

MINISTER FOR Employability and Training
Briefing for CBI roundtable

What	A CBI organised event for employers to discuss the implications of the introduction of the UK Gov Apprenticeship levy
Where	HSBC offices in 141 Bothwell Street Glasgow G2 7EQ. .
When	Thursday 16 June, 2pm – 4pm Minister to attend 2 pm – 3 pm
Key Message(s)	The new Minister for Employability and Training is seeking to engage with employers to explore how the introduction of the levy can benefit employers and young people in Scotland following the introduction of the levy in 2017.
Who	CBI organized roundtable chaired by [Redacted] – CEO Scotland HSBC plc
Why	An opportunity to engage with business leader and discuss concern and opportunities on how the apprenticeship levy impacts on Modern Apprenticeships in Scotland
Supporting official	[Redacted]
Briefing contents	Annex A: Event programme Annex B: Suggested Speaking Note Annex C: Attendees Bio's Annex D: CBI Summary Page Annex E: Apprenticeship Levy Annex F: Modern Apprenticeships
Media Handling	<i>Opportunity for News Release to coincide with the event – details to be confirmed.</i>
Greeting Party and specific meeting point on arrival (if event is at a non SE Building)	You will be greeted by Mari Tunby [Redacted]

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2.00pm	Welcome and round of introductions	[Redacted]
5 mins	Initial remarks from Minister	Jamie Hepburn
5 mins	Quick recap from CBI on Apprenticeship Levy	Mari Tunby
5 mins	Latest update from BIS	[Redacted]
5 mins	Latest update from Scottish govt	[Redacted]
2.30 pm – 3.45 pm	Roundtable discussion	[Redacted]

Please note: the Minister will have to leave at 3pm

3.45 pm Sum-up and next steps [Redacted]

List of attendees

1. Jamie Hepburn, Minister for Employability and Training, Scottish Government
2. [Redacted]
3. [Redacted]
4. [Redacted]
5. [Redacted]
6. [Redacted]
7. [Redacted]
8. [Redacted]
9. [Redacted]
10. [Redacted]
11. [Redacted]
12. [Redacted]
13. [Redacted]
14. [Redacted]
15. [Redacted]
16. [Redacted]
17. [Redacted]
18. [Redacted]
19. Mari Tunby, Assistant director – policy, CBI Scotland
20. TBC, Scotland Office, UK government

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ANNEX B

SUGGESTED SPEAKING NOTE

- Thank you for your kind invitation to attend this employer roundtable event
- As the new Minister for Employability and Training, I want to drive the future vision for apprenticeships in Scotland with employer enhanced, employer involvement and leadership
- While there remains a great deal of uncertainty around the apprenticeship levy, in deciding how we respond to its introduction, it is important to hear the views of employers.
- My officials and I will continue to engage with employers and stakeholders to discuss options to improve the quality of apprenticeships offer in Scotland.
- Today is an important occasion as it is the first time I have had the opportunity to listen to a range of employer's thoughts – their concerns and possible opportunities - that the levy will bring.
- The Scottish Government is already working to expand, widen and enhance the current Modern Apprenticeship programme in Scotland as part of our Youth Employment Strategy and wider Government Economic Strategy

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- Building on our success we are committed to delivering 30,000 Modern Apprenticeship starts each year. A huge endorsement of the value and priority this government and businesses place on the MA programme in Scotland.
- In addition we also testing the delivery of new foundation and graduate level apprenticeships to enhance the offer available to employers and young people.
- We are receiving greater clarity of the UK Governments intentions toward the funding mechanisms for providing Scotland's share of the levy raised.
- Once fully known we will develop a unique Scottish approach to the future of Modern Apprenticeships that supports our ambitions for inclusive economic growth.
- Unfortunately I am unable to attend for all of today's discussion but I look forward to the discussion while I am here.
- **[Redacted]** will remain for the full session and will to report back on how today's events conclude.

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**ANNEX C
ATTENDEE BIO'S**

[Redacted]

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ANNEX D**BACKGROUND BRIEFING NOTE ON CBI SCOTLAND****Key facts**

- The Confederation of British Industry (CBI) was incorporated by Royal Charter **50 years ago**, in **1965**.
- CBI Scotland is an independent not-for-profit business advocacy organisation funded by its members in industry and commerce and representing firms of all sizes and from all industrial and commercial sectors across Scotland.
- Across the UK, the CBI has **190,000 member businesses** which together **employ nearly 7m people**, about one third of the private sector workforce (**1,200** of these are in Scotland, employing around **500,000** people, around a quarter of the private sector workforce). These include many in the FTSE 100 and FTSE 350, mid-caps, SMEs, micro businesses, private and family owned businesses, startups, universities, and trade associations.
- The CBI's mission is to help create and sustain the conditions in which businesses in the United Kingdom can compete and prosper.
- The CBI consults and supports its members through a regional organisation and has a network of offices in Scotland, Northern Ireland, Wales, North East, North West, Yorkshire and the Humber, East Midlands, West Midlands, East England, London, Thames Valley, South East, South West, Brussels, Beijing, Washington DC and New Delhi.

