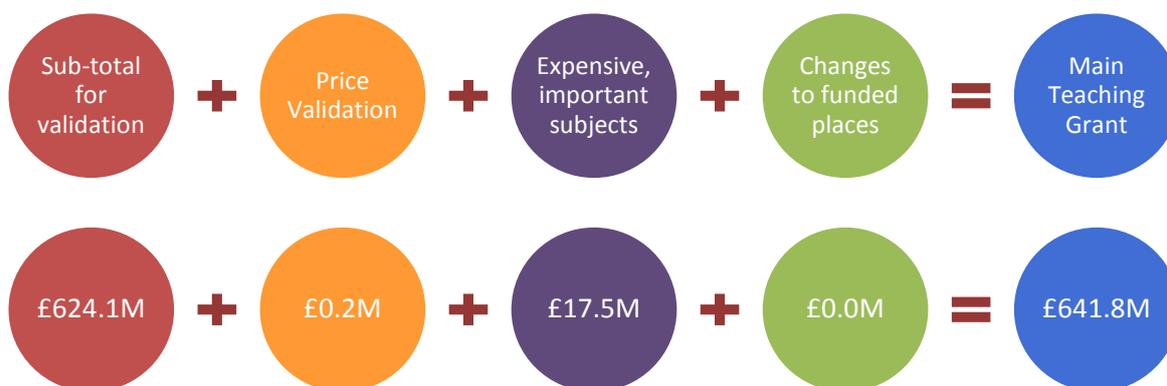
Main Teaching Grant

2. The purpose of the Main Teaching Grant is to support high quality learning and teaching at Scotland's universities, to meet the needs of students and of Scotland's economy, and to support the delivery of the university's outcome agreement with the Scottish Funding Council (SFC).

Main Teaching Grant – validation model

3. To calculate a university's Main Teaching Grant, SFC use a 'top-down' method where a university's Main Teaching Grant for the previous year is increased or decreased by a set percentage in line with the available budget.
4. This 'top-down' allocation is then validated against what the Main Teaching Grant would be, were SFC to use a 'bottom-up' model of multiplying the number of funded student places in each of our price groups by the price which SFC pays for each Full-Time Equivalent (FTE) student place. This 'validation model' of funding has been in place since AY 2012-13.
5. The Main Teaching Grant for AY 2020-21 (£641,786,008, Table A1, column 11) is calculated as the sum of:
 - Main Teaching Grant, sub-total for validation (£624,055,348, Table A1, column 5);
 - Adjustment to funding from the price validation (£212,248, Table A1, column 6);
 - Compensation for expensive strategically important subjects (£17,529,350, Table A1, column 7); and
 - Changes to funding as a result of changes to funded places (-£10,939, Table A1, columns 8 - 10).

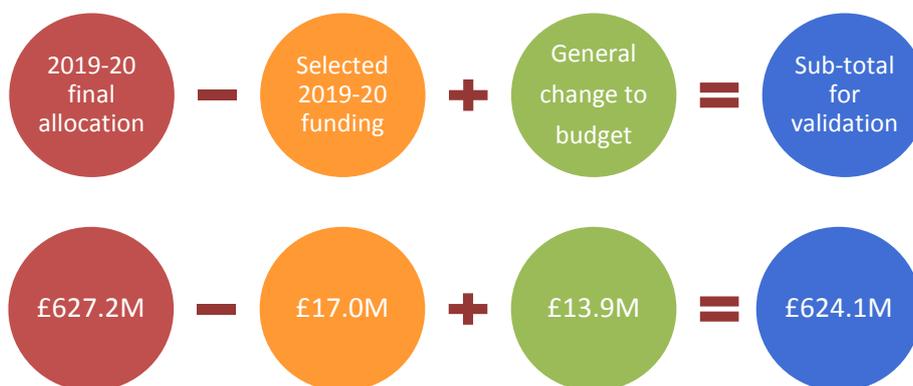
Diagram 1: Calculation of the Main Teaching Grant



Calculating Main Teaching Grant, sub-total for validation for AY 2020-21

6. SFC uses the previous year’s final Main Teaching Grant as a starting point in the Main Teaching Grant calculation (£627,160,486 Table A1, column 2). The following adjustments are then made to calculate the sub-total for validation (which will then be validated against the price × place model):
 - Adjust for selected AY 2019-20 funding which has been recalculated or is not applicable in AY 2020-21 (-£17,034,318, Table A1, column 3), specifically
 - The funding for expensive strategically important subjects in AY 2019-20 (£-16,812,188, Table A1, column 3).
 - The funding allocated from the validation model in AY 2019-20 (-£222,130, Table A1, column 3).
 - Apply any general increase or decrease in funding, reflecting any changes to the available Main Teaching Grant budget (an increase of £13,929,180 in AY 2020-21, Table A1, column 4).
7. This provides a sub-total for validation of £624,055,348 (Table 1, column 5).

