



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Education, Children and Young People Committee

Wednesday 21 May 2025

Session 6



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EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE
17th Meeting 2025, Session 6

CONVENER

*Douglas Ross (Highlands and Islands) (Con)

DEPUTY CONVENER

*Jackie Dunbar (Aberdeen Donside) (SNP)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)
*Miles Briggs (Lothian) (Con)
*Pam Duncan-Glancy (Glasgow) (Lab)
*Joe FitzPatrick (Dundee City West) (SNP)
*Ross Greer (West Scotland) (Green)
*Bill Kidd (Glasgow Anniesland) (SNP)
*John Mason (Glasgow Shettleston) (Ind)
*Willie Rennie (North East Fife) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Paul Campbell (Scottish Apprenticeship Advisory Board)
Sarah Collins (Educational Institute of Scotland)
Carolyn Currie (Women's Enterprise Scotland)
Liam Davenport (Public and Commercial Services Union)
Nicola Jackson (Unison)
John Lewis (Unite the Union)
Vikki Manson (Federation of Small Businesses)
Mary Senior (University and College Union Scotland)

CLERK TO THE COMMITTEE

Pauline McIntyre

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education, Children and Young People Committee

Wednesday 21 May 2025

[The Convener opened the meeting at 09:00]

Tertiary Education and Training (Funding and Governance) (Scotland) Bill: Stage 1

The Convener (Douglas Ross): Good morning, and welcome to the 17th meeting of the Education, Children and Young People Committee in 2025. This morning, we will continue to take evidence on the Tertiary Education and Training (Funding and Governance) (Scotland) Bill at Stage 1, with two panels of witnesses joining us.

I welcome the witnesses on the first panel: Sarah Collins, national officer for further education, Educational Institute of Scotland; Liam Davenport, industrial officer, Public and Commercial Services Union; Nicola Jackson, Unison steward, Skills Development Scotland; Mary Senior, Scotland official, University and College Union, Scotland; and John Lewis, Scottish Funding Council workplace representative at Unite the Union.

We have a lot to get through, but we are keen to hear your views and opinions. I will first ask the question that I have asked every panel so far during the scrutiny of the bill. What is the problem that the bill seeks to address and hopefully resolve, and does it do that, in your view and that of your organisation? Mr Lewis, because you are in my line of sight, I will start with you.

John Lewis (Unite the Union): Thank you. We think that the bill is intended to simplify the post-school funding landscape, and Unite's membership thinks that it can potentially do that, probably in a number of ways. Having everything within one body could help to provide a better strategic overview that would enable the body to react to emerging skills needs in the economy and be proactive with regard to anticipating the economic needs. Further, consolidating the expertise of SDS and Scottish Funding Council staff into a single organisation would provide more coherence. The caveat is that, to get those benefits, the body must be sufficiently resourced. However, from the bill and the financial memorandum, it is not entirely clear that the resources will be forthcoming.

Mary Senior (University and College Union Scotland): The University and College Union did not see that there was a massive problem to be addressed and we were not specifically calling for the bill. The challenges in the sector are around financial sustainability, and I echo some of the concerns that my colleague John Lewis just mentioned. We do not want the bill to result in any dilution of the powers and abilities of the Scottish Funding Council, and our concern is that it might. We certainly want to see good capacity and resources within the Scottish Funding Council, but we are not sure that the bill will achieve that.

Nicola Jackson (Unison): Good morning. Thank you for this opportunity to speak to you. I am here to represent Unison, but I am also a member of SDS staff, and I have been for 15 years. I have had various roles in the foundation apprenticeship and graduate apprenticeship areas and I am currently working in modern apprenticeships. As well as being a member of staff in SDS, I am part of the national training programme directorate, which is in scope to move over to the SFC. It is important that I am here today to represent Unison and also my colleagues.

I am also a member of the programme enhancement team, so I am very much aware of how much change can improve quality and functionality. However, I do not see that in the bill. My members have expressed concerns about a lack of transparency and clear timelines, and the fact that the Scottish Government has had no meaningful dialogue or communication with SDS staff or Unison. Nothing in the bill offers tangible benefits to apprentices, staff, training providers or employers. The bill fails to provide clear assurances about the enhancements with regard to the future of apprenticeships.

On the point about staff engagement, the lack of employee voice has been astonishing. Given that 2025 is the year that Scotland becomes a fair work nation, it is quite disappointing that this reform bill has progressed so far without proper engagement with SDS staff and trade unions.

Liam Davenport (Public and Commercial Services Union): To address the question of what problem the bill is intended to solve, I went back to the Withers review and the 2022 Audit Scotland review, which I am sure will come up during this meeting. It seems to me that the issue that was identified in both of those pieces of work was a perceived difference in the direction of travel between the leaderships of the SFC and SDS that was thought to be an impediment to the good functioning of the skills planning landscape and post-school funding landscape in Scotland.

As for what the bill does, that is a different question. From the point of view of PCS, which represents members in SDS and the Student

Award Agency Scotland, the bill lifts and drops staff from one organisation to another—from SDS into the SFC and, to a lesser extent, from the SFC into SAAS. The view of PCS members is that that does not solve the problem of different approaches of leadership in different organisations. We see a very clear danger that the removal of one leg of the stool of SDS will introduce potential barriers between currently well-functioning collaborative processes within SDS. If we remove national training programmes from SDS and link them up in the SFC, then, although, as John Lewis articulated, there may be some benefits in collaborative working, it will put at risk the current collaborative working between the NTP directorate and the wider work of SDS. The functioning of SDS as an organisation relies on that interrelationship. I do not think that introducing barriers there will bring benefits.

In PCS's view, we need clear leadership from the Scottish Government. That also came through in the Withers review and the Audit Scotland review. If all the organisations had that clear leadership and ministerial direction from the top, the cost of the proposed transfer would not be necessary, as we would have a functioning system without the need to go through a costly and distracting process.

Sarah Collins (Educational Institute of Scotland): The EIS was not in favour of creating a single body, as we stated in the consultation process. As colleagues have outlined, we believe that the bill leaves many outstanding issues to be resolved with regard to operational matters, strategy and workforce costs. The issues that we have outlined in our written response, especially around the potential for increased competition within the tertiary landscape between prospective fundable bodies and apprenticeships, and the potential lack of accountability and powers of scrutiny, remain paramount. If massively increased resources are not provided to achieve the bill's aims, there is the potential for dilution of what the Scottish Funding Council does at the moment.

The Convener: It does not sound as though we have very happy witnesses in front of us. We will delve more into the issues as we go along but, first, I want to look at how we got here. In that regard, I particularly want to hear from Ms Jackson and Mr Lewis, because of the views expressed in their submissions and their responses to my question.

I do not want to paraphrase you, Mr Lewis, but it sounds as though you are deeply disappointed by the lack of engagement with the Scottish Government, given that this is a change that will affect your members and staff working for those organisations. Is that correct?

John Lewis: It is fair to say that that is an understatement. We are very disappointed by the lack of effective consultation by the Scottish Government.

There was a period last year when the Scottish Government held meetings, to which, as a result of a number of administrative issues on the part of the Scottish Government, Unite was invited late. At those meetings, two of which I attended with other Unite committee members from the Scottish Funding Council and colleagues who are present today, the Scottish Government agreed that we would be fully and meaningfully consulted on behalf of our members and our wider staff base. However, I believe that, since the last of those meetings, on 9 December, we have not had an email, a letter or any communication from the Scottish Government, let alone any meetings with it. Subsequently, the bill has been introduced. We are at stage 1 of the bill and the consultation still has not occurred.

Over the past 10 days or so, the Scottish Government has arranged a series of four high-level workshops with SDS, the SFC and, I believe, SAAS, around a number of strands of work, including, very broadly, apprenticeship contract options; transfer milestones, including people, systems and processes; communications and engagement; and finance, specifically around the further education funding system. As representatives of staff who will be affected, we would have expected the Scottish Government to invite us to the workshops on people and communications and on engagement. However, the workshops are going ahead this week and next week, and not only have we not been invited, but we found out about their existence almost by accident.

The Convener: Were the meetings up to and including 9 December solely about the bill or were they general update meetings with the Scottish Government?

John Lewis: Some of my colleagues on the panel may be able to help me out with this, but I think that they were general meetings about the direction of travel and the intention of a forthcoming bill. We had quite frank discussions—

The Convener: So, you were aware at those meetings that they were about the legislation that we are scrutinising, and, despite that, you have had no engagement with the Government on the bill since 9 December.

John Lewis: That is correct. We specifically and deliberately sought assurances that we would be fully and meaningfully consulted. I believe that those assurances were given, yet nothing has happened since.

The Convener: From your submission, I take it that you feel that that has led to deficiencies within the bill and the financial memorandum. You state:

“Unite is not convinced that the Bill’s Financial Memorandum ... fully recognises or even understands the costs that might be associated with its successful implementation.”

The fact that you think that the Government does not understand the financial implications of the bill is quite a damning indictment of the process that the Government has gone through.

John Lewis: I do not believe that the unions have seen the figures on which the Government is basing its financial considerations. We have not been consulted on them. As trade unions that represent colleagues across our respective organisations, we have a good understanding of what people do on the ground and of the implications of the bill in that regard, including in terms of the costs. However, we do not have any clarity about the figures that are presented.

We meet as joint unions quite regularly—probably about every three weeks or so. The number of meetings has stepped up and there is substantive engagement between SDS and the SFC about the bill. In our discussions, we have raised concerns about some of the numbers that have been mooted for transfer. The financial memorandum refers to a potential SDS to SFC staff transfer of about 160 full-time equivalents. I cannot speak on behalf of my colleagues who represent members in SDS, but we understand that a lot of those people are on alternative contracts, so the actual head count is much more substantive. It is headcount that will be meaningful in terms of arrangements under TUPE—the Transfer of Undertakings (Protection of Employment) Regulations—and a range of other transfer-related issues.

09:15

The Convener: Ms Jackson, can you respond to the headcount point first of all? Are you aware of the numbers that would be affected? What is the change doing to staff morale? Are some happy with it? Are some deeply concerned?

I wrote down the point that you made that the bill has been brought forward without any proper discussion with your staff and members who are staff at SDS. Why would that be the case? Why would you not want to engage with the staff who are going to be directly affected by this?

Nicola Jackson: The staff who are my members engaged with the minister on a couple of occasions. There was a round table with only a few members of staff, but I think that that was more for the minister to discuss proposals.

A team meeting with the NTP directorate was set up in July 2024, but it was a bit last minute, and because it was in July, some of my members and some of the NTP staff would have been on holiday. The meeting took about an hour—well, slightly less than an hour, as there were some technical issues—and the minister talked about some of the questions that we had gathered in a separate area on a website. However, it was a bit disappointing, because the answer that was given to a lot of the questions asking for detail was “There will be more detail to come.” That was the answer, and we thought that there would be more detail to come.

The minister gave clear assurances that there would be greater collaboration and engagement with front-line staff and promised the establishment of working groups and meaningful staff consultations, but it never happened. That was the last engagement that my members had with the minister. In fact, when they left the meeting, they felt a bit deflated, and the perception of some was that it was a done deal and they wondered what the point had been. Given that there has been no further consultation, they were right.

Morale is very low at the moment, because staff do not know who is in and out of scope, what they are going to be doing, and what will happen with the delivery of apprenticeships. They have worked so hard over many years to get to the successful position that we are in, so, yes, morale is very low.

I am here today as a Unison steward, but I am a member of the NTP staff, too, so this is affecting me directly. It is very worrying; it would not be so bad if we knew what was happening with these big changes, if we were being consulted and if people were asking for our opinions. We are the skilled workers in this area, and it feels as if there has been no consultation and as if nobody has asked what would work for us.

The Convener: I will come to Mr Davenport in a moment, but just for clarity in my own mind, you are saying that since last July—or almost a year on—there has been no further engagement by the Minister for Higher and Further Education or his officials on the development of the bill and on how it will affect SDS staff.

Nicola Jackson: There has been no further engagement.

Liam Davenport: I am relatively new to working with SDS—I took it on for bargaining in January. Since then, I have spent some time trying to get to grips with the timeline of what happened when, and I thought that it might be helpful if I addressed some of that.

The earliest engagement meeting with the trade unions that I was able to identify was in August

2023, when the minister met the joint trade unions on the Withers review and the recommendations in it. The discussion was about developing a critical path for reform and the need for worker engagement, and at that point, a timeline was to be developed and shared with the trade unions.

Subsequently, some meetings seem to have been set up, as Nicola Jackson has articulated, but with SDS staff, not specifically with the trade unions. Of course, at meetings with a minister of Government, workers are understandably—shall we say?—reluctant to speak their minds, because they do not know how their views will be received. It seems that, in the majority of the meetings, it was more about telling than engagement. A minister came along to talk about the Government's plans, and the workers largely sat in silence and then went back to their desks.

I would say that that shows the need to engage with the recognised trade unions, because workers in trade unions know that they have a degree of protection from the trade union if they say things that management, or indeed the Government, might not necessarily like or agree with. You get a more genuine level of engagement that way and more clarity about where things need to be improved.

The next engagement with the trade unions that I was able to identify in the timeline was not until a year later, in August 2024, when it seems that there was a very similar conversation about the three reform options that were set out: the merging all organisations option; the business as usual option; and the midway option between the two, which was eventually settled on. At the time, the trade unions raised questions about the timescale, the scope of the options and the TUPE costs involved, and the Scottish Government committed to looking into the detail and coming back on that. At the time, it also committed to proper consultation and, in particular, the setting up of technical working groups with workers in the affected areas to ensure that the worker voice was heard. That was really important.

One thing that the committee should understand is that Skills Development Scotland—and, I assume, the Funding Council—is a champion of fair work in Scotland. Part of its remit is to promote fair work to the organisations with whom it works and to ensure that fair work principles are being promoted when apprenticeships are being delivered, and whenever anyone is receiving funding. As a negotiator, I would say that, although we do not always agree, SDS is, as an organisation, pretty good at engaging with the workforce and practising what it preaches in that regard. Workers in SDS are used to being engaged with properly and having their voices

heard on issues on which the management is making changes.

That is why it is so egregious for the Scottish Government not to behave in the way that the workers might have expected when it came to this particular reform. We had meetings for telling people things instead of proper engagement, and we had promises being made to the trade unions that were then reneged on. I do not know the detail of why—it might have been just a question of resource—but the next meeting after the August one was the meeting on 9 December that John Lewis alluded to and at which, without any of the technical working groups being set up and without any consultation since the August meeting, it was clarified that a decision had been made to proceed with option 2. At the meeting, the trade unions raised concerns about the make-up of the groups that would be taking things forward and the lack of worker voice in reaching a decision, and we still had questions about scope and TUPE costs.

In fact, to this day we have questions about scope. It is still unclear which workers are in scope for this transfer. John Lewis alluded to the problem with counting full-time equivalents, which we think will mean that, despite the estimates of between 150 and 175 in the financial memorandum, the real minimum is probably more than 200. That is just the headcount directly involved in apprenticeship provision; of course, there are those indirectly involved in apprenticeship delivery, who are potentially in scope, too. There are also people involved in skills planning work who do not know what is going to happen with their jobs, because no announcement has yet been made about the future of skills planning.

Therefore, there is a potential group of somewhere between 200 and 600 staff who do not know whether they are in scope or not. That is concerning; it is bad for morale; and it could have been avoided, had engagement been better on the way to where we are now.

I will say that the trade unions were informed of the decision to take forward this legislation in January, two days ahead of the ministerial announcement. However, as John Lewis has alluded to, there was a bit of administrative kerfuffle on the Unite side, and Unite's invitation to that meeting went to the wrong individual. Despite the matter having been clarified to the Scottish Government a year before, as I understand it, it continued to use the wrong contact details. These are the kinds of things that have gotten in the way of proper consultation since August 2023 and which have led to where we are now.

The Convener: Thank you very much. It is partly my fault for asking open questions, but we have taken 23 minutes just to get through some of the issues that I wanted to ask about. It is really

useful to get all of this on the record, but I want everyone to have their say, and if we can have short questions and short answers, that will help us get through this session.

I call Pam Duncan-Glancy.

Pam Duncan-Glancy (Glasgow) (Lab): I had wanted to explore some of the engagement with staff, but I think that we have done so already, which has been helpful.

I have only one other question outstanding. Liam, in your evidence, you said there was an impending organisational vacuum with large-scale changes taking place without the planning or resources necessary to manage them safely or fairly. Can you tell us what you mean by “organisational vacuum”?

Liam Davenport: I apologise, but I do not recall using the word “vacuum”. I am just double-checking my evidence here.

