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Comhairle Maoineachaidh na h-Alba

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University Indicative Funding Allocations 2024-25



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Summary:	Announcement of indicative funding allocations for universities for Academic Year 2024-25
FAO:	Principals/Directors and Board Secretaries of Scotland's universities, and the general public
Further Information:	CONTACT: Richard Maconachie FCCA JOB TITLE: Director of Finance DIRECTORATE: Finance & Funding TEL: 0131 313 6511 EMAIL: rmaconachie@sfc.ac.uk

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University Indicative Funding Allocations 2024-25

Purpose/background

1. I am writing to announce Scottish Funding Council (SFC) decisions on the indicative funding allocations for universities for the forthcoming Academic Year (AY) 2024-25.
2. SFC provides indicative funding allocations to help universities plan for the forthcoming AY. We have engaged closely with the Scottish Government through the funding allocation process to ensure that our funding principles align with Ministerial policy priorities.
3. The indicative allocations set out in this announcement are based on the [Scottish Government's Financial Year \(FY\) 2024-25 Budget](#), which was approved by the Scottish Parliament on 27 February 2024.
4. We have engaged with several key sector groups in developing these indicative allocations. Following further consultation with the sector, we will publish final allocations by the end of May 2024.

Scottish Budget 2024-25

5. The Scottish Government's 2024-25 Budget set a university resource (revenue) budget for Financial Year (FY) 2024-25 of £760.7 million (m). Excluding the £20m transitional funding, which was initially part of the FY 2023-24 budget, this represents a decrease of £28.5m (-3.6%) from FY 2023-24.
6. The University capital budget, including research and innovation funding, has been set at £356.9m; an increase of £16.2m (4.8%) from FY 2023-24. This budget includes funding for Innovation Centres, the detail of which is not included in this announcement.

Overview

7. This is a challenging funding settlement, which necessitates difficult choices. We have sought to balance a range of priorities for universities – fulfilling our statutory mission and duties, aligning with the Scottish Government's stated priorities, and taking into account sector and stakeholder feedback, including the need to:
 - Continue to secure opportunities for Scottish-domiciled students and ensure that any reduction in funded student places does not disadvantage first year Scottish applicants, taking into account the Scottish Government's guidance that no additional funded places should be removed in AY 2024-25 beyond the 1,289 places that were introduced in AY 2020-21 to support learners following changes to the SQA assessment process in the wake of the Covid-19 pandemic.

- Continue to promote widening access to higher education, in line with Scottish Government policy.
 - Continue to embed Graduate Apprenticeships and other work-based learning opportunities within our core provision, in line with Scottish Government expectations.
 - Maintain the ‘unit of resource’ for publicly funded student places (i.e. the amount of teaching funding - ‘the price’ - per funded place) 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 and innovation.
 - Take account of the impact of changes in funding allocations to an institution’s viability, with particular attention on Scotland’s world-class small specialist institutions.
8. The **key points** in this indicative funding announcement are:
- **Teaching funding for AY 2024-25 has reduced by £28.5m (-3.8%), in line with the reduction in the Scottish Government’s budget for FY 2024-25.**
 - **Research and innovation funding has increased by £12.6m (4.2%).**
 - **Capital funding has increased by £2.6m (10.2%).**

Funds allocated for AY 2024-25

9. This announcement focuses on the indicative allocation of funding to universities for AY 2024-25. In line with this approach, Table 1 provides a summary of the institutional funding announced in this publication.

Teaching funding

10. **Teaching funding allocated to universities for AY 2024-25, has been set at £715.2m, a reduction of £26.7m (-3.6%).** This includes the Main Teaching Grant and other teaching grants/funding elements. Indicative allocations are shown in Table 4.
11. We have paused setting a budget for the Fee Anomalies Grant at this stage and will liaise with the sector about our future approach.

Main Teaching Grant

12. **Main Teaching Grant (MTG) for AY 2024-25 has been set at £682.9m, a reduction of £16.6m (-2.4%).** Indicative allocations for individual universities are shown in Table 2.
13. We have removed funded places from some institutions in response to under-delivery against allocated funded places. In doing so we have continued to protect opportunities for Scottish students - see section below on funded student places.

