



OFFICIAL REPORT
AITHISG OIFIGEIL

Education, Children and Young People Committee

Wednesday 28 May 2025

Session 6



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Pàrlamaid na h-Alba

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EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE

18th 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:

Graeme Dey (Minister for Higher and Further Education; and Minister for Veterans)
Jess Dolan (Scottish Government)
Cath Henderson (Scottish Government)
Alison Martin (Scottish Government)
Andrew Mott (Scottish Government)

CLERK TO THE COMMITTEE

Pauline McIntyre

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education, Children and Young People Committee

Wednesday 28 May 2025

[The Convener opened the meeting at 09:30]

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

The Convener (Douglas Ross): Good morning, and welcome to the 18th meeting in 2025 of the Education, Children and Young People Committee. This morning, we have our final evidence session on the Tertiary Education and Training (Funding and Governance) (Scotland) Bill at stage 1. I welcome Graeme Dey, Minister for Higher and Further Education; and Minister for Veterans, and his officials from the Scottish Government: Andrew Mott, head of legislation and community learning and development unit; Cath Henderson, apprenticeship team leader; and Alison Martin, solicitor. Thank you all for joining us.

Before we move to members' questions, we will begin with an opening statement from the minister.

The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey): Thank you for inviting me to give evidence on the bill.

Let me start by underscoring the bill's significance. As Clare Reid of Prosper told the committee,

"the bill is an important step in the reform of the skills landscape".—[*Official Report, Education, Children and Young People Committee*, 7 May 2025; c 3.]

For the first time, we are placing apprenticeships on a statutory footing, which clearly signals the high value that we place on them in driving economic growth and creating high-quality opportunities for learners. Crucially, the reform underscores the parity of esteem between vocational and academic pathways and recognises learners' changing needs, which include more flexible earn-as-you-learn models.

In relation to how the provision will be delivered, we will maintain a mixed economy, with colleges, universities and independent training providers remaining important partners in the landscape. Furthermore, consolidating three funding bodies into two will allow us to simplify the funding arrangements. That directly responds to the point about the complex and fragmented funding environment that James Withers identified in his

review. That was not simply an opinion but an independent and thorough review of the present offering. His conclusion very much aligns with what I have heard from across the landscape, and, as I recall, all parties welcomed it. The system is fragmented, with its component parts too often defending their bit. The bill is reflective of our taking an overarching view and creating a coherent post-16 offering, with all parts working to optimal effect within a clearly understood framework.

Although the bill and the simplification of funding are a fundamental part of our wide-ranging reform of post-school education and training, that is not happening in isolation. Simultaneously, we are invigorating career services, strengthening our national skills approach with Skills Development Scotland and the Scottish Funding Council, reforming apprenticeships and improving the qualifications offer. Those collective actions are designed to elevate the experience and achievements of learners and employers.

As the SFC's remit expands, it is logical that the organisation evolves, too. The SFC will, in effect, become a new organisation. The bill will update the SFC's governance and oversight of tertiary education, which we expect will lead to better experiences and outcomes for learners.

I acknowledge the considerable and valuable work that our SDS colleagues have done over the years, particularly their leadership in employer engagement, to build our apprenticeship programme to where it is today. Let me be clear: we aim to build on that strong foundation and not diminish the offering. We will be calling on the expertise of the staff who will transfer to the new organisation to shape the future nature of the offering.

I hope that the committee agrees that, at its heart, the bill is driven by a universally shared commitment to deliver the best service that we can for learners, employers and the economy.

The Convener: Thank you, minister. We have had a number of evidence sessions on the bill, which, I am sure, you have followed. There has been little appetite for the bill in the sense of it being the real priority for the sector at the moment. How do you respond to that?

Graeme Dey: As I said, to be blunt, the landscape is very fragmented, with every component part of the system pushing its significance, relevance and importance. That issue has come out in the evidence. I recognise that, in the current economic climate, it is inevitable that people will say that there are immediate problems that need to be confronted. I contend that we are confronting some of them, particularly in relation to the economy—we might come to that later in the

session. What the bill delivers was deemed to be necessary by James Withers. That has not changed—we need to make fundamental structural changes to the offering, regardless of the immediate circumstances in which we find ourselves.

I stress that there are two separate things. There is the immediate work that we are doing in response to some of the challenges, but the bill is about creating a coherent post-16 landscape, which is widely recognised as being necessary.

The Convener: Who supports the change?

Graeme Dey: If you look at some of the evidence that the committee heard, you will see that organisations have said that they have immediate concerns, but can see the potential merits in the bill. When the Withers report was published, there was widespread support inside and outwith Parliament for what he proposed. Withers wanted us to go further and expressed the merits of moving to a single funding body, but I have taken the view that that would be too big a leap at the moment. I am sure that we will go on to explore the various reasons why the change is necessary, but there is support out there.

The Convener: From whom? In the evidence that we have heard, there has been a lack of enthusiasm. There are a lot of challenges in the sector, but people are not banging on our door to say that they would like this bill to be taken through in the final year of the parliamentary session. I have a letter in front of me from the Convention of Scottish Local Authorities that shows it is not in favour, and we got a letter yesterday from Western Isles Council, a COSLA member, which is not in favour of the change. SDS clearly has concerns. The most support comes from the Funding Council, which will gain a lot of functions and extra funding from you under this bill.

Graeme Dey: I do not think that that is a fair description of the situation.

The Convener: Can you tell us who supports the bill?

Graeme Dey: Let me explain what I mean. If you look at reform in the round, you will see that there is a huge amount of support for all of the measures, of which the bill is a component part. I understand the argument about whether this is our most pressing ask right now in the context of funding and how it is delivered. If you look at the evidence, you will see that all the organisations are looking for an immediate funding boost. During the 2024 consultation, 80 per cent of the people and organisations that responded were in favour of the proposal.

The Convener: Does that not suggest that you have got something wrong with the bill? People are in favour of the principle and they do want a more streamlined skills landscape—no one told us not to do that—but there are concerns about what you have brought forward. We will get into the issue of cost later, but perhaps you can tell us now how much you think the change will cost, because that will be over and above the benefits that a streamlined skills landscape will deliver.

Graeme Dey: The bill is about delivering a coherent landscape that is sadly lacking at the moment, and I have no doubt that we will interrogate the detail of that in the next couple of hours. The legislation is absolutely necessary. It is not, by any means, the endgame, but it is important, because it would enable us to deliver many other aspects of reform that the whole sector and landscape will benefit from.

The Convener: How much do you think it will cost to implement the bill?

Graeme Dey: I saw the assertions from SDS but struggle to see where it got those numbers from.

The Convener: Have you asked?

Graeme Dey: I suspect that SDS has looked—

The Convener: Have you asked?

Graeme Dey: I am not aware that we have asked, but we absolutely do not recognise that number.

I will explain for the benefit of the committee and wider stakeholders what we did. We outlined the range of possible costs, from extremely optimistic to extremely pessimistic, and we are currently working through what the actual cost will be. We anticipate being able to furnish the committee with that detail in due course, and certainly before stage 2.

The Convener: Why can you not do that now, while we are scrutinising the bill?

Graeme Dey: It is a complex issue that requires a lot of detail that we cannot currently access. However, we are working on that. I did not want to come to the committee—

The Convener: To be clear, what can you not access? You have known for some time that the committee would scrutinise the bill, and you have mentioned a consultation from a couple of years ago. If we were to recommend approval of the bill at stage 1, what detail that would allow us to properly consider the costs would you get in the next few months, between now and September, that you could not have got in the past few months?

Graeme Dey: Over the next few months, we will be able to move forward in ascertaining greater detail.

We think that SDS has taken a figure from the highest end of the range that we provided and added on a bit to arrive at the figure of £30 million that has been quoted. However, we do not believe that the bill's implementation will cost anything like that.

We have a responsibility to interrogate the figures to the nth degree to get all the detail that is required. We are talking about one-off costs. Let us say that the figure that we end up with is £15 million, which would be midway between the lowest and highest points that are cited. That figure would be taken into account over an extended time period. If you judge that in context, the cost of £15 million, or whatever it might be, would cover a five-year or 10-year period and would not be set against one year's budget; it would be a one-off item of expenditure.

I want to make it clear that, whatever the amount of money is, we will look to fund the cost internally within the Government, and it will not be to the detriment of apprenticeship funding. We will come back to the committee with a very accurate figure.

The Convener: I am sorry, but I will press you. What has been withheld from you? Why could you not get the figure for us for our stage 1 deliberation? You know that the cost has come up in evidence.

Graeme Dey: I will bring in Andrew Mott.

Andrew Mott (Scottish Government): The biggest uncertainty is the shortfall payment for transferring pensions, which cannot be calculated with any accuracy until you know the exact staff numbers. It is not something that you can model by saying, for example, "The staff number is 140, therefore the figure is this."

The Convener: You will not know the exact staff numbers at the end of stage 1, but the minister has just committed to bringing the cost details back before stage 2.

Andrew Mott: There is a process to work through—

The Convener: Sorry, just to be clear on that point, you will not know that before stage 2.

Andrew Mott: On that point, we are working out our delivery plans with the three public bodies. As the minister has said, we will provide you with further information as soon as we have it. There is a process to go through. For everybody's sake, we would like to be able to identify, as soon as possible, the specific staff who will be affected, but we need to go through a process in order to do

that. That is the biggest uncertainty in the numbers.

The Convener: If the process works as you envisage, when would we get that information?

Andrew Mott: As the minister said, it will be done as soon as we can.

The Convener: Good.

Andrew Mott: However, I cannot give you a specific date.

The Convener: Why not?

Graeme Dey: Because we have to work through a process with the affected agencies.

The Convener: Yes, I know, but you have known that you would have to work through that process. It has not been unknown or sprung on you—indeed, it came up in our evidence last week.

Andrew Mott: Just to be clear, the financial memorandum was based on numbers that the three public bodies gave us. In the autumn of 2024, an awful lot of work was done to develop an outline business case, which was published on 22 January this year, and to develop the financial memorandum. To come up with the estimates for the financial memorandum, we used publicly available data and the numbers that the bodies provided to us.

The one thing that we cannot put a figure on is the shortfall payment. In the financial memorandum, we gave five case studies as an illustrative range, which showed that it could cost between £1 million and £23 million, but we did not call them estimates because they are not. For all the other numbers in the financial memorandum, we have been able to quantify minimum and maximum costs, but it would be misleading to say to the committee that the shortfall cost would be a minimum of £1 million and a maximum of £23 million.

The Convener: In fairness, other members will tease that detail out, and I do not want to step on any toes.

Andrew Mott: Sorry, yes.

The Convener: I am still unsure, though. The committee has to produce a report, which will be scrutinised by the Government and voted on by the Parliament. At what stage will parliamentarians who will vote on the general principles, potential amendments and the final bill know the cost?

Graeme Dey: As soon as we can possibly provide it accurately.

The Convener: When will that be in the process? I am not asking whether it will be on, say, 13 October; I am asking whether it will be

before our report is concluded, before the stage 1 debate, before or after amendments at stage 2, or before or after the bill is passed by the Parliament at stage 3. You must be able to give an answer on that.

Graeme Dey: Our ambition is certainly to give it to you as quickly as possible, but I anticipate that we would be able to do so before the stage 1 debate.

The Convener: Mr Mott, do you agree with that? You were suggesting that it would not be provided before stage 2.

Andrew Mott: Well, we need—

The Convener: Do you agree with the minister that we will get the cost detail before the stage 1 debate?

Andrew Mott: At every stage in the process, we will give you all the information that we can.

The Convener: Are you comfortable that the minister is committing to giving it to the Parliament before the stage 1 debate? It is just a yes or no answer.

Andrew Mott: We are in the final stages of delivery planning with the public bodies, so I would hope that we could do that. However, to make progress we need the public bodies to work with us and to agree a plan, and we are in the final stages of doing that.

Graeme Dey: Once that is done, we will be able to move at greater pace.

09:45

Willie Rennie (North East Fife) (LD): If the minister says, “Before stage 1”, I would just say yes.

I have expressed quite clear support for the Withers review and the process in Parliament, and I have been overwhelmed by two things: the strength of opposition to, and the timidity of support for, the bill. The minister will have seen and heard the evidence sessions; in summary, it was said in evidence that the bill is a costly distraction from the challenges that are ahead and potentially breaks the relationship with employers. The convener has covered that point, and you might wish to come back on it, but I just wanted to state my summary of the evidence.

I want to focus on something a bit different. Can the Scottish Funding Council cope with this change? When the previous interim chief executive, now chief operating officer, came before the committee, he was less than convincing; in fact, he had to write to us again to clarify what he should have said at the meeting. Not so long ago, he was in charge of the SFC. We

have had the crisis at the University of Dundee, to which we still do not have a resolution, and universities and colleges throughout Scotland are facing financial problems. Can that organisation cope? The minister says that it will be a new organisation, but is the SFC capable of creating a new organisation with all of that going on?