The Convener: I might just go to Jackie Dunbar, who has some questions, and then we will come back to you, Mr Davenport.

Jackie Dunbar (Aberdeen Donside) (SNP): Mr Davenport, you answered my first question during your opening remarks, so unless you have something to add, I will give you a bye on this one. I will come to Ms Jackson first, and then Mr Lewis.

As a result of the changes that are proposed in the bill, it looks as though the transfer of staff from SDS will double the number of staff at the SFC. What is your opinion on those proposals? What do you think will be needed to make the transition successful?

Nicola Jackson: I do not think that it is as straightforward as transferring the staff who are recognised in the bill. I see SDS as being like a dynamic game of Jenga, in that apprenticeship delivery is made up of many people in various teams, such as skills planning, procurement and compliance, who perform numerous functions. I am sure that many members of the committee will have gone to Scottish apprenticeship week in March, which our communication and marketing team was present at. Those skilled individuals do not sit within NTP. For the bill to work, we will have to consider transferring the full squad to the SFC.

Jackie Dunbar: Do you mean that the various teams would have to be fitted in like jigsaw pieces?

Nicola Jackson: Sort of—if you take one piece out, it will not necessarily function in the same way. We all work collaboratively as one big apprenticeship delivery family. If one area is taken away, others will cease to function. From a trade union point of view, if those people are not in scope to be transferred and are left in SDS, we

could be talking about possible redundancies. That is a concern for the members and for the trade union.

John Lewis: As the bill and the financial memorandum identify, and as we have all identified in our submissions, we are looking at the possibility of at least doubling the head count of the Scottish Funding Council. There are significant issues with that, one is which is to do with accommodation. There is also the issue of having leadership with experience of undertaking significant organisational change. You will be aware that the SFC’s chief executive, Francesca Osowska, who is relatively new, has experience of leading significant transformational organisational change, including mergers in the public sector.

A range of issues fall out of the expansion of the SFC. Not only did the Scottish Government not consult the trade unions; Unite’s position is that the Scottish Government should have been more proactive in ensuring that there was more active engagement at the strategic leadership level between the SDS and the Funding Council over the past six months. That has not really happened, as was alluded to in the evidence session before last. That is a significant concern, because if engagement is not taking place at the strategic level, except, perhaps, in the workshops that I referred to in my earlier response, that means that we are not able to engage at an operational level.

In the same way that Nicola Jackson is a member of SDS staff and a union representative, I am an employee of the Funding Council and an elected representative. Obviously, I am here in my capacity as the latter. Among the membership, there are understandable concerns about the landing zone, because the parliamentary timetable is rapidly accelerating towards a conclusion.

Jackie Dunbar: Can I stop you there? What do you think will be needed to ensure that the transition is successful? I am giving you a chance to say what you think will be needed in order to make the transition successful.

09:30

John Lewis: The Scottish Government will need to provide impetus to drive the process forward, and strategic leadership will need to be provided in both organisations so that engagement takes place and permission is given, in effect, for the operational staff to engage to look at how things will work on a day-to-day basis.

Resources will be required, too. The financial memorandum implies that the process will be done within existing resources, which might include transferring budget from SDS to the Funding Council. Unite’s position is that that would be impossible. Substantially more resources would

be required, not just for TUPE transfers and pension deficits that might need to be plugged, but for staff training and development in both organisations as a result of the transfer and the restructuring that would occur in the aftermath of it.

Jackie Dunbar: Thank you. Mr Davenport, is there anything extra that you would like to add?

Liam Davenport: No. In general terms, I agree with John Lewis. Scottish Government leadership is vital to the process.

Jackie Dunbar: Okay. In that case, I will go on to my next question.

The Convener: Before you do, I have a brief supplementary on the same topic. Ms Collins, you mentioned a lack of ministerial direction. Has that progressively got worse? Why did you choose to mention that?

Sarah Collins: Our issue with ministerial direction is more to do with the balancing act between the national economic priorities and the skills that are required to deliver those. If there are gaps in the labour market—for example, in the care sector—where is the ministerial direction to fill that gap? When it comes to filling those gaps, there is a balance to be struck with academic freedom, student choice and so on. It is on that aspect rather than—

The Convener: If there was more of that, would that remove some of the need for the bill?

Sarah Collins: No—in a sense, the bill would have to be stronger. The operational matters would certainly have to be clarified, alongside the bill.

The Convener: Thank you.

Jackie Dunbar: My next question is for Ms Collins and then Ms Senior; it is about college student support. What do you think of the Scottish Government's intention of moving further education student support from the SFC to SAAS? Are you assured that the current delivery model will be retained? If not, what do you think that the issues might be?

Sarah Collins: The answer is that we do not know, because we have not had any engagement on the issue.

As we outlined in the written submission, at the moment, there are whole teams of staff in colleges—who are represented by my colleagues in support staff unions—who deal directly with student funding and who can signpost students to various bursaries, grants, awards and so on. Education maintenance allowance and housing costs are dealt with within the college. That means that, for the demographic of the people who attend

college, there is a direct link—a person who they can speak to.

We are concerned that that would be lost if the responsibility for further education support is transferred to SAAS. SAAS already lacks resources at crisis points in the year for students in higher education and, unless massive resourcing is provided to SAAS, it looks as though further education students could also be lost within that milieu.

The answer is that we do not know. There has been no clarity on how the direct linking and signposting that takes place at the moment would continue for further education students.

Jackie Dunbar: So you are not assured at all.

Sarah Collins: No.

Jackie Dunbar: Thank you. What about you, Ms Senior?

Mary Senior: As UCU represents workers in the higher education sector, we have confined most of our comments to aspects of the bill that will have an impact on areas of higher education such as university education, so I will defer to my colleagues on that point.

Jackie Dunbar: I have finished, convener.

The Convener: Mr Davenport, did you find a reference to a “vacuum” in your submission?

Liam Davenport: That might have been a reference to last year's submissions, which were written by a previous industrial officer. I apologise for that. However, if Ms Duncan-Glancy repeats her question, I will do my best to answer it.

Pam Duncan-Glancy: Thank you for throwing me that line, Mr Davenport—that was helpful. Another explanation is that I might have paraphrased part of your submission. I was interested in unpicking the part of it where you say:

“Integration has been key to that success, and breaking up SDS is a threat to it.”

You alluded to that earlier. You go on to say:

“If the goal is greater efficiency, it must be understood that breaking off part of SDS, while potentially streamlining one element of funding, will introduce far greater inefficiencies elsewhere.”

That is the part of your submission, which I described as the existence of a vacuum, that I wanted to unpick.

Liam Davenport: Yes—that was me. Thank you.

As I mentioned in my opening statement, SDS works well as an integrated set of areas. The area of national training programmes, where Nicola Jackson works, is the key to it. NTP not only

distributes funds; it works closely with training providers, employers and learners to gather data on their experience, which all feeds into the wider work of SDS. The largest cohort of SDS staff are the careers advisers, who are based in schools and who have access to all that data and information from training providers, employers and learners. They can guide young people into apprenticeships that will suit them and that will suit the needs of the economy of Scotland.

The skills planning work that SDS does also relies on that data to develop future plans for skills in Scotland that are aligned with the direction of the economy. Members have repeatedly cited to me the fact that engineering is the area where we need to do better. We need to be able to compete with the rest of Europe on engineering skills so that we can get the manufacturing and other jobs that we want to have in Scotland.

If we remove national training programmes from SDS, that will introduce barriers to the sharing of data and information. We would no longer have a quick and efficient flow of information from NTP into the other areas of SDS that need that information. There might be data sharing with the SFC where that is of benefit, but we would be fixing one barrier only to introduce two or more other ones, which would not lead to efficiency in the overall system.

We need all public bodies under the Government—not only SDS and the SFC—to share information efficiently and to work together in the overall direction that, ultimately, is set by ministers and the Government. We have not seen that, certainly in the past few years, when certain departments not getting the leadership that they want and going their own way has been an issue. Transferring staff from one area to another will not fix that problem. It is possible to have the same problem within an organisation—in my career, I have definitely encountered a situation in which different departments in a public sector body have been pulling in different directions and not getting the best outcomes as a result.

The problem that needs to be solved here is one of overall leadership from the top of all the organisations concerned. If we solve that problem, which particular employer people sit in becomes irrelevant, because, at the end of the day, they will all have the same direction.

Similarly, issues to do with information technology systems talking to one another and so on can be solved without transferring staff by using joined-up procurement contracts and making sure that everyone is working with similar systems. That is being explored elsewhere in the public sector. It is surprising that the proposed reform of tertiary education is heading in the opposite direction to what we are seeing elsewhere. It

seems as though the Scottish Government has two different reform agendas going on. We think that, if the leadership problem can be solved, there is no need to introduce the barriers that I have described between the NTP directorate and the rest of SDS.

John Mason (Glasgow Shettleston) (Ind): I am interested primarily in the costs of the transfer, especially staff costs—I know that there are also IT and other costs. I assume that some of you are more familiar or comfortable with the subject. I will start with you, Ms Jackson, and you can push it off to someone else.

Nicola Jackson: I thought that you might. This is not my area of expertise, unfortunately, but I can hand you over to my—

John Mason: Would you rather that I started with Mr Davenport?

Nicola Jackson: Yes, if you do not mind. Thank you.

John Mason: That is fine. The table on page 4 of the financial memorandum lists various figures and 2026-27 looks like being the most expensive year. The cost of the bill for that year is shown as being between £2.2 million and £4.3 million. First, I am interested in your thoughts on those figures. I know that we have already talked about the number of staff transferring, so that would be a factor.

Somewhat more scarily, the pension shortfall payment is shown as being between £1 million and £23 million. The financial memorandum does not even pretend that that is an estimate. It is meant to give an estimate but it gives only an “illustration”, as the authors call it. Can you give me your view on that? Then perhaps I will ask you about something else.

Liam Davenport: I am happy to do that. I was not sure how much to say about the financial memo because, of course, another committee is scrutinising it—

John Mason: I will just say that I am on the other committee, which is the Finance and Public Administration Committee, as is Mr Greer. The FPA Committee has run out of time and will not be able to look at the financial memorandum to the bill, so this committee will look at the whole thing.

Liam Davenport: Great. I urge committee members to look at our separate submission on the financial memo, which goes into more detail on staff costs.

The trade unions do not have access to the detailed information that employers do, but two weeks ago Damien Yeates talked about £30 million as a speculative figure for costs. PCS is happy to accept that as a relative ballpark figure if

the number of staff in scope is as laid out in the financial memo. Obviously, if more staff are in scope, that figure will increase. Our back-of-the-envelope maths indicates double-digit millions and we have discussed five areas of risk. One is scope, as I have already alluded to. We do not yet know which staff are in scope and that is a major factor.

John Mason: What would you expect to know at this stage? I know that this kind of thing does not happen every day.

Liam Davenport: We would expect to have some indication. Things can change as bills go through the Parliament and are amended, but we would expect to have a bit more clarity on what kind of work is intended to transfer over and what kind of work is intended to stay with SDS, so—

John Mason: Some people will definitely transfer, because 100 per cent of their job is in that area. Some people definitely will not transfer. Presumably, there is a grey area in the middle.

Liam Davenport: The question mark over skills planning is the biggest grey area because we are still awaiting a decision from the Scottish Government on that. Damien Yeates mentioned two weeks ago that some kind of announcement is expected. An announcement would be welcome, but engagement with the trade unions would have been more welcome because that was the first time that I had heard about any such announcement coming up. If we had certainty about what is happening with skills planning and certainty that the people doing that work are staying within SDS, we would be closer to saying who is in scope for transfer, but at the moment we are in a state of confusion about that.

The pensions issue has already been elaborated upon. In addition to the payments that Damien Yeates set out two weeks ago, individual payments per person need to be made to the Government Actuary's Department. That can only be assessed when we know how many people are in scope because it is a per-person payment and there—

John Mason: I am sorry to keep interrupting you. You rightly say that pensions have already been touched on, but that is the figure that scares me the most because it is so big. My understanding of TUPE—and I have only a limited understanding—is that someone should not lose out when they transfer. They should be either the same or better off. I was a bit surprised by the suggestion that the pensions would be backdated as if the person had already been in the SFC for five or 10 years or whatever. Is that fixed or is that area uncertain?

Liam Davenport: When SDS transfers have happened before—in the history of the

organisation, a number of people have transferred in and out—people have been given the option to have their pensions bought out by the new scheme. That would be, as I understand it, pretty typical for transferring into the civil service.

People within SDS are in one of three pension schemes. Damien Yeates said that, in his view, everyone in scope is in the local government scheme. We do not know who is in scope, so we have not been able to assess that, but some people working in SDS are in the Scottish Enterprise scheme and the Highlands and Islands Enterprise scheme, because of historical transfers when some of them elected to keep their existing pension schemes. Some of them might elect to keep their existing pension schemes after transferring to the SFC as well, but it is true that the civil service pension scheme is in some ways more generous than, certainly, the local government scheme, and many staff might choose to adopt it, in which case they will have the right to have their pensions effectively bought out. I cannot speak to how much that would be. It would be up to the Actuary's Department and people who have access to the figures to say that, but it would certainly be millions if all of them elected to take that up. Of course, there are also on-going costs on the SFC because of the greater employer contribution in the civil service pension scheme.

09:45

There are also harmonisation costs for salary levels and the financial memo assumes that people will be uprated to the relevant SFC pay scale. The best assumptions that we have been able to come up with, however, indicate that SDS people are generally on slightly higher rates for similar work. We cannot be sure about that because we do not have access to job evaluation information. That is held confidentially by the employers and they would need to have that discussion between themselves about comparing like with like in terms of job evaluation and grading support scales and so on.

We have done four different mapping exercises to see where jobs might fit and in three out of the four SDS came out slightly higher for similar work. The fourth one was an exercise in mapping SDS to the next highest pay point in the SFC regardless of the work, so it is a bit suspect. You are not talking about a one-off payment to uprate people when they transfer. You are talking about on-going costs for the SFC to effectively maintain a two-tier workforce if people have retained pay terms—

John Mason: That is probably relatively smaller compared to the pension question.

Liam Davenport: Quite possibly. I do not want to speak definitively about figures that I have not seen, you understand.

John Mason: Okay. Thanks for that. Mr Lewis, do you have any input in that area?

John Lewis: Yes. Thanks. I defer to most of my colleague Liam Davenport's answer. The joint unions have done some work on trying to understand the harmonisation of pay and the scenario that we think is most likely in terms of grade and pay matching may partly answer your question about whether the pensions cost will be higher. The bulk of Funding Council staff sit at grade E3. The difference between that and SDS staff pay sits somewhere between £9,000 and £12,000 for what we think is a similar-level job, so pay harmonisation could indicate a substantive and recurring increase in the pay bill for a large number of staff within SDS.

I defer to Liam Davenport on the pensions issue. I would add that the financial memorandum suggests, if I have read it correctly, that the SFC might assume that cost within its existing budget, including perhaps a transfer of budget from SDS. That would be concerning, because the implications of that are an impact on staffing levels, pay and so on, as well as on whether we have sufficient resources to deliver the reform agenda.

John Mason: That was helpful from both of you. I know that none of you is particularly enthusiastic about the plans anyway, but at what level do they become not worth while? It seems to me that there will be a lot of change and, hopefully, in the long run there will be improvements in the whole system. In the short run, however, there is just a big cost for no great benefit in year one or two. If the one-off cost was £30 million, as has been suggested, is that prohibitive? Based on the cost itself, is it worth going ahead?

Liam Davenport: You have laid out our position there. This is a lot of cost and that money could be put to better use.

As John Lewis laid out, we are also quite concerned about the long-term financial position of the SFC. We do not want workers in either organisation to find themselves in a redundancy situation because the reform is underfunded. At the moment, we think that there is a real risk that it will be.

The line in the financial memo about capping the cost of the pension shortfall is concerning. We do not fully understand what is intended by that and it is quite alarming. We welcome engagement with the Scottish Government on that. To be clear, PCS certainly—and I expect all unions—resists any suggestion that workers' pensions are subject

to being taken away from them in that way. People have worked for those pensions. Pensions are deferred wages. We expect that all workers who transfer over will be given their full entitlements and full rights.

John Mason: Presumably, if those are the TUPE rules, the Scottish Government would not have the power to cap those costs, would it?

Liam Davenport: Quite. That is why we welcome engagement. We had a commitment from the meetings in August 2023 and 2024 that the Scottish Government and both organisations would treat this as a TUPE transfer, but that line in the financial memo raises alarm bells about that. We definitely welcome engagement on that point, but, to be clear, we will insist that every member's pension entitlement is kept with them and that nobody suffers a detriment.

