



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC ANNOUNCEMENT

REFERENCE: SFC/AN/09/2026

ISSUE DATE: 25/03/2026

University Indicative Funding Allocations AY 2026-27



University Indicative Funding Allocations AY 2026-27

Issue Date:	25 March 2026
Reference:	SFC/AN/09/2026
Summary:	Announcement of indicative funding allocations for universities for Academic Year 2026-27.
FAO:	Principals/Directors and Board Secretaries of Scotland's universities, and the general public.
Further Information:	funding@sfc.ac.uk

Table of contents

University indicative funding allocations for AY 2026-27	4
Purpose/background	4
Overview	4
Scottish Budget 2026-27.....	5
University funding allocated for 2026-27	5
Teaching funding	5
Main Teaching Grant.....	5
Teaching subject prices	6
Compensation for Expensive Strategically Important Subjects.....	6
Small Specialist Institutions Grant	7
Widening Access and Retention Funding.....	7
Disabled Students Premium.....	7
Non-controlled funded student places	7
Consolidation numbers	7
Graduate Apprenticeships	8
Additional funded places for articulation	8
Innovation Centre TPG places	8
Controlled funded student places	8
Research and Innovation funding.....	9
Innovation Centres.....	9
Capital funding.....	10
Capital maintenance	10
Research capital	10
Scottish Wider Access Programme.....	10
Commission on Widening Access institutional targets	10
Funding transfer for SAAS	11
Tables.....	11
Fair Work First	12
Further information.....	12

University indicative funding allocations for AY 2026-27

Purpose/background

1. I am writing to announce Scottish Funding Council (SFC) decisions on indicative funding allocations for universities for the forthcoming Academic Year (AY) 2026-27.
2. SFC provides indicative funding allocations to help universities plan for the forthcoming AY. We have engaged with the Scottish Government through the funding allocation process to ensure that our funding principles align with Ministerial policy priorities including those set out in our Letter of Guidance.
3. The indicative allocations set out in this announcement are based on the Scottish Government's draft [Scottish Budget 2026 to 2027](#) which was approved by the Scottish Parliament on 25 February 2026.
4. We have engaged with several key sector groups in developing these indicative allocations and we will publish final allocations by the end of May 2026.

Overview

5. We continue to seek to balance a range of priorities for universities whilst fulfilling our statutory mission and duties, aligning with the Scottish Government's stated priorities, and considering sector and stakeholder feedback, including the need to:
 - enhance the 'unit of resource' for publicly funded student places to protect the quality of the student's teaching and learning experience and to support them to succeed in their studies;
 - enhance investment in research, knowledge exchange and innovation;
 - consider the financial sustainability of universities and their absorptive capacity in dealing with any shifts in funding allocations; mitigating impacts on individual institutions' viability as much as possible and taking account of cumulative impacts across the sector;
 - continue to secure opportunities for Scottish-domiciled students, including Graduate Apprenticeships and other work-based learning opportunities, in line with Scottish Government expectations;
 - continue to promote widening access to Higher Education (HE), in line with Scottish Government policy; and
 - continue to fund national infrastructure and specific programmes of national interest for the sector through strategic investment funds.

6. The key points in this indicative funding announcement for 2026-27 are:
- **Teaching funding for universities has increased by £23.7m (3.3%):** see paragraphs [11-13](#).
 - **No changes to the allocation of (non-controlled) funded student places:** see paragraph [24](#).
 - **Research and innovation funding has increased by £26.8m (8.1%):** see paragraphs [38-40](#).
 - **Capital maintenance funding is unchanged:** see paragraphs [42-44](#).

Scottish Budget 2026-27

7. The Scottish Government announced a university resource (revenue) budget for Financial Year (FY) 2026-27 of £798.6 million (m). This represents an increase of £25.0m (3.2%) from FY 2025-26. An additional £20.0m of resource funding was also announced for the University of Dundee.
8. The university capital budget, which includes research and innovation funding, has been set at £398.6m; an increase of £30.3m (8.2%) from FY 2025-26.
9. The Scottish Government has indicated that the increase in budget should provide for transformational support in the sector. In these allocations, we have sought to balance this with a focus on increasing core funding for universities to support stabilisation. We will contact the sector further on transformational support.

University funding allocated for 2026-27

10. [Table 1](#) provides a summary of the indicative budget allocations for the university sector announced in this publication for 2026-27.

Teaching funding

11. As set out above, a key priority for SFC is to enhance the 'unit of resource' for funded student places, i.e. the amount of teaching funding (the price) per place. Therefore, total teaching funding for universities for AY 2026-27, including the Main Teaching Grant, has been set at **£749.9m; an increase of £23.7m (3.3%)** from AY 2025-26. Indicative funding allocations for individual universities are shown in [Table 4](#).

