Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC ANNOUNCEMENT

REFERENCE: SFC/AN/15/2026

ISSUE DATE: 03/06/2026

University Final Funding Allocations AY 2026-27: Technical Guidance

University Final Funding Allocations AY 2026-27: Technical Guidance

Issue Date:	3 June 2026
Reference:	SFC/AN/15/2026
Summary:	Additional technical guidance on university final funding allocations for AY 2026-27
FAO:	Directors of Planning and Finance Directors at Scotland's universities.
Further Information:	funding@sfc.ac.uk

Table of Contents

University Final Funding Allocations AY 2026-27: Technical Guidance

Purpose

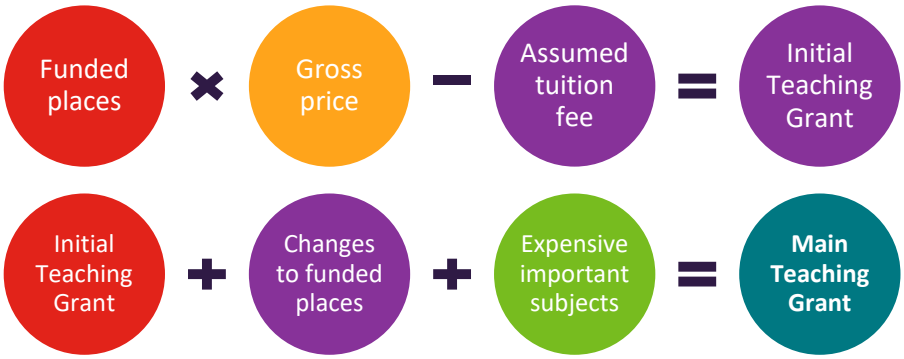
1. This document provides additional guidance on the final university funding allocations for Academic Year (AY) 2026-27, setting out additional details on the methodologies used in calculating institutions' core formula-based funding allocations. All tables referred to throughout this document can be 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.

Allocation 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 2026-27, paragraph 19) 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 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) *Where the teaching price is less than £7,000, we assume that the 'other taught postgraduate,' fee is equal to the teaching price*
- Undergraduate (the split between full-time degree/other undergraduate was updated using the HESA Student returns for 2024-25).
    - Full-time degree (£1,820 fee)
    - Other undergraduate/Open University Scotland (£1,285 fee)
    - Graduate Apprenticeship (£1,820 fee)

6. The assumed tuition fee income for the initial funded places is calculated by applying the percentage of full-time/part-time, etc. to the funded places for each category and multiplying by the appropriate tuition fee level, see Table D2. The tuition fee income associated with changes to funded places is based on the level of study for the places that are changed and the assumed tuition fee for the level of study. This means that the tuition fee income associated with changes to funded places is usually based on £1,820 for changes to undergraduate places and £7,000, or the subject price if this is less than £7,000, for changes to taught postgraduate places.

Compensation for expensive strategically important subjects

7. 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.

8. The compensation applies to SFC subject 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**.

9. **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 using the new rUK tuition fee rate of £9,790. For AY 2026-27, we have allocated notional places for **CESIS-controlled** as set out below:

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

10. 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 maximum rate of £9,790 and is determined by whether or not the university charges rUK tuition fees for 3 or 4 years. Annex F sets out the methodology.

11. This methodology was fully implemented for AY 2025-26 and ensures universities receive the appropriate amount of compensation. No changes have been made for AY 2026-27.

12. The final piece of the calculation is to combine the amounts for **controlled subjects** and **non-controlled subjects**. Total compensation for AY 2026-27 amounts to £10.4m, an increase of £0.2m (2.1%).

Small Specialist Institutions Grant

13. 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.

14. 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.

15. 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.

16. The SSI Grant for AY 2026-27 is £14.5m (individual allocations are set out in Table 4). This amounts to an increase of £0.4m (3.2%) from AY 2025-26.

Widening Access and Retention Funding

17. For AY 2026-27, £16.1m 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 represents an increase of £0.5m (3.2%) from AY 2025-26.

Disabled Students Premium

18. 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.

19. The DSP for AY 2026-27 has been set at £3.0m; an increase of £0.1m (3.2%) from AY 2025-26, and is allocated to institutions by sharing the available funds based on funded student places; with a minimum 'floor' of £56k and the Open University in Scotland (OUS) receiving a fixed allocation of £192k to reflect the level of provision provided to disabled students.

