



OFFICIAL REPORT
AITHISG OIFIGEIL

Education, Children and Young People Committee

Wednesday 14 May 2025

Session 6



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Wednesday 14 May 2025

CONTENTS

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TERTIARY EDUCATION AND TRAINING (FUNDING AND GOVERNANCE) (SCOTLAND) BILL..... 1

EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE
16th 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:

Sarah Dalrymple (SDC-Learn)

Sir Paul Grice (Universities Scotland)

Stephanie Lowe (Scottish and Northern Ireland Plumbing Employers Federation)

Phiona Rae (Tullos Training)

Andrew Ritchie (Association of Directors of Education in Scotland)

Jon Vincent (Colleges Scotland)

Sai Shraddha Suresh Viswanathan (National Union of Students Scotland)

CLERK TO THE COMMITTEE

Pauline McIntyre

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education, Children and Young People Committee

Wednesday 14 May 2025

[The Convener opened the meeting at 09:00]

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

The Convener (Douglas Ross): Good morning, and welcome to the 16th meeting in 2025 of the Education, Children and Young People Committee. The main item on our agenda is continuation of evidence taking on the Tertiary Education and Training (Funding and Governance) (Scotland) Bill at stage 1. I welcome the first of our two panels of witnesses: Jon Vincent, the principal of Glasgow Clyde College, who is representing Colleges Scotland; Sir Paul Grice, the interim convener of Universities Scotland; Andrew Ritchie, the lead officer for the Developing the Young Workforce programme at Aberdeenshire Council, who is representing the Association of Directors of Education in Scotland's sub-group on foundation apprenticeships; and Sai Shraddha Suresh Viswanathan, the president of the National Union of Students Scotland. Thank you all for joining us.

I will kick off with the question that I have asked the two previous panels of witnesses. What is the problem that the bill is seeking to address and rectify, and is the bill the answer to that problem?

Sir Paul Grice (Universities Scotland): At one level, that question is for the Government to answer. We have spent a fair bit of time considering the Withers review, and he was clear that he perceived the problems as being duplication and a lack of coherence. The bill aims to address those and, at one level, bringing everything into one body makes a lot of sense.

However, there has been something of a missed opportunity in being able to be innovative and agile, particularly in relation to graduate apprenticeships. If we look ahead to the demographic challenges that the country faces, we see that there will be quite a dramatic change in demographics, certainly after 2030. My colleague Jon Vincent can speak for colleges, but our universities feel that there could be more room for innovation and agility. Bringing everything together into one area offers the possibility—this is not guaranteed, but we have a responsibility—of taking opportunities under the new regime to

create a system that is better suited to the needs of learners, industry and our public services.

That is the fundamental problem that the bill is looking to address, and the bill gives us the possibility of addressing it—I will say no more than that. We can further develop those points during the evidence session.

Jon Vincent (Colleges Scotland): The bill seeks to consolidate a number of organisations and, in so doing, streamline the post-16 tertiary landscape, which is quite complex for colleges. Under the current system, we are funded by the Scottish Funding Council and, for national programmes and apprenticeships, by Skills Development Scotland. At the moment, students receive student support funds from the SFC while they are in further education and are then funded by the Student Awards Agency Scotland once they enter higher education. That system involves complexity for institutions, which have to navigate between a number of funding bodies, and it creates complexity for our students, too. There is not necessarily parity in the levels of support that students receive in different parts of the system. I hope that transferring the apprenticeship and national training programmes to the SFC and student support to SAAS will simplify the landscape and benefit learners directly.

However, the college sector is concerned that it and students face some very difficult challenges that the Government must confront. We hope that this reform is done promptly, given that the timescales are quite extensive, and that, during this reform, attention is not diverted from what is possibly our largest issue, which is the financial sustainability of the college sector.

The Convener: Is that a risk?

Jon Vincent: It is a significant risk.

The Convener: How does the Government respond when you put that point to it? Does it see this as more of a priority than sorting out—

Jon Vincent: I have not put that point directly to the Government.

Sai Shraddha Suresh Viswanathan (National Union of Students Scotland): I will echo a few points that have been made already. Financial sustainability is the biggest issue that students want the bill to cover. As my colleague said, in relation to the different student demographics, colleges have faced the brunt of the financial cuts that have been made in the sector. Not enough international students are being recruited in the sector and, as a result, our universities are publicly announcing cuts. We see job losses across the sector.

From a student perspective, we would like the bill to cover four points. First, we want the

Government to step into funding reform and evaluate the current system.

Secondly, the bill should cover governance and embed accountability. The NUS holds certain positions in the Scottish Funding Council and works very closely with it, but the NUS cannot solely represent every student experience, so there needs to be more student representation in our governance structures, especially students in our college sector, those from deprived backgrounds and those with apprenticeship backgrounds.

Thirdly, we need to address structural inequalities in our bigger universities, some of which are ancient and hold a lot of wealth. We need to look at how we can redirect or repurpose money that is sitting in their reserves in the form of colonial wealth, gifts or bequests—or any other cash or reserves that are not reflected in their financial statements. How do we repurpose that money to create a more sustainable system for our students and the sector? That would set us apart in making us sector leaders not only in the United Kingdom but across the world, and I say that as an international student.

Finally, from an operational point of view, we need to look at how we re-evaluate ourselves and the sector's effectiveness. We are all colleagues—some of us are civil servants—and serve our memberships and constituencies, but we need to take a step back, with the help of the bill or through a pathway created by it, and look at the sector's effectiveness and whether our funding model is fit for purpose, given the changing demographics of students. Right now, multiple inequalities are being perpetuated by the Westminster Government, and that will have a trickle-down effect on Scottish students. We want a ground-up approach in which we can better consider devolved matters and collectively consider how we can tackle matters that are reserved to Westminster.

Those are the four main points from a student perspective.

The Convener: Andrew Ritchie, you have quite specific points about the bill, but, if you do not mind, I will come to you in a second.

Having heard what the three witnesses have said so far, I want to know whether this is the issue that the Government should be focusing on in the final year of this parliamentary session. Is this the top issue that you are banging on the doors of the Government to get sorted, or is it potentially an easy issue for the Government to deal with now before it, undoubtedly, faces bigger challenges in the coming months and years?

Sir Paul Grice: It is not an easy issue, but it is important because it offers possibilities. My NUS

colleague made some important points. We need to accept that the sector's effectiveness is partly our responsibility, and the bill offers potential in that regard.

There is no getting away from the fact that financial sustainability is the most significant challenge that we face, if I may speak for further education as well as higher education. I am happy to talk more about that later. That is the number 1 issue that the sector faces, but that is not to say that the bill does not address an important issue or that we cannot use the possibilities in the bill to improve how we operate, including how we do so with our main regulator, the SFC.

Jon Vincent: I would not contradict any of Sir Paul Grice's points. The bill is important, because the college sector has been frustrated for a long time about the disconnected way in which modern apprenticeships operate outside the general further education offer that is available in colleges. Moving modern apprenticeships into that family will offer much greater flexibility and responsiveness, particularly for the employers that we work with.

Does the bill address our top issue? No—our top issue is institutional financial sustainability. That covers the levels at which colleges are funded, how that compares with institutional funding in other parts of the education world and the issue that the levels of support for learners who choose to do further and higher education in the college sector are not in keeping with those in other settings. One has to question whether that is a judgment about the value of that education setting or of the learners who pursue those pathways.

The Convener: Andrew Ritchie, I asked what the problem is and whether the bill is the solution to it. It is probably fair to say that your submission covers what is not in the bill. Will you outline the issues for Aberdeenshire Council and the wider views that you are here to represent?

Andrew Ritchie (Association of Directors of Education in Scotland): The bill aims to simplify the funding landscape by creating a one-stop shop. In principle, as we said in our submission, we are not against that, but our focus should be on the likely impact on young people's opportunities and life chances. From our perspective, as it stands, the bill is likely to have a detrimental and negative impact on positive outcomes for young people, especially those from more disadvantaged backgrounds.

The bill sets out to simplify the system, drive efficiencies and get rid of silos. However, because it does not take a systemic approach, it has the potential to do the opposite, including by perhaps creating the biggest silo of all through the

separation of school education and post-school education, which we have all worked really hard to avoid for the past 10 years.

We have a number of concerns about the bill. The first is about the lack of engagement with local authorities, given the principle of partnership working in the Verity house agreement. There has been a failure to recognise that, ultimately, local authorities are responsible for school pupils' education and outcomes, given that the bill could impact school pupils.

The bill presents a significant risk to foundation apprenticeship programmes, as there could be a negative and adverse impact on equalities and key strategies that currently have a positive impact on raising attainment, closing the attainment gap and improving life chances for the most disadvantaged learners, those who are most vulnerable to ending up in non-positive destinations and—crucially, as far as we are concerned in Aberdeenshire—those in rural areas.

The bill does not provide a systemic approach to curriculum, funding and collaboration through the development of a national career education programme covering primary school to employment, as recommended in research by the Organisation for Economic Co-operation and Development in 2024 and in the Wood commission's report.

There will be wider economic impacts and implications, because the bill does not provide a framework for partnership with employers to address national concerns about skills development and staying-on rates in order to meet the projected workforce demands across different sectors in Scotland.

I will make two final points. On alignment with the rest of education reform, there is potential for the direction of travel on education reform to be undermined, including in relation to the issues that the Hayward report outlined. Strategy and funding should be aligned to encourage the co-creation and delivery of a career pathways curriculum and qualifications through collaboration between local authorities, training providers, employers and, crucially, colleges and universities.

Finally, the bill is trying to achieve integrated systems of scale and collaboration. Quite rightly, you would think that that would provide best value, but little or no cost-benefit analysis or equalities impact assessments have been carried out on the bill's impact on work-based learning and career pathways or, specifically, on the impact of foundation apprenticeships on senior phase pathways.

09:15

The Convener: Will you expand—briefly, if you can, because a lot of members would like to ask questions—on the risk to foundation apprenticeships as a result of the bill?

Andrew Ritchie: The risk is that foundation apprenticeships will be no more, because the bill will change them, take them out of the apprenticeship family and sit them in as yet undefined work-based learning courses. We are concerned about that because, as recommendation 1 in the Wood report highlights, such courses provide industry-standard qualifications in the senior phase, which was seen as a crucial way of bringing the whole system together.

The Convener: Do you think that that is a deliberate move by the Government, or is it potentially an oversight? Your submission is quite scathing:

"The draft Bill proposals do not meaningfully build on existing good practice and would seem not to have been informed by a full range of available and relevant research evidence and performance data."

You are basically saying that the Government did not do its homework before it came up with the proposals.

Andrew Ritchie: We have clear evidence that such evidence is not in the draft bill or the supporting documentation. As to why that is the case, I assume that it is an unintended consequence.

The Convener: Okay. Thank you very much.

Jackie Dunbar (Aberdeen Donside) (SNP): Good morning. The policy intention is to consolidate funding of apprenticeships with that of further and higher education in order to simplify the skills landscape, but we have heard concerns that that might mean that apprenticeships will have less priority, given the relatively small share of skills and education funding. I would be interested to hear the panel's views on that issue.

Sir Paul, you caught my eye.

Sir Paul Grice: It is an important question, and it even, I think, picks up the issue that the convener was pursuing a minute ago.

There are two policies here that might appear slightly contradictory. On the one hand, there could be more in the bill to provide reassurance, and I would be happy to give some examples of that. We feel that a lot is being left to regulations. I well understand the arguments for and the benefits of that approach, but I am speaking from a sectoral point of view—although I defer to my colleague, who will know a lot more from the local authority perspective. There is something in that.

On the other hand, it is important that we try to future proof things. Certainly from where I sit, we are seeing an awful lot of change, and we need to be honest: I do not think that any of us can predict what the labour market is going to need in five, 10, 15 or 20 years' time. Therefore, the collective challenge before us is to come up with something that has sufficient clarity and provides some of the reassurance that is being sought, but which does not fall into the trap of giving us a one-size-fits-all solution that we will be stuck with for years to come. That would be my response to your question.

Jackie Dunbar: If you had a magic wand, what would be the one thing that you would put in the bill?

Sir Paul Grice: With graduate apprenticeships, there has been what I would call a bit of a lift-and-shift approach. Graduate apprenticeships offer lots of potential, but they are very rigid and there are only something like 14 such programmes, whereas there are hundreds of university programmes.

We have been quite frustrated at the difficulty in this respect—I have certainly seen it in my own institution, but there are many other examples elsewhere. We would like to provide new programmes in, say, podiatry, town planning and even some of the data areas, but the current system is too rigid. We would much prefer to have something that was framed around, say, workplace learning or an earn-and-learn approach and which would allow us to put our trust in existing systems and then challenge us to be innovative.

That is the one thing that I think that we would ask for. I think that the Government is not unsympathetic to it—obviously, it can speak for itself when it gives evidence—but it would be a significant improvement to how the bill is drafted.

Jackie Dunbar: Thank you. Jon Vincent, would you like to respond?

Jon Vincent: Can you repeat the question, please?

Jackie Dunbar: I was asking about the policy intention to consolidate the funding for apprenticeships with that for further and higher education, because we have heard concerns that it could mean apprenticeships being given less of a priority. What are your views on that?

Jon Vincent: There is an enormous opportunity with apprenticeships. I do not necessarily want to get drawn on the issue of foundation apprenticeships, although I will respond if you want me to; I want to talk more about modern apprenticeships.

Modern apprenticeships are a very high-quality product in Scotland. They are valued by employers, and by the colleges and the training providers that deliver them, and the young people and adults who undertake such programmes get a first-class service.

However, demand outstrips supply; the 25,500 places are nowhere near meeting the level of demand from employers and particularly from the young people who choose to study them. The funding rates that support the delivery of the apprenticeships have not been reviewed for many, many years. The ability of training providers and colleges to operate modern apprenticeships is quite a challenge, and some pretty entrepreneurial models are required to make them work.

As for the proposal to move modern apprenticeships into the Scottish Funding Council's portfolio, if it is simply a lift-and-shift thing, and if they then become a silo within the SFC—something that, in effect, the Funding Council is afraid to do anything innovative with and leaves exactly as it has been with SDS—that will be a huge missed opportunity. Apprenticeships should not be seen as a Ming vase; they could be opened up much more. Colleges and other providers should, on the basis of, say, a skills need that an employer presents or the needs of a young person, be able to freely choose from a range of products those that best meet their needs and then deploy them freely. We should not be limited by a fixed quota of places, as is the case under the current SDS system.

There is an opportunity for modern apprenticeships to be invigorated. However, the Funding Council and the Government will need to be quite brave about how much they ring fence apprenticeships once they move into the SFC's world.

The Convener: Did you watch our evidence session last week?

Jon Vincent: I did.

The Convener: The Funding Council was trying to reassure us that apprenticeships would be protected, because they have very separate and specific budgets. Is that not contrary to what you have just said?

Jon Vincent: I hope that the SFC was trying to reassure you that you should have no fear of a lessening in the volume or the quality of apprenticeships once the move takes place. The difference is that there is enormous potential here, because of the demand for apprenticeships. If the budget for apprenticeships is brought over to join the rest of the tertiary college budget, and if the restriction on the number of places that we are allowed to operate per year is released, I can see many more apprenticeships being offered instead

of, as was feared, the apprenticeship budget being watered down and used for other purposes, which is, I think, where some of the questions were going last week.

I believe, though, that you were right to point out the risk, and you were offered in response the reassurance that there was an option for the budget to be ring fenced. I have to say that I would be worried about ring fencing. Our experience in the college sector—and I am sure that this is mirrored in the university sector—is that, when Governments provide us with initiatives but ring fence and time limit the funding, it can be counterproductive. We end up pushing demand towards a time-limited ring-fenced fund to try to maximise it, and when the funding comes to an end, that demand is difficult to satisfy. There should be number targets, but I think that ring fencing an apprenticeship budget for providers is a challenging concept and will only limit what they do.

Jackie Dunbar: Would you like businesses to have a bigger say in the types of apprenticeships that go forward? I know that I am straying slightly from the issue, but that is what I am hearing from you, and I do not want to put words into your mouth.

The Convener: Mr Ritchie was nodding, so we will come to him first.

Andrew Ritchie: Yes, I think that the role of businesses is crucial in all of this, as are work with the sectors and the role of employers. Indeed, last week's evidence session touched on the question of how we ensure resourcing as we move forward. It all comes back to the need to align the system through what the OECD would refer to as a career pathways programme.

The role that employers can play not just in resourcing, but in the development of the curriculum is crucial, too. In the north-east, we are seeing some tremendous examples of employers getting involved through the UK Offshore Energies Association, or OEUK, the Aberdeen section of the Society of Petroleum Engineers, NHS Grampian and many others. I am thinking, too, of the development of the global infrastructure and built environment course in Midlothian; some absolutely fantastic work is going on with Bentley; and Heriot-Watt and Glasgow universities, as well as the colleges, are playing a quite remarkable role, too. There are models that very clearly show how the system could work.

With regard to your previous question, I come back to my point that an aligned system is crucial, because we see benefits of that to the college, FE and HE sectors. The young people coming through from their foundation apprenticeships are a lot clearer not just about what they want to do

with their careers, but about what they do not want to do. That is crucial, too: many think, "I want to work with kids," but then they undertake the children and young people FA and realise, "Actually, I'm not sure what I want to do, but it is nae working with children."

Another issue is what we are seeing with delivery—and I am talking not just about Aberdeenshire Council, but about many other authorities. I have mentioned Midlothian, but there is Dumfries and Galloway Council; the three Ayrshire councils would like to pull things together here, too; and some great work is being done in Edinburgh and, indeed, right across the country.

There is, I think, something that would help address the issue of colleges being seen as the dumping ground—that is the phrase that I often hear from colleges. Young people are coming through more engaged and committed and with qualifications to build on; they have clearer career aspirations and career management skills; and they also have a fledgling network. Undoubtedly, those things help with retention and drop-out rates, successful completion of college courses and so on. Our view—and our work with colleges suggests this—is that that will allow colleges to plan more effectively and, ultimately, makes more efficient use of the resource.

