



Colleges Scotland Briefing: Tertiary Education and Training (Funding and Governance) (Scotland) Bill – January 2026

Overview

The [Tertiary Education and Training \(Funding and Governance\) \(Scotland\) Bill](#) was passed by MSPs in the Scottish Parliament on Tuesday 20 January 2026. It will become an Act of the Scottish Parliament once it receives Royal Assent from the King. This usually happens after around 4 weeks. During that time the Bill will be looked at to ensure it is within the powers of the Scottish Parliament. It may not be sent for Royal Assent if an issue is found.

The Bill will create the following changes to the existing skills delivery landscape:

- The Scottish Funding Council (SFC) will become responsible for funding national training programmes and apprenticeships, alongside colleges and universities, taking on those functions delivered to date by Skills Development Scotland.
- The Scottish Government must undertake a review of the credit-based funding model used by the SFC for making payments to colleges and any other providers of fundable further education. This review must consider the provision of fundable further education, including the availability of courses provided across Scotland and the ability of providers of fundable further education to deliver courses. After completing the review, Ministers must publish and lay a report on the review before the Scottish Parliament. The report must set out the action, if any, the Scottish Ministers intend to take as a result of the review.
- Scottish Government Ministers must establish funding priorities in a new national strategy for tertiary education, skills and apprenticeships. The strategy must set out Ministers view of skills needs in Scotland, including in different localities within Scotland, and their priorities for funding further education and higher education, programmes of training for employment, Scottish apprenticeships and work-based learning, alongside the outcomes which Ministers are seeking to deliver through funding those activities.
- The Bill will see the establishment of a new apprenticeship committee, to advise the SFC on matters concerning apprenticeships and work-based learning. In appointing members of the apprenticeship committee, the SFC has to consider including apprentices, business representatives, employers, training providers and trade union representatives.
- The Bill also makes new provision to promote widening access to higher education and to tackle gender-based violence at colleges and universities.
- Alongside the legislation, there will be greater transparency on college principals' pay, and colleges will be expected to adhere to all Fair Work First criteria by April 2027.

Colleges Scotland Engagement

Colleges Scotland engaged with the Education, Children and Young People across the development of the Bill. Colleges Scotland's [original submission](#) to the Education, Children and Young People Committee noted that where possible the legislation should deliver on the "colleges first" principle as developed by sector leaders through the Skills-Led Regions Workstream.

Essentially, Colleges Scotland welcomed the intention of the Bill to streamline skills planning, strategy and delivery but advised MSPs to consider the still severe financial pressures which are facing Scotland's colleges. Our advice to MSPs across the development of the Bill was that this had to help to provide stability and visibility for colleges as part of a strategic plan to maximise the use of colleges as a public asset with appropriate, sustainable investment.

MSPs were explicitly advised that a poor outcome for the Bill would have been the diversion of resources away from colleges, to reduce the role of colleges in delivering apprenticeships (and the design and decision making around apprenticeships) or to increase the burden of reporting onto colleges. We believe there is a good opportunity with the Bill to bring about much needed reform.

MSPs were advised of the announcement from the Scottish Government on 14 January advising that Scotland's colleges are expected to meet all Fair Work First criteria from April 2027 and that proposed amendments to the TET Bill (number 57) would give Scottish Government the power to direct the SFC on fair work principles following a consultation period with SFC and relevant partners. However, criteria on Fair Work First do not apply equally across public/publicly funded organisations. The amendment will give the Scottish Government the power to differentiate Scotland's colleges from other public sector organisations / those in receipt of public funds regarding their Fair Work First Duties. The government has confirmed appropriate transition periods may be needed for individual colleges, there remains risk this could have unintended consequence and impact on colleges commercial activity compared with other public or private sector providers.

