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University Final Funding Allocations 2025-26: Technical Guidance

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University Final Funding Allocations AY 2025-26: Technical Guidance

Purpose

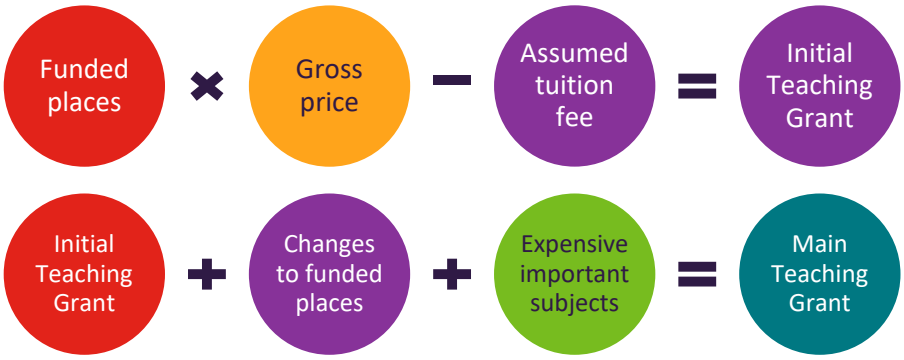
1. This document provides additional guidance on the final university funding allocations for Academic Year (AY) 2025-26, setting out additional details on the methodologies used in calculating institutions' core formula-based funding allocations. All tables referred to throughout this document can be found in the individual tabs at the following links Tables 1-8 combined and Tables A1-D2 combined.

Main Teaching Grant

2. The purpose of the Main Teaching Grant is to support high quality teaching and learning at Scotland's institutions, to meet the needs of students and of Scotland's economy, and to support institutions to deliver activity in support of SFC's Outcomes Framework.

Price x volume model

3. The calculation of our Main Teaching Grant is based on a 'price x volume' model, as per the diagram below:



4. Each institution's funded student places are profiled across six teaching subject price groups (see Annex A of this guidance) using the previous year's published funded places as a starting point. This distribution can be found in Table A4. The funded places against each subject price group are multiplied by the relevant teaching price (University Final Funding Allocations AY 2025-26, paragraph 23) to derive a gross teaching grant. The assumed tuition fees (associated with their funded places) are removed from each institution's gross teaching grant to produce an Initial Main Teaching Grant (see Table D1).

Assumed tuition fee income

5. The assumed tuition fee income is based on splitting each institution's funded student places into the following categories:

- Taught postgraduate at undergraduate fee level (the full-time/part-time split is updated each year based on data from the latest Early Statistics Returns).
    - Built Environment
        - Full-time (£1,820 fee)
        - Part-time (£1,285 fee)
    - Professional Graduate Diploma in Education (PGDE)
        - Full-time (£1,820 fee)
        - Part-time (£1,285 fee)
    - In-service and other education
        - Full-time (£1,820 fee)
        - Part-time (£1,285 fee)
    - Graduate Apprenticeship (£1,820)
- Taught postgraduate at gross price (£0 fee).
- Other taught postgraduate (£7,000 fee).
- Undergraduate (the split between full-time degree/other undergraduate is usually updated each year using the latest HESA Student returns. However, this split has, again, not been updated for the allocations for AY 2025-26 due to a new student return that was introduced for 2022-23 and ongoing work to assess the quality and consistency of the information returned).
    - Full-time degree (£1,820 fee)
    - Other undergraduate (£1,285 fee)
    - Graduate Apprenticeship (£1,820 fee)

6. Any changes to the undergraduate/taught postgraduate split of funded places are either the result of changes to the allocations of funded places or due to transfers of funded places. 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).

Changes to non-controlled funded student places

7. The changes made to non-controlled funded student places for AY 2025-26 are set out in Table A2a and explained in more detail in the paragraphs below.

8. AY 2025-26 sees the removal of the second tranche of SQA places allocated in AY 2021-22 following the revised SQA qualifications results during the COVID-19 pandemic. This has been done by, firstly, removing these 2,500 non-controlled funded places in line with how they were originally allocated at undergraduate level and by price group. Where institutions have delivered significantly in excess of their allocated funded places (based on the AY 2024-25 Early Statistics), and have indicated that they have sustained demand, we have reinstated their respective SQA places.

9. We have removed the remainder of the additional 2,500 places from the institutions

under-delivering by more than 4% against their funded places (post removal of the SQA places). For the institutions affected, this is based on the maximum of their AY 2024-25 non-controlled students eligible for funding (SEFF) and their three-year average of SEFF compared to their current level of funded places (after the SQA places have been removed).

10. These places were then split between SFC's six teaching subject price groups in proportion to each institution's existing subject price group splits of non-controlled undergraduate and taught postgraduate funded places, excluding their additional SQA places.

11. The impact on individual institutions in terms of funded places and associated Main Teaching Grant are shown in Tables 3 and 2 respectively.

Additional Articulation (Associate Student) and Innovation Centre places

12. Included within the non-controlled funded places are some additional funded places which were allocated to institutions in previous years and maintain specific conditions of grant, as set out in Annex C of the Final Funding Allocations. The two main examples are additional funded places associated with Articulation/Associate Student Scheme (Annex C of this guidance) and Innovation Centres (Annex D of this guidance which provides an overview of the further redistribution of places in AY 2025-26).

13. As indicated in the funding announcement, we have reviewed the use of the articulation/associate student places and will write further to the sector on the future of the scheme during AY 2025-26.