I have one last comment on the wider question of apprenticeships. There is a real pride amongst young people who undertake apprenticeships; they really see them as being of value. Such courses are not seen as somehow lesser compared with their—if you like—traditional academic equivalents. Uptake is massively oversubscribed; there is a pride there; and the young people are attending and engaging more and are, as we are seeing clearly, more interested in a modern and graduate apprenticeship pathway. That is crucial to achieving something that I think that we all want—parity of esteem between traditional academic courses and vocational, professional and technical education.

Jackie Dunbar: Last week, the committee heard concerns about the cost of changing how apprenticeships are delivered, under the new bill. Will that be expensive? What are your views on that?

Andrew Ritchie: In my initial statement, I mentioned the lack of a formal cost-benefit analysis of the bill's proposals. The outcomes of a foundation apprenticeship programme that is properly delivered, at scale, show a number of things. One aspect is that you can reduce the unit cost of delivery because the central support team that is required delivers across the board. A second aspect is the outcomes that we are achieving in terms of attendance, engagement, raising attainment, closing the poverty-related

attainment gap—for many years, actually reversing the poverty-related attainment gap—engagement with employers, and the more effective pathways into the system. We need to look at those outcomes. The OECD has highlighted what it calls the investment benefits in its 2024 report. On page 65, it says:

“For government ministries, expectations will be clear that long-term benefits in educational success, reduced social costs, greater productivity and economic growth, notably in fields of strategic importance, will exceed additional costs encountered in the initiation and delivery of new pathways. Hence the importance of integrating robust means of data gathering.”

If I had a magic wand, I would be saying that a systemic career pathways programme would be a good starting point, so that we could ask what is being achieved, what we can build on and how we can ensure that we get the most effective use of our fantastic, superb, world-class colleges and universities.

09:30

Jon Vincent: SDS has done a superb job in establishing modern apprenticeships in Scotland, with their Scottish apprenticeship advisory board. You asked earlier about the involvement of the employers—that has been an enormous success. I hope that if the bill were to go through and the changes at the Scottish Funding Council were to take place, the SFC would find a similar way to engage broadly with employers. It is important that employers are involved at every stage in the initiation, the development, the delivery and the review of apprenticeship frameworks. As my colleague was suggesting, apprenticeship frameworks are only a gold standard of vocational education if they are aligned with what employers currently need and what they foresee in the skills market.

In last week’s evidence, I was struggling to keep up with some of the numbers involved in the transitional costs and quite where they had come from. They were eye-watering in comparison to the delivery cost, and I do not have a view of what an accurate figure for that would be. That is somewhat outside my orbit. However, modern apprenticeships must continue to evolve within a diverse, flexible and agile skill system. They have been incubated and developed within SDS, but their full potential lies in being a product that is widely available to all who wish to undertake them, not in placing false limits on the number of young people and adults who can pursue apprenticeships. If putting modern apprenticeships into the orbit of the SFC achieves that decoupling, that is to be welcomed. It would be an enormous shame, however, if the cost of transitioning them from SDS to SFC—numbers in the tens of millions of pounds were mentioned last week—were to

result only in a silo being created in the SFC while we continued to run the superb product that is the modern apprenticeship in the same contractual way that SDS has done in the past. There is nothing fundamentally wrong with that, but the opportunity is too great to be missed.

Jackie Dunbar: Sir Paul, do you want to come in or will I pass back to the convener?

Sir Paul Grice: I am conscious of the time, convener, and do not have anything to add.

Pam Duncan-Glancy (Glasgow) (Lab): Good morning. Thank you to the panel for your contributions so far. I want to pick up on a couple of points and will start with the point about parity of esteem, which Andrew Ritchie began to speak about.

Is there enough in the bill to support your vision of a career service from school through to jobs? Does the bill help that, or do we need to do something slightly different? Or is it nothing to do with the bill?

Andrew Ritchie: That is a good question. Our view is that the bill does not support that. Indeed, it is difficult to identify the voice of local authorities in the bill, yet it will have a significant impact on what we aspire to do.

It is about a bit more than parity of esteem; there is also the role of employers. An example of parity of esteem is that the University of Aberdeen medical school recognises a foundation apprenticeship in social services and healthcare as equivalent to an A pass at higher for entry into medicine, alongside the sciences. As much as I would like to think that that may be due to my charisma and powers of persuasion, I am afraid that it is due to the young people. The university saw the young people coming through with the required skills, hence the parity of esteem with the traditional academic higher for entry to what is one of the most high-tariff university courses in the country.

There are also issues relating to the role of employers. For example, working with the energy sector, we identified from our data that there was a need for a level 5 foundation apprenticeship pathway into energy engineering. Last week, we heard about the great work in the Highlands on transmission. It is the same in the north-east. We are looking at piloting a course developed and written by the industry, for the industry, delivered in partnership with us. The pilot will start in June.

The roles of the local authorities and employers seem to be missing from the draft bill.

Pam Duncan-Glancy: Is there a structure that could be legislated for that would support what you have just described?

Andrew Ritchie: The OECD provided a blueprint for a career pathways programme in its 2024 report. If you were starting with a blank sheet of paper to design a leading international career pathways programme, you would probably come up with something pretty similar to Scotland's foundation apprenticeships; the programme was recognised by the OECD as international leading practice. That would be a good starting point. It aligns the system. It creates a systemic approach, as Sir Ian Wood referenced it, from primary school into employment and everything in between. We need that systemic approach. It is crucial, and I would have thought that a good starting point would be a career pathways programme as identified by the OECD.

Pam Duncan-Glancy: That is helpful. Sir Paul, we have just heard from Andrew Ritchie about a medical school recognising an apprenticeship as equivalent to an A at higher. Are other schools considering that? How easy would it be to encourage that, either through or outwith the legislation?

Sir Paul Grice: I will make a couple of general points and then come to that important question. Parity of esteem is important and there are two aspects to it. One is attitudinal, and that starts at the heart of governance, here, with all of us who are privileged to be part of it, whether in universities, colleges or local government. Our attitude is important. There is a lot in the systemic aspect and how you give it practical effect. It is easy to say parity of esteem—it is important to say it—but what does it mean in practice? Creating pathways is important in all senses, not just around apprenticeships, whether modern or graduate.

The recognition by Aberdeen university is a brilliant example and probably does come down to attitude. Scottish universities can be proud of having led the way in looking at contextual admissions. Although there is always more to do, it is great to hear about examples like that. The question for me, the starting point when we are admitting somebody to a degree programme, is that we want to do it. We are here to include, not exclude. One must ask whether the applicant has the wherewithal to succeed, because that is what we want. It is one thing to get people into a degree programme, whatever it is—medicine, physiotherapy, business, or engineering—but you want them to succeed. It is important for us to consider that. I am always very pushy with my admissions team, respecting their professional knowledge, which is far greater than mine. My starting point is, can we make admissions easier? The admissions team will rightly say yes, but we are not doing anybody any favours if they cannot succeed.

The Aberdeen university example sounds fantastic. If I saw a student with that background, I would immediately think that they were bringing not just academic ability but social skills, life skills and attitude. There is a lot in that. The universities do do that; I am sure that we could do more. For example, we had a good conversation with a commissioner about ideas like this at a terrific round table quite recently. We shared experiences. I remember furiously writing notes. There is always more that we can do.

This is not a caveat, just a concern. We must ensure that in our enthusiasm we are being fair to those students and can make sure they can succeed because that is what we want at the end of the day. We want them to succeed.

Pam Duncan-Glancy: My final question is for Jon Vincent, about funding for colleges. We have touched on the circumstances and the financial sustainability. From an answer to a parliamentary question that I submitted recently, it was clear that there is a disparity for college learners compared with others. Has that disparity been explained to you? What is your view about it and how does it fit with what we are trying to do in schools generally?

Jon Vincent: It goes back to your previous question about parity of esteem. I have worked in the skills world now for over 30 years and have regularly heard the debate about academic versus vocational and technical education. People see them as completely different things and young people in the education system are asked to make choices quite early in their lives. As we probably all know, however, once we start to engage in the economy, higher technical skills are important. Ultimately, a lot of business success and company growth is about vocational and technical skills. We do not want people making false choices, but our education system perpetuates that by how it chooses to fund those institutions and pathways. You have to think that there must be some philosophical underpinning to that.

I imagine that your written question uncovered the investment that the Scottish Government makes in secondary school education, per pupil, per annum. It is over £9,000 a year. For university education, it is over £7,500, but for colleges, it is £5,500 a year, and it is less for apprenticeships. Has anyone ever explained why colleges are funded less? No. Have I challenged on that question? On numerous occasions. I have been told that that is what the budget is. If we are determined to seize the opportunities of emerging economies—the great economic opportunities that were articulated in the evidence session last week—they will be unlocked by people with higher vocational and technical skills: the brightest and the best young people and adults moving into occupations that will add to productivity and

economic growth in this country. They will be educated through schools, colleges, training providers and universities. I do not think that it is helpful that value judgments appear to be being made about the pathways that they are following by the funding that they receive. That strikes me as not being a good example. If all those pathways are equally valuable, they should be equally invested in.

If you would allow me, I will expand on one further point. The maintenance grants available to students who study those courses are even more starkly different. A full-time student studying higher education independently from their family can receive over £11,000 per year in support while they are studying. Somebody in college living independently and studying a further education course can access just over £5,000 a year. Why the costs are halved because of the level of the course that the person has chosen to study is beyond me.

Willie Rennie (North East Fife) (LD): I have a quick question to follow up on that. Jon Vincent, you have given evidence about the disparity in funding between colleges and universities. If all the apprenticeship funding is put into the new funding model, does that not lead us to believe that exactly the same thing will happen—that the boundaries between the different budget headings will not change and all that will happen is the lift and shift that Paul Grice was talking about? Is that not an indication that this is perhaps a fruitless exercise?

Jon Vincent: I realise that this might take some mental gymnastics on my part and maybe yours, too, but we need to separate institutional stability from our core task. We are there to provide educational training services to young people, adults and employers to support the economy. We are undiverted from that, despite large amounts of our attention going into institutional financial sustainability. If more money comes into the sector, it will be ring fenced for places for students to undertake their studies. There will be no less activity, and they will do modern apprenticeships. A fundamental look at the funding rates between institutions to create a trajectory of parity is needed, but I do not necessarily see apprenticeship money supporting institutions' core running costs.

Willie Rennie: Part of the whole point of bringing the Scottish Higher Education Funding Council together with the Scottish Further Education Funding Council was to attempt to break down the barriers between university and college funding. However, that did not succeed, and the situation has never changed. Is that not a warning that perhaps these structural changes do not deliver the policy change that, as you quite

reasonably set out, you desire to achieve? That innovative approach, looking at different ways to provide apprenticeships and, perhaps, expanding the amount of money going into them, is never going to happen.

09:45

Jon Vincent: That transition pre-dates my involvement in the Scottish sector, I am afraid to say, but you point to an important feature. As was explained in a previous evidence session, the SFC receives a separate higher education grant from the further education grant and it cannot vire between the two things.

Willie Rennie: Precisely.

Jon Vincent: I think that that is an enormous opportunity lost in the system. Government makes choices about the pounds per student that it is willing to invest in students undertaking higher education and it makes choices about those in further education and those in schools. That is leading to very different funding situations and impacting on the quality of the service that the learners may receive.

Willie Rennie: I think that you might agree with me.

Jon Vincent: I think that I do.

The Convener: You spoke about the quality of the service that learners receive. Are learners in Scotland's colleges being taught less in the classroom or in workshops because your budgets are being cut?

Jon Vincent: Colleges are fighting tooth and nail to produce the most efficient organisational delivery models that they possibly can. In some cases, we are having to reduce teaching time and look more at blended learning and online delivery models.

The Convener: What does that picture look like? Describe what it would have looked like five years ago compared to now, because of budget impacts.

Jon Vincent: I think that you would see, in colleges, less face-to-face teaching on some courses, as opposed to—

The Convener: Forgive me, but how much less? What are we looking at?

Jon Vincent: I am afraid that I do not have that figure available to me. I think that you would find—

The Convener: Is it a small amount? Is it significant?

Jon Vincent: Going back about two years, the SFC reduced colleges' credit allocations by about 10 per cent but kept cash volumes the same, in an

attempt to create some more stability within the system. One of the responses to that was not necessarily a reduction in student places, but the size of the courses, particularly for full-time students, shrank by about 10 per cent. There may have been a reduction in the number of modules that a student received, or there may have been a reduction in the amount of teaching time.

Our overriding desire is that we continue to teach the highest quality in the classrooms and workshops, and that nothing we do prevents a young person from being able to articulate into a further apprenticeship or higher education, or to move into meaningful employment.

I present the warning that the on-going cuts that come from flatlining and, in some cases, declining funding will ultimately have consequences. The back-office and student support services that are available are skeletal in some colleges. All resources are prioritised into the classrooms, but that is to the detriment of some of the wider services.

The Convener: Do you think that there is a wide enough awareness among employers and others that someone who achieves a college qualification now has been through potentially quite significant classroom and workshop learning in comparison with what would have happened five years ago?

Jon Vincent: I do not think that there is widespread awareness of that. I think—

The Convener: Should there be?

Jon Vincent: In my role as a college principal, am I less proud now of the quality of our graduates than I may have been five years ago? Absolutely not. Our graduates continue to receive first-class education, as they do in all Scotland's colleges. There is rigour, the programmes are robust and students are trained on techniques and approaches and given knowledge that will be of use to them. Are our delivery methods more efficient and more streamlined than they were? They have had to be. Are those young people as well prepared? Yes, they are; they are possibly even better prepared because the system has been refined. I am afraid that the efficiency of that model and the level of refining that has been done are extremely tight now. Among Scotland's colleges there are institutions that are going beyond the point of pure efficiency and the system is really beginning to creak.

The Convener: I can understand your defence, but I also have a concern that if there has been reduction in teaching time and other elements of the courses, we should be upfront and honest with employers and say that there has been quite a significant change. Given that you cannot answer

these questions today, I think that there will be further queries going forward.

Sai, is there anything from the student's perspective that you can articulate on the change in classroom contact time that has taken place over a number of years?

Sai Shraddha S Viswanathan: To echo Jon Vincent's point and just to call a spade a spade, students are struggling. We are normalising the idea of producing a lot more efficient work with a lot less resource.

We have seen a 17 per cent real-terms cut in funding to our college sector. That equates to a lot for our higher national diploma and higher national certificate courses, which are being slashed left, right and centre. Ultimately, that reduces students' choices when they are choosing courses, career streams, and the skills that they would like to hone going into employment. It is not only creating a gap in skills, but depriving students who come from the most deprived backgrounds of the chance to make a living for themselves, especially given the living conditions that are perpetrated on us and the cost of living crisis. Skills are required and we have to get a decent job to get by.

I echo the concern that the college sector is on its knees at the moment. If we keep going in this direction, if we keep questioning the sector and not giving it as much priority as the higher education sector, and if, as I mentioned earlier, we do not try to repurpose our funds, we will see the death of the college sector, and that will happen very soon.

Miles Briggs (Lothian) (Con): Good morning to the witnesses, and thanks for joining us. I will perhaps come back to that final point, but I will start by asking for specific views or concerns about the proposed definition of a Scottish apprenticeship in the bill as introduced, and about section 12E, which will give ministers a separate regulation-making power to change that definition. I think that Andrew Ritchie touched on that earlier.

Andrew Ritchie: This area is of real concern to us. Paragraph 55 of the policy memorandum says:

"Foundation apprenticeships are unpaid and therefore not regarded as true employment-based apprenticeships by many stakeholders."

Paragraph 134 goes further, saying:

"Indeed, many employers do not like the term 'foundation apprenticeship' because school pupils are not in a contract of employment and it is perceived as devaluing apprenticeships".

We strongly challenge what is in the bill and that assertion in its accompanying documents.

On foundation apprenticeships—and remember that this is at scale—the national measure is the percentage of those who are employed, and

employed as a modern apprentice. The Scottish figure is 8.3 per cent, the Aberdeenshire figure is 12.3 per cent and the figure for those who were former foundation apprentices at levels 4, 5 and 6 is 45.9 per cent, which is a remarkable figure. When you drill down even further, you can see that those who are really benefiting are people who are more vulnerable to having a non-positive destination—those undertaking FA courses at levels 4 and 5. The FA is proving to be a very effective pathway for young people to move into because they are achieving sustained destinations more than a year or two years on.

Those who complete a FA progress more effectively into a modern apprenticeship compared with those who do not undertake a FA. The positive experience of the FA is encouraging young people to look at an MA and a graduate apprenticeship. We have clear evidence that not only do they see this type of learning as important but they see a very desirable progression into MAs and GAs.

As I mentioned, the overall figure is 45 per cent but when you drill down, you realise that the figure is 51 per cent for those on the levels 4 and 5 courses. Of course, that has a knock-on effect on youth unemployment.

Section 12E says that an apprenticeship is defined not by payment, as had been recommended, but by reward. When we looked at that and we saw what is in the bill, we thought that, unquestionably, foundation apprenticeships, as delivered under a successful local authority and private trainer model, meet that legislative definition.

The SDS guidance of 2019 quite clearly defined the safeguards for paid apprenticeships and so on. If the question is whether a foundation apprenticeship is the same as a paid modern apprenticeship, the answer is no, it is not—it is a different thing—but it most certainly is an apprenticeship and should be part of the apprenticeship family.

That is not just the world according to us. Andreas Schleicher, the director for education and skills at the OECD, argues that we should be looking at apprenticeship learning coming further into the system, which is the norm in systems across the world. The definition of apprenticeships is important.

My final point is about reward. We see from our data, and from other data from across Scotland, that the rewards that the foundation apprentices get meet the legislative criteria and may be even more important to them in the long run than actual payment. They include workplace experience, confidence building, the development of meta skills, career management skills, mentoring skills

and networking skills—which I mentioned earlier—pathways into employment, qualifications and certificates. The rewards are also seen in raising attainment and closing the gap. Those are all significant rewards for our young people, and they are being delivered through the apprenticeships. We feel very strongly about that.

Miles Briggs: That is very helpful. Why do you think that the Government decided to choose that definition? My reading of it is that if people are in paid apprenticeships, I would hope that there is a pathway into employment, but the definition will very much narrow the opportunity down.

Andrew Ritchie: I simply do not know. The redefinition of an apprenticeship unpicks what we have had with the successful apprenticeship family. I am struggling to see the benefits. The risks to the change in the definition are very clear, as I have highlighted.

