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Colin Smyth
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Committee

By email:
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Your reference: Skills Policy and Delivery in Scotland

23 July 2025

Dear Colin Smyth MSP,

Thank you for your letter dated 27 May on skills policy and delivery in Scotland.

I appreciate your support in principle for the simplification of Scotland's skills funding landscape and would like to reassure you that we fully intend to retain existing excellent features of the apprenticeship system within the reformed post-school education and skills system. The knowledgeable and experienced staff in SDS will continue to help deliver apprenticeships in Scotland. They will do this based in the redesigned funding body and by bringing all of apprenticeship delivery together, it will be easier for them, working with current SFC staff, to innovate, evolve and improve the offer.

The SFC will effectively become a new organisation with a new culture and ethos built on the best of the current SFC and the new people and responsibilities it is taking on. Employers will continue to play a central role in the apprenticeship system. We will be working with the SFC, SDS, employers and other stakeholders over the next few months to shape the new arrangements.

The Bill is a crucial key step in simplifying the tertiary education funding landscape. It does not itself deliver reform but enables reform and unlocks the potential for more efficient delivery by getting more of the spend to learners and innovation.

Alongside this Bill, we are also working with partners to improve the careers support system; ensure skills planning meets economic needs; modernise qualifications; and enhance apprenticeships. The benefits of this Bill and the simplification of the funding body landscape for learners will be amplified by these other crucial reform projects underway.

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Bringing responsibility for securing all types of apprenticeship provision together in the redesigned funding body, a single 'front door', will make it simpler for those involved in all types of apprenticeship delivery.

The Bill will also establish, for the first time, a statutory framework for apprenticeships in Scotland. It will enable legally binding standards with the aim of boosting employer confidence, leading to a more consistent, high quality system. This will provide a stable foundation for the long-term commitment to, and success of apprenticeships.

By aligning apprenticeships with the body overseeing colleges and universities, we are sending a powerful signal about the parity of esteem we afford to vocational and academic pathways. This reflects our commitment to ensuring apprenticeships are recognised as a valued and effective route to skills development and career success, equal in importance to further and higher education. Integrating funding streams opens up new possibilities to expand apprenticeship opportunities over time.

I am happy to respond to each of the important questions you raise, starting with the apprenticeship levy.

1. The Committee asks the Scottish Government to clarify the amount raised by the apprenticeship levy in Scotland and provide a breakdown of how it is allocated in Scotland.

We recognise and value the financial contribution already made by employers via the payment of apprentice salaries (including for off-the-job training), alongside National Insurance and tax obligations, support, supervision and internal training. In addition, payment of the Apprenticeship Levy at 0.5% for all employers with a pay-bill of £3m or more is collected via PAYE and applies to public, private and third sector employers. This is a reserved tax, and the Scottish Government is not responsible for the operation or collection of the Levy.

For the first 3 years of the Levy's operation from 2017-18, the UK Government announced the Scottish Government's settlement from the UK Apprenticeship Levy based on a population share of projected revenue.

Since 2020-21, Scotland has received a Barnett Formula share of the UK Department of Education's apprenticeship funding via the block grant in the usual way. The Scottish Government does not receive a specific allocation of Apprenticeship Levy revenue. This means that we cannot directly link funds raised from the apprenticeship levy to any funding stream

The Scottish Government invests over £2 billion annually in colleges, universities, and the broader skills system, including funding for apprenticeships and vital services like Scotland's Careers Service. This underscores our commitment to the crucial role these sectors play in both education and the economy.

In 2023-24 we invested around **£185 million** in apprenticeships in 2023-24. The full breakdown is in the [financial memorandum](#):

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Type of apprenticeship	SDS	SFC	SAAS	Total
Foundation apprenticeships	8	10	-	18
Modern apprenticeships	84	50	-	134
Graduate apprenticeships	6	23	5	33
Total	98	83	5	185

Table 2. Funding of apprenticeships by type and public body for 2023-24. Figures are those provided to the Scottish Government by the public bodies and are rounded to the nearest £, million (cash terms).

We continue to invest significant funding in education, training and skills – including apprenticeships - to meet the needs of employers, the workforce, young people and Scotland's economy. Bringing all apprenticeship funding into one place will increase transparency and help simplify the system for learners and employers.

