



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

## Final university funding allocations for AY 2021-22

# SFC Announcement

Issue Date: 27 May 2021

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Summary: Announcement of final funding allocations for universities for Academic Year 2021-22.

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## Final university funding allocations for AY 2021-22

### Purpose

1. I am writing to announce the Scottish Funding Council's final decisions on funding allocations for universities for the forthcoming Academic Year (AY) 2021-22.
2. The final funding allocations set out in this announcement are based on the Scottish Government's draft [Scottish Budget 2021-22 announcement](#) on 28 January 2021 which was approved by the Scottish Parliament on 9 March 2021.
3. The current [guidance letter](#) of 19 March 2021 from the Minister for Further Education, Higher Education and Science outlines the Scottish Government's policy priorities for the Scottish Funding Council (SFC). These final funding allocations take account of those priorities.
4. SFC [published indicative allocations on 24 March 2021](#) to help universities plan for the forthcoming AY. In the main, the final funding allocations set out in this announcement are broadly unchanged from that publication. However the changes that have taken place are set out in a later section (paragraphs 13-15).

### Policy drivers

5. In considering these final allocations we are aiming to achieve a number of policy objectives:
  - To provide additional funded places for Scottish students to support productive learning opportunities at a time of significant economic and social turmoil – in these emergency years, to sustain a pipeline of educated and skilled people who will be critical for our recovery, and to respond to increased demand from school leavers in the period 2020-22.
  - To protect and promote the Graduate Apprenticeship programme, and for the first time deliver this programme through SFC's funding lines, working closely with Skills Development Scotland (SDS) in this transitional year.
  - To recognise the financial uncertainty and sustainability challenges facing the university sector by securing a general uplift in teaching grants for all universities. Given our collective national endeavour, we will expect universities to increase, or at least maintain, student intakes, particularly for school leavers.
  - To secure wider socio-economic impacts through our widening access funding, our funding for small specialist institutions and our programmes for minority cohorts of students with particular needs.

- To move towards a fairer and more transparent methodology by abolishing the complex validation and threshold model, as part of the reforms outlined in our phase one Review report.
- To protect the university research base, including through a specific increase in research funding, but also, indirectly, through the increase in teaching grants, given the level of cross-subsidisation within the higher education system.

### **Key points**

6. The key points in this final funding announcement for AY 2021-22 are:
  - SFC's Revenue budget has increased by 5.9% (£61.6 million) from AY 2020-21 [paragraph 11].
  - Teaching funding has increased by 7.8% (£53.4 million) [paragraph 12].
  - Research and Innovation budgets have increased by 1.5% (£4.4 million) [paragraph 12].
  - Other programme funding has increased by 5.9% (£3.2 million) [paragraph 77].
  - Capital maintenance funding (for FY 2021-22) has been broadly maintained, in cash terms, at the same level as last year [paragraphs 78-79].

### **Scottish budget FY 2021-22**

7. The Scottish Government's approved Scottish Budget for 2021-22 set a Higher Education (HE) Resource (Revenue) budget for Financial Year (FY) 2021-22 of £768.2 million plus an HE Capital budget of £346.7 million, of which £305.4 million is to be used to support research. Taken together this is a total increase of £29.4 million (2.8%) from FY 2020-21.
8. In addition, the Scottish Government has allocated a further £27.0 million following the publication of the UK Government's Budget on 3 March 2021 and the resultant Barnett consequentials. In total this provides an HE Resource (revenue) budget for FY 2021-22 of £795.2 million which, together with the HE Capital Budget earmarked for research, provides a total increase of £56.4 million from FY 2020-21.
9. The overall HE Capital budget (excluding the funding set aside for research above) is set at £41.3 million; an increase of £0.1 million (0.2%) from FY 2020-21, and the HE Financial Transactions budget has been set at £22.1 million; a reduction of £32.9 million.