Jon Vincent: I think that the apprenticeship family, from foundation to modern and graduate apprenticeships, is an unquestionable success story. If the consequences of the bill are that, particularly at level 6, the foundation apprenticeship loses that status, that would be an enormous loss.

There is something about the apprenticeship brand that means that society needs to understand what an apprenticeship is as distinct from other forms of training or education. I have a concern, however. Some of the lower levels—level 4 and possibly level 5—are important vocational skills-for-work qualifications. If a large enough proportion of the qualification is employment focused, that should pass the test to be an apprenticeship. If not, it should not pass.

It is about the level of engagement with employers and employment in a variety of contexts—voluntary work, placements and employer projects—but we need to have a dividing line between something qualifying to be an apprenticeship and not qualifying. I do not think that it is helpful to use the strength of the brand with some qualifications that may not necessarily fully fulfil that definition.

Sir Paul Grice: I will build on those points around the notion of apprenticeship being a powerful brand. I am more familiar with graduate apprenticeships.

I strongly endorse the pathways point, which is critical and to which there are other important aspects. However, alongside that I will reiterate a point that I made earlier about the need to look at work-based learning—“earn and learn”, as it is sometimes called—in the round.

We need to respect and understand the brand, to use Jon Vincent’s point, but also to not limit

ourselves. As I think members know from visiting my university, there is huge potential in the health service. The health service is not traditionally covered by graduate apprenticeships, yet that is where there is a huge need to tackle recruitment issues. There is great, untapped potential for the existing workforce, in my view. Graduate apprenticeships could easily be the right pathway, but there may be other work-based learning that suits the individuals and the institutions.

In acknowledging the powerful points that my colleagues have made, I think that it is also important to see how the bill could help the development of the wider work-based learning that will be vital for Scotland, looking five or 10 years ahead in particular.

10:00

Andrew Ritchie: To add to that point, Jon Vincent's point about meeting the criteria is crucial. The brand has to be protected. We have to look at the design of foundation apprenticeships, even at level 5, with the industry. We design them to ensure that the employer's voice is there and that we meet the criteria for being an apprenticeship.

I have a final point, which may be quite an obvious one. When you speak to employers about foundation apprenticeships, you find that they immediately understand what they are—they get them and fully understand them.

I am reading between the lines of the bill a wee bit, but it suggests that the alternative is something along the lines of a Scottish credit and qualifications framework level 6 work-based learning course in business skills or whatever it may be. You have probably lost them by the time that you get to SCQF—that is certainly my experience. That is another area where we need to be careful that we are not undoing something that is vital to their understanding and that we are using the same language within the system.

Sai Shraddha S Viswanathan: Obviously, my perspective on this is very different. I will not answer the question completely but will raise a very pressing concern—at least, it is for me and the NUS.

My colleagues here are much more well versed than me on apprenticeships, both from the employers' side and from the sector's side. What concerns me right now is whether we are putting a lot of focus on what the definition will be or whether we are focusing on what the definition will entail in terms of real-life experience for apprentices. We are talking about employers being attracted to our brand and the pathways that we want to deliver, but when we look at wages, the apprentice experience and uptake, do we fail

as a sector to address the fact that employers have been expressing difficulties around affordability? Is that something that we are not willing to support, and are we willingly overlooking it?

I am trying to make a clarification as well as a statement. Of course, I would have loved to speak more about the definition. I am not an apprentice, but I have an overarching view of the sector from the student experience, and it worries us that we are looking at the brand more than the experience at the moment.

Miles Briggs: That leads neatly into the question that I want to ask about the first principles of James Withers's review of the skills delivery landscape. I am concerned that that seems to have been lost in translation as we look at the bill, and there are risk factors in that.

What do you think is needed to untap the potential of the college sector in Scotland and does the bill achieve or allow for that? In asking that question, I remember that, when I visited Universities Scotland, Paul Grice outlined a great college-university partnership that it had developed with the City of Glasgow College. Opportunities have started to emerge in the educational sector organically. The bill will create a very tight funding stream for what can be offered. I will bring in Jon Vincent specifically to talk about where the college sector will fit in. What vision do you see the bill providing for the sector?

Jon Vincent: As you might imagine, I think that there is enormous potential for the college sector not only to continue its work in tackling social challenges and meeting economic needs but, as was articulated in last week's evidence session, to address enormous skills gaps; there have always been skills gaps, and huge ones are now emerging. If we, as a tertiary education system, do not prepare young people and adults to become the workforce of the future, we will undoubtedly miss an enormous opportunity for Scotland.

We have a unique opportunity in the college sector, along with private training providers and universities, to use incredible assets, by which I mean both the physical assets, such as campuses and workshops, and our people—our lecturers, trainers and broader staff, all of whom are highly capable of preparing the workforce of the future but are doing so under the most incredible pressure.

Colleges are busy. We are demand-led organisations and most of us have waiting lists for our courses. Our courses are extremely popular. Our graduates move on into other settings and institutions, do very well, enter the economy and add enormous value—there is good economic data on that.

What is required is investment and commitment to the college sector. The Government will have to make long-term planning and prioritisation decisions and be prepared to make investment in the sector over a long period. Colleges—and I imagine this is the same for universities—take a while to respond. We need investment. We need to understand what the priorities are and, to an extent, those changes need to be de-risked.

The current funding methodology does not give us the ability to speculate or to invest or, quite frankly, even replace some essential pieces of machinery in classrooms and workshops that people need. Investment is required not just in revenue funding for colleges but in maintenance and support funding for our students and in capital funding to ensure that our estate and the equipment that students use are of industry standard.

There are severe challenges for the college sector right now and if we are to fulfil our potential, as James Withers suggested—Miles Briggs referenced Withers at the start of his questions—we need to move towards a system that is “colleges and universities first”. That would be a brilliant position to be in—that we look to our colleges and universities first, invest in them first and see them as being critical partners in meeting social and economic development needs.

I have to say that, from a college perspective, it does not feel like that right now, but if we can do what Withers calls on us to do and use our network of 24 colleges across the country, and if there is prioritisation and resource is provided, there is enormous potential to unlock.

Sir Paul Grice: The bill offers possibilities; it offers opportunity in principle in having a single funding body look at developments such as the tertiary quality enhancement framework and non-financial but powerful tools such as outcome agreements and outcome agreement managers. If the bill passes and the SFC is given those additional responsibilities, the challenge for it will be to knit all those things together. If it is able to do that successfully, that offers the potential for us to do more of the things that we talked about. Sometimes we feel that we have to do a lot of workarounds. That is fine—that is our responsibility—but it could be made easier and more encouraging.

To pick up Sai’s important point about the student experience, we can create smoother and better pathways. Fundamentally, the bill provides opportunity and possibility. The key question is whether that is able to be taken, and that is partly the SFC’s responsibility, partly the Government’s and partly ours as institutions—we need to be very clear that we have to grasp the opportunities. I do not want to say any more than that because the

nature of the bill is, as I say, that it creates a new system that has possibilities, and it is all about whether we can take those.

Sai Shraddha S Viswanathan: I will build on a couple of points made by the other witnesses. On the demographics of apprentices, we know that apprentices invest a lot of resources either in buying their tools or accessing the material that they use for their courses or their work-based learning projects. We have already established that there is no parity in the experience of a higher education learner compared with that of an apprentice or a further education college learner but, to use fiscal language, there is no return on investment there. I do not know whether the bill in any way safeguards a return on investment in skills for an apprentice with future employment opportunities or opportunities in whatever pathway they decide to take. That is just a small point that I wanted to add to the points that colleagues have made.

Andrew Ritchie: To add to what has been said, colleges are absolutely crucial in this whole system, but it is important that we see the bill as part of a systemic approach. As an example of that, when I go back up the road I will be working with our colleagues at North East Scotland College to plan out the pathways for a more systemic approach, which I think is crucial.

On Withers and the reference to “colleges first” and what is in the bill, we need to take a look at that, along with the OECD research, as part of a systemic clear pathways programme approach, to see where we would be ensuring the best outcomes for our young folk, given the expenditure.

Miles Briggs: A few people have touched on equipment. We might not have the time in this session to get on to this, but it is quite important to say that sometimes private partnerships have state-of-the-art equipment, but employers who I have had conversations with tell me that they are receiving people who are trained on older equipment. Responding to what the economy needs is important. Net zero seems to be in a better place now in terms of the equipment that people are being trained on, but that is not so much the case on other courses. This part of the bill needs to look at that. It is an interesting time. I am happy to hand back, convener.

The Convener: I am very keen to have as much debate as possible, but we have another panel following this one, so, in the interests of time, I ask members to keep their questions as tight as possible, with tight responses as well. That will allow us to bring in everyone who is keen to get in.

Joe FitzPatrick (Dundee City West) (SNP): You will have noticed that, last week, we spent a

bit of time talking about the transfer of staff from SDS to the SFC. It would be good to hear your thoughts on that and on what we need to do to make sure that that transition is smooth. Jon Vincent mentioned that one of the strengths of SDS is its engagement with employers. Does it give you any confidence that the folk who are doing that engagement on the ground are transferring from SDS to the SFC?

Jon Vincent: I do not know specifically which members of staff it is planned will be transferred over. However, I have a great deal of involvement with certain parts of the team that manages and leads the modern apprenticeship programme, and I am convinced that, whichever organisation they find themselves in, their commitment to modern apprenticeships and the hallmarks of that will be undiminished.

My lived experience is that SDS and the SFC are two very different organisations, so, in order to get the best from both organisations, the cultural assimilation of SDS staff into the SFC is a journey that will need to be made very consciously by whoever is effecting that transition. They are two extremely different organisations, and their practices of commissioning and managing are very different. At the moment, it is a challenge for the college sector to navigate deep contractual relationships with two organisations that function very differently, that have different information technology systems and that are working on different annual cycles with different reporting and quality mechanisms. We therefore see the bill as an opportunity to simplify our working in that space, but it is important that we do not lose the value that SDS colleagues have because of that strong focus on the employer base.

10:15

Joe FitzPatrick: Andrew Ritchie, you are nodding away.

Andrew Ritchie: On that last point, it is important that we do not lose the employer-facing aspect. I echo a lot of what Jon Vincent has just said about the culture shift and so on. Structure is one thing, but culture is another. The employer-facing aspect of SDS is important to the system.

Sir Paul Grice: I will speak very briefly, noting the convener's requirements. In addition to the important points that my panel member colleagues have made, I would say that leadership is another aspect of the transition, and the new leadership in the SFC leaves me confident in that regard.

Another aspect is having the proper resourcing, which you have touched on and about which we have to be realistic. This is a bit more life experience. Whenever I have been involved in any transition—any change—I have had to be very

clear and very candid about what has been required. That ties back in to Andrew Ritchie's point about the costs and benefits. Whenever you make a transition, it is inescapable that there is cost, and there is a judgment to be made about whether there are sufficient resources to maintain what you might call "business as usual" as well as to effect the transition. The cost is then weighed against the potential benefits you will get down the road, which both of my colleagues have articulated.

Bill Kidd (Glasgow Anniesland) (SNP): Thank you, everyone, for all your answers. My questions will follow the tone set by those that have just been asked by Joe FitzPatrick. What assessment can you make of the Scottish Government's intention to move further education student support from the SFC to SAAS? What do you think will be needed to ensure a successful transition? Does anyone have any ideas?

Jon Vincent: In Colleges Scotland's original submission, there was a choice of models for where the various parts would go, and our original recommendation was that all student support—both SAAS support and the existing SFC support—should go into an enlarged SFC. That clearly is not the choice that was made, but we welcome the decision to move student support into one organisation—to move FE student support into SAAS.

We see there being quite big opportunities to streamline. About a fifth to a quarter of my students are higher education students, and they receive student support through the SAAS system. The remaining students receive their support through the SFC system. So, we have to support two different systems—with two different information technology systems and two different administrative systems—and we have to help learners to navigate, as they pursue their educational journeys, what those systems mean. We would like to think that there could be some consolidation in the approach.

One of our concerns relates to the fact that SAAS operates a system for higher education students that is fundamentally very different from the system for further education students. For higher education students, it is a largely digitally based service in which they register and explain their personal circumstances. For FE students, it is a personal service that is delivered by advisers in colleges who support our students, some of whom have very different lived experiences and personal circumstances as well as challenges and barriers to overcome, meaning that they require face-to-face delivery from experts who can navigate the system. I hope that, in the transition to SAAS, the face-to-face service that is delivered in colleges for FE students will be safeguarded going forward. I

have received some reassurances on that from SAAS already.

I will go back to an earlier point. I do not think that we should shy away from asking why £11,000 for maintenance is provided through SAAS to an HE student but only £5,000 is provided to an FE student. We need to equalise the level of support. This could be an enormous opportunity for SAAS to look across the piece and ask, “What is the right level of support for students?” A student’s support needs do not change because they are doing a further education course rather than a higher education course. The cost of living crisis that they face as an independent student is identical.

Bill Kidd: That is very interesting. Strictly speaking, you are supportive of the move, but there is a lot of work still to be done.

Sai Viswanathan, would you like to say something about the support for apprentices and so on?

Sai Shraddha S Viswanathan: Absolutely. On the point that was just made about support for apprentices, we need consistency of support and parity. A consistent theme in our conversations has been the need for parity between HE loans and college bursaries, which we do not see in the system currently. We need a review of the entire system, as we have all mentioned, because it is not a very financially viable system. When we talk about not just apprentices but college students availing themselves of support, as my colleague Andrew Ritchie mentioned, we recognise that their lived experiences are very different. We have college students coming in from some of the most deprived areas in Scotland, who are availing themselves of the support just to make ends meet.

I have nothing more to add except that this is a very evident problem, and the question from the sector is probably, “When are we going to see parity in compensation for students?”, because all students are learners. Not all demographics of higher education students can access support. Only Scotland-domiciled students can access support, and they are a very small demographic of students who also receive free education. There is active investment by college students to access education and materials, as I mentioned before, but we are not seeing, in return, any system that provides consistent support for our students and their wellbeing. I wish I could tell you the latest numbers off the top of my head, but I cannot.

That is a very honest perspective on the challenges that students are facing daily because of the cost of living crisis and the funding challenges.

Sir Paul Grice: I do not in any way wish to disagree with the points that Jon Vincent has made on behalf of the college sector, but it is

important to put on the record that the funding for universities is not adequate. It is substantially lower than the funding that students in England get, and it has reduced very substantially in real terms over the past 10 years. Therefore, if we are talking about the need for parity of esteem, which I think is a very powerful argument, we need to avoid any suggestion that anyone should level down—we have to think about levelling up.

Bill Kidd: Thanks very much.

John Mason (Glasgow Shettleston) (Ind): Financial sustainability has been mentioned by one or two of the witnesses, so I will ask you about that. Section 9 of the bill states:

“The Council must secure the monitoring of the financial sustainability of post-16 education bodies.”

We were told that that happens at the moment; it is just being formalised. Paul Grice, does it happen at the moment?

Sir Paul Grice: Yes, it does. I am very mindful of the time, but it might help the committee, from a practical point of view, if I describe the systems that are in place.

First and foremost, I am required, as the accountable officer—and this applies to every university principal—to supply reports in March, June and December. June is critical, as that is when we put in a budget and a three-year plan, having usually agreed it with our university court. That is when we tell the funding council what our plans are. In December, we have to submit our actuals, having been audited, and in March we provide an estimate—I submitted that a few weeks ago. As the accountable officer, I regard it as my absolute duty to ensure that those reports are fair and accurate. They often mirror similar reports that we have to provide to lenders and others who have covenants with us.

There is another really important duty on principals as accountable officers. If we have any reason to believe that our universities are not able to deliver the education and so on that they are required to deliver, we are required to tell the funding council about that. Equally, if the funding council is not convinced that a particular principal or accountable officer is doing that, it has the power to challenge them, the power to engage directly with the chair of the court and, ultimately, the power to invite itself to appear before the court.

There is a lot of machinery in place already, and my perception of that machinery—although I am aware that it has not always worked—is that it is quite robust. There may be questions about how it is operated in practice, but my sense is genuinely that it is a pretty good and robust framework, although there are probably some nuances that

one could talk about, such as whether reporting could be more frequent.

As a final point, we have to ensure that that information can be received and processed adequately. It is no help to anyone if we just provide an avalanche of data to the funding council and it is unable to do anything with them. We need to be mindful of the need to give the funding council what is required in a way that enables it to digest the information and, if necessary, come back to us on it.

John Mason: There is quite a lot in there that I could pursue with you. The extra money that the SFC is getting for this apparently new legal duty is not very much. I think that, in a full year, it is between £16,000 and £110,000. That raises the question—and I suspect that the colleges would raise this as well—of what it actually does with the information. You said that the system may or may not be working in practice. In practice, is it very dependent on universities and colleges giving it the information? Is it proactive at all? Does the funding council come into the universities at all?

Sir Paul Grice: There is a duty on us, and we take that duty very seriously. I am speaking for myself, but I am sure that it is same for everybody. The funding council does come in, and we have the outcome agreement that I mentioned earlier, but we have an on-going management relationship with the funding council, so it is not the last word.

We have certain very clear deadlines that we have to hit in March, June and December. I have not missed one, so I cannot tell you whether, if you do miss one, the funding council comes after you, although I suspect that it probably does. I regard myself as being under a very strong obligation to make sure that those deadlines are met.

John Mason: You may know why I am asking you some of this. It appears that the SFC did not pick up that there were problems at the University of Dundee before the university told it about them. It concerns me slightly that the SFC is just sitting there, waiting for information to appear.

Sir Paul Grice: The reason that I slightly caveated what I said is that I thought you might ask about that. It is difficult for me to comment on the University of Dundee, although I should say, for transparency, that I am on the task force and providing direct support to the interim principal. Until Professor Gillies reports, it will be hard for any of us to know for sure, Mr Mason, but it is obviously a fair question in the light of what has happened.

John Mason: I just wanted to get a feel for how the relationship works.

From the colleges' perspective, how is the relationship and how might it be?

Jon Vincent: I am conscious of the time. The mechanisms that Sir Paul Grice has outlined are very similar to those in the college sector. I do not think there is any absence of scrutiny, and there is certainly no absence of information supplied. The level of scrutiny within the funding council is for itself and others to judge, but the information is certainly provided to it.