Compensation for expensive strategically important subjects

14. Compensation for expensive strategically important subjects (CESIS) was introduced from AY 2012-13 following legislation allowing universities to set their own tuition fees for rest of UK (rUK) students, capped in line with the maximum rUK tuition fee rate. In addition to controlled subjects, the compensation covers strategically important non-controlled subjects which might, otherwise, have been negatively affected by this change in rUK tuition fees.

15. The compensation applies to SFC price groups 1 to 3 (excluding Pre-Clinical Dentistry and Pre-Clinical Medicine) only and is in recognition of the difference between the assumed tuition fees received from rUK students and the SFC price groups. There are two streams of funding: **CESIS-controlled** and **CESIS non-controlled**.

16. **CESIS-controlled** reflects recruitment to the controlled subjects of Medicine and Dentistry and provides compensation for students in the clinical years (years 3 to 5 for Medicine and years 2 to 5 for Dentistry). Each year, we carry out the calculation as per Annex F but, instead of funded places removed/actual rUK enrolments, we continue to 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 as well as the new rUK tuition

fee rate of £9,535. For AY 2025-26, we have allocated notional places for **CESIS-controlled** as set out below:

- Medicine- 495.8 notional funded places.
- Dentistry- 114.0 notional funded places.

17. For **CESIS non-controlled subjects**, we continue to calculate compensation based on non-controlled funded places nominally associated with rUK students removed between AYs 2012-13 and 2016-17 in price groups 1 to 3 and, since AY 2024-25, compare this to the same calculation based on actual rUK enrolments derived from the AY 2021-22 HESA returns to determine the minimum amount of compensation. The calculation also includes the assumed tuition fee at the new rate of £9,535 and is determined by whether or not the university charges rUK tuition fees for 3 or 4 years. Annex F sets out the methodology.

18. This methodology is fully implemented for AY 2025-26 and ensures universities receive the appropriate amount of compensation.

19. The final piece of the calculation is to combine the amounts for **controlled subjects** and **non-controlled subjects**.

Changes to controlled funded student places for AY 2025-26

20. We published AY 2025-26 'intake letters' for the controlled subjects of Medicine, Dentistry, Pre-registration Nursing and Midwifery Education, Paramedic Education, Initial Teacher Education and Optometry (MSc level only). These letters are available on SFC's website at the links below:

- Medicine.
- Dentistry.
- Pre-registration Nursing and Midwifery Education.
- Paramedic Education.
- Initial Teacher Education.
- Optometry (MSc level only).

21. In addition to the above, Prosthetics and Orthotics (P&O) continues to be a controlled subject. There is no AY 2025-26 intakes letter for P&O as it is delivered solely by the University of Strathclyde, and there is an agreement between the institution, the Scottish Government and SFC that the intake target will be held at 25 students per annum for four years, from AY 2022-23.

22. Funded 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 institution from AY 2025-26 set out in Table 3.

23. 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

24. SFC receives annual guidance from the Scottish Government's Health Workforce Directorate on the recommended target student intakes for that forthcoming year. The intake target for Medicine applies to all Scottish-domiciled/'home' fee SEFF, rUK and Republic of Ireland (RoI) students, with a separate target set for international students.

25. From AY 2019-20, we introduced a new model for allocating funded places for Medicine as a pilot. 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 and for any differences between funded places and SEFF in the previous year. In common with previous years, we shared the funded places modelling with institutions and asked for any feedback on their proposed allocation of places.

26. Annex B of this guidance sets out the calculation of funded places for AY 2025-26. 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 six categories:

- Pre-clinical Medicine.
- Clinical Medicine.
- Pre-clinical Scottish Graduate Entry Medicine (ScotGEM).
- Clinical ScotGEM.
- Pre-clinical Scottish Community Orientated Medicine (ScotCOM).
- Clinical ScotCOM.

27. The starting point for the calculation is to look at the final funded places for AY 2024-25. These are brought forward to form the initial funded places for AY 2025-26. The initial funded places are then adjusted for any changes to intake targets - not just in the forthcoming year but also in the preceding years - until each programme reaches a steady state.

28. The changes for AY 2025-26 are set out below and the full model is included at Annex B of this guidance.

29. There has been a reduction in Pre-clinical Medicine funded places for AY 2025-26 (years 1 and 2, except for the University of St Andrews where it is years 1 to 3). The factors leading to this decrease are:

- + 43
  Additional core intake related to the Scottish Government commitment to increase the medical school intake.
- -78
  Additional core intake reduced to reflect 23 students at the University of St Andrews

moving from the core A100 medical programme on to the new ScotCOM programme for year 3, and University of St Andrews' intention to recruit 55 students to ScotCOM instead of the existing A100 programme.

- -5
  To reflect the adjustment in the intake for the scheme to increase the number of medical students from SIMD20 or Care-Experienced backgrounds made in AY 2023-24 where University of St Andrews' intake target was reduced by 5 students and this was reallocated between the other four medical schools.
- +55
  To reflect University of St Andrews' intention to recruit 55 students to ScotCOM instead of the existing A100 programme.
- -51
  A reduction in funded places implemented by adjusting funded places by 50% of the projected difference between funded places and SEFF in AY 2024-25. This adjustment allows funded places to track SEFF as they fluctuate due to changes in rUK student numbers and students undertaking intercalating years (among other factors).