I will say one further thing about the financial memo. The savings that it forecasts nearly entirely fall within the apprenticeship funding area. In so far as the memo projects any savings, it does so by reducing the amount of funding allocated to apprenticeships. That is concerning to members who work in the area and want to deliver apprenticeships. They can tell quite clearly that in this economy employers are crying out for more apprenticeship places, not fewer, and any suggestion that the bill will reduce that funding is, in their view, harmful to the work that they are trying to progress.

John Mason: That is helpful because that was my next question. I am interested in others' views as well. Although the number of people involved is quite large, the money going into apprenticeships is much smaller. Is there a danger that, in the future SFC, apprenticeships will be sidelined?

John Lewis: The Funding Council has long-standing experience of dealing with funding allocations that are ring fenced according to Government policy directions. The further education sector has a budget. The provision of higher education within the further education sector has a budget. The higher education sector has budgets. I am speaking on behalf of the union and our members, not on behalf of the organisation, as I am sure that you appreciate. We assume that if there is a transfer of budget for apprenticeships, that budget will be ring fenced according to Government policy in the same way.

John Mason: Does that need to be ring fenced in the legislation?

John Lewis: I suppose that there are two ways of looking at that. Whether it is a specific figure within the legislation is one thing. There is protection of a budget for the provision of national training programmes for apprenticeships but, at the same time, bringing all this within one

organisation allows an opportunity to look strategically at how to engage with the skills and economic needs within Scotland. That could build flexibility into the provision of apprenticeships. The danger of ring fencing a budget for apprenticeships is that it does not grow beyond that. I guess that flexibility is important there but, as I said, within SFC, we work under the assumptions and the guidance and provisions of Scottish Government policy that certain budgets are ring fenced for different sectors of the provision we have. Our assumption within Unite is that that will continue.

John Mason: I could probably go on, but I will leave it at that. Thanks, convener.

Bill Kidd (Glasgow Anniesland) (SNP): Well done, everyone—I was going to ask about the stress and disruption for the affected staff moving from SDS to SFC, but that has been well covered.

However, what about stress and disruption for the reduced number of staff who will be working in SDS? How will they be affected? Is there concern that if SDS can be treated in this way now—and we have heard that this may have happened before, to a degree—what about the future? Will SDS continue? Are the people who are being retained at SDS concerned about their futures?

Nicola Jackson: Yes, that is definitely a concern, because people do not know what is happening with their jobs. There is a worry that people may be left behind. I suppose that you are asking a general question about what happens to SDS when the move happens.

There was also some worry when some of my members drew my attention to a job advert on the SFC website, which was for a strategic director or assistant director reform role. My members are concerned that, again, there has been no engagement between SDS and the SFC on jobs. They wonder whether this will be the tip of the iceberg. The jobs that have been set up on the SFC website are jobs that my members should be able to apply for, so they are at a disadvantage. A lot of the staff who are still in SDS are concerned to see that happening without any engagement.

Bill Kidd: In what ways will attempts need to be made to minimise the stress?

Nicola Jackson: There definitely needs to be more engagement. It is the not knowing that causes people stress and anxiety. If there was more upfront discussion, and if staff were allowed to engage more on the future of their own careers and the future delivery of the apprenticeship programme, I am not saying that they would necessarily be happy with that, but they would feel as if they were part of the process, which they are not at the moment.

Bill Kidd: They cannot see how the future will develop because they are so worried about what is happening just now anyway.

Nicola Jackson: Absolutely—yes.

Bill Kidd: Okay. That is important and the committee will need to take it forward. Thank you very much.

Pam Duncan-Glancy: I will ask about some of the powers in the bill around finance, accountability and fair work.

In your submissions, you have all highlighted concern about the SFC's powers undermining academic freedoms. Everyone has picked up on that point, which we need to consider.

Nicola Jackson, you said that you support financial oversight of post-16 institutions, but that it must be linked to fair work outcomes and public accountability. Mary Senior, your submission highlighted that it is important to ensure that all education providers that receive public funds meet national standards for quality, accountability and employability practices.

With that in mind, my question concerns the proposals that are included in the bill around the monitoring and reporting of matters relating to the financial sustainability of post-16 education bodies. To what extent do you think that the proposed powers could improve the SFC's ability to identify at-risk institutions, for example, and how might the proposals be further strengthened?

Mary Senior: Thank you very much for that question. It is probably a question that is on a lot of people's minds right now because we have seen a university that is having real sustainability issues, due to, not least, the challenging financial situation that we are in.

It is a shame that we are not speaking after the Pamela Gillies report has been published, because it will be interesting to see what that inquiry reveals.

We feel that the Further and Higher Education (Scotland) Act 2005 gives the Scottish Funding Council strong powers, and that the financial memoranda between the Scottish Funding Council and institutions are strong and effective.

10:00

It is interesting. The financial memoranda account for public funding, which is quite right. As you know, levels of public funding have been declining and institutions look to other funds to cross-subsidise the delivery of higher education in universities. The financial memoranda rely on institutions flagging up sustainability issues, and it appears that that did not happen with the University of Dundee. I suppose that there are

questions to be asked there. Does more need to be done to get that assurance?

However, we do not yet have the outputs of the Pamela Gillies inquiry. It could make other suggestions, although I do not want to speculate on what it will say.

Pam Duncan-Glancy: That is a good point that the committee will reflect on. It could be helpful for us to look at some of the suggestions that come out of that inquiry to see whether we need to do anything with the bill.

Nicola Jackson, do you have a view?

Nicola Jackson: This may be a good time to look at the whole funding landscape. This is possibly the wrong time to isolate apprenticeships, especially when they are so successful. All institutions have funding issues but, to be fair, when it comes to the delivery of apprenticeships, SDS does not have anything near the problems that other institutions may have. Funding needs to be looked at across the board.

Pam Duncan-Glancy: Does the bill need to be strengthened to do that? Mary Senior pointed out that we might want to wait until the Pamela Gillies report concludes in relation to responsibilities, but do you have any sense of what is needed to strengthen that accountability?

Nicola Jackson: I do not agree necessarily that all the funding should go to one area. Risks are associated with the money all being in one pot. We all need additional funding—there is no question about that. It is about how the funding is distributed. Apprenticeships are such a success story and it would be such a shame for that to unravel at this point—and, in our members' eyes, for so little gain.

Pam Duncan-Glancy: Other issues have dominated the past year or so in addition to institutions' concerns about funding. There have also been concerns around governance, practice and fair work. Could any changes be made through the bill to strengthen the role of providers in the skills delivery landscape, including colleges and universities, around fair work and accountability for it

Sarah Collins: I was going to come in on the previous question to make that point. As the UCU said in its submission, we believe that the Scottish Funding Council has reporting and monitoring functions that it does not necessarily always effectively utilise. In certain instances, we would welcome a strengthening of that governance role, but it depends on who is on the board, for example, and who is undertaking that scrutiny.

We understand that there is no option in the legislation as currently drafted for a trade union seat, or more than one trade union seat, on the

SFC board, which seems to be a mismatch in terms of the fair work requirements and the legislation, which we definitely welcome, on having trade union seats on college boards and in university courts. We think that having those places secured on the Scottish Funding Council board would allow for that challenging voice to be heard, and for the practitioner's voice to be heard about the reality on the ground.

The SFC board is often made up of people who are directly funded or have recently been directly funded by the Scottish Funding Council. There is a question mark over the scrutiny that happens at that level and whether it is or is not robust. That is not a difficult thing for the EIS to say any more, given where we are with the University of Dundee. Robert Gordon University and the University of the West of Scotland are also looking at making redundancies, and there have been various lessons learned about the college sector as well. We have highlighted that governance issue numerous times.

I believe—this is a figure from the Scottish Training Federation—that more than 70 per cent of apprenticeships are run through independent training providers, with only around 13 per cent run through colleges and about 9 per cent run through universities. If that continues, there will be a governance gap in the Scottish Funding Council. Without a massively increased resource for the Scottish Funding Council, you can clearly see that there will be gaps in the scrutiny of how public funds are being utilised—for example, are they being utilised effectively to address the skills shortages in the labour market? Again, that comes back to the fact that the legislation is missing an operational plan detailing how that scrutiny is to be undertaken.

Pam Duncan-Glancy: Thank you. Other members will unpick that point further.

Mary Senior, did you want to come in?

Mary Senior: If it is okay, I will come back on the point about fair work and where the bill could be strengthened. In our submission, we note that the Further and Higher Education (Scotland) Act 2005 required universities and institutions to engage with trade unions on outcome agreements—primarily on the widening access aspects of those agreements.

When the Funding Council moved to look at outcome frameworks, that dialogue with trade unions moved into the background to an extent. Our experience is that institutions do not engage as much with trade unions over their outcome frameworks.

Trade union engagement in an institution is helpful for governance and general planning. It would be helpful to strengthen the bill to require

the institutions and the fundable bodies to engage with trade unions.

Further, the Funding Council is required to encourage compliance with fair work in general. Certainly, we know that it has an interest in the area, but that could be strengthened to improve engagement at the institution level with trade unions on key fair work concepts. At the moment, we feel that there may be a tick-box exercise: if universities pay the living wage, which they do, and they recognise a trade union, they think that they have achieved fair work, but fair work is about far more than that. It is about more partnership working and full engagement in the running of an institution. The bill could be strengthened in those areas to create more levers for the Funding Council to engage on fair work.

The Funding Council does meet with the campus unions. We generally have two meetings a year, and we can get additional meetings if there are key issues. Putting that arrangement in legislation would give it more gravitas and make it meaningful.

Miles Briggs (Lothian) (Con): Good morning to the panel—I thank you for joining us.

I will carry on with the questioning on the governance of the Scottish Funding Council. You have touched on some of this. What assessment have you made of the bill's proposal to change the membership of the SFC board in relation specifically to terms of reappointment; the skills and experience of members; and the introduction of co-opting powers? Do any of the witnesses have any views on that? I know that that is putting the cart before the horse with regard to what might be established, but I am happy to take any views.

Sarah Collins: I have partly covered that aspect already, but we certainly welcome the spaces for trade union representatives from different areas of the SFC workforce and from the campus unions. Having the trade union reps on the board as part of that decision-making and scrutiny mechanism provides for challenge in that regard.

The EIS has previously highlighted—as I know the UCU has, too—that there have been challenges with trade union reps on college boards and in university courts. For example, trade union reps have felt targeted by the way in which they are heavily reminded about the code of good governance and so on. The EIS is working on that, including with the College Development Network.

We would like to see the atmosphere, or culture, change if the proposal goes ahead and if the trade union reps are welcomed within the decision-making structures, because it is in everybody's interests to have good governance over public funds, and the best way in which to do that is to

have practitioners' voices clearly respected in the room.

Miles Briggs: Does anyone else want to add anything? I know that Mary Senior touched on this area earlier.

Mary Senior: I absolutely echo the points from Sarah Collins of EIS about the Scottish Funding Council board, which reflect some of the concerns that were explored in the earlier dialogue about the capacity of the Funding Council. It will be asked to do much more, and one concern is to ensure that it does not dilute the work that it already does and the important roles that it already has in the further and higher education sector. We would absolutely like to see more of a workforce voice on the Funding Council board, but clearly it will need the capacity.

Again, I echo what Sarah Collins said about some of the tensions and challenges that the trade union nominees to university governing bodies have experienced. It is a challenging role, because they are not there as representatives. Employers constantly remind trade union nominees on governing bodies that they are there not to represent their members but to bring their experience, and there is a real tension in that regard. As Sarah Collins said, there can be subtle reminders to those nominees that they are employees. The arrangement is still relatively new; the Education (Scotland) Act 2016 act brought in those changes.

One aspect that could improve the experience of trade union nominees on governing bodies and make their role more feasible would be greater transparency around those bodies. There is still a great deal of secrecy around minutes, papers and decisions and what can and cannot be shared, and that ramps up the pressure on the trade union nominees. They are under intense pressure and are scrutinised—or feel that they are scrutinised—to a greater extent than other board members, which makes their position incredibly difficult.

Miles Briggs: My second question is about the apprenticeship committee. We have heard some positive feedback about its current role in SDS, and the bill proposes that an apprenticeship committee should be established in the SFC.

You have touched on union involvement. Would you like to add anything else about how that proposal could change what is currently in place with the apprenticeship committee?

John Lewis: I can take that question, at least in part. If you will indulge me, my answer will relate partly to your previous question, too.

Unite's view is that it is appropriate for the governance structure of any public body to reflect the mission that it has been charged to deliver.

Our expectation, as a union, is that there will be appropriate regard to ensuring that the apprenticeship committee, in whatever shape it might take, is accommodated appropriately in the expansion of the SFC's remit to include the funding and provision of apprenticeships. It will be for the strategic management team, the Government and so on to determine how that might work in practice, but we would expect consultation to take place on that.

10:15

I want to engage with your initial question, too. I agree with what Mary Senior and Sarah Collins have said about representation on the board. Part of the governance mission is the implementation of fair work, so it is imperative that the staff body in an organisation is represented in the governance arrangements, through a seat on the board. That really has to involve an elected trade union representative, because they have a wide-angle view of all the activity that goes on in an organisation, including human resources-related policies.

In addition, trade union representatives are held to account by their membership across the organisation, so if they do not act in a way that corresponds with the remit that they have been given by their membership, they will be held to account. There would be a ballot and they would be replaced, which is right and proper.

For a number of public bodies, legislation has required people on a board to represent the staff interest. That is a nebulous concept, however, because it falls to an individual, who is only really representing themselves; they are not required to engage with staff or with trade unions. I am speaking from experience, not in the SFC but in my previous employment. The individual is not required to engage and they are de facto not, therefore, representing staff interests.

Nicola Jackson: I agree about union representation. I also want to go back and discuss the subject of the SFC and SDS coming together. Unison recognises that those organisations have different cultures. We get on well with the SFC, and I have worked with numerous people in it on various projects. However, it should be recognised that SDS is focused on, and driven by, outcomes, while the SFC—I mean no disrespect to that organisation—takes a more light-touch approach. In discussing governance, therefore, we would like a guarantee that, if the apprenticeship family moves into the SFC, the same rigour and accountability will apply across delivery in the future.

Ross Greer (West Scotland) (Green): I would like to return mostly to Pam Duncan-Glancy's

earlier question and a couple of interesting points made in the written submissions.

I will start with Nicola Jackson's submission, if that is okay. I recognise that this relates to a different section of the union from yours, Nicola, but Unison has made a point similar to the one that I put to the colleges and university management last week with regard to the concern that clawback is a pretty blunt tool. Very often, if an institution is in a position where the SFC is considering clawing money back, taking more money off it will probably make the problem worse. Does Unison have any proposals for alternative enforcement mechanisms that would not only provide the appropriate level of scrutiny but improve the situations in which institutions find themselves instead of, in the worst-case scenario, taking money away from them and more people losing their jobs as a result?

Nicola Jackson: I should apologise, as I did not have a part in writing that submission. The only area of scrutiny in which I have been involved relates to a different level of funding at SDS. When we fund apprenticeships, a lot of rigorous milestone payments go out, and we have the function to claw back money if a learner leaves on programme. That is our funding model, and it is a way of keeping track of the money and ensuring that public money is not wasted. Unfortunately, I do not know enough about the college delivery funding model, but certainly that funding model works for SDS and ensures that every penny is accountable.

Ross Greer: When it comes to funding apprenticeships, do you have the power to claw money back or to disqualify a provider where there have been fair work issues—for example, where the apprentice has not been treated appropriately or where minimum wage levels have not been adhered to?

Nicola Jackson: That is part of the review process. We have skills investment advisers who have strict quality control over the programme, and certain criteria have to be met before the payment is released. I think that, at a previous committee meeting, there was some discussion about the fact that providers have quite a lot of hoops to jump through, but it is recognised that that is how you get the best value for money and the best for the learners who are on programme.

Ross Greer: Absolutely. Thank you.

Sarah Collins, you mentioned the view of the EIS Further Education Lecturers Association—or EIS-FELA—that the SFC has existing powers, but it does not use them. Are you talking primarily about the clawback of finances, or are there other powers that the SFC is currently not exercising, or not exercising sufficiently?

Sarah Collins: There is a tension in the reporting mechanisms, but according to its evidence, the SFC can ask about only what it is told about, and so it does not have as much investigative power as it might require.

Ross Greer: It is quite reactive.