Diagram 2: Calculation of the sub-total for validation

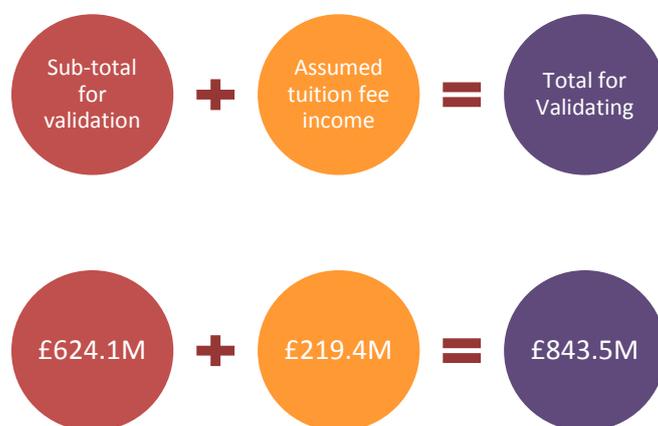


Tolerance threshold

7. In checking the 'bottom-up' method against the 'top-down' calculation, SFC uses a 'tolerance threshold'. This means that if a university's 'bottom-up' calculation (funded places multiplied by price) is up to x% higher or lower than the 'top-down' funding allocation (i.e. previous year's funding adjusted based on the budget available, plus estimated tuition fees), the allocation remains unchanged.
8. If the 'bottom-up' funded places calculation is more than x% higher or lower than the 'top-down' funding allocation, we will decrease or increase the university's allocation accordingly to bring it within the x% threshold.
9. The current SFC price groups were introduced in AY 2012-13 with a +/-5% tolerance threshold, which was subsequently reduced to +/-4% and then +/-2% in AY 2017-18. The tolerance threshold has been retained at +/-2% for AY 2020-21.

Adjustment to funding for the price group validation

10. To validate the Main Teaching Grant (Table D1) the sub-total for validation is added to an assumed fee income (see Table D2) to provide a 'Total for Validating' (£843,484,178, Table D1, column 4).



11. The Total for Validating is then compared to the resources for teaching as calculated using a 'places × price' model (the Validated Gross Resources for Teaching). The initial funded places used in the validation exclude changes to the funded student places, such as updates to the places for the controlled subjects or additional places allocated for strategic priorities.
12. Each university's updated profile of Initial Funded Places are split into six price groups (Table D1, columns 5 to 11) and are then multiplied by the gross teaching price (i.e. a price without any adjustment made for any assumed tuition fees that the university will receive) (Table D1, columns 12 to 18) to

calculate Validated Gross Resources for Teaching (£843,542,881, Table D1, column 18).



Teaching subject prices for AY 2020-21 are as follows:

Price group	1	2	3	4	5	6
Gross price (£)	17,155	9,734	8,627	7,510	6,639	5,411

13. The Validated Gross Resources for Teaching are compared to the Total for Validating, to calculate a percentage difference (relative to the Total for Validating). For any university where the difference between the validated gross resources for teaching and the total for validating are outwith the tolerance threshold (currently +/-2%), an adjustment is made to their Main Teaching Grant to bring them within that tolerance threshold (Table D1, column 20 and Table A1, column 6).

Assumed tuition fee income

14. The assumed tuition fee income is based on splitting each university's funded student places into the following categories:
 - Taught Postgraduate at undergraduate fee level
 - Built Environment
 - PGDE
 - In-service and other education
 - Other Taught Postgraduate
 - Undergraduate
15. We then use the most recent Early Statistics data for each university to derive a percentage split into full-time and part-time for each of the three categories of taught postgraduate at undergraduate fee level. We use the latest HESA data to derive a percentage split of undergraduates into full-time degree students and other undergraduates. The Other Taught Postgraduate category is not subdivided as we assume the same amount of tuition fee income per FTE for both full-time and part-time students in this category. The assumed tuition fee income is then calculated by applying the percentage of full-time/part-time, etc. to the assumed allocations of funded places for each category and multiplying by the appropriate fee levels (see Table D2).

16. The price that SFC pays for price group 6 (£4,411) is less than the amount of tuition fee income per FTE that SFC assumes for Other Taught Postgraduates (£5,500). To ensure an equitable comparison between the Total for Validating and the Validated Gross Resources for Teaching the amount of assumed tuition fee income in excess of the price associated with funded places for TPG students in price group 6 is not included in the Total for Validating.

Compensation for expensive strategically important subjects

17. Universities should only charge rest of UK (rUK) students a maximum tuition fee of £9,250 for new students (starting in or after AY 2017-18) and £9,000 for continuing students (that started their studies prior to AY 2017-18). For students who were previously funded at SFC price groups 1 to 3 (excluding Pre-clinical Dentistry and Pre-clinical Medicine) we provide compensation in recognition of the difference between the fees received from rUK students and the SFC price groups.
18. For the controlled subjects of Medicine and Dentistry we recalculate the number of funded places that would have been allocated to rUK students at Clinical level if rUK students were still eligible for funding, and use that figure in the compensation calculation.
19. For non-controlled subjects we use the actual number of funded places associated with rUK students that were removed between AY 2012-13 and AY 2017-18. In calculating the compensation we take into account that courses previously funded at price groups 2 and 3 are largely four year courses in Scotland in comparison to three year courses in the rUK.
20. As a result we provide the difference between the SFC price and rUK fees as set out in the table below:

Price group	New or continuing	SFC price (£)	Calculation	Compensation per FTE (£)
1	New	17,155	17,155 - 9,250	7,905.00
1	Continuing	17,155	17,155 - 9,000	8,155.00
2	New	9,734	$9,734 - ((9,250 * 3) / 4)$	2,796.50
2	Continuing	9,734	$9,734 - ((9,000 * 3) / 4)$	2,984.00
3	New	8,627	$8,627 - ((9,250 * 3) / 4)$	1,689.50
3	Continuing	8,627	$8,627 - ((9,000 * 3) / 4)$	1,877.00

21. The compensation is calculated as the total of the:
- FTE number of funded places associated with rUK students removed from price group 3, excluding those for Pre-clinical Medicine and Dentistry, between AYs 2012-13 and 2017-18 multiplied by £1,689.50/£1,877.

- FTE number of funded places associated with rUK students removed from price group 2 between AYs 2012-13 and 2017-18 multiplied by £2,796.50/£2,984.
- FTE number of funded places associated with rUK students removed from price group 1 for the non-controlled subjects between AYs 2012-13 and 2017-18 plus the nominal rUK funded places associated with Clinical Medicine and Dentistry multiplied by £7,905/£8,155.

Changes to non-controlled funded student places for AY 2020-21

22. The changes made to non-controlled funded places are set out in the table below, and then explained in more detail in the subsequent paragraphs.

Non-controlled funded Places for AY 2020-21					
Institution	Code	Initial funded places for 2020-21	Withdrawal of TPG Skills Places	Embed non-core funded places YASS	Non-controlled funded places for AY 2020-21
		FTE	FTE	FTE	FTE
(1)		(2)	(5)	(7)	(9)
Aberdeen, University of	ABE	6,539.5	-4.9	-	6,534.6
Abertay University	ABT	3,137.3	-	-	3,137.3
Dundee, University of	DUN	5,923.2	-	-	5,923.2
Edinburgh Napier University	ENAP	7,417.6	-1.3	-	7,416.3
Edinburgh, University of	EDI	8,854.2	-5.8	-	8,848.4
Glasgow Caledonian University	GCU	9,628.3	-8.5	-	9,619.8
Glasgow School of Art	GSA	1,191.0	-	-	1,191.0
Glasgow, University of	GLA	12,066.2	-2.5	-	12,063.7
Heriot-Watt University	HWU	4,912.0	-3.0	-	4,909.0
Highlands and Islands, University of the	UHI	5,683.2	-	-	5,683.2
Open University in Scotland	OUS	4,136.9	-	103.3	4,240.2
Queen Margaret University, Edinburgh	QMUE	2,288.5	-	-	2,288.5
Robert Gordon University	RGU	6,266.3	-0.3	-	6,266.0
Royal Conservatoire of Scotland	RCS	561.3	-3.9	-	557.4
SRUC	SRUC	1,440.5	-5.5	-	1,435.0
St Andrews, University of	STA	2,648.0	-	-	2,648.0
Stirling, University of	STI	5,639.2	-4.0	-	5,635.2
Strathclyde, University of	STR	11,226.7	-	-	11,226.7
West of Scotland, University of the	UWS	8,422.1	-3.7	-	8,418.4
Total		107,982.0	-43.4	103.3	108,041.9

Taught Postgraduate Skills funded student places

23. Following on from AY 2019-20 we are continuing to remove the funded places associated with the Taught Postgraduate Skills programme. In AY 2020-21 we have removed 43.4 funded places associated with part-time provision. It is our intention to remove the remaining 22.9 places as the students currently studying on these courses finish their studies. The funding that has been removed has been added to each university's allocation for the Upskilling programme.

Embedding non-core programme funds

24. We have embedded the funding associated with the Open University in Scotland's Young Applicants in School Scheme (YASS) on the condition that the Open University continues to run the scheme, which will be monitored through their outcome agreement. To calculate the number of funded places to be embedded, we divided the total funding for YASS that was awarded in AY 2019-20 (£426,000) by the teaching price for Price Group 6, minus the assumed part-time fee (£5,411 - £1,285).

Changes to controlled funded student places for AY 2020-21

25. We have published AY 2020-21 'intake letters' for the controlled subjects of Medicine, Dentistry, Pre-registration Nursing and Midwifery Education, and Initial Teacher Education. The published letters are available at the links below:
- [Medicine](#)
 - [Dentistry](#)
 - [Pre-registration Nursing and Midwifery](#)
 - [Initial Teacher Education](#)
26. Funded student places for the controlled subjects are set out in Table A2b (SFC funded), Table A2c (Scottish Government funded), and Table A2d (combined SFC and Scottish Government funded), with the overall changes in SFC funded places for each university from AY 2019-20 set out in Table 3, column 5.
27. The methodology used for calculating the funded places for each of the controlled subjects is outlined in the individual sections below.

