



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Indicative university funding allocations for AY 2022-23

SFC Announcement

Issue Date: 24 March 2022

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Reference: SFC/AN/08/2022

Summary: Announcement of indicative funding allocations for universities for Academic Year 2022-23.

FAO: Principals/Directors and Board Secretaries of Scotland's universities

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Contents

Indicative university funding allocations for AY 2022-23.....	5
Purpose	5
Policy drivers.....	5
Key points	6
Scottish budget FY 2022-23.....	6
Overall funds available for university sector	6
Teaching funding	7
Main Teaching Grant	8
Teaching Subject Prices	8
Funded places for additional school leavers	8
Graduate Apprenticeships.....	8
Compensation for expensive strategically important subjects.....	9
Additional funded places for Widening Access and Articulation	9
Additional funded places for Skills	10
Innovation Centre TPG places	10
Widening Access and Retention Fund.....	10
Small Specialist Institutions	11
Disabled Students Premium	11
Upskilling.....	11
Controlled subject intakes/funded places.....	11
Initial Teacher Education	11
Pre-registration Nursing and Midwifery.....	11
Paramedic Education	11
Medicine and Dentistry	11
Expansion of Early Years Education.....	12
Funding for Counsellors.....	12
Access to free sanitary provision.....	12
Research and Innovation Funding.....	12
Research Excellence Grant	12
Research Postgraduate Grant	12
University Innovation Fund	13
REF 2021 and the impact on REG	13

Other programme funding	13
Capital	13
Capital Maintenance Grant	14
Research Capital Grant	14
Digital poverty	14
Financial Transactions	15
Funding transfer to SAAS.....	15
Tables.....	15
Fair Work First	15
Further information.....	16

Indicative university funding allocations for AY 2022-23

Purpose

1. I am writing to announce Scottish Funding Council (SFC) decisions on the indicative funding allocations for universities for the forthcoming Academic Year (AY) 2022-23.
2. SFC provides indicative funding allocations to help universities plan for the forthcoming AY. The priorities outlined in our 2021-22 [letter of guidance](#), alongside wider Scottish Government priorities, have guided us in determining these indicative allocations.
3. The indicative allocations set out in this announcement are based on the [Scottish Government's Financial Year \(FY\) 2022-23 budget](#), which was announced on 9 December 2021 and approved by the Scottish Parliament on 10 February 2022.
4. We have engaged with a number of key sector groups in developing these indicative allocations. Following further engagement, we will publish final allocations by the end of May 2022.

Policy drivers

5. In considering these indicative allocations we are aiming to achieve a number of policy objectives:
 - To make best use of the funding available to SFC from a challenging budget settlement, in alignment with the SFC's Review of Coherent Provision and Sustainability.
 - To continue to provide funded places to Scottish students to support productive learning opportunities at a time of significant economic and social uncertainty, to sustain a pipeline of educated and skilled people who will be critical for our recovery.
 - In line with our commitment to work based learning, to protect and promote the Graduate Apprenticeship (GA) programme, working closely with Skills Development Scotland (SDS).
 - To recognise the continuing financial uncertainty and sustainability challenges facing the university sector by securing a general uplift in teaching grants for all universities.
 - To secure wider socio-economic impacts through our widening access funding, our funding for small specialist institutions and our programmes for minority cohorts of students with particular needs.
 - To protect the university research base, including through a specific increase in research funding.

Key points

6. The key points in this indicative funding announcement are:
 - The additional COVID-19 related/Barnett consequential funding received by the Scottish Government in FY 2021-22, enabled it to provide additional funding for Graduate Apprenticeships. This funding is no longer available in FY 2022-23.
 - SFC's Revenue budget for AY 2022-23 has increased by £21.9 million (M) (2.0%) from the 'baseline' AY 2021-22 budget, which excludes the additional one-off consequential funding received in 2021-22 [paragraph 11].
 - Teaching funding has increased by £14.3M (2.0%) from the baseline AY 2021-22 allocation [paragraph 12].
 - Research and Innovation funding has increased by £4.7M (1.6%) [paragraph 49].
 - Other programme funding has been reduced by £16.7M (-29.0%) [paragraphs 55-56].
 - Capital budget has decreased by £3.4M (-8.2%), although sector-wide capital maintenance funding has been maintained at the same level as 2021-22 [paragraphs 57-58].