20. 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 £56k then they are awarded that minimum amount, and similarly the OUS is allocated £192k. 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.

Changes to funded student places for AY 2026-27

Changes to non-controlled funded places

21. The allocation of non-controlled places for AY 2026-27 is unchanged from AY 2025-26, following any agreed in-year transfers of funded places.

Consolidation numbers

22. The non-controlled consolidation number is designed to act as a constraint on the numbers of full-time undergraduate (FT UG) students eligible for funding (SEFF) to ensure the affordability of SAAS budgets. Each university's non-controlled consolidation number has been measured against the number of FT UG (including 'sandwich') SEFF.

23. The current non-controlled consolidation numbers are based on historical figures reflecting previous adjustments to funded places and ambitions for growth at some

universities. There have been minimal changes to these 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).

24. We have, therefore, reviewed and reset the consolidation numbers for each university so that they take into account both the assumed number of FT non-controlled UG students in our fee assumption calculations and the actual number of FT UG SEFF.

25. For each university, we have looked at the assumed number of FT UG students versus the three-year average of FT UG SEFF and used the maximum of the two amounts. This is used to calculate a proportion for each university which is applied to the difference between the total AY 2025-26 consolidation number and a set number of places to be held back and reallocated (2,000 FTE).

26. Where the revised consolidation number for AY 2026-27 is more that 10% less than the AY 2025-26 consolidation number, a further adjustment has been made so that those universities receive a share of those 2,000 places (which were set aside in order to offset some of the reductions in funded places in those universities facing the largest reduction).

Changes to controlled funded places

27. We published AY 2026-27 'intake letters' for the controlled subjects of Medicine, Dentistry, Pre-registration Nursing and Midwifery Education, Paramedic Education, Initial Teacher Education, Pre-registration Prosthetics and Orthotics 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
- Pre-registration Prosthetics and Orthotics
- Optometry

28. 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.

29. 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

30. SFC receives annual guidance from the Scottish Government's Health Workforce Directorate on the recommended target student intakes for the forthcoming year. Prior to

AY 2026-27, universities received separate targets for both home, rUK and Republic of Ireland (RoI) students and for international students. For AY 2026-27, this has been replaced by a single intake target, with international recruitment capped at no more than 10% of the overall target.

31. The model for allocating funded places for Medicine continues to take account of the consistent progression rates in Medicine. Funded places are allocated on the basis of the previous year's funded places and then 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.

32. Annex B of this guidance sets out the calculation of funded places for AY 2026-27. 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

33. The starting point for the calculation is to look at the final funded places for AY 2025-26. These are brought forward to form the initial funded places for AY 2026-27. 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.

34. The changes for AY 2026-27 are set out below and the full model is included at Annex B of this guidance.

35. 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:

    - +10.0
      Additional core intake related to the Scottish Government commitment to increase the medical school intake (students who commenced in AY 2024-25 entering year 3 at St Andrews).
    - -62.0
      Additional core intake reduced to reflect St Andrews recruitment to the new ScotCOM programme, and transition students moving from the core A100 programme to ScotCOM.

- +55.0
  To reflect University of St Andrews' intention to recruit 55 students to ScotCOM instead of the existing A100 programme.
- -20.0
  A reduction in funded places implemented by adjusting funded places by 50% of the projected difference between funded places and SEFF in AY 2025-26. 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).

36. The Clinical Medicine funded places have increased for AY 2026-27. The factors leading to this increase are:

- +206.0
  Additional core intake related to the Scottish Government commitment to increase the medical school intake.
- +54.0
  Increase in the intake for the scheme to increase the number of medical students from SIMD20 or Care-Experienced backgrounds within the annual intake.
- +25.0
  Increase in the intake to the GP Track scheme at the Universities of Aberdeen and Glasgow from 30 to 55.
- +10.0
  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.
- +9.0
  To reflect 30 students at University of St Andrews moving from the core A100 medical programme on to the new ScotCOM programme for year 3 and 21 students continuing into year 4. In addition, there is a reduction to the clinical places at the other four medical schools as a result of students staying at St Andrews to complete their clinical years instead of moving to the other Scottish medical schools.
- -39.0
  A reduction in funded places implemented by adjusting funded places by 50% of the projected difference between funded places and SEFF in AY 2025-26. 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).
- +1.5
  To reflect changes to ScotGEM funded places based on actual SEFF returned in Early Statistics Returns.