The UKG have announced that they will reform the Apprenticeship Levy into the Growth and Skills Levy, we await further details from the UK Government on this. Officials will continue to engage with UK Government to understand any impacts of changes to the levy may have for Scotland.

2. The Scottish Government is asked what actions it is taking to improve provision for older learners to retrain.

We recognise that lifelong learning is vital in helping to ensure that learners, employers and businesses alike are able to grow and develop. Opportunities for upskilling and retraining are crucial in equipping older learners with the knowledge and skills to allow them to succeed.

The Scottish Government's priority is maximising high quality apprenticeships through an investment of over £185 million in Foundation, Modern and Graduate apprenticeships each year since 2023/24.

While the highest funding rates for Modern Apprenticeships are focused on younger people (16-25) to encourage employers to take on young people, there is no upper age limit for people to be employed as an apprentice. This provides opportunities for older learners to train and retrain, with funding for those aged 25+ targeted to key and supporting sectors in line with Scottish Government policy priorities. In 2024/25, 43.1% of Modern Apprenticeship starts (10,993) were aged 25 and over. This is a slight increase in starts among those aged 25+ from 2023/4 when it was 40.3%.

Community Learning and Development (CLD) is also valued as an essential and invaluable part of our education system. CLD can play a lifechanging role in supporting individuals of all ages and backgrounds facing health, equality, poverty or opportunity barriers to reach their full potential through gaining the skills they need for learning, life and work.

An independent review of the CLD landscape was commissioned in December 2023 which aimed to understand what changes may be required to deliver positive outcomes through CLD practices in the context of wider education reform.

The [Learning: For All. For Life. report](#) was published in July 2024 and set out 20 recommendations varying in complexity and scope. In December 2024 a CLD Strategic Leadership Group (SLG) was announced. As an action focused group the SLG are working

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to consider the remaining recommendations of the report, including those relating to adult learning.

The Scottish Government continues to fund CLD in a variety of ways, including through the block grant given to local authorities, affording them significant autonomy in allocating resources for CLD to meet the specific needs of learners.

The Requirements for Community Learning and Development (Scotland) Regulations 2013, in effect, requires local authorities to identify need and plan provision of CLD, including adult learning, in their areas. Education Authorities publish CLD plans every three years, with the most recent CLD plans published in September 2024.

In addition, we are developing more flexible learning pathways as a key ambition of our post-school education reform programme. As a first stage, in this year's Programme for Government, we have committed to the development of a national system of recognition of prior learning. The Scottish Credit and Qualifications Framework Partnership is developing this with partners on our behalf. We believe a consistent approach across learning providers and employers will enable more individuals to see their existing skills taken into account in their learning journey, enabling them to unlock access to further training and employment opportunities.

3. What action is the Scottish Government taking now to address the concerns about the capacity and flexibility of colleges and others to respond to business need?

As colleges operate independently of Government, it is for them to decide on the shape of their curriculum, course delivery and staffing, taking into account the needs of the region and communities they serve.

The Tripartite Alignment Group was established by the Minister for Higher and Further Education, and Minister for Veterans to develop a collaborative approach between Scottish Government, the Scottish Funding Council (SFC) and Colleges Scotland. The Group works to identify and implement workable flexibilities that will help ease colleges' financial pressures while ensuring accountability for public funds.

The Group is working across a number of areas, such as diversification of funding into the sector, and establishment of a new way to flexibly fund investment through the SFC's College Transformation Framework (CTF) which offers options around bespoke funding arrangements between colleges and the SFC to enable colleges to plan their curriculum more effectively over a number of years.

By allowing colleges to vary, on a temporary basis, the delivery of credits from the thresholds set during the annual funding round, without impacting their core teaching grant, the CTF provides a mechanism that can be used to support colleges to transition to a more sustainable footing from within existing budgets. Several colleges have applied to the SFC to use the CTF in Academic Year 2025-26, with several more expressing an interest in making use of it in AY 2026-27.

Another example of the opportunities generated by the Group to identify and implement workable flexibilities in the system is the formalised changes to guidance on college asset disposals which were issued in January 2025 allowing colleges to retain a more significant proportion of the value of any sale to invest locally.