30. The Clinical Medicine funded places have increased for AY 2025-26. The factors leading to this increase are:

- + 173
  Additional core intake related to the Scottish Government commitment to increase the medical school intake.
- +62
  Increase in the intake for the scheme to increase the number of medical students from SIMD20 or Care-Experienced backgrounds within the annual intake.
- +25
  Increase in the intake to the GP Track scheme at the Universities of Aberdeen and Glasgow from 30 to 55.
- +8.7
  To reflect the intake target for the HCP-Med for Health Care Professionals programme at the University of Edinburgh increasing from an initial 25 students per annum to the current 35 students. Years 1 to 3 of the HCP-Med programme are part-time and attract 0.75 FTE per student.
- +30.0
  Reflecting the scheme to increase the number of SEFF in the intake, and consequently increase the number of students more likely to stay and work for Scotland's NHS.
- +23
  To reflect 23 students at University of St Andrews moving from the core A100 medical programme on to the new ScotCOM programme for year 3.
- -16.0

A reduction in funded places implemented by adjusting funded places by 50% of the projected difference between funded places and SEFF in AY 2024-25. This adjustment allows funded places to track SEFF as they fluctuate due to changes in rUK student numbers and students undertaking intercalating years (among other factors).

31. Pre-clinical ScotGEM funded places are set according to the intake target and the Universities of St Andrews and Dundee are being asked to jointly recruit 70 students in AY 2025-26. Clinical funded places for ScotGEM are set according to actual student numbers from their Early Statistics Returns.

32. SFC shares the funded places modelling with each institution, along with the Scottish Government Health Workforce Directorate. Institutions 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 institution.

Pre-medical Entry Programme

33. The Scottish Government advised SFC that it would continue to fund a student intake for two Pre-medical Entry courses in AY 2025-26. 30 additional funded places have been allocated to the University of Aberdeen and 40 additional funded places have been allocated to the University of Glasgow for Pre-medical Entry courses for students from a disadvantaged background.

Controlled funded places – Dentistry

34. SFC receives annual guidance from the Scottish Government's Chief Dental Officer (CDO) and Dentistry Division on the recommended target student intakes for the forthcoming year. The intake target for AY 2025-26 has increased by 10 students. SFC uses the 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.

35. The intake targets for Dentistry relate to SEFF, rUK and RoI students. To calculate the proposed funded places, it is necessary to make an assumption about the number of SEFF, rUK and RoI 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.

36. 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 do not fund an institution 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.

37. 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.

38. 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.

39. Once SFC has calculated the proposed funded places, the modelling is shared with each institution, along with the CDO. Institutions 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 then discuss any contextual information which has been provided with the CDO before confirming the number of funded places to be allocated to each institution.

Controlled funded places – Pre-Registration Nursing and Midwifery Education

40. In AY 2023-24 SFC received guidance from the Scottish Government's Chief Nursing Officer's Directorate (CNOD) on the recommended target student intakes across 3 years, AY 2023-24 to AY 2025-26, (subject to annual review). For AY 2025-26 there has been an increase in the intake target of 54 students to allow for increased recruitment at the Open University in Scotland (OUS). The intake target for AY 2025-26 has been set at 4,891. 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 Pre-registration Nursing and Midwifery Education programmes.

41. SFC makes an assumption about the number of SEFF 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.

42. It is then necessary to calculate the numbers of funded places for years 2 and 3 of the course, and for year 4 of the Honours courses. This is done by taking the minimum of target intake/actual intake/year 1 of the programme (using the minimum of these figures helps to ensure that we do not fund an institution for under or over-recruiting) 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/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 year 4.

43. 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.

44. The proposed allocation of funded places for three-year Pre-registration Nursing and Midwifery Education provision equals the sum of the funded places for years 1, 2 and 3. The proposed allocation of funded places for four-year Honours Pre-registration Nursing and Midwifery Education provision equals the sum of the funded places for years 1, 2, 3, and 4.

45. From AY 2021-22, Student Awards Agency Scotland (SAAS) took over the payment of tuition fees for Pre-registration Nursing and Midwifery Education to bring it into line with the vast majority of university provision. SAAS are unable to make payments to continuing European Union (EU) students for Pre-registration Nursing and Midwifery Education, and consequently SFC continue to include an assumed fee amount for these students within the teaching grant for Pre-registration Nursing and Midwifery Education. For those courses with continuing EU students who have not received a fee amount (the four-year Honours courses), institutions should continue to claim the fees through the Fee Anomalies Grant. Fee compensation for these claims is provided by the Scottish Government and is therefore not affected by any changes to the SFC budget for Fee Anomalies.

46. Once SFC has calculated the proposed funded places, the modelling is shared with each institution, along with Scottish Government's CNOD. Institutions 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 discuss any contextual information which has been provided with CNOD before confirming the number of funded places to be allocated to each institution.

47. In response to the challenges that institutions face in recruiting students to Pre-registration Nursing and Midwifery Education programmes, SFC has agreed with the Scottish Government an approach which allows institutions the opportunity to recruit to the three-year intake targets set in AY 2023-24 (adjusted for AY 2025-26). Funded places for Pre-registration Nursing and Midwifery Education have been modelled based on the previously set intake targets, but places will be adjusted in-year to reflect institutions' actual intakes, above or below the intake targets. The process which has been agreed for this is set out below:

- SFC will model funded places using the targets that were published in April 2023, taking into account the 2025-26 adjustment, and our existing methodology, as set out above.
    - These funded places have been used in our Final Funding Allocations publication.
- SFC will adjust the funded places in-year to reflect institutions' actual recruitment of Pre-registration Nursing and Midwifery Education students.
    - Funded places and funding will be adjusted for recruitment both below and above the existing targets (up to a maximum of the sector intake target).
- Actual recruitment will be based on an additional SFC data collection - 'Early Intakes Collection'.
- SFC will write to institutions to confirm the revised funded places, based on actual recruitment, before the end of 2025.