## **Overall funds available for university sector**

10. In setting SFC's Academic Year (AY) budget for 2021-22, we span two Financial Years (FYs); 2021-22 and 2022-23. The revenue budgets for FY 2021-22 announced by the Scottish Government and the Capital budget earmarked for research are converted into AY budgets by taking account of the proportion of the FY 2021-22 budgets that are already committed to the current AY 2020-21. It also involves a forecast of the next FY budget for 2022-23, which we have assumed will not increase (in cash terms) beyond the current FY 2021-22 level. We have also assumed that the Barnett consequential has been provided on a one-off basis.
11. Last year, in setting AY 2020-21 budgets, SFC had assumed 'flat-cash' settlements for FY 2021-22. The actual increased settlements for FY 2021-22 announced by the Scottish Government therefore further increase SFC's AY 2021-22 budgets, on a non-recurrent basis. On that basis, SFC has set a university revenue budget for AY 2021-22 of £1,112.4 million, which represents an increase of £61.6 million (5.9%) compared with AY 2020-21.
12. Overall Teaching funding has been set at £737.7 million; an increase of £53.4 million (7.8%) from AY 2020-21. Research and Innovation funding has been set at £294.4 million; an increase of £4.4 million (1.5%). AY 2021-22 budget allocations are shown in [Table 1](#).

## **Changes from indicative funding announcement**

13. There are some changes to teaching funding allocations from the indicative announcement on 24 March ([SFC/AN/12/2021](#)). These changes are set out in the paragraphs below and include the routine changes associated with the announcement of controlled subject funded student places.

### ***Graduate Apprenticeship places***

14. As announced in March, SFC has taken over responsibility for the funding of Graduate Apprenticeships (GAs) in Scotland's universities from AY 2021-22. We announced that 1,393 FTE funded student places would be allocated in total; distributed amongst universities based generally on their past provision of GAs, adjusted on the basis of their capacity to deliver this commitment.
15. Following further liaison with the sector, we have changed the distribution of funded student places. The total sector number of funded places is now 1,378 FTEs; a reduction of 15 places from the indicative funding announcement. Universities will receive £7.4 million of associated funding for this activity. This is an increase of £0.5 million from the indicative announcement, despite the small decrease in places. This is primarily due to a change in our assumed fees from Student Awards Agency Scotland (SAAS).

## Controlled subjects

16. Due to the timing of the indicative announcement, we used the current AY 2020-21 funded student places to calculate the indicative funding allocations for the controlled subjects. Final funded student places have now been updated following the issuing of AY 2021-22 intake target letters and we have shared our funded places modelling with universities. The resultant changes in funding and places for AY 2021-22 can be seen in [Table A2a](#) and [Table 3](#) respectively.
17. Controlled SFC funded student places for AY 2021-22 are shown in [Annex B](#) and [Table A2b](#). Additional ring-fenced student places funded by the Scottish Government are shown in [Table A2c](#). 'Consolidation' (over-recruitment) student numbers for controlled subjects are shown in [Table 5](#).
18. Published AY 2021-22 intake targets for the controlled subjects can be found on SFC's website at the links below:
  - [Dentistry](#).
  - [Medicine](#).
  - [Pre-registration Nursing and Midwifery Education](#).
  - [Paramedic Education](#).
  - [Initial Teacher Education](#).

## *Dentistry*

19. SFC published its intake target letter for Dentistry on 11 May 2021. This letter set out an intake target for AY 2022-23 which should be partially filled in both AY 2021-22 and AY 2022-23, with recruitment to 50% of the intake target in each year. Students recruited in AY 2021-22 are expected to either defer for one year or be offered additional, related, modules prior to the commencement of their full dental studies in AY 2022-23.
20. As a result of COVID-19 restrictions and the necessary precautions implemented to control the virus, Scotland's dental schools have not been able to provide the necessary specialised training to current dental students in a safe and effective manner. The reduction in access to clinical facilities has impacted the ability of current students to gain the necessary skills and competencies for successful course completion and registration.
21. As a consequence of these restrictions, all current students will need to extend the length of their course in order to gain access to clinical facilities that were restricted to them over the past year. To reflect this SFC has allocated universities with the same number of funded student places that were allocated in AY 2020-21.

22. For AY 2021-22 pre-clinical funded student places total 86 FTEs and clinical funded student places total 397 FTEs (which is unchanged from AY 2020-21). These figures are shown in [Annex B](#).