Sarah Collins: Yes, exactly. We would like to see more investigative powers around a cost benefit analysis of what the money is spent on. How is it being used to, say, fill labour market shortages?

I suppose that there has to be a strategy for dealing with what Nicola Jackson has termed a waste of public money, because it comes back to that balance between academic freedom, student choice and fulfilling employers' local and regional needs. Again, having practitioners' voices in the governance structures of the SFC—or whichever body will have responsibility—would go some way towards filling that gap, because they are often the ones who are not just raising issues about the terms and conditions of their work in these governance bodies but very much questioning how the money is spent. They would provide that challenging voice.

In answer, then, to your question whether anything else could be put in place instead of clawback mechanisms, I think that taking a more investigative approach right at the beginning would mean that you would not have to claw money back further down the line.

Ross Greer: If it is your position that, although it could have more powers, the SFC already has a sufficient level of power in this area that it is not using, am I paraphrasing the EIS correctly in saying that, from your perspective, there would be more benefit in putting more duties on the SFC to exercise these powers than giving it more powers without any duty to exercise them?

Sarah Collins: Absolutely. Mary Senior has said that we met the SFC—we do so bilaterally. In the last meeting that we had, which I believe was in February or March, that very suggestion was made to the SFC, and it said that there were a lot of things in the legislation that it was not too sure about, one of which was the mismatch with regard to the duties or additional functions. Again, just having additional functions without resources or an operational plan is not going to do what needs to be done.

Our big issues are twofold—financial sustainability in the funding crisis, and the governance of public moneys. Giving the SFC additional duties without clear ministerial direction and without the resources will not cut it.

Ross Greer: Your submission makes an important point about the duty on the institutions to

“have regard to” the SFC’s guidance perhaps not being strong enough, as they can just have regard to it without having to follow through on it, and there appears to be no clear recourse if that is what transpires.

Do you have any alternative proposals? How much further than having regard to the guidance would it be appropriate to go? The EIS University Lecturers Association—or EIS-ULA—section makes the point that reclassification is certainly a balancing act for universities, while colleges have a bit more flexibility. How far would you like the bill to go with the duty on the institutions to do what the SFC tells them?

Sarah Collins: Again, it comes back to the reporting, monitoring and investigative powers and duties that the SFC would have. At the moment, the colleges know that they can just say, “We’ve had regard to what’s been said. That’s the end of the matter. We’re not taking it any further.”

If there were much clearer—or, indeed, stronger—rhetoric from the Scottish Government and the minister about what the phrase “have regard to” meant, it would go some way towards addressing that balance. At the moment, though, the institutions are clear that not very much will be done if they are not having that regard.

Ross Greer: Thanks very much.

Mary, you mentioned this a moment ago to Pam Duncan-Glancy, but the UCU submission contains proposals for more engagement at a national level between the SFC and unions on issues such as fair work. What outcomes are you looking for in that respect? You will forgive me, but one part of the system that I am less familiar with is the United Kingdom-wide collective bargaining aspects, and I am interested in how they would interact with a new national-level system, structure or framework in Scotland on issues such as fair work not just at an individual institution level but with the national funding body.

Mary Senior: We envisage that it would mean improved industrial relations and greater engagement with trade unions locally on a range of issues, potentially addressing casualisation; improving workload, which is a massive issue in the sector; and greater engagement with worker voice and the fair work framework. We feel that, at the moment, the Funding Council’s powers or, indeed, approach are a bit more of tick-box exercise; it is felt that, if institutions pay the living wage, recognise a trade union and so on, they have met the fair work principles. For our members, though, that is far from the truth, and much more could be done to work effectively in partnership with trade unions to benefit the organisation, the students and the staff.

Ross Greer: Are you looking for those discussions to result in the SFC mandating that, for example, a reduction in casualisation or zero-hours contracts be part of the outcome agreement for a university's funding?

Mary Senior: Yes. We are mindful of the situation with the Office for National Statistics, and we do not want to see universities reclassified, but if there were more scrutiny, trade unions at a local level would be able to bring these issues forward and there would be more impetus and motivation to address them locally. You would have institutions and trade unions jointly reporting to the Funding Council but with greater expectations with regard to the content that they want to see in fair work statements.

We feel that, with some—though not all—of those statements, the employer just writes what it likes and puts it under the nose of a trade union instead of a collaborative and joint approach being taken. A key aspect of fair work is job security; it is clearly a major issue for core staff in the sector, but there is, as you have highlighted, a high level of fixed-term and hourly-paid contracts in the sector, too. If fair work statements focused on that, it could improve the lot of workers in the sector and lead to a better outcome for students and the student experience.

Ross Greer: Thank you very much.

Willie Rennie (North East Fife) (LD): I thank you all for your evidence—it has been helpful.

Nicola Jackson, SDS and the broader skills landscape have been quite extensively criticised in recent years, not just in the Withers review but, prior to that, in the Audit Scotland report in 2022. What is your response to the comments in those reports? Everybody is quite cautious about, or critical of, at least the process, if not the principle.

Nicola Jackson: From working on the ground and speaking to people, I do not recognise any of those comments. From the experience of the SIAs in going out and reviewing learners and employers, we do not recognise any negative feedback.

If you do not mind, I will read out a few examples. Our SIAs interviewed 1,526 apprentices last year and the response was a satisfaction rate in the high 90s. A report was issued last week that showed the highest achievement rate ever for MAs, at 79.8 per cent. Staff are genuinely surprised at the comments that you mention; they go out all the time and speak to learners and employers, and they hear absolutely nothing like that.

Willie Rennie: The reports that I highlighted are from authoritative individuals and organisations.

Where is that criticism coming from? Who is it that they are criticising?

10:30

Nicola Jackson: I cannot comment on the overall workings of the higher-level bureaucracy that goes into apprenticeships. I can only speak from what I see and what I hear back, and I do not recognise that criticism from any of our feedback or satisfaction reports.

As I said, I work in the programme enhancement team, and I have recently delivered two safeguarding community of practice events. We always get feedback from those events, and, again, the satisfaction rate was in the high 90s. People have said that they have learned so much from attending those events and have taken a lot of resources back to their workplaces. What you describe is the complete opposite of what we are hearing from our learners and providers.

Willie Rennie: I turn to John Lewis. As we have discussed, there is a lot going on in the higher and further education world, and the SFC has to deal with many huge challenges. There has been some criticism—as we have also discussed—about the SFC's inability to spot those challenges in advance and try to address them adequately. Do you think that the SFC is up to the proposed changes at this time?

John Lewis: That is an interesting question, and it is a difficult one for me because I am here representing not the SFC but Unite members within it.

Willie Rennie: I appreciate that.

John Lewis: What I would say is that the SFC has a dedicated professional staff—a very lean staff, as you will be aware—who work professionally and diligently in accordance with the remit that we have been given—

Willie Rennie: I am making no criticism of individuals.

John Lewis: No, no—I appreciate that.

We would expect, in the expansion of the Funding Council's remit, that, first, all—or certainly a substantive volume—of the expertise among SDS staff would transfer to the Funding Council. Secondly, that would necessitate substantive appropriate additional investment by the Scottish Government to ensure that the mechanisms, processes and procedures are put in place to ensure that it works.

Beyond that, it is quite difficult for me to answer the question, not because I do not want to, but because I am not across that area.

Willie Rennie: Does anybody else want to answer?

Liam Davenport: In my opening remarks, I mentioned the perception of a division in the direction of travel between the organisations; although some have described that as an opinion, it certainly seems to be shared by multiple individuals.

I am aware, from speaking to PCS members in SDS and SAAS, that they have been demoralised by the criticism of their work from without, including from people such as James Withers, who did not engage with them as workers in the way that they would have expected. Workers in SDS said that James Withers engaged in a high-level assessment of available data and with individual responses from people who were keen to engage, without coming in and speaking to them about what their day-to-day work involves. PCS members in SAAS have said that James Withers did not—

Willie Rennie: It is not just Withers, though. Audit Scotland and others have said the same.

Liam Davenport: It is not just Withers; I will come to Audit Scotland in a moment.

PCS members in SAAS said that they were not even in scope for Withers at first and that they were added as an appendage at the end. That was a demoralising factor for them.

Willie Rennie: Where do you think that the criticism is coming from?

Liam Davenport: First, having watched the evidence session two weeks ago, it is evident to me that the leaders of the organisations are not always in alignment. That is why leadership from the Government is necessary to steer them in the same direction.

Secondly, having listened to other evidence and from reading more generally, I am aware that there is a lot of frustration in the economy that there are not as many apprenticeship places as employers and training bodies would want there to be. That ultimately comes down to funding. Everyone in SDS and the SFC would prefer to be able to provide many more places than are currently available, but they are constrained by the funding that they have and the places that the Government is able to fund. That is another reason why we have to question the level of spend that the change will involve, when that money could potentially be used to deliver more apprenticeship places.

The Audit Scotland report from 2022 makes many of the same observations that Withers makes about the different directions of travel, the need for leadership and that type of thing. When both reports are read together, there is a narrative

that points to the need for clear leadership from above; the idea of staff transfer is secondary to that. Staff transfer has been described as enabling something, but we do not have great clarity on what that is supposed to be. If we had the leadership in place first, maybe that would be clearer, and we could have a more candid discussion of that direction. At the moment, however, it seems to be about transfer for its own sake.

I emphasise the impact that all this has had on the morale of the members who work in these organisations. They are proud of their work—they work in these sectors not because of the pay or benefits or anything like that, but because they believe in public service and in delivering for Scotland. They feel that their work is currently not valued, because decisions are being made without them, at a high level, based on reports that they had no input into, and because the things that they are currently working on may be discarded in favour of something else.

Willie Rennie: Thank you—that is helpful. Does anybody else want to chip in?

I will bring in Sarah Collins first.

Sarah Collins: Our main concern is that the tertiary landscape is a very competitive environment and the bill may not reduce the competition between current and prospective fundable bodies. It may put the money into one pot, which will be distributed in different ways, but it might mean, for example, that independent training providers end up vying even more with colleges for fundable spaces.

We have an issue with the real-terms reduction in funding for further and higher education institutions, and we are concerned that the idea of education for education's sake has been lost in the conversation around skills shortages and so on. While we recognise that there is a need for local and regional employers to upskill their workforce or local community, there is a massive place for education as a priority in Scotland, in which we have education for education's sake; it is not necessarily always the employer's prerogative to mark that out.

It is competition, driven by a market environment in the tertiary landscape, that is ultimately the issue, and the bill does not address that. That has also led to the governance crisis within the landscape, and again, the bill does not address that aspect.

I come back to what the EIS would like to see, not just in the bill—which may or may not go ahead, or may be amended—but in the future more broadly. We would definitely like to see a broader conversation about educational needs in Scotland, not just around skills for employers and

so on, but in a way that allows academic freedom and student choice and that puts the needs of the most vulnerable in society at the forefront.

For example, we have seen massive cuts to additional support needs and cuts to provision for English for speakers of other languages. Those areas are two of colleges' statutory functions, and they are being massively underfunded across the country. Bringing into the SFC all the functions for funding, creation and delivery may not address those big issues, which we have consistently raised year on year.

In further education and higher education, there has been a landscape of industrial conflict for the past 10 years, but the terms and conditions of workers in any sector are symptomatic of a wider, more systemic issue in that sector. Where there is conflict, whether it is about pay, casualisation or fair work, that is, more or less, about issues of governance and funding. The bill will do nothing to address those concerns, and in fact it leaves EIS members more concerned that the Scottish Government is not listening on those issues, if the bill is its response to address them.

Willie Rennie: John, did you want to come back in quickly?

John Lewis: Yes—I have a general point in response to your initial question. Staff within the Scottish Funding Council have strong, professional, co-operative, collaborative arrangements with colleagues in Skills Development Scotland, which operate in relation to apprenticeships and engagement with employers across every sector in Scotland, and with local authorities. It is important to emphasise that. If the bill achieves what it proposes to do, the expectation is that that work would carry on.

Liam Davenport: I concur with what John Lewis has said—I agree with that. PCS members and Unison members in SDS work collaboratively, day to day, with John's members, and indeed with non-union members, in the SFC. If there is a division or a difference in the direction of travel, it does not come from the level of the workers on the ground. It is a leadership issue, and it requires leadership from above to bring that together.

The Convener: I am sorry if I did not pick this up. From whom did you say that it requires leadership?

Liam Davenport: It requires leadership from the Scottish Government.

The Convener: Yes. With regard to the costs of the proposed change, we have heard concerns, and we were written to again yesterday, by Martin Boyle from the SFC, complaining, or articulating, that the SFC has tried to engage with SDS on the funding and there has been a lack of engagement.

Those concerns came through in the evidence session that we had with the SFC and SDS, and they were reiterated in that letter. Mr Davenport, do you think that the minister should step in to address that?

Liam Davenport: Yes. When we in PCS engage with SDS as an employer, the answer to the questions that we ask is often, "We are waiting for Scottish Government guidance on that", or, "We have asked that question of the Scottish Government and are awaiting a reply." That is a repeated theme.

Joe FitzPatrick (Dundee City West) (SNP): I have some questions about private providers. We had some private providers giving evidence last week, and they are clearly not all the same.

The bill contains proposals for a process to approve private providers of further and higher education for the purposes of student support. Clearly, there is the potential for private provision to increase. In response to our call for views, we had some suggestions that there may be a lack of clarity in the checks and balances on those private providers that would be required in terms of student support. It would be good to hear your thoughts on that and anything in the bill you think should be changed to make it stronger.

Sarah, you have mentioned the issue a couple of times. You were polite in calling them independent.

Sarah Collins: It is no secret that we do not support the privatisation of education, if that is the blunter way of putting it.

Although that part of the bill is headed "Student support" and the rationale is for students to receive support, the drafting makes it look as if there is the potential to increase private provision because they can be marked as fundable bodies. I believe that, with UCU colleagues, one of my colleagues spoke to the parliamentary counsel team—the draughtsmen of the bill—who provided some assurances that the provision is only a tidying-up exercise of what already happens. Call us cynical, but I think that the tidying-up exercise looks as if it is providing an easier, more streamlined way for private providers to become fundable bodies.

For example, let us take apprenticeships and the independent training providers that are on the market at the moment. The Scottish Training Federation accounts for over 130 training providers. Some of them are colleges and some are local authorities, but by and large they will be independent training providers. Many of them provide education in the vocational—in inverted commas—landscape, particularly in areas such as construction and engineering. Those areas have been targeted for cuts and redundancies in many

colleges across Scotland. We do not have the figures, but it may be that there is a correlation between the cuts and redundancies that have happened in those sectors, departments or areas within colleges in Scotland and the increase in private provision.

10:45

Colleges are also manufacturing private provision themselves and contracting with independent providers in other ways, which may be a double accounting of public funds. We would have to do some forensic accounting or be an actuary to understand that. Our reps on the college boards are asking questions and challenging management on the issue, but we currently have no recourse to ask those questions when the money goes to independent providers instead of colleges, because we do not have a seat at the table in the governance of the funding. We have asked the questions previously in meetings with the Scottish Funding Council, but it is difficult to get into that level of detail.

Our overall concern is that the bill will actually increase the competition within the tertiary landscape—a landscape that is already seeing a decrease in real terms for funding for further and higher education—and that it potentially will move funding for the skills area of colleges into private provision, which undermines the educational rationale and the professionalism of lecturers who have recently started going through a General Teaching Council for Scotland registration process. There is therefore an issue for the professionalism of the teaching workforce in those areas, as well as the terms and conditions. It is a given that the terms and conditions in the college sector are, by and large, better than in the private sector.

While we have been assured that the bill does nothing more than tidy up the current state of play, the cynics in us are worried about the potential for an increase in private provision in the future.

Mary Senior: I can be quick. We were given the same assurances because we were alarmed to see that provision in the bill. Like EIS, we oppose the privatisation of higher education. We are clear that higher education is a public good, and there are concerns that the provision opens a door to privatisation.

George Adam (Paisley) (SNP): Good morning. I will carry on from what Sarah Collins said. Those of us of a cynical persuasion—I would probably include myself as one—sometimes ask a question and know what the answer will be, but we do not expect someone to give you the answer so brutally. Last week, I was asking questions of the private providers, and I was told by Stephanie

Lowe of the Scottish and Northern Ireland Plumbing Employers Federation that they take a 40 per cent cut—and she was quite comfortable with the language—from the whole thing.

The idea in the college model is that 80 or 90 per cent of the funding goes directly to the apprentice or student and the course. We were concerned by the idea that someone could blatantly come out and say, “40 per cent goes in our sky rocket and we do what we want,” because there is no transparency. It is not like a college—it cannot be subject to a freedom of information request—so there is no transparency.