Controlled funded places – Paramedic Education

48. In AY 2023-24, SFC received guidance from the Scottish Government's CNOD on the recommended target student intakes across 3 years, AY 2023-24 to AY 2025-26, (subject to annual review). SFC uses 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 Paramedic Education.

49. The intake target for Paramedic Education relates solely to SEFF so there is no requirement to make an assumption on the number of rUK, RoI and international students. The funded places for year 1 will be equal to the intake target.

50. It is then necessary to calculate the numbers of funded places for years 2 and 3. This is done by taking the minimum of target intake/actual intake/year 1 of the programme (using the minimum of these figures helps to ensure that we do not reward an institution for under or over-recruiting) for each of the previous three 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.

51. 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.

52. The proposed allocation of funded places for Paramedic Education equals the sum of the funded places for years 1, 2 and 3.

53. Once SFC has calculated the proposed funded places the modelling is shared with each institution, along with the CNOD. Institutions 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 discuss any contextual information which has been provided with CNOD before confirming the number of funded places to be allocated to each institution.

Controlled funded places – Initial Teacher Education

54. 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 SFC on this workforce planning exercise and the advice of TWPAG. The guidance details the recommended 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 Gaelic medium education.

55. On the basis of the guidance from Scottish Government, we allocate a student intake target to each of the following Initial Teacher Education routes:

- Undergraduate Primary (including Combined degrees).
- PGDE and other Primary.
- Undergraduate Secondary (including Combined degrees).
- PGDE and other Secondary.

56. To deliver the required teachers in different secondary subjects, we allocate some places through the undergraduate route. However, the majority are delivered through the PGDE route. The Scottish Government advises on a national intake target for each secondary subject. Institutions are then allocated individual targets for each subject and asked to meet this subject target through a combination of PGDE and the other routes.

57. We use the recommended intakes for ITE courses to calculate a proposed allocation of funded places for each institution 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.

58. 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 three years and then applying assumed year-to-year retention rates (based on three-year averages). Retention rates are calculated separately for each institution based on their own data.

59. The proposed funded places are calculated and the modelling shared with each institution. Institutions are asked to comment on their proposed allocation of funded places and provide contextual information if they feel that these do not accurately reflect the number of students who should be funded.

Controlled funded places – Optometry (MSc level only)

60. Following the publication of new educational standards by the General Optical Council, the two providers of optometry education in Scotland - Glasgow Caledonian University (GCU) and the University of the Highlands and Islands (UHI) – introduced Masters level courses which include independent prescribing. From AY 2024-25, Masters of Optometry with Independent Prescribing (MOptom) was made a controlled subject, with GCU commencing their programme in AY 2024-25 and UHI in AY 2025-26.

61. As this is a new programme, we will work with the institutions involved to model funded places and to agree the progression rates to be used in any calculation. For AY 2025-26 we have allocated funded places for the following course years.

    - GCU
        - Year 1 and Year 2
    - UHI
        - Year 1

62. The funded places for each course year will be calculated as set out below:

    - The intake target for MOPtom relates solely to SEFF so there is no requirement to make an assumption on the number of rUK, RoI and international students. The funded places for year 1 will be equal to the intake target.
    - It is then necessary to calculate the numbers of funded places for years 2. This is done by taking the minimum of target intake/actual intake/year 1 of the programme (using the minimum of these figures helps to ensure that we do not reward an institution for under or over-recruiting) for the previous year, and then applying an assumed retention rate, as agreed with the institution.

Small Specialist Institutions Grant

63. SFC allocates Small Specialist Institution (SSI) Grant funding to our three SSIs – Glasgow School of Art (GSA), the Royal Conservatoire of Scotland (RCS), and Scotland's Rural College (SRUC) – in recognition of the specialist nature of their provision and the specific challenges faced by these institutions.

64. The SSI Grant funding brought together various previous specialist grants (with the exception of capital and funding for strategic places). This included an uplift to reflect the nature and circumstances of each institution as well as Regional Coherence allocations for GSA and the RCS.

65. An element of RCS's SSI Grant reflects the additional cost of conservatoire teaching (excluding ITE), in recognition of the unique nature of teaching within a Conservatoire. Additional SSI funding is allocated for any additional funded places they receive that are related to conservatoire teaching, to reflect the difference between the current price for Price Group 3 and the former Unit of Resource for Conservatoire Provision (adjusted for

increases in the teaching price since the Conservatoire Unit of Resource was discontinued). 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.

66. The SSI Grant for AY 2025-26 is £14.0m (individual allocations are set out in Table 4.) This amounts to an increase of £249k from AY 2024-25.

Widening Access and Retention Funding

67. For AY 2025-26, £15.6m of Widening Access and Retention Funding (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. This budget allocation is unchanged from AY 2024-25.

Disabled Students Premium

68. The purpose of the Disabled Students Premium (DSP) is to assist institutions with the costs that they incur in providing additional materials and services for disabled students. Along with the Main Teaching Grant, SSI Grant and WARF, the DSP forms part of the teaching funding awarded to institutions.

69. The DSP for AY 2025-26 has been set at £2.9m, unchanged from AY 2024-25, and is allocated to institutions by sharing the available funds based on funded student places; with a minimum 'floor' of £54k and the OUS receiving a fixed allocation of £186k to reflect the level of provision provided to disabled students.

70. To calculate the individual allocations, we initially pro-rata the budget according to the number of funded places at each institution. If any institution's initial allocation is less than £54k then they are awarded that minimum amount, and similarly the OUS is allocated £186k. The sum of the minimum amounts that have been allocated and OUS's allocation are removed from the available budget and the remaining funds are then distributed among those institutions who have not been allocated a fixed amount on a pro-rata basis. The allocations are shown in Table 4.