Graeme Dey: As you have acknowledged, the SFC has written to the committee in greater detail. I will not comment on the evidence that was given at the time, but I do recall Paul Grice, I think, expressing considerable confidence to the committee about the capabilities of the organisation under its new leadership. I would reinforce that.

Willie Rennie: That confidence was not unqualified, though. I am paraphrasing, but Mr Grice said that that has yet to be determined—or something to that effect. His confidence was not unbridled.

Graeme Dey: No, but he did say what I have just said, and I would echo it. The SFC has a new chief executive, and we are about to have a new chair. We will transfer across the expertise of the senior staff in SDS who deal with apprentices, and we have an opportunity this year to enhance the board. There are a number of board appointments to be made and that, self-evidently, will involve people with expertise in employer engagement. We will start with some of the evidence that the committee has received, but there are other possibilities, too.

The organisation will be bolstered numbers-wise and expertise-wise, and I have absolutely no doubt that it is capable of dealing with these matters. Indeed, it is committed to doing so. It has been working with the Government over a period and is already looking at what that might look like in practice. Hopefully, the Parliament will pass the bill at stage 1, and we will have time between now and implementation to ramp things up at pace.

I understand the point that you are making, Mr Rennie, about some of the challenges in the college and university sectors and so on, and I am not going to pretend that this is not a challenging time all round, but I go back to what I said before. The bill was a good idea at the time—it was well supported, and the principles in the consultation were supported, too—and it remains a good idea. In fact, it is, in some regards, even more important now that we progress the bill.

I do not accept that it is a distraction. It is a necessary piece of work that needs to be carried out to knock the post-16 landscape into the kind of shape that we need it to be in for the future of the country, both for the benefit of our learners and for the needs of the economy. It is an essential piece

of work that needs to take place, and we can and will do that while dealing with the day job.

Willie Rennie: I do not want to get into the depths of this, but I would just point out that the SFC did not see Dundee coming, and it has missed the opportunity in many other problem areas.

The apprenticeship funding will be dwarfed by college and university funding. Can we be confident that, when the spotlight is off, the leadership of the organisation will treat apprenticeships with the priority that they deserve and which they currently get within SDS?

Graeme Dey: It most definitely will, because, apart from anything else, there will be clear ministerial direction about the importance of apprenticeships.

Willie Rennie: The spotlight on you will be off, too.

Graeme Dey: This Government is absolutely committed to enhancing the apprenticeship offering in all its guises, whether it be, for example, modern apprenticeships or graduate apprenticeships. There is an absolute commitment. The apprenticeship offering is critical to the needs of the economy, and we are in the business of improving it.

As for your initial point, Mr Rennie, I would just caution that we should await the Pamela Gillies report on Dundee.

Willie Rennie: The truth is that the SFC did not spot anything.

Graeme Dey: It did not, but one might also argue that the university court did not really spot the problem coming either. As I have said to the committee before, I am committed to a process whereby we look at what comes out of Pamela Gillies's report, as the committee will. We are engaging with the sector more widely to look at whether we can, through stage 2 amendments, do anything to improve the governance arrangements in relation to not only the SFC's oversight but the court's local oversight.

I will offer an example of one of the things that we have been looking at. We have looked at the possibility of getting ahead of the game by monitoring the cash reserves of the universities on a bi-monthly basis. It would, potentially, give an earlier signal of any emerging issue if their cash reserves were going down—although it is not straightforward, as a number of universities operate revolving credit facilities.

A number of conversations are going on around what better governance would look like to support both the individual courts and the SFC, if that is necessary. Perhaps more powers are needed to

compel the provision of information, but we need to wait and see what comes out of Pamela Gillies's report on Dundee.

I met the chairs of the court a couple of months ago. They are doing a piece of work, not just in Scotland but across the United Kingdom, on improved governance opportunities and things that we could do better, and they are going to come back to us with recommendations. We are absolutely committed to that work.

I do not accept that the blame for what happened in Dundee lies at the door of the SFC, but let us see what Pamela Gillies says.

Willie Rennie: You have made my point for me. You have just described a lot of inquiries and potential changes to powers and responsibilities, but at the same time you are seeking to transfer responsibility for delivering a service, instead of commissioning or transferring funds to other bodies to deliver that service. It is a different type of function. SDS delivers the apprenticeships model, while colleges and universities deliver something else with their college and university funding. We are talking about a different model and set-up, and it will be dwarfed by college and university funding.

Given all that context, do apprenticeships have any hope of getting priority, even if ministers think that they are important? You need somebody to champion apprenticeships, as the chief executive of SDS currently does, to ensure that they get the all-year-round support that they deserve and need, for the reasons that you have set out.

You have made the point that there is a lot going on in colleges and universities. Thinking of all the transfers that are going on, why are we shifting something when such a shift is opposed by many people, and its supporters are tepid in their support?

Graeme Dey: I go back to what I said to you: in the consultation, there was 80 per cent support for the move. We are hearing a bit of a conflation of certain current challenges, which I fully accept are significant, with the need to do this. People fundamentally recognised and were in favour of the need for this move, and they have taken the opportunity presented by the bill to highlight their current challenges and issues. Fundamentally, the need for this bill—and the change that it brings—remains.

The Convener: To go back to Willie Rennie's point, you have made it very clear that the apprenticeship funding would be secure and would not in any way be diluted. The chief operating officer was equally adamant that that would not happen. Those are very strong words, but they are no more than that—there is no guarantee.

You have talked about ministerial direction, but how would that work, given the Office for National Statistics classification in relation to the Funding Council? Ministers have said many times in the chamber that they are giving money to the Funding Council but they cannot direct it to go to Dundee university. How would this be different? If there is still concern that the words, though welcome, are no more than words, is there a need for the funding to be ring fenced or for there to be something in the legislation that says that the money can only, and will only, be spent on apprenticeships?

Graeme Dey: ONS classification pertains to universities.

The Convener: Yes, but what I am saying is that, with regard to Dundee university, you said—ministers said—that they could not direct that money. I accept that this is slightly different, but in that case, money was going from the Government to the SFC, but you could not direct the SFC to spend it, because of ONS classification. In this case, you are putting money towards the SFC, and you are saying that you can direct it. I understand that there is a difference between the money going to universities and the money going to apprenticeships, but a theme that I have noticed is that ministers will often say, “We are not going to direct this or that body.” Should there be something in this legislation that specifically does direct the body in this respect, and should that money be ring fenced?

Graeme Dey: I will bring in Andrew Mott to talk about the drafting of the legislation.

The Convener: Before you do so, are you against or in favour of apprenticeship funding that goes to the Funding Council being ring fenced in the new apprenticeships budget? Would you be in favour of or averse to that?

Graeme Dey: I have made a commitment with regard to the Government’s view of the importance of apprenticeships. If, in your stage 1 report, there were a view that you would want to see something in the bill that reinforced that, I would be happy to consider it, convener.

The Convener: You do not have a view yourself.

Graeme Dey: I do not—

The Convener: I am trying to tease this out.

Graeme Dey: From my perspective—that is, from the position of a minister who is absolutely committed to apprenticeships and who sees this growing, not reversing—I do not see a problem there. If we look at the appetite for earn-as-you-learn models, the move being made in the university sector towards having more graduate apprenticeships and wanting to enhance them,

and the needs of the economy, we see that there is a direction of travel. Because of the cost of living crisis, it is more challenging for young people to embark on some of those courses. Therefore, I envisage more of an emphasis on earn-as-you-learn models.

I do not see an issue at all here, but if the committee were to take the view that it would like some reassurance, we would be happy to consider that.

Andrew Mott: I would point out that, under the Further and Higher Education (Scotland) Act 2005, ministers have powers to fund the SFC and university and college provision and to set terms and conditions for that funding. Those terms and conditions can be cascaded.

The bill’s structure replicates that for apprenticeship and national training programmes, so all the same safeguards that would apply to college and university funding would apply in that situation, too. They are not a weaker or more inferior—

The Convener: But you must accept that it is a wholly different matter with regard to this legislation when you look at the quantum. The quantum that is being spent by the Government through the Funding Council on universities and colleges already dwarfs that for apprenticeships, which is why our witnesses have expressed concern about the risk of that funding being merged with other pots.

Andrew Mott: I appreciate that, but the number of SDS staff who will be transferred to the SFC to do this might well exceed the number of SDS staff in the SFC at the moment. Although the funding might be an order of magnitude smaller, apprenticeship provision will not get dwarfed. It is not as if we are talking about three people joining a huge organisation; as the minister said in his opening remarks, the SFC is going to be, in effect, a new organisation. It has a new chief executive, and it will have a new chairperson and a lot of new council members through natural turnover. There will be an apprenticeship committee, which will be a statutory committee of the SFC with employers and other representatives on it to drive the apprenticeship work forward.

It is not right to present apprenticeships as a little tag-on. This is a new organisation—

The Convener: In terms of the quantum, though, there is a massive difference.

Graeme Dey: In terms of the money, yes, but in terms of presence in the new SFC, that will be massive, too.

The Convener: What will be the difference?

Graeme Dey: In what sense?

The Convener: In relation to the number of staff. I thought that you did not know—

Graeme Dey: We do not know the exact quantum, but it will be in excess of 100 people.

10:00

Andrew Mott: The SFC has 140 or 150 people—or something like that; I would need to check the exact number. As the minister has said, we need to work out the exact number of staff who will be transferred, but the estimate in the financial memorandum is that it will be something like 150 to 175 full-time-equivalent posts. It will be, roughly speaking, a number equivalent to the existing cohort in the SFC.

Graeme Dey: Instead of apprenticeships being, as Andrew Mott has said, an add-on to the organisation, they will become a critical part of the SFC's activities. The Government's view is that there needs to be a growth in apprenticeships, both numerically and in quality.

The Convener: The budget that more than 50 per cent of the staff will be responsible for will pale into insignificance compared with the budget for colleges and universities.

Graeme Dey: In that sense, it will—I cannot disagree with you on that. However—and I do not think that we can make this any clearer, convener—the new organisation will, in every respect, put a huge emphasis on apprenticeship delivery.

The Convener: Okay. Thank you.

Pam Duncan-Glancy (Glasgow) (Lab): I share some of other members' concerns. I am not convinced that the bill will address the problems, because the evidence that we have had does not suggest that. In fact, some witnesses have suggested that it is not structural change that is needed but leadership.

There is a need to grow apprenticeships. Modern apprenticeship starts are below the pre-pandemic level, foundation apprenticeships—the demand for which is still clear—are capped, and graduate apprenticeships are static. The Scottish Apprenticeship Advisory Board said that the model is stagnant and rigid. We know that the rate of positive destinations for people who leave secondary 4 is decreasing and that tens of thousands of young people in Scotland are not in education, employment or training.

The way that people have characterised the problem is not to say that we need structural change but to say that cultural barriers are holding back work-based learning, that demand for training in technical and engineering-based occupations outstrips supply and that there are

skills shortages in various areas. Will the minister set out how the bill will address any of that and when we can expect to see more people enjoying an apprenticeship?

Graeme Dey: That is a very good and fair question. The bill will not, in itself, achieve any of that, as that is not what it is about. The bill will enable things.

Let me talk about the bill in the context of the other work that has taken place in order to address some of those issues. We are doing a lot of work on skills planning, because we need to ensure that we provide the apprenticeships that are needed for the economy and to give sustainable long-term employment to the very people that you are talking about. We are doing an extensive piece of work that goes right the way back to the careers offering in the country, because we need to improve that—we need to support people into making the right choices.

There are also individual workstreams on foundation apprenticeships and graduate apprenticeships. Bear with me, convener, as I want to explain those in a bit of detail. An assessment is being done on the effectiveness of foundation apprenticeships and on the wider vocational offering in schools. You heard evidence about the excellent foundation apprenticeship offering that is available in Aberdeenshire. However, that is not universal—it is nothing like universal. I visited another part of the country, where a business told me of its experience. The local authority provided it with three foundation apprentices, none of whom were remotely interested in the work of that business. That is a waste of resource and it is a waste of time for the young people concerned. At times, there is an element of local authorities using foundation apprenticeships as a means of getting disruptive young people out of classrooms, regardless of whether they are being placed somewhere that suits their interests and talents. We are considering that closely.

That is set alongside the vocational offering. For example, New College Lanarkshire is doing a fantastic piece of work with its local authority in which they are delivering higher national certificates in sixth year at school. We are looking at that in the round with a view to getting the offering into the kind of shape that it needs to be.

On graduate apprenticeships, a workstream is well under way, which is being led by the principal of Glasgow Caledonian University. I charged him with the task of coming back to me with a more wide-ranging model that would be better aligned with the needs of the economy. He has been given a blank sheet of paper to get on and do that for us.

That is an example of the opportunity that the bill presents. As we take apprenticeships into a different setting, we are interrogating every aspect of how they are currently delivered and how they can be made to be better than they currently are. I have had many conversations—including with stakeholders who have expressed concerns to the committee—about the opportunities that will arise from the proposed move.

SDS has made it clear that it does not think that there is an issue here—it does not think that there is a problem to fix, particularly when it comes to the delivery of modern apprenticeships. I think that there is a problem to fix—I hear that loud and clear from stakeholders. We have spent a lot of time engaging with stakeholders since the Withers review came out.