Scottish budget FY 2022-23

7. The Scottish Government's draft Scottish Budget for 2022-23 set a Higher Education (HE) Resource (revenue) budget for Financial Year (FY) 2022-23 of £789.2M. This represents an increase of £21.0M (2.7%) from the baseline FY 2021-22 budget, which excludes the additional COVID-19-related Barnett consequential funding received this year. Compared to the full, published FY 2021-22 budget, this represents a decrease of £6.0M (-0.8%).
8. The draft budget set a HE Capital budget, including research, of £348.0M, which represents an increase of £1.3M (0.4%) from FY 2021-22. Within that budget, £310.1M is to support research and innovation. The HE Financial Transactions budget has been set at £22.1M, which is unchanged from FY 2021-22.
9. Including the HE Capital budget for research together with the HE Resource (revenue) budget, there is a total budget for FY 2022-23 of £1,099.3M. This provides a total increase of £22.3M from the baseline FY 2021-22 budget.

Overall funds available for university sector

10. In setting SFC's Academic Year (AY) budget for 2022-23, we span two Financial Years (FYs); 2022-23 and 2023-24. The draft revenue and capital for research

budgets for FY 2022-23 announced by the Scottish Government are converted into AY budgets by taking account of the proportion of the FY 2022-23 budgets that are already committed to the current AY 2021-22. It also involves a forecast of the next FY budget for 2023-24, which we have assumed will not increase (in cash terms) beyond the current FY 2022-23 level. Last year, in setting AY 2021-22 budgets, SFC had assumed 'flat cash' settlements for FY 2022-23.

11. On that basis, **SFC has set a university revenue budget for AY 2022-23 of £1,107.2M**, which represents an increase of £21.9M (2.0%) compared with the baseline AY 2021-22 budget. Compared with SFC's full, published revenue budget for AY 2021-22, this represents a reduction of £5.1M (-0.5%)
12. **Overall Teaching funding has been set at £744.5M**. This represents an increase of £14.3M (2.0%) from the baseline amount¹ in AY 2021-22, or an increase of £6.9M (0.9%) from the published amount in AY 2021-22.
13. **Research and Innovation funding has been set at £299.1M**; an increase of £4.7M (1.6%) from 2021-22.
14. Indicative AY 2022-23 budget allocations are shown in Table 1.

Teaching funding

15. Total teaching funding allocated to universities for AY 2022-23, which excludes funding for Fee Anomalies and Advanced Procurement for Universities and Colleges (APUC), has been set at £741.5M. This represents an increase of £14.3M, 2.0% from the baseline AY 2021-22 allocation (or an increase of £6.9M, 0.9% from the published AY 2021-22 allocation).
16. This is shown in Table 4 and includes the Main Teaching Grant, funding for Small Specialist Institutions, the Widening Access and Retention Fund, funding for Upskilling, and the Disabled Students Premium.

¹ AY 2021-22 teaching budget excluding funding for GAs.

Main Teaching Grant

17. **Main Teaching Grant for AY 2022-23 has been set at £700.7M.** This represents an increase of £14.2M, 2.1% from the baseline AY 2021-22 grant, funded by a reduction in other non-core SFC budgets, (or an increase of £6.7M, 1.0% from the published AY 2021-22 grant). Individual university allocations are shown in Table 2.

Teaching Subject Prices

18. Teaching subject prices for AY 2022-23 have been increased by 1.5% and are shown in the table below:

<i>Subject Price Group</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
AY 2021-22 price (gross)	£17,412	£9,880	£8,756	£7,623	£6,739	£5,492
AY 2022-23 price (gross)	£17,673	£10,028	£8,887	£7,737	£6,840	£5,574

19. Our gross subject prices for AY 2022-23 include the following assumed level of tuition fees for 'home fee' students, which are unchanged from AY 2021-22:
- Full-time First Degree: £1,820
 - Other Undergraduate: £1,285
 - Taught Postgraduate: £5,500

Funded places for additional school leavers

20. In AY 2020-21 SFC allocated 1,297 full-time equivalent (FTE) funded student places (£7.2M) for additional school leavers recruited by universities as a consequence of the SQA grades awarded in 2020. SFC allocated a further 2,500 FTE funded places (£13.9M) for students starting their studies in AY 2021-22. SFC will continue to fund those additional places in AY 2022-23 as students progress into their third and second years respectively.