MSPs were advised to consider a reasonable transition period for colleges to meet all Fair Work First Criteria post April 2027 where they cannot do so by then; greater weighting towards Fair Work First criteria in public procurement; clarification on where all Fair Work First criteria will be mandatory across wider public sector / organisations in receipt of public funds; modelling to consider the impact of Fair Work First criteria applied across Scotland's colleges.

Summary of Amendments

As the Bill progressed through the Parliamentary process at Stage Two and Three, Colleges Scotland drafted and socialised amendments to the Bill with the Education Spokespersons for the opposition parties, alongside engagement with the Scottish Government officials leading on the Bill and the Education and Skills Special Advisor.

These amendments sought to formalise the "Colleges First" principle in practice and in relation to the delivery of apprenticeships through the Scottish Funding Council, with amendments secured which will support greater transparency and flow of funding for apprenticeship delivery. These amendments were directly informed by the work of the Modern Apprenticeship Working Group in exploring apprenticeship funding through the college sector.

The remainder of this briefing summarises those amendments, grouped thematically, which were proposed by MSPs to the Bill at Stage Three and which were debated and decided on in the Parliament on Tuesday in advance of the Bill passed.

Group 1: National Funding Strategy

10, 74

Introduction of a National Funding Strategy from The Scottish Ministers:

Colleges Scotland held the general view that a National Funding Strategy would be useful, providing:

- a) There is high quality data and intelligence for Ministers to form a view from, including across different localities. There must be protection for colleges operating in localities where there is emerging skills demand, not just for colleges where there is current skills demand, to protect access to opportunities and equal access to education for learners. It is vital that parity of esteem is awarded to colleges as delivery partners, that there is parity of esteem for qualifications gained at colleges, and that there is parity and equality of funding across the tertiary system of education and training in Scotland.
- b) Colleges Scotland would welcome the opportunity work with Ministers on forming these priorities noting that colleges require sustainable funding, act as vital community anchors across Scotland, and are Scotland's skills engines.
- c) Colleges would be pleased to work with Ministers on outcomes.

(4)-(5) Colleges Scotland sought annual revisions of the strategy and transparent sharing of information.

(6) Colleges Scotland welcomed the intention for colleges to be part of the cohort of statutory consultees.

Group 2: General Duty of the Scottish Ministers

75, 11

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
11	Supportive – colleges are always seeking to support improvements in skills, productivity and learner achievement.	Disagreed	Colleges are already very good value for investment and are adding to Scotland's productivity.

Group 7: Conditions of Funding: Prevention of Gender-Based Violence

29

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
29	Supportive – colleges are committed to tackling gender-based violence with the provision of adequate resource.	Agreed	Colleges are already delivering support initiatives for learners with lived experience of gender-based violence so are well placed to take action.

Group 8: Scottish Apprenticeships and Work-Based Learning: Definition and Frameworks

30, 76, 77, 78, 79, 31, 80, 81, 32, 82, 83, 34, 35, 36, 37, 38, 84, 40, 85

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
31	Supportive, on the basis that this is amended to read as: "apprentices and persons who	Moved and Agreed (Amendment as	Colleges represent the interests of college-based apprentices and

	appear to the Scottish Ministers to represent the interests of apprentices and others undertaking work-based learning, including representation of the college sector ".	presented without CS amend in bold)	provide wrap around support to ensure successful completion of their Apprenticeship. This role should be reflected in the legislation.
37	Supportive, on the basis that this is amended to read as: "the council must do so in conjunction with colleges , employers and representatives of industry within the relevant occupation of activity".	Disagreed (Amendment as presented without CS amend in bold)	Colleges are key bodies in the delivery of Modern Apprenticeship programmes across Scotland and in servicing employer and industry demand. This practical experience would benefit the ability of the Council to prepare, publish, amend and revoke frameworks.
38	Supportive, on the basis that this is amended to read as: "...the council must ensure that representatives of colleges , managing agents and training providers are engaged in the process".	Disagreed (Amendment as presented without CS amend in bold)	Colleges are key bodies in the delivery of Modern Apprenticeship programmes across Scotland and in servicing employer and industry demand. This practical experience would benefit the ability of the council to prepare and publish frameworks.
80	Supportive – the inclusion of this amendment would formalise the key college role in delivering apprenticeships.	Not Moved	The current definition of an apprenticeship within the Bill does not include direct mention of colleges, but a more general "any training provider involved in delivery of apprenticeship". We would wish to see a key role of colleges acknowledged.
83	Supportive.	Disagreed	We would appreciate consideration of the "colleges first" principle in practice which would maximise the impact of public funding for the delivery of apprenticeships.