I will give some examples—several of which have been raised with the committee—of things that the bill will enable us to tackle through the work that is already well under way. Phiona Rae of Tullos Training said that a bureaucracy had grown up around apprenticeship delivery. I have heard other training providers, particularly private providers, say that. We will explore that.

The committee has heard about how managing agents operate, which involves the retention of a sizeable proportion of the moneys that are contributed to training. Again, that is an issue that we have been heavily involved in looking at, because it troubles me.

The fact that we have a process whereby the apprenticeships that are allocated can run over more than one year, in a one-plus-one model, ties our hands with regard to our ability to be more agile. A case in point is the fact that we have identified a pressing need in the economy in relation to engineering, but if we wanted to be able to pivot a little to focus on that in the next year, under the current model, we could not—our hands are tied.

Pam Duncan-Glancy: How will the new model reduce bureaucracy and untie your hands?

Graeme Dey: The point that I am making is that the bill creates an opportunity for us to take a different approach. We know what the issues are. Moving the responsibility for apprenticeships into a different organisation will give us an opportunity to tackle the problems that we have.

I will give another example. In any year, around 10 per cent of the apprenticeships that are allocated at the start of the year come back into the system, because they have gone unfilled. In my view, that is not a sign of a successful approach. When those apprenticeships are reallocated, there are sometimes challenges—engineering is a case in point—in getting the training, particularly if someone is going through

the college sector, because the college year will already have started.

There are a number of aspects that we know need to be fixed. SDS has made it clear that it does not believe that some of those are particular issues. Moving the responsibility into a different organisation gives us the opportunity to tackle those issues and others.

Pam Duncan-Glancy: I do not think that SDS denied that there are concerns about the issues that you outlined. In fact, SDS and others said that those issues—the inflexibility that exists and the fact that apprenticeships go back into the system, as well as colleges being in a perilous situation as a result of decisions that have been taken in other parts of the portfolio that the minister holds—were all concerns for apprenticeships. The Federation of Small Businesses said that it was becoming much more difficult for its members to be able to afford to take on apprentices.

Those are the problems. The bill does not seem to address any of those things. In fact—

Graeme Dey: But it was never designed to do that. I want to be clear: the bill is quite a narrow bill that will enable us to kick off the process of tackling those issues. That is what it will do.

Pam Duncan-Glancy: Is the bill the Government's answer to its inability to provide the leadership that is needed through the organisations that currently exist? That is what it sounds like.

Graeme Dey: The bill is not about providing leadership for the organisations that currently exist. On the back of the Withers review, we have spent a long time exploring what works well in the system and what does not work so well. The bill provides an opportunity to come at that from a fresh direction.

Pam Duncan-Glancy: I do not think that anyone has put it to us that bureaucratic structural change is necessary in order to address what does not work well.

I can see that Mr Mott is looking to come in—I will just finish my point. One of the concerns that we have heard about the move is that SDS has stronger links with business and industry than the Scottish Funding Council. The minister spoke about the need for a connection between careers advice in schools, national skills planning and apprenticeships. That will all be dismantled if we take one part of the SDS product and put it elsewhere.

Graeme Dey: Not at all.

Pam Duncan-Glancy: What is the minister's response to the concern that business and industry will not be able to influence the process

and, therefore, will not be able to address some of the key issues that act as barriers to young people accessing apprenticeships?

Graeme Dey: If anything, we want to enhance business involvement across the gamut. You talked about careers. We need greater business input into the careers offering—that is a challenge to them. Skills planning has been enhanced—

Pam Duncan-Glancy: The Public and Commercial Services Union said that skills planning would be more difficult, because you would be pulling out a key part of an organisation that has links to employers and putting it into another organisation, which would leave the careers service without those crucial links. That contradicts your view.

Graeme Dey: I do not accept that at all. In this instance, the work that has been done on skills planning would see the existing functions still sitting within those two organisations, with the Government taking an overarching lead. I do not think that anything would be pulled out. The careers service is about much more than SDS.

Pam Duncan-Glancy: I agree.

Graeme Dey: All the component parts of the careers services collaborative need to do their bit. At the moment, there is a bit of a conflation that suggests that this is all about careers advisers in schools—far from it. All the work will come together with an overarching vision for the post-16 landscape. I do not accept that placing the responsibility for apprenticeships elsewhere would create the difficulty that you are suggesting.

The SFC already engages considerably and in a variety of ways with business. I fully accept the member's point, but, since day 1 of the process, the team and I have been engaging directly with business. An employer group has been set up, which met a couple of weeks ago. In the first instance, it will look at apprenticeships, but its remit has been broadened beyond that. An apprenticeship committee will be provided for within the SFC, which will have a broader remit than the existing SDS committee, the SAAB.

Extensive work is being done. This is about making the offering better than it is currently. In the context of employer engagement and the SFC's committee, some of the evidence that the committee has taken from various stakeholders on how we could expand that has been quite useful.

Pam Duncan-Glancy: Another thing that businesses have told us is that the system needs to be much more agile and flexible. If the Government is going to take a colleges-first approach, there needs to be a different relationship and offering that will enable business to access what it needs to from colleges and

empower colleges to be agile. What will the bill do to change any of that?

Graeme Dey: I agree with them about the need for agility, and I do not think that the current system is nearly agile enough. The member must have missed what I said in my opening remarks, because I am aware that James Withers called for a colleges-first approach, but that is not our starting point.

We believe that the best interests of the learner and the employer would be better served by a mixed economy of private and public training providers. I made it clear that I had reached that conclusion when I spoke at the annual conference of the Scottish Training Federation last year.

I was a little surprised to hear that some private training providers are still of the view that we will take a colleges-first approach, but I reinforced our position with the chief executive officer and chair of the Training Federation just last week, and I am meeting a group of its members shortly to tease out some of their concerns about the delivery of apprenticeships.

I have spent a lot of time looking at that point, because the Withers review recommended that we go with a colleges-first model, but the fact is that, in some instances, private training providers have a better offering and better kit, and they are able to bring everything together.

10:15

If you go to the Construction Industry Training Board's national construction college at Inchinnan, you will see its offering. The Arnold Clark motor trade training facility's offering is stronger than that of many of our colleges. There is a balance to be struck between the colleges' strengths in delivery and those of the private training providers. That is the road that we are going down.

Pam Duncan-Glancy: What is the role of colleges, then?

Graeme Dey: The role of colleges remains important. There are opportunities—I do not want to go into too much detail, because conversations are taking place—for colleges to come together to create centres of excellence in particular disciplines, and there is an appetite for that. They could come together to take on the role of managing agents, perhaps. That is another opportunity that arises from this move, so that the moneys that the committee has heard about remain much more within the public sector. All those conversations are well under way, and—as I keep going back to—we are open to making that change. The bill allows us to deal with the issues that have been brought to us by James Withers and others.

Pam Duncan-Glancy: Women's Enterprise Scotland has said that engagement with women's businesses is not what it should be, and that the bill does not do anything to address that. What is the minister's response to that, and what can he foresee as being a solution in the bill?

Graeme Dey: I absolutely take on board that point, if it has that concern. One of the good pieces of work that was done by SAAB, which was led by Natalie Buxton, was a review of gender issues across the landscape, and I am pleased that Natalie has agreed to continue to work with us, because we want to weave that into all the reform work—not to have it as a separate workstream, but to weave it in. I will absolutely take away that concern about women in business organisations, and I commit to meeting Women's Enterprise Scotland to hear directly the specific concerns that it has raised.

George Adam (Paisley) (SNP): My question is on the SDS side of things, minister. Basically, Damien Yeates came to the committee with the narrative that SDS is doing a fantastic job and that only he can deliver. I can understand that narrative, as he feels that his organisation is under threat. I get where he is coming from. He was forthright about it, and I liked what he had to say. However, he said that Withers was just a point of view. What do you think of someone who is part of a Government organisation coming out with such a statement—that an independent review such as the one by Withers is just a point of view?

Graeme Dey: Forgive me if I am being presumptuous, but I do not think that anyone in this room thinks that Withers was just an opinion—a point of view. It was an extensive piece of work that was carried out by a highly credible and respected individual. I do not know about other members but, at the end of my reading of the Withers report, I realised that I had sat nodding in agreement with pretty much everything. The work that I have done in the period since then, engaging with business and various stakeholders, has reinforced that.

To come back to your point, Mr Adam, about some of the evidence from SDS, the chief executive was, clearly, proud of the fact that 76 per cent of apprentices complete their apprenticeships, and I recognise that that is a better performance than elsewhere on these islands. However, I am not proud of the fact that almost one in four apprentices does not complete. I do not think that that is success. Some of the retention rates in a number of our colleges are not good enough. We have to aspire to do better.

There are lots of factors with regard to young people not completing college or apprenticeships. Often, those are outwith the control of those who are charged with delivering the programmes.

Members of the committee know that the way in which we measure college retention is a bit unfair on the colleges. Nevertheless, we need to improve completion rates.

That is where the read-across to other areas of reform comes in. Getting that careers offering right is important because, at the moment, we have too many square pegs in round holes. That is what is happening in reality. It is one of the major contributory factors to the rate of lack of completion.

I do not want to focus entirely on SDS and apprenticeship delivery, because Withers set a challenge for everyone—and we have all been challenged, particularly Government. I have held up my hands and said that I think that his criticism is justified and that we can do better. We need to see that level of self-awareness across the landscape.

I was struck by something that the committee might be interested in. Construction is a remarkably important sector for the country and its economy. The Construction Industry Training Board tells me that around 18,000 young people go to college in Scotland every year to study construction but that only 15 per cent of those go on to work in construction. That is an example of some of the ideas that have arisen from the reform work and it challenges us to ask ourselves why that is the case and what lies behind it. If people are going to do courses, they should surely be ones that they are interested in and that will deliver to meet their needs and those of the economy. We must ensure that we have the workforce that we need, not for tomorrow but for now.

We must be honest with ourselves, because the numbers show that we are not getting it right and we must all ask what we should do to tackle that. I absolutely agree with Mr Rennie's point about immediate challenges, but if we do not take the opportunity that Withers has presented to us and that the bill presents, and if we do not recognise the concerns that have been articulated, what will we do then? Are we saying that we are not going to respond to the places where we are coming up short? Are we going to let this slide because we are in challenging times and it is too difficult? That is not where I am. We must address some of the immediate challenges, but we absolutely must take a strategic view of the post-16 landscape and get to the point where the young people who are best suited to go to university are doing that—perhaps by doing graduate apprenticeships—and the young people who should be going into apprenticeships if that is the right thing for them are in the right apprenticeships. That is what the overarching reform is about.

George Adam: Is the bill the starting point for that reform, or is the bill it?

Graeme Dey: It is only the starting point. As I have said to the committee, it sits as a key enabler in a much wider, huge, piece of reform work. To be honest, I have made that more challenging because every time that we have lifted a rock—

George Adam: I have worked with you, minister, and I know how challenging you can make things.

Graeme Dey: Whenever we have lifted a rock and found something we have not put the rock back. We want to take the opportunity to get this right.

I saw some talk in the evidence about this being a 10-year project, which it is in some regards, because it will take five or 10 years to get everything in place. However, there are provisions within the bill that we could enact sooner and we will look to do so. There are things that we can do in the meantime. There is a piece of work under way that I can share with the committee because it should be finalised in the next few weeks. It looks at how all this will come together and what the timeframe will be and it may give you a better picture of what I am describing. We are clear about our direction of travel and where we will get to, but, to your point: although the bill is critical it is only a small part of the reform. It is the starting point that will allow all the work to flourish.

The Convener: I understand the criticisms of and concerns about apprenticeships that were raised in the Withers report. What is your response to the report by the Organisation for Economic Co-operation and Development, which was actually quite positive about what we are doing here and said that other countries could learn from the way in which apprenticeships are delivered in Scotland? I ask that question for balance.

Graeme Dey: I said earlier that we have strong foundations to build on. We do, and we should recognise that. Some of the very people who have established those strong foundations in apprenticeships will move across to the SFC. Thanks to Frank Mitchell, the SDS chairman, I have had direct conversations with those people and have set them two immediate challenges. The first is to look at what they would do differently if they were not working within their current framework and if we let them run free. That is a bit of an exaggeration, but you know what I am getting at. We asked what they would do differently.

The second challenge is a question about what impediments or perceived impediments there are to being able to deliver the vision that they believe

would be better. We are awaiting feedback from them on that.

Some of what the OECD report suggested featured in Withers. There are elements that we have taken on board. However, we cannot sit back and say, "Well, the OECD said we are doing well, and we are doing better than England. That is good enough." I do not think that it is. I do not think that a one-in-four dropout rate is good enough. I am not apportioning blame to anybody in particular in relation to that, but we should all aspire to better.

The Convener: I do not want to take up too much more time. However, in response to Pam Duncan-Glancy, you have not really told us what the new organisation, and bringing this area into the SFC, would do that would change that. You have spoken a lot about discussions and a desire, but can you give us one tangible thing that the SFC will do that is not currently being done in SDS but that would take that completion rate beyond 76 per cent?

