Annex D: Standard conditions of grant

1 Grant is provided to allow 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 (FM) between the SFC and each college or university (or, in the case of the Open University in Scotland, the separate funding agreement with the SFC).

3 Universities are expected to follow public sector pay policy set by HM Treasury.

4 If the Scottish Government revises its grants to the SFC we reserve the right to make in-year adjustments to university allocations. In this case SFC would renegotiate the terms of its Outcome Agreement with the University(s).

5 Further information on outcome based funding decisions and associated conditions of grant is available at http://www.sfc.ac.uk/outcomeagreements.

Links between funding and quality

6 All funded provision must be of satisfactory quality. The Council’s guidance to HEIs on quality is available at http://www.sfc.ac.uk/newsinformation/Circulars/2012/SFC1412.aspx

Tuition fees

7 It is a condition of grant that universities charge student tuition fees at the levels set by the Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable. However the tuition fee levels set by the 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.
Funded places and (under-enrolment) policy 2013-14

8 Institutions should fill the target number of funded places that we provide. We may recover funding if institutions under-enrol and fall short of the target and further guidance is provided at the link above in paragraph 5.

Non-controlled subjects

9 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 (for Scots, EU and continuing RUK students) within non-controlled price groups.

Controlled subjects

10 The tolerance threshold for under-enrolment against funded student places in controlled areas is 3%. This threshold applies to funded student places (for Scots, EU and continuing RUK students) at a course level for controlled subjects.

Consolidation (over-recruitment) policy for 2013-14

11 Institutions should not exceed their indicative numbers, for non-controlled and controlled subjects, by more than the tolerances set-out below. The purpose of this condition of grant 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.

Penalty for breaching consolidation (over-recruitment) policy

Non-controlled subjects

12 In AY 2013-14, 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 the 10% threshold. As the control will cover Scots and EU students only, the level of this income will be the SAAS fee.
**Controlled subjects**

13 Universities will be liable for a penalty if they exceed their indicative number by over 10% or, for controlled subjects, 10% or 10 FTE places (whichever is the larger).

14 For controlled subjects, the penalty will be withdrawal of part of the main teaching grant equivalent to the student numbers in excess of the threshold, multiplied by the teaching price for the relevant subject group.

**Research**

15 Universities must use Research Excellence Grant (REG) funds for research purposes only targeting their REG allocations predominantly on world-leading and internationally excellent research. The research postgraduate grant should be used to address the Cabinet Secretary’s priorities relating to university-industry collaboration and the exploitation of research and entrepreneurial and employability skills of graduates.

**Funding for strategic grants**

16 Strategic grant funding must only be used for the purpose for which it is provided.

**Capital Maintenance Funding**

17 Capital maintenance funding must be used for estates build/maintenance and/or debt servicing associated with capital developments. All spend must be aligned to each university's estate strategy.

**Business Innovation and Skills (BIS)/SFC research capital**

18 Research capital funding from the UK Department of BIS (and matched funding from the 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. Again, all spend must be aligned to each university’s estate strategy.
Small Specialist Institution grant

19 In order to continue receiving the SSI grant, SSIs must retain small and specialist status as well as continuing individual conditions which currently apply to any of the component parts of the SSI grant.