Graduate Apprenticeships

21. From AY 2021-22 SFC took over the responsibility for the funding of Graduate Apprenticeships (GAs) in Scotland's universities. From the consequential funding that SFC received as part of its budget settlement for 2021-22, we allocated 1,378 FTE funded student places (£7.4M). Places were distributed amongst universities on the basis of their past provision of GAs, adjusted to reflect their capacity to deliver that activity.

22. Whilst GAs remain a Ministerial priority, the additional funding that SFC received to fund them in 2021-22 has been discontinued. We have therefore incorporated GA places within the total volume of non-controlled places.
23. The GA volume target for AY 2022-23 is 2,756 FTE student places: 1,378 places for continuing students and 1,378 places for new student entrants in AY 2022-23. We have taken 50% of these places pro-rata from every university's non-controlled places, and 50% pro-rata from GA providers (i.e. universities that received additional GA places in AY 2021-22).

Compensation for expensive strategically important subjects

24. Compensation for expensive, strategically important, subjects in AY 2022-23 amounts to £19.0M (an increase of £0.9M from AY 2021-22). This funding continues to reflect the difference between the teaching funding SFC allocates for higher subject price groups, and the annual tuition fee level that Scottish universities can charge students from the rest of the UK (rUK). For the purpose of this calculation it is assumed that all rUK students will be charged a fee of £9,250 and our modelling assumes that universities will receive three sets of £9,250 fees for a four year degree in subject price groups 2 and 3). This is shown in Table 2.
25. As part of our Review of Coherent Provision and Sustainability, SFC is committed to reviewing this compensation 'premium' to ensure its continued relevance.

Additional funded places for Widening Access and Articulation

26. In AY 2013-14 SFC introduced three new investment schemes, providing universities with additional funded student places to widen access, increase articulation and support key sectors of the economy with additional undergraduate and taught postgraduate skills places. The allocations of additional places remain unchanged for AY 2022-23.
27. 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.
28. Following a review, we announced that there would no change to the additional articulation places 'Associate Student' scheme for AY 2018-19 and AY 2019-20, subject to satisfactory outcome agreement targets with the universities that receive these places. This was carried on to AY 2020-21 and remains the case for AY 2021-22 and AY 2022-23.

29. Universities (and colleges) are therefore expected to continue with the current arrangements for AY 2022-23 and to meet the priorities set out by the Scottish Government to expand articulation, ensuring they continue to support disadvantaged learners to progress to degree level study. This will be monitored by way of targets set through the outcome agreement process.
30. SFC continues to expect 75% of additional articulation funding for Associate Students to be transferred from universities to colleges, for those years in which activity is delivered in colleges. We will continue to monitor the transfer and impact of this funding.

Additional funded places for Skills

31. SFC allocated an additional 1,195 FTE undergraduate (UG) and 832 FTE taught postgraduate (TPG) places for Skills between AY 2013-14 and AY 2017-18. There are no changes to the UG Skills places for AY 2022-23.
32. From AY 2019-20 we repurposed the TPG Skills places and the associated funding for an Upskilling fund to support new, shorter, more flexible courses aimed at upskilling people already in work and/or addressing skills shortages (see paragraph 38 below).

Innovation Centre TPG places

33. SFC continues to provide additional funded student places 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. There are no changes to these additional places for AY 2022-23.

Widening Access and Retention Fund

34. The Widening Access and Retention Fund (WARF) for AY 2022-23 remains at £15.6M, which is unchanged from AY 2021-22. WARF allocations for individual universities are shown in Table 4.
35. SFC consulted with the sector in 2019 on a planned review of WARF to implement and deliver on the CoWA recommendations. The review of WARF has now been incorporated into SFC's broader Review of Coherent Provision and Sustainability where we are committed to working with the sector to devise a fair and inclusive approach to WARF – taking account of related funding – to ensure this Fund is leveraged to best support student outcomes.

Small Specialist Institutions

36. The Small Specialist Institution (SSI) Grant for AY 2022-23 is £10.6M, which is unchanged from AY 2021-22. SSI Grant allocations for individual universities are shown in Table 4.

