

**Colin Smyth MSP**

Convener, Economy and Fair Work Committee

Scottish Parliament

EH99 1SP

02 May 2025

Dear Mr Smyth,

### Scottish Funding Council (SFC) – Skills Delivery

As the Economy and Fair Work Committee considers the evidence gathered as part of its inquiry into Skills Delivery, I am writing to the Committee to provide clarity about the Scottish Funding Council's (SFC) role in the skills landscape.

I hope this contribution will be helpful in supporting the Committee's deliberations. Given the Economy Committee's work is intended to complement the Education, Children and Young People Committee's Stage 1 scrutiny of the Tertiary Education and Training (Funding and Governance) (Scotland) Bill, I have copied this letter to the ECYP Committee.

### About the Scottish Funding Council

SFC is Scotland's tertiary education and research authority. We are a non-departmental public body (NDPB) established by the Further and Higher Education (Scotland) Act 2005. Our powers come from the 2005 Act, and we have two core statutory duties, currently articulated as follows:

- To secure the coherent provision by post-16 education bodies of high quality and fundable further and higher education.
- To secure the undertaking of research.

Our purpose is to sustain a world-leading system of tertiary education, research and innovation that enables students to flourish; changes lives for the better; and supports social, economic and environmental wellbeing and prosperity.

We invest around £2bn in tertiary education, research and innovation through Scotland's 24 colleges and 19 universities, which provides learning, reskilling and upskilling opportunities to Scotland's learners. Our funding also connects academic research with real-world innovation to generate new ideas, develop cutting edge products and processes, and to tackle some of the most pressing challenges facing society today.

## SFC's role in skills

Scotland's universities and colleges are key to delivering the education, skills and lifelong learning, research and innovation that support the changing needs of industry and of our economy and society.

In delivering our statutory duty to secure the provision of high-quality learning across colleges and universities, we also have a duty to consider skills needs and the economy.

In practice, this means we expect – through our outcomes and assurance approach – the institutions we fund to engage with employers to understand their skills needs. Institutions should ensure students are equipped with the knowledge and skills to meet those needs and contribute positively to society and the economy.

We also work directly with employer bodies, industry sector groups and with Scottish Government officials to understand both immediate skills gaps and projected future needs, and we engage with the sector to identify opportunities to respond.

We are committed to all forms of work-based learning, including apprenticeships. Since assuming funding and accountability for all GAs and college delivery of FAs in 2021-22, with no additional funding or staff resource transferring from SDS, we embedded the qualifications into core provision, thus safeguarding programme delivery.

We support parity of esteem across colleges, universities and work-based learning, including apprenticeships. All these forms of provision are vitally important to Scotland's economy and society.

## Post-16 Education Reform

We support the aims of the Tertiary Education and Training (Funding and Governance) (Scotland) Bill, which are to enable funding for tertiary education and training to be more responsive to the needs of learners and the economy; delivering better services for learners and employers; simplifying the operating environment; and ensuring best value for public funds.

We agree that integrating apprenticeships, work-based learning, and National Training Programme funding will create a more cohesive, transparent, and consistent post-16 education and skills system.

It is our view that by delivering greater parity of esteem, it will benefit learners, employers, and the economy by ensuring that funding is directed at the provision that best meets the needs of the learner, while providing training providers with a more streamlined and coherent system.

## Funding for Graduate Apprenticeships

Transferring the funding of FAs and GAs to SFC in 2021-22 did not come with additional funding, nor did the staff previously employed within SDS to deliver funding of GAs transfer to SFC.

SFC embedded GA funding within its core funding and safeguarded the programme, ensuring continued delivery of GAs across the sector to benefit learners and industry. This approach has also enabled Scotland's universities greater flexibility to move funding between subject areas and adjust curricula to meet employer needs.

## Graduate Apprentice Numbers and Demand

We set an expectation about the number of GA places each year. However, there is no limit on the number of GAs that can be offered by an institution – the only limiting factor is the institution's overall number of funded places and conflicting demands to meet other priorities. For example, in AY 2024-25, we set an expectation that the sector would have an intake of 1,378 GA places, however this was exceeded, and there were 1,500 new enrolments that year. The programme has therefore expanded from when SFC took responsibility for funding GAs in 2021-22 when there were 1,165 new enrolments.

There are several positive case studies across institutions in Scotland, with many universities growing their GA programmes:

- Glasgow Caledonian University (GCU) has almost doubled the volume of new entrants.
- A further two universities are seeking to develop GA programmes this academic year.
- SFC successfully developed a framework for a new Graduate Apprenticeship programme in Operating Department Practitioners to address a critical skills gap and registration difficulty in the NHS. The collaborative work undertaken between university partners, SFC, SDS and NES enabled this programme to be approved at pace to meet the registration deadlines and recruitment of students.