Research and Innovation

71. Research in our institutions 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 ageing population and mitigating the impact of diseases. HE research in Scotland is internationally recognised, renowned for its excellence and respected for its innovative and collaborative nature.

72. SFC has allocated a budget for core research and innovation (including Research Excellent Grant, Research Postgraduate Grant, and Knowledge Exchange and Innovation Funding) of £328.5m in AY 2025-26 (Table 6). This represents an increase of £11.3m (3.6%) from AY 2024-25.

Research Excellence Grant

73. The principles of the Research Excellence Grant (REG) are:

- A sustainable and predictable framework to support ambitious and excellent research across the Scottish HEIs.
- Robust and transparent allocation method based on clearly defined criteria and avoiding unnecessary complexity.

74. REG provides the majority of SFC's funding for research in Scotland. It is intended to support sustainable research excellence across Scotland's institutions. REG has a dual purpose:

- To recognise and reward research excellence wherever it is found and in whatever discipline
- To uphold the principles of the dual support system, through making a contribution toward the full economic costs of research.

75. REG provides a long-term, stable source of research funding which institutions can use flexibly to develop and support excellent research as best fits their individual circumstances, thereby supporting the diversity of the sector and their ability to respond to challenges.

76. REG supports institutions to:

- Sustain an excellent research environment and a thriving and inclusive research culture.
- Consolidate and/or expand existing excellence to attract global investment and talent to Scotland.
- Respond flexibly to changing priorities and invest in new and emerging areas of research ensuring that the research base is in a position to respond to the challenges of the future.
- Support researchers in their early career stages.
- Help meet the full economic costs of research work contributing a public good, supported by, for example, Research Councils and charities.

77. The REG budget for AY 2025-26 is £264.4m; an increase of £8.1m from AY 2024-25. REG is made up of three parts - A, B and C - all of which have received a funding uplift for AY 2025-26 (£5.6m, £1.4m and £1.0m respectively). These three parts are as follows:

REGa

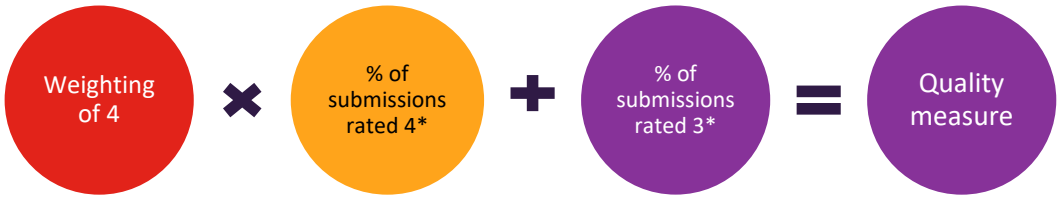
78. The budget for part A of REG (REGa) for AY 2025-26 is £184.4m. This budget is split as follows, using the proportions of the three elements from the Research Excellence Framework (REF) 2021 exercise: 60% for 'Outputs', 25% for 'Impact' and 15% for 'Environment'. This results in £110.6m of the REGa budget being based on Outputs,

£46.1m being based on Impact and £27.7m being based on Environment.

79. The allocation of funding within each element is calculated using volume, quality and a subject weighting. Volume measures and quality ratings are drawn from the institution's results from REF 2021.

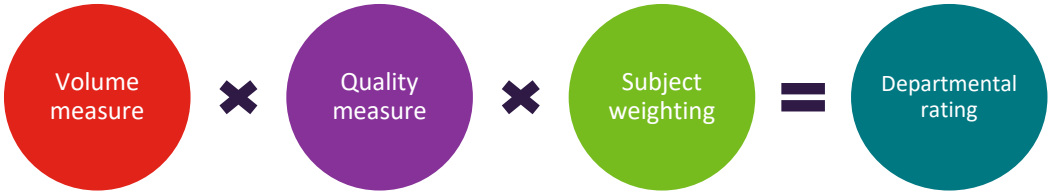
80. The volume measure is the FTE number of Category A eligible staff at each institution. Category A eligible staff were defined for REF 2021 as "academic staff with a contract of employment of 0.2 FTE or greater and on the payroll of the submitting institution on the census date (31 July 2020), and whose primary employment function is to undertake either 'research only' or 'teaching and research'."

81. The quality measure is derived from the REF 2021 results to which a weighting is applied e.g. 4* (world leading) is weighted by 4, and 3* (internationally recognised) is weighted by 1. This is something that's been agreed with SFC's Research and Knowledge Exchange Committee and is set out below:



82. Each UoA is assigned one of three subject weightings, as agreed with SFC's Research and Knowledge Exchange Committee: 1.6, 1.2 and 1.0. The subject weighting assigned to each UoA is shown in Table B1.

83. For each REF result, a departmental rating is derived using the following formula:



84. A percentage share of the total departmental ratings is calculated for each institution's individual REF result which is applied to the budget for each element to provide a resulting allocation. An institution's overall allocation is then derived from the sum of the resulting allocations for each institution's REF results. Table B2 shows the allocation from each element and the overall allocation from REGa for each institution for AY 2025-26.

REGb and REGc

85. Part B of REG (REGb) is based on the amount of non-charity research income each institution receives. The budget for REGb for AY 2025-26 is £45.6m.

86. Part C of REG (REGc) is based on the amount of charity research income each institution receives through a competitive process. The budget for REGc for AY 2025-26 is £34.4m.

87. The research income used to inform the allocations of REGb and REGc for AY 2025-26 is a 4-year average of the relevant income for AYs 2019-20 to 2022-23, with the following adjustments:

    - 10% of the balance of deferred capital grants taken to reserves in 2015-16 is also included.
    - The co-investment from external sources on funding council-funded projects is excluded.