Graeme Dey: Some of that sits outwith the apprenticeship delivery. As I said, getting the careers offering right will be critical to that. It is about all the things that I have identified, including how apprenticeships are delivered and the issues that arise from that. In moving all that into a different organisation, with that awareness and all the work that has been done around that and all the work that will be done to build on that, the opportunity arises to do this differently and better. That is what it provides. I was simply giving you a flavour of the type of things that we could do in that space.

The Convener: You cannot tell us, as the minister in charge of this, what should be done better and what should change to deliver that.

Graeme Dey: I am sorry, convener, but, with respect, I think that I have told you that.

Here is the other thing. As we move forward, we charge the people who will deliver this with exploring the practicalities and pros and cons of making those changes, and other things that they will bring forward in their dialogue with wider stakeholders. Although we have done a lot of work up until now, we need a lot more conversation with the various sectors about what better would look like.

The Convener: That could be done by SDS, though. Answering your two questions about what it would be able to do if it were allowed free rein and if any impediments were removed might change some of the issues that we have.

Graeme Dey: The chief executive of SDS was clear that he did not share the concerns that others have expressed, and that I have expressed

today. For example, I understand from having read its written response to the committee that SDS is not of the view that the managing agent model as it currently operates is problematic. I am not sure that I would concur with that.

Bill Kidd (Glasgow Anniesland) (SNP): Thank you for your answers so far. I think that you have just about covered everything that I was gonnae ask—but I am gonnae ask you anyway.

Let us face it: it has been mentioned a few times that Withers called for a colleges-first approach, which caused a bit of concern among some of the private training providers to whom we have spoken. However, you committed in your earlier remarks to a “mixed economy”. That pretty much amounts to a curriculum transformation, because that does not exist in that format just now. You are gonnae be expanding things dramatically from the way that they exist at the moment.

Witnesses have been talking about how graduate and foundation apprenticeship starts have not been increasing in the manner that had been hoped for, and about how there is a significant demand for growth in all types of Scottish apprenticeship. How will your mixed economy, and the reforms proposed in the bill, better meet the demand for apprenticeships that exists across Scotland?

Graeme Dey: I will correct you, if I may: the mixed economy does exist. I am committing to continuing the mixed economy approach. Yes, it can be refined and, yes, we need to drive up standards in both the private and public sectors. There is no doubt about that. There are issues. In some instances—I stress, some—I hear from employers about the experience that they have of the training that is provided in some of our colleges not being up to what they are looking for. There are issues around the nature and the inflexibility of some of the qualifications, as well as the lack of agility in the system to deliver the change that employers and the economy require. That is another workstream that is under way.

10:30

You were driving at having more graduate apprenticeships, but this is also about quality and the nature of those apprenticeships. Sometimes, young people will quit an apprenticeship because it is not for them, or it is not of a calibre that they were hoping for. We are looking closely at how apprenticeships align with the needs of the economy. That is not simply to meet the asks of employers; it is to try and better guarantee continuing, well-paid employment for those individuals at the conclusion of their apprenticeships. I do not know whether that has answered your question.

On the graduate apprenticeships point, which Pam Duncan-Glancy also raised, I have asked the experts in that space to consider what better would look like. How do we broaden those apprenticeships out? This perhaps strays into the widening access area, convener, but there are examples of young people who have been identified as qualifying under the widening access agenda to go to university. They tell the university, “We would love to, but we can’t afford to.” Because of the challenges of their family circumstances, they need to go out and get a job. The graduate apprenticeship model can help in that space. That is not the only driver for what we are doing, but there is enormous potential for graduate apprenticeships.

By bringing all that together and considering apprenticeships in the round, we can take an opportunity that we do not currently have. For example, foundation apprenticeships are currently funded by two different organisations, but they will be funded by one, whatever form that takes. There is an opportunity here to consider what we offer currently and, as I keep saying, how we make it better. We make apprenticeships better by listening to the people who have engaged with them and to the experts in the field. I am not going to sit here and tell the committee that I know exactly what we need to do to improve graduate apprenticeships—I do not work at that coalface every day—but I am entrusting the people who do to support us to deliver better.

Bill Kidd: You refer to those who work at the coalface and engage with apprentices and potential apprentices. We have been told about some people who go along to start an apprenticeship but who find, after a relatively short period of time, that it does not suit them and is not the kind of thing that they thought it would be. How can that be addressed, so that people are not wasting their time and that of the colleges and private providers?

Graeme Dey: That is a very good question—and this is what I mean regarding the read-across to other elements of the reform agenda. Equipping our young people to make decisions that are right for them is hugely important. I said earlier that we have all been challenged by the Withers review. The challenge that I have been setting employers is that we need a careers offering that includes meaningful work experience opportunities for individuals who may see something that they want to do and need to test themselves in that environment. To be fair, there are some very good examples of that. The foundation apprenticeship model in Aberdeenshire kind of does that. There are pockets of good practice across the country that deliver that.

Just as importantly, if a young person gets that opportunity, they may well find that they do not want to take it up. That heads a problem off at the pass. My challenge to employers has been that they will need to provide for that in the coming years. Overwhelmingly, the answer is, “Yes, we know that.” Not doing so is in no one’s interest. Employers are all competing with each other for the same workforce, and they have to get the right people. There is buy-in to that approach. That is what I meant by saying that apprenticeship drop-out is not always necessarily linked to the training. Sometimes, other factors are at play.

Jackie Dunbar (Aberdeen Donside) (SNP): Good morning. I want to address the issue of foundation apprenticeships. The committee has heard concerns that the bill’s definition of apprenticeships could exclude foundation apprenticeships. Can you tell us what you think the future of foundation apprenticeships will be?

Graeme Dey: I will ask Andrew Mott to deal with the bill as it is drafted, and then I will answer the specific points of your question.

Andrew Mott: The bill does not talk about modern apprenticeships, graduate apprenticeships or foundation apprenticeships. It defines work-based learning, which is the term that would cover a lot of what are currently called foundation apprenticeships.

The bill gives quite broad powers for the SFC to deliver work-based learning. That could be done via a model that is similar to what we have now, or it could be done in a different way. It is worth saying that, although that is the word used in the bill, things can be branded or labelled differently as people see fit.

In the autumn, as we were preparing the bill, we engaged with the SAAB short-life working group on the definition of “apprenticeship”, and the steer that we got was that it was not helpful to embed the names of apprenticeships in the bill. We also heard that a significant number of employers do not like the term “foundation apprenticeships”, because, although a lot of worthwhile work and experience happens in those settings, it is not a true apprenticeship, as the person is not in paid employment.

Jackie Dunbar: Are you saying that it is a second-class apprenticeship?

Andrew Mott: No, it is just different. The sense that we got from the working group was that the name is confusing for people, because, in layman’s terms, an apprenticeship is generally understood to involve a person in paid employment. Therefore, a foundation apprenticeship is slightly different from a modern apprenticeship or a graduate apprenticeship. That is not to say that it is not a valuable experience,

but it is not an apprenticeship as the layperson would understand it.

Jackie Dunbar: So, it is an apprenticeship but it is also not an apprenticeship.

Andrew Mott: I am giving you the sense that we got from the working group.

Graeme Dey: On the specifics of your point—this might clarify things—some interesting things arise in relation to the Aberdeenshire model of foundation apprenticeships. You might think of there being a pathway from foundation apprenticeships directly into modern apprenticeships and a proportion of young people follow that path. Foundation apprenticeships can help employers to identify people who are the right fit for their business.

An interesting thing is that the Aberdeenshire model is driving up academic performance. Young people go into that work-experience setting and realise that a school subject that they do not particularly enjoy—usually maths—is going to be essential to enabling them to pursue the career that they have now decided that they want to pursue. Anecdotal evidence from headteachers suggests that that has led to an uptick in academic performance, and we are seeing a sizeable number of foundation apprentices going to university. So, although there is a degree of read-across, it is not necessarily the case that someone who does a foundation apprenticeship will go into a modern apprenticeship. The beauty of the Aberdeenshire system is that it is wide-ranging and offers many opportunities for young people across a range of career choices.

The other thing about the Aberdeenshire model is that the council part funds it—there is a large contribution from SDS, but that has been reducing over time. Funnily enough, I am quite drawn to that arrangement because this Parliament’s budget already funds local authorities to educate those young people, and there is some value in having some degree of co-funding if we are to maintain or expand the foundation apprenticeship model. However, as I said earlier, we have been closely examining the vocational offering that is also available in the later stages of school education, because we need to look at both of those aspects if we are going to get the system right.

I should also add that I had a really useful session with the school leaders forum. The innovative, forward-thinking leaders of our schools who sit on that forum have different views on what foundation apprenticeships, or whatever they are to be called, might look like going forward and how we could best introduce them. The situation around that is a work in progress. I am not going to sit here and say that we will do X, Y or Z, but I

hope that it is a further illustration of the depth of thinking that has gone into getting the approach right.

Jackie Dunbar: To go back to my question, do you see a future for foundation apprenticeships, and do you see them being of equal importance to modern apprenticeships and graduate apprenticeships? As you said, every bairn is different, so where do you see the future in that regard?

Graeme Dey: As Andrew Mott said, we are, in a way, not comparing like with like, because a foundation apprenticeship is not a paid placement. Nevertheless, I absolutely see a role for that type of learning in the later stages of school. The Aberdeenshire model essentially treats a foundation apprenticeship like another higher—it has that status in the curriculum. I referred earlier to the model in Lanarkshire, where HNCs are delivered in sixth year, so that is another possibility. We are open to exploring all that as part of the wide-ranging look at the post-16 landscape, of which the bill that we are discussing is an enabling part.

Jackie Dunbar: Okay—I will leave that for now.

Joe FitzPatrick (Dundee City West) (SNP): Minister, last week, we had two witness panels before us, one of which comprised trade union representatives on the staff side. A number of trade unions are involved in this area, and it is quite unusual, in such circumstances, for the unions to speak with one voice. Nevertheless, the staff representatives on last week's panel definitely spoke with one voice, and they all expressed concern and complaints about the lack of engagement—as they saw it—on the reform.

What engagement has there been, and how do you intend to fix that? Right now, it sounds like there is a real loss of morale in the organisations, because staff do not feel that they are being included or consulted—they feel that the reform is being done to them.

Graeme Dey: I was disappointed and concerned to hear that. I will take you through the engagement that has taken place. I sat down myself with the trade union reps at the very start of the process and committed us, collectively, to on-going engagement, and that has happened—I will come to that in a moment.

I have also directly engaged in a series of meetings and question-and-answer sessions with the staff in all the affected agencies. I have met Skills Development Scotland staff who are involved in careers, apprenticeships, skills planning and employer engagement. I have met Scottish Qualifications Authority staff twice—I think—and Student Awards Agency Scotland staff twice. I met the Scottish Funding Council team

once. I understand that, in the past nine months, there have been three meetings between my officials and the trade unions as we have progressed things.

The last of those meetings was in January, and—I want to be honest with the committee—there are two reasons why there has been nothing since then. First, the focus has been on the bill; there has been no cause to consult with the organisations on anything new, because the bill has been progressing. Secondly, our team has had a staff absence with someone who had been directly allocated to engage with the trade unions. A combination of those two things is the reason.

I am meeting the Scottish Trades Union Congress tomorrow as part of my on-going engagement, so I will discuss those issues with it. We have contacted the trade union reps and offered a meeting in June—we are looking for a date that will work for them. If it is at all possible, I will attend that meeting as well to address some of their concerns.

I hope that that provides an answer.

Joe FitzPatrick: That is helpful. For a number of staff, until the bill got to this committee, it might have seemed pretty distant. All of a sudden, it is in the committee and in the public domain, and it is real, so the staff want to engage and speak about it, and understand how it will impact them.

With regard to the potential impact, there is particular concern among staff in SDS who think that they might be within scope to move. There is a lack of certainty, which Andrew Mott talked about, and there are processes to be gone through. That has had a real impact on staff morale.

I thought that we had quite a strange evidence session last week. The trade union rep from SDS was defending the current system and opposing changes that potentially—from everything that we have been hearing—would mean better pay and conditions, including pensions, for the union's membership if they moved across. They were really against it, but I guess that that must be because the staff are very concerned about what the change will mean for them, because there is a lack of information.

I would like to hear about how we are going to ensure that, in the process that needs to happen, which Andrew Mott talked about, the staff have as much real information as possible. If they do not have real information coming from Government, the void will be filled with rumours.

10:45

Graeme Dey: I absolutely recognise that observation. Where there is a vacuum, there is no

doubt that it is filled with rumour and misinformation. You are right—it is unsettling for people if they are looking at significant change in their working environment and do not entirely understand what that will look like.

Taking that point on board, and recognising that the committee is working on the stage 1 report, I undertake to reflect on how we can better engage with that particular staff cohort. Based on what you have heard me outline, I hope that it is clear that I have done a fair bit of staff engagement and understand how important it is. However, it is fair that people want as many answers as they can get, particularly at this stage when it becomes a bit more real.