Disabled Students Premium

37. The Disabled Students Premium (DSP) for AY 2022-23 is £2.9M, which is unchanged from AY 2021-22. DSP allocations for individual universities are shown in Table 4.

Upskilling

38. Upskilling funding for AY 2022-23 is £7.0M, which is unchanged from AY 2021-22. Upskilling allocations for individual universities are shown in Table 4.

Controlled subject intakes/funded places

39. Upon the receipt of guidance letters from the Scottish Government, SFC publishes intake targets for the controlled subjects of Initial Teacher Education, Pre-registration Nursing and Midwifery Education, Medicine, Dentistry and Paramedic Education. Associated funded student places will be confirmed in the final funding announcement at the end of May.

Initial Teacher Education

40. SFC [published](#) its AY 2022-23 intake target letter for Initial Teacher Education (ITE) on 15 February 2022. This letter confirmed a recommended total ITE intake of 4,270 places, which is an increase of 200 (4.9%) from AY 2021-22.

Pre-registration Nursing and Midwifery

41. SFC [published](#) its AY 2022-23 intake target letter for Pre-registration Nursing and Midwifery on 22 March 2022. This letter confirmed a recommended total intake of 4,837 places, which is an increase of 388 (8.7%) from AY 2021-22.

Paramedic Education

42. SFC [published](#) its AY 2022-23 intake target letter for Paramedic Education on 22 March 2022. This letter confirmed a recommended total intake of 335 places, which is an increase of 35 (11.7%) from AY 2021-22.

Medicine and Dentistry

43. Medicine and Dentistry intakes for AY 2022-23 have yet to be published.

Expansion of Early Years Education

44. In support of the Scottish Government's plans to increase entitlement to free childcare, SFC will continue to allocate funded places in AY 2022-23 for continuing Childhood Practice students.
45. The numbers of places for AY 2022-23 have yet to be finalised with the Scottish Government but will be confirmed in the final allocations in May. We expect the Scottish Government will continue to meet the costs of this activity through additional ring-fenced funding.

Funding for Counsellors

46. As part of its Programme for Government in responding to mental ill-health, the Scottish Government committed to providing funding for more than 80 additional counsellors in HE and FE over a four year period from AY 2019-20.
47. SFC expects a further year's funding for counsellors in universities to be announced in due course and will work with the Scottish Government to confirm funding for 2022-23.

Access to free sanitary provision

48. SFC expects a further year's funding for the provision of free sanitary products in universities to be announced in due course and will work with the Scottish Government to confirm funding for 2022-23.

Research and Innovation Funding

49. The Scottish Government budget announced a 1.6% (£4.7M) increase in the 2022-23 capital budget for research and innovation. This uplift has been applied to the three core research and innovation grants for AY 2022-23.

Research Excellence Grant

50. Research Excellence Grant (REG) funding for AY 2022-23 has been set at £246.8M; an increase of £3.9M (1.6%) from AY 2021-22. REG allocations for individual universities will be provided in the final funding announcement at the end of May (see paragraphs 53-54).

Research Postgraduate Grant

51. Research Postgraduate Grant (RPG) funding for AY 2022-23 has been set at £36.9M; an increase of £0.6M (1.6%) from AY 2021-22. RPG allocations for individual universities will be provided in the final funding announcement at the end of May.

University Innovation Fund

52. University Innovation Funding (UIF) for AY 2022-23 has been set at £15.3M; an increase of £0.2M (1.6%) from AY 2021-22. UIF allocations for individual universities will be provided in the final funding announcement at the end of May.

REF 2021 and the impact on REG

53. Due to the delay in the publication of the results of the Research Excellence Framework (REF) 2021, it is not possible to provide indicative allocations to individual universities at this time. Allocations will be provided as part of the final university funding announcement, due to be published by the end of May 2022.
54. Our intention is that the final allocations will be informed by the results of REF 2021 and will be based on a REG formula amended in the light of responses to our consultation [SFC/CN/01/2021](#). To avoid significant disruption, we will limit the level of any university's reduction in REG for AY 2022-23.

