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University Indicative Funding Allocations AY 2025-26



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Summary:	Announcement of indicative funding allocations for universities for Academic Year 2025-26.
FAO:	Principals/Directors and Board Secretaries of Scotland's universities, and the general public.
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University indicative funding allocations for AY 2025-26

Purpose/background

1. I am writing to announce Scottish Funding Council (SFC) decisions on indicative funding allocations for universities for the forthcoming Academic Year (AY) 2025-26.
2. SFC provides indicative funding allocations to help universities plan for the forthcoming AY. We have engaged 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.
3. The indicative allocations set out in this announcement are based on the Scottish Government's [Scottish Budget: 2025-26](#) which was approved by the Scottish Parliament on 25 February 2025.
4. We have engaged with several key sector groups in developing these indicative allocations. Following further consultation as necessary, we will publish final allocations by the end of May 2025.
5. Through our discussions this year, it was clear that the demand picture across Scotland is changing. We committed, with Universities Scotland, to develop a shared understanding of the future shape and needs of the sector for the medium-term. We will do this by having individual discussions with each university as well as with Universities Scotland.

Scottish Budget 2025-26

6. The Scottish Government's 2025-26 Budget set a university resource (revenue) budget for Financial Year (FY) 2025-26 of £773.6 million (m). This represents an increase of £12.9m (1.7%) from FY 2024-25. This FY budget includes funding for both teaching and additional strategic projects. This publication focuses on the former.
7. The university capital budget, including research and innovation funding, has been set at £368.3m; an increase of £11.4m (3.2%) from FY 2024-25.

Overview

8. 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 considering 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.
 - Continue to promote widening access to Higher Education (HE), 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.
 - Enhance 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.
 - 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 fund national infrastructure and specific programmes of national interest for the sector through strategic investment funds.
9. The key points in this indicative funding announcement for AY 2025-26 are:
- **Total teaching funding for universities has increased by £12.9m (1.8%):** see [paragraphs 11-16](#).
 - **Non-controlled funded student places have been reduced by 2,500 FTEs (-2.2%), equivalent to the removal of the second tranche of additional ‘SQA places’ allocated in AY 2021-22, with the associated funding being repurposed to enhance the teaching unit of resource:** see [paragraphs 22-26](#).
 - **Research and innovation funding has increased by £11.3m (3.6%):** see [paragraphs 35-37](#).
 - **Capital maintenance funding is unchanged from FY 2024-25:** see [paragraphs 39-40](#).

Overall university funding allocated for 2025-26

10. [Table 1](#) provides a summary of the overall budgets/funding for universities announced in this publication for 2025-26.

Teaching funding

11. **Total teaching funding allocated to universities for AY 2025-26, including the Main Teaching Grant and additional elements outlined below, has been set at £727.1m, an increase of £12.9m (1.8%).** Indicative funding allocations are shown in [Table 4](#).

Main Teaching Grant

12. **Main Teaching Grant for AY 2025-26 has been set at £694.6m, an increase of £12.7m (1.9%).** Indicative funding allocations for individual universities are shown in [Table 2](#).
13. As indicated above, we have removed 2,500 funded student places and repurposed the

associated funding to enhance the teaching unit of resource. - See section below on [funded student places](#).

Teaching subject prices

14. Using the budget increase, and repurposed funding associated with the reduction of funded places by 2,500 FTEs, **teaching subject prices for AY 2025-26 have increased by 3.3%** and are set out below:

Subject Price Group	1	2	3	4	5	6
AY 2024-25 price (gross)	£17,760	£10,077	£8,931	£7,775	£6,873	£5,601
AY 2025-26 price (gross)	£18,343	£10,408	£9,224	£8,030	£7,099	£5,785

15. Our gross subject prices for AY 2025-26 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
16. 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.