We will take that point away, reflect on it and factor it into the discussions that I hope will take place next month.

The Convener: Did that invite go out before or after last week's evidence session?

Graeme Dey: It was sent after last week's evidence session. To be honest and absolutely candid with you, I was not aware that there had been any drop-off in engagement. I was quite surprised to hear that. I have provided an explanation for it, but it came off the back of the evidence, which we reacted to.

The Convener: That is encouraging because, across the committee, we had been quite concerned about that.

There was indication that a commitment had been made by your officials on 9 December 2024 to keep up the engagement with unions. I understand that there were staff absences, but the Government is a large organisation and people would normally pick up the slack. Given that, as Mr FitzPatrick said, it got to the extent that five unions were coming to us, speaking with one voice about their concerns about the lack of engagement with you and your officials, why was the engagement not maintained by other members of your team?

Graeme Dey: I guess that there has been a disconnect between the expectation of what the engagement would look like in reality and what the unions took it to be. I contend that, when there have been developments in the process, we have engaged directly with the trade unions.

I also make the distinction between that engagement and the direct engagement that I have had with the staff. I have gone in front of the staff, updated them on where we are and answered any and all questions that they have had as openly as I can. It is a combination of things.

The Convener: Last week, one point that was put to us in evidence was that those meetings are

useful, but staff sometimes think that they cannot ask the really challenging questions when a minister is in front of them, which is why they leave it to their union representatives in the specific meetings between the unions, you and your officials. Do you take that on board?

Graeme Dey: That might be the case for some people, but questions that I have had in those meetings suggest that that is not the case, which is good.

The Convener: Good.

Graeme Dey: If it helps, I note that I have also held as many of those meetings as possible without senior management being in the room, in case it impeded the staff from raising points.

We did as much engagement as we thought we could and should have done, but I absolutely take on board the criticism, which will inform our approach.

Pam Duncan-Glancy: On the engagement that the minister says he has had, SFC staff who are Unite the Union members said that staff were told what would happen without being part of the conversation, PCS said that the reform programme is happening to staff and not with them, and Unison said that the bill has placed its members in a state of limbo. Finally, PCS said that the bill is not the solution to the current state of skills delivery in Scotland.

Does the minister accept that there has been a failure by the Government to take staff with it on this journey and, as a result, that might be some of the reason why the committee has heard that the problems that exist will not necessarily be resolved by the bill?

Graeme Dey: We have covered the point about what the bill does and does not do. At all times in my engagement with all the affected agencies' staff, I have made the point that I want to hear their thoughts. I have heard directly from them on how engagement works currently and what could be done differently.

There has been a mixed bag of responses, and I accept that some people have expressed concern. Overwhelmingly, the feedback has been constructive and their point of view has been to say, "Well, you know what? We could have done this, or you might want to look at that."

I will give an example of that, if I may. One of the things that exercises me is that I am not sure that the current apprenticeship offering entirely captures the needs of small and medium-sized enterprises, which are the lifeblood of this country. There are two conflicting statistics—forgive me if I get them the wrong way round—but SDS says that 92 per cent of its apprenticeships are with SMEs, but the Federation of Small Businesses says that

83 per cent of its members have never had an apprentice. That statistic troubles me. There is a disconnect there.

One of the issues for small businesses that was brought home in a series of pilots in 2015, I think, is the hassle for small businesses and the grief that they say they would face around human resources and training and so on. It all becomes too much for them to take on apprentices even when their business needs it for succession planning. It was actually a staff member who came to us and suggested a possible solution, and we are looking at that.

I absolutely accept that there will be concerns, as has been expressed to the committee. I have been open with the convener about what we will do in response to that. I have been as open as I possibly can be. I have met staff members at a session who then met me at something else and said, "I did not feel that I could raise the issue on the day, but I just wanted to say." That has all been taken on board.

John Mason (Glasgow Shettleston) (Ind): The convener has already raised a number of issues in the financial area, and that is where I want to go. The Parliament's website says that a financial memorandum

"should set out best estimates of the costs, savings, and changes to revenues arising from a Bill."

However, as I understand it from Mr Mott, we do not have an estimate of the pension costs. Does that mean that you are failing to give what is normally expected from a financial memorandum?

Graeme Dey: Would that we had information of the type that the convener asked for at this stage—I would absolutely want that to be the case, but, in the progression of legislation, challenges sometimes arise, and this is one.

In all honesty, Mr Mason, I share your frustration, because, from the outset, I have felt that there is an absolute need to nail down those numbers, and there is no lack of desire to do so. As Mr Mott has outlined, we have to work through a number of challenges to get an accurate number, but I gave a commitment to the convener that we will bring that back as soon as possible, and Mr Mott will live up to that commitment. My intention is to bring that back to the committee before the stage 1 debate, so that it can form part of the debate.

John Mason: I take the point in your previous argument that, if it was, say, a one-off cost of £27 million or £30 million or thereabouts, it would be a one-off cost, and we could look at that spread over the years. The other argument is that £27 million just to rearrange the furniture is quite a lot of money, and that would be a factor in my deciding

whether I support the bill at stage 1. I opposed Liz Smith's Schools (Residential Outdoor Education) (Scotland) Bill, on what was basically the same amount of money—£30 million.

To go into some of the detail of that, I note that the largest part seems to be pension. My understanding is that TUPE—the Transfer of Undertakings (Protection of Employment) Regulations—protects staff who are transferring to another organisation so that they do not lose out, but the argument here seems to be that the staff moving should get a much better pension. I do not think that TUPE insists on them having a much better pension; it insists on them not losing out. In fact, pensions under TUPE is a bit of a grey area.

Has the Government gone through all the options? Does it have to be under TUPE? Do they have to move into the same pension fund?

Graeme Dey: I will bring in Alison Martin in a moment to answer that specific point, but I want to go back to your point about £27 million to rearrange the furniture. First, we do not believe that the cost will be in that range; we will see what it looks like. Secondly, it is absolutely not about rearranging the furniture. What would be the point if that was all that we were doing? I hope that I have clearly outlined to the committee the kind of changes that are required to be made and will be made by the bill. I do not agree with you, Mr Mason, that we are rearranging the furniture. This is an opportunity, once and for all, to knock this into the kind of shape that our young people and our economy need. We have to take the opportunity.

Alison Martin (Scottish Government): Work is being done right now on structural reorganisation. It is not necessarily for the Government to take a view about whether TUPE applies or not. The bodies are legally distinct bodies and will have to take their own views. The work that Andrew Mott has been talking about is happening right now to identify what is appropriate and to comply with any legal requirements alongside that. Essentially, it is in the development stages, which could only properly commence once the bill was introduced.

John Mason: That suggests that the Government would be involved and that it might put a cap on the one-off cost or the transfer cost.

Alison Martin: That is not really for me to say. The question is for Andrew Mott.

Andrew Mott: When we published the financial memorandum, we included the best information that we had at the time. As Alison Martin has indicated, there are quite a lot of complexities to work through on staff transfers, who is responsible and what the terms and conditions will be. When we produced the financial memorandum in January or February, that was the best information

that we had. As the minister has said, we will go through a process of becoming more specific about the detail, so we will have better data.

I will make a point about the purpose of the bill. In 2023, alongside the purpose and principles document, the Scottish Government published a funding diagram that tracks all the funding flows for provision funding; it looks like a horrific wiring diagram for a circuit board. The bill supports the simplification of the funding body landscape. At the moment, the SFC has statutory powers to provide funding for colleges and universities. SDS funds apprenticeships administratively, but it is not a statutory body. If you want to simplify the funding body landscape, which, as the minister has set out, is key to enabling all the good work that you could do with apprenticeship development and other things, you have to enact legislation, because, at the moment, some of it is in statute and some is not.

When we were developing our options, three of which went to public consultation last summer, a lot of work was done on all the possible ways in which you could try to simplify the landscape. Many of the options were ruled out for various reasons, such as that they were not good value or that they were impractical. Three viable options were consulted on. In a way, the bill is agnostic on how apprenticeship reform could be taken forward and all the possibilities that could be unlocked, but it is an essential enabler. Unless the horrific wiring is simplified—

John Mason: I am not here to speak for the Finance and Public Administration Committee—Mr Greer and I are on both committees—but we absolutely support the simplification of the landscape as part of our public reform work, and we do not want there to be more public bodies. If we are simplifying things, I am absolutely on board and will totally support you on that, but we still have to look at the costs. The finance committee took evidence but did not have time to go into any detail with witnesses on that, which is why I am concerned about it.

Are you looking at whether the SFC would continue with two different pension schemes, or do you assume that it would go ahead and provide the better pension scheme for everyone?

Andrew Mott: That is a possibility. At this stage, it is not for us to say what the future terms and conditions would look like. We need to do the work and get more accurate costings, which we will come back to the committee with. It is also worth saying that it will mean not just costs with no benefits; there will be financial and non-financial benefits. The bill has been introduced for the learner, first and foremost, and for employers. There will be better outcomes for learners and employers because of our work, which might be

quite hard to cost, but, potentially, financial benefits will also be unlocked.

I will go back to that diagram with the horrific chains of flow. At the moment, funding can go from organisation A to B to C to D before it goes to front-line delivery. Even if those organisations are not making a profit, they certainly have overheads. We believe that there is plenty of opportunity to get the money faster to front-line delivery, so that you do not have situations in which a managing agent makes an arrangement with a college, which makes an arrangement with a training provider, and, at the end of the chain, there is a learner. Therefore, there should be financial benefits, as well.

11:00

John Mason: Again, I am on board for some of those things. Every witness at the Finance and Public Administration Committee tells us that, if we spend £1 now, we will save £10 in 10 years' time. That is all very well, but we have to find the £1 today, and you are asking us to find maybe £30 million.

You said that it is not for us to know at this stage, but I disagree. The financial memorandum is meant to provide the best estimate, but you are saying that it is not for us to know at this stage. Some of the preparatory work is about whether the SFC will have one scheme or two schemes, and we know that some staff will definitely transfer if the change goes ahead. I accept that we do not know about some areas, but I think that more work could have been done before we got to this stage.

I will move on to some other points. Earlier, financial sustainability was mentioned, as well as whether the SFC will be able to require data. It was suggested that the SFC might be able to require data in the future.

Why did the SFC not pick up the problems at Dundee university and perhaps those at other universities? Was it because it did not have the powers or because it was not using the powers that it had?

Graeme Dey: Universities are autonomous institutions, and the convener reminded us earlier about ONS classification. There is a relationship between the SFC and universities, and there is a relationship between the Government and the SFC.

The SFC is able to act only on the information that it has at its disposal. The institutions will tell you that they provide quite a lot of information, and, to an extent, they do. I want to be very careful not to prejudge the Pamela Gillies inquiry, so bear with me on that. If it emerges from that inquiry—or from any other work that is done on the

recommendation of the committee—that the SFC might have done more and been more sighted, we will, of course, look at that. I know that the SFC is looking closely, from its point of view, at what more it could have done. The process is only as good as the information that is provided. I am keen to explore whether more could be done to ensure oversight.

We should bear in mind that the public financial contribution to many of the institutions is quite small, compared with their overall activity. Public money needs to be protected, so, if it emerges that more could have been done, we will take that on board and respond to it. If there are any suggestions about what could be done differently, such as changes in governance, as I have said, we will absolutely take them on board.

John Mason: If the SFC needs more powers, I, for one, am open to giving it those powers now.

I take your point that a lot of the income of universities, in particular, does not come from the public purse. On the other hand, if a university gets into difficulty, it expects the public purse to bail it out, so there is quite a big risk. I fully accept that we have to get the report in due course.

Graeme Dey: I will pick up on that point. I fully accept the financial challenges that universities have, for a wide range of reasons. A narrative has developed that suggests that financial sustainability is achieved only through the provision of more public money, but institutions also need to look at custom and practice issues in how they operate. I do not say that to deflect in any way; I just offer that observation.

There is an operating model, certainly in some of our universities, whereby, when a new market and a new source of income is identified, the university recruits quite heavily in order to deal with that. If that market and that source of income is subsequently diminished, for whatever reason, the same number of people face losing their jobs. We have seen that in a number of universities, where there have been significant job losses.

Some of that is down to how universities operate. Collectively, the UK and Scottish Governments need to look at the financing of our universities, and I take on board all the things that have been said in that regard. However, to be frank, it is also for universities to do some work on the way in which they go about their business. I think that they know that.

John Mason: Yes—we would expect internal and external audit to be involved in that process for the universities, so I will be very interested to see what the report comes out with.

On financial sustainability, we are thinking mainly about universities and colleges, but what

about other training providers, such as those in the private sector? Is there any need to oversee them and look at their financial sustainability, or can we simply rely on the private sector to look after that aspect?

Graeme Dey: That is a pertinent question because, in recent times, a couple of high-profile training providers have closed, with significant consequences for the individuals with whom they had been engaging.

I will be pulled up by officials, if needs be, on the exact terminology here, because there is an issue with some of the terminology around training providers that has been used in evidence to the committee. I will pick up on that in a moment. I know that the Student Awards Agency Scotland is doing some work on the oversight of training provision. I am referring to private training providers not in the sense of the people who deliver on the apprenticeship front but the training provision that is funded in the college and university space—colleagues will give you the right terminology.

