

Letter from the Minister for Higher and Further Education to the Education, Children and Young People Committee, 23 March 2026

Tertiary Education and Training (Funding and Governance) (Scotland) Act 2026: Implementation

Dear Convener,

You will recall that the Tertiary Education and Training (Funding and Governance) (Scotland) Bill was passed at Stage 3 on 20 January 2026. During the passage of the Bill, I promised to keep the Committee updated on progress with implementation. I thought it was fitting to provide a first update two months after the Bill passed, and before the Parliament is dissolved for the Scottish Elections.

As you may be aware, the Bill received Royal Assent on 11 March 2026 and is now an Act: [Tertiary Education and Training \(Funding and Governance\) \(Scotland\) Act 2026](#).

Working with public bodies, staff and unions

Since the Bill passed Stage 3, I have visited the SFC offices on 12 February, SAAS offices on 5 March and the SDS offices on 18 March. On these visits, I have met with senior leaders and taken the opportunity to meet staff.

I enjoyed meeting with SFC staff during an informal walk round their Haymarket offices on 12 February. It was great to hear directly from SFC colleagues about their commitment to the reform programme and to ensuring a smooth transition of national training programmes, apprenticeships and work-based learning from SDS to the SFC.

At SAAS, I received an overview of the work in relation to the transfer of further education student support (FESS). As the transfer of FESS does not require legislation, it is the first part of the simplification project to go live. SAAS is working closely with the SFC to complete the transfer of responsibility on 1 August, in time for the 2026-27 academic year. This joint approach will help ensure that the transfer of FESS is delivered to agreed timescales and understood by colleges, staff and students.

I also received a warm welcome to SDS's offices at Monteith House on 18 March, meeting with teams responsible for careers, apprenticeships, skills and corporate services. The passion of staff to deliver excellent services was very apparent to me and amply demonstrated through visits and the awards ceremony during Scottish Apprenticeships Week.

I welcomed the opportunity to meet staff from the public bodies and hear about their valuable work; their ability to continue to focus on delivering high-quality services during the inevitable uncertainties created as the TET Bill progressed through the Scottish Parliament is testament to their professionalism. I know that staff want

certainty as soon as possible. But they, like me, also want to get this change right. That means taking care at every step and that takes time. I will be writing to SFC and SDS staff, in particular, to affirm the Scottish Government's vision for reform, the benefits of these changes and setting a clear commitment to staff that they will be meaningfully engaged as plans progress. I fully expect the Minister for Higher and Further Education (or equivalent title) in the next administration to engage directly with public body staff, as a matter of priority, before and during summer recess.

On 17 February, I met with SDS and SFC trade unions (PCS, UNISON and UNITE) as part of my regular engagement. Unions representing staff on all three public bodies attended the Simplification Project Board on 26 February and are now permanent members of the Board. The unions provide valuable insight to discussions at the Project Board and I am very pleased and grateful to have their assistance in this way.

Changes at the SFC

Before turning to the wider programme of change, I want to acknowledge the recent and difficult news of Francesca Osowska's resignation, for personal reasons, from her role as chief executive of the SFC. I recognise that this comes at a time when staff across SFC are already navigating a period of significant change. Francesca joined the SFC at one of the busiest periods in the organisation's history. She has made considerable impact across tertiary sector institutions and sector bodies, with Scottish Government, and in building relationships with key stakeholders across the wider economy. Whilst, I fully support and respect her decision, she will be greatly missed. I would like to take this opportunity to offer my thanks for her service and my best wishes for her future endeavours. Lastly, I would like to provide my assurances to staff within the SFC that Ministers are committed to working with the SFC Board to ensure a smooth transition as we begin the process to recruit a replacement.

Digital Data and Technology (DDaT)

The SFC and SDS are working collaboratively to progress the options set out in the DDaT feasibility report (see paragraph 88 of the revised Financial Memorandum included within my [letter to the Committee of 16 January 2026](#)). A series of joint workshops has been held involving a wide range of staff input, with a further deep-dive session scheduled on 23 March 2026. This upcoming session will examine the viability of a hosted IT service model in more detail, including planning on how to operationalise this within the next 12 months. This will also help to clarify the requirements for a potential Transition of Services Agreement between the public bodies with services hosted by the EIS Shared Service.

A hosted IT service model would allow time for the SFC to undertake design work on their future operating model and the longer term IT solution. Technical teams in the SFC and SDS are now working quickly to assess the technical feasibility of this option, any associated costs and risks, and a plan for implementation that will be submitted for organisational and project governance in the coming weeks.

I welcome the progress being made on this work at pace and recognise that it represents a complex and significant element of the wider transition. A detailed implementation plan for this workstream is being updated as the assessment of a

hosted IT service option develops. I appreciate the collaborative approach being taken across SDS and SFC.

Cost of implementation

My [letter to the Committee of 16 January 2026](#) in advance of Stage 3 included a revised Financial Memorandum which updated all the costings provided to the Committee during the passage of the Bill to that point. The revised Financial Memorandum summarised the costs of the Bill for the six years from 2025-26 to 2030-31. The cost estimates remain unchanged, apart from those noted below.