Main Teaching Grant

12. Main Teaching Grant for AY 2026-27 has been set at **£716.3m, an increase of £22.6m (3.3%)** from AY 2025-26.
13. This includes an additional one-off allocation of teaching grant for AY 2026-27 of £0.4m to ensure that every university will see an increase in their Main Teaching Grant of at least 3.2% (before SFC controlled funded places are adjusted for the final funding allocations). Indicative Main Teaching Grant allocations for individual universities are shown in [Table 2](#).

Teaching subject prices

14. Teaching subject prices for AY 2026-27 have **increased by 2.5%** and are set out below:

Subject Price Group	1	2	3	4	5	6
AY 2025-26 price (gross)	£18,343	£10,408	£9,224	£8,030	£7,099	£5,785
AY 2026-27 price (gross)	£18,799	£10,667	£9,453	£8,229	£7,275	£5,929

15. Our gross subject prices for AY 2026-27 include the following assumed level of tuition fees for Scottish-domiciled/'home fee' students:

- Full-time first degree: £1,820
- Other undergraduate: £1,285
- Taught postgraduate: £7,000

16. In Subject Price Group 6, where our price is less than the taught postgraduate fee assumption, the assumed tuition fee is the subject group price.

17. As the gross prices shown in the table above include assumed fee levels (which have not changed from AY 2025-26), the percentage increase in the gross price is lower than the percentage increase in the net SFC Main Teaching Grant.

Compensation for Expensive Strategically Important Subjects

18. In AY 2024-25, we made changes to our model of calculating the compensation we provide to universities - following the deregulation of tuition fees for students from the rest of the UK (rUK) from AY 2012-13¹ - delivering expensive, strategically important non-controlled subjects involving rUK students. As part of a phased approach, the changes were fully implemented in AY 2025-26. No further changes have been made for AY 2026-27.

19. Compensation for AY 2026-27, which forms part of the Main Teaching Grant ([Table 2](#)), amounts to **£10.4m, an increase of £0.2m (2.1%)**.

20. SFC's conditions of grant, which will be published alongside the final funding allocations at the end of May, will confirm that universities may charge rUK students up to **the new maximum rate of £9,790 per year**, which is the maximum fee that universities in England can charge².

¹ Relates to non-controlled funded places nominally associated with rUK students in subject price groups 1 to 3 (excluding Pre-clinical Medicine & Dentistry) that were removed between AYs 2012-13 and 2016-17.

² For approved providers with a Teaching Excellence Framework award and an Access and Participation Plan from the Office for Students.

Small Specialist Institutions Grant

21. The Small Specialist Institution (SSI) Grant for AY 2026-27 is **£14.5m; an increase of £0.4m (3.2%)**. Indicative SSI Grant allocations are shown in [Table 4](#).

Widening Access and Retention Funding

22. Widening Access and Retention Funding (WARF) for AY 2026-27 is **£16.1m; an increase of £0.5m (3.2%)**. Indicative WARF allocations for individual universities are shown in [Table 4](#).

Disabled Students Premium

23. The Disabled Students Premium (DSP) for AY 2026-27 is **£3.0m; an increase of 0.1m (3.2%)**. Indicative DSP allocations for individual universities are shown in [Table 4](#).

Non-controlled funded student places

24. **The allocation of non-controlled funded student places for AY 2026-27 is unchanged from AY 2025-26**, following any agreed in-year transfers of funded places. Indicative funded places are set out in [Table 3](#), with further details provided in [Table 10](#).

Consolidation numbers

25. We have reviewed the current distribution of the sector-level non-controlled consolidation number between universities and have made some changes for AY 2026-27 in order to put institutional consolidation numbers on a fairer basis.
26. The non-controlled consolidation number is designed to act as a constraint on the number of full-time (FT) undergraduate (UG) students eligible for funding (SEFF) to ensure the affordability of Student Awards Agency Scotland (SAAS) budgets. Each university's non-controlled consolidation number is measured against the number of FT UG SEFF.
27. The current non-controlled consolidation number is based on historical figures reflecting previous adjustments to funded places and ambitions for growth at some universities. There have been minimal changes to the consolidation numbers in recent years, and they are now significantly out of line with the allocation of funded places and the assumed number of FT UG students (for fee purposes).
28. Therefore, for AY 2026-27, we have:
- reallocated circa 98% of the current sector non-controlled consolidation number (102,137) in proportion to the maximum of:
 - the assumed number of FT UG students in our fee assumption calculation; and
 - the three-year average actual number of FT UG SEFF.
 - used c.2% (2,000) of the initial allocation as a 'reserve' to offset some of the reductions in those universities that would see the largest reduction.

