

---

---

## Annex A: Conditions of college funding AY 2026–27

---

1. Grant funding is provided to enable colleges/Regional Strategic Bodies (RSBs) to deliver activity in support of the SFC Outcomes Framework under the Further and Higher Education (Scotland) Act 2005.
2. Governing bodies and their designated officers must comply with the terms of the Financial Memorandum between the Scottish Funding Council (SFC) and fundable bodies in the college sector.
3. Colleges/RSBs must have regard to public sector pay policy set by Scottish Ministers.
4. Colleges/RSBs are required to comply with any principles of governance which SFC believes to constitute good practice in relation to such bodies. RSBs receiving grants from SFC are required, when making payments to any college assigned to it, to impose this condition on the college.
5. Colleges/RSBs must maintain provision of acceptable quality and develop and implement a satisfactory quality improvement strategy.
6. If the Scottish Government revises its grant funding to SFC, we reserve the right to make in-year adjustments to college/RSB funding. In this case, SFC would engage with the college/RSB on the implications for delivery of activity in support of the Outcomes Framework.
7. Where appropriate, colleges/RSBs must provide data returns requested by SFC to the deadlines and standards specified. Relevant guidance can be found on the SFC website.
8. Where appropriate, colleges/RSBs must follow SFC's Student Support policy guidance.
9. The funding outlined in this announcement is subject to your contribution towards the Outcomes Framework and delivery of assurances under the SFC Assurance Model for Academic Year (AY) 2026-27.

### Tuition fees

10. Where applicable, colleges must charge student tuition fees at the levels set by Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable. Under the 2005 Act, RSBs receiving grants from SFC are required, when making payments to any college assigned to it, to impose this condition on the college. However:
  - The tuition fee levels set by Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2006 do not apply to students who do not have a relevant connection with the United Kingdom and Islands or are not excepted students within the meaning of the Education (Fees and Awards) (Scotland) Regulations 2007.

- 
- The tuition fee levels set by Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2011 do not apply to students who do not have a relevant connection with Scotland or are not excepted students within the meaning of the Education (Fees) (Scotland) Regulations 2011, but any tuition fees charged to students from the rest of the United Kingdom (rUK) must not exceed £9,790 per year.
11. The Education (Fees and Student Support) (EU Exit) (Scotland) (Amendment) Regulations 2021 were laid in Scottish Parliament on 21 January 2021 and came into force on 1 August 2021. The Regulations amended the Education (Student Loans for Tuition Fees) (Scotland) Regulations 2006, the Education Authority Bursaries (Scotland) Regulations 2007, the Nursing and Midwifery Student Allowances (Scotland) Regulations 2007, the Students' Allowances (Scotland) Regulations 2007, the Education (Student Loans) (Scotland) Regulations 2007, the Education Maintenance Allowances (Scotland) Regulations 2007 and the Education (Fees) (Scotland) Regulations 2011.

### Fees for EU students up to 2020-21

12. The Scottish Government will meet the cost of tuition fees for eligible European Union (EU) students that started their course in AY 2019-20, and AY 2020-21, for the duration of their course. This includes eligible articulating students starting Higher National courses who progress directly to year two or three of a degree, and students undertaking planned intercalating years. EU students who began their courses between 1 January and 31 July 2021 will also be eligible for free tuition, although if they arrived in the UK after 1 January 2021, they would require a visa to enter the UK.
13. When determining the fee status of students on the basis of residential eligibility, colleges should refer to the Education (Fees) (Scotland) Regulations 2022. These regulations came into force from 1 August 2022. They consolidate previous regulations, including previous changes related to assessing students from the Republic of Ireland (RoI) and the EU. They also include provisions for female Afghan students who have been prevented from continuing with their studies in Afghanistan by the Taliban regime, and victims of domestic violence or domestic abuse who have been abandoned overseas and granted leave to enter, and to their children. The eligibility of Ukrainian nationals for home fees status and student support has been extended to those applying under the new Ukrainian Permission Extension Scheme.

### Under-enrolment policy

14. For AY 2026-27 the tolerance threshold for under-enrolment remains at 2%. This threshold applies to the college's/RSB's core credit threshold.

---

## Capital funding

15. Capital maintenance funding must only be used by colleges/RSBs for the purpose(s) for which it is allocated and must be spent by **31 March 2027**. Funding should be used to:
  - Address the high priority backlog maintenance requirements informed by the sector estate condition survey unless the college submits a case (and obtains SFC prior approval) for addressing other more pressing needs.
  - Support the year-on-year costs of running the college's estate.

## Fair Work First

16. 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).
17. Recipients of public sector grants are expected to commit to working towards the remaining five desirable [Fair Work First criteria](#).
18. We expect colleges to have a statement on Fair Work practices; the best practice is that institutions should make every endeavour to do this in agreement with their workforce, such as the relevant trade union where one is present, or workers' representative(s) where there is no union present.
19. As set out in the Accounts Direction, colleges/universities should also provide a brief commentary in their Strategic Report outlining the Fair Work practices that have been developed in agreement with their workforce, and the progress the college/university has made in their implementation.

## Failure to adhere to conditions

20. As a standard condition of funding, if a college/RSB does not deliver activity in support of the Outcomes Framework, or provide the assurances required under the Assurance Model, or does not meet any other conditions of grant (including those set out in this document), SFC will consider the recovery of grant and/or reductions in future funding.