Where there is a deficit—I do not think that this is addressed by the bill—is in the funding council's ability to respond once issues are found. There is no formal mechanism that I have ever been shown to assist a college that reaches the point of financial instability. You need to remember that the financial model on which colleges operate is unique, as colleges have very little operating capital or cash reserves. When a college reaches the point of financial challenges, there is no pre-published road map of how it will be assisted through that difficult period, and that is a worry. Colleges are key public assets, and a financial model that does not have a plan B is one that I very much worry about as the chief accountable officer of such an organisation.

My final point is that, under the bill, the SFC will formally be able to fund a much wider and more diverse range of organisations, particularly with the transfer of apprenticeship responsibilities. I would like to be assured that the same level of scrutiny as colleges and universities face will be faced by those other organisations as well and that there will be a level playing field for information requests.

10:30

John Mason: That is helpful. Thanks.

I just quoted the bit about the funding council having to "secure the monitoring", whatever that means. There is also a bit about its being able to make recommendations and give guidance. Do you think that there needs to be something more solid in the bill?

Jon Vincent: When institutions are forecasting challenging financial circumstances that go beyond their realm of direct control—that is, when it is clearly identified that those circumstances are due to funding constraints, external funding that had been forecast not having materialised or simply flat cash settlements no longer covering all forecast expenditure—there must be a mechanism to support those organisations to look at the ways in which they are funded, to face appropriate scrutiny and to ask the right questions. There must be a mechanism by which those organisations are supported back to stability.

In the college sector, for example, not all colleges are funded to the same level. If colleges that are comparatively poorly funded find

themselves in financial difficulty, you have to ask whether the funding mechanism for those colleges is adequately meeting their needs, and you need a mechanism to address that. I do not see that mechanism right now.

John Mason: I presume that it is also about whether a college is making sufficient adaptations to fit its income. I do not know about colleges, but we certainly get the impression that some universities have been more agile and have reacted more quickly to the drop in the number of overseas students. I realise that that is less of an issue for colleges, but I presume that it is about both of those things. Do you think that the SFC is proactive enough, or does it just sit back?

Jon Vincent: I think that the SFC is proactive in the conversations that it has, but, at times, it lacks the levers to be able to provide the support and intervention that colleges would seek.

John Mason: Ms Viswanathan, I think that you are involved in the SFC. Is that correct? You are on one of the committees. Does the SFC have the powers it needs to oversee the financial sustainability of universities?

Sai Shraddha S Viswanathan: Just for clarification, I am an observer on the SFC board and I am a full member of the skills, enhancement, access and learning committee. This is a very complicated question but I do appreciate it.

The SFC has a role in the oversight of systemic funding but, because it is a regulatory body, when we talk about the drop in the recruitment of international students, we isolate the issue. The investment that overseas students bring in directly affects our sector as a whole, not just individual universities. Yes, individual universities are affected, but the reduction in international student recruitment turns the drop of funds into an avalanche. The SFC falls into a trap on that. The SFC needs to bring in the projections and have oversight of the overall recruitment of and investment made by international students, although not within individual institutions, if that makes sense.

Obviously, I am an observer on the group. There is definitely not a lot that I can mention here because there is a conflict of interest. However, I represent a big cohort of different demographics of students and learners. We see that the overseas student demographic is certainly isolated in the financial landscape, the education landscape and the student support landscape, and in a lot of the discussions that we have in certain committees. From a Scotland perspective, we see them as a reserved matter for Westminster, whereas there is a lot of relevance within Holyrood that we should be talking about. That is all that I can contribute.

John Mason: Thanks, convener. I could probably go on longer.

Ross Greer (West Scotland) (Green): I will follow up John Mason's line of questioning, particularly on the information-sharing obligations in the bill. Jon Vincent, in Colleges Scotland's written submission you suggested that you would want more clarity on exactly what those obligations are. Paul Grice, in your written submission you pointed out some inconsistencies in either the policy memorandum or the explanatory notes between the general principle around when information should be provided and the examples appearing to be at a much lower threshold. The intention is that more detail on those obligations will be provided in the regulations that will come later. Is it your position that you are looking for a statement from the Government giving you a bit of clarity at this time but you are content that the detail will be written down in the regulations, or is there a need to put something a bit more specific in the bill at this point?

Sir Paul Grice: A bit of both, probably. Greater clarity in the bill would be helpful and you have picked up on the obvious point. I can see what they are driving at. I understand that, sometimes, when legislation, policy memoranda and so on are being produced, things can be inconsistent. There is something there that would help. Beyond that, I think that regulations are appropriate but it would be helpful to get a clear statement from the minister.

We do not have a problem in principle with anything that they are driving at. The points that Mr FitzPatrick and Mr Mason made are well taken—and I know that you have been engaged yourself. How institutions report their position and the ability of the funding council to act on that information is important.

There are specific examples of when the SFC might intervene on a piece of work and what that is. The trigger threshold is particularly important. There is a real risk that, if the trigger threshold is too low or it is inconsistent with the responsibility on, say, a principal as the accountable officer, all that the council will get is an unmanageable workload. The overused phrase is, "You can't see the wood for the trees." Nonetheless, the provision is important and it needs to be there. I think that that might just be captured in the bill and supported by a statement from ministers. When it comes to the regulation-making powers, whichever committee is ultimately considering the regulations will have more to go on as to whether it feels that the Government of the day, whatever it is, is honouring the intentions of the bill. That is my recommendation to the committee.

Jon Vincent: I completely support what Sir Paul has articulated. The only thing that I will build on is that the requirements must be placed on all organisations that receive funding from the SFC for student delivery. It is in the best interests of the students, regardless of whether they are studying in a college or university, with a private training provider or anyone else that receives public finance, that the institution where they are studying is financially stable and is scrutinised. I would like to see in the bill a clear articulation that that level of scrutiny applies to all funded organisations, not just those that are named in the bill.

Ross Greer: Paul Grice mentioned the potential for intervention. The ultimate stick that the SFC can wield is to claw back funding. In reality that does not happen because, in the situation that may give rise to that intervention, taking money out of that institution is probably one of the worst things that you could do. Some other stakeholders have raised the concern that that is not really an effective stick to wield. It is not an effective enforcement power. Last year, I believe, the previous chief executive of the SFC gave evidence and she hinted that there was a need for the SFC to have a wider range of enforcement or intervention powers. Presumably, you will never want money to be clawed back from your institutions. What would other effective enforcement powers look like from your perspective? What would provide an incentive but still be a realistic option for the SFC in those worst-case scenarios?

Jon Vincent: The clawback power potentially addresses only a small subset of institutions. A college could completely fulfil its funding contract by meeting all its learner and credit number targets and yet still find itself in a financially very difficult place. Ironically, it could find itself in a worse place by chasing its number targets.

The idea, as you correctly articulate, that a solution to an organisation finding itself in financial difficulties is to claw back even more money is perverse. I cannot speak for how universities are funded, but there are fundamental issues with the way in which colleges are funded. The mechanism by which that is done is at best opaque and does not even provide consistent funding between institutions. To assume that a college in financial difficulty is in that position because of some failing on its part is unhelpful. There will be circumstances where that is the case, but in some circumstances it will be because the basis on which it is funded is the underlying issue. The SFC needs to be able to confront that.

Ross Greer: I agree with that, absolutely. Before I bring in Paul Grice, in the small number of potential scenarios where there was a rogue

institution, to use a perhaps pejorative phrase, what would an effective enforcement mechanism be? We can all generally agree that clawback will almost never be the appropriate mechanism, but a rogue institution is a possible scenario. What would be agreeable to Colleges Scotland as an SFC enforcement mechanism?

Jon Vincent: There are very few—I have not necessarily come across any—rogue institutions. I have found institutions that have become overwhelmed by the financial challenges that they faced. There needs to be active support and intervention at that point, where additional resource, maybe in the form of expertise, can be deployed into the institution to support it. Sometimes, that might lead to decisions around more fundamental root-and-branch change, but our colleges are vital public assets within their communities. They have to succeed and, therefore, they need to be supported and challenged and given the expertise and resource to correct any failings, not punished by having further funding withdrawn as a way of incentivising them to do better. There is no absence of energy being invested in trying to do a good job in the colleges sector. The absence is of resource.

Sir Paul Grice: If I were the accountable officer for the funding council, I would want to have the power to stop payments. That might be different from clawback. As an accountable officer, you have an obligation not to keep putting money into something. Yes, you are highly unlikely to use it, but its existence would be important. Obviously, the chief executive of the funding council will have her own view on that, but that is mine.

There is a difference between colleges and universities because universities are not in the public sector and are autonomous. For most universities, the funding council is, although hugely important, a minority funder. Most of our funding comes from other sources, although that varies, of course, across universities. That must be respected.

My starting point goes back to a point that I made in response to Mr Mason's questions and is about engaging with the governing body of the institution and enabling and expecting the funding council to act quickly. Speed is important and engagement must be quick. If there are any responsibilities they are on both parties—the funding council and the institution—to work together to resolve the situation. One might feel that punitive measures are justified at one level but they will only make the situation worse.

For me, it is about respecting autonomy. That is particularly important. Also, we must not lose sight of the fundamental role of the governing body of a university as the body that is ultimately charged with responsibility. That is a personal obligation

and I speak again as a member of the university court and as principal. That must be factored in, otherwise there is a danger of overwriting that and that would cause problems. Colleagues who are close to the University of Dundee situation will know that the task force is working very carefully on respecting the position of the university court but trying to fulfil the obligation that ministers have given it.

Ross Greer: I am conscious of the time, convener, so unless Sai Shraddha Viswanathan or Andrew Ritchie is particularly keen to come in on this one, I am happy to leave it there.

Pam Duncan-Glancy: I want to build on the discussion that we have just had. What is the witnesses' assessment of the proposals to change the provisions on membership of the Scottish Funding Council, the terms of appointment and the skills and experience of members that are being looked for, and the proposal to introduce co-opting powers?

10:45

Sir Paul Grice: Universities Scotland has argued for the retention of the eight-year term limit, which is important. We also argue that it is important to have current experience of university leadership on the SFC. I absolutely understand concerns over conflict of interest, but my view is that that issue can be and is managed successfully by the SFC board.

One theme of today's discussion is that new demands will be placed on the SFC, and there is the fundamental question of whether the opportunities can be seized. Part of that means having a slightly bigger board to accommodate the expertise that the SFC will need relating to some of the SDS functions that are being transferred. From a university point of view, we argue that it would be a retrograde step to lose the current approach. For all that former university principals have a lot to offer, there is something about someone living in the moment and being able to bring their advice and perspective to a board.

We recognise that it is a board and that we are talking about perhaps one voice on a board of a dozen or more people—it is not that that voice should win the day, but it is important. If I were on that board, I would want to be able to turn to somebody and say, "You're running an institution in the sector right now—give us your advice." Obviously, that would be subject to safeguards around managing conflicts of interest. I am certainly assured of that from my conversations with the current principal who serves on the SFC board, who is scrupulously careful and recuses themselves from any issues where there could be a conflict.

Jon Vincent: I will pick up on Sir Paul's point about the additional responsibilities that are coming to the SFC with the SDS national programmes and modern apprenticeships. There are very particular challenges with that form of work, on which I do not believe the current members of the board will be well sighted. If the council requires enlarging, that should be done, but there should be people with a skill set that includes an understanding of workplace learning, modern apprenticeships and employer-facing training.

Sir Paul made the point about university and college leadership, and I am pleased that at the moment the council has a former principal on it. That is important, because former colleagues who have held such roles can bring unique experiences to the council.

I stress that modern apprenticeships that are offered by the private training world are very different products, so it is important that the council appreciates the complexities and differences. I suggest that that would be done through a seat on the board.

Pam Duncan-Glancy: You have said that there should be a seat on the board. Should there also be committee structures for particular sectors?

Jon Vincent: The bill suggests that the SFC may create an apprenticeship committee, but it also talks about the fact that the Scottish Apprenticeship Advisory Board, which has undertaken extremely good work, will be lost. I hope that the apprenticeship committee can learn from the experience of SAAB and that it can be inclusive of a wide range of employer views, including industry representative bodies, large companies and—most significantly for the Scottish economy—smaller businesses. Those businesses face unique challenges and are at the heart of an awful lot of our regional economies. It is extremely important to have an apprenticeship group that has a strong and diverse employer voice.

Pam Duncan-Glancy: Sai, you said that you have observer status on the SFC. How should that proceed going forward?

Sai Shraddha S Viswanathan: That is a very heavy question. From my perspective as an observer, there is definitely space for me to critique the system if required, and that does not conflict with any voting responsibilities. In the wider strategy, with the bill coming into effect and the move to a tertiary education framework, I would definitely want more student representation on a permanent basis on the SFC board. Colleagues have mentioned the expansion of the board. We have principals from across the sector and sector leaders from the funding perspective, but when it comes to student experience—the

people who are on the receiving end—we do not have a lot of people on the board, except for the NUS representative. To maintain the parity of experience, we want specific positions on the SFC board or on certain committees from student demographics.

I am very much involved with the tertiary quality enhancement framework steering group—along with college and university principals, I chair that group. It is a useful space, but it has only one sabbatical officer from one university. It does not adequately capture the voice of college students, apprentices or anyone from institutions such as the Highlands and Islands Students Association, partner institutions or smaller institutions.

On Jon Vincent's point about the funding differences in colleges, for a college such as the City of Glasgow College, the funding landscape and the courses that it offers are completely different. The City of Glasgow College is the only college that has a nautical course, which recruits students from an international background, and that sets it apart. The experience of students in those institutions will probably be very different from the experience of students in institutions in deprived regions. That is not reflected in the conversations that we have in the statutory committees.

On the bill and the end product of all this, we do not adequately capture student voice or the student experience. What strategy does the bill entail on student experience, with respect to all the points that we have mentioned. A few of the committees are very higher-education heavy. The whole further education sector struggles for representation but, with students, it is just the NUS—it is one or two officers in select committees.

Pam Duncan-Glancy: Is that because of the way that people are recruited to those roles or is it because students are busy doing other stuff, so there is a supply problem?

Sai Shraddha S Viswanathan: I am sorry, but could you repeat that?

Pam Duncan-Glancy: Is there a supply problem? Is there a lack of students from colleges who are, for example, prepared to take on the responsibility because they are busy doing other things, or is it a structural question of recruitment?

Sai Shraddha S Viswanathan: When it comes to universities, there could be a supply problem, but there is a lack of information out there in the sector. With sabbatical and other officers, there is a lack of opportunity for students to be on high-level committees.

With college officers, most college student associations are not independent in the way that is

the case in HE institutions. College associations are mostly institutionalised and most officers who come into the roles do so on a voluntary basis and are not compensated for the work that they do. Except for in a couple of institutions where things are different, officers mostly have to take time out of their busy schedules and out of their jobs or caring responsibilities, and they have to deliver what is required of them. Obviously, the bigger institutions have more money and the compensation is directly linked to that.

With college officers, it is not a supply issue; it is an opportunity, exposure and compensation issue. To directly link to the points that Jon Vincent made about funding, college student associations are not established to be autonomous in the first place, so it is difficult for them to find their feet in those committees.

Pam Duncan-Glancy: Thank you.

Willie Rennie: Let me try to summarise. Andrew Ritchie, you are sceptical. Sir Paul and Jon Vincent, you are passionate about reform, but you are a little bit underwhelmed by the structural change. Is that a fair representation?

Jon Vincent: There are major issues impacting on the college sector in particular, and I hope that the bill is not thought to be the complete answer to those. I hope that the bill is the start of a process and that it facilitates urgent reform. However, I am concerned that, given the complexities of moving the apprenticeship funding in the SFC, that could take time and attention away from the urgent task of ensuring institutional financial sustainability, which is the key issue for the college sector right now.

Sir Paul Grice: I do not think that I said “underwhelmed” at any point, Mr Rennie, but I am certainly passionate. I think that the bill offers opportunity. The question is: will it be grasped?

Willie Rennie: There is a lot going on in HE and FE, and now in the apprenticeship world. We have talked about cross-party talks on HE funding and there has been a great focus on college funding. We have had the issues at the University of Dundee, and UHI Perth is now in a terrible condition. That is just in my part of the world, but there are stories from other parts about financial difficulties, so there is a lot going on. Is now the time to make a change of this magnitude? Can the funding council cope? Does it have the headspace to do this?

Jon Vincent: I do not necessarily have a direct answer to your question, but I share your concern. I perceive that a large amount of resource is going in to support the University of Dundee, and I acknowledge that that is required to safeguard the employment and the student experience and to put that university on a stable footing. I am not well

sighted on the UHI Perth issue, although I am aware that there are challenges there. We have a number of institutions that are in a fragile state. The SFC's capacity to step in and support them concerns me right now, let alone if it is going through large-scale organisational change. Its bandwidth to support as many institutions as I think are reporting and forecasting financially challenging situations is of concern to me.

Sir Paul Grice: That is one of those nutshell questions, and the short answer is that I do not know. In the final analysis, I genuinely feel that, if the bill was not proceeded with, that would be a real missed opportunity. The bill, maybe with some amendments and development, offers real possibilities for an improved system. We should not lose sight of what the Withers review and Audit Scotland said—they were pretty trenchant in their views. The bill does not capture all those points, and much of the Withers stuff could be done administratively. Nonetheless, it is important to go back to where it all started, as there are real possibilities there.

You have asked a critical question, and I do not want to duck it, but it is for the Government, the Scottish Funding Council and, if I may say so, this committee to come to a view on that. I would like to think that the resource can be found to ensure that the proposals happen because, if we miss this opportunity, it is not likely to come around again for years. We are all aware of the parliamentary timetable. That would be a missed opportunity. Having come this far down the road, my instinct is to try to make the bill stick, but that question needs to continue to be asked and assurances sought. It is in all our interests to do so.

Willie Rennie: Andrew or Sai, do you have anything to contribute?

Andrew Ritchie: The fact that local authorities have very little, if any, interaction with the SFC says quite a lot. We feel that, ultimately, there is real risk to the outcomes for young people—hence, we have very serious concerns about the bill.

Sai Shraddha S Viswanathan: I am sorry, but could you repeat the question?

Willie Rennie: Bluntly, do you think that the SFC can cope with the proposed changes, given everything else that is going on?

