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Comhairle Maoineachaidh na h-Alba

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# University Final Funding Allocations AY 2026-27



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## University Final Funding Allocations AY 2026-27

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Summary:	Announcement of final funding allocations for universities for Academic Year 2026-27.
FAO:	Principals/Directors, Chairs and Board Secretaries of Scotland's universities, and the general public.
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## University final funding allocations for AY 2026-27

### Purpose/background

1. I am writing to announce the Scottish Funding Council's final funding allocations for universities for the forthcoming Academic Year (AY) 2026-27.
2. The Scottish Funding Council (SFC) published [indicative funding allocations](#) on 25 March 2026 to help universities plan for the forthcoming AY. This final announcement confirms funding allocations for AY 2026-27 and sets out the changes from the indicative announcement. **The only material changes relate to the inclusion of controlled subjects/funded places for AY 2026-27.** Any other updates on policy or other budgets since the indicative publication are also set out in this announcement.
3. We have continued to engage 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. We have also continued to engage with the sector prior to announcing these final funding allocations.
4. The final funding allocations set out in this announcement are based on the Scottish Government's published [Scottish Budget 2026 to 2027](#) which was approved by the Scottish Parliament on 25 February 2026.

### Scottish Budget 2026-27

5. 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.
6. 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.
7. 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.

### Overview

8. 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.
9. The key points in this final funding announcement for universities in 2026-27 are:
- **Teaching funding has increased by £23.6m (3.3%):** see paragraphs [16-28](#).
  - **No changes to the allocation of (non-controlled) funded student places:** see paragraph [29](#).
  - **Research and innovation funding has increased by £26.8m (8.1%):** see paragraphs [41-43](#).
  - **Capital maintenance funding is unchanged:** see paragraphs [45-46](#).

## Updates/changes from indicative funding allocations

10. Updates and changes to the final funding allocations from the [indicative announcement](#) are set out below.

### Controlled subjects/places

11. Due to the timing of the indicative announcement, we are obliged to use the current AY (2025-26) funded student places to calculate the indicative funding allocations for controlled places funded by SFC. Final funded places have now been updated following the issuing of AY 2026-27 intake targets and the sharing of our funded places modelling with universities. The resultant changes to SFC controlled places for AY 2026-27 can be seen in [Table 3](#) (and [Table A2b](#)).
12. In modelling our controlled funded places, we use intake targets for AY 2026-27, actual intake figures and retention data. For AY 2026-27, there has been a reduction in the number of SFC controlled places and the associated changes to teaching funding are shown in [Table 2](#). This amounts to a reduction of £0.3m from the indicative announcement. However, we have used this balance to reduce the reduction to our Fee Anomalies budget while continuing to ensure an increase of at least 3.2% to Main Teaching Grant for each university (see paragraph 18).
13. As in previous years, additional ring-fenced places funded by the Scottish Government are not included in the indicative funding announcement. These are now shown in [Table A2c](#). 'Consolidation' student numbers for controlled subjects are shown in [Table 5](#) (and [Table C2b](#)).

## University funding allocated for 2026-27

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

### Teaching funding

15. 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 **£749.8m; an increase of £23.6m (3.3%)** from AY 2025-26. Final funding allocations for individual universities are shown in [Table 4](#).

### Main Teaching Grant

16. Main Teaching Grant (MTG) for AY 2026-27 has been set at **£716.3m, an increase of £22.6m (3.3%)** from AY 2025-26.
17. The indicative announcement included an additional one-off allocation of teaching grant for AY 2026-27 of £0.4m to ensure that every university saw an increase in their MTG of at least 3.2% - before SFC controlled funded places are adjusted for the final funding allocations.
18. For this final announcement, we have now increased that additional one-off allocation to £0.7m by utilising the reduction associated with the change to controlled places (as referenced above). This ensures that every university continues to see an increase in their MTG of at least 3.2%. Final MTG allocations for individual universities are shown in [Table 2](#).

### Teaching subject prices

19. 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
<b>AY 2026-27 price (gross)</b>	<b>£18,799</b>	<b>£10,667</b>	<b>£9,453</b>	<b>£8,229</b>	<b>£7,275</b>	<b>£5,929</b>

20. 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
21. 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.

22. 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 MTG.

### Compensation for Expensive Strategically Important Subjects

23. 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 2012-13<sup>1</sup> - 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.
24. Compensation for AY 2026-27, which forms part of the MTG ([Table 2](#)), amounts to **£10.4m, an increase of £0.2m (2.1%)**.
25. As set out in SFC's Conditions of Funding ([Annex C](#)), 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 charge<sup>2</sup>.

### Small Specialist Institutions Grant

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

### Widening Access and Retention Funding

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

### Disabled Students Premium

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

### Non-controlled funded student places

29. **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. Funded places are set out in [Table 3](#), with further details provided in [Table A2a](#).