2025-26

The Scottish Government has provided the SFC with £832k of funding for implementation costs in 2025-26, comprising £722k for transition team staff costs, £30k for actuarial advice, £30k for legal advice and £50k for consultancy. This, together with Scottish Government staff-on-programme costs forecast at c. £145k, brings the total expenditure by the Scottish Government to c. £977k, comparable with the £970k estimated in the revised Financial Memorandum.

From the funding provided by the Scottish Government, SFC currently forecasts expenditure of c. £0.3 million in 2025-26. Given that final approval to recruit into the transition team was held until after the Bill had passed, the SFC had limited time to spend the allocated funding in this financial year. The SFC has, however, an established reprofiling process which enables SFC to match financial year funding to academic year delivery. The SFC will therefore carry forward c. £0.5 million into 2026-27 which will offset expenditure in 2026-27 by that same amount.

2026-27

As noted above, the SFC and SDS are making progress towards delivery of a hosted IT service model from 1 April 2027, which more closely resembles option 2 at paragraph 90 of the revised Financial Memorandum (the lower cost option).

Stage 3 amendments

The revised Financial Memorandum could only include the costs of the Bill as amended at Stage 2. There will be costs associated with provision made by Stage 3 amendment, for example the cost of implementing the duty to place conditions on funding to prevent of gender-based violence (section 9 of the Act). The Scottish Government and the SFC are considering these together as part of implementation planning for the Act.

2027-28 and future years

The revised Financial Memorandum outlined costs and savings for 2027-28 and future years. The budget for 2027-28 and future years will be a matter for the new administration. Work is ongoing with public bodies to develop more detail in respect of how these costs and savings will materialise and be managed. This, of course, needs to be considered in the context of pressures on public bodies that arise outside the simplification project, for example, from changes to employment taxation and pension contribution rates. Both the SFC and SDS have begun planning how to manage these pressures most effectively in 2027-28, after the transfer of

responsibilities to the SFC, and are engaging the Scottish Government as appropriate.

Scottish Funding Council's transition team

Recruitment for the temporary transition team roles is progressing. Most roles have attracted a strong field of applicants from both SDS and SFC staff for the secondment opportunities, with external advertising used appropriately where the roles are highly specialised. To date, eight roles have been filled with four individuals already in post and four due to start shortly. Recruitment is still ongoing and progressing well, with a number of advertisements still live and additional posts due to be advertised shortly. I welcome this progress and recognise the considerable effort involved in coordinating this work at pace.

Joint Implementation Plan

The SDS and SFC chairs and chief executives have had regular engagement since the Bill passed to support the revisions of the Joint Implementation Plan. The Joint Implementation Plan, developed by SDS and the SFC, has been updated, noting progress and achievements to date, revising the timelines in light of the latest information and including additional workstreams from 1 March 2026. This will be reviewed again at the next SFC/SDS Joint Governance Group in March and shared with the Simplification Project Board (including union representatives).

The SFC and SDS chairs and chief executives met on 11 March 2026 and agreed significant progress had been made in relation to planning, with key dates for the implementation plan set.

Insights from the Joint Implementation Plan, supported by detailed workstream planning and joint workshops, are shaping the communication and engagement plan for all staff across both organisations. This will include early engagement between the SFC leadership team and the SDS National Training Programme Directorate and Compliance teams in the weeks ahead.

Staff teams from SDS and the SFC have been working intensively to facilitate knowledge exchange in support of this work and I understand that has been productive, as well as building important relationships. The plan will continue to develop and evolve as progress is made and is being overseen by the SDS and SFC Joint Governance Group, which reports to the Scottish Government-led Simplification Project Board.

Transition Leadership Team

The SFC is establishing a Transition Leadership Team which will look at the future-focused elements of the redesigned organisation involving the SFC and incoming SDS colleagues. This will focus on people and culture, whilst the Joint Implementation Plan focuses on the operational aspects of the transfer.

Apprenticeship committee

The SFC has been working with a wide range of stakeholders, including SDS and members of the Scottish Apprenticeship Advisory Board, to consider the role, remit and membership of the apprenticeship committee. The Scottish Government and

the SFC are working together on matters which will be set out more formally in guidance to the SFC later this year.

Review of modern apprenticeship contribution rates

As you will recall, [I wrote to you on 13 March 2026](#) to set out the [terms of reference](#) for the review of modern apprenticeship contribution rates. The review was also announced through [GIQ S6W-44339](#).

Foundation apprenticeships

I have written to the Convention of Scottish Local Authorities (COSLA), the Association of Directors of Education in Scotland (ADES) and local authority chief executives to provide reassurance on the future of work-based learning activities which are currently known as foundation apprenticeships. I attach a copy of my letter of 20 March for reference.

Conclusion

I hope the Committee finds this update reassuring and helpful.

