

Economy and Fair Work Committee
Wednesday 30 April 2025
13th Meeting, 2025 (Session 6)

Skills Delivery – Note by the Clerk

Background

1. The Scottish Government has introduced [the Tertiary Education and Training \(Funding and Governance\) \(Scotland\) Bill](#) with the aim of simplifying the post-school funding body landscape.
2. This follows the [independent review of the skills delivery landscape](#) published in 2023, and a [consultation on post-school education and skills reform](#) which ran from 25 June to 20 September 2024.
3. Prior to the Bill's introduction, the Committee agreed to consider how the current skills system is working and identify the actions needed to support businesses and to improve the skills supply chain, including green skills.
4. This Committee's work is looking at wider skills policy but will complement stage 1 scrutiny of the Bill, which will be carried out by the Education, Children and Young People Committee.
5. The Committee will hear evidence over five meetings. Ahead of these, it held informal engagement sessions with apprentices from different sectors.
6. Following the completion of this work, the Committee will share its findings with the Education, Children and Young People Committee.

Evidence Session

7. This week, the Committee will hear from—
 - Sandy Begbie, Chief Executive, Financial Enterprise Scotland;
 - Paul Campbell, Employer Engagement Group Chair, Scottish Apprenticeship Advisory Board;
 - Jack Norquoy, Director of Public Affairs and Communications, Scottish Renewables; and
 - Paul Sheerin, Chief Executive, Scottish Engineering.
8. The Scottish Apprenticeship Advisory Board responded to the Education, Children and Young People Committee's call for views on the Tertiary

EFW/S6/25/13/1

Education and Training (Funding and Governance) (Scotland) Bill, this is attached at Annexe A.

Clerks to the Committee
April 2025

Scottish Apprenticeship Advisory Board response to the call for views on the Tertiary Education and Training (Funding and Governance) (Scotland) Bill

Part 1

The proposals would move the funding and functions related to National Training Programmes and provision for apprenticeships from Skills Development Scotland to the Scottish Funding Council.

What do you think of these measures?

The Scottish Apprenticeship Advisory Board (SAAB) was established in 2016 as recommended by the Commission for Developing Scotland's Young Workforce and serves as an independent, industry-led board providing leadership on matters affecting apprenticeships in Scotland. Comprising over 80 members from diverse organisations, including public, private, and third sectors, as well as large multinationals and SMEs and micro businesses. SAAB plays a fundamental role in shaping the design, development, approval and delivery of apprenticeships and acts as the authentic industry voice on apprenticeships for Scotland.

SAAB made a submission to the Post-School Education Skills Reform (PSESR) Consultation in September 2024. Within this submission SAAB recognised the opportunity reform presents to make fundamental improvements to the skills system. However, SAAB did not select any of the options from the consultation options due to insufficient detail and lack of consideration regarding system capability and capacity, how changes would be measured, and the outcomes expected.

SAAB noted that the consultation could have included more ambitious plans to enhance or improve the role of Skills Development Scotland (SDS), as well as to integrate the skills, expertise, capabilities, and systems of both SDS and the Scottish Funding Council to address skills shortages and support the broader workforce.

In relation to the Tertiary Education and Training Bill, SAAB would like to provide feedback related to two ongoing concerns which were covered in the submission to the PSESR consultation. These are:

- The need to safeguard funding for and provision of apprenticeships and protect and enhance the apprenticeship programme in Scotland.
- The need to maintain an industry-led approach to demand assessment, design, development, approval, and delivery of apprenticeships within the

post-school education and skills infrastructure – as a necessity. Recognising that employers understand their strategic workforce needs.

We are concerned the Bill does not address these issues and therefore the potential benefits of reform will not be delivered, involve significant costs, and introduce risks that will take many years to mitigate - without cost savings or financial return.

SAAB is unapologetically ambitious for apprenticeships; we want there to be an apprenticeship available to every young person in Scotland who wants to do one, and for any employer to be able to access apprenticeships in their field.