Group 9: Funding for Scottish Apprenticeships and Work-Based Learning

39, 41, 42, 43, 44, 86

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
39	Supportive – colleges are committed to providing opportunities for 16-24 year olds who are not in full time education or employment, with the provision of adequate resource to do so.	Disagreed	Colleges were key delivery partners in implementing the Young Person's Guarantee with the Scottish Government, and so have a proven track record of providing opportunities for this target audience.
86	Supportive, on the basis that this is amended to read as: (a) persons representing the interests of employers, (b) industry sector bodies (c) further education colleges and (d) such other persons as it considers appropriate.	Disagreed (Amendment as presented without CS amend in bold)	Colleges are key bodies in the delivery of apprenticeship programmes across Scotland and in servicing employer and industry demand. This practical experience would benefit the ability of the Council to be a designated consultee.

Group 10: Skills Funding and Apprenticeship Levy Funds

87, 88, 90, 91

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
87	Supportive. There should be far more transparency around the financial return to Scotland from the Levy.	Disagreed	Colleges previously benefited from delivering the Flexible Workforce Development Fund which was very positively evaluated and provided a great return on investment, using funding from Scotland's share of the Levy. More transparency would allow colleges and employers to see the return to Scotland from the Levy and create new opportunities for learners.
88	Supportive, as above.	Disagreed	Supportive, as above

90	Supportive.	Disagreed	The intent of transparency is welcome.
91	Supportive.	Disagreed	The intent of transparency is welcome.

Group 11: Reporting, Monitoring and Recommendations by the Council

89, 48, 49, 92, 93, 50

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
50	Supportive.	Moved and Agreed	The college sector has benefited from the annual reporting on financial sustainability completed by Audit Scotland. There would be added value to the Council completing a similar report to evidence the financial sustainability of the sector.
93	Supportive, however the cost of independently preparing such reports should be carefully monitored and the gathering of information for such a report should guard against placing any further data collection or reporting duties onto colleges.	Disagreed	The costs of preparing independent reports should be carefully monitored. Colleges would by wary of further data collection which places more bureaucratic duties onto them.

Group 12: Exercise of the Council's Functions

51, 52, 53, 54, 55, 56, 57, 58, 59, 60

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
57	We would suggest insertion of a clause c: (11) The Scottish Ministers may give directions to the Council setting out the definition of "fair work principles" for the purposes of subsection (3B) and section 15(3A). (12) Before giving a direction under subsection (11), the Scottish Ministers must consult - (c) undertake independent modelling of the impact in	Moved and Agreed. (Amendment as presented without CS amend in bold)	This would allow impact to be modelled before implementation.

	meeting any additional “fair work principles” on bodies receiving payments from the Council for the purposes of securing the delivery of fundable further education, fundable higher education, Scottish apprenticeships or work-based learning.		
60	Supportive, on the basis that this is amended to read as: “persons who appear to the Council to be representative of apprentices, including representation of the college sector ”.	Moved and Agreed (Amendment as presented without CS amend in bold)	Colleges represent the interests of college-based apprentices and provide wrap around support to ensure successful completion of their Apprenticeship. This role should be reflected in the legislation.