I think that it is reasonable to expect there to be reasonable oversight arrangements in place. However, the team will explain the reasons; this point might go back to Jon Vincent's ask of the committee. Is that where you are going, Mr Mason?

John Mason: I think that it was he who raised the point, but I cannot remember exactly.

Graeme Dey: I want the team to come in on that, because the reasons for the answer are very technical.

John Mason: I do not want to get into too much detail—I just want an overall view.

Andrew Mott: If we are talking about training providers who provide training for apprenticeships and so on, the bill allows the SFC to fund a great range of training providers. A provider could be a natural person or a legal person—it could be someone delivering training to 10 apprentices, or it could be a big organisation. There is a massive range, which is appropriate, because the college sector can deliver a lot of excellent training but it might need to bring in particular expertise in some areas from very small training providers.

Therefore, it would not be appropriate to apply to that great range of training providers the same oversight regime that is applied to fundable bodies. In practice, the SFC will make arrangements with those providers in which it can set out the terms and conditions, and there are ways of protecting public money in that regard. As with any transaction, such as buying a car, you are paying for services that are delivered—

John Mason: So, broadly, you would have more confidence in a bigger organisation than in a smaller one.

Andrew Mott: I guess that I am trying to say that there is no one-size-fits-all solution. If an arrangement is made with a very small organisation, the terms and conditions need to be appropriate so that the arrangement is not too onerous. We do not want to exclude providers from such arrangements by imposing onerous obligations on all of them.

John Mason: I am just looking for some reassurance that a small provider getting into trouble would not hugely disadvantage learners.

Graeme Dey: Numerically, it would not. In my experience—I have undertaken a lot of engagement—some of the best training provision comes from very small private training providers. I have seen some excellent apprenticeship delivery—real high-end stuff. That is what I mean about the need for a mixed economy.

John Mason: Okay—I am happy to leave it at that.

The Convener: While we are on the financial aspects, minister, can you tell us the amount that has been raised by the apprenticeship levy in Scotland each year in the past couple of years?

Graeme Dey: No, because that information is not shared with us.

The Convener: Why not?

Graeme Dey: The UK Government shared it with us up to a certain point, a number of years ago, but then it decided to take an approach in which it said, “We’re just going to include a relevant amount in the block grant.” I cannot tell you what that amount is, but that is the situation that we are in—that is how things operate at a UK level. There are some plans to change the English system, but we await the details. Greater clarity might emerge, but, as things stand—as has been the case for a number of years—that information is not shared with us.

The Convener: When the Economy and Fair Work Committee wrote to you, it asked the Scottish Government to clarify the amount raised by the apprenticeship levy in Scotland and to provide a breakdown of how it is allocated in Scotland. Can you answer none of that question, because of those circumstances?

Graeme Dey: From your starting point, no, I cannot. I think that the committee has seen information about the amount of money that is spent on apprenticeships, notwithstanding the additional staff costs that go with that. However, we do not have that basis, although I would quite like to see that number.

Jackie Dunbar: During our evidence sessions, concerns have been raised about potential changes to the delivery of future student support, although the SAAS and the SFC have stated that colleges will retain their role in distributing support. What assurances can you give that colleges will have an on-going role in that regard?

Graeme Dey: Are you referring to the staff on the ground operating in the colleges? Are you asking whether the proposals represent, in essence, a lift and shift of the existing model? Unlike for apprenticeships, we intend to retain that approach. That is certainly the plan in the short to medium term.

Miles Briggs (Lothian) (Con): Good morning. I want to ask a few questions about governance. We have touched on some of this already in relation to what will be transferred to the SFC under the bill. The committee has heard a number of concerns regarding how council membership will reflect—

Graeme Dey: Sorry—what membership?

Miles Briggs: I am talking about membership of the council, specifically in relation to the role of SAAB.

We have heard from a number of witnesses, who want to know what that will look like and have asked about the breath of the landscape that will be needed, including for apprenticeships, research, colleges and universities. To what extent does the bill provide for that, and what further changes have you considered, given the evidence that we have taken on that?

Graeme Dey: I think that we currently have one vacancy on the council, and we have four coming up. For the understanding of members, I should explain that the council is the board—we have different terminology. Therefore, in essence, five appointments will be made, and there will be a new chair. We have been in dialogue with the SFC about the range of skills that it would be advantageous for it to have at its disposal. As you are aware, the bill seeks to remove a provision for existing serving people in the college and university sector. I am more than happy to defend that. Some issues arise with people having to recuse themselves from the decision-making process because of a conflict of interest.

I do not want to set hares running, but we are in a very fortunate position in that, through the retirement process, we have a number of very experienced and highly talented former principals of universities and colleges, so I do not think that there will be any lack of that kind of valuable input to the future work of the SFC’s board. It goes without saying that, if the SFC takes on additional responsibilities, the board’s structure needs to reflect that breadth of knowledge and

understanding. Clearly, that needs to be worked through, but I would like there to be some employer representation on the board.

There is an argument for something in the training space, too, although that is perhaps an argument for another day. During your evidence taking, there was a suggestion about having some expertise in financial sustainability. There is a range of needs and opportunities to support what will, in essence, be a new organisation, with, I hope, new dynamism and a new purpose and with expertise brought on to the Apprenticeship Advisory Board.

I absolutely concur with you about the make-up of the SFC's board, and I would be very interested to read any thoughts from the committee, in its stage 1 report, on what that might look like.

11:15

Miles Briggs: The Withers report acknowledged what has been an effective means by which to engage with industry, so quite significant concerns have been raised about what could be lost in translation in the bill.

Graeme Dey: Is that in relation to SAAB?

Miles Briggs: Yes. What transition arrangements are in place? Do you foresee the current arrangement continuing until the SFC has everything in place?

Graeme Dey: I think that I am right in saying that there have been conversations with SAAB about continuing the current offering through to when we get into the full transition process.

The two committees that currently exist within SAAB—the standards and frameworks group and the apprenticeship approvals group—would form part of the transition, because they offer expertise. Their membership might well morph into the membership of the new committee.

However, it is important that we take the opportunity to expand not just numerically but in terms of the breadth of employer voice that is available to advise. I talked earlier about SMEs as an example. We need to do more in that regard, but we need to consider what it is that we need to do more of in order to improve the situation.

For the transition period, we will have SAAB, including those two committees, right up to the transition, and then the new overarching committee will be formed to make the transition work.

Miles Briggs: Thank you for that—I think that people are looking for reassurances that the new arrangements will not just be window dressing.

Graeme Dey: As I said earlier, I want to enhance employer engagement in this area. Some good stuff has been done—I do not deny that—but there is an opportunity, as we do things differently and better, to enhance the employer voice in all this.

Miles Briggs: I picked up on a couple of things during the committee's evidence sessions that are not currently in the bill. One specific thing concerns alignment with skills shortages. Has the Government looked at that? Another concerns target setting, because it has been raised with the committee that the bill does not include any minimum-level guarantees relating to, for example, rights for apprentices and for employers. There is potentially still quite a lot to be considered for stage 2 amendments—

Graeme Dey: Thank you for the warning.

Miles Briggs: Has the Government been listening? Has it picked up on some of that already?

Graeme Dey: I apologise if I did not convey this well enough. For several months, the Government has been doing extensive work with stakeholder groups on skills shortages. As you know, there is a distinction between skills shortages and workforce shortages. We cannot magic up people, but we can ensure that people with the right skills are available.

We have been looking at drilling down into some of the assertions that are made. If I say to you—you will have heard this number—"We are short of 3,000 welders," your question becomes, "What kind of welders, and where?" If we are short of engineers, the same question applies. We need that level of intelligence to help to shape the future. That applies not just to our apprenticeship offering but to our whole approach to tackling some of these issues.

We are going forward armed with that information, which is being developed through detailed work from particular sectors. That has proven to be really helpful, and it is driving an immediate response through our colleagues in the economy directorate. The skills and economy directorates are working closely together on things outwith the bill in order to deal with some of the short-term problems.

In the longer term, there are economic priorities, and we will have the opportunity, through the new arrangement, to feed that into our planning. An example is childcare, which is a critical sector. If we do not have enough childcare in the country, we are not accessing the entire workforce. Other sectors include planning and construction—all the obvious things. However, there are other critical elements to the economy that we need to protect, although they might not involve huge numbers.

I know that you have taken an interest in stonemasonry, and that is a good example of what I am talking about. We will always need stonemasons, so how do we ensure appropriate access to stonemasonry apprenticeships, in the interests of the economy and our young people? In relation to the careers work, how do we encourage young people into those pathways?

On the apprenticeship model, we need to ensure that the funding that is available for some of those disciplines reflects the cost. As you know, one of the reasons why there has been a reduction in the number of stonemasonry apprenticeships, for example, relates to the cost that has to be incurred by whoever provides the training. We therefore need a model that takes account of those elements of the costs, too. That is another piece of work that will inform what we do as we go forward.

Miles Briggs: We have had a couple of conversations about private sector investment in the college sector. It is interesting to consider the various approaches that have been taken by colleges—Ayrshire College, in particular—to bring in private investment. In relation to your previous point, that investment often involves equipment. Air-source heat pump fitting in Edinburgh has direct links to the manufacturers, and people leave college with the ability to fit a piece of equipment that they have worked on. There is very little in the bill with regard to opportunities to align more private sector investment to address skill shortages or to fund what will be needed by our college sector. Could you comment on that?

Graeme Dey: I absolutely concur with the point that you are making. However, I do not think that that is an issue for the bill—I do not see that that fits into what the bill sets out to do in this space. However, it touches on some parallel work that we are doing with colleges. A lot of work is being done on curriculum transformation, and one of the things that we have recognised—which has been brought to us by some of the college chairs—is that there are colleges that see an opportunity to get more commercial income but do not have the knowledge and resources to go out there and secure it. We are doing a parallel piece of work on what we can do to support that.

There is an accompanying issue to that, however, which is that some colleges have raised with me impediments involving restrictions in the qualifications that are available to them that prevent them from fully utilising the kit that they have, particularly in relation to green skills. Therefore, I have undertaken to consider that issue further. Again, we need to think about the impediments to colleges' ability to maximise the opportunities that are available to them.

As I said, I do not think that those issues sit with the bill, but I am more than happy to continue this discussion with Mr Briggs.

Ross Greer (West Scotland) (Green): Minister, you will be aware that the trade union representatives who have appeared before us suggested that the bill gives us an opportunity to increase transparency and perhaps set some stronger rules around senior staff salaries at institutions. As you know, I have a lot of sympathy with that position. In particular, I cannot understand why college principals are exempt from the salary rules that apply to every other chief executive equivalent in the public sector. I am interested in your response to what the unions have put forward in that regard, particularly Mary Senior's point that the current position makes it harder to argue for public money to go to those institutions when there are many more than 100 members of senior staff at universities in particular who earn far in excess of what the First Minister does—sometimes four times as much.

Graeme Dey: I am at a slight disadvantage, as I have not seen all of that evidence—I am not sure whether the committee is aware, but there is some considerable delay in the *Official Reports* of all committees being published.

Ross Greer: I know that last week's *Official Report* has not been published yet.

Graeme Dey: That has been quite unhelpful, and it means that I have not seen the specifics of the issue that you raise. However, I figured that you would ask that question.

I understand the argument that is made around the principle of remuneration for senior staff, particularly in the university sector—I think that that has been the biggest challenge from the point of view of the University and College Union. However, it is difficult to legislate to address that issue.

It is a fact that some of our larger institutions are competing salary-wise with multimillion-pound businesses for the very brightest and best. However, I absolutely recognise the concerns that trade unions and others have raised about remuneration packages and the increases that have been offered.

Earlier, I referred to a meeting that I had a couple of months ago with the university chairs of court. I would be wrong to go into too much detail, but I took the opportunity to point out to them how the increases were viewed out there. You are absolutely right about institutions wanting more public money at a time when they were offering large remuneration increases, particularly to principals but also to others. I read some of the media stories, and I have made it clear to them that they are expected to exercise restraint and

self-awareness going forward. That is probably as much as I can do currently, but we need to see that play out.

Ross Greer: Up to a point, I understand what you are saying. The reality is that, conditions can be attached to the significant amounts of public funding that an institution receives. I understand the distinction between universities and colleges: universities are independent institutions that compete in a more globalised market. I do not accept that that makes the University of Edinburgh principal's recent salary increase acceptable.

We have discussed this before, but is it still the Government's position that college principals should not be subject to the chief executive pay framework that applies to all other equivalent roles across the public sector, other than public-owned companies such as Scottish Water and Scottish Rail Holdings?

Graeme Dey: The issue is more complicated than simply saying, "Why not just do that?" I am happy to have further conversations with Mr Greer about that. He is entitled to bring amendments to the bill if they are deemed to be in scope. That is a matter for him. I simply—

Ross Greer: Drafting instructions have already been requested on the matter.