88. The allocations of REGb and REGc are based on each institution's proportion of the 4-year average of relevant income, with the 10% balance of deferred capital grants taken to reserves in 2015-16 (when there was a change in accounting direction) factored in, e.g. if an institution secures 10% of Scotland's non-charity research income it will be allocated 10% of REGb.

89. The allocations from REGb and REGc for AY 2025-26 are shown in Table B2.

Research Postgraduate Grant

90. The Research Postgraduate Grant (RPG) supports institutions to i) invest in a collaborative environment for research training and development that values positive culture, inclusivity and exposure to high-quality research as central to the postgraduate research experience, and ii) secure a pipeline of skilled postgraduate researchers and support their career development in a way that meets the needs of academia, industry and society.

91. The RPG budget for AY 2025-26 has been set at £39.1m; an increase of £1.2m from AY 2024-25. Due to changes to HESA Student returns, the AY 2025-26 allocations of RPG are, again, based on AYs 2020-21 and 2021-22 data for each institution.

92. A 2-year average of each institution's research postgraduate SEFF (FTE) is calculated under each of the subject weightings used for REGa. The resulting amounts are weighted with the relevant subject weighting and then combined which determines each institution's share of the RPG.

93. Where the resulting allocations see an institution receiving less than £81k, this institution's individual allocation is made up to that amount, with the remaining amount split amongst the rest of the institutions as detailed above. See Table B3.

94. Institutions' RPG allocations for AY 2025-26 are shown in Table 6.

Knowledge Exchange and Innovation Fund

95. The split of the £25.0m allocated for the Knowledge Exchange and Innovation Fund (KEIF) in AY 2025-26 can be found in Table 6. This is a £2.0m increase from AY 2024-25.

96. A 'platform grant' set at a total of £4.8m for staffing and development, has been allocated to each institution at a flat rate of £250k each.

97. Each institution also received a share of the £19.9m 'Outcome Grant' to incentivise and

reward activity.

98. There are 4 parts to the Outcome Grant. The methodology below is used to calculate each institution's share of each part. For each measure, the data uses a 3-year average across AYs 2021-22 to 2023-24 with a ratio of weightings (2:3:5) applied across the 3 years (2 in AY 2021-22, 3 in AY 2022-23 and 5 in AY 2023-24). This methodology has been agreed with SFC's Research and Knowledge Exchange Committee.

Measure	Outcome Grant	Data used
1. Weighted KE metrics	60% (£11.9m)	The institution's Knowledge Exchange (KE) income as per the KE metrics return (see Annex E of this guidance for definitions of each KE metric). Once the weighted 3-year average has been calculated, the resulting amounts are then multiplied by the relevant weighting for that specific type of income (as per Table 2 of the KEIF guidance) and combined to produce a total allocation.
2. Total KE income per academic staff member (FTE)	25% (£5.0m)	The institution's KE income as per the KE metrics return. Once the weighted 3-year average has been calculated, the resulting amounts are then divided by the weighted 3-year average of academic staff FTE as per the HESA Staff return.
3. Graduate start-ups that are still active and have survived at least 3 years per student FTE	10% (£2.0m)	The institution's graduate start-ups still active after 3 years as per the HESA HE-BCI return. Once the weighted 3-year average has been calculated, the resulting amounts are then divided by the weighted 3-year average of student FTE as per the HESA Student return.
4. Total number of spin-outs that are still active and have survived at least 3 years per total research income	5% (1.0m)	The institution's total spin-outs that have survived at least 3 years as per the HESA HE-BCI return. Once the weighted 3-year average has been calculated, the resulting amounts are then divided by the weighted 3-year average of research income as per the HESA Finance return.
Total	**100% (£19.9m)**	

99. The calculations above form the basis of each institution's share of each part of the Outcome Grant. The amounts under each part of the Outcome Grant are combined to form the institution's overall share of the Outcome Grant which is then added to each institution's Platform Grant. In addition, £0.4m of the overall £25.0m for KEIF has been allocated for the KEIF Collaboration Manager post (£0.1m) and support for sector-wide activity (£0.3m), hosted by the University of the West of Scotland.

100. Where there was a reduction in an institution's KEIF allocation from what was the University Innovation Fund in AY 2022-23, the KEIF was, again, made up to that original AY 2022-23 amount. The remaining amount was then split amongst the other institutions that did not see a reduction in their allocation.

Capital

101. SFC's Capital funding for institutions covers land, buildings and equipment and supports our work to secure effective and sustainable spaces for learning, research and innovation.

102. The total Capital budget for (FY) 2025-26 is £28.4m. This comprises of:

- Capital Maintenance Grant (£5.0m).
- Funding for the Edinburgh Medical School (£4.6m).
- HE Research Capital (HERC) SFC match funding (£18.8m - to be confirmed).

103. The Capital Maintenance Grant (Table 8) is allocated pro-rata to an institution's share of Main Teaching Grant (as per Table 2).

104. The HERC funding from the UK Department of Science, Innovation & Technology for FY 2025-26 is to be confirmed with match-funding provided by SFC. These allocations are based on institutions' five-year average Research Council income. Funding is allocated to those institutions who would receive more than £0.1m on the first run of the research capital model. A separate publication will be issued and tables in the final university funding allocations for AY 2025-26 publication will be updated accordingly.

Recovery of Funding

105. SFC may recover funding where there has been under-delivery or over-recruitment. The University Final Funding Allocations 2025-26, Annex C, paragraphs 19 to 33 set out detail on the conditions for funding recovery.

