



SFC Announcement

Outcome agreements for universities indicative funding decisions for AY 2014-15

Issue date: 24 January 2014

Reference: SFC/AN/02/2014

Summary: To provide universities with the Scottish Funding Council's initial decisions on funding outcome agreements for academic year (AY) 2014-15.

FAO: Principals and directors of Scotland's universities

Further information:

Contact: Martin Smith
Job title: Deputy Director
Department: Funding Policy
Tel: 0131 313 6528
Email: msmith@sfc.ac.uk



Scottish Funding Council
Promoting further and higher education

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

Outcome agreements for universities indicative funding decisions for AY 2014-15

Purpose

1. I am writing to provide you with the Scottish Funding Council's initial decisions on funding outcome agreements for academic year (AY) 2014-15. The figures are indicative only and cannot be finalised until the budget bill has been agreed by the Scottish Parliament and we have finalised and agreed your outcome agreement, which we expect to be during March 2014. The purpose of providing these indicative figures is to help you plan your provision and for us to move towards your finalised outcome agreement for AY 2014-15.
2. The decisions on funding are in line with the [Cabinet Secretary's letter of guidance of 21 October 2013](#). They support SFC's strategy, in particular the extent to which what has been achieved in the emerging draft outcome agreements meet the national aspirations identified by SFC. They have also been guided by negotiations on outcome agreements including consideration of performance against the AY 2012-13 and AY 2013-14 outcome agreements where that is likely to affect the amount or type of funding we should allocate for AY 2014-15.

Overall available funds for the university sector

3. For AY 2014-15 we will allocate around £1,066 million. The Scottish Government budget proposals for the financial year 2014-15 for university programme funds is £1,060.9 million, our AY budget is drawn from two financial years. Our AY budget is an indicative figure, however we expect that these figures will all be confirmed around the passing of the budget bill by the Scottish Parliament in March 2014. It also excludes capital (see paragraph 23) and Scottish Government ring-fenced funds for controlled subjects (see paragraph 25).

Teaching funds

4. The Cabinet Secretary's guidance letter has asked SFC to secure a minimum real terms efficiency of 1% over the next two years. The government Gross Domestic Product (GDP) deflator for 2014-15 was 1.9% in December 2013, therefore to implement the Cabinet Secretary's guidance we intend to increase our teaching unit of resource by 0.9% (that is our teaching group prices).
5. Our prices include an assumed level of tuition fees for eligible Scottish/EU undergraduate students. The Student Awards Agency for Scotland (SAAS) will be the principal source of these fees. The level of tuition fee is not being

increased, therefore to deliver the increase of 0.9% on the gross price, we are increasing our net SFC teaching grant by 1.2%.

Additional funded places

6. In AY 2013-14 we introduced four new investment schemes providing institutions with additional funded places to; widen access, increase articulation from college, and support key sectors of the economy with additional undergraduate and taught postgraduate places. We also continued previous investments that included increasing provision in STEM subjects and at the University of the Highlands and Islands.
7. The intention is that the places for undergraduate provision will build up over four years and as such we have added additional places for 2014-15. Only places that were filled in 2013-14 will be rolled forward to 2014-15.

Widening access

8. In AY 2013-14 we allocated an additional 727 funded places for widening access. Across the sector the take-up of additional places for widening access has been successful, with almost all HEIs either meeting or exceeding their allocated numbers. We have re-distributed for 2014-15 some places that were not filled to universities who exceeded their allocation of widening access places. These places will be in addition to the places that these universities will receive for the second year of this scheme.
9. Therefore, for 2014-15 we intend to provide around the same level of additional places as planned last year. We intend to embed 611 places from the first year of the scheme and allocate an additional 730 places for the second year of the widening access scheme.

Articulation

10. In AY 2013-14 we allocated 1,020 additional funded places for 1 + 3 and 2 + 2 articulation schemes with colleges. 996 of these places were filled and these will be embedded in our teaching funding allocations for AY 2014-15. We intend to allocate 1,031 additional places in AY 2014-15 for the second year of this scheme.

Skills: undergraduate and taught postgraduate

11. In AY 2013-14 we allocated 342 additional undergraduate funded places for skills and all the places were filled. We are therefore embedding all of these places from 2013-14 and allocating a further 342 undergraduate places for 2014-15.
12. We also allocated 815 taught postgraduate funded places for skills and on the

basis of our current information most of these places have been filled. Subject to final confirmation of the numbers we intend to embed all 815 TPG skills places and allocate an additional 37 FTEs for taught postgraduate skills provision in AY 2014-15.