Demand for new programmes remains high, with strong interest from both employers and universities in expanding the range of available frameworks. We recognise that there are complexities with establishing new frameworks and we are committed to working with partners to expand the offer where possible.

## Modern Apprenticeship Mixed Delivery Model

Apprenticeships provide employers with a vital route to invest in their future workforce, helping to develop the skills required for the economy and public sector.

We agree that a mixed delivery model is the correct approach, with colleges, managing agents and independent training providers all playing a valuable role in delivering opportunities for learners.

Colleges supported 14,830 apprentices in 2023-24 through a combination of direct delivery and subcontracted arrangements with managing agents.

We are clear that there should be continuous focus on improving overall achievement rates across providers and there are positive signs of improvement, for example, SDS data shows an improving pattern in college MA achievement rates this year across most frameworks. A large percentage of managing agents subcontract apprenticeship delivery to colleges, and as such, their published achievement rates reflect the important role that colleges play in delivery.

As set out in our Stage 1 response to the Tertiary Education and Training (Funding and Governance) (Scotland) Bill, the transfer of funding for apprenticeships, work-based learning, and the National Training Programmes into SFC will support a more streamlined system.

## Engagement with Employers and Industry

We have a strong track record working with key partners to respond to the current and prospective skills needs of learners, industry and regions. We actively engage with employers and industry sectors in line with our current role, remit and statutory duties. These relationships are crucial in developing insight and knowledge on skills gaps and sector priorities that help inform our engagement with institutions to support provision and curriculum planning.

We collaborate extensively with many sector-specific skills groups where SFC is considered a trusted partner. These include the Scottish Government led SLWG for Offshore Wind Skills, Scottish Offshore Wind Energy Council (SOWEC) Skills group, Making Scotland's Future Programme Board and the Digital Economy Skills Group.

We also play a facilitating role between employers, industry and the sectors we fund. Through our Outcomes Framework and Assurance Model (OF&AM), we set our expectations of colleges and universities in return for the funding that they receive.

There are seven outcomes in the Outcomes Framework, one of which relates to Skills and work-based learning.

Our Outcome for Skills and work-based learning states that: "Institutions produce confident and highly capable work-ready graduates, engaging with employers to respond to industry and sector needs, skills alignment and to co-create solutions to challenges." This approach is key as we recognise employers and our industry partners have a critical role in the development and the successful delivery of work-based learning, including apprenticeships.

We also demonstrate our commitment to industry needs through our investments:

- For example, in close collaboration with our institutions and industry partners, our funding is directly supporting the Civil Engineering Contracts Association (CECA) Academy in Scotland's colleges.
- One of our key long-term partnerships, the Energy Skills Partnership (ESP), facilitates industry partnerships with the college sector and provides upskilling opportunities for college staff to develop the workforce of the future. Our investment, £350,000 each year, in the Energy Skills Partnership (ESP) strengthens the connection between colleges and industry, building the expertise and capacity needed to deliver Scotland's net zero ambitions. It enables colleges to embed cutting-edge green skills into their curricula and respond quickly to emerging workforce demands. Through the ESP, college staff and industry professionals gain vital training to drive forward major projects in renewable energy, energy efficiency, sustainable construction, low-carbon transport, and advanced manufacturing.

Our investment and levers through our statutory powers put us in a unique position to ensure institutions are responsive to change and can meet economic need at pace.

## College Pathways

Colleges have a strong track record in embedding future pathways for Scotland's learners, supporting learners into progressing their studies at college, articulation to university or entering the workforce.

Our [College Leaver Destinations 2022-23](#) report provides statistics on the destinations of full-time qualifiers from Scotland's colleges. As published in our report, SFC had confirmed destinations for nearly 90% (14,301) of full-time qualifiers. Nearly 40% of those with known destinations were sector leavers. The other 60% continued their study at college, for example, people who achieve an HNC may continue their studies to progress to HND.

The way in which college qualifications are designed is different from universities, where a college student will complete a year-long course (e.g. an HNC) then re-enrol onto the next stage (e.g. and HND) compared with a university student who will enrol onto a full four-year programme from the start.

Of those who were sector leavers, 87% went onto positive destinations, including further study at university level and employment. Our most recent data shows that almost 50% of sector leavers that year were in employment 3 – 6 months post qualification, showcasing the vital role colleges play in Scotland's education and skills landscape, while almost 40% went on to study at university.

I trust this information is useful. We would be pleased to provide any further information that the committee would find helpful.

Yours sincerely,



Martin Boyle

Chief Operating Officer