Teaching subject prices

14. As indicated above, teaching subject prices for AY 2024-25 are unchanged from AY 2023-24 as set out below.

Subject Price Group	1	2	3	4	5	6
AY 2023-24 price (gross)	£17,760	£10,077	£8,931	£7,775	£6,873	£5,601
AY 2024-25 price (gross)	£17,760	£10,077	£8,931	£7,775	£6,873	£5,601

15. Our gross subject prices for AY 2024-25 include the following assumed level of tuition fees for 'home fee' students:
- Full-time First Degree: £1,820.
 - Other Undergraduate: £1,285.
 - **Taught Postgraduate: £7,000 (see below).**
16. In November 2022, Student Awards Agency Scotland (SAAS) announced that the maximum tuition fee loan rate for postgraduate students would increase from £5,500 to £7,000 from AY 2023-24. This announcement was made after many universities had set tuition fee rates for AY 2023-24. Therefore, for AY 2023-24 teaching funding allocations, SFC made no change to its postgraduate tuition fee rate assumption and we indicated at the time that we would match the new SAAS fee loan rate in our tuition fee assumptions from AY 2024-25. In subject groups five and six, where our price is less than the taught postgraduate fee assumption, the assumed tuition fee will be the subject group price.

Compensation for Expensive Strategically Important Subjects

17. We have made changes to the compensation we provide to universities delivering expensive, strategically important non-controlled subjects involving students from the rest of the UK (rUK). Our current model assumes that Scottish universities need to be compensated because, to remain competitive, they will charge rUK students an annual fee of £9,250 for three years of a four-year degree. However, a recent review shows that some universities are now receiving four sets of fees. We have updated our modelling to reflect this and the most recent distribution of rUK students.
18. If fully implemented, the proposed changes would reduce this element of MTG by £8.2m. This would have a significant impact for some institutions. The available budget has allowed us to mitigate the impact to some extent by phasing in the change to this element, **reducing it by £6.2m to 12.4m for AY 2024-25.**

Funded student places

19. As planned, **we have removed the SQA places (1,289 FTEs)** introduced in AY 2020-21 following the revised 2020 Scottish Qualifications Authority (SQA) qualification results. This has been done by removing funded places from institutions that have reported the highest levels of under-delivery in their AY 2023-24 Early Statistics return. Generally, for those institutions we have removed around a quarter of the unfilled places.
20. Any reductions made are in proportion to the distribution of funded places across subject price groups and are applied to undergraduate and postgraduate places, in line with the reported under-delivery in the AY 2023-24 Early Statistics.
21. We have not made any changes to consolidation numbers as a result of changes to funded places at this stage (Table 9). We plan to consider how these changes should impact on consolidation numbers with individual institutions.
22. Given that we are removing some funded places that have not been filled, and that European Union students are graduating from the system, this will not reduce places or opportunities for Scottish students. In addition, as we are not removing the full level of under-delivery, universities that have had funded places removed will need to increase intake for AY 2024-25 to fill their overall number of funded places.
23. Indicative funded student places are set out in Table 3, with further detail provided in Table 10.

Graduate Apprenticeships

24. We remain committed to supporting Graduate Apprenticeships (GAs) and the expectation is that the sector will deliver an intake of 1,378 GA places in AY 2024-25. As in AY 2023-24, we have not identified separate funded student places for GAs in AY 2024-25 and discussions are ongoing with GA providers on volumes and frameworks.

Additional funded places for Widening Access and Articulation

25. 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, and there are no changes to the scheme for AY 2024-25.
26. 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 expects at least 75% of additional articulation/associate student funding for those years in which activity is delivered in colleges, to be transferred from universities to colleges.

Innovation Centre TPG places

27. 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. While there will be no change to the number of funded places, distribution between institutions may vary. This will be reflected in the final funding announcement.

Widening Access and Retention Fund

28. The Widening Access and Retention Fund (WARF) for AY 2024-25 is **£15.6m, which is unchanged from AY 2023-24**. Indicative WARF allocations for individual universities are shown in Table 4.

Small Specialist Institutions

29. Including funding identified for world leading Small Specialist Institutions (SSIs), the SSI Grant for AY 2024-25 is **£13.8m, an increase of £1.7m from AY 2023-24**. Additional funding for Glasgow School of Art and the Royal Conservatoire of Scotland has been provided to mitigate changes to other elements of funding. Indicative SSI Grant allocations for individual universities are shown in Table 4.

Disabled Students Premium

30. The Disabled Students Premium (DSP) for AY 2024-25 is **£2.9m, which is unchanged from AY 2023-24**. Indicative DSP allocations for individual universities are shown in Table 4.

Pensions contribution

31. **This funding (£4.8m in AY 2023-24) has been removed for AY 2024-25**. This contribution was introduced in 2019 to recognise an increase in STSS pension contributions. It was initially time-limited up to March 2023, but we were able to maintain this funding for AY 2023-24. However, it is no longer affordable within this funding envelope.