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4. What action is the Scottish Government taking to address concerns about the ability of SMEs to take on more apprentices, for example using a shared apprenticeship model to enable an apprentice to gain experience of more than one business as part of their learning?

Small and medium size enterprises constitute the vast majority of businesses in Scotland¹ (99.3%) and are vital for the health of Scotland's economy and wider society. While SDS analysis using linked data from ONS statistics showed that around 9 in 10 Modern Apprenticeship employers were small and medium sized enterprises², data from the Employer Skills Survey (2022) found that the likelihood of offering apprenticeships tended to increase with employer size, ranging from 8% of employers with 2 to 4 staff offering them, to 43% of employers with 100 or more employees, a trend which is consistent with previous years³.

We understand that there is more to be done to ensure that smaller employers (who constitute the mainstay of the economy, are able to recruit apprentices and to realise their key benefits, including growing a pipeline of talent, and boosting productivity. Our aim is to make sure that employers across Scotland, regardless of size or sector, can continue to access the talent they need to succeed. A key priority for Scottish Government is therefore encouraging greater participation from small and micro businesses.

The shared apprenticeship model has potential to enable SMEs to deliver apprenticeships where they may not have the capacity to take on a full time apprentice. We will continue to explore this model alongside other measures which may enable SMEs to take on more apprentices.

The Tertiary Education and Training (Funding and Governance) (Scotland) Bill will enable appropriate reform and unlock potential for more efficient and innovative delivery, to ensure that we better meet the needs of learners and employers including SMEs.

5. The Scottish Government is asked to set out the reasons for the decision to wind-down SAAB and what the arrangements will be during the transition period, including how SMEs will be represented. The Scottish Government is also asked to outline its proposed long-term alternative to SAAB and how it will ensure that industry and employers continue to be central to the apprenticeship system.

James Withers' report on the Skills Delivery Landscape recommended that Scottish Apprenticeship Advisory Board (SAAB) should be wound down in its current form and developed into a network of regional employer boards and a national employers forum. This decision was underpinned by recognition of the good work achieved by SAAB and of the potential to refresh and expand the remit to engage a wider pool of employers across education and skills.

The Scottish Government wrote to SAAB Chairs on 12 May to confirm that SAAB will continue as currently constituted until we are ready to start the transition to

¹ [Businesses in Scotland: 2024 - gov.scot](https://gov.scot/businesses-in-scotland-2024)

² [Five things to know about Scotland's Modern Apprenticeship Employers](https://gov.scot/five-things-to-know-about-scotland-s-modern-apprenticeship-employers)

³ [UK Employer Skills Survey 2022 – Scotland Report - gov.scot](https://gov.scot/uk-employer-skills-survey-2022-scotland-report)

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new arrangements before the transfer of apprenticeship responsibilities to the redesigned funding body in April 2027.

Whilst we recognise the important contribution of SAAB members over the past few years, including excellent work such as the Gender and Race Commissions, we also need a refreshed perspective on delivery and would like to see employers from a broader base engaged in apprenticeships.

As we transition to new arrangements, we will retain the functions of two of the SAAB groups, the Standards and Frameworks Group and the Apprenticeship Approvals Group. Both of these groups play a key role in the development of apprenticeship frameworks and we need to retain and broaden employer involvement in this process.

The TET Bill makes provision for a new apprenticeship committee of the SFC. The Scottish Government and the SFC will be engaging with these existing employer led groups, as well as independent training providers and others, to develop the detail of the new governance arrangements.

The precise functions of the apprenticeship committee are expected to evolve, and will be developed in consultation with a broad range of stakeholders. The apprenticeship committee will absorb at least some of the functions and responsibilities of the various bodies and groups in the current apprenticeships landscape.

We are working with employers to ensure that they have the opportunity to contribute to improvements to a reformed system and have established an Employer Network. The Network's first meeting took place in May, focusing on the provisions in the Tertiary Education and Training (Funding and Governance) (Scotland) Bill. We will use this network over the period of reform to: update employers about the work of the programme, engage with policy and project leads on particular topics; and feedback through discussion at the events and help to shape future policy. We will continue to use this forum, and others, to engage with employers on reform.

6. What actions are the Scottish Government taking to ensure comprehensive careers advice, including on vocational careers, is available in all schools for all pupils, to support better links and collaborative working between business and colleges and to increase the numbers of graduate apprenticeships?