### **Medicine**

23. SFC published its AY 2021-22 intake target [letter](#) for Medicine on 6 April 2021. This letter confirmed an overall medical intake of 1,117 students; an increase of 79 from AY 2020-21. This increase relates to:
- 10 additional widening access students.
  - 32 students who previously deferred (for one year only).
  - 23 students who had previously appealed their grades (for one year only).
  - 14 international students, to reflect recent increases in intakes for students eligible for funding and rest of UK (rUK) students.
24. 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 eligible for funding/home fees, for each university, from within their overall intake target. In light of the impact of COVID-19 it was not possible to implement the second year of the policy to increase students eligible for funding. AY 2021-22 will now be treated as year 2 of the policy and by AY 2022-23 there should be an additional 100 students eligible for funding, with a similar reduction in the recruitment of rUK students. SFC has therefore not increased the minimum intake target for students eligible for funding from AY 2020-21 levels.
25. For AY 2021-22 pre-clinical funded student places total 1,648 FTEs; an increase of 110 FTEs, and clinical funded student places total 1,913 FTEs; an increase of 137 FTEs. These figures include both ScotGEM and additional AY 2020-21 recruitment above the intake target and are shown in [Annex B](#). Scottish Government ring-fenced places have increased to take account of the changes to intake targets set out above and the additional AY 2020-21 recruitment above the intake target.

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

26. SFC published its AY 2021-22 intake target [letter](#) for Pre-registration Nursing and Midwifery on 6 April 2021. This letter confirmed a total intake of 4,449 students; an increase of 243 students (5.8%) from AY 2020-21.
27. Funded student places for Pre-registration Nursing and Midwifery in AY 2021-22 total 11,911 FTEs, as shown in [Annex B](#). This represents an increase of 1,424 places from AY 2020-21, and includes additional AY 2020-21 recruitment above the intake target. These places are largely supported by a

transfer of funding from the Scottish Government. The minority of places funded by SFC remain unchanged from AY 2020-21.

### ***Paramedic Education***

28. SFC will continue to provide funded student places for the new Paramedic Education programme and published its AY 2021-22 intake target [letter](#) on 6 April 2021. This letter confirmed a total intake of 300 students; an increase of 16 (5.6%) from AY 2020-21.
29. Funded student places in AY 2021-22 total 617 FTEs, as shown in [Annex B](#). This represents an increase of 333 FTEs from AY 2020-21, and includes additional AY 2020-21 recruitment above the intake target.

### ***Initial Teacher Education***

30. SFC published its AY 2021-22 intake target [letter](#) for Initial Teacher Education (ITE) on 16 February 2021. This letter confirmed a total ITE intake of 4,070 students, which is unchanged from AY 2020-21.
31. Funded student places for ITE in AY 2021-22 total 6,360 FTEs, as shown in [Annex B](#); an increase of 57 FTEs from AY 2020-21.

### **Teaching funding**

32. Total teaching funding allocated to universities for AY 2021-22 (excluding funding for Fee Anomalies and APUC) has been set at £734.7 million. This represents an increase of £53.4 million (7.8%) from the original published AY 2020-21 budget. 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 Students Premium and Upskilling funding. This also includes funding for pensions.
33. This is an increase of £0.7 million from the indicative announcement and reflects the following changes:
  - Increase in funding (£478k) for GAs - see paragraph 15.
  - Increase in funding (£84k) to ensure minimum 4% uplift in funded places as a result of change to GA places.
  - Increase in funding (£364k) as a result of updated funded student places for controlled subjects – see paragraph 16.
  - Reduction (-£245k) in compensation for expensive strategically important subjects.

## Main Teaching Grant

34. Main Teaching Grant for AY 2021-22 has been set at £694.0 million; an increase of £52.2 million (8.1%) from AY 2020-21. Individual university allocations are shown in [Table 2](#).

## Teaching Subject Prices

35. Teaching subject prices have increased by 1.5% from AY 2020-21 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>
2020-21 price (gross)	£17,155	£9,734	£8,627	£7,510	£6,639	£5,411
<b>2021-22 price (gross)</b>	<b>£17,412</b>	<b>£9,880</b>	<b>£8,756</b>	<b>£7,623</b>	<b>£6,739</b>	<b>£5,492</b>

36. Our gross subject prices for AY 2021-22 include the following assumed level of tuition fees for 'home fee' students, which are unchanged from AY 2020-21:
- Full-time First Degree: £1,820.
  - Other Undergraduate: £1,285.
  - Taught Postgraduate: £5,500.
37. As a result of the changes to the subject prices above, there is an uplift to the core teaching grant of 2.0%.