Sai Shraddha S Viswanathan: It has to cope at this point in time. As a student representative, and being on the receiving end of the spectrum, I think that it has to. We are at a pivotal time. We are at a time when we need pivotal change and we need to be spearheading that. We cannot keep letting down our sector and our active investors and biggest stakeholders, who are students. That is

the bluntest answer that I can give to the committee right now.

11:00

George Adam (Paisley) (SNP): Good morning. There has been a lot of talk about the private companies that provide the training for apprentices. They would say that they provide quite a big bang for their buck—that they deliver quite a lot for a lot less than other people do—but they are concerned that colleges, through funding, will be given priority over other training providers. However, some people think that there is a lack of clarity about the checks and balances that private providers are subject to before receiving student support funding and that private training organisations can simply access public funding without investing in high-quality delivery.

Those debates have been going on since private providers started getting involved in the provision. What is your assessment of the bill's proposals on private provider designation, particularly regarding the oversight and growth implications?

Jon Vincent: The modern apprenticeship world is enhanced by there being diversity among providers, be they employers that happen to have training contracts, private training providers, local authorities, colleges or universities. Such diversity is to be celebrated, because it enriches what a modern apprenticeship is and ensures that the individual apprentice is in the most appropriate setting for the development of the skills that are needed.

Modern apprenticeships are funded at a flat and consistent rate, so an approved private training provider that has a contract with SDS will receive exactly the same funding to deliver that framework as a college or any other provider would. There is no difference in that regard.

To go back to an earlier point, I note that the amount of funding—which is described by SDS as the contribution rate—is not intended to fully fund the cost of a modern apprenticeship. It contributes to the cost, but it is for the employer and the training provider, whether that is a private training provider, a college or any other provider, to bridge the financial gap. Private training providers are hinting at the point that colleges are able to use other funds to bridge that gap in the funding model. That is sometimes done through an employer contribution, with an employer being charged an additional fee, or SFC income is sometimes used. Private providers tend to rely more heavily on charging employers a fee to supplement the funding. Some employers pay that fee freely and some find that very challenging,

which might limit their ability to engage with the programme.

The training world is also very complicated, with more than just the direct deliverers. We have a system in which industry bodies operate in roles such as managing agents on behalf of groups of largely small and medium-sized enterprises. They act as an intermediary with an SDS contract, and they subcontract some of the work back to the colleges world. Having had extensive involvement in looking at the role of managing agents, I think that they add tremendous value to the quality of the programmes that modern apprentices receive, but I do not think that, historically, SDS has scrutinised whether the financial model for managing agents provides best value for public investment.

George Adam: We have received evidence about the lack of scrutiny at that level being a problem, whereas a public body—well, if I talk about colleges as public bodies, that opens up another can of worms—or a publicly funded organisation such as Colleges Scotland receives more scrutiny on delivery.

Jon Vincent: On the financial scrutiny point, as I said in a previous answer, if provision for apprenticeships moves to the SFC, it is critical that the same level of scrutiny is applied to private providers or non-public body providers as has been traditionally applied to colleges. The financial arrangements involving managing agents and the subcontracting relationships need to be looked at very closely. In my opinion—I hope that it is the committee's, too—it is essential that every pound of Scottish Government money finds its way to direct delivery for students in order to improve their learning experiences. Any resource that goes towards additional back-office costs must be minimised. I worry that the controls for subcontracting relationships are not tight enough to ensure that the money finds its way directly to the provision of services for modern apprentices.

Andrew Ritchie: Our delivery involves quite an extensive programme. More than 60 per cent of our delivery is provided through private providers, one way or another. That includes colleges, which we subcontract for their expertise. Without that partnership approach, we simply would not have been able to develop our programme in the way that we have done. The private providers, which, by and large, are from their respective industries, are superb. They have industry specialisation and provide employer links, so their role is crucial. From our perspective, they are also very cost effective. I can assure the committee that private providers are subject to our quality assurance and must adhere to quite strict scrutiny performance measures, which are linked to the whole contract.

George Adam: What are your thoughts on Jon Vincent's point about subcontracting, with someone further down the line trying to make connections business to business?

Andrew Ritchie: I understand that principle and the issues that Jon Vincent listed. I agree that there must be a direct link to the public purse and to performance and outcomes, but we deal directly with providers, which have a direct influence, so I am unaware of the circumstances that he referred to in that regard.

The Convener: I have a couple of final questions. Sir Paul Grice, you will have heard the concerns that have been raised in evidence that moving apprenticeships into the SFC will mean that they will be diluted and that, given all the issues in your sector, another university or universities might, at some point, seek additional financial support from the SFC, so money for apprenticeships could be siphoned off from achieving the principal aim of supporting universities and other institutions. Do you accept that? If so, what can be done to reassure those who are concerned about that? If universities seek additional support from the SFC in the future, should it look at its entire budget in order to provide support?

Sir Paul Grice: I will say two things in response to that. As is the case with the University of Dundee—I hope that this continues to be the case—the Government has to find resources from outside the current SFC envelope. It would be—

The Convener: It did not do that this time.

Sir Paul Grice: There was a combination of things. I know that it is a complex issue. As a point of principle, it would be unfair if institutions that did not require extra resources had to pay a penalty for, to use your example, not being able to offer provision. I hope that that continues to be the case, with the expectation that more needs to be done—rightly, in my view—to secure the University of Dundee's future. The Government has a responsibility to look across its range of funding levers to ensure that universities—or colleges, for that matter—are not expected to pay for such circumstances.

On how apprenticeships are protected in the broadest sense, the letter of guidance from ministers is an important tool. They are entitled to—and they do, in my experience—make their priorities clear. Again, in my experience, such guidance is rightly given a very high degree of importance. If another university or college gets into difficulty, the letter of guidance is an important tool to give effect to the desire of not just the Government but, I imagine, the committee that we do something to protect the institution.

The Convener: A letter of guidance is not absolute. There is always provision for exceptional circumstances, and we have just discussed examples of pretty exceptional circumstances.

Sir Paul Grice: We can look at the issue in two ways. The letter of guidance tends to be about priorities, so it can be an effective tool. However, you are right to ask the question, because I hope that, once the University of Dundee has been stabilised and its future has been secured, there will be an opportunity for us all to reflect on the lessons learned from that. You have spoken to an important bigger point. I hope that such a situation never happens again, but it would be prudent to reflect on what we have learned from the process. There are the straight financial issues, but there are lots of other issues, such as how we support and sustain any institution that finds itself in stress. It comes back to the important points that were raised earlier about how quickly and effectively the Funding Council in particular realises that a university is in stress and, if it is, what is done about that. I suspect that there are a lot of upstream things that we can learn afterwards.

The Convener: Last week, we had a discussion about the delay to the publication of the universities and colleges financial sustainability report. What is your view on that, as representatives of colleges and universities? The report was due in January, but you have not seen it, and neither have we. Should it be published immediately if all the information is now available, or should we wait until September?

Sir Paul Grice: We share the frustration that the report has not been published yet, but we understand why. Notwithstanding that frustration, on the understanding that the September deadline will allow a more meaningful report to be provided, my instinct is to give the SFC the chance to make it more meaningful. My understanding is that a September deadline will allow it to include more useful data in the report, so, on balance, we are prepared to wait for a meaningful report in September, although we have been frustrated.

Our frustration is more about the lack of communication. We understand that, in life, things go off beam and need to be adjusted, and I think that there has been some work in that regard. Our frustration is about not knowing, so it has been helpful that the committee has flushed that out, but—

The Convener: A nine-month delay is quite off beam.

Sir Paul Grice: Indeed. I am reflecting the sector's frustration about the delay and the lack of communication. As I said, my understanding is that the SFC says that it can provide a more meaningful report in September. Given where we

are now, on balance, I am inclined to give it the chance to do that, but the committee might want to press for something earlier than that. If something meaningful could be produced, we would obviously welcome that.

The Convener: Jon Vincent, we were told that, apparently, colleges were the culprits.

Jon Vincent: Apparently so, but I am not aware of the specific situations in the two colleges that, it was alleged, were holding up the process.

Would we like the report to be published sooner? Yes. We are at a critical stage in the annual allocations process. Based on the previous set of reports that were published, we know that colleges are in extremely difficult financial circumstances, and Audit Scotland's annual report on the college sector paints an extremely poor picture of the state of finances right across the college sector—no college is not experiencing extreme financial stress.

I support Sir Paul Grice's point that, if a much more meaningful report will be available in September, there might be merit in waiting for that. However, there is always jam tomorrow, so I do not see why, if all the information is available and the expertise exists in the SFC, a report cannot be produced, even if it is an interim report, and put into the public domain. Daylight will help to expose the issues and provide the support that institutions desperately need. That will not happen by waiting for a report that might be superficially improved by an additional few months of consideration. I am not sure what value that will add.

The Convener: Thank you all very much. I apologise that the session has overrun quite significantly, but that is because the questions that we have asked you have prompted debate. I appreciate all the time that you have given this morning and the evidence that you have provided.

11:14

Meeting suspended.

11:28

On resuming—

The Convener: Welcome back. We will continue taking evidence on the Tertiary Education and Training (Funding and Governance) (Scotland) Bill, and I welcome our second panel: Sarah Dalrymple, founder and director of SDC-Learn; Stephanie Lowe, deputy chief executive, Scottish and Northern Ireland Plumbing Employers Federation; and Phiona Rae, head of administration and finance, Tullos Training. Phiona Rae is appearing virtually.

I will kick off the questions. You might have heard the discussion that we had with the previous panel—indeed, I have asked this question of every panel on the bill. Is there a problem that the bill is seeking to address? Is the bill the right answer to that problem? We will start with Sarah Dalrymple.

Sarah Dalrymple (SDC-Learn): Thank you, convener, for the opportunity to present my views. I understand the need to consolidate funding and to simplify the funding landscape. However, I am concerned that merging SDS into the SFC will result in training providers being diluted and eventually being put on the back burner.

As Stuart McKenna from the Scottish Training Federation has said, the college-first approach that the Withers report suggested is unhelpful. The Withers report, which appears to be the basis for most of the changes that are suggested in the education landscape, provides one perspective and does not take into account the real value of MAs as delivered by training providers. It is essential that we offer a wide range of learning opportunities to the modern Scottish learner, and ensuring the availability of training provider provision, colleges and universities is crucial.

11:30

There needs to be a realignment of funding for modern apprenticeships so that the delivery of those qualifications can continue to develop and enhance the Scottish workforce. Funding for modern apprenticeships has been stagnant for a decade and needs to be increased so that training providers can continue to deliver work-based learning.

I am concerned that moving MA funding to the SFC will mean that training providers are not given priority. SDS has spent years on improving and promoting the provision of modern apprenticeships and, for that matter, foundation apprenticeships. My concern is that the SFC does not have the knowledge and expertise that are required to support training providers and will have a natural bias towards colleges and universities.

The funding contribution for MAs makes delivering them a real challenge for training providers. We do not have the additional funding streams that are afforded to colleges and universities, and a number of training providers have closed their doors over the past few years as a result of the stagnant funding. SDC-Learn has started asking for employer contributions and top-ups to be able to continue effective and efficient delivery. That is another challenge.

The OECD speaks about the importance and value of a mixed economy of learning options and delivery processes. A variety of options is essential to meet the needs and demands of the

modern Scottish learner and employer. We are in a progressive age. We need to support economic growth and the development of the Scottish economy, which is directly linked to modern apprenticeships and their value to the economy.

In summary, my main concerns with the bill relate to the merging of SDS into the SFC, the potential dilution of funds for training provider provision and the priority or college-first approach, as outlined in the Withers report. I am concerned that the SFC will not have the knowledge and expertise that are required to support training providers in delivering modern apprenticeships. Finally, I am concerned about the funding allocation—the funding contributions are stagnant and have not increased in a decade.

The Convener: I will come back to a few of those points, but let us hear from the other witnesses.

Stephanie Lowe (Scottish and Northern Ireland Plumbing Employers Federation): For once, my contribution will be a lot shorter. It is important to say that I am representing the plumbing and heating industry in Scotland. The majority of plumbing and heating businesses out there—80 per cent, I would say—are microbusinesses and those are the ones that predominantly employ apprentices. It is not large companies in plumbing and heating that do that; it is small microbusinesses.

The convener asked whether the bill will sort everything out in apprenticeships. Absolutely not—it is a drop in the ocean. At the end of the day, the question is: why are we here? I listened to last week's evidence and I will try not to bore the committee to death, as I wrote loads of notes. I would love to speak to all of you.

Should the bill have happened before now? It is happening now because there is not enough money in the system—that is how I see it. As Sarah Dalrymple just mentioned, the money that we receive has not been increased for more than eight years. We are trying to sustain the provision of apprenticeships, although we are making more and more cuts—to our staffing and to our provision. I am cutting everything that I can possibly cut back on.

On top of that, it would be remiss of me not to mention—I think that Willie Rennie has mentioned this a couple of times—that the bill does not address the fact that we will not have apprenticeships if employers out there are not employing people. I feel that there is a wee bit of a disjointed perception sometimes when we talk about apprenticeships.

This is all in my notes—I live and breathe this subject all the time. Pam Duncan-Glancy mentioned that 84,000 young people are

unemployed or not at college. We have a four-year apprenticeship for those people and a career for them on completion of that but, because there is so little funding for apprenticeships in our society in Scotland, we find more and more that our microbusinesses cannot afford to continue to support them.

I am holding up a copy of our survey, which went out to members—we survey them quite often. I must be the bane of their life with surveys, but they are important. I am speaking for lots of microbusinesses, so they need to tell me what the issues are and what is working well. What they are predominantly saying is that running apprenticeships is unaffordable now. That is my main concern.

It would have been remiss of me not to mention all that to the committee, but I will go back to the convener's question, which was about what the bill will address. I have similar concerns to Sarah Dalrymple's, and I certainly had concerns after I listened to last week's discussions—gee. Damien Yeates said that he has different departments that support apprenticeships, and it sounds as if, to make this work at the SFC, they will all have to go over to the SFC, because they all work together. I hope that they can do that; we do not really have another option—that needs to happen.

The intention is to save money, but I certainly hope that the bill will not jeopardise apprenticeships. In our society in Scotland—I am surprised that nobody has said this today—money is predominantly there for schools and then the universities, and then there is almost a lower class that does not get much funding. That is the prioritisation, yet the individuals down here who are seeking a career are contributing to society by paying tax, because they have a job. It is good for Scotland to have all those people in employment.

I have to stop digressing—I am sorry. I am very passionate, in case you have not noticed.

The Convener: We can see that—it is good.

Stephanie Lowe: I hope that the bill will not end up being discriminatory towards apprenticeships. That is my main concern. I hope that the Scottish Funding Council and SDS will get together. They have done that in the past, and they are doing stuff together. I genuinely hope that the resources will continue to be there. There is so much fragility in our apprenticeships now and there are so many barriers for us—funding is just one of them. It is so sad.

Phiona Rae (Tullos Training): I am a bit like Stephanie Lowe—I am very passionate about apprenticeships, having dealt with them for 28 years. I hope that the bill will change a lot of things, but there are some concerns, especially in relation to SDS, which we predominantly work

with. We have no contact with the SFC at all. We think that there could be an issue with independent training providers losing out to colleges and universities.

Having dealt with apprenticeships for 28 years, I think that there seems to have been a loss of the link between schools and the workplace. We are working with Aberdeenshire Council on the foundation apprenticeship programme, which is hugely successful, with an achievement rate of more than 80 per cent, where the learners go on to full modern apprenticeships or universities. There is huge potential there that seems to be lost.

We work with a number of employers that actively seek to recruit those who have done the foundation apprenticeship, because those people have already learned a lot of the work-based skills and ethics. We work with a number of employers that offer foundation apprenticeships, but there seems to be a lack of consideration from schools of foundation apprenticeships. Some schools are actively working with that, but some do not put an awful lot of emphasis on it and would prefer youngsters to go to colleges and so on. Our main concern is that the bill does not seem to address a lot of the foundation apprenticeship issues and how they link with employers.

We work directly with employers. Employers can choose to go to colleges or come to us. We have only one income stream from SDS; we have no access to funding from the SFC. For those that choose to put their apprentices into colleges, the colleges can get between £2,800 and £5,200 more funding per apprentice through the SFC. We have no access to that; instead, we have employers that contribute to get the right skills training.

There seems to be a disparity. Employers want the right skills—it is not all about skills; it is about having the right skills—and they are willing to pay for that. We are in competition with colleges, because they can offer these things for free, although they are not providing the right skills. They provide generic skills, whereas we can offer more specialised training in the right areas.

Our concern is that there seems to be a disparity between the levels of funding for everyone. Another concern is about having the right training for people who are coming through from schools into full modern apprenticeships.

The Convener: I said that I would come back to the witnesses on a number of points, but you have all given quite comprehensive answers, and we are starting to go into areas that other members want to ask about, so I will go to the other members and then maybe come back in.

Willie Rennie: You will be familiar with the Withers report and perhaps also with the Audit

Scotland report from a few years ago, which was quite critical of the skills landscape and the lack of leadership within it. The Withers report was also quite critical, saying that there were

“competing narratives and approaches and duplication ... lack of clarity ... lack of leadership and effective governance”,

and that the landscape reflects the

“harmful, false division that fuels its persistence”,

which is a reference to the persistence of divisions between the various parts of the system.

Do you recognise any of that? In your work, do you see any of those elements?

Sarah Dalrymple: The Withers report has a lot of good things in it. James Withers was definitely very opinionated about a lot of things, but we need to remember that that is one person’s opinion and is what he put forward.

I understand some of the aspects that you mentioned. I am assuming that you are speaking about SDS, so, yes, even as a training provider, I sometimes find it very difficult to know where things are and why something is happening.

I appreciate that there needs to be a change; I just do not know whether this is the right change and whether enough preparation has been put into place before SDS moves to—

Willie Rennie: Why do you think that there needs to be a change?

Sarah Dalrymple: I think that change is needed in relation to some of those points. We need to look at the funding contributions, which is a very important issue. I understand that a lot of money is going everywhere, but Damien Yeates said the other day that, potentially, £30 million will be used in the transfer. That is a lot of money that any of us, as training providers, would welcome being added to our contracts.

Willie Rennie: That is a reason against change. Why do you think that there needs to be change?