Upskilling

32. **This funding (£7.0m in AY 2023-24) has been removed for AY 2024-25**. Universities should continue to develop their curriculum to respond to employer needs and should consider how best to deliver course material developed for the Upskilling Fund.

Controlled subjects

33. Upon the receipt of guidance letters from the Scottish Government, SFC publishes intake targets for the controlled subjects of Dentistry, Medicine, Pre-registration Nursing & Midwifery Education, Paramedic Education, Prosthetics & Orthotics, Optometry and Initial Teacher Education.
34. Associated funded student places in AY 2024-25 for controlled subjects will be updated in the final funding announcement, including additional places funded by the Scottish Government. In the meantime, in line with the approach in previous years, for this indicative announcement we are using AY 2023-24 figures for SFC funded places (only) for controlled subjects.

Research and innovation funding

35. **We have increased core R&I grants by £12.6m (4.2%) to £317.2m for AY 2024-25.** We have allocated the uplift as follows:
 - £9.5m to the Research Excellence Grant (REG) to support world-leading research, increasing the Grant to **£256.3m for AY 2024-25.**
 - £1.0m for the Research Postgraduate Grant (RPG) for postgraduate research training and support, increasing the Grant to **£37.9m for AY 2024-25.**
 - £2.2m increase to the new Knowledge Exchange and Innovation Fund (KEIF) to support university-business interactions (a total of **£23.0m for AY 2024-25**).
36. This approach will support Scotland's competitive position on discovery research and economic strategy ambition on innovation. Indicative funding allocations are shown in Table 6.
37. The REG and RPG have been allocated on the same basis as this year. Universities are encouraged to use the additional funding allocated through these grants to support their research culture ambitions.
38. The University Innovation Fund (UIF) has been replaced by the Knowledge Exchange and Innovation Fund (KEIF). KEIF will use the latest Knowledge Exchange data and set a trajectory for delivery aligned to Scottish Government priorities around commercialisation and entrepreneurship. In deriving the KEIF allocations for AY 2024-25, we have put in place a mitigation which ensures that no institution has fallen below their AY 2022-23 UIF allocation given the one-off uplift in AY 2023-24. [Further information on KEIF](#) is available on our website.

Capital funding

39. SFC's FY 2024-25 university capital budget (excluding R&I funding) is £28.4m; an increase of £2.6m (10.2%) from the FY 2023-24 budget of £25.8m. The breakdown of this budget is shown below:

Capital budgets	FY 2024-25 allocation (£m)
Capital Maintenance Grant	5.0
Edinburgh Medical School	4.6
HE Research Capital Grant – SFC match	18.8
Total SFC University Capital	28.4
HE Research Capital Grant - DSIT	18.8

Capital maintenance

40. The Capital Maintenance Grant for FY 2024-25 has increased by £1.2m from FY 2023-24 to **£5.0m**. Indicative funding allocations for individual universities are shown in Table 8.

Research capital

41. We are expecting to receive £18.8m of Higher Education Research Capital (HERC) grant funding from the UK Department for Science, Innovation & Technology (DSIT) for FY 2024-25, which will be matched by SFC, **providing a total of £37.6m**. We will confirm individual university grant allocations in the final funding announcement in May.

Digital poverty

42. In FY 2023-24 universities received £1.6m of the £5.0m earmarked in the published college capital budget to support digital poverty (resulting in an overall capital budget for universities of £27.4m). The Scottish Government's budget for FY 2024-25 does not include any specific capital funding to support digital poverty and accordingly **there is no separate budget provision for digital poverty in our funding allocations for FY 2024-25**.

Funding transfer to SAAS

43. SFC anticipates a transfer of funding to SAAS totaling £22.8m, which is unchanged from 2023-24.

Tables

44. We have attached the following indicative tables for AY 2024-25:

- [Table 1 – Summary of announced funding](#)
- [Table 2 – Main Teaching Grant](#)
- [Table 3 – Funded student places](#)
- [Table 4 – Teaching grants](#)
- [Table 5 – Research Excellence Grant](#)
- [Table 6 – Research and Innovation grants](#)
- [Table 7 – Teaching, Research and Innovation funding compared to AY 2023-24](#)
- [Table 8 – Capital Maintenance Grant \(FY 2024-25\)](#)
- [Table 9 – Non-controlled Consolidation numbers](#)
- [Table 10 – Funded places to price groups](#)

Fair Work First

45. 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 practices of Fair Work. As recipients 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

46. If you require any additional information, please contact Richard Maconachie, Director of Finance, email: rmaconachie@sfc.ac.uk or Gordon Craig, Deputy Director, Tertiary Education Funding, email: gcraig@sfc.ac.uk, in the first instance.



Karen Watt
Chief Executive