
Annex C: Conditions of university funding AY 2023-24

1. Grant funding is provided to enable universities to deliver their Outcome Agreements under the terms of Section 5 of 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 Higher Education Institutions.
3. Universities must have regard to public sector pay policy set by Scottish Ministers.
4. Universities are required to comply with any principles of governance which SFC believes to constitute good practice in relation to such bodies. Regional Strategic Bodies (RSBs) receiving grant funding from SFC are required, when making payments to any institution assigned to it, to impose this condition on the institution.
5. All funded provision must be of satisfactory quality, in line with SFC guidance.
6. If the Scottish Government revises its grant funding to SFC, we reserve the right to make in-year adjustments to university funding. In this case, SFC would renegotiate the terms of its Outcome Agreement with the university.
7. Where appropriate, universities must provide data returns requested by SFC to the deadlines and standards specified. Relevant guidance can be found on the SFC website.
8. Where a university is in receipt of European Social Funding (ESF) it must follow and adhere to ESF programme guidance/requirements.
9. The funding outlined in this announcement is subject to the agreement of your Outcome Agreement for Academic Year (AY) 2023-24.

Tuition fees

10. Where applicable, universities 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 (other than those persons who are undertaking an honours or ordinary degree course which is a specified 'graduate entry' course, requiring successful completion of a previous honours or ordinary degree level qualification or relevant experience). Under the 2005 Act, RSBs receiving grants from SFC are required, when making payments to any institution assigned to it, to impose this condition on the institution. However:
 - Universities must charge fees equal to those set by Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011 to applicable students on the following 'graduate entry' courses:

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- Bachelor of Dental Surgery, University of Aberdeen.
 - Scottish Graduate Entry Medicine (ScotGEM), University of Dundee and University of St Andrews (the £1,820 fee is paid by SFC).
- The tuition fee levels set by Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2006 does 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 £9,250 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.
 12. Universities should not charge a student fee for any course funded by SFC at the gross teaching price; these should be provided on a 'fee-waiver' basis. This includes funded student places for Masters level courses to be delivered under the Innovation Centre programme.
 13. When determining students' fee status on the basis of residential eligibility, universities 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 relating to the fee status of students from the Republic of Ireland (RoI) and the European Union (EU). They also include provisions for students from Ukraine and relocated Afghan citizens.

Fees for EU students up to 2020-21

14. The Scottish Government confirmed it will meet the cost of tuition fees for eligible EU who started their course in AY 2020-21 or before, 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 arrive in the UK after 1 January 2021 they will require a visa to enter the UK.

Change in fee support for EU students from 2021-22

15. In July 2020, Scottish Ministers confirmed that as a result of Brexit, HE students coming from the EU to attend Scottish universities and colleges will no longer qualify for tuition fee support beyond AY 2020-21. Home fee status for EU students coming to study in Scotland came to an end after AY 2020-21. For more information on eligibility criteria, please refer to SAAS guidance.
16. As set out above, the Scottish Government has amended the relevant legislation and changes came into force from 1 August 2021.
17. RoI students have, as EU members, been eligible for free tuition, despite the fact that rUK students – including those from Northern Ireland – are charged the rUK tuition rate of £9,250 per year. The Scottish Government has, following Brexit, ended the free tuition fee arrangement (from AY 2021-22) meaning that going forward they will be treated in the same way as rUK students in terms of fee charging, e.g. eligible for the rUK tuition fee rate from AY 2021-22 and can access a tuition fee loan from SAAS.
18. The above changes apply to students resident in the EU who are starting courses in Scotland from AY 2021-22 onwards. EU nationals who were resident in the UK prior to 31 December 2020 and who have settled or pre-settled status will continue to have the same rights as other UK citizens, including eligibility for free tuition.

Funded student places and consolidation numbers

19. Universities should fill the target number of funded student places that SFC provides. We may recover funding if universities under-enrol against funded places or over-recruit (above the consolidation numbers set out in Table 5), subject to the tolerance thresholds set out in paragraphs 20 to 29 below.

Under-enrolment policy

Non-controlled subjects

20. The tolerance threshold for under-enrolment against funded student places in non-controlled areas will normally be 2%, subject to the terms of the Outcome Agreement. This threshold applies to total funded places within non-controlled subject areas, for students with home fee status. For under-enrolment in the non-controlled subjects SFC will recover Main Teaching Grant equivalent to that associated with the recruitment below the tolerance threshold.

Controlled subjects

21. The tolerance threshold for under-enrolment against funded student places in the controlled subjects of Dentistry, Pre-registration Nursing and Midwifery Education, Paramedic Education, and Initial Teacher Education is 3%. This threshold applies to funded student places – for students with home fee status – at a course level for controlled subjects.

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22. For the controlled subject of Medicine under-enrolment will be measured against the annual core intake targets for students with home fee, rUK and RoI status, with a tolerance threshold of 3%.
 23. For under-enrolment in the controlled subjects SFC will recover Main Teaching Grant equivalent to that associated with the recruitment below the tolerance threshold.