SAAB is not saying that apprenticeships are the only route to successful careers for our learners, but we do view apprenticeships as being one of the key solutions to creating and sustaining future workforces.

On the above basis, SAAB would highlight a number of issues with the content of the Bill:

- 1) The Bill proposes simplification of funding streams by reallocating apprenticeship funding to the Scottish Funding Council. However, it does not detail instructions, conditions, measures, or targets that set out an expectation for the SFC to respond to industry demand. It does not aim to significantly grow apprenticeship numbers. It also fails to safeguard and sustain apprenticeship funding within post-school education and skills provision.**

The lack of detail in the Bill, at this stage in the process (stage 1) about how it will build in instructions, conditions, measures, or targets for apprenticeships, reinforces SAABs longstanding concerns that the apprenticeship budget will be diluted, and the apprenticeship demand diminished.

Employers and learners are already experiencing a reduction in apprenticeship numbers with SFC advising a drop in SFC Foundation Apprenticeships numbers, since 2021-2022 by around 500 places, Graduate Apprenticeship numbers have gone down from over 1450 to 1200 opportunities, and Modern Apprenticeships funding is stagnant – despite demands for more.

The increasing financial pressures on our colleges and universities, exemplified by the current situation at the University of Dundee, heighten SAAB's concerns that apprenticeship funding will be diverted to address institutional financial deficits, causing further declines in apprenticeship provision, and damaging the Scottish apprenticeship 'brand' and the system capability that enables apprenticeships to be delivered.

- 2) The Bill does not retain fundamental industry oversight of the design, development and delivery of apprenticeships, contrary to the OECD recommendation that employer leadership of apprenticeships should be strengthened.**

Furthermore, the Bill does not recognise the crucial role that industry must play to ensure skills provision is aligned with the demands of the economy, contrary to OECD advice which is to create a demand-led system, meeting the needs of employers and apprentices, and contributing to the economic prosperity of Scotland.

The lack of consideration for and detail on the role of the industry at this stage in the process (stage 1) reinforces SAABs longstanding concerns that industry is being distanced from performing a role that is rightly equitable in the creation, operation and maintenance of the apprenticeship system.

Despite industry being the creators of apprenticeships and employing the apprentices, their contributions are not adequately recognised. Employers invest millions of pounds into the system through the Apprenticeship Levy, paying wages to apprentices and cover training costs. There are limited instances in the skills system where private sector funds, of this scale, come directly from businesses.

As the only industry-led advisory board focused on apprenticeships, it is disappointing that despite almost a decade of voluntary service by its members, that the Bill does not acknowledge SAAB and its potential to support post-school education and skills provision as an expanded or strengthened mechanism.

Additionally, the Bill fails to mention any necessary industry infrastructure and the Apprenticeship Committee lacks insufficient detail about how it will involve industry. The vital role of employers is absent in the Bill – the word employer appears twice in the Bill but only in defining Scottish Apprenticeship.

Excluding SAAB or industry more generally from the Bill is a risk which we believe will lead to missed opportunities, regress the system, weaken relationships between government and industry, and inflict significant and unwarranted damage to systems and processes that have been developed over the past decade.

SAAB believes that the Bill offers an opportunity to enhance the apprenticeship system by securing industry commitment, which is evident in the legislation of high-performing apprenticeship countries such as Germany, Austria, Denmark, Switzerland, and Australia, and responding.

SAAB is optimistic about the potential for the Bill to provide greater opportunities for learners and industry alike, and would offer a series of recommendations to the improve the Bill in this regard:

- 1) Safeguard funding for and provision of apprenticeships and protect and enhance the apprenticeship programme in Scotland.**

Build in conditions to the Bill that **mandates Higher and Further institutions to invest in all post- school education and skills provision. This must include ensuring the protection of apprenticeship funding and demonstrating how all post-school education and skills provision address current and future critical industry needs, particularly in emerging sectors.** Any new condition will require detailed skills and cost benefit analysis and a mapping of provision directly with jobs

– addressing critical skills gaps and illustrating economic value. Meaning that the range of provision, across sectors – nationally and regionally, programmes and age groups, is strongly determined by industry demand.