Compensation for Expensive Strategically Important Subjects

17. In AY 2024-25, we made changes to our model of calculating the compensation we provide to universities delivering expensive, strategically important non-controlled subjects involving students from the rest of the UK (rUK). As part of a phased approach, we did not fully implement that model for AY 2024-25 and mitigated the full impact on individual institutions. For AY 2025-26, the change has been fully implemented, **reducing this element of our teaching funding by a further £1.7m to £10.4m**.
18. SFC's conditions of grant, which will be published alongside the final funding allocations at the end of May, will confirm that universities may charge rUK students up to the new maximum rate of £9,535 per year.

Widening Access and Retention Funding

19. Widening Access and Retention Funding (WARF) for AY 2025-26 is **£15.6m, which is unchanged from AY 2024-25**. Indicative WARF allocations for individual universities are shown in [Table 4](#).

Small Specialist Institutions Grant

20. The SSI Grant for AY 2025-26 is **£14.0m; an increase of £0.2m (1.8%) from AY 2024-25**. Indicative SSI Grant allocations are shown in [Table 4](#).

Disabled Students Premium

21. The Disabled Students Premium (DSP) for AY 2025-26 is **£2.9m, which is unchanged from AY 2024-25**. Indicative DSP allocations for individual universities have been updated to reflect changes in funded places and are shown in [Table 4](#).

Non-controlled funded student places

22. In AY 2024-25 we removed the first tranche of additional 'SQA places' (1,289 FTEs) that were allocated to the sector in AY 2020-21 following the revised 2020 SQA qualification results. **For AY 2025-26 we have removed 2,500 funded places, equivalent to the second tranche of additional SQA places that were allocated to the sector in AY 2021-22.**
23. Our starting point was to remove the 2,500 SQA places in line with how they were originally allocated. For those universities delivering significantly in excess of their allocated funded places (based on the AY 2024-25 Early Statistics), and who have indicated that they have sustained demand, we have reinstated their respective SQA places.
24. To achieve the full reduction of 2,500 funded places, using AY 2024-25 Early Statistics we have removed the balance of additional places from those institutions that are under-delivering by more than 4% against their funded places (post removal of the SQA places). In considering the removal of additional funded places, the sector requested that we consider more than one year's worth of data. We have therefore implemented the further removal of places by comparing the three-year average student numbers for the affected institutions with their current level of funded places (once the SQA places are removed).
25. We have not made any changes to indicative Consolidation numbers for AY 2025-26 ([Table 9](#)) as a result of the above changes to funded places at this stage. We plan to consider how these changes might impact on Consolidation numbers with individual institutions.
26. Indicative funded student places are set out in [Table 3](#), with further detail provided in [Table 10](#).

Graduate Apprenticeships

27. We remain committed to supporting Graduate Apprenticeships (GAs) and the expectation is that the sector will continue to deliver an intake of 1,378 GA places in AY 2025-26. As in AY 2024-25, we have not identified separate funded student places for GAs and discussions are ongoing with GA providers on volumes and frameworks.

Additional funded places for Articulation

28. 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.

29. 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.
30. We have reviewed the use of funded places provided in this area and will write further to the sector on the future of the Scheme during AY 2025-26.

Innovation Centre TPG places

31. 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.
32. Universities are reminded that, as a condition of grant, SFC may recover funding if universities under-enrol against their IC places.

Controlled funded student places

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 2025-26 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 2024-25 figures for SFC funded places (only) for controlled subjects.**

Research and Innovation funding

35. We have increased core Research and Innovation funding (excluding funding for Innovation Centres) by £11.3m (3.6%) for AY 2025-26 to £328.5m. We have allocated the uplift as follows:
 - **£8.1m (3.1%)** to the Research Excellence Grant (REG) to support world-leading research, increasing the Grant to **£264.4m for AY 2025-26.**
 - **£1.2m (3.1%)** to the Research Postgraduate Grant (RPG) for postgraduate research training and support, increasing the Grant to **£39.1m for AY 2025-26.**
 - **£2.0m (8.7%)** to the Knowledge Exchange and Innovation Fund (KEIF) to support university-business interactions, increasing the Fund to **£25.0m for AY 2025-26.** 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.