Yours sincerely,

Ben Macpherson MSP
Minister for Higher and Further Education

Attachment: Letter from the Minister for Higher and Further Education to the President of COSLA, 20 March 2026

Tertiary Education and Training (Funding and Governance) (Scotland) Act 2026

Dear Shona,

I am writing to you in relation to the Tertiary Education and Training (Funding and Governance) (Scotland) Act (“the Act”) and what this means for foundation apprenticeships (FAs). We have received correspondence from a number of delivery partners highlighting their concerns regarding FAs, and I want to provide clarification on the points that have been raised.

The Act is key to reforming the post-school education and skills funding system, to make it easier to navigate and be more responsive to learners’ needs and national skills priorities.

The impetus for change across the post-school education and skills system came from a number of external reports and reviews of performance across the sector. The Act will simplify the funding arrangements for post-school education and skills provision.

The Act gives responsibility for securing and funding national training programmes, apprenticeships and work-based learning to a redesigned Scottish Funding Council (SFC). This will bring responsibility for all post-school education and training together and support parity of esteem between different learning pathways. It will allow funding to be allocated to best meet the needs of learners, employers and the economy.

Bringing responsibility for securing all types of apprenticeship and work-based learning provision together into a single organisation will make it simpler for those involved in delivery.

The SFC will take on apprenticeship and work-based learning functions from Skills Development Scotland (SDS) on 1 April 2027.

For clarity, the Scottish Government remains committed to the principles of FAs. We recognise FAs are a valuable part of a range of work-based learning offers in the senior phase of school and there will be no detriment to this type of learning. The Act seeks to build on the success and impact of FAs today.

However, they will no longer be known as “foundation apprenticeships”. I want to assure you and colleagues that, as key stakeholders, you will be involved in the process of agreeing the new name for this important form of work-based learning.

The SFC will allocate funding to work-based learning programmes in local authorities, schools and employers in the same way that SDS currently does for FAs.

The Foundation Apprenticeship Enhancement Group is reviewing current delivery models to understand what is working well and how work-based learning can be strengthened. I am grateful to the Association of Directors of Education in Scotland (ADES) for supporting this work.

I have attached some further information in Annex A.

I hope this is helpful, and I look forward to working with you as we move forward with the implementation of the Act.

I am copying this letter to the Chief Executive of CoSLA, Chief Executives of Local Authorities and the President of ADES.

Yours sincerely,

Ben Macpherson MSP
Minister for Higher and Further Education

Annexe A: Tertiary Education and Training (Funding and Governance) (Scotland) Act 2026 and Foundation Apprenticeships

Definition as work-based learning

The Act provides a statutory definition of a Scottish apprenticeship for the first time. Modern apprenticeships and graduate apprenticeships fall within this definition. The Act also makes provision for work-based learning. Everything that is currently delivered under foundation apprenticeships can be delivered as work-based learning. There will be no changes to the scope of activities on 1 April 2027; learners and delivery partners will not be affected.

Future funding

Currently, both SDS and the SFC fund foundation apprenticeships, and this model will continue until 1 April 2027 when the new functions are conferred to the redesigned funding body, and any live contracts are novated to the new body.

From 1 April 2027, the SFC will have responsibility for funding all apprenticeships and work-based learning (this includes foundation apprenticeships). Section 12J of the 2005 Act, to be inserted by section 12 of the Act, makes provision for the SFC to make payments to training providers who deliver apprenticeships or work-based learning:

12J Administration of funds by the Council for Scottish apprenticeships and work-based learning

...

(2) The Council may make grants, loans or other payments to a training provider for the purpose of the delivery of Scottish apprenticeships or work-based learning.

- (3) In subsection (2), a “training provider” means a person who—
- (a) provides either work-based learning or the training of an apprentice required under a Scottish apprenticeship framework, and
 - (b) meets criteria set out in regulations made by the Scottish Ministers.

...

The definition is deliberately broad, tied only to what the person does, rather than the type of person. This means that a training provider could be any of the following, for example: a post-16 education body; a local authority; a public body or service provider, such as police, fire or health services; a private sector or third sector employer; or any organisation more commonly understood to be a training provider. New section 12J(3)(b) gives the Scottish Ministers the power to set out further criteria in regulations. This could be used, for example, to ensure that training providers met certain standards.

Foundation Apprenticeships within the ‘Apprenticeship Family’

Although the name ‘foundation apprenticeship’ will be changed, the Scottish Government (SG) remains committed to the learning activities in what are currently called FAs – there will be no detriment to this type of learning.

Foundation Apprenticeship Enhancement Group

Scottish Government officials, with support from the Foundation Apprenticeship Enhancement Group (FAEG), will review how foundation apprenticeships are performing across all delivery models - colleges, independent training providers, schools and local authorities to understand what is working well and how we can strengthen our work-based learning offer.

An insights survey has been prepared by the FAEG which has been circulated via Association of Directors of Education in Scotland (ADES), to all local authorities to help us to understand how foundation apprenticeships are delivered in each local authority, how funding is used across all delivery partners and what outcomes are achieved, to learn from the successful programmes that are running across the country. This evidence gathering is due to be completed by end March 2026.

The FAEG, and relevant public bodies, will support the analysis of the evidence, utilising their knowledge and expertise to make informed recommendations on the future strategic direction of FAs.