37. 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 2026-27. Clinical funded places for ScotGEM are set according to actual student numbers from their Early Statistics Returns.

38. 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

39. The Scottish Government advised SFC that it would continue to fund a student intake for two Pre-medical Entry courses in AY 2026-27. 30 funded places have been allocated to the University of Aberdeen and 40 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

40. 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 2026-27 remains the same at 172 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.

41. The intake targets for Dentistry comprise of a target for SEFF, rUK and RoI students with a separate target for international 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.

42. 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.

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 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.

45. 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

46. SFC receives guidance from the Scottish Government's Chief Nursing Officer's Directorate (CNOD) on the recommended target student intakes. For AY 2026-27, the recommended target student intakes have been set at 4,899. This represents an increase of 8 students to allow for increased recruitment in Midwifery at Edinburgh Napier University. SFC uses the 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.

47. 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.

48. 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.

49. 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.

50. 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.

51. 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. For those courses with continuing students who commenced prior to AY 2021-22, 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.

52. In recognition of the ongoing challenges that institutions face in recruiting students to Pre-registration Nursing and Midwifery Education programmes, SFC has agreed with the Scottish Government to continue an approach which allows institutions the opportunity to recruit to the intake targets set for AY 2026-27 (with funded places and associated funding to 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 published targets, taking into account the 2026-27 adjustment, and our existing methodology, as set out above.
    - These funded places have been confirmed with institutions and Scottish Government's CNOD, as part of 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).
    - If the number of continuing students is higher than assumed in our modelling, we will make a further adjustment to reflect this.
- Actual recruitment will be based on the annual SFC data collection - 'Early Intakes Return.'
- SFC will write to institutions to confirm the revised funded places, based on actual recruitment, before the end of 2026 and update the relevant Final Funding Allocation publication tables.

Controlled funded places – Paramedic Education

53. SFC receives guidance from the Scottish Government's CNOD on the recommended target student intakes for the forthcoming year. 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.

54. 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.

55. 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.

56. 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.

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

58. 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

59. 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.

60. 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

61. 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.

62. 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.

63. 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.

64. 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)

65. From AY 2024-25, Masters of Optometry with Independent Prescribing (MOptom) was made a controlled subject, with Glasgow Caledonian University (GCU) commencing their programme in AY 2024-25 and University of the Highlands and Islands in AY 2025-26.

66. As this is a relatively new programme, we will continue to work with the institutions involved to model funded places and to agree the progression rates to be used in any calculation. For AY 2026-27 we have allocated funded places for the following course years:

    - GCU
        - Years 1, 2 and 3
    - UHI
        - Years 1 and 2

67. 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.
    - For GCU, 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 (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 two years, and then applying an assumed retention rate, as agreed with the institution i.e.

- **Funded places for year 2** = Minimum of the target intake/actual intake × year 1 to year 2 retention.
- **Funded places for year 3** = Minimum of the target intake/actual intake × year 1 to year 2 retention × year 2 to year 3 retention.
- For UHI, the same calculation is done but for year 2 only.

Controlled funded places – Pre-registration Prosthetics and Orthotics

68. Following a four-year transition period, Prosthetics and Orthotics (P&O) has been made a fully controlled subject with University of Strathclyde the sole provider.

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

- The intake target for P&O 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, 3 and 4. 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 two years, and then applying an assumed retention rate, as agreed with the institution 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.
- 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.

70. The proposed allocation of funded places for P&O equals the sum of the funded places for years 1, 2, 3 and 4.

71. Once SFC has calculated the proposed funded places, the modelling is shared with University of Strathclyde, along with the CNOD. University of Strathclyde 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.

Additional Articulation (Associate Student) and Innovation Centre places

72. 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 places in AY 2026-27).

Research and Innovation

73. 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. University research in Scotland is internationally recognised, renowned for its excellence and respected for its innovative and collaborative nature.