Controlled funded places – Medicine

28. SFC receives annual guidance from the Scottish Government's Deputy Director of Health Workforce, Leadership and Service Reform Division on the target student intakes for that year. The intake target for Medicine applies to all Scottish-domiciled, rest of EU (rEU) and rest of UK (rUK) students with a

separate target set for international students. For the first time in AY 2019-20 and continuing for AY 2020-21, SFC (following advice from Scottish Government) introduced a minimum intake target for Scottish-domiciled and rEU students within the overall Scottish-domiciled, rEU and rUK target.

29. In AY 2019-20 Scottish Ministers advised SFC that Scottish medical schools should, over three years, recruit an additional 100 Scottish-domiciled and rEU students with a corresponding reduction in rUK students. In the first year of this scheme universities were asked to recruit an additional 34 Scottish-domiciled or rEU students and they have been asked to recruit a further 33 in AY 2020-21.
30. From AY 2019-20 we introduced a new model for allocating funded places for Medicine. Taking account of the consistent progression rates in Medicine, it was agreed that funded places would be allocated on the basis of the previous year's funded places, adjusted for any changes to intake targets. In common with previous years, we shared the funded places modelling with universities and asked them for any feedback on their proposed allocation of funded places.
31. The table below sets out the calculation of funded places for AY 2020-21, for the purpose of this modelling, and to indicate the places and funding associated with the different routes and stages of undergraduate medical provision, we split the funded places into four categories:
 - Pre-clinical Medicine
 - Clinical Medicine
 - Pre-clinical Scottish Graduate Entry Medicine (ScotGEM)
 - Clinical ScotGEM
32. The starting point for the calculation is to look at the final funded places for AY 2019-20, and these are brought forward to form the Initial Funded Places for AY 2020-21 (columns 2 to 5 below). The initial funded places are then adjusted for any changes to intake targets, not just in the forthcoming year but also in the preceding four years.
33. For AY 2020-21 we also looked at the match between funded places in AY 2019-20 and Students Eligible for Funding (SEFF), as returned through the Early Statistics Return, and subsequently moved 15 funded places from Clinical Medicine to Pre-Clinical Medicine at the University of Glasgow. The table below sets out the changes in intake targets that then feed into the funded places for AY 2020-21.

AY 2020-21 Funded Places for Medicine

Institution	Initial Funded Places for AY 2020-21				Changes in intake targets					Increase in minimum Scottish domiciled and EU intake		Adjustment to Funded Places in light of AY 2019-20 SEFF		University Request	Funded places for AY 2020-21			
	Pre-Clinical Medicine	Clinical Medicine	Pre-clinical ScotGEM	Clinical ScotGEM	Additional Widening Access Places Year 5	Additional Widening Access Places: St Andrews students Year 2 ¹	ScotGEM Year 3 ²	Additional intake from AY 2019-20 Year 2	Additional intake from AY 2020-21 Year 1 ³	Year 1	Year 2	Pre-Clinical	Clinical	Clinical ScotGEM	Pre-Clinical Medicine	Clinical Medicine	Pre-clinical ScotGEM ²	Clinical ScotGEM ²
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Aberdeen, University of	294.3	400.3	0.0	0.0	10.0	1.0		30.0		7.0	4.0				335.3	411.3	0.0	0.0
Dundee, University of	238.4	325.5	0.0	0.0	10.0	1.0				6.0	-1.0			-1.0	243.4	336.5	0.0	38.0
Edinburgh, University of	237.0	346.5	0.0	0.0	10.0	3.0			19.0	8.0	17.0				281.0	359.5	0.0	0.0
Glasgow, University of	364.8	590.1	0.0	0.0	10.0	5.0		30.0		9.0	8.0	15.0	-15.0		426.8	590.1	0.0	0.0
St Andrews, University of	187.5	0.0	39.0	40.0			55.0			4.0	5.0			2.0	196.5	0.0	55.0	41.0
Sector	1,322.0	1,662.4	39.0	40.0	40.0	10.0	55.0	60.0	19.0	34.0	33.0	15.0	-15.0	1.0	1,483.0	1,697.4	55.0	79.0

Notes

- In year 4 the first cohort of widening access students recruited by St Andrews moved on to the other medical schools to complete their clinical training. The 10 funded places have been distributed in proportion to the historic split of additional calman places.
- The University of St Andrews are allocated an intake target of 55 students and 55 funded places for the first year of the ScotGEM programme each year. If the 55 ScotGEM students recruited by St Andrews are not Students Eligible for Funding we adjust their funded places in year. In AY 2019-20 St Andrews recruited 39 Students Eligible for Funding and their funded places are to be adjusted accordingly. In AY 2020-21 these 39 funded places move from year 1 (pre-clinical) to year 2 (clinical).
- The HCP-Med for Healthcare Professionals programme is part-time for years 1 to 3 and students then join the main MBChB programme for years 4 and 5.
- In year 3 of the ScotGEM programme students move from the University of St Andrews to the University of Dundee. There were 39 Students Eligible for Funding returned for Year 2 of the programme by University of St Andrews.

