

Call for Views – Tertiary Education and Training (Funding and Governance) (Scotland) Bill – April 2025

Introduction

Colleges Scotland welcomes the opportunity to provide views on the Tertiary Education and Training (Funding and Governance) (Scotland) Bill on behalf of the college sector.

Key Points

1. The proposals would move the funding and functions related to National Training Programmes and provision for apprenticeships from Skills Development Scotland to the Scottish Funding Council. What do you think of these measures?

The college sector recognises the need to simplify responsibilities for National Training Programmes (NTPs) and apprenticeships as part of the overall post-school education and skills reform and is supportive of the creation of a single funding body, as recommended by James Withers in the publication of the Skills Delivery Landscape Review.

Our support of the need of reform is driven by the belief that this would effectively deliver for the people of Scotland and play a significant role in our economic recovery, whilst delivering a system of reduced complexity and enhanced simplicity for learners to navigate.

In responding to the Scottish Government's [Post-School Education and Skills Reform: Consultation on Legislation](#), the college sector expressed its preference that **Proposal 3: Consolidate all provision funding and all student support funding within Scottish Funding Council (SFC)** is best aligned to meet the needs of college learners.

However, the proposals put forward by the Scottish Government would move the funding and functions related to NTPs and provision for apprenticeships from Skills Development Scotland (SDS) to the SFC – Proposal 2.

Although, in regard to the options presented, we were in favour of moving all funding to the SFC, there was recognition that Proposal 2 is potentially a workable solution for colleges, as this could satisfy the need for simplification, and reduce confusion and duplication, whilst delivering a more learner-centred approach.

While the sector welcomes the proposed simplifications and recognises the benefits of consolidating responsibilities within the SFC, this period of reform also presents an opportunity to consider more fundamental questions about the future governance and funding of tertiary education in Scotland.

Without taking a fixed position at this stage, we believe it is important to keep open a wider strategic conversation about whether the current model continues to enable further college delivery of activity for learners, whilst supporting economic growth and the reduction of poverty.

In any event, in transitioning to a new arrangements, ongoing communication and engagement with stakeholders will be vital in ensuring continuity and stability for learners and businesses.

It is important to note that there are some potential challenges to moving the funding and functions related to NTPs and provision for apprenticeships to the SFC within the current model. It will take time and effort to both integrate new staff and for current staff and board members to build their knowledge and expertise around apprenticeships and NTPs to the level that is required to support a successful transition. There is work currently underway to streamline the 'apprenticeship family' and it is crucial this is joined up.

Whilst having the three elements of the apprenticeship family within one organisation, focus needs to be brought to the streamlining and changes required, to ensure this can still happen at sufficient pace whilst the new responsibilities are embedded into SFC. In addition, as a result of the transition to the new arrangements, the guiding principle needs to be the guarantee of available funding as and when required, regardless of the pathway chosen by a learner.

2. The Bill would also move the funding and functions related to college student support from SFC to SAAS so that all student support funding is delivered through SAAS. What do you think of these measures?

As well as NTPs and provision for apprenticeships, there is also a need to simplify responsibilities for college student support, as the current dual funding mechanism is confusing and administratively burdensome for colleges. The current system does not give colleges the flexibility to vire between HE and FE funds, which puts learners at a disadvantage.

Similar to the previous point, although the college sector was in favour of consolidating all college student support funding within SFC, the proposals to move the funding and functions related to student support from SFC to SAAS is a feasible solution. This simplified approach will ultimately benefit both college staff and learners by reducing duplication and removing complexity from the system.

Furthermore, if all student support funding is to be delivered through SAAS, the potential opportunity to give colleges the flexibility to transfer funds between FE and HE funding streams needs to be taken, meaning learners would benefit from colleges being able to better support their needs. Currently, colleges are required to return unspent funds to SFC and SAAS meaning they cannot support learners to the best of their abilities, i.e. FE learners cannot benefit from available, unspent funding within the HE budget.

As with the previous point, clear communication and engagement with stakeholders during the transition period will be key. There are established relationships between colleges and student support colleagues in both SFC and SAAS, so it will be important to consider how the current set up and culture will be impacted by the changes.

It is important to consider that navigating SAAS's online system to apply for funding may be challenging for vulnerable learners, so these learners must be properly supported through this process, so they are able to access what they are entitled to without being disadvantaged.

3. The Bill will provide SFC with powers to make recommendations, issue guidance and to monitor the financial sustainability of post-16 education bodies. What do you think of these measures?