36. This approach will continue to 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 last year. Following on from last year, universities are encouraged to use the additional Research and Innovation (R&I) funding allocated through these grants to continue to support their research culture ambitions where they see fit.

Innovation Centres

38. Total funding for Innovation Centres for 2025-26 is £8.0m, which is unchanged from 2024-25. The institutional split of this funding is shown below:

Innovation Centre	Admin hub institution ¹	Funding
Built Environment – Smarter Transformation (BE-ST)	Edinburgh Napier University	£2.0m
Digital Health & Care Innovation Centre (DHI)	University of Strathclyde	£2.0m
Industrial Biotechnology Innovation Centre (IBioIC)	University of Strathclyde	£2.0m
The DataLab	University of Edinburgh	£2.0m

Capital funding

39. **SFC’s FY 2025-26 university capital budget (excluding R&I funding) is £28.6m; an increase of £0.1m (0.5%) from FY 2024-25.** This increase relates to the Edinburgh Medical School - all other capital budgets remain unchanged. The indicative breakdown of this budget is shown below:

Capital budgets	FY 2025-26 allocation (£m)
Capital Maintenance Grant	5.0
Edinburgh Medical School	4.8
<i>HE Research Capital Grant - SFC match (TBC)</i>	<i>18.8</i>
Total SFC University Capital	28.6
<i>HE Research Capital Grant – DSIT (TBC)</i>	<i>18.8</i>

¹ Whilst ICs are hosted by one institution, their focus remains Scotland-wide across all universities and colleges.

Capital maintenance

40. The Capital Maintenance Grant for FY 2025-26 is **£5.0m, which is unchanged from FY 2024-25**. Indicative funding allocations for individual universities (based on proportions of Main Teaching Grant) are shown in [Table 8](#).

Research capital

41. We are expecting to receive HE Research Capital (HERC) grant funding from the UK Department for Science, Innovation & Technology (DSIT) for FY 2025-26, which will be matched by SFC. At this time, we do not know the amount of HERC grant from DSIT for FY 2025-26, but indications following the UK Government Autumn Budget suggest that the same level as FY 2024-25 (£18.8m) is the best-case scenario. We aim to be able to confirm this as part of the final funding allocations.

Scottish Wider Access Programme

42. 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. Indicative funding for the SWAP for AY 2025-26 is £0.2m (£240k). 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.

Access to free period products

43. Funding (£0.9m) for universities to provide access to free period products in AY 2025-26 has been embedded into Main Teaching Grant allocations and therefore separate guidance/funding allocations will no longer be issued. Universities will be aware of their legal duty to continue to provide access to free period products under [the Act](#).

Funding transfer for SAAS

44. SFC anticipates a transfer of funding to the Scottish Government for Student Awards Agency Scotland (SAAS) totaling £22.8m, which is unchanged from 2024-25.

Tables

45. We have attached the following indicative tables for AY 2025-26:

- [Table 1 - Summary of overall university budgets](#)
- [Table 2 - Main Teaching Grant](#)
- [Table 3 - Funded student places](#)
- [Table 4 - All teaching grants/funding](#)
- [Table 5 - Research Excellence Grant](#)

- [Table 6 - All research and innovation grants/funding](#)
- [Table 7 - Combined teaching, research and innovation funding compared to AY 2024-25](#)
- [Table 8 - Capital Maintenance Grant \(for FY 2025-26\)](#)
- [Table 9 - Non-controlled consolidation numbers](#)
- [Table 10 - Funded students places to teaching subject price groups](#)
- [Tables 1 - 10 combined](#)

Fair Work First

46. 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).
47. Recipients of public sector grants are expected to commit to working towards the remaining five desirable [Fair Work First criteria](#).

Further information

48. 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: gccraig@sfc.ac.uk, in the first instance.

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