34. There has been an increase in the Pre-clinical Medicine funded places (years 1 and 2, except for St Andrews where it is years 1 to 3) for AY 2020-21. The factors leading to this increase are:
- Year 2 of the scheme to increase the number of Scottish domiciled students within the annual intake.
 - Year 2 of an additional intake of 60 students related to General Practice training at the Universities of Aberdeen and Glasgow.
 - Year 1 of an additional intake of 25 students for the new HCP-Med for Healthcare Professionals programme at the University of Edinburgh.
 - 15 funded places moving from Clinical Medicine to Pre-Clinical Medicine at the University of Glasgow, to better match the number of Students Eligible For Funding (SEFF).
35. Similarly, the Clinical Medicine funded places have also increased. The factors leading to this increase are:
- Year 5 of the Additional Widening Access Places.
 - Year 2 of the Additional Widening Access Places for the University of St Andrews being distributed amongst the other medical schools for the clinical years.
36. We are entering year 3 of the ScotGEM programme and the University of St Andrews are again being asked to recruit 55 students. In addition the first cohort of students recruited to ScotGEM will be moving from the University of St Andrews to the University of Dundee in AY 2020-21.
37. SFC has again shared the funded places modelling with each university, along with colleagues in the Scottish Government Health Workforce and Strategic Change Directorate. Universities are asked to comment on their proposed allocation of funded places and if they feel that the allocation does not accurately reflect the number of students who should be funded then contextual information should be provided to SFC to support this. SFC then discusses any contextual information which has been provided with Scottish Government colleagues before confirming the number of funded places to be allocated to each university.

Controlled funded controlled places – Dentistry

38. SFC receives annual guidance from the Chief Dental Officer on the target student intakes for that year. SFC uses those intake targets, along with information on previous actual intakes, the proportion of rUK students in the actual intakes and year-to-year progression rates derived from the most recent Early Statistics returns to calculate the proposed funded places for both Pre-clinical and Clinical Dentistry.

39. The intake targets for Dentistry relate to Scottish-domiciled, rEU, and rUK students. To calculate the proposed funded places it is necessary to make an assumption about the number of Scottish-domiciled/EU students in the intake. This is done by calculating an rUK proportion based on the average proportion of the intake who have been rUK over the previous three years. This calculation gives the proposed number of funded places for year 1 of the course.
40. Proposed funded places for the other years of the course are derived using the minimum of the target intake/actual intake/year 1 of the programme (using the minimum of these figures helps to ensure that we don't reward a university for under or over-recruiting) for each of the previous four years and then applying assumed year-to-year retention rates (based on three-year averages), i.e.
 - **Funded places for year 2** = Minimum of the target intake/actual intake/year 1 of programme for academic session AY-1 × year 1 to year 2 retention.
 - **Funded places for year 3** = Minimum of the target intake/actual intake/year 1 of programme for academic session AY-2 × year 1 to year 2 retention × year 2 to year 3 retention.

...and similarly for years 4 and 5.

AY is the Academic Year for which the allocations of funded places are being derived, AY-1 is the previous academic year and so on.

41. The proposed Pre-clinical Dentistry funded places equal the year 1 funded places. The proposed Clinical Dentistry funded places are the sum of the funded places for years 2, 3, 4, and 5.
42. Once SFC has calculated the proposed funded places the modelling is shared with each university, along with Scottish Government's Chief Dental Officer and their Dentistry Division colleagues. Universities are asked to comment on their proposed allocation of funded places and if they feel that they do not accurately reflect the number of students who should be funded then contextual information should be provided to SFC to support this. SFC will then discuss any contextual information which has been provided with the Chief Dental Officer before confirming the number of funded places to be allocated to each university.

Controlled funded places – Nursing & Midwifery Pre-registration Education

43. SFC receives annual guidance from the Chief Nursing Officer on the target student intakes for that year. SFC uses those intake targets and information on actual intakes and year-to-year progression rates, derived from the most recent Early Statistics returns, to calculate the proposed funded places for both three year and Honours Nursing and Midwifery Pre-registration Education.

44. In January 2017 the Associate Chief Nursing Officer wrote to inform SFC that, following a decision from Scottish Ministers, the reciprocal arrangements with other UK administrations which allows students from those areas to access financial support for their Nursing and Midwifery Pre-registration Education studies will come to an end from AY 2017-18. This decision only applied to new rUK students. Existing students who began their Nursing and Midwifery Pre-registration Education prior to AY 2017-18, and were already receiving support under the reciprocal arrangements, would continue to be supported. This change in policy was in response to “the decision of the UK Government to remove the health bursary and move to a loans-based support package for nursing, midwifery and AHP students from academic year 2017/18”.
45. As a result of the above, SFC has to make an assumption about the number of Scottish domiciled/EU students within the intake target. This is done by calculating an rUK proportion based on the proportion of the intake that were rUK in the previous years. This calculation gives the number of funded places for year 1 of the course.
46. It is then necessary to calculate the numbers of funded places for years 2 and 3, and year 4 for Honours courses, of the course. This is done by taking the minimum of the target/actual intakes for each of the previous two years for three year courses and for each of the previous three years for Honours courses, and then applying assumed year-to-year retention rates (based on three-year averages), i.e.
- **Funded places for year 2** = Minimum of the target intake/actual intake of students eligible for funding for academic session AY-1 × year 1 to year 2 retention.
 - **Funded places for year 3** = Minimum of the target intake/actual intake for academic session AY-2 × year 1 to year 2 retention × year 2 to year 3 retention.

