

23 September 2025

Dear Convener

I am writing in response to the Committee's Stage One Report in the Tertiary Education Bill and specifically to the committee's request below:

123. The Committee heard that SDS had been less forthcoming, in relation to providing information that would allow the Scottish Government to provide best financial estimates on the Bill, than their counterparts at SFC and SAAS. The Committee would welcome further detail from SDS about the reasons for this, and how it plans to work constructively with the Scottish Government and SFC in future, to facilitate clarity on costs, in order to ease the transition process for SDS staff, should this Bill become law.

Firstly, thank you for providing us with the opportunity to address these points.

In relation to (123) I want to provide the Committee with the strongest assurance that SDS has provided extensive information to allow the Scottish Government to provide best financial estimates on the Bill.

This is information summarised below:

- **12 September 2024:** comprehensive response to Scottish Government's request to provide baselining information on SDS end-to-end delivery of apprenticeships. This submission included an extensive breakdown of the data, systems, resource and budgets that underpin the development and delivery of apprenticeships, including direct and indirect contributions.
- **8 November 2024:** comprehensive response to extensive clarifications around original baselining information.

Whilst we recognise that much of this detail was utilised in the development of the [Outline Business Case](#) and subsequent development of the Financial Memorandum, these documents were not developed through any meaningful consultation with Skills Development Scotland and the views of the SDS Board on this topic are a matter of public record, having been discussed at some length in the [SDS Board's response to the Finance and Public Administration Committee's consultation on the Financial Memorandum](#).

Beyond this comprehensive baselining information, between the launch of the original consultation on post-school education reform in June 2024 and the conclusion of the Committee's Stage 1 evidence sessions in May-June 2025, SDS officials were engaged in an extensive number of fora with Scottish Government and SFC at various levels across the organisation.

106 At the same meeting, SFC Chief Operating Officer, Martin Boyle expressed surprise at the £30 million figure. In subsequent correspondence with the Committee, Education, Children and Young People Committee SFC stated that SDS would "engage only with the Scottish Government". SFC added that they recognised the costs set out in the FM, which indicates that the potential costs for pensions transfers alone could be as high as £23 million, but, without access to the details behind SDS's figures, they were unable to comment on them or provide alternatives.

We recognise that paragraph 106 above provides context for the request captured in paragraph 123. On that basis we would highlight that at the time this statement was made by SFC colleagues in May 2025:

- As recently as April 2025, SDS had received clear direction from the Scottish Government that the Scottish Government was leading the development of an implementation plan for the proposed transfer of responsibilities.
- SDS had provided extensive baselining information to Scottish Government as referenced above and to our knowledge there were no outstanding requests for further information from either Scottish Government or SFC.
- As it had been communicated to SDS, Scottish Government's position around the application of TUPE was unclear, indeed the SDS Board wrote to senior Scottish Government officials requesting clarity on this specific point on 27 May. Without clarity on this fundamental principle, SDS was highly cautious around any engagement which may have undermined its legal obligations (and those of the SFC as the organisation with primary responsibility for implementation of the transfer) and the principles of Fair Work.

On 26 June 2025, SDS received direction from Scottish Government that it should work in collaboration with the Scottish Funding Council to:

- Develop an outline implementation plan
- Undertake work to narrow the margin of uncertainty in relation to the financial costs of the proposed transfer

Helpfully, this also clarified the Scottish Government's position that the application of TUPE (and COSOP) was a matter for SDS and SFC to determine.

In the context of this clear direction, SDS had initiated a series of constructive and collaborative knowledge-sharing sessions on apprenticeship development and delivery. These comprehensive, informal sessions, involving colleagues from a range of teams across both organisations, were held to support SFC in considering its obligations on the conditions of transfer.

Underpinned by the principles of Fair Work, SDS and SFC have jointly developed a draft implementation plan which describes the key activities that will be undertaken by both organisations to ensure a structured, thoughtful approach to the proposed transfer. It includes a shared set of principles for the transfer and the stages of consultation both organisations will undertake to determine the transfer of roles.

This shared plan was submitted to the Scottish Government on 1 August and we understand it will be discussed at a Scottish Government Project Board in early October, after which it will be subject to formal engagement and consultation with our respective trade union partners.

Beyond this SDS is currently actively engaged with Scottish Government, Scottish Funding Council and SAAS to identify a set of defined benefits which the proposed transfer will deliver. The Committee may recognise from previous evidence that the Board of SDS has for some time expressed concern that the understanding of benefits realisation of this change is immature at this stage.

124. The Committee notes and is concerned by the significant costs that have now been suggested by SDS for the implementation of the Bill.

As captured in the Committee's report, in oral evidence to the Committee, SDS discussed an estimated figure for the cost of transfer of £30m. We believe a figure of this nature has now been recognised as the original higher cost 'estimate' by the Scottish Government in its response to the Committee's stage one report.

We would reassure the Committee that, should it be the will of Parliament, SDS is absolutely committed to ensuring an orderly transfer of responsibilities which protects Scotland's highly valued apprenticeship programmes and the SDS staff who are so vital to delivering them.

We will execute these responsibilities in line with both our legal obligations and a firm commitment to the principles of Fair Work, ensuring due respect and care for the SDS employees impacted by this change.

Yours sincerely



Frank Mitchell Chair

Skills Development Scotland

sds.co.uk

myworldofwork.co.uk – The help you need for the career you want.

ourskillsforce.co.uk – Making skills work for employers.

apprenticeships.scot – Find an apprenticeship. Recruit an apprentice.

The Skills Development Scotland Co. Limited. Registered in Scotland SC202659. Registered office: Monteith House, 11 George Square, Glasgow, G2 1DY



SDS-CORE-0001-Oct15