Over-recruitment (consolidation) policy

24. Universities should not exceed their student numbers for 'consolidation' - for non-controlled and controlled subjects - by more than the tolerances set out below. The purpose of consolidation for non-controlled subjects is to ensure that universities conform to the Scottish Government's consolidation policy by limiting the numbers of full-time (and sandwich) undergraduate students eligible for funding across all years. For controlled subjects the purpose is to support the Scottish Government's workforce planning processes.

Non-controlled subjects

25. In AY 2023-24 the penalty for breach of consolidation for non-controlled subjects will be withdrawal of part of the Main Teaching Grant equivalent to the estimated tuition fee income generated by the student numbers in excess of a 10% threshold. As the control will cover home fee status students only, the level of this income will be based on the SAAS fee.

Controlled subjects

26. For the controlled subjects of Initial Teacher Education, Pre-registration Nursing and Midwifery, and Paramedic Education, universities will be liable for a financial penalty if they exceed their consolidation number by 10% or 10 FTE places; whichever is larger.
27. For the controlled subject of Dentistry, universities will be liable for a financial penalty if they exceed their consolidation number by 5%.
28. For the controlled subject of Medicine, universities will be liable for a financial penalty if they exceed their intake target for all home fee, rUK and RoI entrants, subject to a 10% tolerance threshold.
29. The control covers home fee and rUK students. The financial penalty per FTE in breach of consolidation is the tuition fee for home fee students and the subject price for rUK students, based on the assumed breakdown of student numbers in excess of the threshold.

Additional funded student places for Articulation and Innovation Centres

30. SFC will continue to monitor the use of additional funded student places awarded for Articulation and those associated with the Innovation Centres to ensure that these places are being fully utilised. Where additional funded places have been unfilled, we

will consider re-allocating these places and/or we may recover funding if universities under-enrol.

Articulation places (Associate Student Scheme)

31. Universities should follow the requirements of the scheme as set out in SFC's original Articulation Guidance and FAQ documents. Universities should be undertaking a joint recruitment process with colleges and ensure that there is sufficient support for students through their studies at college to ensure that articulation takes place. We expect at least 75% of funding for those years in which activity is delivered in colleges to be transferred from universities to colleges.

Taught Postgraduate Innovation Centre places

32. SFC is providing full funding (including the tuition fee element) for a set number of additional Taught Postgraduate (TPG) Innovation Centre (IC) places. Universities should ensure students who are eligible for these places have their tuition fees waived.
33. There is no under-enrolment tolerance threshold for the additional Articulation or TPG IC places.

Widening Access places

34. In AY 2013-14 SFC introduced additional funded student places to widen access. SFC 'mainstreamed' the additional Widening Access places with universities' core funded places from AY 2018-19. In return for the mainstreaming of these places, SFC expects the sector as a whole and each university to continue to meet the relevant Commission on Widening Access (CoWA) targets. Through our Outcome Agreement process, we have set and agreed institutional targets to ensure that those targets can be achieved.

Research funding

35. Universities must use Research Excellence Grant (REG) funding for research purposes only; targeting their grant allocations predominantly on world-leading and internationally excellent research.
36. SFC's Research Postgraduate Grant (RPG) invests in the environment needed for high quality research training and supports postgraduate research students to contribute to research in Scotland. Universities are expected to include support for entrepreneurship, knowledge exchange and employability in their postgraduate training environment.
37. Use of REG and RPG should be reported through university Outcome Agreements.

University Innovation Fund

38. As with previous years, the retention of University Innovation Fund (UIF) allocations for AY 2023-24 is conditional on the submission of a satisfactory UIF plan as part of a university's Outcome Agreement.

Capital funding

Capital maintenance grant

39. Capital maintenance funding must be used for estates build/maintenance and/or debt servicing associated with capital developments. All expenditure should be aligned to a university's estate strategy.

SIT/SFC Research Capital Grant

40. Higher Education Research Capital (HERC) grant funding from the UK Department for Science, Innovation & Technology (SIT) and SFC should be used to enable universities to focus on maintaining excellent departments with the critical mass to compete globally and the expertise to work closely with business, charities and public services. Funding should be used solely for capital investment in the physical infrastructure for research. All expenditure should be aligned to a university's estate strategy.
41. It is recognised that some infrastructure is often used for both research and teaching purposes. SIT/SFC HERC funding may be used on such infrastructure so long as spend is proportional to the percentage that is used for research.
42. SIT/SFC HERC funding must be used for, and in line with, the purpose(s) for which it is allocated, as set out above. SFC will consider the recovery of funds or reducing future funding should universities fail to meet those conditions.

Fair Work First

43. The Scottish Government expects that all public bodies, and those in receipt of public funds, should be exemplars of Fair Work and that they should be able to demonstrate Fair Work practices, i.e. pay the Real Living Wage; investment in skills and training; no exploitative zero hours contracts; tackling the gender pay gap; have genuine workforce engagement; have flexible and family friendly working practices; and oppose the use of fire and rehire practices. As a recipient of public funds, universities must be committed to Fair Work practices for staff (including any agency or sub-contractor workers) engaged in the delivery of activity associated with public funds. We expect you to have a statement on Fair Work practices that has been developed in agreement with your workforce. This should be from the relevant trade union where one is present, or workers' representative(s) where there is no union present.

Failure to adhere to conditions

44. As a standard condition of funding, if a university does not deliver its Outcome Agreement and the targets set out within it, 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.