74. SFC has allocated a budget for core research and innovation (including Research Excellent Grant, Research Postgraduate Grant, and Knowledge Exchange and Innovation Funding) of £355.3m in AY 2026-27 (Table 6). This represents an increase of £26.8m (8.1%) from AY 2025-26.

Research Excellence Grant

75. 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.

76. 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; and
    - To uphold the principles of the dual support system, through making a contribution toward the full economic costs of research.

77. 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.

78. 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.

79. The REG budget for AY 2026-27 is £285.3m; an increase of £20.9m (7.9%) from AY 2025-26. REG is made up of three parts - A, B & C - all of which have received a funding uplift for AY 2026-27 (£14.5m, £3.6m and £2.7m respectively). These three parts are as follows:

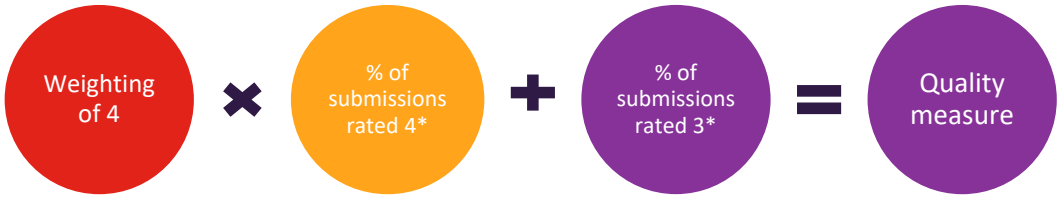
REGa

80. The budget for part A of REG (REGa) for AY 2026-27 is £199.0m. 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 £119.4m of the REGa budget being based on Outputs, £49.7m being based on Impact and £29.8m being based on Environment.

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

82. 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'."

83. 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 set out below:



84. 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.

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

86. 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 2026-27.

REGb and REGc

87. Part B of REG (REGb) is based on the amount of non-charity research income each institution receives. The budget for REGb for AY 2026-27 is £49.2m.

88. 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 2026-27 is £37.1m.

89. The research income used to inform the allocations of REGb and REGc for AY 2026-27 is a 4-year average of the relevant income for AYs 2020-21 to 2023-24, 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.

90. 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.

91. The allocations from REGb and REGc for AY 2026-27 are shown in Table B2.

Research Postgraduate Grant

92. 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.

93. The RPG budget for AY 2026-27 has been set at £40.0m; an increase of £0.9m (2.3%) from AY 2025-26. The AY 2026-27 allocations of RPG are based on each institution's data for AYs 2021-22 and 2024-25

94. 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.

95. Where the resulting allocations see an institution receiving less than £83k, 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.

96. Institutions' RPG allocations for AY 2026-27 are shown in Table 6.

Knowledge Exchange and Innovation Fund

97. The split of the £30.0m allocated for the Knowledge Exchange and Innovation Fund (KEIF) in AY 2026-27 can be found in Table 6. This is a £5.0m (20%) increase from AY 2025-26.

98. 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.

99. Each institution also received a share of the £24.9m 'Outcome Grant' to incentivise and reward activity.

100. 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 2022-23 to 2024-25 with a ratio of weightings (2:3:5) applied across the 3 years (2 in AY 2022-23, 3 in AY 2023-24 and 5 in AY 2024-25). This methodology has been agreed with SFC's Research and Knowledge Exchange Committee.

Measure	Outcome Grant	Data used
1. Weighted KE metrics	60% (£14.9m)	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. From AY 2026-27, a ceiling will apply and institutions may receive up to 50% of funding available through this measure.
2. Total KE income per academic staff member (FTE)	25% (£6.2m)	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% (£2.5m)	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% (1.2m)	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. AY 2026-27 sees the introduction of a minimum level of research income (£1m) to determine funding for institutions with significantly lower research income. Where an institution's research income exceeds £1m, the actual figure has been used.
Total	**100% (£24.9m)**	

101. 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 £30.0m 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.

Capital

102. 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.

103. Total capital funding for Financial Year (FY) 2026-27 is £42.7m; a reduction of £5.1m (10.7%). This comprises of:

- Capital Maintenance Grant of £5.0m (unchanged)
- Edinburgh Medical School PFI funding of £4.9m (increase of £0.1m)
- HE Research Capital (HERC) funding of £32.8m (reduction of £5.3m)

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

105. The HERC funding comprises £16.4m from the UK Department of Science, Innovation & Technology (a reduction of £2.6m (13.8%)) and match funding from SFC of £16.4m. 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 from the research

capital model.