## Teaching funding validation model – tolerance thresholds

38. 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.
39. Since the validation model was introduced in AY 2012-13, it has always been our intention to revert to a simpler, more transparent, and fairer approach, by transitioning back to a more straightforward price × volume model. SFC outlined this in our Review phase one report as an area for reform. Given the budget settlement we are taking the opportunity to remove the validation model.
40. To ensure that no university loses funding as a result of this measure, we have allocated additional funded student places to each university whose funding would have reduced, based on their existing profile of non-controlled funded places. In total we have allocated 1,527 funded places to offset the total

reduction in Main Teaching Grant, for those universities who would lose out. The total cost of removing the validation model alongside the award of additional places for AY 2021-22 is £8.0 million.

### ***Funded places for additional school leavers***

41. In AY 2020-21 SFC allocated 1,297 FTE funded student places and £7.2 million for additional school leavers recruited by universities as a consequence of the SQA grades awarded in 2020 (announced in the [allocation of additional SQA places in AY 2020-21](#) published on 5 March 2021). SFC will continue to fund those additional places in AY 2021-22 and in addition will fund a further 2,500 FTE additional funded places for students starting their studies in AY 2021-22. The additional 2,500 funded student places will be allocated in proportion to universities' existing profile of funded places and will amount to £13.9 million in additional funding.
42. Following discussions with Scottish Government colleagues regarding additional funded places for the Health controlled subjects in AY 2021-22, all additional students eligible for funding in Medicine, Nursing and Midwifery, and Paramedic Education will be funded.

### ***Graduate Apprenticeships***

43. For Graduate Apprenticeships (GAs) 1,378 FTE funded student places have been allocated in total; distributed amongst universities based generally on their past provision of GAs, and adjusted on the basis of their capacity to deliver this commitment and further discussions with them. Universities will receive £7.4 million of associated funding for this activity. This is a change from the indicative announcement (see paragraphs 14-15).
44. SFC will issue further guidance in relation to GAs following this announcement.

### ***Minimum increase in funded places***

45. Given the pressures that universities currently face in meeting the demand for student places in AY 2021-22, we have allocated an additional 422 funded places in order that the number of funded places at every university will increase by a minimum of 4%. These additional places have been allocated in proportion to universities' existing profile of funded places. As a result of this increase universities will receive an additional £2.4 million. This is an increase of £0.1 million from the indicative announcement and is due to changes in GA places.

### ***European Union student places***

46. In July 2020, Scottish Ministers confirmed that as a result of Brexit, HE students coming from the European Union (EU) to attend Scottish universities will no longer qualify for tuition fee support beyond AY 2020-21 and 'home fee' status for EU students will end from AY 2021-22 onwards. The free tuition fee arrangement for Republic of Ireland (RoI) students will also end from AY 2021-22. These students will no longer be eligible for SFC funding and instead should be treated in the same way as rUK students in terms of tuition fee charging, i.e. eligible for the rUK tuition fee rate from AY 2021-22 and can access a tuition fee loan from SAAS.
47. We have not adjusted funded student places at universities for AY 2021-22 to take account of this change. Any funded places 'freed-up' by this change can be used to increase the number of places for eligible students resident in Scotland.

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

48. Compensation for expensive strategically important subjects in AY 2021-22 amounts to £18.1 million (an increase of £0.6 million from AY 2020-21) 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 rUK students. For the purpose of this calculation it is now assumed that all rUK students will be charged a fee of £9,250 (SFC's modelling assumes that universities will receive three £9,250 fees for a 4 year degree in subject price groups 2 and 3). This is shown in [Table 2](#) and represents a decrease of £0.2 million from the indicative announcement.

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

49. SFC has embedded the 8 funded student places for the successful BA Performance in British Sign Language and English programme within the Royal Conservatoire of Scotland's (RCS) Main Teaching Grant from AY 2021-22. The programme was previously funded by an annual allocation of non-core funding of £0.2 million.
50. For AY 2021-22 the places and funding for the BA programme have been added to RCS' Main Teaching Grant, with the balance being added to their Small Specialist Institution Grant. The course's continued operation will be monitored through the outcome agreement process and annual data returns.

### ***Additional funded places for Widening Access and Articulation***

51. 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 2021-22.