13. We have set aside £2 million to support TPG places for the Innovation Centres. Once negotiations have been concluded on the new Innovation Centres the distribution of the funding for places across all Innovation Centres for AY 2014-15 will be confirmed and announced in March with the final outcome agreement funding allocations.

Additional places schemes introduced in 2012-13

14. We are proposing to continue the additional places schemes we introduced in AY 2012-13 (STEM, UHI, Crichton, Community Education, British Sign Language and Regional Coherence). This will be the third year of these additional places. We continue to monitor the success of these places and are allocating these additional places in line with our original plans. An additional 1,117 places are being allocated for 2014-15.

Additional places for 2014-15

15. We therefore intend to allocate a total of 3,257 additional places in AY 2014-15 at cost of £18.5 million.

Rest of UK funded places

16. As planned we have continued to reduce rest of UK (RUK) funded places, we have removed 3,872 RUK places. This is the third year of the planned reduction in places, however, we continue to provide an uplift for strategically important expensive subjects for RUK students.

Nursing and midwifery pre-registration education

17. From academic year 2014-15, all nursing and midwifery pre-registration education will become a controlled subject. This means that an intake target will be set for all of this provision. Until AY 2013-14, some provision has been funded separately by the Scottish Government, with other provision embedded into the SFC main teaching grant. This will change from AY 2014-15, and we will separately identify all nursing and midwifery pre-registration funding in our final announcement in March.

Transfer to SAAS

18. SFC was only able to introduce additional funded places schemes that started in 2013-14 by also compensating SAAS for the tuition fees and bursaries for the

students supported by these places. There is a transfer of funding to SAAS of around £8.7 million and universities will receive the tuition fee income in respect of these students from SAAS.

Research and knowledge exchange

19. We intend to increase the budget for the Research Excellence Grant and the Research Postgraduate Grant by 0.9%. This is in line with the Cabinet Secretary's guidance on 1% efficiency saving. We are not proposing any change to the method of allocation, however we will be reviewing the distribution of research funding following the results of the Research Excellence Framework.
20. Following a review of the way we support knowledge exchange SFC agreed to make the following amendments to the allocation of Knowledge Exchange Grant:
 - Double the baseline allocation from £70,000 to £140,000
 - Double weighting for income under any category from a Scottish SME
 - Increase the length of the rolling average - used to determine the allocation from two to three years
21. This will impact on the distribution of the funds, but the overall Knowledge Exchange Grant will not be increased from AY 2013-14 and will be set at £17.2 million for AY 2014-15.

Strategic funds

22. We have budgeted for all our ongoing strategic fund commitments. These funds are committed for our continuing support for innovation centres and research pools as well as specific projects and our support for sector wide agencies and services. We are currently reviewing the arrangements we have in place for these sector agencies to agree an outcome based approach to our funding.

Capital Funding

23. We are not at this point announcing capital maintenance funding for Higher Education Institutions (HEIs). We aim to allocate these funds along with the Department for Business, Innovation and Skills (BIS) research capital funding in March 2014.

Funded places and indicative numbers (for consolidation)

24. The Scottish Government's consolidation policy limits the number of full-time Scottish and EU undergraduate students. As in previous years institutions should not exceed their indicative numbers for non-controlled subjects by more

than 10%. We have revised the indicative number for each institution to reflect the increased number of funded places allocated for AY 2014-15 and whether places were filled in 2013-14.

Controlled subjects

25. Decisions on the allocation of funded places in AY 2014-15 for the controlled subjects of Medicine, Dentistry, Initial Teacher Education and Nursing and Midwifery pre-registration education will be announced following advice from the Scottish Government. We plan to update our funding allocations to reflect this advice in March 2014. We will also provide indicative numbers for controlled subjects at this point.

Additional ring-fenced funding

26. Details of any additional funded places provided by ring-fenced funding from the Scottish Government will be provided in March 2014.

Funding Tables

27. We have attached the following tables:
 - Table 1 – University sector – overall budget for academic year 2014-15
 - Table 2 – Indicative teaching grant for AY 2014-15
 - Table 3 – Indicative grants for research and knowledge exchange for AY 2014-15
 - Table 4 – Funded places for AY 2014-15 before additional places for access and skills
 - Table 5 – Funded places for AY 2014-15
 - Table 6 – Indicative student numbers for non-controlled subject areas for AY 2014-15
 - Table 7 – Summary of indicative grants for AY 2014-15.

Further information

28. We will provide further information on funding for AY 2014-15 including technical guidance when we finalise outcome agreement funding for 2014-15 in March 2014.
29. Please contact Martin Smith, Deputy Director Funding Policy for further information, tel: 0131 313 6528, email: msmith@sfc.ac.uk

Laurence Howells

Laurence Howells
Interim Chief Executive