Stephanie Lowe: Because there is not enough money in the system to support what we need.

Willie Rennie: So you are looking for financial change, not structural change.

Stephanie Lowe: We have a brilliant relationship with SDS, but I would say that we have a brilliant relationship with everybody. You were quite critical of SDS. I can be too, but because I am very outspoken, I will ask directly, “Why are you asking us for this?” If I am told that it is because of something that has come from HM Revenue and Customs, I will say, “Okay, I understand—it’s really frustrating that we have to do certain things, but now I know why you are asking for it.” We are using public money and we need to

be accountable for it. It is a pain having to do half this stuff, but it is necessary because it is taxpayers’ money.

The colleges do not have enough money and nor do we, but we want to provide apprenticeships and we want them to be what employers need the training to be.

I will bang on about this again. The time spent during the apprenticeship for plumbing and heating at the college represents 14 per cent of the time that an employer is paying the apprentice’s wages for. The rest of the time is spent in the workplace, on the job, on the tools and in the real-life situation. Both parts are invaluable, but both are underfunded. That is the issue that we have in society in Scotland, yet we are so passionate about education.

11:45

Willie Rennie: Withers referenced finance, but the main thing—as Audit Scotland said—is leadership. Have you experienced any of that lack of leadership and coherence across the system?

Sarah Dalrymple: Our direct links are with skills investment advisers. I have not looked into the SDS delivery model and all that, but I have seen some of the salaries that they are getting, which I think, at that level, are incredible, because there is no way that a training provider would be able to pay their staff that amount. Of course, SDS has requirements and it needs to make sure that it has things in place so that it can explain to the public where the funds have gone. However, SDS also knows apprenticeships and it has been working with them for years. It has systems in place that have been tightened over the years. For example, it has the funding information and processing system, which is now working very well. As Stephanie Lowe said, there are valid reasons for the things that SDS asks for. It can be quite pedantic about certain things, but in general it is good.

Willie Rennie: What are your reflections, Phiona? Do you recognise that lack of leadership?

Phiona Rae: I would probably say so, but as a training provider, our direct contact would be with the SIAs, who are totally invaluable. They are our direct links. I am aware that, higher up the ladder, there are probably lots of divisions that never come down to our level. SDS has become very bureaucratic and there could probably be some savings in there.

As I say, at our level, our link is just with the SIAs, and with the move to the SFC, that could be lost. We are concerned that we will lose the years of information that the SIAs have about how apprenticeships work. However, I do not dispute

that higher up in SDS there are probably some bureaucratic things that could be changed.

Willie Rennie: Your experience of the system is important. You are not irrelevant in the system. You are saying that you do not see that lack of leadership at your level, so—

Stephanie Lowe: We do not see that. I am different from Phiona Rae. SNIPEF volunteers relentlessly in lots of Scottish Government work. SDS asks us to come on boards to help. We have the transition accord and we have put loads of resources in. I communicate with different members of staff in SDS, not just the SIAs. As I said, I will question something that I do not think is okay for staff to carry out and ask for the reason behind it. I just ask and I get answers.

Willie Rennie: That is fine. To be clear, I am just presenting evidence. I am not criticising SDS; I am just presenting the reports that are out there. There are two substantial reports and there has been lots of other commentary, so the evidence is not insignificant.

Thank you very much for your answers.

Jackie Dunbar: Good morning. As I said to the first panel of witnesses, the policy intention is to consolidate the funding of apprenticeships with further and higher education to simplify the skills landscape. As you have heard, the committee has heard concerns that that might mean that apprenticeships are offered less priority, given their relatively small share of skills and education funding. I am keen to hear your views on that, if you would like to expand further on what you have already said.

Stephanie Lowe: I would question whether the intention is to simplify the skills landscape. Being brutal, I think that it is to save money—and that is it.

Our relationship with SDS works well. Again, because I am quite out there, I have met with representatives of the Scottish Funding Council to question different processes and why they are there because I care about the colleges, too. There have been times in the past when I have been quite vocal about giving the colleges more money. That has been my only communication with the SFC. It is not used to speaking to employers directly.

Jackie Dunbar: Are you saying that you do not want the system to be consolidated, and that you want it kept as it is? What is your view? You are saying that this is about funding, but if the consolidation goes ahead, would you be for it or against it? Do you feel that the system works the way that it is right now?

Stephanie Lowe: I am being really open. Unfortunately, I am very open—I probably should not be.

Jackie Dunbar: That is why I asked the question.

Stephanie Lowe: If there was more funding for the colleges and managing agents, I would keep the system as it is. However, there is not enough money for what society needs, and that is why I think that the Government is saying, “Let’s pull everything together. The money will be more accountable.”

Colleges get double funding for apprenticeships. However—and this is what Phiona Rae was talking about—private sector training bodies only get funding from SDS. Therefore, they will not get the funding from the Scottish Funding Council. That is what causes them issues, although they will be able to survive—they are superstars, obviously.

I have already fed this back to the further education department. If all the computer systems become one computer system, for example, surely that will save a lot of money. At the moment, we have to input information for the Scottish Qualifications Authority, FIPS and lots of databases, and they could be brought together as one. I know that that is a massive thing to do and that it will cost you £40 million to resolve, but in the long run, it will save money. However, that is not what the bill is saying. I do not know what the cost savings will be—I hope that there will be some.

Phiona Rae: I hope that the change with SDS moving to the SFC results in equality, with the colleges getting the same funding as we do for delivering what is basically the same thing. If that does not happen, I would rather things stayed the same. For me, joining together is about creating equality and a level playing field so that employers can choose where they want to go. As I said, the colleges get between £2,800 and £5,200 more per apprentice than we do. We are just grateful that a lot of our employers are willing to meet that shortfall to get the correct training that they require for their apprentices. That is what it is about, basically. We struggle to survive as independents. If it was not for those employers understanding that the correct training is important, we would not be here.

Sarah Dalrymple: As I said at the beginning of the session, there is potential for the bill to work—there really is. However, I am very concerned about the SFC, which has always funded colleges and universities, having training providers come in. I am concerned as to whether our funding will be diluted. I know that the SFC says that it has pockets of money for the different areas, but we are small compared to the rest. The SFC will very

easily push us to one side and put us on the back burner if things are difficult.

I am also worried about the funding contributions during the change and what will happen to the learners who are on the system. There probably needs to be a bit more thinking about that. We need to find out how SDS will merge without disrupting learners and employers.

Jackie Dunbar: So more information would be extremely useful.

Sarah Dalrymple: It would be useful, yes.

Jackie Dunbar: I asked earlier about the cost of changes to the apprenticeship delivery aim, as proposed in the bill. We heard some figures last week. Do you think that they will cost a huge amount? If so, why?

Stephanie Lowe: Transfers under the Transfer of Undertakings (Protection of Employment) Regulations have a cost. That is what it comes down to at the end of the day—they are expensive. That is my background, so I know about that side of things. However, if the powers that be are collectively saying that this will help financially, I do not really know what other option there is.

Sarah Dalrymple: A lot of the costs will go to pension transfers, getting staff who are on lower-level contracts and just making sure that everything is in place.

Stephanie Lowe: Somebody made a good point about doing the day job, although I cannot remember who it was, because I have 40 million notes here—I say to Willie Rennie that that is the scale that I use all the time. I might say to staff, “Let’s do this project—it’s a brilliant idea”. We can have all the ideas in the world that would be really good for our industry, but staff have to do the day job as well as the projects. Projects cost additional resources. When staff are moved over, they will have their day jobs to do, but there will need to be time and resources for them to be able to do that project work. I do not know whether I am wording this right, but it will also take time and resources to do the transition, so that in itself will be expensive.

I want to make sure that I make all my points. When Phiona Rae talked about equality, she was talking about equality in the bill between the private sector and the public sector. If the private sector is to be able to access the same funding that the colleges receive now from the Scottish Funding Council, that will be an additional cost. I am sorry, Phiona, but you are right to say that you should receive that funding, too. You are doing the same job just now, but you do not get that money. That it will be there in the future will be a cost for Government.

I have listened to members’ questions and to the opinions that were given last week, and I do not want the apprenticeship to be the Orphan Annie here. The universities are struggling, but so are the colleges. Will the colleges end up having all their money siphoned off to the universities? I am very concerned about that. Do we need to legislate to make sure that that funding provision is there? People on placement at college are in jobs, contributing to society.

Does that answer your question?

Jackie Dunbar: Sort of.

Stephanie Lowe: No?

Jackie Dunbar: It is a difficult question to answer. At the end of the day, for me it is about trying to get the best for students and small businesses.

Phiona, do you have anything to add or can I hand back to the convener?

Phiona Rae: You can hand back to the convener. I think that Stephanie Lowe has touched on everything. However, I do not agree with everything that she said, because I am fighting our little corner.

The Convener: We did not think you would agree on that one, in fairness, but you have put your side and she has put her side. We will move on to questions from Miles Briggs.

Miles Briggs: Good morning, and thank you for joining us. I want to ask a question—you might have heard me ask it in the previous session—about the proposed definition of a Scottish apprenticeship. I would have thought that you might welcome the wording, given that it links an apprenticeship to an employer. What are your views on the definition?

Sarah Dalrymple: I agree with the definition, and with the wording in paragraph 77 of the policy memorandum, which says that

“apprenticeships and work-based learning are intended to be permanent features of the education landscape”,

which is important.

Miles Briggs: Is that the same for everyone?

12:00

Stephanie Lowe: We are an employers federation, so, yes, we absolutely agree with it. I keep banging the drum on what employers need. Apprenticeships need to be employment led and industry led. I am speaking on my organisation’s behalf, but the employers are letting us know what training they want to be provided at colleges and what should be provided in the workplace. I do not

want to keep banging on about that, but I cannot help it.

We have microemployers who cannot afford apprenticeships just now because the national minimum wage has increased by 40 per cent and we no longer have grants for them. There are real concerns about apprenticeships for our industry.

Phiona Rae: I want to speak about foundation apprenticeships. The bill is about paid work, but I am a strong advocate for the foundation apprenticeship, and those schemes begin in schools. That is what employers are looking for—early skills from kids leaving school. The bill does not seem to address that, which is a huge concern because a hugely successful programme is already being run in conjunction with Aberdeenshire Council. That needs to be addressed. When it comes to taking things forward for employers and for modern apprenticeships, those aspects are strongly linked.

Sarah Dalrymple: [*Inaudible.*—because we agree with Phiona Rae that foundation apprenticeships are key and are a very important link between school and working and then going into employment.

Miles Briggs: Absolutely.

Stephanie Lowe: I agree. Foundation apprenticeships work well for our industry. It gives colleges money, which helps them. It also ensures that a youth who has their whole life ahead of them is able to decide what they will do with it, because a foundation apprenticeship gives them an opportunity to decide, “This is for me” or “This is not for me”.

It works well for our industry because we have a high completion rate for apprenticeships. The young people who come into our industry are predominantly 18 and 19-year-olds. We are dealing with gas work, for example, and we have to make sure that we have the right person for the apprenticeship. By ensuring that that is the case, we are not wasting public funds or employers’ money.

Miles Briggs: That is great—thank you. We touched on the transfer of staff from SDS to SFC and very relevant points were made in that regard. What would help to make the transition smoother for you?

Sarah Dalrymple: We need clearer guidelines. We need to know what will happen, particularly with the learners, as the transition takes place and how that will impact the whole modern apprenticeship journey. There is potential for quite a lot of disruption, people not knowing what is going on, and money being frozen in a silo and not being allocated accordingly.

Stephanie Lowe: I would say, bluntly—will you like bluntness?—that you need to finance it. That is it. It will not work without finance as money is needed to carry out the transfer. SDS and the Scottish Funding Council will need to work closely together and want to do it.

I take off my hat to the skills investment advisers. I hope that their leadership comes with them, because the SFC does not know everything that they do. There is a huge learning curve for both parties if they are to ensure that this works for Scotland.

Phiona Rae: There is a lack of communication on how it will work. When you speak to the SIAs, they are worried about their jobs. There is no communication with anyone as to how things will work. There is a lot of unanswered questions that we all need answers to before we can see where this will go, basically. I hope that the SFC takes into account the knowledge and experience that a lot of the people in SDS have and that the two bodies can work together. I hope that it will not be a case of the SFC just running things as they have been and taking on additional staffing who simply continue to work as they have done. There almost needs to be an amalgamation of the two bodies for this to work.

Miles Briggs: Willie Rennie touched on the original principles that Withers outlined. Two of the requirements he called for are

“Clear consistent opportunities for employer engagement and leadership”

and

“Businesses that are active partners in workforce development”.

What is there in the bill to advance those principles for your businesses and for those that you represent and to improve the supply of and demand for apprenticeship availability? I am not just asking about the finance element of that. How will it increase apprenticeships to the level we all want to see, which is closer to 40,000, rather than the 25,000 apprenticeships that were delivered?

Stephanie Lowe: Unless you fund that, it will not happen. I do not know how else to say it. There are not enough funds for what you want. Are you asking me to say what the bill does not cover? Should we, as a society, be saying that we need a certain type of apprenticeship right here, right now, and that we should prioritise that but that that might change in time and the numbers will fluctuate? I do not know whether I am answering your question, Miles.

Miles Briggs: Perhaps I did not ask it very well. I was thinking more about whether the bill will provide opportunities for SMEs to take on an apprentice or more apprentices. Perhaps it will

have the reverse effect. People will have to deal with a new organisation that is different, that no one is familiar with and that no one has dealt with and, for example, the agents might not necessarily want to do the work that they have done previously. As a result, no one from the SME sector—which you said is predominantly who you are representing—will take up the opportunities and the benefits in this bill are completely lost.

Stephanie Lowe: I do not know.

Sarah Dalrymple: I am concerned that we will just be—

Stephanie Lowe: Done away with.

Stephanie Lowe: Yes, put to one side. As Withers states himself, the idea is to put colleges first. That is a dangerous approach, because we need to have training providers. Scotland is known for our unique modern apprenticeship delivery. Delivery across the border is done slightly different.

Scottish modern apprenticeships are fit for purpose. We know that employers want to have apprenticeship schemes. We have been working with a number of employers over the years to develop bespoke apprenticeship schemes that really work for them, and that has been rolled out in companies. We work with foundation apprenticeships in Dumfries and Galloway and, year on year, the number of youngsters wishing to do a foundation apprenticeship has increased.

I understand that we are trying to cut costs and that kind of thing, but my concern with moving everything into one bundle is that those cuts will eventually lead to private training providers being put to one side and the colleges and universities becoming the prime delivery organisations. Even if the idea is to use colleges as a stepping stone and for training providers to be brought in to do something, I do not know whether that would work, because the colleges would obviously want to do the delivery themselves so that they can get the funding direct.

Stephanie Lowe: I would echo that. If we get binned as part of a cost-cutting exercise that would be catastrophic for our industry, because we represent hundreds of employers, many of whom run microbusinesses. We have 500 employers who take on apprentices for plumbing and heating. If there is anything in this bill that will bump us out in order to save money, that will be counterproductive.

Phiona Rae: As an independent training provider—there are more than 130 in Scotland—our concern would be, as Sarah Dalrymple and Stephanie Lowe have said, that we are pushed aside. The problem that that will leave is reduced choice for employers.

Basically, it comes down to choice. If you lose that independent training provider, the only option for modern apprenticeships will be colleges. The majority of employers who put their apprentices through us like the flexibility that we offer. We offer individual tailored programmes. We have no affiliation to a college. Our employers want us to deliver every part of the framework in-house. Whether that is NC, HNC, ACS gas—the accredited certification scheme for gas engineers—or qualifications in emerging technologies, we can deliver every part of that in-house. That gives employers the freedom to choose the elements for their modern apprenticeship, so that they have the right qualifications to match the right skills.

If you lose individual training providers, employers will have very little choice unless they send apprentices to a college where they will do a generic modern apprenticeship.

Miles Briggs: That model will not work for many businesses, will it?

Sarah Dalrymple: No, it will not.

Miles Briggs: Thanks for your contribution. I hand back to the convener.

The Convener: Before I go to Bill Kidd, I wonder whether, given everything that you have just said, employers are actually aware of the bill. Are they raising concerns with you? Are they waiting to see the bill's final shape and whether it becomes law? What awareness is out there of what we are discussing here today? Is a lot of the onus on you, as representatives, to do the heavy lifting now, with employers just dealing with whatever they have to deal with?

Sarah Dalrymple: We work really closely with our employers and communicate our concerns to them. The major concern at the moment is the funding contribution. In the apprenticeship schemes that we are rolling out with a wide range of hospitality establishments, we are having to ask for top-ups, and employers are asking why when they are also putting money into a levy fund. There are real problems and concerns in that respect, because we are bound by the funding contributions that we get from SDS, and we cannot run some of the programmes, particularly those in the 16 to 19-year-old age group. That is a problem.

We do understand why we are putting money into the younger age groups, but modern apprenticeships are work-based qualifications for people who are reskilling, upskilling and changing direction, and they should be available to everyone. I am sure that you know this but, in England, they have just recently suggested changing their approach to focus their energies on

the 16 to 19-year-old age group, too, and that is causing quite a concern.

Stephanie Lowe: I have already said that the bill itself is just part of the issue. What our employers—and certainly we as an employers federation—are concerned about just now is the lack of funds. That is the prominent issue for us: 50 per cent of our members are saying that they cannot afford to take on an apprentice any more. It is a huge issue for us, and it is just because they cannot afford it.

The Convener: I suppose that my specific question, though, is this: do they even know that this bill is going through Parliament at the moment? Are they up to date with and aware of it? Are they worried about it, or are they waiting to see how your negotiations and discussions and the debates in here conclude before they ring the alarm bells?

Stephanie Lowe: I think that they are aware of the bill, but in our lobbying of Government, we are focusing on a different issue. We will not have apprenticeships for our industry if the Government does not support our employers. That is the main concern for us—the lack of financial support for plumbing and heating employers.

The Convener: Phiona, what awareness do your employers have of this particular bill and what it could mean for them?

Phiona Rae: The majority are not really interested. They just want to get their apprentices trained at the cheapest cost to them, so, for most, the issue is usually funding.