29. Revised indicative non-controlled consolidation numbers for AY 2026-27 are shown in [Table 9](#). We will also use these revised numbers when monitoring consolidation for AY 2025-26.

Graduate Apprenticeships

30. We remain committed to supporting Graduate Apprenticeships (GAs) and the expectation is that the sector will continue to deliver a minimum intake of 1,378 new GA places across the sector in AY 2026-27. As in AY 2025-26, funded student places for GAs have not been separately identified.

Additional funded places for articulation

31. Streamlining the learner journey by encouraging articulation between colleges and universities remains a priority for SFC and the Scottish Government. SFC's Additional Articulation Places ('Associate Student') Scheme continues to support this priority area.
32. Universities (and colleges) should continue with current arrangements to meet Ministerial priorities to expand articulation and ensure support continues for disadvantaged learners to progress to degree level study. SFC continues to expect at least 75% of additional articulation/Associate Student funding to be transferred from universities to colleges, for those years in which activity is delivered in colleges.
33. SFC has reviewed the use of funded student places provided in this area and refreshed guidance was [published](#) in December 2025.

Innovation Centre TPG places

34. SFC continues to provide additional funded student places (205 FTEs) for Masters-level courses to be delivered under the Innovation Centre (IC) programme. These places put particular emphasis on the development of provision to help address the skills needs of the IC's relevant industry. This involves close industry engagement, often in the form of a student placement at an IC's industrial partner.
35. Universities are reminded that, as a condition of grant, SFC may recover funding if universities under-enrol against their IC places.

Controlled funded student places

36. Upon the receipt of annual guidance letters from the Scottish Government, SFC publishes intake targets for the controlled subjects of Dentistry, Medicine, Pre-registration Nursing & Midwifery Education, Paramedic Education, Prosthetics & Orthotics, Optometry and Initial Teacher Education.
37. Associated funded student places in AY 2026-27 for controlled subjects will be updated in the final funding announcement, including additional places funded by the Scottish Government. In the meantime, in line with the approach in previous years, **for this indicative announcement we are using AY 2025-26 figures for SFC funded places (only) for controlled subjects.**

Research and Innovation funding

38. We have increased core Research and Innovation (R&I) funding for AY 2026-27, excluding funding for Innovation Centres, by **£26.8m (8.1%)** to £355.3m. We have allocated this uplift as follows:
- **£20.9m (7.9%)** to the Research Excellence Grant (REG) to support world-leading research, increasing the Grant to **£285.3m for AY 2026-27**. This includes an additional £5.3m to reflect the reduction in Higher Education Research Capital (HERC) funding for FY 2027-28 (see paragraph [44](#)).
 - **£0.9m (2.3%)** to the Research Postgraduate Grant (RPG) for postgraduate research training and support, increasing the Grant to **£40.0m for AY 2026-27**.
 - **£5.0m (20.0%)** to the Knowledge Exchange and Innovation Fund (KEIF) to support university-business interactions, increasing the Fund to **£30.0m for AY 2026-27**. We have applied a higher percentage increase to this element in recognition of the continuing development of KEIF and to maintain an increasing trajectory for this Fund given historic underinvestment.
39. This approach will continue to support Scotland’s competitive position on discovery research and economic strategy ambition on innovation. Following on from last year, universities are encouraged to use the additional R&I funding allocated through these grants to continue to support their research culture ambitions where they see fit.
40. The REG has been allocated in the same way as last year. Consultation did not support any change in the approach to allocation of RPG and this will also be allocated in the same way as last year. Due to the timing of data returns and some additional data verification, REG, RPG and KEIF allocations will be set out in the final funding announcement in May.

Innovation Centres

41. Total funding for Innovation Centres for 2026-27 is **£8.5m, an increase of £0.5m (6.3%)** from 2025-26. This increase has been applied equally, with each of the four Centres (shown below) receiving an increase of £125k.

Innovation Centre	Admin hub institution ³	Funding (£m)
Built Environment – Smarter Transformation (BE-ST)	Edinburgh Napier University	2.125
Digital Health & Care Innovation Centre (DHI)	University of Strathclyde	2.125
Industrial Biotechnology Innovation Centre (IBioIC)	University of Strathclyde	2.125
The DataLab	University of Edinburgh	2.125

³ Whilst ICs are hosted by one institution, their focus remains Scotland-wide across all universities and colleges.