Graeme Dey: There is a shock.

We will interrogate that issue through the committee process, presuming that the committee recommends the bill's progression. Those are important issues to debate.

Greater self-awareness is needed out there. At a time when public finances are constrained, some degree of self-restraint must be exercised. For example, if staff receive a 3 per cent pay increase, which is still a substantial amount of money and makes for a very good salary if accepted, there needs to be a bit of awareness about what pay increases senior management might get. If the member intends to bring forward amendments for us to consider, assuming the bill progresses, that process will clearly unfold.

Ross Greer: I appreciate that. To make broaden our point—this overlaps somewhat with John Mason's line of questioning about powers of compulsion in relation to information provision and the Dundee example—two quite different points of view have been put to us, not only in this evidence session but during the past couple of years.

The Educational Institute of Scotland has articulated the issue most clearly. It believes that the SFC has simply not exercised the powers that are already available to it to address poor governance and decision making in relation to not just financial viability but other matters, such as

the erosion of fair work principles in particular, at institutions. The alternative position that the previous SFC chief executive articulated—I think that she said this when she last gave evidence to us before leaving the post—was that the SFC had insufficient powers of compulsion in relation to institutions.

The question that I have put to a lot of the witnesses whom we have spoken to so far has been about clawback. The SFC can claw back public money that has been provided to anyone that it funds. It is an incredibly blunt tool, and in many situations it would actually make things worse, particularly financial crises. As a result of the bill, would the SFC have sufficient powers to be able to exercise appropriate influence, and do you accept the point that clawback, although perhaps sometimes an effective stick to wield, will not be an effective means of enforcement or compulsion—however you want to word it—nine times out of 10?

Graeme Dey: The convener is looking at me because of time.

Ross Greer: He is just intrigued.

Graeme Dey: That is an interesting question. When I first came into this post, the SFC sometimes used its powers with quite a broad-brush approach. If it saw a problem, it would take action and inform the whole sector that a restriction was being imposed. An example of that is school-college partnerships: an issue was identified in seven colleges and the SFC issued an edict that said, "We're going to cap this for everyone," which was not altogether helpful.

To be fair, the SFC has become much more surgical in how it deploys its powers, which is how it should be. The SFC deals with individual instances when a problem arises. By and large, the SFC now has sufficient powers.

11:30

I want to say a word of caution—it sounds as though I am sitting on the fence, but I am not—about the allegations that are sometimes made against colleges and college principals and the substance of those allegations. There is often a grain of truth in those allegations but there is also a lot of exaggeration—we have all seen instances of that. That adds to the unhelpful atmosphere in some individual colleges in particular, which is not helpful.

One of the things that has gotten in the way of resolving some of these issues is something that we will deal with later this morning, which is additional layers of bureaucracy. The SFC has felt unable to take a lead on something because the regional body has first dibs on it, and vice versa. I

hope that the committee will vote later today to remove those layers of bureaucracy. That will give the SFC a clear run—with the exception that there will still be one regional board—at dealing with some of these issues.

There are opportunities in the bill—I think that Andrew Mott will back me up on this—regarding powers that could deal with issues that relate to fair work. However, I stress again that allegations need to be proven before action can be taken.

Last year, there were only two colleges that were subject to recovery—by the way, I am not allowed to call it “clawback”; it is “recovery”. The SFC has moved away from taking money back for underperformance—that is the direction of travel that was set by my predecessor. You know how flexible we are trying to be to support colleges in these challenging times. As a tool—or in any other form—recovery is not used as widely as it once was. However, there is no doubt—

Ross Greer: Do you accept the point that there needs to be something short of that? It is—quite appropriately—often not used, because it would make the situation worse. However, the SFC needs to have other tools at its disposal.

Graeme Dey: To be accurate, the SFC has been a bit misunderstood and misrepresented. It has done a good job over many years in managing both sectors, and it has done so effectively. However, all of us, particularly in the current circumstances, want there to be greater transparency regarding what is happening in those sectors and how some of the issues are being dealt with—I agree with that ask.

I am open minded about the amendments that the Government might lodge in conjunction with members at stage 2. By that point we will have greater information about the sectors, and the University of Dundee in particular. I should also have heard back from the chairs of the institutions in Scotland, who have already raised one or two things with me that they think might be helpful. I do not know at this stage whether they will require to be in legislation, but we are open to doing anything that the committee and we feel might increase transparency and oversight. However, I will not simply introduce measures for the sake of it—they need to be for a purpose and to an end.

Ross Greer: I have one final point to make for clarity, which is one that Universities Scotland raised in its evidence on the threshold for information sharing—this goes back to John Mason’s line of questioning. Universities Scotland pointed out that there is a bit of inconsistency—there certainly is in the explanatory notes—on the general principle of when information should be shared, which seems to have been set at quite a high threshold. Sir Paul Grice of Universities

Scotland felt that the examples seem to be at a lower threshold than the principle that had been set out.

Universities Scotland was seeking a bit of clarity. It would like an initial statement of clarity from the Government, but also for greater clarity to be put into the bill or an assurance about the level of clarity that will be put into the relevant regulations if such clarity is not put into the bill.

Andrew Mott: I think that Universities Scotland was talking about the duty to notify the Scottish Funding Council of certain events that are specified in regulations.

Ross Greer: Yes.

Andrew Mott: Those regulations will be subject to the affirmative procedure. There will be a process to go through and parliamentary scrutiny with an obligation to consult on them. There is therefore procedural reassurance. Further, in terms of the kind of things that the SFC would want to be notified of, there is also a reassurance in that nobody wants to create a bureaucracy or be overwhelmed with information flows. There will be an incentive for everybody to set those thresholds quite high so that it is about very significant events, where the SFC, if it is told about something, could take really meaningful action. It is not about low-level, day-to-day issues.

I think that the point that Universities Scotland was making was that universities have to be able to get on with the day-to-day administration of their businesses, for want of a better word. I hope that that is reassuring.

Ross Greer: That is helpful. I have some sympathy with the Universities Scotland position on this. It was also looking for a bit more clarity with regard to the point that Andrew just made about what should be in the bill. There should be something clear there. It should not be too specific—the point of using regulations is that they are more flexible—but there should be something in the bill to give a sufficient degree of clarity over what kind of threshold we are setting.

Graeme Dey: I am not sure that that is necessarily required to go in the bill, given the process that Andrew has laid out. We will reflect upon that.

There is a balance to be struck here. The committee has, rightly, taken an interest in events at the University of Dundee. The Parliament and wider society are entitled to develop a degree of confidence about the oversight of any and all of our institutions. Andrew has articulated very well that we are not talking about the minutiae of the day-to-day work of universities, but a balance has to be struck so that we can all be satisfied that we can have oversight over the use of public money.

Ross Greer: That is fair enough. I would broadly agree with that. I think that Universities Scotland makes a fair point about simply wanting to understand what the Government is looking for.

Graeme Dey: We will take that away and reflect on that.

George Adam: Hello again, minister. You have already said that you are going to retain private providers as training suppliers. One of the questions that I asked of private providers when they were here was, “What is your cut? What are you making?” The Scottish and Northern Ireland Plumbing Employers Federation answered 40 per cent. It shocked us when we heard that. Without a thought, it just came out with “a 40 per cent cut”. It was not uncomfortable with that language.

The whole point for me is that, when we are living in a world where colleges can deliver training for only 10 to 20 per cent of the running costs, and where there is also the potential of double-dipping, where a third contractor will end up dealing with it down the line, it almost starts to smell like a cosy wee cartel for some of these companies. Surely that cannae continue.

Graeme Dey: I will clarify something. You started by talking about private training providers. However, we are talking about managing agents, not private training providers, and they do not deliver the training, but subcontract it. We should be clear about that, because there are many fine private training providers out there.

I have been clear today about my long-standing concerns about the role of managing agents. I need to be very careful and say that some managing agents carry out some really welcome and necessary activities. I commend the committee for getting out of them the information that it did when it took evidence last week, because we found it more challenging, over a period of time, to get that information out of all the relevant bodies.

George Adam: She couldnae wait tae tell me.

Graeme Dey: I absolutely share the concern that you are telling me that the committee has about it. I totally share it.

The reality here, from my perspective, is quite concerning. I will give the committee a couple of examples, because the evidence that you received certainly caught the interest of the college sector. I talked to a couple of colleges about this, and the numbers are really quite stark.

One college, for example, gets 48 per cent of the £8,700 that was referred to to the committee. However, it then draws down, over a three-year period, £16,000 of credits in order to deliver the training. Plumbing is a particularly intensive

course; it can sometimes be one to three or even one to one, as it goes through.

Another college that I know of gets 46 per cent of the £9,500 that it is pulling down. In this instance, circa £5,000 of the money is retained, and college credits are utilised to deliver the training. I am really uncomfortable about that as a use of public money.

The managing agents will tell you that they do lots of good stuff, and CITB is doing some really good collaborative work with us. I do not have a black-and-white view of it. The English system is quite black and white—for example, it caps the amount of money that managing agents can retain.

George Adam: I was gonnae ask you about that, because I had looked at that, and, in England, it is capped at 15 per cent. Are we looking at something like that?

Graeme Dey: In England, it is 15 per cent. In the Welsh system, an agent has to be a registered charity before you can do that. If things do not get addressed, capping the amount is an option. That is something that will be developed as part of the new-look apprenticeship model, and I certainly look forward to the committee's views on that.

I do not want to throw the baby out with the bath water. As I said, CITB is a good example of a collaborative managing agent, but the numbers are troubling. This is public money—

George Adam: I can only go on the evidence that we received from the people who were sitting in front of us. We have heard about the 40 per cent cut and the fact that, in some cases, the subcontractor ends up being the college anyway. As you already told us, the college is trying to find a way to fund the delivery, while that 40 per cent is in the sky rocket of the other organisation.

Graeme Dey: There are instances, oddly enough, of colleges being the subcontractor—they get apprentices allocated to them, and then they use private providers to deliver the training. It is a system that we need to look at.

What troubles me more than anything is that we are doing extensive work with the college sector around enabling and empowering colleges to use their credits more freely, to do what they need to do in their localities. We are getting really good buy-in now around curriculum transformation, but I want them to have access to the maximum number of credits that are at their disposal to do that work. They are having to draw down those credits in order to deliver something that the public purse has largely already provided for, because it is a contribution to training. We have been looking at that for some time, and my team has certainly been in and about this.

I am glad that the committee has taken an interest in the issue, which I do not think is entirely black and white. There is perhaps a way through it, and we are certainly taking a keen interest in finding it.

George Adam: As you are aware, life is always black and white with me, minister, but that is just in football.

Graeme Dey: That is your football allegiance, of course.

George Adam: Can you understand the committee's concern when we have heard something like that from an individual who is involved in the process? As we all know, every single public penny is to be accounted for, and the system seems extremely complicated. I know that you said that this is the starting point, but it seems to be an extremely complicated way to deliver the training that we need.

Graeme Dey: Andrew Mott made a point a few moments ago about a system in which the allocations go through a number of iterations and, at every point, money comes out of the system because of costs that are incurred. In principle, I would prefer a much more straightforward system in which public money goes to the entity that is providing the training and it gets on with it. That may not be entirely achievable under the new model, but we have a better chance of delivering that. Ultimately, we are entitled to that level of transparency that we currently lack.

The Convener: The last couple of questions are from me, minister. Clearly, financial concerns have been well expressed by the committee members to you and your officials today. There are also concerns within SDS about finances. I understand that SDS previously requested a letter of comfort for the SDS directors to be exempt from personal liability for any costs or financial deficits arising directly or indirectly from the reforms. Will the Government provide that letter of comfort?

Alison Martin: I do not have that information to hand, but I understand that, under SDS's terms and articles of association, we did not see an immediate concern in that regard. I think that suitable reassurances were offered that we would continue to work with SDS, and we did not see that as a material risk. We might need to provide a little bit more information on that to you, because it is not something that we have looked at recently.

11:45

The Convener: My understanding is that SDS has written to the director general about the issue and has made a second request for a letter of comfort. Clearly, it has not been reassured by

those reassurances. Can you commit to looking into that further?

Graeme Dey: We will look into it and get back to you.

The Convener: Thank you.

Finally, are current SDS staff fully involved and engaged with everything that the Government is doing in the apprenticeship sphere at the moment?

Graeme Dey: Not all SDS staff are. However, with the support of the chair, I met two of the leading figures in the delivery of apprenticeships and asked them to do the pieces of work that I articulated. We await the return of that information.

Not everybody who is working within SDS is involved in that way, but I am keen to get as many of the relevant people as possible engaged in shaping what the offering will be.

The Convener: The board has concerns that SDS staff appear to be excluded from workshops that fundamentally explore the shape of the reformed SFC, of which they will be part.

Andrew Mott: I do not think that that is quite accurate. We have recently started arranging workshops to work out a delivery plan, to which the relevant staff from the relevant public bodies have been invited.

The Convener: Are SDS staff part of that?

Andrew Mott: Yes.

The Convener: So, why would the board think that they have been excluded?