Recovery of funding

106. SFC may recover funding where there has been under-delivery or over-recruitment. The University Final Funding Allocations 2026-27, Annex C, paragraphs 19 to 32 set out detail on the conditions for funding recovery including changes to tolerance thresholds for Medicine and Paramedic Education.

Further information

107. Please contact the SFC Funding team, email: funding@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

* Note regarding Social Work: In AY 2012-13 SFC introduced the current 6 teaching price groups (as above), replacing the previous 12 units of resource. Under our previous funding model, Social Work was funded under the 'Health and Community Studies' cost centre and this was mapped to our current price group 3, meaning that the places associated with Social Work were funded at price group 3.

At around the same time HESA started to use a revised set of cost centres, which included a new cost centre 'Social Work and Social Policy'. Indicatively, when using the current cost centres, SFC assigns activity returned under 'Social Work and Social Policy' to price group 6. However, SFC has not, at any point, adjusted funding to reflect the change in cost centre for social work.

Annex B: AY 2026-27 Funded Student Places for Medicine

Institution	Initial Funded Places for AY 2026-27				Additional Intake Targets - not fully embedded						ScotCOM		Changes to funded places based on AY 2025-26 SEFF		Funded places for AY 2026-27			
	Pre-Clinical Medicine	Clinical Medicine	Pre-clinical ScotGEM	Clinical ScotGEM	Additional Core Intake Pre-Clinical	Additional Core intake Clinical	Additional Widening Access Places Clinical	Scot GEM	Additional GP Track Clinical	Additional HCP-Med Clinical	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)
Aberdeen, University of	523.3	637.3	0.0	0.0	0.0	45.0	12.0		25.0			-2.0	-8.0	0.0	515.3	717.3	0.0	0.0
Dundee, University of	367.4	469.5	0.0	75.0	0.0	45.0	12.0					-2.0	-14.0	0.0	353.4	524.5	0.0	81.5
Edinburgh, University of	445.0	604.0	0.0	0.0	0.0	53.0	16.0			10.0		-5.0	0.0	-19.0	445.0	659.0	0.0	0.0
Glasgow, University of	545.8	838.1	0.0	0.0	0.0	63.0	14.0		0.0			-10.0	5.0	-20.0	550.8	885.1	0.0	0.0
St Andrews, University of	261.5	23.0	70.0	44.0	-52.0			70.0			55.0	28.0	-3.0	0.0	261.5	51.0	70.0	39.0
Sector	**2,143.0**	**2,571.9**	**70.0**	**119.0**	**-52.0**	**206.0**	**54.0**	**70.0**	**25.0**	**10.0**	**55.0**	**9.0**	**-20.0**	**-39.0**	**2,126.0**	**2,836.9**	**70.0**	**120.5**

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: Distribution of TPG Places allocated to Innovation Centres

Innovation Centre	Host institution	Number of Taught Postgraduate places AY 2026-27	Change from AY 2025-26	Price group	Total funding for Taught Postgraduate places AY 2026-27
Digital Health and Care Innovation Centre	University of Strathclyde	26	No change	4	£213,954
Built Environment-Smarter Transformation (BE-ST)	Edinburgh Napier University	49	No change	5	£356,475
The Data Lab	University of Edinburgh	100	No change	4	£822,900
Industrial Biotechnology Innovation Centre (IBioIC)	University of Strathclyde	30	No change	2	£320,010
Total		**205**			**£1,713,339**

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 the High Growth Spinout Programme and income received in the year from Innovate UK (where it is not returned elsewhere).
- **Consultancy**: expert advice and work crucially dependent on a high degree of intellectual input from the HE provider 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. This includes income associated with the use of the institution's physical academic resources by external parties and includes provision which can be uniquely provided by the institution.
- **CPD**: provision that is self-financing, developmental and meets the needs of employers/ their 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).