I have a fair idea of what your opinion will be, Sarah, but what is your opinion on that approach compared to other ways in which we could possibly deliver the training?

Sarah Collins: I was nodding because I thought it was Stephanie Lowe, but it was actually Fiona Rae from Tullos who said that it was in direct competition with colleges, which was also blunt but truthful because that is the situation that we are in.

You have outlined exactly why we do not support private provision. There is always a chunk of money that goes towards profit or an unaccountable senior management cost. In further and higher education institutions, we have made an issue of high senior management salaries, expenses and so on, but there is a way to deal with that: bringing it to this committee, to the minister or to the Parliament. With private provision, there is no recourse for raising criticism of the money that is, essentially, being siphoned off from the public purse. I was wondering whether we would be asked what our issue is with private provision, but you have outlined it clearly, as well as concerns about the terms and conditions, the professionalism and so on.

The issue is not about the people who run the independent training providers. I am sure that, by and large, that is all done with the best intentions, but the money could be better utilised to increase staff in further and higher education institutions, which would then be more responsive to local and regional needs and to national priorities as well. Increasing the provision of staff that can engage with the local communities is a much more democratic and accountable way of utilising public funds.

George Adam: Another concern I have with the situation—Colleges Scotland brought it up—is the idea of double dipping. A subcontractor could subcontract, which to me seems like madness. That is more of a point of view of mine rather than a question.

In closing, I have a question that I have asked everyone. Is there anything that you think should

be part of the bill that you have not mentioned today or that you want to get on the record so that we can look at as time progresses?

Mary Senior: Yes; thank you for that question. Your consultation asked for other areas to consider, and one area for UCU is strengthening governance. I have mentioned already that we had the Education (Scotland) Act 2016, which was the higher education governance act. We feel that some things were not put forward in that. The 2016 act came about following the von Prondzynski review of higher education, which was a collaborative review process. The trade unions had a seat as well as the chairs of governing bodies, employers and so forth.

One recommendation related to senior salaries in the sector. This picks up on a point that Sarah Collins has just made. It would be good to look at how senior salaries could relate more fairly to the salaries of the rest of the staff, whether we look at pay ratios or simply extending the current pay spine. We know that this committee is interested in that issue. It feels grossly unfair and it makes it harder to make the case for funding for the sector when we see exorbitant senior salaries that do not relate to the rest of the workforce.

I spoke earlier about increasing the transparency of governing bodies. It would be a good step forward if reforms on transparency could be included in the bill.

We have one concern with the election of chairs of governing bodies, which is the limits that have been put on the trade unions' ability to promote or support particular candidates to governing bodies or point out their good points. A number of institutions have updated their internal rules so that trade unions cannot promote a specific candidate to their membership, which does not feel fair. We would certainly like to do more to promote candidates who could be good at scrutinising institutions and governing bodies.

Those are some of the additional recommendations that we think could be useful.

Sarah Collins: We support that last point. Other than the issues that we have already outlined, if there is a move to make the SFC the single point of contact for funding, it should also be under a duty to look at where that funding is being utilised and, if it is on senior management salaries, that must be called into question. I believe that a report a few weeks ago said that more than 400 senior managers in universities in Scotland earn more than the First Minister. It must be part of the SFC's remit to look not just at where the money is spent year-on-year but why the money is being spent on those salaries—especially if those people are supposed to be there to provide expertise, experience and leadership that means that we are

not in a crisis. If we are in a crisis, is that money being effectively utilised?

That takes us back to the idea of a cost benefit analysis. We appreciate that there is a huge balancing act to be done with a cost benefit analysis and we would not like to see a postcode lottery of institutions or an analysis that is simply about efficiencies within a market system. Any cost benefit analysis must also be underpinned by an educational rationale. What is missing is the responsibility and duty of the SFC, in doing that cost benefit analysis, to consider where the funding goes.

The Convener: Thank you all for your evidence, the time that you have spent with the committee and the answers that you have given to our questions. We have another panel after you, and we have the minister next week. Then we will conclude our consideration with a report on stage 1 of the bill. Thank you for your input.

I suspend the meeting for 15 minutes.

10:55

Meeting suspended.

11:10

On resuming—

The Convener: Welcome back. We will now hear evidence from our second panel on the Tertiary Education and Training (Funding and Governance) (Scotland) Bill. I welcome Vikki Manson, deputy head of policy in Scotland for the Federation of Small Businesses; Paul Campbell, general manager at Scottish Water and the Scottish Apprenticeship Advisory Board employer engagement group chair, representing SAAB; and Carolyn Currie, chief executive of Women's Enterprise Scotland. Thank you all for joining us today.

I will start with the question that I have asked consistently throughout our evidence taking. What problem exists that the bill seeks to address, and is the bill the answer? Vikki Manson, we will start with you.

Vikki Manson (Federation of Small Businesses): We completely understand the need for the funding landscape to be simplified and consolidated, which is the proposal that is set out in the bill. It presents a good opportunity in relation to apprenticeships, but there is a lot of risk to the funding for apprenticeships as the bill stands, and there is not much mention in the bill at the moment of employers, engagement with small businesses or anything like that at all. So, I have concerns that those things have not been thought through.

There is nothing in the bill that retains industry oversight. The FSB sits on the SAAB employer engagement group, which has been a vital link in enabling industry to communicate the views of small businesses. Losing that link would be massively detrimental to small businesses and the economy, to be perfectly honest.

That is probably it, for a start.

Paul Campbell (Scottish Apprenticeship Advisory Board): I echo what Vikki Manson said. As we understand it, the bill is intended to simplify the funding landscape. Does it do that? In part, possibly, but it focuses on the SFC and the apprenticeship money within Skills Development Scotland, and other funding sources are not included in it. So, it deals with only part of the picture.

From an employer perspective and from a SAAB perspective, does it address the priorities in the system at the moment? Probably not. When you speak to employers and to the people on SAAB, they say that there are clear systemic issues with skill shortages in the economy. Employers are struggling to fill positions and to find the resources to meet demand. There seems to be a supply-and-demand mismatch between what is being supplied through the system and what the economy and employers need, as well as what learners need to move into productive employment.

We could do more to ensure equity of access, too. There is a risk, with the bill as it stands, that the funding for apprenticeships could become diluted. We know that 25 per cent of the people who take up apprenticeships at the moment come from postcodes in deciles 1 and 2 of the Scottish index of multiple deprivation, so they are a trusted route for helping young people, in particular, to enter the world of work.

On the face of it, the bill looks as though it would help to simplify the funding landscape, but core issues exist at the moment that probably need urgent attention. Given the time that, it has been suggested, it will take for the cultural change to happen, for the bill to go through Parliament and for the structural changes to take place in SDS and the SFC, we potentially need to address those other things more urgently.

Carolyn Currie (Women's Enterprise Scotland): I declare an interest in that I sit on the strategic advisory board of the Adam Smith business school at the University of Glasgow.

The current system is not working to advance inclusive economic growth, and it is not working to advance women's business ownership in Scotland, which is currently declining. The bill gives us a marked opportunity to remodel Scotland's tertiary education system to provide

needs-based skills support for women-led businesses in Scotland and to deliver an integrated skills pipeline that can increase the economic contribution of women-led businesses and also grow our national prosperity. However, in order to do that, we have to deliver a model that has a gender-aware framework embedded throughout it. To me, that aspect is currently missing, and that often serves to constrain our economic growth and means that we miss our aspirations to create the inclusive economic growth that we aspire to in our national economic strategy.

11:15

The Convener: Thank you. Let me delve into those issues a little. Ms Manson and Mr Campbell, you both spoke about apprenticeship numbers. Mr Campbell, you said that you are worried that the funding for apprenticeships could be diluted. We had reassurances—if you could even put it as strongly as that—from the Scottish Funding Council that there is nothing to worry about, that that will not happen and that it will continue to prioritise apprenticeships going forward. Are you reassured by those reassurances or are you worried about the lack of any evidence to support them? When we delved further into the issue, we got very warm words but nothing to substantially back them up.

Paul Campbell: That is a real concern for employers and certainly for SAAB. The evidence is that the number of graduate apprenticeships, for example, has been relatively stagnant for many years, since their funding moved from the European structural and investment funds to the SFC. The number of such apprenticeships has stagnated, and that is part of the evidence. The number of foundation apprenticeships has been about 5,000 in recent years, but it is now down to about 4,500, so the number is reducing. Pre-Covid we were well on track to have 30,000 modern apprenticeship starts every year, but, last year, at commissioning, there were 25,500 positions started, so that number has been going backwards, too. The employers that I speak to in SAAB are very aware of the real risk to financial sustainability in higher and further education, and there are fears and concerns that money could be diverted or channelled in other ways, away from apprenticeships.

Going back to the point that there are severe shortages of the skills and resources that the economy needs, we should be forensically looking at what is happening in the system at the moment and where we are spending our money. We spend a lot of money—about £3.4 billion every year—on education and skills, in that order, and only about 3 per cent of that is spent on apprenticeships. We

need to look at that and at which areas are not producing people who are going into employment using their qualifications. The Chartered Institute of Personnel and Development did some research on that in 2022, and about 34 per cent of recent graduates said that they were not using the qualifications that they had graduated with in their current occupations. They were underemployed and were earning less than graduates who had done a degree and were using that degree in the workplace. There is a real fear that that is happening.

We need to look forensically at the system and where the money is being spent; do a skills analysis for the future, looking at what the economy and employers need and what would benefit learners and industry; and then focus on that in prioritising what gets delivered.

The Convener: Ms Manson, do you have anything to add? Are you concerned about not having the same numbers, or increased numbers, of apprenticeships going forward?

Vikki Manson: It is a big risk if there is no statutory provision—I suggested that in my response to the committee's call for evidence. We are concerned that the apprenticeship numbers will be diluted. Where does that then go? Some recent data showed that 63 per cent of the apprenticeships that were delivered by industry over the past financial year were delivered by independent training providers and that only 18 per cent were delivered by colleges. That shows that industry is delivering a lot of apprenticeships as well.

We need to think about who is being served by apprenticeships. I have three teenagers at various stages, so I am very aware of the different options out there. For a lot of young people and people at different stages in life, an apprenticeship is a really good option. For some people, going into employment is the only option in their circumstances—college or university is completely out of their reach. We need to think about the people who are benefiting from apprenticeships and the businesses that need those skills from the people who are not going down the other routes.

The Convener: Mr Campbell, you say in your written evidence that your concern is that

"the potential benefits of reform will not be delivered, involve significant costs, and introduce risks that will take many years to mitigate, without cost savings or financial return."

To follow up a question that Mr Mason asked of the previous panel, do you think that the cost of the proposed reform is too much and that we should scrap the idea because it would be disruptive, would not do what you would like it to do and could be extremely expensive?

Paul Campbell: That is a real possibility. I have tried to decipher the financial memorandum, and Damien Yeates has been quoted as saying that it could cost about £30 million to transfer SDS employees into SFC. I understand from the financial memorandum that about £23 million of that would be pension uplift costs, because there is a difference in pensions, which would have to be uplifted, and there would be on-going pension costs after that as well. TUPE transfer and other transitional arrangements would also be required.

The benefits would be about £9.1 million in efficiencies over four years, so it is difficult to understand how what is proposed would make a significant difference and how the costs would stack up. There is a real need to look at it from a cost benefit perspective and from the point of view of scenario planning. What scenarios could there be as a result of it? If financial sustainability continues to be an issue in higher and further education, what might that mean? What might be the impact of that on apprenticeship funding? If you were looking at it from a risk perspective in business, you would probably say that there is a high likelihood that that issue may continue and might impact apprenticeship funding quite severely.

I think that all of that needs to be looked at. There are concerns that the cost benefit analysis does not show clearly what the benefits of the proposal would be.

The Convener: Mr Campbell, you say in your written submission:

"SAAB is unapologetically ambitious for apprenticeships".

Given the risks that you have highlighted, are you concerned that the bill could harm your ambitions for apprenticeships?

Paul Campbell: Yes, absolutely. I will tell you a bit about SAAB, for context. SAAB is a group of independent employer representatives, but it is not just an engagement group. It has an employer equalities group and a standards and frameworks group, which creates the standards and frameworks that are required for apprenticeships. There is also an apprenticeship approvals group, which approves them, and an apprenticeship engagement group, which is made up of apprentices who engage, contribute and inform direction. It is a group of employers that is totally independent of Government.

On our direction of travel, the ambition in SAAB is to create a world-class apprenticeship system for Scotland, and one of the strengths of the work that we do is that it looks at international best practice. We look at the approaches that other economies and other countries take to education and skills development. What do the best

countries do? Typically, they invest much more than we do in vocational education and training. In Switzerland, for example, compared to Scotland, about three times the number of people in the working population are engaged in apprenticeships and vocational education. There is scope for us to do much more.

We know that more can be done, and we know that it results in higher productivity and economies that perform better. However, the kind of structural change that is proposed does not point towards that improvement going forward. It feels as though the bill is looking at a simplification of the funding landscape but with quite a lot of risk to the things that are going well.

The Organisation for Economic Co-operation and Development looked at apprenticeships in Scotland about four years ago, and it published the report “Strengthening Apprenticeship in Scotland, United Kingdom”. The report said that the apprenticeship programme—and apprenticeships generally in Scotland—had made remarkable progress and that it was now one of the most flexible, responsive and far-reaching apprenticeship programmes available. The core issue is that we do not have enough apprentices coming through that route. That is the absolute core issue.

The Convener: I have one final question. In the previous evidence session, we heard quite a lot about a lack of consultation and engagement with the Government. As important players in this field, how much engagement—if any—have you had with the Government on the bill?

Carolyn Currie: None.

Paul Campbell: We have certainly had engagement through SAAB. We have had several meetings with the team from the Scottish Government and with the minister, and we have had some productive conversations with the team. I think that the Government gets the point of what we are trying to achieve, and we are hopeful that that will continue. We have tried to stay as engaged and involved as possible, in order to shape and inform the future direction. It goes back to the point that the employers in SAAB are not paid for the roles they perform but take them on voluntarily because they believe in the importance of apprenticeships and what they bring to the economy and to learners.

We have been engaged and it has been productive. The more communication and correspondence there is, the better. James Withers also came to speak to us when he was undertaking the review. He said at the time that he did not want to look in the rear-view mirror, but we felt that that was probably a lost opportunity to speak to people who were immersed in the system

and understood what has gone well and what could go better.

The Convener: Ms Manson, I know that the FSB has a lot of engagement with the Scottish Government, but has there been engagement specifically on the bill?

Vikki Manson: No, I would not say that there has been any targeted, direct engagement. I have been at a couple of meetings that the minister has attended, but those were not about the bill specifically; rather, they were wider skills conversations. I am not aware of any engagement with our members.

The Convener: Okay. Thank you very much.

Jackie Dunbar: Good morning. On the national training programmes, the policy intention of the bill seems to be to simplify the skills landscape by consolidating further and higher education and apprenticeship funding. The committee has heard concerns that if it does that, less priority might be given to apprenticeships, given their small share of skills and education funding. What are your views on that? Do you agree?

Carolyn Currie: It is quite difficult, given that there is a real lack of engagement with women-led businesses—that is not a particularly well-established channel. However, the potential is absolutely phenomenal. One of the reasons why such businesses are struggling is that there are systemic inequalities and a lack of access to both financial resources and, importantly, non-financial resources such as skills, which could completely change the trajectory of the businesses and open up growth opportunities for them. The current system of apprenticeships offers massive potential for women to access skills, to get new employees and to play a role in their communities. We know that one of the reasons why women start up businesses is to make a difference in their communities. They often have more holistic ambitions than profit alone, and that is a critical driver that could be built on.

One of the things that we hear consistently is that you do not know what you do not know. Therefore, a really important skills avenue is not being well accessed and well capitalised on by women-led businesses. Our fear is that the good work that has been started and is in view will be lost through this review.

I also point to the fact that women’s lack of access to resources and funding is endemic in our systems in Scotland; it is not just in our skills system. We are concerned that this review could worsen the current situation and continue the declining rates that we are already seeing. We have the potential with these systems to embed a gendered lens across all our delivery channels and to use resources to make a substantive

difference to the businesses that we want to come through and contribute to our economy.

11:30

Jackie Dunbar: Would consolidating the funding make things worse for women?

Carolyn Currie: I am concerned that it could. Traditionally, changes of model have not worked to the advantage of women-led businesses, which have not got better access to resources and support—the same old models have continued.