Group 14: Apprenticeship and Skills Committees and Boards

98, 99, 100, 101, 102, 103, 104, 64, 65, 66, 67, 68, 69, 105, 106, 107, 108, 109, 110, 111, 112

Amendment	CS View	Outcome/Decision at Stage 3	Impact on Colleges
67	Supportive, on the basis that this is amended to read as: “(i) persons who appear to the Council to be representative of apprentices, including representation of the college sector ”.	Moved and Agreed (Amendment as presented without CS amend in bold)	Colleges represent the interests of college-based apprentices and provide wrap around support to ensure successful completion of their Apprenticeship. This role should be reflected in the legislation.
99	Supportive, providing that the committee has appropriate representation from colleges as key bodies in the delivery of apprenticeships.	Not Moved	Colleges are key bodies in the delivery of apprenticeship programmes across Scotland and in servicing employer and industry demand. This practical experience would benefit the ability of the committee to both advise and direct the Council on matters concerning apprenticeships.
100	Noted, however consideration must be given to what would constitute Work-Based Learning so as to ensure that the remit of the Committee remains focused and to ensure	Moved and Agreed to	We would recognise Work-Based Learning in a college context as approaches linking academic classroom-based study with real-

	that the ability of colleges to provide bespoke packages of training for employers is not impacted.		world job experience to support skills development, including individual bespoke arrangements between colleges and employers.
103	Supportive – the inclusion of this amendment would provide the opportunity for colleges as public sector bodies to maximise their role delivering apprenticeships and skills training with public funding for wider economic benefit.	Not moved	We would be supportive of a minimum payment level to colleges through the Bill to support the sustainable delivery of apprenticeships.
105	Broadly supportive, if this progresses it is important that colleges remain at (3E) (c).	Not Moved	We would wish for the key role of colleges to be recognised on the sub-committee.
106	Supportive, on the basis that this is amended to read as: (3B) In appointing members of the sub-committee mentioned in sub-paragraph (3A), the Council is to have regard to the desirability of including persons who – (a) are employers of degree-level apprentices or appear to the Council to be representative of such employers, (b) appear to the Council to be representative of the post-16 education bodies, (c) are representatives of any recognised trade union recognised by the post-16 fundable bodies, (d) are, or appear to the Council to be representative of, apprentices and prospective apprentices on degree-level apprenticeships, (e) appear to the Council to be representative of further education colleges.	Not Moved (Amendment as presented without CS amend in bold)	Colleges are key bodies in the delivery of apprenticeship programmes across Scotland and in servicing employer and industry demand, whilst working with universities to support articulation arrangements and learner pathways. This practical experience would benefit the ability of the sub-committee to both advise and direct the apprenticeship committee and Council on matters concerning degree-level apprenticeships.
111	Supportive – the inclusion of this amendment would reflect the “colleges first” principle in practice and maximise the impact of public funding for the delivery of apprenticeships.	Not Moved	The Bill in its present form does not provide a condition for colleges to act as lead delivery partners within their regions. This amendment would create the potential for Skills Led Regions to be

			established through the college sector.
112	Broadly supportive however on 14A(3)(c) it is vital that college funding is strategically protected to deliver organisational sustainability, maintain a local presence in communities, protect opportunities for learning and training which are not in lock-step with labour market needs but which may provide core or key skills and qualifications in other areas and protects opportunities for learners who may never enter the labour market or have limited opportunities to do so due to barriers from language, disability or special educational needs.	Disagreed	Colleges are Scotland's skills engines and already work closely with thousands of employers to provide skilled college graduates for the labour market and colleges are part of Regional Economic Partnerships and other regional economic boards and committees. Colleges are however also community anchors and it would be unworkable to align 100% of provision of funding to labour market needs given the vital role that colleges have in providing learning opportunities and supported learning for students whose college experience can never be fully tied to the local labour market. Colleges also deliver learning for personal development in the form of short courses which are highly valued but which may not lead the learner to the labour market, but add to their individual wellbeing, strengthen community ties and reduce loneliness. Funding for colleges also takes into account rolling costs which are essential to operate.

Colleges Scotland
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