In its response to the Scottish Government's Post-School Education and Skills Reform: Consultation on Legislation, the college sector said that there is an opportunity to review and assess what data is collected and how it is used to inform decision making, whilst also looking at the consistency of data being collected across all agencies in the Education and Skills landscape. However, the sector is seeking continued assurance that the data being collected from colleges is being used to its optimum, and that there is clear value add justification for any additional asks to provide more data.

There is a question regarding the need to introduce new duties on organisations receiving public funding to provide better information to SFC, but the college sector would need further clarity on what this would involve.

If SFC becomes the responsible commissioning body for both colleges and private training providers, we would ask that the data collection requirements are consistent across the board, and that private training providers are subject to the same scrutiny as colleges.

Through consultation with the college sector, discussions have considered whether the SFC should collect data on the wider funding position of the college sector, rather than just the funding it provides, to obtain a more rounded picture of the overall financial health of the sector. This is an ongoing discussion being taken forward through Colleges Scotland, and which could be explored by the Scottish Government and SFC working with the sector going forward.

In this time of reform, there is an opportunity for a culture shift across the Education and Skills system and the current working relationships with the college sector, as part of the wider Tertiary sector, to be more collaborative, so colleges are empowered to become drivers of change rather than merely recipients of funding.

The SFC's report, [Financial Sustainability of Colleges in Scotland 2020-21 to 2025-26](#), recognises the worsening financial health of Scottish colleges. However, unless the SFC is ultimately given the power to address the financial sustainability of the college sector, the current position is unlikely to change. [Audit Scotland](#) has also evidenced that the college sector has seen a 17% reduction in real-terms funding in the three years between 2021/22 to 2024/25, that has resulted in colleges now having to deliver significant annual recurrent savings that will have a material impact on learners.

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

In response to the Scottish Government's Post-School Education and Skills Reform: Consultation on Legislation, the college sector expressed the importance of representatives having lived experience of colleges and up to date knowledge of the landscape of the sector, representing those it serves.

In discussions there has also been a consensus that the current Board membership would benefit from representation from service users and learners, which would also serve to ensure that the needs of the learner are reflected and represented in future decision-making processes. The profile of college learners is very particular, and so the sector would welcome assurances that the SFC Board in its decision making understand the diverse characteristics of different college learner cohorts.

The Bill states that members of the Council will have experience of and have shown capacity in the provision of Scottish apprenticeships, or work-based learning, or have held and have shown capacity in, any position carrying the responsibility for the provision of Scottish apprenticeships or work-based learning.

Whilst this is a welcome and important change, the college sector also put forward that the following key stakeholder groups are currently underrepresented on the SFC board:

- Business and Industry
- Community
- Students.

Given the expanded remit of the SFC, it will be important and appropriate to review overall Board skills, to ensure there are representatives with the suitable skillset to respond to the enhanced functions. Succession planning around Board membership is crucial too.

In terms of Board membership appointments, the explanatory notes to the Bill states the following: *Section 14: Appointment of members of the Council 45. This section of the Bill amends paragraph 2 of schedule 1 of the 2005 Act, on the membership of the Council. The current limit on reappointment as a member of the Council for a single further term of up to 4 years is repealed by section 14(2)(a). Instead, sub-paragraph (6), as amended by section 14(2)(b), has the effect that a person who is or has been a member is to be generally eligible for reappointment.*

In its response to the consultation, the college sector was seeking to ensure that good governance continues to be followed. Through conversations with SFC we have been reassured that this technical change is to bring the SFC governance in line with all other public bodies. The overarching view from the college sector is to ensure that the governance of the SFC Board should mirror that of colleges, given its oversight of the sector.

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

As Colleges Scotland does not represent private institutions in the UK, we would not be in a position to comment on the process or associated measures for private institutions in the UK. However, it is our view that there is a need for consistency across the board, so private institutions should be subject to the same expectations as colleges.

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

From the perspective of the college sector, the outcomes of the Bill should be:

- A simplified funding system which eliminates confusion and duplication and gives colleges the flexibility to transfer between HE and FE funding streams, where appropriate.
- The guiding principle of available funding regardless of learner pathway.
- A better integrated and learner-centred approach to funding which removes barriers to participation and enhances the overall learning experience.
- Improved data use, analysis, and reporting, with clear purpose and value which supports better decision-making and accountability.
- Alignment of the colleges' main funding streams to better support delivery, remove system barriers, incompatibility and bureaucracy.
- A coherent vision and strategy, aligned with national priorities.
- A culture which supports transparency and openness.

Colleges Scotland
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