



The Scottish Parliament  
Pàrlamaid na h-Alba

## Finance and Public Administration Committee

Douglas Ross MSP  
Convener  
Education, Children and Young People Committee

**22 May 2025**

Dear Douglas

### **Tertiary Education and Training (Funding and Governance) (Scotland) Bill**

As you are aware, the Finance and Public Administration Committee (the Committee) is responsible for scrutinising Financial Memorandums for Bills.

The [Financial Memorandum](#) (FM) for the Tertiary Education and Training (Funding and Governance) (Scotland) Bill states that “The principal cost of this Bill derives from the consequences of enabling Skills Development Scotland’s (SDS) responsibilities for National Training Programmes (NTPs) and apprenticeships to move to the Scottish Funding Council (SFC). This is a largely technical change in the configuration of two public bodies. For this reason, it is unsurprising that the significant costs of this Bill fall on the Scottish Administration and these two public bodies.”

In estimating the financial implications of the Bill, the FM highlights that “The largest contribution to the ongoing costs from staff transfer is from pay harmonisation but there are other costs, such as IT provision and office space, which are relevant. The greatest uncertainty in costs arises from pension transfers.”

The Committee ran a call for views on the FM from 11 March to 16 April 2025, which received 10 responses, published on [Citizen Space](#). We would like to draw your attention to the submissions received by the Committee, which raise concerns regarding potential underestimates, particularly in relation to uncertainty around the number of staff to be transferred to the SFC from SDS, differences in pay scales between the two organisations and lack of clarity around pension transfers and related costs.

The submissions received by trade unions including Unite the Union, PCS and Unison, highlight potential impacts on their members regarding the number of staff to be transferred, TUPE costs, pension transfers and costs, pay comparison and benchmarking assumptions for pay harmonisation. PCS Union further highlight that the changes risk creating “an effective two-tier workforce in SFC [which] will

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introduce significant ongoing costs". These concerns are echoed in submissions received from individuals, with one noting that the staff numbers underpinning the costings in the FM do not account for support staff, only those directly working with training provision. Concerns are also raised in relation to the use of FTE instead of headcount for staff number calculations.

Pensions are highlighted as a particular area of uncertainty, with Unison stating that:

"Pensions represent possibly the most significant failing and the most worrying prospect in the memorandum. Staff transferring to SFC will have the option of transferring their occupational pension at SDS into the Civil Service Pension scheme. With its higher employer contribution. The financial memorandum is candid at not being able to put a cost on this. Indeed it is even stated that 'The Scottish Parliament will be provided with more information as soon as it is available; this is unlikely to be before the Bill is passed'."

While the FM does not include pension costs in the total estimated costs of the Bill, it does provide an illustrative range. If 150 staff were to transfer, then this could suggest costs between £1 million and £23 million. As the number of staff in scope, and their grades and lengths of service are unclear, this represents a considerable source of uncertainty. We also note that paragraph 76 in the FM states that "the Scottish Ministers may choose to work to a ceiling on the overall cost", which stakeholders expressed concerns about in submissions to this Committee, as this may limit the ability of SDS and the SFC to meet their obligations under TUPE.

Other issues raised in submissions include potential unintended consequences of the Bill, such as the impact suggested changes may have on the delivery of vocational, professional and technical education pathways from school into tertiary destinations and employment, highlighted in particular by the Scottish Apprenticeship Advisory Board (SAAB) and Aberdeenshire Council. In their submission, SAAB note "long-standing concerns about the impact of transferring apprenticeship funding to the SFC will negatively impact apprenticeships, potentially dilute the quality and quantity of apprenticeship opportunities and diminish the apprenticeship brand".

We invite the Education, Children and Young People Committee to consider, as part of your wider scrutiny of the Bill, the evidence received by this Committee on the FM. We also note your Committee has received similar evidence on the above issues and we would therefore ask that you continue to pursue further detail from the Scottish Government on the full financial costs associated with the Bill's provisions.

Yours sincerely,

**Kenneth Gibson MSP**  
**Convener**