Andrew Mott: I think that there might be some misunderstanding, because there are some workshops to which everyone has been invited—some have happened, and some have yet to take place—and then there is a tentative list of future workshops, and we are still working out who will go to those. However, nobody has been excluded. We have asked all the public bodies to suggest the topics that they want to talk about, and we are collecting that information.

It is fair to say that SDS has raised a number of issues with us on a number of occasions, and the approach that we need to take is to work through those issues systematically. We are trying to agree with the public bodies a delivery plan that takes us through the next couple of years, whereby we can work through all the issues. However, not every issue can be answered right away, either because it logically depends on another thing being resolved or because of bandwidth issues; we cannot do everything at once.

The Convener: We have all accepted that there is significant expertise and institutional memory within the staff of SDS, and that they do good work—that is why they would move across to the SFC—can you give a commitment that, should SDS staff or the board think that SDS staff should be involved in any of those working groups, they would be guaranteed to be part of that, so that they do not feel excluded?

Graeme Dey: I would be troubled if there were a legitimate—I stress legitimate—concern about that. Self-evidently, we want those staff, with their expertise, to be involved in shaping what is done. If there is a workshop where there should be input from them, we would not just welcome it, but would encourage their involvement. I should stress that, quite often, I want to hear from the staff who are working at the coalface, not necessarily senior management. When I go out on visits, I am always keen to meet the staff who are delivering on the ground. I give you an undertaking that anybody whose participation in those workshops is deemed to be appropriate can take part. We are absolutely committed to that.

The Convener: That is a welcome reassurance.

Minister, I thank you and your officials for your time today. We welcome your commitment to send us follow-up information, some of definitely ahead of our stage 1 debate.

I will now suspend the meeting for about 10 minutes.

11:49

Meeting suspended.

11:59

On resuming—

Subordinate Legislation

Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 [Draft]

The Convener: Our next agenda item is consideration of an item of subordinate legislation that is subject to the affirmative procedure. The committee will take evidence on the draft Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 from the Minister for Higher and Further Education; and Minister for Veterans, and his officials. The minister will also move the motion that the order be approved. I welcome Graeme Dey, who is accompanied by Jess Dolan, head of institutional governance and reform; and Alison Martin, solicitor.

I invite the minister to speak to the draft order.

12:00

Graeme Dey: I am delighted to be here to discuss the draft Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025, which seeks to reform the governance arrangements in the Glasgow and Lanarkshire college regions. The draft order makes amendments to existing legislation to abolish two regional strategic bodies—the Glasgow Colleges Regional Board and the Lanarkshire Board—and designates the three Glasgow colleges and South Lanarkshire College as regional colleges.

I put on record my thanks to the Scottish Funding Council and those across the college sector who have helped to shape the recommendations that have been made to the Government. I also acknowledge the work that the committee did as part of its inquiry into college regionalisation, which highlighted the success of the single college region model and the need for reform of the regional strategic bodies in order to realise the original aims of college regionalisation.

The Government has carefully considered the case for change, and I am confident that the draft order delivers the right governance reforms to achieve our collective ambitions for the colleges in the Glasgow and Lanarkshire regions. It is imperative that colleges provide a high-quality, streamlined learning offering that is rooted in a robust understanding of local needs, as well as regional and national priorities. That is what Scotland's economy, its employers and its communities need from our colleges. In ensuring that colleges are equipped to fulfil their role as

anchor institutions, it is crucial that we reflect on experience and the changing landscape so that we can introduce reforms that will enable effective change to take place.

The regional strategic bodies in the Glasgow and Lanarkshire regions have played a key role in recent years, but the time is right to remove that additional layer of bureaucracy, which will allow the colleges to flourish under a single college region governance model and will promote the colleges' ability to collaborate with the right partners.

It is crucial that we have robust accountability and assurance processes that hold colleges to account. Having a direct funding and accountability relationship with the SFC as opposed to the regional strategic bodies, and the chair of the boards of the newly designated regional colleges being appointed by the Scottish ministers, will achieve improved college accountability.

I hope that the committee agrees that the draft order addresses many of the concerns that were set out in the committee's inquiry report. If approved, the reform arrangements will come into force on 30 July 2025.

I welcome any questions that committee members may have.

John Mason: I welcome the draft order. I think that it is great that we will get rid of the Glasgow Colleges Regional Board, and I am delighted that the three colleges will be separate. Can the minister say anything about collaboration between the three colleges going forward? Although I want the colleges to be independent, they will need to work together to some extent.

Graeme Dey: That is one of the areas that I explored when I was considering what action to take. As well as wanting to encourage collaboration, we wanted to avoid getting into a situation in which there might be predatory behaviour or the duplication of provision. There was an existing informal structure between the colleges that facilitated that. I am satisfied that the concerns that I might have had about what that arrangement might have led to were unjustified. The SFC will work with the colleges to develop appropriate collaborative arrangements, which will be overseen in line with existing accountability and assurance processes, and in compliance with statutory requirements.

It is also important to recognise that collaboration arrangements could be broader than the obvious arrangements that you might think of. For example, in your region of Glasgow, you might think about the three Glasgow colleges collaborating, but the strategic regional planning board, which I met yesterday, is working across a

six-college area with West College Scotland and the two Lanarkshire colleges. I know that some thought is being given to more collaborative working between one of the Lanarkshire colleges and a Glasgow college, because the public transport links are better than they were between the two Lanarkshire colleges.

The proposed changes in the draft order will facilitate greater collaboration of the type that I think we are all looking for. The SFC will work with colleges to ensure that that happens.

John Mason: I certainly hope that that is the case. Sometimes, personalities come into these things, as we have discussed previously on other subjects. Is our system robust enough to ensure that, whoever the chairs of colleges are, it can still work?

Graeme Dey: I will take Glasgow as an example. It has three colleges that are specific to the city. Two of those might be described as doing the typical community work that you would expect of colleges. That is their strength. The other is quite unique. It is something between a university and a college, and it is unique in having substantial commercial income. It attracts international students in a way that the other two colleges do not.

Given the principals who are in place at the moment, I am confident that, through the appointment process for chairs, we will manage to ensure that we attract the kind of strong individual who I want to chair our colleges—the kind of individual who will hold principals to account but will also see the bigger picture. Having heard yesterday in Glasgow about the skills planning work that is going on, I think that there is a coherent vision not just for Glasgow, but for Lanarkshire and the area that is covered by West College Scotland.

Ross Greer: I very much support the proposed change, which I think will significantly improve college governance. However, could you provide a bit of clarity on what the impact will be on the handful of staff who are involved? Much as this is the right move when it comes to overall governance and efficiency, the Glasgow Colleges Regional Board has some brilliant and highly skilled staff, whose individual contributions have added a lot to the sector in recent years. Are they to be transferred to the individual colleges?

Graeme Dey: I echo those sentiments, and I acknowledge the impact that all the talk, over a number of years, about the proposed changes has had on those staff. I do not think that anyone who has called for those changes has implied any criticism of the staff who work for the regional body. My understanding is that all five staff who

are affected have chosen to take voluntary redundancy.

To be fair, it was suggested by the colleges that they would seek to offer employment opportunities. I am not entirely sure whether that happened, but it was certainly talked about. However, all the staff have chosen to take voluntary severance. Ultimately, I hope that the skills and talents that they have shown might not be lost to the college sector.

Ross Greer: If they have already taken voluntary packages, I will not pursue the matter further, but I echo your hope that we can find a way to retain the skills and knowledge that they have built up in the sector.

Pam Duncan-Glancy: I share Ross Greer's concern, but I also appreciate the recognition for the staff concerned that the minister has put on the record.

I have two questions, the first of which builds on the answers that the minister gave to John Mason. What, specifically, is his vision for a co-ordinated approach? How does he hope that the colleges in the region will collaborate to provide the best opportunity for skills across the region?

Secondly, when can colleges in Glasgow expect to receive any of the funds—to the tune of about £500,000, I think—that were top sliced for the board?

Graeme Dey: I do not want to avoid answering the first question but, as the member knows, I am a great believer in empowering the colleges to have and deliver that vision, rather than ministers dictating what it should look like.

From my visit to Glasgow yesterday, it was clear that a coherent vision of the needs of the city and the wider area is being pulled together. I was heartened by some of what is already happening—in particular, when it comes to centres of excellence. There is already something there that will be built on, and I have every confidence that it will align with what that locality requires and that it will provide an example for other parts of the country of how to co-operate and collaborate. That was heartening.

On the question about the moneys that will be raised, the member is quite right to talk about the top slicing that took place in order to fund GCRB. My understanding—Jess Dolan will correct me if I am wrong—is that a top slice of a sort has been retained for 2025-26, which is to cover any residual costs that are incurred in winding up the regional body.

We anticipate that anything that is left at the conclusion of that process would be returned to the colleges in November. Therefore, we are already starting to see the financial benefit of the

change. You will appreciate that we have to complete the winding-up process, which should be done by November.

Pam Duncan-Glancy: In the following years, can colleges in Glasgow expect to have the additional funding reflected in their allocations?

Graeme Dey: Do you want to answer that, Jess?

Jess Dolan (Scottish Government): Allocations will take place through the SFC, as is the standard format. Each individual college will receive its individual allocation, which will not be top sliced.

Pam Duncan-Glancy: The colleges might have concerns about planning for the transition and then being able to engage in some of the collaborative activity that the minister might have seen on his visit yesterday or discussed with them, because some of that might have a cost attached to it. I want to identify that each college might need to consider that.

Graeme Dey: The colleges were already participating in such activity under the regional model. One area that I explored yesterday—I have done this in a number of forums—was the need to ensure that, if economic planning is taking place in an area in relation to things such as city deals or green freeports, or at a more localised level, the cost that might be incurred by the colleges is factored in, and additionality is provided to meet the additional asks of colleges in specific areas. That was one of the issues that we discussed yesterday.

Pam Duncan-Glancy: Thank you—I appreciate that.

The Convener: Why has it taken us so long to get to this point? The Government first asked the SFC to look at the issue in 2020. When it did, it said that the

“status quo is not tenable”.

When the committee looked at the issue more than two years ago, it concluded, in March 2023, that the proposal that you have brought forward today was the right approach. Is that the pace that we should be going at, given that what we are talking about is not particularly controversial?

Graeme Dey: If you know me, you will know that I would work at a considerably greater pace on everything if I could.

There were two complicating factors, one of which was down to me. As I said, I wanted to be satisfied that, if we removed the level of oversight that the regional strategic bodies have provided, we would not get into a situation in which there would be predatory and competitive behaviour. I took a little bit of time to consider that—in fact, I

met all the chairs and principals in order to iron out those points.

The other complicating factor was that the Withers report came along in the midst of that process. We wanted to be assured—

The Convener: That did not really happen in the midst of it—we are talking about a five-year period.

Graeme Dey: I am not making excuses, but I have been in post for only two years. I recall that, as we were working through the process, we wanted to test the advice that we had received from the SFC. We wanted to know whether, given what James Withers was asking for, what was in that advice was still the SFC's view.

You will also be aware, as it was alluded to earlier, that there has been some contention, such as complaints and so on, around college activity in the city of Glasgow. All round, we probably took longer than I would have wanted us to, but I wanted to be sure that we got it right, which I think we have in the end.

The Convener: Separately, what do you think that the proposal means for the future of the University of the Highlands and Islands, as it is now the only remaining body with such a structure? Are you satisfied that nothing should change and that UHI is operating well, or do you have concerns that, as it is the last remaining institution with that structure, it should perhaps change as well?

Graeme Dey: Extensive work is under way not only to protect the concept of UHI but to future proof it. A little while after I came into post, I met UHI central—if you want to call it that—which outlined a vision of what reform might look like. I had some concerns about that—you might have done, too—because I wanted UHI to ensure that the voices of the local colleges that are involved in delivery were heard and so on.

12:15

To UHI's credit, it has done exactly that. An extensive piece of redesign work is going on. I am heartened that it appears to be taking people with it on the journey, which is essential.

Again, the process has taken longer than I would have wanted, but I anticipate that UHI will come back to the Government as soon as it has been able to firm up the proposal. It will have a business case for us to consider, but I am keen that we do whatever we can, at pace, to support UHI in ensuring that the concept is absolutely protected in a way that is sustainable for the long term. That work is on-going across the colleges concerned.

The Convener: You have said “as soon as possible” a couple of times. Do you have a timescale? Will that work be completed in this parliamentary session or the next?

Graeme Dey: I will write back to you on that. We are in UHI's hands when it comes to delivery, which will be determined by the pace at which it can get agreement on all that. I will reflect on that and come back to you.

The Convener: As there are no other questions, I invite the minister to move motion S6M-17468.

Motion moved,

That the Education, Children and Young People Committee recommends that the Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 [draft] be approved.—[*Graeme Dey.*]

Motion agreed to.

The Convener: The committee must now produce its report on the draft order. Is the committee content to delegate responsibility to me, as convener, to agree that report on behalf of the committee?

Members indicated agreement.

The Convener: Thank you very much. That concludes our consideration of the order. I thank the minister and his officials.

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

12:17

Meeting continued in private until 12:37.

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