Paul Campbell: This point is similar to the one that I made earlier. There is a risk that apprenticeship funding could be diminished by putting it in with the SFC. SDS currently has about £98 million for apprenticeship funding each year.

Jackie Dunbar: Will apprenticeships be given less priority?

Paul Campbell: Yes, the risk is that they could be given less priority. I take the convener's point that the SFC has said that it will try to honour and maintain apprenticeships, but without any real safeguards, ring fencing or security, there is a risk that other priorities will take precedence over apprenticeships, which could become diluted and end up in a worse position.

Jackie Dunbar: Ms Manson, do you have anything to add?

Vikki Manson: Yes, I agree. We are all using the word "risk". There is a huge risk that apprenticeships will be diluted. I spoke about the number of apprenticeships. It has been quite static at about 25,000 for a number of years. Pre-Covid, off the back of a report that came out in about 2014, there was a commitment to increase the number of apprenticeships. That was happening, which was great, but then Covid happened—we cannot help that—and the numbers plateaued and have almost come back down again.

However, the demand is absolutely there. Our training providers tell us that they are getting multiple applications for each opportunity that comes up. Data from SDS shows that there are huge numbers of young people looking to access apprenticeships, but they are just not there to be given to them. There is a huge risk if we consolidate the funding and there are no statutory targets or ring fencing. What happens then? Will we see in five years' time that numbers are declining? I am really concerned about that.

Jackie Dunbar: This might be a silly question, so forgive me, but are the right sorts of apprenticeships being offered to maximise what your small businesses need?

Vikki Manson: SDS has definitely done a lot of good work over the years. Naturally, as with

anything, a lot more could be done. There are two things that I would say. One is about skills gaps and shortages. The big message from our members in specific sectors such as hospitality, construction and green skills is that the skills are just not there at the moment.

I am starting to link into other things with this answer, but we are looking at a much broader picture. Skills need to be developed at a much earlier stage. A big piece of work needs to be done, with a lot of employer engagement, to understand what skills they are looking for. Sorry, I have completely lost my thread.

Jackie Dunbar: I do that all the time.

Paul Campbell: The simple answer is that apprenticeships are very closely aligned with the needs of business. We have 80 modern apprenticeships available at the moment. They are all led and designed by employers and based on employer needs. Going back to the point about the way that SAAB is set up, the frameworks, standards and apprenticeships are designed and developed by employers for employers, so there is an absolute fit with what employers need.

On types of apprenticeship, there are only 14 graduate apprenticeships available in Scotland at the moment. There is incredible demand for them. Employers that we speak to say that they need more of them, and a broader range of them, so there is more potential—there is much more to go for. Existing apprenticeships are a good fit and graduate apprenticeships in particular are all based on economic need, areas of growth and skills demand. There is very close alignment between apprenticeships and what businesses need; there are just not enough of them. The last time that I looked at the data, just 1,378 graduate apprenticeship places were approved.

To be fair to the SFC, it has tried to allow some dispensation within co-funding for institutions to do more, but that is not playing through in practice and has made only a very small difference in uptake.

Vikki Manson: I agree with Paul Campbell that the standards and frameworks are designed with employers, who have a voice in that. I am concerned that there is no mention in the bill of employers or small business owners. Those are the people delivering apprenticeships, so where is the reference to them?

We must ensure that there is more employer voice on the apprenticeship committee, as I think it is called. We probably do not have enough of a voice, but that might be our fault as well—we need to engage more and encourage more businesses to have their voice put out there.

The apprenticeships that are available at the moment fit the current economic need. However, we need to look at widening availability to more people. Typically, apprentices are 16 to 25 years old. That has long been the case. We need to think about including older people outwith that age range.

Jackie Dunbar: In my patch of the country, we are trying to transition jobs from oil and gas into renewables. Would you like to see more of that?

Vikki Manson: Yes, that is a good example. Also, some women who have chosen to be stay-at-home mums first are coming into the workplace a lot later. There are lots of different circumstances to consider and there must be opportunities for more people, as they can bring so much to the workplace.

Jackie Dunbar: I totally get what you are saying. I was a stay-at-home mum and look what has happened to me.

My last question is about the proposed definition of a Scottish apprenticeship. Is it fit for purpose? What would you like to be taken out or added in? Paul, you are catching my eye again.

Paul Campbell: I can certainly make a start. Thinking about what SAAB was set up to do, SAAB created a definition of apprenticeship in 2019—the 14 principles of what constitutes an apprenticeship in Scotland came from that. There are some differences in the definition in the bill; some of the language can probably be aligned and worked through. The area of most interest to us is where the bill talks about apprentices receiving “reward”. SAAB’s definition is very clear: apprentices are employed. They have employed status; they are in a job. They work for employers and they earn and learn at the same time. That language has to be looked at.

Another big consideration for us is that the bill is silent on foundation apprenticeships. There is no mention of FAs at the moment and we are not quite sure whether that is an omission or an intentional part of the definition. Foundation apprenticeships are a fantastic first opportunity for young people in school from diverse backgrounds to enter the world of work; they channel diversity into the system. FAs have been a real success story in recent years. The fact that the bill is silent on them creates some uncertainty. We could look at an equalities impact assessment of the bill. What are the likely or possible outcomes for equalities as a result of the bill as it stands? That could merit some scrutiny. There is a bit of fear about what foundation apprenticeships not being in the bill means for FAs as a pathway for young people from school.

I have a final point on numbers and availability. Aberdeen City Council has done some fantastic

work progressing foundation apprenticeships for young people in the senior phase of school, but it cannot meet the demand. It has taken something like 250 young people through that pathway, almost all of them progressing through to the end; that is showing good payback for young people from SIMD postcodes. The council would like to take about 1,000 through that route, but the option is not there to do it. There is that fear about what the definition might mean.

Vikki Manson: I do not have too much of an issue with the definition. I would just touch on the “reward” part of it. Apprentices are employees and the bill does not make it sound like they are, but that is the only part that I would comment on.

Carolyn Currie: I echo that. It is vital to change that wording. I chair the board of the Productivity Institute in Scotland and we know from the research that has been done how important secure work is to drive productivity and employee engagement. It is vital for productivity and economic growth that we are very clear on that definition. I echo the call for an equalities impact assessment, which is important.

Apprenticeships are a fantastic route for women to engage with the massive opportunities in renewables and net zero. It is a route with a clear focus on equality impact and engaging women in the workforce. For women as a group in our economy, a transition into higher-value sectors is particularly important because we know that diversity drives radical innovation, the type of innovation that gives us a step change not just a little tick up. We know that women will set up businesses in areas that they have expertise and experience in, so creating that pipeline and having a gender lens on that right from the start is critical.

Ross Greer: I apologise to the witnesses now, as I need to head off to another appointment before the end of the meeting.

I come to Vikki Manson first. You spoke about the absence of the word “employer” in the bill, which was interesting, and you highlighted the apprenticeship committee as a specific example of where the employer voice can be heard. That is useful—parliamentary committees are always keen for witnesses to make specific proposals for how a bill can be improved.

Do you have any other proposals for how we can make sure that the voice of employers, industry or business—however we are phrasing it—is heard? That could involve amendments to the bill, or changes that could be made as part of the transition process rather than in primary legislation, to ensure that the employer voice is mainstreamed through the system.

Vikki Manson: As I said, SAAB is currently a perfect platform for employers, but other routes

can be taken, too. The best way to understand what employers want is to sit down with them and have a face-to-face conversation.

We have members who employ, or have employed, apprentices; members who may be sitting on the fence in that regard; and members who are, for a number of different reasons, quite apprehensive about taking on apprentices. In our first “Big Small Business Survey” a couple of years ago—our second survey is coming out in two weeks’ time, so I cannot say too much about that—we looked at apprenticeships and what the barriers were for those businesses that did not take on apprentices. The primary reason that they gave was finances—they could not afford to take on an apprentice. I spoke a little about that in my response to the call for views.

Businesses fear the cost of an apprenticeship. They can get money through SDS, but there are many additional costs to employing an apprentice. To be honest, I had not really thought about those costs until I dug into them for my response; they include the cost of additional training, the time of the other employees who are mentoring apprentices and human resources costs. There are a lot of different costs associated with having an apprentice, so, as it stands, that is simply not an option for many small businesses, in particular those on the smaller side.

11:45

Furthermore, a lot of businesses do not know how to access the apprenticeship framework and do not really understand it. We could all do more by having the right conversations and making the apprenticeship route easier for businesses to access. That needs to involve getting different types of employers, from different industries, around the table and speaking to them. I have highlighted the areas in which we see the biggest skills gaps and the greatest shortages, but those issues bleed out into most other sectors.

Ross Greer: Could we legislate for anything to address the costs? Most of the time, cost issues are policy and operational matters, but they are still under our purview. Could we alter or amend anything in the bill to address some of those concerns?

Vikki Manson: The only example that I have is the fund that was available during the Covid pandemic to support apprenticeships. It was massively oversubscribed, so it is a good example of how employers will absolutely take up such an opportunity. If a similar fund were available for employers to access, that would be amazing, and I think that it would encourage a lot of the businesses that are currently sitting on the fence but may want to employ an apprentice to do so.

Ross Greer: I turn to Paul Campbell. In answer to the convener’s first question, Vikki Manson talked about the value of SAAB and the role that it plays in the current system. Working on the premise that the bill will be passed, are you clear about the status of SAAB during the transition period before we get to the new system? Has Government conveyed to you its expectations of SAAB during the transition period to the new dawn, whatever that may be?

Paul Campbell: We have had some very recent conversations with Government about that, and Government has agreed with SAAB, and with the chair of the board, that SAAB should continue during the transitional phase. That is effectively just to ensure that the wheels stay on the bus and that things continue to function as much as possible. That has been SAAB’s position from the outset, because we have been concerned that any uncertainty might have an impact on the current system. Government has engaged with us on that; it has recognised the need for clarity and it acknowledged, a week or two ago, the need to continue working with SAAB until such time as the bill is passed—if it is passed—and we move forward.

On Vikki Manson’s latter point, the fund that she described—the apprenticeship recruitment incentive scheme—came from SAAB, which proposed the scheme to recruit apprentices during Covid. It was a SAAB-led piece of work.

With regard to employer engagement with apprenticeships, I stress that the work, energy and commitment that is needed should not be underestimated. It takes a lot of energy to make apprenticeships happen. SAAB works because we have a group of 80 senior people from all types of sectors, and from trade unions, the third sector and trade bodies, who are actively engaged in working in the system and leading the groups. They are leading that work and doing work within the groups—SAAB is not just a forum in which people come together and talk about things. It works, and it is an active part of the system.

An apprenticeship committee has been announced as part of the SFC. If that goes ahead, we will do whatever we can to ensure that there are clear criteria regarding the people who will be on the committee. They should be invested in the system, and should care passionately about apprenticeships and want to see them form part of the skills offer in Scotland.

A new employer network was launched recently with the intention of supporting reform, but it is less clear how that will function with employers on an on-going basis. I did not make it to the network’s latest call, but I understand that there were some good conversations. However, what will happen next in that respect is unclear.

Ross Greer: I have one final question for all of you. It touches in particular on Carolyn Currie's earlier point about women-led businesses consistently not being engaged or not getting the same level of engagement.

Having defined roles on the apprenticeship committee provides a space for employers. Over the years, leading up to the current situation, I have picked up from feedback a feeling that, while some employers, trade bodies and so on in certain sectors do very well out of the current system and feel very well represented and that their voice is heard, other folk feel that—whether it is because of the nature of their sector or the demographics of the business owners—that they cannot even get their foot in the door. Vikki Manson touched on that a little in talking about where the skills gaps are.

How do we build a structure to make sure that the system is hearing the voices of the people who cannot, as it stands, get their foot in the door; who are not happy with the current system; and whose feedback has, in many ways, led to the introduction of the bill before us?

Carolyn Currie: We should embed it in the bill, and in the governance of the bill.

I go back to your original question about what you can do as legislators. I urge you to specify in the bill that the governance structure should include a board that is tasked with looking at how skills can help women—that is critical. We need to look at the demographics. At present, in general, we consider skills and the economy through an industry-based lens, and we often look at the needs of large businesses rather than the needs of the small and medium-sized enterprise community. We look at the economy as a whole, not just the skills industry, through quite a distinct lens.

However, if we can inject a focus on women where we can, there is so much to be gained for our economy. I constantly feel as though I come to Parliament and give evidence about what is not working, but the bill is an amazing opportunity to put in place a governance structure that would make a real difference. I make a plea for a board within the governance structure that is tasked with looking at the skills needs of women.

We can make a business case for that if we look at the sociodemographics in Scotland. Young people make up about 10 or 11 per cent of our population, and women are 51 per cent of the whole population. That is a massive resource. Why are the propositions in our economy and our skills structure not focused on the needs of our user groups? Women comprise a massive user group, and that group is currently underemployed. The number of women-led businesses is declining,

and we could do something positive in the bill to bring a focus to that. That would be quite simple, and it would make a massive difference.

We could go further on the business case. Women's Enterprise Scotland recently wrote an open letter to the First Minister in which we called for the commitment to a proposition of a £50 million investment for a women's business centre to be enacted and realised. Taking the prospect of a £50 million investment, we can look at the business case for women-led businesses. Such businesses currently make up around 20 per cent of our business base—about one in five established businesses. If we doubled those numbers to just 40 per cent—which is not even parity—we would unlock potentially £8.8 billion in our economy. That is a minimum potential figure. For every £1 of the £50 million that is invested, the return would be £176. That is a top-quartile business case for investment by any standard.

We could, today, start to put in place a model that would begin to unlock that full potential. In addition, it is important to say that the skills structure requires a regional proposition; that would play into the need for a strategic and cohesive focus, which would also help.

Paul Campbell: I have a final point that builds on Carolyn Currie's point. I go back to the fact that SAAB in particular is a group of engaged employers who are actively doing work in the system. There is within SAAB an equalities group, which is chaired by a chap called Stevie Grier from Microsoft. The group has done some work to look at a gender commission and at how we can improve gender diversity in apprenticeships, following on from the work by the commission on race in apprenticeships.

At present, however, it is proving difficult to take some of that work forward because of the uncertainty in the system. To go back to my earlier points, the fear that the change process may become protracted and take quite a long time is negating some of the more immediate work that has to happen now.

Vikki Manson: I agree with Carolyn Currie. From a small business perspective, it would be good to embed in the bill the need for small business representation in the governance structure and on the board.

Bill Kidd: I will go off on a wee tangent. As a result of the changes that will be made by the bill, as everyone now knows, the transfer of staff from SDS to the SFC will result in the SFC becoming almost twice the size, with almost double the number of staff. There are still concerns among people from SDS about where that will leave them. What is your assessment of the proposals? What will the transition achieve for you and your

organisations? What is required to make the transition successful from your point of view?

Paul Campbell: Everything about the transfer aspect of SDS to the SFC is a concern, not just for reasons that you mentioned about the SFC being a relatively small organisation that will, in theory, potentially double in size following the transfer of people. We understand that only part of the team involved in supporting apprenticeships—those involved in the national training programmes—would transfer. There are other parts of SDS, such as those working on inward investment, the employer services team and the teams that work on skills forecast and demand analysis, labour market outlook, marketing and promotion of apprenticeships, that would not go. It would mean taking just one part of SDS, which, in its entirety, services apprenticeships in multiple different ways. It is not a simple lift and shift, which is what it sometimes looks like in the bill.

I mentioned earlier that apprenticeships in Scotland have made incredible progress in recent years: we now have the full family of apprenticeships that offer opportunities for young people leaving school as well as for more experienced workers who want to cross-skill or reskill, diversify their careers and transition into different occupations. There are opportunities for everyone if we can maximise their potential. SDS has been pioneering in that space—that is my take on it. To put that into context, I have been involved in this area for 25 years and the progress that has been made by SDS with apprenticeships in recent years has been incredible—but do not just listen to me, read the OECD report on that as well.

Some of the changes that have been made in relation to SAAB stem back many years to the Wood commission and Developing the Young Workforce. Those changes came in and progress has been made, and the fear at the moment is that we might regress: the progress that has been made on engaging employers in the system and on the apprenticeship family and opportunities that are available might go backwards. SDS has strong skills in stakeholder engagement, working with employers, managing projects and being involved in the groups. There is always rigour behind the work and good data on apprenticeships: there are statistics for the nature and type of apprentices and how many people are coming through. We know that 92 to 95 per cent of apprentices remain in employment in the qualification of the apprenticeship they did three months post-apprenticeship. It is a really strong proposition. Moving that expertise, and taking a part of it and putting it into the SFC—£98 million-worth of funding going into the overall pot of funding—is causing a lot of uncertainty about what benefit it would bring.