Further information

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

Annex A: Allocation of Cost Centres to SFC Teaching Subject Price Groups

Price Group 1
Clinical Medicine
Clinical Dentistry
Veterinary science

Price Group 2
Pharmacy and pharmacology
Physics
Chemical engineering
Mineral, metallurgy and materials engineering
Electrical, electronic and computer engineering

Price Group 3
Pre-clinical Medicine
Pre-clinical Dentistry
Health and community studies
Agriculture, forestry and food science
Earth, marine and environmental sciences
Biosciences
Chemistry
General engineering
Civil engineering
Mechanical, aero and production engineering
Art and design
Music, dance, drama and performing arts

Price Group 4
Nursing
IT, systems sciences and computer software engineering
Archaeology
Education - Other than Initial Teacher Education

Price Group 5
Psychology and behavioural sciences
Anatomy and physiology
Sports science and leisure studies
Mathematics
Architecture, built environment and planning
Geography and environmental studies
Area studies
Education - Initial Teacher Education

Price Group 6
Anthropology and development studies
Politics and international studies
Economics and econometrics
Law
Social work and social policy
Sociology
Business and management studies
Catering and hospitality management
Modern languages
English language and literature
History
Classics
Philosophy
Theology and religious studies
Media studies

Not assigned to a price group
Continuing education
Cost centre not assignable

Annex B: AY 2025-26 Funded Student Places for Medicine

Institution	Initial Funded Places for AY 2025-26				Additional Intake Targets - not fully embedded							Minimum Scottish domiciled intake		ScotCOM		Changes to funded places based on AY 2024-25 SEFF		Funded places for AY 2025-26			
	Pre-Clinical Medicine	Clinical Medicine	Pre-clinical ScotGEM	Clinical ScotGEM	Additional Core Intake Pre-Clinical	Additional Core intake Clinical	Additional Widening Access Places Pre-Clinical	Additional Widening Access Places Clinical	Scot GEM	Additional GP Track Clinical	Additional HCP-Med Clinical	St Andrews	Others	Pre-Clinical Medicine	Clinical Medicine	Pre-Clinical Medicine	Clinical Medicine	Pre-Clinical Medicine	Clinical Medicine	Pre-clinical Scot GEM	Clinical Scot GEM
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Aberdeen, University of	523.3	570.3	0.0	0.0	10.0	36.0	0.0	14.0		25.0		1.0	0.0			-10.0	-9.0	523.3	637.3	0.0	0.0
Dundee, University of	359.4	424.5	0.0	62.0	8.0	36.0	0.0	15.0				1.0	0.0			0.0	-7.0	367.4	469.5	0.0	75.0
Edinburgh, University of	465.0	513.3	0.0	0.0	6.0	43.0	0.0	14.0			8.7	0.0	25.0			-26.0	0.0	445.0	604.0	0.0	0.0
Glasgow, University of	551.8	758.1	0.0	0.0	4.0	58.0	0.0	19.0		0.0		3.0	0.0			-10.0	0.0	545.8	838.1	0.0	0.0
St Andrews, University of	279.5	0.0	70.0	41.0	-63.0		-5.0		70.0					55.0	23.0	-5.0	0.0	261.5	23.0	70.0	44.0
Sector	**2,179.0**	**2,266.2**	**70.0**	**103.0**	**-35.0**	**173.0**	**-5.0**	**62.0**	**70.0**	**25.0**	**8.7**	**5.0**	**25.0**	**55.0**	**23.0**	**-51.0**	**-16.0**	**2,143.0**	**2,571.9**	**70.0**	**119.0**

Annex C: Distribution of Additional Funded Places for Articulation (Associate Student Scheme)

Institution	Articulation places (FTEs)
Aberdeen, University of	35.0
Abertay University	160.0
Dundee, University of	200.0
Edinburgh Napier University	428.0
Edinburgh, University of	-
Glasgow Caledonian University	628.0
Glasgow School of Art	86.0
Glasgow, University of	44.0
Heriot-Watt University	239.0
Highlands and Islands, University of the	-
Open University in Scotland	240.0
Queen Margaret University, Edinburgh	275.0
Robert Gordon University	300.0
Royal Conservatoire of Scotland	-
SRUC	200.0
St Andrews, University of	-
Stirling, University of	412.0
Strathclyde, University of	402.0
West of Scotland, University of the	800.0
Total	**4,449.0**

Annex D: Redistribution of TPG Places allocated to Innovation Centres

Innovation Centre	Host institution	Number of Taught Postgraduate places AY 2025-26 allocated places	Change from AY 2024-25	Price group	Total funding for Taught Postgraduate places AY 2025-26
Digital Health and Care Innovation Centre	University of Strathclyde	26	+3	4	£208,780
Built Environment-Smarter Transformation (BE-ST)	Edinburgh Napier University	49	+23	5	£347,851
The Data Lab	University of Edinburgh	100	+9	4	£803,000
Industrial Biotechnology Innovation Centre (IBioIC)	University of Strathclyde	30	No change	2	£312,240
Total		**205**			**£1,671,871**

Places allocated to PMS-IC (35) in AY 2024-25 (final year), were redistributed following advice from Innovation Centres on their ability to accommodate based on demand.

Annex E: Current KE Metric Definitions and Guidance

- **Outreach**: Income received from KT Partnerships in the year. Should include both Government and partner company contributions.

- **Enterprise Schemes**: Currently includes High Growth Spinout Programme, Enterprise Fellowship Programme and income received in the year from Innovate UK.