As I have said, the majority of them are not really interested; they just want people to train and youngsters to come forward. There seems to be a bit of difficulty this year with recruiting apprentices. There are the universities and the colleges, but many schools do not advocate the third option, which is apprenticeships, and a number of employers this year are struggling to actively recruit this year, because the schools are not promoting the option that well.

12:15

The Convener: We have heard the opposite and that, certainly in previous years, demand for apprenticeships has far outstripped supply. You are saying that that has changed now.

Phiona Rae: In some sectors, yes. Not an awful lot of people are interested in certain areas such as business administration, and even plumbing, and they are not aware that these options are available to them.

The Convener: And that goes back to the schools not doing enough to promote the option.

Phiona Rae: Yes. We have been working with a number of schools in Aberdeen city and shire to go in and promote these things. That approach has been really successful, and many are coming in through that route. However, a lot of employers are saying that, despite advertising jobs, they are not getting any youngsters to apply for them—or, if they do apply, 50 per cent of them do not turn up for the interviews.

We have a wider-scale problem in the schools that we need to change. That is where the culture needs to change first—in the schools.

Sarah Dalrymple: I know that schools could really do with some support in that respect, because I have been trying to promote foundation and modern apprenticeships at various school career events. A good example of how schools and councils can get involved is the Dumfries and Galloway foundation apprenticeship; they started with one qualification with us perhaps four or five years ago, and we are now delivering three different qualifications, and the number of pupils wanting to sign up is increasing year on year.

Our employers are very aware of the struggles and challenges that we are facing. One of the other things that we are noticing a lot as we come towards the end of this—and this might go into the SDS side of things a bit, too—is that, when we ask for new spaces based on employer demand, they do not get released. We do not always know the reasons for such decisions; we know that there is demand, so we should be able to take that forward.

There needs to be an awareness that foundation and modern apprenticeships are key. Employers are finally acknowledging that, but we need to look at the grass roots, too, and encourage schools to promote them and to ensure that young people know what they are and that foundation apprenticeships are their first step into the working world.

Stephanie Lowe: I should say that, with regard to plumbing and heating, SNIPEF has good connections with schools. We have regional officers around Scotland who go to careers events; we have competitions; and we are doing well with the number of female apprentices that we have. The way that I have put that might sound dreadful, but we have done a lot of work to try to get females in. Because that sort of thing starts at the grass roots in school, we have been doing a lot of work on that side of things.

As far as plumbing and heating are concerned, there is no lack of young people wanting to come into our industry—what we do lack are employers who can afford to take on an apprentice. That is the issue that we have in our microbusiness industry.

The Convener: Thank you. I call Bill Kidd.

Bill Kidd: I thank all three witnesses for giving us some background on how things are affecting the country's smaller industries. I asked the previous panel this question, but I just want to see how it fits with you. What is your assessment of the Scottish Government's intention to move further education student support from SFC to SAAS and how would that work for you and the support being given to apprentices?

Sarah Dalrymple: As a private training organisation, we do not have access to SAAS funding at all.

Stephanie Lowe: And I think that that would be the same for Phiona—sorry, Phiona.

I do not feel at liberty to give an opinion on that question. As our employers pay their apprentices, the funding that you are talking about is not necessarily for them. It might be for the universities and so on, or for courses alone.

Bill Kidd: Okay. On that basis, then, how do your employers benefit from that funding?

Stephanie Lowe: They do not.

Bill Kidd: Not at all?

Stephanie Lowe: No.

Bill Kidd: With the trainees who come out of the colleges, would they be able to pick that sort of thing up with someone who might know more than they would have? They would not have to pay the full fee for training them, would they?

Stephanie Lowe: I do not know whether I am picking you up right, but with someone who is doing a foundation apprenticeship—or what is sometimes called a pre-apprenticeship; I do not know whether it is naughty of me to call it that, but I do not know what it is being called at the moment—it is all about ensuring that they are actually choosing the right industry and that that is the industry that they really want to go into. That brings me back to what I was saying to Miles Briggs earlier.

However, that is not about financial support. I suppose that the funding might support the student themselves, but, as far as the apprenticeship is concerned, it is the employer who supports them financially.

Sarah Dalrymple: In the past, apprentices got little cards that gave them discounts. That is as much as they get on the modern apprenticeship side—*[Interruption.]* It was not the card that I just heard mentioned—there was another one that you could apply for. We have been asked about SAAS funding on numerous occasions when people have had the opportunity to go to college and they know that such funding is available. When they

move into a modern apprenticeship option, they ask about it, but it is not available at that level.

Bill Kidd: That is worth knowing from our point of view, because we can take that forward.

Sarah Dalrymple: It would certainly be very useful, because a lot of these youngsters could do with some support. We have a huge demand for modern apprenticeships, but it might increase demand even more if people knew that they would be supported as if they were a college or university student.

Bill Kidd: That is helpful. Thank you very much indeed.

Stephanie Lowe: It is also worth saying that, when one of our apprentices goes to college, the employer still pays their wages to ensure that they are not out of pocket. Attendance at college is part of their employment—they get paid wages for that. Not every apprenticeship is like that. We are just superstars.

Bill Kidd: Again, thank you very much.

The Convener: I should declare, for the sake of balance on the committee, that other apprenticeships are available. You might be superstars, but there might be other superstars, too.

I call John Mason.

John Mason: Ms Rae, you said earlier that you have no relationship with the SFC, but you do have one with SDS. Presumably, if SDS staff move to the SFC, from your point of view it is just a change of name.

Earlier, I was asking about the powers that the SFC will have to look at colleges and universities. You can comment on that if you want, but I am assuming that you are not particularly interested by that. Would you want a relationship with the SFC, or SDS as it currently is? A bit more funding might be available, but there would be a lot of strings attached to it and the SFC could come and check up on you.

Phiona Rae: We would totally welcome more funding. People think that as an independent training provider we do not get audited. We get audited to the hilt, by the SQA and by SDS. If there were more funding available, we would follow whatever strings were attached to it, so that would not change. Obviously, we have very close relationships with our skills investment adviser, and I would hope that if SDS moves to the SFC, we would get someone in that role—perhaps they would retain the SIA that we have and move him to the SFC. We would totally want a direct connection with the SFC and we would welcome whatever additional things the SFC would give us, strings attached and all.

John Mason: That is clear enough. Thank you. I will come back to the other two witnesses shortly. Could you give us an idea of some of the figures that are involved in this? The point has been made that the colleges get a lot more money than the private providers. I assume that the cost varies with the apprenticeship, but what is it costing an employer either to pay a college—the colleges have told us that employers are expected to pay part of the cost—or to pay you for the training?

Phiona Rae: I will stick to engineering because that is our predominant core framework. The maximum funding that you can get is £10,800 from SDS for the full apprenticeship. That would cover all areas from start to finish: their off-the-job training, their on-the-job training and any additional side to that. That £10,800 is spread over four years. Depending on which engineering framework the apprentice is doing, our employers pay between £3,000 and £9,000 per apprenticeship, so that they can get bespoke training. The colleges, as I have mentioned, get the same £10,800 from SDS and are able to get an additional fee from the SFC of between £2,800 and £5,200.

John Mason: Is the employer paying the apprentices on top of that?

Phiona Rae: Yes, apprentices are paid by the employer. The employer would pay all their travelling expenses, although the majority of them would have free bus travel anyway. The only additional cost would be fees for apprentices based in the Highlands and Islands who attend our courses—they get subsidised accommodation and travel.

John Mason: Does the pay level for apprentices vary hugely around the country?

Phiona Rae: Yes, it does, and it also depends on the industry—there is SNIPF and the electrical installation business—and industry sets the pay level. Pay varies wildly in oil and gas, just to compete with demand. It is very hard to get apprentices to go into the oil and gas industry, so there is almost a fight to increase pay there. It varies from the apprentice minimum wage right up to £16,000 for a first-year apprentice.

John Mason: That helps me to understand the area a bit better. The colleges portray that they give better training in some ways, but is the main difference that it is very generalised, whereas your training is more specialised?

Phiona Rae: Yes. For example, if an employer wants to enrol a mechanical engineering apprentice and sends them to a college, the apprentice will do a generic qualification—we used to call it the Scottish vocational qualification level 2, although it has changed slightly now. Every apprentice going to the college will do a welding

unit, an electrical unit, a mechanical unit and so on—it does not matter what field they are in.

If an employer put an apprentice to us, they would specialise in mechanical engineering. They would have five units or areas of expertise specific to what the employer wanted, so that they would come out with the correct skills. The training is not generalised. There are then the add-ons for SVQ level 3 and their national certificate. The employers can specify which one they do. The reason why we were asked by our employers to take on the NC and the HNC is because sometimes the colleges do not run the specific courses that the employers want, due to lack of staff or insufficient numbers. We can take an apprentice in, and they follow their own training path, so it does not matter if we have one person doing that course or 12. Our maximum class size is 12. Each one follows their own training. That is how we are different. Whereas if you go to the college, there could be a class of 30 who are all doing exactly the same thing. It is not specialised. They do a generic qualification.

John Mason: Thanks for helping me to understand that. I will move on to the other two witnesses now. On that first point about the SFC or SDS, whoever it is, would you welcome more involvement from it? If money came but with a lot of strings attached, is that a picture that you would like to see?

12:30

Sarah Dalrymple: I saw that one of the responses to the call for views suggested that training providers should be audited in the same way as colleges and universities. I understand why they say that. We do not have quite the manpower to be able to deal with that, but if the funding were coming through, that would help us to develop our businesses and be able to support that.

Yes, is my answer. We would definitely welcome that. On the side, I work for the SQA, auditing various training providers and colleges. I hear about the trouble that they have faced with regard to all the audits from Education Scotland and obviously, the SQA, which comes in for every single qualification that they deliver. There are also SDS audits. Yes, any strings will just go with all the others that we are already being handed.

John Mason: Do not tell me if it is confidential, but you are quite a small organisation, are you not? You are presumably being audited yourselves. The SFC is obviously more geared for bigger organisations. If anything happened to you personally, or to your organisation, would there be continuity? Could it carry on with the apprentices?

Sarah Dalrymple: We have worked really hard on that. We talked to our SIA about that, so we are

in a position now—I feel sorry for my team—that if I were to step away, they would be able to continue.

Regarding what you said about the SFC, one of my concerns is exactly that we are relatively small. That does not mean that we are not doing a good job—we are probably doing a really good job in comparison. I will not go on and on, but SDS has short-listed us for many awards for the delivery of our programmes. I am worried, however, that as a relatively small organisation, we will be pushed into the background while they deal with the bigger organisations, and that is understandable. There is a lot of demand and many things that they need to work on.

That said, people aspire to our delivery model. So much so, that I have put a research project into it. We will release a conceptual blueprint, based on our delivery model, that you could scale up or down depending on the size of your organisation.

John Mason: Ms Lowe, do you want to add anything to all that?

Stephanie Lowe: Of course.

John Mason: You do not have to.

Stephanie Lowe: We do not directly provide training. We have private training providers—Tullos is one of them. We manage the apprenticeship, so we are the managing agent, but SNIPEF also does the qualification.

This may be boring information, I do not know, but it might be helpful. Do I see any difference between using colleges or the private sector? No, I do not. The SFC may need to audit the private sector if the bill progresses, but those providers are under scrupulous auditing already—the SQA is one of the auditors—to make sure that the qualification is being carried out. As the plumbing and heating federation, we make sure that each college and each training provider in the private sector is providing a good service to our apprentices and our employers. That happens already.

John Mason: Would you be aware if there were some less scrupulous trainers and organisations out there?

Stephanie Lowe: I do not think that there are. For us, there are not.

John Mason: Not for you, obviously, no. I am not meaning the three who are here, but do you think that, out in the training world, there are some that are less scrupulous?

Stephanie Lowe: Of course there are, but you could say that about colleges. Some colleges perform better, and they fluctuate. Sometimes they are superstars and then they are not doing so well. There is that. You could say that colleges will be

there indefinitely, although we have talked about Dundee on several occasions, so who knows? Private-sector providers might not be as resilient in that way, but what I would say, and what nobody has mentioned, is that the private sector can provide 24/7 and does not go on strike. Our industry has been hugely impacted by strike action at the colleges. A lot of resources from the plumbing and heating federation have had to go into trying to mitigate the issue of apprentices not getting training at college. That has been hard for us. Some colleges work well at that, though, so I am not going to—

John Mason: Presumably, you are financially solid, because all those little businesses are supporting you.

Stephanie Lowe: As a managing agent?

John Mason: Your member organisations guarantee your existence, do they not?

Stephanie Lowe: The member organisations guarantee our future, I suppose, because we represent the microbusinesses out there, our profession. We care about our industry, yes. Is that what you—

John Mason: I will leave it at that. I could ask you more, but thanks very much.

Pam Duncan-Glancy: I was going to say good morning, but it is the afternoon.

Thank you for your honesty, but also for the depth in which you have engaged with this because it is important. Before I ask my main question, if it is all right, I want to come back to Stephanie Lowe's earlier point about the statistic that I quoted last week. That is what I think should drive us, and I think that your industry and our intentions to improve the life chances of young people across Scotland are aligned on that. What would you do, specifically, to make it easier for your industry to deliver for those 84,000 young people?

Stephanie Lowe: I will bang on again. It is the funding. For the past eight years, we have continued to give an increase to the colleges without having received an increase from Government. That is why I am at breaking point. I cannot cut back any more. We used to give grants to our employers. We cannot do that, so they are saying, "If you do not give me a grant, I cannot afford to take somebody on." It is about funding.

Pam Duncan-Glancy: Is there a regional or structural model that you think could be developed that would support the people you represent, colleges in the sector as well, to the ends of getting young people into jobs?

Stephanie Lowe: We are in the process of starting to lobby Government on something, but it

is early doors. You were asking earlier, do they all know? Our board knows all about this because it is made up of the employers. That is the structure of our organisation. They are aware of the funding constraints that we and they are under, and a lot of them have asked me to meet with them and their local MPs and MSPs about the lack of funding opportunities.

The only thing that I am hoping for is that the employment minister will pick up on this because there is funding out there for local areas if you take somebody into employment for 12 months, but you need to pay the real living wage. We have employers who are saying, "We will provide four years of employment and a career for this young person, but we will pay industry rates of pay," but that rate is not as high as the real living wage.

Where the grant comes from depends on the geographical area that you are in. The grant would be surplus, however—it would not mean anything—if those employers had to pay the real living wage for four years. Our industry rates are not horrendous because we are all about fair work. We have collective agreements for the plumbing and heating industry and there are separate agreements for all the construction bodies out there. We argue, discuss, debate and negotiate all the terms for our industry with the unions every year. We have fair pensions. We have good pension provision for people.

That is the only thing that I can think of that would help our employers employ those young people. I cannot think of anything else that we have in society in Scotland just now. Our industry really needs those young people. We were low on apprentices last year. We will be lower this year. Responding to the survey that we sent out to them, our members said, "We can't afford to take on apprentices any more."

Pam Duncan-Glancy: That is coming across strongly.

Stephanie Lowe: That is because I am so worried.

Pam Duncan-Glancy: That is not a complaint. I am just reassuring you that your point was well made and has been heard.

Sarah Dalrymple: Thank you.

Pam Duncan-Glancy: Some of the issues that we are discussing can be addressed outside the bill—some of them are financial issues and some of them are a bit about both. On the specifics of the bill itself, is there anything in the governance structure that you think is helpful? I am thinking of the proposals to change the membership of the Scottish Funding Council, for example. I cannot remember whether it was you, Stephanie, or Sarah Dalrymple or Phiona Rae, but one of you

spoke about the distance between industry and schools. Phiona Rae gave some good examples of partnerships. Is there anything in the membership of the SFC in relation to appointments and the skills and experience that would be needed on the council that you would like us to look at that would improve your sector's chances and relationships?

Stephanie Lowe: It is difficult to say. SDS does a good job just now and it just needs to be like-for-like when the responsibility is handed over. I am concerned that when apprenticeships go to the SFC, they might get sidelined—it might not be politically correct to say that they might be the "little orphan Annie". Are we going to have some security or safeguarding of the funding for apprenticeships? I have concerns about that and about whether we, as managing agents, are also going to get sidelined.

Sarah Dalrymple had some good points on those concerns.

Sarah Dalrymple: It is important not only that we have transparency on the funding allocation, but that we have a fair representation of modern apprenticeships on the boards that are speaking together.

As you know, the SFC is used to working with big organisations. How is the SFC going to support the small organisations that also do valuable work? That is important, but for me the most important thing is just making sure that there is transparency, fairness and appropriate funding allocation to the various options available so that we can continue to deliver these very valuable programmes.

One of the things that came out of the Withers report was the use of language when we are talking about apprenticeships and qualifications that are offered in these institutions and making sure that those are all valued and seen in the same light. They are a different kind of qualification and there is a lot of academic snobbery when we talk about apprenticeships as opposed to university and college qualifications, so we need to make sure that we are looking at the different options available and seeing them as valuable in their own right.

Another thing to consider are the Swiss and German models in which there is apprenticeship streaming right from school level. We could emulate what they do in that respect. They have three different routes that people take through school right from lower levels that lead them into the different end routes or destinations that they want to go to, but there is also the opportunity to move between routes if they change their mind. That is something that we could consider in

Scotland, while making sure that we are offering those valuable routes to everyone.

A lot of people struggle with school and, as a training provider, we find that when we get someone who has had a poor school experience, for whatever reason, and they realise that they can do a modern apprenticeship without having to have an academic background, they start to thrive because they are dealt with one to one. That is a big thing. Obviously, we do not have a one-to-many delivery model; we have a one-to-one model and work with them very closely. We work with the employer to make sure that they have mentors in place and we support the learning needs that they want. That is a really satisfying thing.

Even with the lack of funds that we have in the sector, that work is really satisfying. My whole team will say that they would still work with the youngsters just to see them develop and thrive through giving them that one-to-one attention.

Stephanie Lowe: They go over and above.

Sarah Dalrymple: Pam Duncan-Glancy asked earlier about the contribution rates and how we are surviving. We are surviving by cutting back not necessarily in the delivery, but somewhere else, while making sure that we are offering the best we can. We ask for employer top-ups where we can and we streamline our approach by using e-portfolios to support people. We are one of the training providers—I do not know how many there are—that offer mental health and wellbeing support. We are looking at the whole apprentice. We are not just getting the funding and putting them through a qualification. We are looking to enhance their experience so that they get the best out of the programme. That is expensive. It has manpower hours.