Capital funding

42. **SFC’s university capital budget (excluding R&I funding) is £26.3m; a reduction of £2.5m (8.6%) from FY 2025-26.** This reduction relates to a reduced amount of Higher Education Research Capital (HERC) funding for FY 2026-27 (see paragraph [44](#)). The indicative breakdown of this budget is shown in the table below:

Capital budgets for FY 2026-27	£m
Capital Maintenance Grant	5.0
Edinburgh Medical School PFI	4.9
HE Research Capital Grant - SFC match	16.4
Total SFC university capital	26.3
HE Research Capital Grant - DSIT	16.4
Total university capital	42.7

Capital maintenance

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

Research capital

44. We will receive HE Research Capital (HERC) grant funding of **£16.4m** from the UK Department for Science, Innovation & Technology (DSIT) for FY 2026-27, which will be matched by SFC. This represents a combined reduction of £5.3m from FY 2025-26. We have therefore supplemented the REG budget for AY 2026-27 by £5.3m. **We will confirm the institutional allocation of HERC as part of the final funding announcement.** The approach taken to the allocation of HERC will not change.

Scottish Wider Access Programme

45. The Scottish Wider Access Programme (SWAP) is a national programme providing access to HE courses for adults returning to education, hosted by University of Edinburgh and Glasgow Kelvin College. Indicative funding for the SWAP for AY 2026-27 is £0.2m, which is unchanged from AY 2025-26. This funding will be directed through the University of Edinburgh, as the original financial host for the programme. Annual objective setting, evaluation and impact assessment will continue to be undertaken by SFC in conjunction with the SWAP.

Commission on Widening Access institutional targets

46. The Commission on Widening Access published their final report [A Blueprint for Fairness](#) with a recommendation and set of targets to drive forward the delivery of equal access in Scotland (often referred to as the CoWA target/s). One of these targets was that by

2021, students from the 20% most deprived backgrounds should represent at least 10% of full-time first degree entrants in every individual Scottish university.

47. The (then) Minister formally [wrote](#) to SFC in July 2025 with a policy change to this institutional target (but not affecting the sectoral milestone and final targets) and replaced it with a commitment from each university to increase the proportion of SIMD 20 entrants or to match the highest proportion it had achieved since 2013-14. This was based on recommendation 4 in the [first annual report](#) from Professor John McKendrick as Commissioner for Fair Access.
48. In February 2026, the Commissioner for Fair Access published his [second annual report](#) in which he revised his previous institutional target recommendation. Subsequently, the Minister [wrote](#) to SFC in March 2026 to amend the July 2025 policy direction to SFC.

The amended recommendation:

Recommendation 4. Monitor the impact of the new institutional commitment, which will be introduced in 2026-27, and which challenges each HEI to improve upon, or at least match, the highest proportion and number of SIMD20 entrants that it achieved (outside the 'pandemic years') since 2013-14, and to make continuous annual improvements thereafter. Where it can be demonstrated that it is not possible for an institution to now match what they have previously been able to achieve, it is reasonable that an alternative benchmark is proposed.

49. The full details are outlined in the [March 2026 Ministerial letter](#).
50. SFC welcomes the amended policy direction from the Minister. We are continuing to consult with the Scottish Government and the sector on the implementation of this policy change to be introduced from AY 2026-27 onwards. SFC intends to publish a guidance note for the sector in Spring 2026 to outline the approach we will take in relation to implementing the change to the CoWA institutional target.

Funding transfer for SAAS

51. SFC continues to anticipate a transfer of funding to the Scottish Government for SAAS totaling **£22.8m**, which is unchanged from 2025-26.

Tables

52. We have attached the following indicative tables for AY 2026-27. As referenced above, R&I funding allocations will be set out in the final funding announcement in May. Therefore *Tables 5, 6 and 7*, which have been published with the indicative allocations in previous years, are not provided in this announcement.
 - Table 1 - Summary of overall university funding
 - Table 2 - Main Teaching Grant
 - Table 3 - Funded student places
 - Table 4 - All teaching grants/funding

- *Table 5 - Research Excellence Grant* - Not provided
- *Table 6 - All research & innovation grants/funding* - Not provided
- *Table 7 - Combined teaching and research & innovation funding compared to AY 2025-26* - Not provided
- *Table 8 - Capital Maintenance Grant (for FY 2026-27)*
- *Table 9 - Consolidation numbers (non-controlled)*
- *Table 10 - Funded students places to teaching subject price groups*
- [Tables 1 - 10 combined](#)

Fair Work First

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

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

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

Further information

55. If you require any additional information, please contact the Funding team, email: funding@sfc.ac.uk, in the first instance.

Francesca Osowska
Chief Executive