Improving career support including comprehensive careers advice is a key priority for the Education and Skills Post School Reform programme and as such we have established a project focused on Improving Careers Support for all ages including those in college as part of the programme. While qualified SDS careers advisers are already available in all secondary schools across Scotland, and all pupils have access to My World of Work and the new digital profiles, we have recognised that more needs to be done to improve the quality of information about career pathways and opportunities including those in vocational fields. In PfG 2025 we have committed to reviewing and improving school-age and adult careers support, including better information on career choices, job prospects and earnings; adult-age support includes the provision of support to those in and preparing to leave college. Delivery of this commitment is underway.

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Preparing young people for a successful transition from school is of course wider than careers advice alone: the Scottish Government supports the DYW Employer Network which has a part-time coordinator in every mainstream secondary in Scotland, facilitating links between pupils, schools and employers and provides grant-funding to a range of third sector partners who support young people to prepare for the transition from education to a positive destination on the path to fair work. Additionally, the Scottish Government will continue to work closely with the Career Services Collaborative, established following the Career Review, to ensure that the voices of all those with an interest in the provision of high quality career support will be heard.

We want young people to have the opportunity to undertake the learner pathway that best matches their abilities and aspirations. Schools have worked creatively with their partners; employers, colleges and others, to provide a breadth of choice in the Senior Phase. This is reflected in the ongoing growth of school leavers achieving one or more vocational & technical qualification at SCQF Level 5 or better with 35% of 2023-24 school leavers gaining a vocational or technical qualification at SCQF level 5 or above, up from 7.3% in 2013-14. Of course, school is not all about gaining qualifications. Alongside these courses, young people will explore career pathways, develop essential skills for life and work, and engage with the broader Curriculum for Excellence to become confident, responsible, and resilient individuals.

As part of the current work on the Curriculum Improvement Cycle, Career Education is being included in the new technical framework as one of the cross curriculum themes. This will help to ensure a consistent and coherent approach in preparing young people for their future pathways prior to leaving secondary education. The ongoing work on Qualification reform will further support young people in schools across Scotland to choose courses and qualifications as part of clear, relevant learner pathways and allow them to showcase their achievements and prepare them for their next steps.

Graduate apprenticeships are vital for building a highly skilled workforce and retaining talent in Scotland. They are widely supported by employers and learners and I recognise they have great potential for expansion. We established the Graduate Apprenticeship (GA) Enhancement Group in 2024 to help inform future policy and the potential to expand Graduate Apprenticeships. The Group is chaired by Professor Steve Decent, Principal and Vice Chancellor, Glasgow Caledonian University.

The first phase of work was focused on building the evidence base for change through the development of a robust evidence based, informed by employers, learners and stakeholders. The next phase of work will be focused on exploring ideas for improvement and innovation, including new models to support widening access and how to expand the sectoral coverage and the number of people able to access Graduate Apprenticeships.

7. It is not widely understood that a foundation apprenticeship is higher-equivalent or that the Scottish credit and qualifications framework level 6 (SCQF6) is degree-equivalent. Re-naming it as a vocational degree would provide clarity and more parity of esteem. The Committee asks the Scottish Government to look at existing terminology and how qualifications are named and to take action to ensure greater understanding of the different levels of qualification that an apprenticeship can offer.

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We recognise the value and unique offering of Foundation Apprenticeships in providing senior phase students with experience of the world of work and in opening up opportunities and pathways into rewarding careers.

SDS, SFC and partners work closely with schools, local authorities, employers, learners and parents to promote the benefits of Modern, Foundation and Graduate Apprenticeships. This includes work to highlight the level of a Foundation Apprenticeship, that it can be taken alongside Highers and that it is recognised for university entrance (as with Highers).

The Developing the Young Workforce Employer-led Groups also facilitate engagement between employers and schools to highlight the importance of vocational pathways, including the range of apprenticeship opportunities available, and support young people to transition into work.

Of course, there is always more to do and officials will consider this as part of reform of Foundation Apprenticeships. We will work in partnership with all the relevant public bodies and employers as we consider what improvements and enhancements should be implemented to the design, delivery and funding of vocational pathways, to ensure we are creating the best opportunities for the young students of Scotland.