...and similarly for year 4.

AY is the Academic Year for which the allocations of funded places are being derived, AY-1 is the previous academic year and so on.

47. The proposed allocation of funded places for three year nursing provision equals the sum of the funded places for years 1, 2 and 3, and the proposed allocation of funded places for four year Honours nursing provision equals the sum of the funded places for years 1, 2, 3, and 4.

Controlled funded places – Initial Teacher Education

48. The Scottish Government Learning Directorate carries out an annual workforce planning exercise to determine how many students are required to train as teachers to meet the national need for teachers across Scotland, which is then discussed with the Teacher Workforce Planning Advisory Group (TWPAG). The Scottish Government bases its recommendations to us on this workforce planning exercise and the advice of TWPAG. The guidance details the changes to be made to the intake of students of teacher education at a national level, as well as allocations that we should make for specific purposes, such as new courses or any alternative routes into teacher education which universities develop.
49. On the basis of the guidance from Scottish Government, we allocate a student intake target to each of the following Initial Teacher Education (ITE) routes:
 - Undergraduate and Combined Primary courses
 - PGDE and Other Primary routes
 - Undergraduate Secondary (Music, PE and Technology) and Combined Secondary courses
 - PGDE and Other Secondary routes
50. To deliver the required teachers in different secondary subjects, we allocate some places through the undergraduate route (as detailed above) and, from 2016-17, a number of other routes into secondary teaching have been introduced.
51. However, the majority are delivered through the PGDE route. The Scottish Government advises on a national intake target for each secondary subject. Universities are then allocated individual targets for each subject and asked to meet this subject target through a combination of PGDE and the other routes.
52. We use the recommended intakes for ITE courses to calculate a proposed allocation of funded places for each university for each ITE course. In deriving the proposed allocations of funded places, an assumed number of rUK students is removed from the intake target. This is because the intake target covers rUK students but the teaching of these students is not supported by SFC funding.
53. For multi-year ITE courses, funded places for the other years of the course are derived using the minimum of the target intake/actual intake/year 1 of the programme for each of the previous four years and then applying assumed year-to-year retention rates (based on three-year averages). The retention rates are calculated separately for each university.

54. Once SFC has calculated the proposed funded places, the modelling is shared with each university. Universities are asked to comment on their proposed allocation of funded places and if they feel that they do not accurately reflect the number of students who should be funded then contextual information should be provided to SFC to support this. If required, SFC may discuss any contextual information which has been provided with Scottish Government Learning Directorate colleagues before confirming the number of funded places to be allocated to each university.

Other Scottish Government funded places

Pre-medical Entry Programme

55. The Scottish Government has advised SFC that it will continue to fund a student intake for two pre-medical entry courses in AY 2020-21. 25 additional funded places have been allocated to both the University of Aberdeen and the University of Glasgow for pre-medical entry courses for students from a disadvantaged background.

Small Specialist Institutions

56. SFC allocates a Small Specialist Institution (SSI) Grant (£10,112,000) to our three SSIs – Glasgow School of Art (GSA), the Royal Conservatoire of Scotland (RCS), and SRUC – in recognition of the specialist nature of their provision and the specific challenges faced by these institutions. In AY 2012-13 we simplified the strategic funding arrangements for each of the SSIs, providing a single grant which is adjusted each year to take account of the specific nature and circumstances of each institution.
57. RCS is also awarded an element of the SSI grant relating to the number of funded student places that they receive, in recognition of the unique nature of teaching within a Conservatoire. For each funded place (associated with Conservatoire provision) allocated to RCS their SSI grant is increased to reflect the difference in price between the current price for Price Group 3 and the former Unit of Resource for Conservatoire Provision (adjusted for any increases in the Teaching price). The SSI grant associated with core funded places at RCS is not recalculated each year in line with changes in price groups but adjusted in line with the main SSI grant.

Widening Access and Retention Fund

58. In AY 2020-21 £15.3 million (an uplift of 2.3%) of Widening Access and Retention Fund (WARF) has been allocated to eight universities (see Table 4), all of which are expected to continue to demonstrate and maintain a significant commitment to the support, retention and successful outcomes of students from the most disadvantaged and deprived backgrounds.

59. In AY 2019-20 SFC carried out a consultation on the future of WARF to implement and deliver on the Commission on Widening Access (CoWA) recommendations, and we intend to publish the outcome of that consultation in due course. As previously indicated, any changes to funding allocations resulting from this consultation will not be implemented before AY 2021-22.