SAAB proposes that enforcing these types of conditions will need to be backed by ambition, capability, capacity, structures, and systems to be able to deliver for learners' employers and the economy, therefore suggest the need to build in conditions to the Bill that **responds directly to the 9 recommendations proposed by the [Organisation Economic Co-operation Development \(OECD\) report: Strengthening Apprenticeships in Scotland](#) report which relate to: Responsiveness, Innovation and Inclusion and Equity.**

Build in conditions to the Bill that **enables SFC to mandate Higher and Further Education delivery against the Outcomes Framework and Assurance Model, specifically to drive up apprenticeship provision.** As it stands SFC provide 'guidance' to colleges and universities about delivery. However as outlined above, opportunities for learners to complete FA & GAs are declining– despite employer demand. Therefore, mandating is required if we are to see apprenticeship provision rise to match industry and learner demand.

The combination of enforcement powers and enhanced reporting mechanisms will contribute to an increase in participation rates in the short term, but SFC's culture and the post-school education and skill system must evolve to support more ambitious goals.

- 2) Maintain an industry-led approach to demand assessment, design, development, approval, and delivery of apprenticeships within the post-school education and skills infrastructure – as a necessity. Recognising that employers understand their strategic workforce needs.**

Build in conditions to the Bill that **sets out a commitment to and role for industry-leadership capability, contribution and commitment within the post-school education and skills infrastructure, to include employers, trade unions/federations, government, providers, apprentices, and qualification/education bodies.**

By manifesting collaborative conditions, industry will demonstrate accountability, leadership, and effective engagement with stakeholders across the system. Examples as evidenced by SAAB include:

- Governance of the Apprenticeship Approvals Group (AAG) - an industry-led group responsible for approving all Scottish apprenticeships - to ensure they meet the needs of industry.
- Its oversight of the Standards and Frameworks development programme
- Shaping, and acting as a check and challenge function for employer demand assessment and forecasting.

- Encouraging active participation and ambassadorial activity of the members including apprentices and other post-school education learners.

We believe that any amended conditions **must include the fundamental post-school education and skills infrastructure principles**, previously proposed in our submission to the PSESR consultation, as outlined below:

- An ambitious Skills Strategy for Scotland, with a prominent focus on apprenticeships and supporting policy directive, aligned with the National Strategy for Economic Transformation (NSET)
- An industry-led approach to support Scotland's Skills Strategy, overseeing all aspects of apprenticeships to include demand assessment, design, development, approval, and delivery is maintained. Acting as an enabler within the post-school education and skills system for apprenticeship pathways.
- Apprenticeships are not yet afforded the same parity as other forms of HE/ FE and have yet to be fully embedded into the current post-school education and skills system.
- Embedding apprenticeships will NOT happen without the leadership, drive, energy and ambition of industry and Scotland's past and present apprentice voice.
- Achieving parity requires challenging outdated success factors and transforming the culture of post-school education and skills systems. Higher qualifications should not be the sole gold standard.

The industry-led approach, outlined above, must include and seek to:

- Provide advice to the Scottish Government and its agencies on all aspects of apprenticeships: demand decisions and strategy, aligned to regional and national apprenticeship requirements.
- Oversee any adaptations, including implementation, to the apprenticeship system to include agreeing on the governance arrangements and oversight of the Apprenticeship Approval Group (AAG)
- Remain central to framework design, development (standards and content of apprenticeships) and approvals.
- Actively support the promotion of apprenticeships as ambassadors to school pupils, parents & carers, teachers, and Scottish Government & Scottish Parliament, and on an international scale.

- Retain the voice of past and current apprentices to help promote the apprenticeship route and inspire the next generation of talent.
- Targets for apprenticeships which are aligned to a truly demand-led system and contributing to business productivity and economic growth.
- Clear accountabilities and reporting links with the wider post-school education and skills infrastructure.
- Any new industry-led approach should incorporate SAAB's established expertise and a joined-up approach and connection with regional partners including economic partnerships, DYW and skills planning bodies.