Other programme funding

55. A portion of SFC's annual funding for universities is earmarked for other national services (including Jisc, Quality Assurance Agency, Advanced Procurement for Universities and Colleges (APUC)), strategic interventions that support transformational change aligned to SFC and Scottish Government priorities (e.g. widening access), and projects where we can facilitate collaboration and leveraging of funds from other partners, e.g. Innovation Centres.
56. **The budget for this funding in AY 2022-23 has been set at £40.8M;** a reduction of £16.7M (-29.0%) from the published AY 2021-22 budget of £57.5M. Given the ongoing challenges as we continue into a COVID-19 recovery period, this budget (albeit reduced) will enable SFC to meet all current awards and known commitments and continue to have some flexibility to respond and support the university sector and its students.

Capital

57. The Scottish Government's FY 2022-23 budget provides an HE Capital budget of £37.9M; a reduction of £3.4M (-8.2%) from FY 2021-22. This reduction relates to the planned end of a period of specific backlog maintenance funding allocated annually to SRUC and sector Capital Maintenance Grant for FY 2022-23 remains unchanged.

58. This budget, together with an assumed similar level of Higher Education Research Capital (HERC) Grant funding for FY 2022-23 as last year from the UK Government’s Department of Business, Energy and Industrial Strategy (BEIS), which would be matched by SFC, providing an overall amount of capital funding potentially available to universities in FY 2022-23 of £54.7M, as shown below:

Capital budgets	FY 21-22 £M	FY 22-23 £M	Change £M
Capital Maintenance Grant	16.8	16.8	-
Edinburgh Medical School	4.2	4.3	0.1
SRUC backlog maintenance	3.5	-	(3.5)
Research Capital Grant - SFC match (TBC)	16.8	16.8	-
Total HE Capital	41.3	37.9	(3.4)
Research Capital Grant – from BEIS (TBC)	16.8	16.8	-
Total Capital funding for universities	58.1	54.7	(3.4)

Capital Maintenance Grant

59. **The FY 2022-23 budget for Capital Maintenance Grant has been set at £16.8M**, which is unchanged from FY 2021-22. This grant is allocated pro-rata to a university’s share of its Main Teaching Grant. Grant allocations for individual universities are shown in Table 8.

Research Capital Grant

60. We have yet to receive confirmation on HERC grant funding from BEIS for FY 2022-23. At the moment we are assuming the same level as FY 2021-22, which would provide research capital grant funding totalling £33.5M (£16.8M HERC from BEIS, matched with a further £16.8M from SFC) for FY 2022-23. We aim to confirm this position in the final funding announcement in May.

Digital poverty

61. In addition to the funding set out in the table above, the Scottish Government’s draft FY 2022-23 capital budget for colleges includes £5.0M to alleviate digital poverty across colleges, universities, and community learning and development (CLD) providers. Of that budget, the Scottish Government has earmarked £0.5M for CLD, with the distribution method yet to be agreed.
62. Of the remaining £4.5M, **the university sector has been allocated £1.6M**. Indicative digital poverty funding allocations for FY 2022-23 for individual universities are also shown in Table 8 and have been based on proportions of indicative Main Teaching Grant for AY 2022-23.

Financial Transactions

63. In addition to Capital, the Scottish Government's draft budget provides Financial Transactions (FT) funding of £22.1M, which is unchanged from FY 2021-22. Additional recycled payments of circa £8.9M are also anticipated, which would provide an estimated £31.0M programme in FY 2022-23. FT funding will be prioritised towards university projects that are responding to the climate emergency and supporting institutions' pathways to Net Zero.

Funding transfer to SAAS

64. SFC anticipates a transfer of funding to Student Awards Agency Scotland (SAAS) totalling £22.8M, which is unchanged from 2021-22.

Tables

65. We have attached the following indicative tables for AY 2022-23:

- Table 1 – University sector – overall budget
- Table 2 – Main Teaching Grant
- Table 3 – Funded student places
- Table 4 – Summary of grants for Teaching
- Table 5 – *not included*
- Table 6 – *not included*
- Table 7 – *not included*
- Table 8 – Capital funding (FY 2022-23)

Fair Work First

66. The Scottish Government strongly believes 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 practices of Fair Work. 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.

Further information

67. For more information, please contact Chris Brown, Interim Director of Finance, email: cbrown@sfc.ac.uk.

A handwritten signature in black ink that reads "KWatt". The letters are cursive and somewhat stylized.

Karen Watt
Chief Executive