Upskilling

60. SFC introduced the [Upskilling Fund in AY 2019-20](#) to develop the capacity of universities to respond to the aspiration in the Enterprise and Skills Strategic Board's Strategic Plan to utilise university funding to provide more agile support for employees and employers to upskill and reskill. This was to enable the sector to be more responsive to local and national economic challenges.
61. The Upskilling Fund was established through the repurposing of funding previously associated with providing additional funded places for Taught Postgraduate (TPG) Skills activity. In AY 2020-21 the Upskilling Fund was increased by 2.3%. In addition we have increased the fund in line with the removal of 43.4 funded places associated with part-time TPG Skills provision (see paragraph 22).

Disabled Students Premium

62. The Disabled Students Premium has been set at £2.8 million for AY 2020-21, an uplift of 2.3%. The purpose of the Disabled Students Premium is to assist institutions with the costs that they incur in providing additional materials and services for disabled students.
63. The Disabled Students Premium is allocated to universities by sharing the available funds according to funded places (Table 3, Column 6); with a minimum 'floor' of £53,000 and the Open University in Scotland (OUS) receiving a fixed allocation of £182,000 (both of these allocations were increased for AY 2020-21 by 2.3%).
64. To calculate the individual allocations we initially pro-rata the budget according to the number of funded student places at each university. If any university's initial allocation is less than £53,000 then they are awarded that minimum amount, and similarly the OUS are allocated £182,000. The sum of the minimum amounts that have been allocated and the OUS's allocation are removed from the available budget and the remaining funds are then distributed among those universities who have not been allocated a fixed amount on a pro-rata basis.

Pensions contribution

65. SFC has allocated £4.7 million as a contribution towards the increasing costs of the universities' Scottish Teachers' Superannuation Scheme (STSS). On [8 July 2019 SFC wrote to institutions to confirm the contribution towards the additional STSS costs](#) from 1 September 2019 to 31 March 2020. The AY 2020-21 allocations were modelled by calculating the monthly STSS funding from the 8 July 2020 allocations (by dividing each allocation by 7) and then using those monthly amounts to calculate a 12 month allocation.

Research and Innovation

66. Research in our universities helps drive innovation, and contributes to productivity. It helps in tackling the local and global challenges that we face; such as the move to a low carbon economy, managing an aging population and mitigating the impact of diseases. Higher education research in Scotland is internationally recognised, renowned for its excellence and respected for its innovative and collaborative nature.
67. SFC has set aside a budget for core research and innovation (including Research Excellent Grant, Research Postgraduate Grant, and University Innovation Fund) of £289,973,000 in AY 2020-21 (Table 6, column 6).

Research Excellence Grant (REG)

68. The principles of the REG are:
- Support excellence in the research base in Scottish universities, ensuring it is developed and enhanced to ensure Scotland remains globally competitive and attractive to the best researchers.
 - Recognise and reward the effective translation of research 'impact' as measured by the Research Excellence Framework (REF2014), including effective business support by universities.
 - Uphold the principles of the dual support system, including contributions to the full economic costs from Research Council, charity, European and other research income, including private, public and the third sector (charities, voluntary and social enterprise), to retain confidence in the Scottish university research base.
 - Address our responsibilities to support the personal, professional and career development of researchers.

69. REG is made up of three separate component grants.

REG = REGa + REGb + REGc where:

- REGa: supports quality and is allocated on volume, quality and a subject weighting. It is calculated at each of the 36 units of assessment for each university and then summed. Further detail on this calculation is provided below. SFC is allocating £166,966,000 to Core REGa and £5,976,000 to Science, Technology, Engineering, Maths and Medicine (STEMM) allocations in AY 2020-21.
- REGb: is allocated in proportion to the amount of non-charity research income each university receives, i.e. if they secured 10% of Scotland's non-charity research income they will be allocated 10% of this grant. SFC is allocating £41,470,000 to REGb in AY 2020-21. We use data relating to AY 2014-15 to AY 2017-18 to calculate REGb (this also includes 10% of the balance of deferred capital grants taken to reserves in 2015-16 in transitioning to using Financial Reporting Standard (FRS 102)).
- REGc: is allocated in proportion to the amount of competitively-won charity research income each university receives, i.e. if they secured 10% of Scotland's competitively won charity research income they will be allocated 10% of this grant. SFC is allocating £25,918,000 to REGc in AY 2020-21. We use data relating to AY 2014-15 to AY 2017-18 to calculate REGc (this also includes 10% of the balance of deferred capital grants taken to reserves in 2015-16 in transitioning to using Financial Reporting Standard (FRS 102)).

70. The overall budget for REG for AY 2020-21 has been set at £240,330,000.

REGa

71. REGa is allocated based on volume, quality and unit of assessment (subject weightings).
72. Volume is measured as the FTE number of Category A Research Active Staff submitted for assessment to the REF for each unit of assessment, at each university. Category A Research Active Staff were defined in REF2014 as "academic staff with a contract of employment of 0.2 FTE or greater and on the payroll of the submitting HEI on the census date (31 October 2013), and whose primary employment function is to undertake either 'research only' or 'teaching and research'."
73. Quality is based on the quality of research submissions to REF2014 at 4* (world leading) through to 1* (recognised nationally). SFC derives a Weighted Average Quality rating for each unit of assessment at each university according to the weightings set out in the table below. The percentage of submissions at each

quality level is multiplied by the relevant weighting and then divided by 100 to produce a Weighted Average Quality measure.