### Consolidation numbers

30. We have reviewed the current distribution of the sector-level non-controlled

<sup>1</sup> 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.

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

consolidation number between universities and have made some changes for AY 2026-27 in order to put institutional consolidation numbers on a fairer basis.

31. 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.
32. 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).
33. 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.
34. Revised non-controlled consolidation numbers for AY 2026-27 are shown in [Table 5](#). We will also use these revised numbers when monitoring consolidation for AY 2025-26. Controlled consolidation numbers for AY 2026-27 are also set out in [Table 5](#).

## Graduate Apprenticeships

35. 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

36. 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.
37. 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.
38. 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

39. 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.
40. Universities are reminded that, as a condition of grant, SFC may recover funding if universities under-enrol against their IC places.

## Research and Innovation funding

41. 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 2026-27 (see paragraph [47](#)).
  - **£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.
42. 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. Funding allocations for individual universities are shown in [Table 6](#).
43. 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 has also been allocated in the same way as last year.

## Innovation Centres

44. 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 <sup>3</sup>	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

## Capital funding

45. **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 47 below). The 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
<b>Total SFC university capital</b>	<b>26.3</b>
HE Research Capital Grant - DSIT	16.4
<b>Total university capital</b>	<b>42.7</b>

## Capital maintenance

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

## Research capital

47. 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. The approach taken to the allocation of HERC has not changed and funding allocations for individual universities are also shown in [Table 8](#).

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

## Scottish Wider Access Programme

48. 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. 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

49. The indicative funding announcement (paragraphs 46-50) set out the background and context to a March 2026 [Ministerial policy direction to SFC](#) and change to the Commission on Widening Access (CoWA) *A Blueprint for Fairness* institutional targets recommendation that by 2021, students from the 20% most deprived backgrounds should represent at least 10% of full-time first degree entrants to every individual Scottish university. The amended recommendation is:

*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.*

50. We noted our intention to continue to consult with the Scottish Government and the sector on the implementation of this Ministerial policy change to be introduced from AY 2026-27 and our intention to publish a guidance note for the sector. After further engagement on this, on 11 May 2026 SFC published [guidance](#) on its website. This outlines the approach we will take to implement the change to the target recommendation and the expectations placed on institutions to deliver this recommendation from AY 2026-27 onwards.
51. The CoWA sector 2026 and 2030 targets remain in place and are unchanged, and the Minister’s direction reiterated that he *expects institutions to continue to work towards achieving the 2026 and 2030 widening access targets and to commit to increasing the proportion of SIMD20 entrants.*

## Funding transfer for SAAS

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

## Annexes and tables

53. We have attached the following annexes and tables for AY 2026-27:

- [Annex A - Summary of university funding allocations](#)
- [Annex B - Summary of university funded places and student number targets](#)
- [Annex C - Conditions of funding](#)
- [Annex D - Profile of monthly payments for main grants](#)
- Table 1 - Summary of overall university budgets
- Table 2 - Main Teaching Grant
- Table 3 - Total funded student places
- Table 4 - All teaching grants/funding
- Table 5 - Consolidation numbers
- Table 6 - All research & innovation grants/funding
- Table 7 - Combined teaching and research & innovation funding compared to AY 2025-26
- Table 8 - Capital grants (for FY 2026-27)
- [Tables 1 - 8 combined](#)

54. We have also provided the following additional tables:

- Table A1 - Main Teaching Grant
- Table A2a - Non-controlled student places (funded by SFC)
- Table A2b - Controlled student places (funded by SFC)
- Table A2c - Additional student places (funded by Scottish Government)
- Table A2d - All controlled student places (funded by SFC and Scottish Government)
- Table A3 - Breakdown of changes to non-controlled funded student places
- Table A4 - Funded student places by teaching subject price group
- Table B1 - Unit of Assessment (subject) weightings for REG(a)
- Table B2 - Breakdown of REG allocations
- Table B3 - Breakdown of RPG allocations
- Table B4 - Breakdown of REG(a) allocations by Unit of Assessment
- *There is no Table C1*
- Table C2a - Consolidation numbers for non-controlled subjects
- Table C2b - Consolidation numbers for controlled subjects
- Table D1 - Derivation of Main Teaching Grant for initial funded student places
- Table D2 - Assumed tuition fees
- [Tables A1 – D2 combined](#)

## Fair Work First

55. 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).
56. Recipients of public sector grants are expected to commit to working towards the remaining five desirable [Fair Work First criteria](#).

## Further information

57. If you require any additional information, please contact the Funding team, email: [funding@sfc.ac.uk](mailto:funding@sfc.ac.uk), in the first instance.

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