The Bill would also move the funding and functions related to college student support from SFC to SAAS so that all student support funding is delivered through SAAS.

What do you think of these measures?

SAAB offer no views to this question.

The Bill will provide SFC with powers to make recommendations, issue guidance and to monitor the financial sustainability of post-16 education bodies.

What do you think of these measures?

SAAB aspires to create world-class, employer-led apprenticeships that are highly valued and accessible to all, unlocking a fairer, wealthier, and greener Scotland. SAAB is confident that the Bill has the potential to fulfil this ambitious vision. However, it is imperative that the culture across the post-school education and skills system rises to meet this ambition.

By empowering the Scottish Funding Council (SFC) with the authority to make recommendations, issue guidance, and monitor the financial sustainability of post-16 education bodies, SAAB believes that progress can be made towards this goal, and would offer a series of recommendations to the improve the Bill in this regard:

Build in conditions to the Bill **that requires SFC to use outcome reporting to include demand performance, higher and further education outcome data, and labour market outcomes.** To understand the performance of post-school education and skills programmes and use the information to promote different post-school education and skills routes to jobs.

This information will not only help to inform future learners, parents & carers and teaching professionals, but it will also help to provide transparency and reassurance that public investment in post-school education and skills programmes is responsive to employer need, that the performance of learning providers is understood, and that public funding is providing a return on investment for the Scottish economy.

As outlined in our answer to question 1:

Build in conditions to the Bill that **enables SFC to mandate Higher and Further Education delivery against the Outcomes Framework and Assurance Model, specifically to drive up apprenticeship provision**. As it stands SFC only provide 'guidance' to colleges and universities about delivery.

Build in conditions to the Bill that **enables SFC to mandate Higher and Further institutions to invest in all post-school education and skills provision. This must include ensuring the protection of apprenticeship funding and demonstrating how all post-school education and skills provision address current and future critical industry needs**, particularly in emerging sectors. Any new condition will require detailed skills, cost benefit analysis and a mapping of provision directly with jobs – addressing critical and emergent skills gaps and illustrating economic value. Meaning that the range of provision, across sectors – including nationally and regionally, programmes and age groups, is strongly determined by employer demand.

As mentioned previously, SAAB propose that enforcing these types of conditions will need to be backed by ambition, capability, capacity, structures, and systems to be able to deliver for learners' employers and the economy, therefore propose the need to build in conditions to the Bill that responds directly to the 9 recommendations proposed by the OECD which relate to: Responsiveness, Innovation and Inclusion and Equity.

Part 2

The Bill makes changes to the governance of the SFC, to take account of its expanded functions, and to ensure that the Council has the skills and experience that it needs.

Are the measures sufficient?

SFC needs to be future fit. The board can assist SFC in this by establishing a culture that will be required to:

- Model and promote a fair and equitable, innovative, pro-active, healthy, engaging, inclusive, collaborative, and agile post-school education and skills system, to create provision that works for all learners, employers and the Scottish economy.

- Harness talented industry expertise that reflects Scotland's skills needs and workforce.
- Respond to changing economic, environmental, political and social factors – and challenging the status quo.
- Encourage new ideas and perspectives, including diversification, to enable positive challenge and decision-making on all aspects of post-school education and skills provision.
- Ensure the board remains relevant and effective.

SAAB believe the measures in relation to governance of SFC, and its expanding functions and the skills and experience required, are insufficiently outlined in the Bill and would offer recommendations to improve the Bill in this regard:

Build in conditions to the Bill **specifying that the SFC Board must include industry representatives who are committed to the significance and future of apprenticeships for learners, employers, and the Scottish economy.** Additionally, business acumen is highly desirable, along with excellent skills in negotiation and influencing, and the ability to collaborate with government, stakeholders, and partners impartially and without political affiliation.

Build in conditions to the Bill **specifying that the Apprenticeship Committee must include industry representatives who are committed to the significance of apprenticeships for learners, employers, and the Scottish economy.** Additionally, business acumen is highly desirable, along with excellent skills in negotiation and influencing, and the ability to collaborate with government, stakeholders, and partners impartially and without political affiliation.