- **Consultancy**: expert advice and work, which while it may involve a high degree of analysis, measurement or testing, is crucially dependent on a high degree of intellectual input from the institution to the client (commercial or non-commercial) without the creation of new knowledge. Consultancy may be carried out either by academic staff or by members of staff who are not on academic contracts, such as senior university managers or administrative/support staff. All consultancy activities where there is income to the HEI should be returned irrespective of staff contract type.

- **CPD**: provision that is self-financing, developmental, meets needs of employer/workforce or improves the employment-related skills of the student or delegate.

- **External research grant and contract income**: actual total grant and research contract income received and returned in Table 4 of the HESA Finance Return under source of income columns 4 (UK central government bodies/local authorities, health and hospital authorities) and 6 (UK industry, commerce and public corporations).

  Column 5 (UK central government tax credits for research and development expenditure) should not be included.

  Institutions should also return all grant and research income received from all non-UK industry, commerce and public corporations as a separate amount. This income will be split over columns 10 (EU industry, commerce and public corporations) and 13 (Non-EU industry, commerce and public corporations) of table 4 of the HESA Finance return.

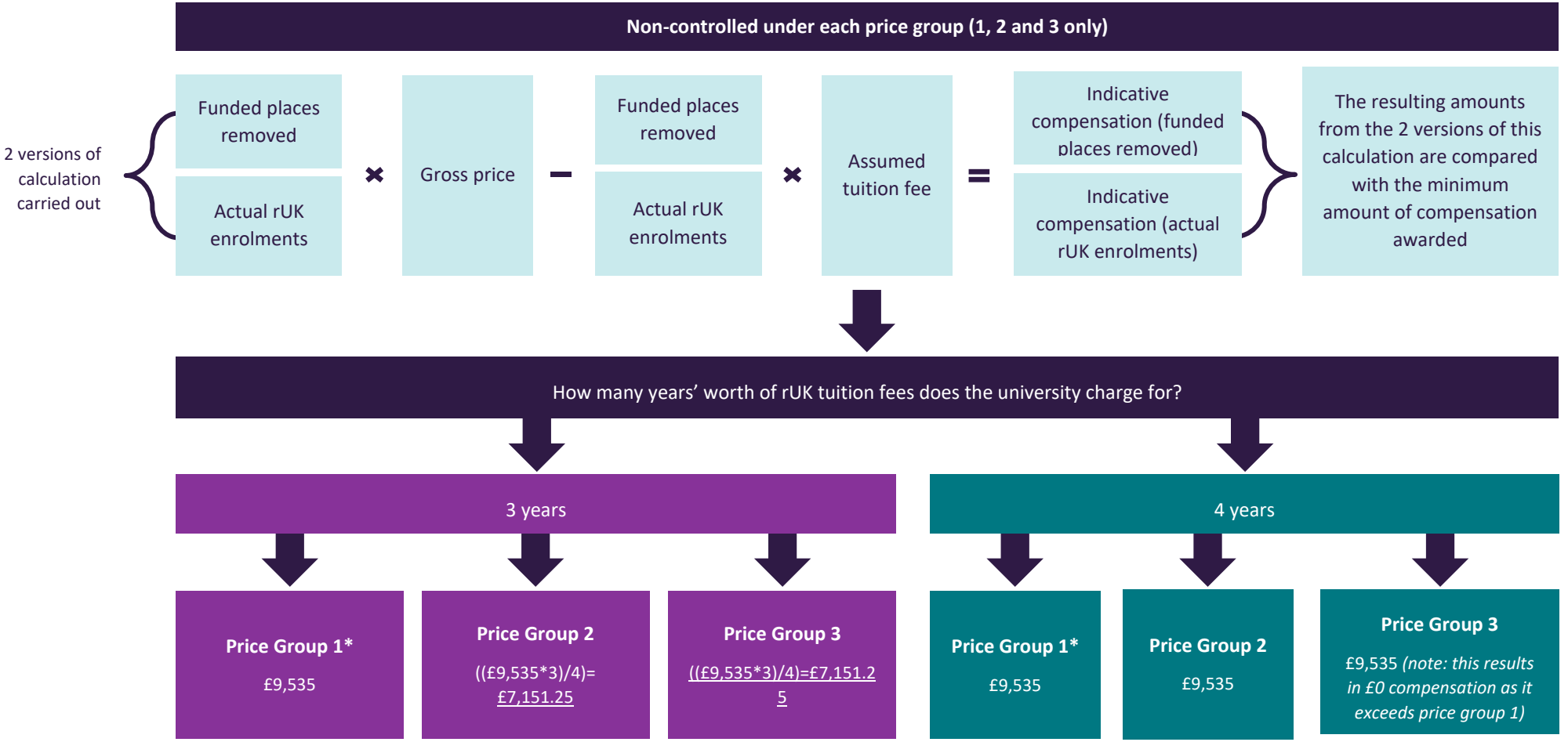
- **Licensing**: income received in the year from existing or new licences granted to companies.

- **Translational**: Currently includes Wellcome Trust Translational Awards, Research Council KE follow-on funding, CRUK Discovery Funding.

- **Venturing**: Number and value of third-party risk investments (for example, venture capital, business angel, corporate investment) in companies that were created in AY 2023-24 with the involvement of your institution.

  This includes companies where the institution played a role in creation, through, for example, entrepreneurial support, incubation, contribution of staff or funding. The companies may have been created with or without the direct application of institution-owned intellectual property.

Annex F: Compensation for Expensive Strategically Important Subjects Methodology



**Courses in price group 1 are typically 5 years long throughout the UK and, therefore, there is no need to differentiate between 3 or 4 years' worth of rUK tuition fees.*