52. 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.
53. Following a review, we announced that there would be 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 was carried on to AY 2020-21 and remains the case for AY 2021-22.
54. Universities (and colleges) are therefore asked to continue with the current arrangements for AY 2021-22 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.
55. 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***

56. 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 2021-22, subject to satisfactory industry collaboration measures being agreed in outcome agreements.
57. From 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, 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.
58. For AY 2021-22 we have removed the final places associated with part-time TPG Skills courses that have now been completed. A total of £7.0 million is therefore available for Upskilling in AY 2021-22 (see paragraph 64 below).

### ***Innovation Centre TPG places***

59. 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 2021-22.

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

60. The Widening Access and Retention Fund (WARF) has been increased by £0.3 million (2.0%) to £15.6 million. Individual WARF allocations are shown in [Table 4](#).
61. SFC consulted with the sector in 2019 on a planned review of WARF to implement and deliver on the CoWA recommendations. The review of WARF has now been incorporated into SFC's broader review of coherent provision and sustainability.

### **Small Specialist Institutions**

62. The Small Specialist Institution (SSI) Grant has been increased by £0.4 million (4.3%) to £10.6 million. Individual SSI allocations are shown in [Table 4](#) and have been adjusted, as necessary, to reflect a baseline increase of 2.0% plus the further removal of TPG Skills places in AY 2021-22, additional funded places, and the balance of the funding associated with the BA Performance in British Sign Language and English funded places (see paragraphs 49-50).

### **Disabled Students Premium**

63. The Disabled Students Premium (DSP) has been increased by £0.1 million (2.0%) to £2.9 million. Individual DSP allocations are shown in [Table 4](#).

### **Upskilling**

64. Funding for upskilling has increased by £0.4 million (5.7%) to £7.0 million. This reflects a further transfer of funding associated with the previous TPG Skills places (see paragraphs 57-58) and an uplift of 2.0% that has been applied to all teaching grants. Individual Upskilling Grant allocations are shown in [Table 4](#). Separate guidance will be issued after this announcement.

### **Pensions contribution**

65. The teaching funding associated with the increasing costs of universities' Scottish Teachers' Superannuation Scheme has been uplifted by £0.1 million (2.0%) to £4.8 million.

## **Expansion of Early Years Education**

66. In support of the Scottish Government's plans to increase entitlement to free childcare, SFC has allocated funded places in AY 2021-22 for continuing part-time/work-based BA Childhood Practice students totalling 297 FTEs. A breakdown of the places and associated funding (£1.9 million) is shown in [Table A2c](#). The Scottish Government will continue to meet the costs of this activity through an additional ring-fenced grant.

## **Funding for Counsellors**

67. 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 FE and HE over a four year period from AY 2019-20.
68. SFC expects a further year's funding for counsellors in universities to be announced in due course and is continuing to work with the Scottish Government to confirm funding for 2021-22. Guidance will be published separately prior to the start of the new AY.

## **Access to free sanitary provision**

69. SFC expects a further year's funding for the provision of free sanitary products in universities to be announced in due course and is continuing to work with the Scottish Government to confirm funding for 2021-22. Separate guidance will be published in due course.

## **Research and Innovation Funding**

70. The Scottish Government budget announced a £4.5 million increase in the capital budget for 2021-22, £4.4 million of which is for research and innovation. We have provided an uplift of £1.4 million to the University Innovation Fund for AY 2021-22, an increase of 10.2%. The remaining £3.0 million uplift has been divided between the Research Excellence Grant and Research Postgraduate Grant proportionally.
71. Overall, research and innovation grant allocations for AY 2021-22 have received an uplift of 1.5%. University allocations are set out in [Table 6](#) and are described in more detail below.

## **Research Excellence Grant**

72. Research Excellence Grant (REG) funding for AY 2021-22 has been set at £242.9 million; an increase of £2.6 million (1.1%) from AY 2020-21. Individual university allocations are shown in [Table 6](#).

### **Global Challenges Research Fund**

73. As set out in the indicative announcement in March, the UK Government's Department of Business, Energy and Industrial Strategy (BEIS) will not provide funding to SFC for the Global Challenges Research Fund (GCRF) in 2021-22. To mitigate the effects of the reduction to the GCRF budget, universities in receipt of GCRF from SFC for 2020-21 may use any remaining funds from their allocation, for its originally allocated purpose, up to the end of December 2021. Reporting deadlines have been adjusted accordingly.