12:45

One of the things that is very challenging is having a qualification where you will get maybe £300 for someone who is slightly older right up to a qualification where you will get £3,000—although that is not as much as Phiona Rae or Stephanie Lowe get for their qualifications. It is challenging to work with that kind of funding. We do not want to say no because it is a very valuable qualification. That funding really needs to be looked at. As Stephanie Lowe said, it has been stagnant for a decade.

Pam Duncan-Glancy: Does any of that change if the management agent is a college?

Sarah Dalrymple: I do not know. I am not involved in the college side. We have been asked to take on modern apprenticeships where the colleges have identified that they do not have the numbers in their system to deliver. We were not

able to increase our management qualification numbers because we had used them all up, so we went through the college and that was a huge expense for us. The college charged us an admin fee of £300 or £400, and we were doing all the work with the apprentice. I do not know what the college model is.

Stephanie Lowe: What was your question, sorry?

Pam Duncan-Glancy: My question was about some of the issues that were being picked up and whether it would be different if the college was a managing agent, as opposed to an alternative model.

Stephanie Lowe: That frustrates us and it is happening. It did not previously happen that colleges took apprentices on directly, but because they are so short of funds they are now taking on our area. They are not from our industry, so they are not going to be able to give us robust support. We have been going for about 40 million years—actually, we have been going for 100 years—so we have all the support mechanisms in place to make everything work. There is a lot of knowledge. As a business, I am really into making sure that staff are inducted to be able to do their job and provide the correct support for the industry.

Often when colleges are the managing agents for our apprenticeship, they do the core support, but they do not provide support for the apprenticeships. For our apprenticeship, the person is at college for three years, but the employment is for four years and that is the support that we give to the employer and their apprentice. So, yes, that situation causes us an awful lot of frustration.

Quite often people will come to us and we will pick them up because they have been lost in the system. For example, they might have lost their job, and if they lose their employer they cannot go to college. Then they come to us as the industry and say, “Can you help us?” We pick it up and we communicate with the college to make sure that the training continues there. We also make sure that they get a new employer, and that the employer is paying the right wage rates. What we do for them is all-encompassing, and it works well, apart from the funding.

It is worth me making a couple of other points. For the four years of employment, our employers are paying about £22,000 a year for an apprentice—although it is different depending on what the apprenticeship is. I can say for us that, because we are the managing agent, we have an 84 per cent completion rate. That is much higher than the rate across the board, which is at 76 per cent. We are quite proud of that. Phiona Rae

talked about the contribution rates being about £10,000. Our contribution rate is £8,700 and I know that ours is higher than Sarah's.

Sarah Dalrymple: Definitely.

Stephanie Lowe: That is only for a young person. What we have been doing for years now—and we cannot keep doing this—is to pay the top-up for people who are older than 19. We top up the money from our trust so that the employer will be able to recruit somebody who is older. We do that because we do not want to discriminate against anyone joining our industry. There is a shortage of money and, like everybody else, the trust does not have a bottomless pit of money to keep giving from.

We are trying to support lots of different things, and it cannot just be for apprenticeships. We are doing all our net zero stuff. We have put loads of finance into that to try to give momentum to the transition. We have been doing net zero for years. We are trying to get more progression there so we have put money into that. We put a lot of money into the system, but we cannot keep sustaining it. We cannot keep doing that, sorry.

Pam Duncan-Glancy: I appreciate that. Thank you, convener.

Ross Greer: I will return to the governance stuff, but given the time, I am going to roll two questions into one, because they are somewhat related.

First, I am interested in hearing your thoughts on the bill's proposal for an SFC apprenticeship committee and the role that you would expect industry and employers to play on it. Separately, the apprenticeship board is being wound up. How do you think the transition away from that body should be managed? I am not suggesting that it will be a like-for-like move—that is, the committee in SFC will not be a replacement for the board—but, on governance arrangements, I am interested in your thoughts on the apprenticeship committee overall, but specifically the role of industry and employers on it, what you would want to see and how we manage the move away from the winding up of the SAAB.

Sarah Dalrymple: On the first part of your question, I would like to see good representation for modern apprenticeships—in other words, representation by someone with experience. When SDS gets absorbed by SFC, we will need to be very careful that we do not get lost. Indeed, I have said that quite a lot—I am worried about our getting lost in the system, because the focus will be on the big organisations. Therefore, we must ensure that we have fair representation, and it is important that we have people who are working or who have worked with modern apprenticeships.

As far as employers are concerned, SDS has just updated a few of the qualifications, and it has worked hard with employers to ensure that they are happy with what they are now rolling out. Again, it is important that employers are involved in those discussions and groups. The problem is going to be the money—I am sorry, but like Stephanie, I am going to harp on about this—because, given that we are talking about colleges and universities, the people that will be on the boards will most likely be salaried.

There are other people who could take over my role, but being on that board to represent modern apprenticeships and training providers would not necessarily be a viable option for me, because I would have to make sure that I was running my business, too. We just have to work out how to do that effectively and get the right people in, because there is no point in having a board representing modern or foundation apprenticeships that has no experience of them.

Ross Greer: What other actions should be taken in winding up the SAAB to ensure that there is a smooth transition?

Sarah Dalrymple: Oh, I do not know about that.

Ross Greer: Do not feel obliged to answer the question.

Sarah Dalrymple: It is like the situation with SDS being absorbed by the SFC. There is concern about the move, but we could probably use the people on that board to ensure good representation on the next group.

Ross Greer: Thank you. Do you want to comment, Stephanie?

Stephanie Lowe: It would be remiss of me not to say that the proposed new committee needs employer representation. I hope that I am doing my industry a service today, but that is what we are here for. Because plumbing and heating businesses are all microbusinesses, we will quite often sit on different forums to represent their views.

I heard what Sarah Dalrymple was just saying, and I would just note that our qualification tends to get renewed every five years, too. We are in the process of doing that, which means working with SDS and the awarding and accreditation sides of SQA and ensuring that employers, microbusinesses, big businesses, rural and urban interests and so on get their voices heard about what will be in the qualification and what the industry needs. SNIPEF has done 40 million different surveys; we consult all the time, and I am always homing in on members and saying, "If you read one thing, make sure that it is our newsletter so that you can contribute." The employer contribution in that respect is invaluable for us.

Ross Greer: I just want to pick up on that and perhaps be just a bit provocative. I entirely understand your position that, given the nature of the businesses that you represent, it is important that the federation is there to provide a collective voice. However, is there not a bit of a conflict of interest in having a managing agent who is in receipt of a lot of funding sitting on the committee, too?

Stephanie Lowe: No. I would say that we are doing this for industry. We do not have to do it; we do it, because the industry needs it. I touched on this a little bit earlier when I talked about our collective agreement, which relates to employment matters and the constitution with regard to plumbing and heating. A long time ago, the board, which is made up of Unite the union and SNIPEF employers, said, "Let's have an apprenticeship scheme. Can we get somebody to manage it for us?" Who better to do that than the people who are actually in the industry?

So, they are always the board members. We advise them on different matters, and they might not agree with us—or I might not agree with what they want—but it is their thing. We are doing it for them, so it is for industry.

I think that it is a good model. If anyone moans at me, I can just say, "Well, you're the decision maker, so you decided this. That is why it is the way it is. If you want it to change, we can do that for you."

Ross Greer: Phiona, I am keen to hear your thoughts on this, too, just before we move on.

Phiona Rae: We would like someone representing small, independent training providers to be on the committee. At the moment, the colleges and universities are vying with each other and seeing who can shout the loudest to get the most money. That is how it is, and we are just pushed aside as insignificant. If someone representing us could be on the committee—say, the Scottish Training Federation or something like that—to ensure that we were included in any decision making and that our voice was heard, I think that that would be the important thing. Having either an individual training provider or someone else to represent us would be good.

Ross Greer: That is great. Thank you very much.

The Convener: I call Joe FitzPatrick.

Joe FitzPatrick: I want to talk about student support, because it has been suggested in some of the responses to our call for views that there is no clarity about what is expected of private independent providers with regard to support for students. Sarah Dalrymple talked about the mental health support that her organisation provides,

which sounds really good. Does that kind of thing happen everywhere, or should the bill be clearer about what support students should be receiving?

Sarah Dalrymple: As part of the modern apprenticeship programme, we sit down at the induction stage and look at the support that a learner might need, whether it be for mental health, for wellbeing or for learning. I think that such support should be available to everyone, because, since Covid, we have seen a lot of mental health and wellbeing challenges coming through.

Our training centre provides that service as a courtesy, and we do not charge our employer or learner for it. It is one of the things that we offer as a training provider, but it would be amazing if we could get some student support funding to enhance what is a much needed service that has added a lot of value to the qualifications that we deliver.

Every month, our mental health first aider sends a newsletter on mental health and wellbeing to all our employers, and they value the opportunity to be able to contact him if they have concerns about a team member who is on a programme with us. They do have to be a current modern apprentice with us to be able to access that opportunity and support.

It is definitely something that learners need. They get it at colleges and universities, so it would be lovely if training providers had the opportunity to offer the same—or an equivalent, anyway.

Joe FitzPatrick: Stephanie, what are your thoughts on this? It has been suggested that the bill should clearly set out that, if you are going to provide apprenticeships or that sort of support, you must provide support for the student, too.

13:00

Stephanie Lowe: I do not know whether I have made this clear, but, going back to Ross Greer's question, I should make it clear that SNIPEF is, like SDC-Learn, a managing agent. As a federation, we oversee loads of stuff to do with the qualification and the provision out there.

What do we, as a managing agent, do to support apprentices? God, I have a book here. We did some group work with all the staff to ask ourselves, "Why are we so good?", because you forget unless you write it all down. Crudely put, our objective as a managing agent is to get the apprentice through the apprenticeship; that will involve mediation between the college, the employer and the apprentice, with the apprentice having formal and informal discussions as well as quarterly reviews that we have to carry out.

Our regional training officers go out and give apprentices advice about industry-specific stuff and signpost them to a multitude of different things. Sometimes, they are almost like counsellors themselves, because they are trying to support these people. After all, our intake is predominantly young people—only about 13 per cent of our industry is aged 30-plus—and they might not want to ask their employer certain things. The training officers can coach them and say, “This is how you can do that”, “This is how you go about this” or “Do you want to raise this issue in the review so we can talk about it?” There is a lot of support from us as a managing agent.

Does that answer your question?

Joe FitzPatrick: Yes, I think so.

Phiona, what are your thoughts on this? Would it be helpful to students if this aspect were made clear in the legislation going through Parliament so that things were fair across the board? We know that all three of your organisations are superstars in what you are doing, but do we need to ensure that all the organisations that provide apprenticeships are superstars?

Phiona Rae: This aspect forms part of our SDS quality audits, which we get every year; indeed, we are audited to the hilt, despite everybody thinking that we are not. Mental health, safeguarding and so on all come into the quality of what you provide, and we get audited on them. We have mental health first aiders; every member of our teaching team is educated in safeguarding; and we have affiliated external companies that provide advice and support, not just for the person’s apprenticeship but for their personal lives if they are affected by, say, homelessness or other personal issues. We become social workers, in a way.

I think that most individual training providers get the same quality audits by SDS so the majority of them will already have the same remit. We provide that support to apprentices and employers free of charge. I assume that most of them are already doing all these things as part of their audits every year, because if that were not the case, it would probably be marked as a red—as SDS would put it—on their bids. In short, the majority of them will be doing this already—we certainly are.

Stephanie Lowe: As Phiona Rae has said, we do that sort of thing already with SDS, so perhaps a more specific answer to your question is to ask whether the Scottish Funding Council will have the same strict criteria. Everybody has to do a multitude of things. As I have said, I could be quite grumpy about the things that SDS asks for, but then I speak to it and say, “What is the background to this?” Will we be able to do that with the Scottish Funding Council, too?

I thought that Ross Greer’s question whether there should be an enforcement mechanism to ensure that the Scottish Funding Council does certain things was a really good one. I do not know whether we will have that sort of thing across the board. For us as a managing agent with SDS, enforcement means having funding taken away from us—that is it. Will that continue to be the case if the bill goes through? Will the Scottish Funding Council do that? Will it do that to the colleges, too? As we have said, they are at breaking point. We are, too, and they take away money. Nobody really wants that to happen, so it should just be frozen instead.

The question is: how do you make these things happen? When I have had issues with colleges and their provision, I tell them, “Please do this correctly”. Sometimes, they just cannot do it, because they cannot get the right staff in; it is very difficult to get plumbing and heating people to work in private training provision and in colleges. Sometimes, it is difficult for them to even provide the contract that they have with us. How will those things be enforced?

Sarah Dalrymple: We have enhanced funding opportunities through SDS at the moment, but you have to complete quite an intense document to get a certain amount. Often, we find that learners shy away when they come to sign it, because it has to be signed by them, the employer and the training provider. However, it outlines the support and extra resources that we would need to help them through their programme. Yes, we would welcome the same financial support that we have had from SDS if we were going to merge with SFC, but we need to bear in mind that some learners are vulnerable and asking them to complete reams and reams of documentation is not necessarily a positive way for them to acknowledge that they might have a challenge or a support requirement that might or might not have been picked up at school or afterwards.

George Adam: I will ask similar questions to those that I asked the previous witnesses. I am still struggling with the transparency of the whole idea. You are here to represent two training organisations and an employer federation. In effect, you get a wad of cash from the Scottish Government and take your cut, but we cannot see what is delivered from that, whereas, with public bodies, we can follow the public pound, so you can understand why there is concern. I know that you have said that you are audited non-stop, but it is still a concern. You can sit here and tell me that you are super cool and groovy at delivering all these things, but we need to know the facts. That is still my concern after listening to everything that has been said today.

Sarah Dalrymple: We do not get a wad of cash—we get an amount of money as we progress through the qualification.

George Adam: You take your cut from it, so it does not go directly to the learner.

Sarah Dalrymple: It does not. We work with them, and we take our cut for the learning opportunities that we offer them.

George Adam: What percentage is the cut that you take?

Sarah Dalrymple: The learner does not get any of that funding; it goes to the training provider.

George Adam: But what percentage of the funding goes to your side of the business and what percentage is used for the learner?

Stephanie Lowe: It depends. I can answer that, because I think that I get where you are coming from. What do we do with the money that we get from SDS? We give a huge chunk of it to the college and the private training provider, and we use the money that is left to run the business. To run the business, we need to adhere to SDS rules.

George Adam: What is the percentage breakdown of that?

Stephanie Lowe: It depends on the college. There is not a rule for each provider. I can tell you what ours is, but the breakdown will be different depending on the provider.

George Adam: What is yours?

Stephanie Lowe: For us, 60 per cent goes to the college.

George Adam: So, 40 per cent is retained by you.

Stephanie Lowe: Yes. Colleges said to us that they all wanted to be paid the same, so we tried to move towards paying them all the same. However, over time, colleges said that, actually, they should be paid differently, because, for example, some colleges are small or in rural areas. The position fluctuates as we discuss our contracts with colleges each year.

We need to do a lot of things to make the relationship work. Managing an apprenticeship is time consuming, because we need to deal with the young person, their employer, the college and the qualification itself—we have been communicating with all those in our industry to make sure that the qualification part of the apprenticeship is fit for purpose. We put in an awful lot of work on that.

George Adam: An argument could be made that that 40 per cent could go straight to the college for it to deliver. Someone from a college would argue, “We could deliver that, so give us 100 per cent of the funding.”

Stephanie Lowe: That could be done, but you would not get any employers employing and you would not get anyone to take on an apprentice, because that is all the work that we do. We try to work for our industry to get it what it needs, and we work in line with what we are asked to do by SDS and by the SQA in relation to awards and accreditation. We meet all the contractual requirements from Government bodies; that is what we apply.

Phiona Rae: I will pick up on what George Adam said. We come at the issue from a slightly different angle. All the money that we receive goes to the learner. We work out the cost of running the course, including the costs of electricity, staffing, materials and so on, and the money that we get from SDS contributes towards meeting that cost. In some cases, it might cover the entire cost of the course. In other cases, especially for courses that involve a lot of materials and high expense, such as engineering ones, which last four years, there is a shortfall in funding, so the employer has to make up that shortfall. Therefore, we operate slightly differently from Stephanie Lowe’s organisation.

George Adam: That is interesting.

I might regret asking this final question, but should we consider anything else in relation to the bill that we have not mentioned so far?

Stephanie Lowe: It is worth looking at the OECD report that I was brandishing earlier. You can look at tailoring that report, but it includes some of our values. That is another area that has not been picked up on, which is disappointing.

Sarah Dalrymple: I have a few points to make. We know that colleges and universities are struggling financially, and funding will obviously be moved about if the SFC takes over the SDS contracts and brings us all into one area. Quite a large number of training providers have had to close their doors. I want to know whether we will have the same financial support, with such problems being reduced or highlighted early, so that those valuable organisations do not close their doors just because there is not enough funding.

I have a quote from Stuart McKenna, from the STF, regarding the fact that the achievement rate for apprenticeships provided by independent training providers is far higher than that for apprenticeships provided by colleges—74 per cent compared with 64 per cent. Those have been the rates for quite a few years now, so there is value in independent training providers and in working with employers and learners.

Phiona Rae: I would like something regarding foundation apprenticeships to lead all the way through. I would also like to know whether, under

the proposals, a certain amount of apprenticeships will be available every year, because that would give us some hope that we will still be able to operate.

This might be an opportunity to change how the system operates. At the moment, SDS sets a different level of funding for each apprentice and each course. For example, we have 60 engineering places and various other ones every year. This might be a chance to change how we do things. A lump sum could be given to a training provider, with a minimum number of apprenticeships having to be provided, but the provider could decide how to split the funding equally. At the moment, 16 to 19-year-olds are funded in one way, and there are different ways for funding people who are 20-plus and 25-plus. We should consider whether the system could be equalised to make it fairer. This is an opportunity to change how things are done.

The Convener: That concludes our questions. I think that you are all first-time witnesses to a parliamentary committee, so thank you for providing in-depth and thorough answers to all our questions. Your evidence will help our consideration of the bill, the production of our stage 1 report, our future deliberations and discussions, and our thinking on potential amendments to the bill.

13:16

Meeting continued in private until 13:40.

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