Going back to the financial memorandum, there are some points in there about potential additional costs for employers, for example, the cost of designing apprenticeship frameworks could be charged to employers. Many employers are already paying an apprenticeship levy. It is unclear how that levy is being used to best effect in the economy and it looks like some of the levy funds could be moved elsewhere with the risk that the money is diverted into other areas of financial sustainability, which would potentially have a negative impact on apprenticeships.

12:00

Bill Kidd: Carolyn Currie, does the changeover affect women's circumstances?

Carolyn Currie: The engagement is poor at the minute, and can only be improved. I am quietly optimistic that improving engagement is a potential outcome that we could all work towards.

The big issue is the protracted length of time for the change to happen. At a strategic level, any such issues and delay to implementation has an economic cost. We should be mindful that there is an economic cost that plays out in many different ways. Paul Campbell has already testified to the many ways the delay plays out for apprenticeships. It also plays out for the staff involved. When this type of uncertain environment continues, staff generally feel less empowered in their roles. There is a lack of clarity, although that is often for good reason. Looking at models where these issues have cropped up before and learning from them is important. Even when there is nothing to say, communicating that there is nothing to say can be worthwhile in order to try to keep current staff as engaged and as well-informed as possible. For example, it might enable staff to accept that for a particular period, as the bill goes through its process, it is the case that there is nothing substantive to be said. There is value in trying to do what you can to keep staff well-engaged and clear.

Looking ahead, there is an opportunity to better empower staff. All too often, skills opportunities are lost because people are focused on the tramlines in their roles and are not culturally encouraged to take a broader view of the strategy of the organisation. Sometimes the tramlines can constrain as much as they can empower. Creating a culture in a new body where people feel empowered and understand the strategic destinations that the body is trying to reach can better help them to deal with the day-to-day and give much more productive outcomes. Given that we are setting up a larger structure, I hope that that type of culture will be put at the heart of the organisation, with a real determination about what that could look and feel like. There is nothing to

stop those sorts of discussions from happening between people who feel very passionately about this particular area and what could be achieved. A lot could be done to advance progress and the culture of how we approach our skills and skills delivery in Scotland.

Vikki Manson: I agree. In a period of change, there is going to be a risk of disruption and that will cause problems for delivery. However, if we get it right, the bill provides a very good opportunity to increase the delivery of apprenticeships. Looking at society as a whole, we have an ageing population, net zero as an agenda and upskilling within existing businesses. There are so many opportunities for apprenticeships to plug gaps.

Bill Kidd: Thank you very much for a good range of views, which are united and going in the same direction.

John Mason: Mr Campbell, you seemed to say to Bill Kidd that there was a bit of a danger in splitting up SDS. Is part of the answer to completely merge SDS and the SFC and so save on a public body? Some of us would quite like to see a simplified landscape.

Paul Campbell: It depends on how the merger would work. To go back to our key point, which is about how to increase the number, range and type of apprenticeships to meet the economic needs of business, I am not sure how a merger would simplify the landscape.

John Mason: So, the structure does not matter very much?

Paul Campbell: It might seem like an appealing answer to lift and shift, and change the structure. However, the answers to our problem are a bit more complex and will take a bit more analysis. I go back to my earlier point that Scotland needs an ambitious skills strategy and we do not have one at the moment. We must look at where the money is being spent in the system, how much benefit we are getting back and decide how we could better invest and use our funds more effectively. It is not about increasing funding, which is very tight; the question is: how do we maximise the potential of the funding that we have?

John Mason: Merging SDS and the SFC was just a thought, following Bill Kidd's question. You have made your point. That is fine.

One of the proposals in the bill is to give the Scottish Funding Council statutory powers to look at the financial sustainability of colleges and universities. I realise that none of you is in that space. However, do you have any comments about the proposal to give the SFC more power in that area? The SFC seems to have had that responsibility in the past but it did not pick up that Dundee university was getting into trouble.

Paul Campbell: That is not within my area of expertise. However, anything that would improve oversight would help to understand the dynamics. It depends on the application and the outcome of any analysis. If analysis were to show that the sustainability of some institutions was at risk, would funding be diverted from other sources?

John Mason: That point has been raised. What about the financial sustainability and the oversight of other training providers? Is it happening or is more needed?

Paul Campbell: I can address some of that. SAAB looks at training providers, at achievement rates and so on. I understand that our training provider network has very high completion rates. Achievement rates for young people going through apprenticeships tend to be high and the financial input tends to be less than in other parts of the system. There is some scrutiny of training providers now and an understanding of how their system works.

John Mason: Do non-university training providers ever go bust?

Paul Campbell: You will find that some of them feel that they are getting near to that stage. Stuart McKenna of the Scottish Training Federation will tell you that training providers are working within very tight margins. Contribution rates for apprenticeships have not changed for many years.

John Mason: If a provider was struggling, would SDS pick that up?

Paul Campbell: SDS would probably hear the feedback but I do not know what SDS could do about it. Providers not being able to service employers' needs is a risk to the system.

John Mason: Do you want to come in on that, Ms Manson?

Vikki Manson: Quite a number of our members are fantastic training providers who deliver great apprenticeships. The demand for apprenticeships is there. As Paul Campbell said, training providers work within very tight margins. I know from a few conversations that I have had with them that many are considering whether continuing to run their business is viable. They have to plug a lot of the cost gaps. As Paul Campbell said, contribution rates have stayed the same and there has been no uplift.

John Mason: Do you think there is a role for SDS or the SFC to oversee the system or to get more involved?

Vikki Manson: It depends on what that would look like. No members have spoken to us about accountability, so I do not think that there are issues around that at the moment.

Carolyn Currie: There is a lack of data to help us to answer that question. A related question is about what we are sustaining, the value of the system that we are sustaining and how connected it is. From my perspective, the lack of gender-disaggregated data makes it challenging to offer a view on the bigger strategic questions. That is not just in this area—in general, the availability of gender-disaggregated data in Scotland is really poor.

John Mason: I have picked that up before now.

Finally, if the proposal was going to cost £30 million, would it offer value for money? The convener already asked you, Mr Campbell but I do not think that we heard from Ms Manson or Ms Currie. We are uncertain about the cost but if it was going to cost £30 million, do you think that the change and the benefits that we might get from the bill are value for money?

Vikki Manson: I do not know. The money might be better spent elsewhere. Would the benefits outweigh the negatives for business? I am not sure. It is a significant sum of money that could do a lot in other areas around apprenticeships.

Carolyn Currie: I point again to the lack of gender-disaggregated data, which is why it is hard for me to give an informed view.

Miles Briggs: Good morning. You have already answered the questions that I was going to ask about governance, but what do you think could have been included in the bill in respect of, say, targets? What is missing in that regard?

Moreover, why have we not been meeting any targets? I know that we have not set a target in this respect, but it is the case that only 25,000 apprenticeships have been created to meet a demand amounting to 40,000. If that is what is at the heart of this and what we all want to see, I think that we have strayed off course with this bill when it comes to delivering that. If you were designing this legislation or if you wanted to solve the problem of delivering these apprenticeships, what would you have included?

Vikki Manson: In my response to the call for evidence, I said that we should have statutory targets and that the scale should be increased. According to the data, the number of apprenticeships has been static for a number of years now. A report back in 2014 recommended increasing targets—and the approach worked, because we met them. The demand is there. So, targets must be part of the bill.

We also need to think carefully about ring fencing some of the funding for apprenticeships. As we have all said, we are concerned about the risk of that funding being diluted. Finally, I would probably put something in the bill about employer

engagement and ensuring that employers are represented on the governance boards to advocate for small businesses.

Paul Campbell: Targets would certainly help. Picking up Vikki Manson's point, and going back to my earlier point, I would just say that, before Covid, we were well on track to having 30,000 apprenticeship starts every year.

It is absolutely crucial that we understand demand, because it is not understood at the moment. SDS has referred to circa £200 billion-worth of investment being made in the Scottish economy over the next 10 years or so, and last week, I saw a report from the Civil Engineering Contractors Association that was talking about £70 billion-worth of funding and saying that the skills and resources to service those needs were not available.

Targets will help, because what gets measured, gets done. We had targets in the past, and we were delivering against them. To be honest, I have to say that, as someone sitting on SAAB's employer engagement group, I have found it quite frustrating when, in recent years, SDS has presented its expectations for apprenticeships, and the numbers and volumes involved, and those figures have been declining and declining, because of the budget available. SDS's budget has been reduced by 20 per cent, too.

These things have a direct impact on our ability to deliver what we need to deliver. If the bill goes ahead, targets would definitely help by forcing a degree of ambition in what we are trying to achieve, which is something that we do not have at the moment. It should be enshrined in our policy and our skills strategy, and we should do the work to identify exactly what the economy, business and learners need, which should, in turn, inform the targets that must be put in place.

Carolyn Currie: I would echo the call to ring fence funding for apprenticeships—I think that that is critical. The businesses that we work with struggle to access funding. In fact, the situation is appallingly bad; it beggars belief that just 2 per cent of equity investment goes to all-female-founding teams. For businesses that cannot access financial resources, the ability to access skills and people resources becomes even more important for their future growth, ambitions and prospects.

It is an important resource for women-led businesses. If we could have ring-fenced funding and, as I have said, a governance structure that fitted in and intersected with the great work that is already being done in apprenticeships, and have those two things working in harmony, it could transform our economy.

12:15

Miles Briggs: I note that the bill does not go into any detail about skills shortages. Paul Campbell has already touched on the skills strategy, but why do you think that there not been a focus on that issue? Are we missing an opportunity to look at, say, the renewables sector, at the possibility of new partnerships or private sector money coming into that space, and at what we need to do to get the workforce that will allow us to deliver on all these opportunities? Those things are not in the bill, but how can we link those aspects? Is the problem that apprenticeships are not available in that sector, or does the problem lie with the limited numbers that are coming through from the college sector?

Paul Campbell: There are related issues in that respect. With renewables, for example, about £45 billion-worth of investment is being made in that sector over the next 10 years, and my own organisation is investing circa £1 billion every year in critical national infrastructure. The organisations are competing heavily for the same resources and skills, and they are just not available, which pushes up costs.

There is a big opportunity to have co-investment, with the Government working with business on such an approach and how it might provide support. I know that Sir Simon Lister from BAE Systems is very big on that and is looking at how his own company can work with Government.

However, I would also point out that the money that goes into apprenticeships is a contribution, and that employers are investing at least 10 times the amount of money that is provided from any other kind of funding. In other words, for every £1 that comes from Government contributions, employers are putting in about £10 to support apprenticeships.

According to a report that was put together through the education and skills impact framework on public investment in apprenticeships, for every £100 million of public investment, we could expect £450 million of payback by way of employment into the economy over time. We can do more; I do not know why it has not been enshrined in the bill, but it is fundamental that we do that sort of analysis quickly and respond to those needs. Having 34 per cent of our young people graduating from universities and going into occupations in which they do not use their degrees does not seem to make economic sense. You would not have that if you were running a business—I certainly would not.

Miles Briggs: Does anyone else want to add anything?

Vikki Manson: I agree that we have missed an opportunity in the bill by not looking at a skills

strategy as a whole. It is a much bigger picture that we are looking at here, and to be perfectly honest, I do not think that the bill addresses a lot of the issues. As I have said, our members have been telling us about the shortages in the care, hospitality, digital and construction sectors. There are so many opportunities there.

I am sorry, but I have completely forgotten what your question was.

Miles Briggs: It was about how we could make a link with skills shortages in the bill. I know that it is slightly more difficult for SMEs in the renewables sector to be part of the funding stream, but my question was about aligning those shortages with what the bill is trying to achieve.

Vikki Manson: When it comes to skills gaps and shortages, we need to look at the bigger picture. I have touched on this already, but we need to rewind right back to school. I am in a unique position, in that my children are all at different stages in the education system, and I can see what it is like for them. It feels like the same old, same old—things have not really changed since I went to school. My youngest child, who is in first year, does something on sustainability for one period a week—but that is all. That is it. There is nothing about entrepreneurship or green skills.

Therefore, we need to take things back much further, work with employers in different kinds of businesses and look at where the skills for the future will come from. I think that that is one of the big issues.

Carolyn Currie: With regard to skills, there are at the moment some critical gaps in the system at a strategic level. People invest multiple years of their lives training in certain areas, particularly in some of the vocations, go into careers in those areas and then walk straight back out again. That is not good for anybody. We need to review how we recruit for some of these subjects—for example, medicine and veterinary science—that have quite high levels of attrition.

On the positive side—and picking up Vikki Manson's point about entrepreneurial education—I think that a much greater focus on entrepreneurship right the way through school and tertiary education as a career option and a career destination would start to open up multiple options and better leverage the investment that we make in some of the vocational areas that are not realised in the form of careers. If, for example, you have invested in a career in medicine, you might think about joining some of those leading businesses in Scotland that are delivering precision medical instruments.

There are options for people to use their skills in vocational areas to, say, start up their own businesses or match with others. That would be a

huge boost for our economy, because we could be capitalising on and catalysing these skills in higher-value sectors. This is a serious issue that has remained unresolved for years—decades, even—and we have an opportunity to do something about it now.

Miles Briggs: That was a really good point. Thank you.

The Convener: On this issue, I call Joe FitzPatrick.

Joe FitzPatrick: Carolyn Currie mentioned that it is a challenge for female-led businesses to access apprenticeships. Vikki Manson talked about the same challenge for small businesses. We hear that SDS is brilliant at speaking to businesses, but it is clear that it is not speaking to female-led businesses or small businesses.

What is going on? What is your message for SDS? Whatever happens with the bill, the big industries that Paul Campbell and SAAB represent—such as Scottish Water, which is a huge employer and is very different from the businesses that Carolyn Currie and Vikki Manson talked about—will deal with it. Do you have a message for whoever takes over about engaging with small businesses and women's businesses?

Carolyn Currie: Engagement with women-led businesses is poor. Traditionally, those businesses are not clustered in sectors of the economy that we tend to value—for example, women are underrepresented in sectors that are in the industrial strategy, such as advanced manufacturing. Women-led businesses tend to be in areas such as business services, retail and health and social care, and wider economic constructs and agencies—not just those on skills—often do not align well into those sectors. However, those sectors are where our businesses are. We have large industries around business services and support, which can be key enabling industries, but they are not connected well into our infrastructure.

I see no evidence that SDS has been good at connecting with women-led businesses and where they are in the economy. Generally, SDS has been poor. However, the exception is the construct around apprenticeships, and perhaps that is because apprenticeships are driven by industry and have a distinct lens and focus on equality and inclusion.

In our agencies, the responsibility for delivering diversity and inclusion measures often lies with the diversity and inclusion team. Everything is put into that team, and in well-functioning, high-performing organisations, that should come back to the front-end staff, but I see a lack of that happening in Scotland, and we need to break that down. That is why I recommend approaches such as having a

board that is responsible for oversight and diffusion.

I have seen progress over the years, but it has been slow. In skills, the situation has been highly frustrating, because such work could transform the landscape for women-led businesses. Non-financial resources are critical, and that is never more so than in the current economy, where many of the businesses that we work with are at the edge of financial viability. They did not get their fair share of Covid relief grants, and they are struggling in the cost of living and cost of business crises. Their costs are going up, and the majority are telling us that they cannot recover any of their cost increases.

An already constrained financial construct has been put under unbelievable pressure over a number of enduring years. Our business community generally is to be commended for its optimism, resilience, innovation and determination, but there is a limit, and we are seeing a lot of poor health and—sadly—people who are closing their businesses.

Skills have a massive role to play. Opening up routes for women-led businesses to access the relevant skills is critical, because that is missing. To be fair, this is a two-way street—it is not just that the agencies have poor distribution routes into the places where women are. One of the issues that women-led businesses face is that time is highly constrained. For all the reasons that I have talked about, someone who is trying to finance their business against almost unsustainable headwinds is significantly challenged on their time and has little opportunity to make time available to find out where the help and support are. We hear repeatedly from those in the businesses that we work with comments such as, “I didn’t know it was available,” and “Oh—are you using apprenticeships? How did you get them?” People ask where to go and what needs to be done. Multiple issues intersect in the situation.

Today, I am hopeful that we will have an opportunity to change the situation and bring about the kind of meaningful change that could transform people’s lives in Scotland. We do not always get such opportunities, but the bill puts an opportunity in front of us, if we can embed a gender-specific lens throughout it.