### **Research Postgraduate Grant**

74. Research Postgraduate Grant funding for AY 2021-22 has been set at £36.3 million; an increase of £0.4 million (1.1%) from AY 2020-21. Individual university allocations are shown in [Table 6](#).

### **University Innovation Fund**

75. University Innovation funding for AY 2021-22 has been set at £15.1 million; an increase of £1.4 million (10.2%) from AY 2020-21. Individual university allocations are shown in [Table 6](#).

### **Other programme funding**

76. A portion of SFC's annual funding for universities is earmarked for other national services - including JISC and Quality Assurance Agency for Higher Education (QAA) - and strategic programmes which will allow SFC to meet all current awarded commitments. They will allow us to focus on 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).
77. The budget for this funding in AY 2021-22 has been set at £57.5 million. This is a £0.7 million reduction from the indicative announcement due to the increase in teaching funding (see paragraph 33). This slightly reduced AY 2021-22 budget however still represents a £3.2 million (5.9%) increase from the published AY 2020-21 budget of £54.3 million.

### **Capital**

78. The Scottish Government's FY 2021-22 budget provides an HE Capital budget of £41.3 million; an increase of £0.1 million (0.2%) which, together with £16.8 million Higher Education Research Capital (HERC) Grant funding from BEIS (to be confirmed) which will be matched by SFC, provides an overall amount of capital funding expected to be available to universities in FY 2021-22 of

£58.1 million, as shown in the table below. The Scottish Government’s FY 2021-22 budget also provides Financial Transactions funding of £22.1 million, a decrease of £32.9 million (see paragraph 81).

<b>Capital budgets</b>	<b>£ million</b>
Capital Maintenance Grant	16.8
Edinburgh Medical School	4.2
SRUC backlog maintenance	3.5
Research Capital Grant - SFC match (TBC)	16.8
<b>Total HE Capital</b>	<b>41.3</b>
Research Capital Grant – from BEIS (TBC)	16.8
<b>Total Capital funding for universities</b>	<b>58.1</b>

### **Capital Maintenance Grant**

79. The budget for Capital Maintenance Grant has been set at £16.8 million; which is broadly unchanged from FY 2020-21. 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**

80. We have yet to receive confirmation on HERC grant funding from BEIS for FY 2021-22. Assuming the same level as FY 2020-21, research capital grant funding totalling £33.5 million (£16.8 million HERC from BEIS, matched with a further £16.8 million from SFC) will be allocated in FY 2021-22. We aim to confirm this position in June.

### **Financial Transactions**

81. SFC has £22.1 million of Financial Transactions (FT) funding available in FY 2020-21. However we estimate that a circa £32.8 million programme will be available in 2021-22, utilising an estimated c.£10.7 million of repayments. This is a £1.2 million reduction in the estimated funding programme set out in the indicative announcement.

82. All FT funding will be directed towards climate emergency projects. Further information on this programme and an [Invitation of Expressions of Interest](#) was published on 25 May.

### **Funding transfer to Student Awards Agency Scotland (SAAS)**

83. SFC expects a transfer of funding to SAAS totalling £22.8 million, an increase of £0.5 million from AY 2020-21 that reflects increased demand for SAAS funding.

## Tables

84. We have attached the following annexes/tables for AY 2021-22:

- [Annex A – Funding allocations to universities](#)
- [Annex B – Funded places and student number targets for universities](#)
- [Annex C – Conditions of funding](#)
- [Annex D – Profile of monthly payments for main grants](#)
- [Table 1 – University sector – final overall budget](#)
- [Table 2 – 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 \(compared with AY 2020-21\)](#)
- [Table 8 – Capital grant \(FY 2021-22\)](#)

85. [Additional tables](#) are available on SFC's website. Additional 'technical' guidance will follow.

## Acceptance of funding

86. This letter announces the final funding that is associated with university outcome agreements for AY 2021-22. Funding is conditional on the agreement of satisfactory outcome agreements. By signing their respective outcome agreements, universities are agreeing to the activity/funding allocations set out in this announcement and the associated terms and conditions of grant.

## Further information

87. For more information, please contact Martin Smith, Deputy Director, Tertiary Education Funding, tel: 0131 313 6528, email: [msmith@sfc.ac.uk](mailto:msmith@sfc.ac.uk).



**Karen Watt**  
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