On the point that ‘the Scottish credit and qualifications framework level 6 (SCQF6) is degree equivalent and that re-naming it as a vocational degree would give clarity and more parity of esteem’, it is important to clarify that SCQF Level 6 is not degree-equivalent but is the same level as a Higher and the level of most Modern Apprenticeships. Ordinary degrees are at SCQF L9, while Honours Degrees are at SCQF Level 10.

The Scottish Credit and Qualifications Framework (SCQF) is an excellent resource which sets out the levels of different types of qualification and apprenticeship and the SCQF Partnership carries out essential work to promote the framework and help learners, employers and others understand the diverse range of qualifications and apprenticeships available at different levels. The interactive framework can be found here: [SCQF: Find your qualifications using our interactive diagram](#)

We recognise the points made in James Withers’ 2023 report on the post-school skills landscape and this will form part of our longer term work. However, all qualifications awarded by SQA are assigned an SCQF level (and credit value). The SQA Certificate states the relevant SCQF level of every qualification learners achieve. In this way it is possible to see how different qualification types relate to each other by level.

8. The Scottish Government is asked to set out how action on green skills development is being co-ordinated across sectoral and place-based just transition plans and who is responsible for this

In the Programme for Government the First Minister committed to take responsibility for skills planning at the national level, while strengthening regional approaches, to ensure that post school provision becomes more responsive to Scotland’s strategic skills needs and priorities. The new skills planning approach will develop a better understanding of skills needs at national and regional levels, and how we can address them, particularly where solutions lie within the education and skills system. This commitment is part of the Post School Education and Skills Reform Programme which we are developing in close collaboration with Skills Development Scotland and the Scottish Funding Council, amongst other key partners. While

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we reform the system, we fully recognise the need for ongoing action to support more immediate skills needs.

Identifying the skills needed for net zero, and how these needs can be met, is a central consideration in the development of our Just Transition Plans. The Plans are being developed through close collaboration between policy areas across the Scottish Government (including skills), and close engagement with our enterprise and skills agencies, the relevant industries, and our skills and education sector.

The draft Transport Just Transition Plan, published in February 2025, addressed our approach to ensuring that the existing and future skills requirements of that sector are met. It highlights that Scotland's education and skills system is already adapting in response to the transition to net zero, with colleges and universities acting as key anchor points for research, innovation, and training. For example, the Energy Skills Partnership, a collaboration of Scotland's colleges and industry partners, is increasing the capability and capacity of colleges to deliver the right skills for the energy transition, across key sectors including Low Carbon Transport. Our **Grangemouth Just Transition Plan**, published in June 2025, outlines a first-of-its-kind vision for the site and sets out the long-term net zero operations we would hope to see take place by 2045. The Plan, which has been developed in line with the Scottish Government's National Just Transition Planning Framework, includes an action to establish a Grangemouth Industrial Cluster Skills pilot that will support the industrial transition in the region. This work will be developed in collaboration with local industry and will centre around developing STEM outreach programmes as well as a tailored and flexible pre-apprenticeship programme. It is anticipated that this work will embed equality and equal access to opportunity for local people.

In addition, through the Just Transition Fund we will continue to support skills interventions that support the transferability of workforce across sectors to meet the needs of the net zero transition. Funding so far includes; supporting the industry-led development of an Offshore Energy Skills Passport, to support worker mobility between sectors, and specific regional programmes of upskilling and reskilling such as the Energy Skills Transition Hub and the National Energy Skills Accelerator in the North East. We are also investing an additional £3.5 million in our colleges to create an Offshore Wind Skills Programme and College Care Skill Programme, supporting a pipeline of skilled workers, and we are working closely with Colleges Scotland and the Energy Skills Partnership to develop these programmes which will run this financial year.

We are currently preparing to launch a new energy skills pilot for Aberdeen City and Aberdeenshire using funding from the UK Government Office for Clean Energy Jobs' Regional Skills Pilot Fund. The Cabinet Secretary for Climate Action and Net Zero will update this Committee (and the Energy, Net Zero and Transport Committee) with more information about this fund in due course.

Finally, I would like to thank you for your continued engagement in the development of Scotland's skills policy and delivery landscape.

I hope the committee finds this helpful.

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Yours sincerely

Graeme Dey
Minister for Higher and Further Education and Minister for Veterans

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