Vikki Manson: Some of our small businesses have good representation through SDS. The challenge is that the term “SME” can mean anything from a one-man band to a business with 250 employees. The challenges for different sizes of organisation are different. We can definitely do more for smaller-scale businesses; larger businesses probably find it easier to navigate apprenticeships and funding, because they have more resources. We can do more to present

apprenticeships as a good opportunity that smaller-scale businesses can access—there is work to be done on that.

Paul Campbell: A great point has been raised. The issue has been a challenge for many years, particularly because Scotland's economy is very much made up of SMEs and microbusinesses—the last time that I looked, I saw that they form about 97 per cent of the economy.

It is interesting to look at the apprenticeship data. SDS's financial system records the organisations that apprentices work for. People might—naturally—think that apprentices work for big employers, but that is not the case. The vast majority of the 12,000 employers that use apprentices are SMEs and micros. Apprenticeships are heavily used in that part of the economy.

From a SAAB perspective, it is clear that much more can be done. Vikki Manson has people from the FSB who are involved, and we are looking at involving chambers of commerce, trade bodies and other organisations that can bring to the table and feed in the perspectives of SMEs and micros. That is undoubtedly a challenge and more can certainly be done.

SAAB has looked at international best practice, such as how the dual system works in Germany, where employers are all members that pay membership fees, so they are stakeholders in the system. Employers there are actively engaged through their chambers of commerce.

We have looked at things that other countries do. Such an approach is probably a bridge too far for us at the moment, but SDS and SAAB are thinking about how to get the 12,000 employers much more actively engaged, give them a stake in the system and help them to be active participants. We were looking at trying to do more on that prior to the pending changes and reform.

12:30

Willie Rennie: I like Carolyn Currie's sunny optimism, but why do you think that the SFC is more suited to meeting the needs of businesses that are run by women than the current set-up is?

Carolyn Currie: To be clear, I do not think that. I think that we have an opportunity to embed a mandatory governance structure that would make a difference, but I do not favour one set-up over another.

Willie Rennie: Do you favour the bill?

Carolyn Currie: I favour the bill and the change that it could bring. It could allow us to mandate women's representation and have a board that

would target and deliver on the interests of women-led businesses.

Willie Rennie: Why can we not do that now?

Carolyn Currie: We absolutely could do that.

Willie Rennie: Paul Campbell will have seen the extensive criticism not just from the Withers report but from Audit Scotland. What is your response to that criticism?

Paul Campbell: Sorry—what did you say?

Willie Rennie: What is your response to the criticism from Audit Scotland and the Withers report of the landscape and SDS?

Paul Campbell: I think that I have given a response that reflects the views of SAAB and the employers that engaged in the process. As I have said, my personal view is that SDS has been a pioneer and has shaped the system.

Sometimes, when change is being effected in a system, how that is received can be difficult, because it involves changing a culture. I think that those in SDS would probably hold their hands up and say that there are things that they could do better. A core issue, which I have mentioned, is that SDS has strong employer engagement, is good at engaging with business and understanding business needs and can convert that into solutions that businesses need. The challenge for SDS is about the availability of resources and funding to support the solutions, which are not coming through into the system.

Willie Rennie: The criticism was more than just “do better”, was it not? James Withers was pretty scathing—I have some of the quotes here, but I will not go through them. The wording was not just “do better” but, “You have to change,” because we have to bring together all the funding to deliver the cultural change.

Your assessment is much more modest. You think that what is proposed is a dangerous step.

Paul Campbell: Yes—SAAB is not convinced that this is the right step. Cultural change takes a long time.

To go back to earlier points, there are urgent priorities to deal with now. Businesses are struggling now with resources and with finding skilled people. The cultural change that is envisaged can take a long time to play through into the system. Sometimes, addressing the structure is tempting, but it does really not effect the type of change that you are looking to deliver.

Willie Rennie: I suppose that the danger is that, if we do not go ahead with the bill, it might be an indication that we are happy with the status quo. If the bill did not go ahead, what would be required

to make the changes at SDS that were indicated in the various reports?

Paul Campbell: It goes back to the points that we have consistently made today. We need to do a proper analysis of the labour market and the skills demand. SDS has some capability to do that, but it needs properly resourced to do it effectively.

Willie Rennie: Is it money that is required?

Paul Campbell: Money and resources are a factor, but we also need to be able to do it effectively. The focus has been on apprenticeships, national training programmes and career services. However, rather than looking at it only from an SDS perspective, we need to look at the whole system and what we are delivering—

Willie Rennie: Is that not being done already?

Paul Campbell: It is not.

Willie Rennie: Has SDS not tried to do that? If it has not, why is that?

Paul Campbell: It is just not happening. Some of the challenges have been systemic issues for many, many years. The system is producing a lot of people and a lot of investment, but not in the areas of the economy—

Willie Rennie: If the issues are systemic, do we not have to change the structure? You are right that it has been tried for years, but surely we cannot just keep doing the same thing over and over again and expect different results.

Paul Campbell: It depends on what you think about the structure and what is informing and shaping it. A lot of demand is being driven by what learners would like to do and the qualifications that they would like to get, without those qualifications naturally leading to jobs where people will use them.

It goes back to a fundamental point that I mentioned earlier. The 80 apprenticeships, the 14 graduate apprenticeships and the national training programmes are very closely aligned to economic need and the needs of business and employers. They have been designed with employers. Can we say the same thing about the funding for education? I do not think so.

Willie Rennie: That is an indication that you are satisfied with the status quo, though. You said that those things are closely aligned.

Paul Campbell: Absolutely. The apprenticeship family and everything in it is very closely aligned with the needs of business.

Willie Rennie: I think that there is a slight contradiction in what you are saying. You are saying the system needs to change, but you are quite happy with the system.

Paul Campbell: SDS is one part of the system. I am saying that the part that relates to apprenticeships and national training programmes is functioning pretty well from an employer perspective.

Willie Rennie: Why did Withers and Audit Scotland criticise it so much?

Paul Campbell: That was certainly not the feedback that we gave from a SAAB perspective. I think that I said earlier that, when we met James Withers, he said that he did not want to look in the rear-view mirror too much, which felt like an opportunity missed.

There are other parts of the system. SDS is one part of it. The fact is that we invest a lot of money in other parts of the system without any clear, tangible, demonstrable impact. That is the bit that needs scrutiny.

Willie Rennie: Okay. Thanks.

Carolyn Currie: There is an opportunity to drive massive change here, whether it is done through the bill or through the existing system. My point is that women and women-led businesses are being wholly missed and there is an opportunity to change that. On how that change is delivered, I do not see one side or the other. I just wanted to be really clear about that.

The Convener: Thank you. You have put that on the record.

Pam Duncan-Glancy: If it is all right, convener, I will put my questions on SAAB to Paul Campbell and then move on to my questions about equalities. Does that work?

The Convener: Yes.

Pam Duncan-Glancy: I thank the panel for the evidence that they provided in advance and the evidence that they have given today.

Paul, I want to explore with you the concerns that we have heard in our inquiry, but also in other areas and other spaces, about the winding down of the board. What has been communicated to you and the members of the board, and what has been communicated to employer and apprentice voices, during the transition?

Paul Campbell: Initially, it was exactly as you described it. SAAB would be wound down at 1 April. From a change and transition point of view, the idea of being wound down does not feel very motivational to an active group of 80 employers who are working very actively in the system and trying to effect positive change.

However, we have had constructive conversations with the Government team, which has communicated to us that SAAB will continue in its current shape and form during the

transitional phase until such time as the bill has gone through, when new structures would be put in place. We have emphasised and stressed that we want an assurance and certainty that the structures that will come in will deliver what the system needs before SAAB can be taken out. To be fair, the Government team has heard that and has said that SAAB will continue in its current form until then.

Pam Duncan-Glancy: Is there any reason why the bill could not replicate SAAB in the structure that it will put in? It does not do that now, but is there any reason why it could not do that?

Paul Campbell: Absolutely not. Willie Rennie said that what I was saying was contradictory, but some of the Withers report was contradictory. It said that SAAB is a fantastic example of employer engagement and how active employers in the system can really make a difference and an impact, but it also said that we should wind it down and do something different.

SAAB absolutely could continue to exist with the format that it has at the moment. Our view is that we could build on SAAB as a leading example of employer participation and engagement and use that as the vehicle to shape and inform the system. We could pull on it more and use it more.

Pam Duncan-Glancy: I presume that, if the structural changes that the bill proposes remain, you will be included in the committees and the proposed employer network within the SFC. How would that affect you?

Paul Campbell: To be honest, I do not know at the moment. We would have to know the terms of reference for the committees, who might be involved, who would participate from SAAB and the willingness to participate in that new structure. That is all unknown, unfortunately.

Pam Duncan-Glancy: Has the minister or the Government explained to you the rationale for the previous position, which was that they would wind you down, or the current position, which is that you will stay until we have gone through a transition period, with the bill now talking about a new version of you?

Paul Campbell: They have not explicitly explained the rationale. It has been a process of on-going engagement, conversation and consultation and, perhaps, recognition that SAAB's functions have evolved over time, that what it does is really important, and that it is therefore important to try to maintain them during the transition phase. I refer in particular to the standards and frameworks group and the apprenticeship approvals group. That is where we have evolved to over time.

Pam Duncan-Glancy: Which parts of SAAB would need to be replicated in the legislation to preserve what you say is the success of the model?

Paul Campbell: All of it, to be honest. The bill talks about the SFC, the council and the committee. A committee is one part. However, as I mentioned earlier, SAAB is made up of a number of groups. We have the employer engagement group. We have the equalities group, which focuses on equality issues, diversity and underrepresented groups. It has done fantastic work on that and it is keen to move on. We have the standards and frameworks group, which creates and approves the standards and frameworks. We have the apprenticeship approvals group, which approves both new apprenticeships and existing ones that need updated. We also have an apprentice engagement group as part of that.

All those constituent parts are important in making the system function well. That brings in some of the points that Carolyn Currie and Vikki Manson have raised. A committee would probably not be enough. It would need more substance around it. I return to the point that SAAB is an independent group and all those groups are led by employers who are trying to make an impact and create positive change within the system.

Pam Duncan-Glancy: As you say, SAAB is an independent group. How could the bill preserve that? Should there be changes to the governance structure of the SFC to take account of it? Should the SFC have a duty to support and engage with a network such as SAAB? Would that be the solution?

Paul Campbell: Both of those things would be important, as would enshrining the need for employers to be involved and participate in the system as part of those structures. Employers are not mentioned very often in the bill. It is limited in that regard. The role of employers could be strengthened and enshrined in the bill.

Pam Duncan-Glancy: Will you tell us a little about your relationship with colleges? How would you characterise that? How do they feed into SAAB's work?

Paul Campbell: Colleges are involved in the employer engagement group, which I chair. Numerous college participants have joined the group. Colleges are actively involved in SAAB—they contribute to it and participate in it. SAAB has broad representation from various groups. A point was made earlier about engaging with SMEs and microbusinesses, and I note that no one has ever been turned away from SAAB. We try to make sure that we have representation across all sectors. However, building that into the bill and

making it a legislative requirement would certainly help to make sure that it happens.

Pam Duncan-Glancy: I appreciate that.

I want to talk a little bit about the equalities aspects. Paul, you just mentioned the SAAB equalities sub-group, and I will return to that. I will start, however, with a question for Carolyn. Thank you for your evidence, which is very important. What I have heard is that the current system is not serving women well. Should there be duties in the bill to mandate, for example, data on participation and achievement disaggregated by gender and background?

12:45

Carolyn Currie: Yes. We know from history that targets work. They are something for everybody to work towards and they serve as a point of unity across all the resources that could be put at people's disposal to achieve them. Importantly, targets make sure that an issue does not fall off the agenda, which is what we see consistently not due to some sort of malintent, but simply because something is not a priority. Targets have a role play in that.

I was just thinking about how the current system delivers and about its structure. One of the biggest issues that we see is that the current skills system is arguably not—with some exceptions, Paul—clustered around the user journey; it is mostly clustered around the needs of industry or large corporates and sometimes, but not always, the SME community. Within that, I am also thinking about the resources that the businesses that we work with have talked about or refer to, such as support with maternity leave or support for women who are out of the workplace because of unpaid care commitments, which can suddenly rear up and disrupt careers. Those women are being supported back into work by various programmes, none of which is funded by the SFC or Skills Development Scotland. To me, that is an indication of where the current system is broken. Those programmes are dependent on funding being made available, and where the money might come from is partly a postcode lottery or a funding lottery. So, support programmes are a very fragile part of the support infrastructure that is currently available.

Women have distinct journeys in their careers, as there are key points of departure from the career system such as maternity leave and unpaid caring responsibilities, which I have mentioned. Women also have to navigate the structural inequalities in the system. Having a skills system and a set of resources that are aligned with those very distinct experiences would be a huge help and support in better aligning our skills, our people

and our businesses than the current system provides for, and it would arguably provide a better return on the investment.

Pam Duncan-Glancy: Is there a mechanism in the bill, or could there be, to better reflect the programmes you have spoken about and to direct attention to them?

Carolyn Currie: Fundamentally, ring fencing funding for women in the bill would be one way of doing it, along with ring fencing targets and a governance structure so that those three resources are aligned. Ring fencing funding, governance and targets would mean that something would get done. We know from history that that is what works.

Pam Duncan-Glancy: Thank you. Paul, do you have anything to add on that point, from the perspective of your equalities group?

Paul Campbell: No—sorry.

Pam Duncan-Glancy: Okay. Thank you.

George Adam: I have a final question for our witnesses. Is there anything else about the bill that the committee should consider that has not been mentioned already today?

I take it that the silence means no.

Paul Campbell: I think that we have mentioned most things. I am trying to think whether there is anything that I have not mentioned. No.

George Adam: That sounds good to me.

The Convener: In our previous evidence session, we heard quite a bit about private or independent providers versus colleges. Can you tell us a bit about your interaction with private providers, as businesses and business organisations, and about how it compares with your interaction with colleges that provide apprenticeships?

Paul Campbell: I can speak from my perspective as an employer as well as a member of SAAB. We engage with a number of private training providers to provide apprenticeships, and the quality is pretty good, to be honest—I have no complaints about it. They are servicing a need for us and there are some fantastic providers out there. We work with colleges as well. There is good provision across the system.

The Convener: Is there a noticeable difference between the two? Are the independent, private providers more agile in changing to suit your needs, or can colleges do that just as effectively?

Paul Campbell: To be fair to colleges, they are also pretty responsive. However, an uncertainty arising from the bill is whether, if much more went through the college sector, they would have the

resources, the provisions, the assessors and so on to provide the type of service that employers need.

Generally, the provider network does a good job and I have no complaints about it. I understand that it does it at a pretty reasonable cost as well. From a cost perspective, providers tend to be quite efficient in their delivery. I understand that they receive funding only from SDS, whereas colleges receive some funding from SDS and some from the SFC.

Vikki Manson: I do not have a view on colleges, to be honest. We use only independent training providers, so I do not have anything to add.

The Convener: Are you content with the service that is provided through those independent providers?

Vikki Manson: Yes, outwith the funding issues. There are no complaints about how the service is delivered.

Carolyn Currie: I have nothing to add. Lack of access is the issue, so there is very little to report back on—good or bad.

The Convener: Okay. On behalf of the committee, I thank you all very much for your time this morning and this afternoon, and for the evidence you have provided. I will continue with the committee's work while you pack up, so that we can keep going. Thank you very much for that session.

Subordinate Legislation

Teachers' Pensions (Remediable Service) (Scotland) Amendment Regulations 2025 (SSI 2025/121)

12:51

The Convener: The next item is consideration of two items of subordinate legislation. The first is the Teachers' Pensions (Remediable Service) (Scotland) Amendment Regulations 2025. This Scottish statutory instrument is being considered under the negative procedure. Do members have any comments to make about the instrument?

As members have no comments, is the committee agreed that it does not wish to make any recommendations to the Parliament in relation to the instrument?

Members indicated agreement.

Education (Fees and Student Support) (Miscellaneous Amendment and Revocation) (Scotland) Regulations 2025 (SSI 2025/136)

The Convener: The second SSI is the Education (Fees and Student Support) (Miscellaneous Amendment and Revocation) (Scotland) Regulations 2025. The instrument is being considered under the negative procedure. Do members have any comments to make about the instrument?

As members have no comments, is the committee agreed that it does not wish to make any recommendations to the Parliament in relation to the instrument?

Members indicated agreement.

The Convener: That concludes the public part of our proceedings. The committee will now move into private session to consider its final agenda items.

12:52

Meeting continued in private until 13:13.

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