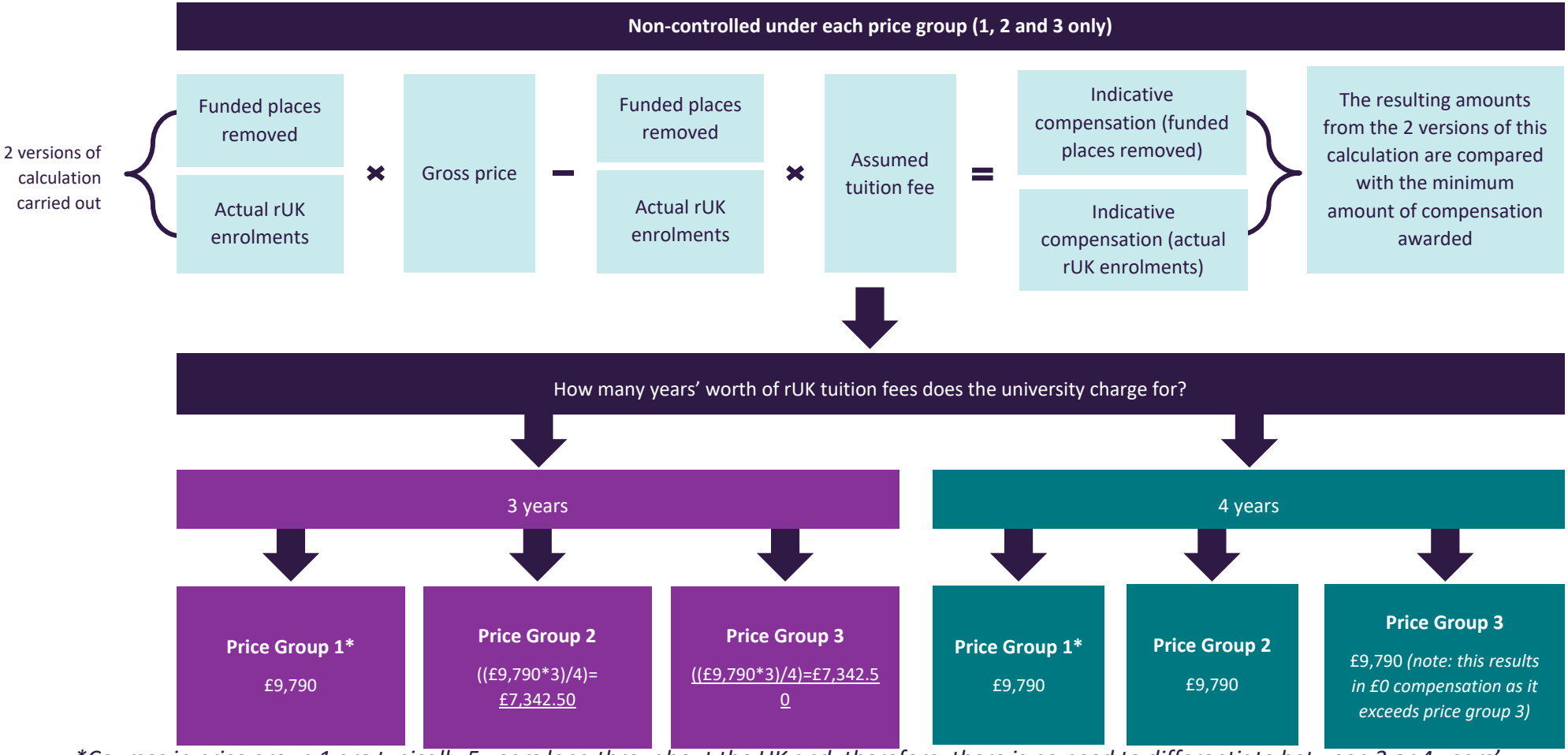
  Column 5 (UK central government tax credits for research and development expenditure) should not be included.

  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, MRC Development Pathway Funding Scheme, MRC Development Clinical Studies, NIHR Efficacy and Mechanism Evaluation and Health Technology Assessment programmes, CRUK Discovery Funding and other schemes where the definition of translational award funding is met. Translational funding refers to "grant funding provided by research councils, trusts and charities with the aim of developing new technology further and derisking propositions ahead of spinning-out" (Scottish Universities Spin Out Report, Scottish Enterprise, 2024, p. 36).

- **Venturing**: Number and value of third-party risk investments (for example, venture capital, business angel, corporate investment) in companies that were created in AY 2024-25 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.*