Build in conditions to the Bill **detailing the governance structures between the Apprenticeship Committee and the industry-led structures including the SAAB Standards and Frameworks Group and Apprenticeship Approvals Groups**, and how the committee will communicate and respond to the wider post-school education and skills system.

Build in conditions to the Bill **detailing the capability requirements of Apprenticeship Committee members which must match and be aligned to the knowledge, skills and capability of the SAAB Standards and Frameworks Group and Apprenticeship Approvals Groups.**

Part 3

The Bill aims to clarify the process for providing student support to Scottish students studying at private institutions in the UK. Do the measures provide enough clarity?

Are the measures sufficient?

SAAB offer no views to this question.

Further Comments

In your view, what should the outcomes of the Bill be?

In addition to:

- Providing further powers to SFC to make recommendations, issue guidance and to monitor the financial sustainability of post-16 education bodies,
- Making changes to the governance of the SFC, to take account of its expanded functions, and to ensure that the Council has the skills and experience that it needs.

SAAB would also propose that the outcome of the Bill needs to ensure that the post-school education and skills system is supported with capability in the following areas:

- Proficiency in stakeholder management, particularly with industry, learners, and broader stakeholder groups. This includes effectively addressing stakeholder needs, presenting and facilitating collaborative discussions to develop improvements and solutions and communicating demand, and recognising that engaging with industry will be an essential aspect moving forward.
- Conducting global horizon scanning to support the goals of post-school education and skill provision, ensuring the system incorporates insights from international research and evidence-based vocational education-focused organisations on skills and apprenticeship. This request for capability aims to facilitate comparisons, make improvements and learn from top-performing economies.
- Provision of Labour Market Information (LMI) and apprenticeship-related data to inform decisions at regional and national levels. These are crucial for supporting demand assessment processes and ensuring apprenticeship opportunities match industry needs.
- Expertise in awareness raising, focusing on understanding various sectors and occupations within Scotland, with the ability to effectively promote apprenticeships to individuals who support young people in making career choices that align with actual job opportunities.

Throughout the submission, SAAB also offered a series of key areas for improvement, and would request that the outcome of the Bill takes account of these recommendations, which are summarised below:

The need to safeguard funding for and provision of apprenticeships and protect and enhance the apprenticeship programme in Scotland.

1. Respond directly to the nine recommendations proposed by the OECD which relate to: Responsiveness, Innovation and Inclusion and Equity.
2. Mandate Higher and Further institutions to invest in all post- school education and skills provision. This must include ensuring the protection of apprenticeship funding and demonstrating how all post-school education and skills provision address current and future critical industry needs, particularly in emerging sectors.
3. Enable SFC to mandate Higher and Further Education delivery against the Outcomes Framework and Assurance Model, specifically to drive up apprenticeship provision.
4. Stipulated the need for outcome reporting to include demand performance, higher and further education outcome data, and labour market outcomes to inform provision and demand.

The need to maintain an industry-led approach to demand assessment, design, development, approval, and delivery of apprenticeships within the post-school education and skills infrastructure – as a necessity. Recognising that employers understand their strategic workforce needs.

5. Set out a commitment to and role for industry-leadership capability, contribution and commitment within the post-school education and skills infrastructure, to include employers, trade unions/federations, government, providers, apprentices, and qualification/education bodies.
6. Specify industry representatives who are committed to the significance of apprenticeships for learners, employers, and the Scottish economy, on the SFC Board.
7. Specify industry representatives who are committed to the significance of apprenticeships for learners, employers, and the Scottish economy, on the Apprenticeship Committee
8. Detail the governance structures between the Apprenticeship Committee and the Industry-led structures including the SAAB Standards and Frameworks Group and Apprenticeship Approvals Groups

9. Detail the capability requirements of Apprenticeship Committee members which must be aligned to the knowledge, skills and capability of the SAAB Standards and Frameworks Group and Apprenticeship Approvals Groups.