Quality Rating	Description	Weighting
Unclassified		0
1*	Recognised Nationally	0
2*	Recognised Internationally	0
3*	Internationally Excellent	1
4*	World Leading	3.31

74. The subject weightings for the unit of assessment are set out in Table B1.
75. A Departmental Rating is produced for each unit of assessment at each university as follows:
- Subject weighting multiplied by Volume (FTE number of Category A Staff) multiplied by Weighted Quality.
76. The funding attributed to REGa is split between core (£166,966,000), and additional STEMM (£5,976,000). The core REG allocation is calculated by apportioning the total core funding to each unit of assessment at each university in proportion to their share of the total Departmental Rating for all universities. The additional STEMM funding is allocated in a similar manner but by only looking at the units of assessment for STEMM subjects.

REGb and REGc

77. The introduction of the new Financial Reporting Standard (FRS) 102 means that since AY 2015-16 there has been a change in the way universities can choose to report research income. This was considered likely to result in greater year-on-year fluctuations in reported income. In response we amended the REG model such that:
- We now take into account the most recent four years of research income (Higher Education Statistics Agency (HESA) data on charity and non-charity research income).
 - The balance of deferred capital grants taken to reserves in 2015-16 through transitioning to FRS 102 is being attributed over a 10 year period.

Research Postgraduate Grant

78. The Research Postgraduate Grant (RPG) has been set at £35,937,000 and is provided to universities to invest in the environment for high quality research training and development, and enhance the contribution of postgraduate research students to the research base in Scotland. The investment by SFC in the RPG is an explicit recognition of the significant role played by research students in the continued development of Scotland's high-quality research base. Universities' RPG allocations are shown in Table 6, column 4.
79. The RPG is allocated formulaically in proportion to universities' weighted FTE number of research postgraduate students eligible for funding. HESA data is used to split a research postgraduate student's FTE over the REF unit(s) of assessment associated with the student's supervisor(s). The units of assessment are weighted using the subject weightings used to inform allocations of REGa, see Table B1.
80. If the student is not associated with units of assessment, then subject weights are applied to the student's subject(s) of course aim. The subject weights for REGa are applied to the subject areas as follows:
- Weight of 1.6: Clinical and Veterinary Practice; Engineering and Technology; Science; Computing and Information Science.
 - Weight of 1.2: Creative Arts and Hospitality; Other Health and Welfare; Built Environment; Mathematical Sciences.
 - Weight of 1.0: Education; Humanities, Languages and Business; Social Sciences.

University Innovation Fund

81. The University Innovation Fund (UIF) has been set at £13,705,000 and was introduced by SFC in AY 2016-17 to replace its previous Knowledge Exchange Grant and Knowledge Transfer Grant. The UIF supports the reform and simplification of the innovation support landscape in the university sector, in line with Scottish Government priorities.
82. The UIF is made up of two strands; a baseline allocation ('Platform Grant') of £250,000 to each university with the remainder distributed as a variable element ('Outcomes Grant'). The Outcomes Grant is currently modelled on universities' capacity for knowledge exchange and remains, proportionately, unchanged from the AY 2016-17 allocations, conditional on universities pro-actively engaging with the UIF approach through the outcome agreement process. Individual UIF allocations for AY 2020-21 are shown in Table 6, column 5.

Global Challenges Research Funding

83. Global Challenge Research Funding (GCRF) from the UK Department of Business, Energy and Industrial Strategy (DBEIS) is to support cutting-edge research that addresses the challenges faced by developing countries through:
- Disciplinary and interdisciplinary research.
 - Strengthening capacity for research and innovation within both the UK and developing countries.
 - Providing an agile response to emergencies where there is an urgent research need.
84. SFC will receive £16.1 million from the DBEIS for 2020-21 and funding is allocated to universities based on their proportionate share of components (A) and (B) of their REG.

Capital

85. The Scottish Government's budget bill for FY 2020-21 provided an HE Capital budget of £41,200,000, in addition SFC have been allocated £55,000,000 for Financial Transactions and £16,760,000 of Research Capital Grant from DBEIS.

Capital budgets FY 2020-21	£ millions
Capital Maintenance Grant	16.8
Edinburgh Medical School	4.1
SRUC backlog maintenance	3.5
Research Capital Grant - SFC match	16.8
Total HE Capital	41.2
Financial Transactions	55.0
Research Capital Grant – from DBEIS	16.8
Total Capital funding for universities	113.0

Capital Maintenance Grant

86. The Capital Maintenance Grant (Table 7) is allocated pro-rata to a university's share of Main Teaching Grant (as per Table 2).

SFC Research Capital and DBEIS Research Capital

87. Research Capital allocations are based on universities' five-year average Research Council income. Funding is allocated to those universities who would receive more than £100k on the first run of the Research Capital model. The allocations for FY 2020-21 incorporate a small amount of funding (£13,250) recovered from one university and reallocated across the other eight universities.

Further information

88. Please contact Duncan Condie, Senior Funding Policy Officer, tel: 0131 313 6671, email: dcondie@sfc.ac.uk.