Activities/Campaigns

- The CBI have urged the Scottish Government to do more to support exporters and make Scotland an even better location for indigenous businesses and inward investors.
- New CBI Scotland Director, Hugh Aitken CBE, has indicated that he is looking forward to building a positive relationship with the Scottish Government. He said following his appointment in January 2015: "It's critical (to repair relationships). We don't look backwards, we look forwards and there's so much opportunity here with devolution coming through and my job is to put a plan in place that allows that devolution to have a positive effect for the business community."
- Mr. Aitken also reacted positively to the publication of Scotland's Economic Strategy in March 2015, saying: "The Government's economic strategy rightly prioritises making Scotland more competitive by investing in infrastructure, education and apprenticeships. To make sure growth benefits everyone, we need to boost productivity by fostering investment and making sure our workforce get the skills they need to compete in a globalised world. Businesses will also welcome the focus on making it easier for them to access growth finance and support to sell their products and services to new markets around the world."

Senior Changes

- **Paul Drechsler**, became CBI President in July 2015
- **John Cridland** stepped down as CBI Director General in November 2015. His successor is **Carolyn Fairbairn**.

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- **John Howie** stepped down as Chair of CBI Scotland in December 2015; his successor is **Alison McGregor**, HSBC's CEO for Scotland.

Enterprise and Cities Division January 2016

**MINISTER FOR Employability and Training
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- The apprenticeship levy was announced in the UK Autumn budget after the Smith Commission process to take forward the devolution commitments on further powers for the Scottish Parliament.
- The introduction of the Apprenticeship Levy was announced without consultation with Scottish Ministers - even though the delivery of apprenticeships is an area for which we have devolved responsibility.
- The apprenticeship levy will come into effect in April 2017, and will be payable by employers in the UK at rate of 0.5% on a paybill in excess of £3 million per year.
- It is estimated that only 2% of employers across the UK will pay the levy.
- Public sector employers will be within scope for the levy. This effectively, as for other levy paying employers, sees an increase of 0.5% on payroll costs against the backdrop of reducing budgets which could reduce the scope for public sector employers to employ apprentices.
- Since the announcement, discussions with the Treasury have been challenging and information on Scotland's share of the levy has still not been confirmed. Recent discussions with Treasury officials suggest that our share of the levy will be transferred to the Scottish Government as part of the wider Block Grant.
- It will be for Scottish Ministers to decide how this money is spent on across the range of Scottish Government priorities.

Background

In England, the UK Government has made a commitment that employers paying the apprenticeship levy will be able to get back what they have put in to spend on apprenticeships plus 10%. The Scottish Government has still to decide how it will use its share of the levy which will be a decision for the spending review. The commitment from England is causing some confusion and concern for employers that operate across the UK.

The Levy - what SG is doing

- We are working with BIS to identify and resolve potential cross border issues resulting from the introduction of the levy and changes to the English apprenticeship system.
- We are working with Northern Ireland and Wales to agree a common position on the levy.

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- The Cabinet Secretary and officials are engaging with a range of employers to discuss options for moving forward following the introduction of the levy in 2017. This will include engagement with Private, Public and Third Sector Employers.

SG plans to grow Modern Apprenticeships in Scotland

SG is already working to to expand, widen and enhance the current Modern Apprenticeship programme in Scotland as part of our Youth Employment Strategy and wider Government Economic Strategy.

- Building on our success we are committed to delivering 30,000 MA starts each year. A huge endorsement of the value and priority this government and businesses place on the MA programme in Scotland.
- In our ambitions for a fairer Scotland we want our MA expansion plans introduced so that opportunities are focussed;
 - primarily towards young people;
 - to increase the proportion of apprenticeships at higher levels;
 - to increase participation within groups that are currently under represented and;
 - to ensure the quality of the apprenticeship meets the need of businesses.
- In addition we also testing the delivery of new foundation and graduate level apprenticeships.
 - Foundation Apprenticeships, based on existing MA frameworks, are being deliver to young people in the senior phase of school allowing them achieve nationally recognised qualifications, combined with off-the-job elements of an apprenticeship while they are still at school. We are currently testing this new approach in six priority sectors across 20 local authority areas in Scotland but have ambitions to deliver 10,000 foundation apprenticeship opportunities each year by 2020.
- We have also recently begun to test new graduate-level apprenticeship which will allow young people to provide work-based learning opportunities up to Master's degree level for employees.
 - These have been created in partnership with industry and the further and higher education sector and will combine academic knowledge with skills development to enable participants to become more effective and productive in the workplace.
- We are also looking to enhance the employer voice in the development and delivery of apprenticeships in Scotland and currently establishing a new Apprenticeship Advisory Board which will bring together a range of employers across Scotland to advice of continuous improvement of the apprenticeship offer in Scotland.

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ANNEX F**MODERN APPRENTICESHIPS****ISSUE:**

- There were 25,818 Modern Apprenticeship starts in 2015/16 - exceeding the annual target of 25,500. The MA starts target increased to 25,500 this year in keeping with the Scottish government's commitment to increase MA starts to 30,000 by 2020.
- The Autumn Budget Statement included details on the introduction of the UK wide Apprenticeship Levy in Apr 2017. It will be set at a rate of 0.5% of an employer's pay-bill and be paid on any pay-bill in excess of £3 million. HMT suggest that only 2% of UK employers will be eligible to pay. Spending on apprenticeships in England will be £2.5 billion, and Scotland, Wales and Northern Ireland will receive their share of the levy. (Forecast for 2017/18 is £2.7 billion rising to £2.8 billion in 2018/19.) A conservative estimate of the amount the levy would raise in Scotland is £200m.
- IPPR Scotland report published on Monday 13 June calls for greater alignment between the skills system and labour market needs.

The new target for 2016-17 of 26,000 Modern Apprenticeships was announced on 29 February.

- It is the next step as we work towards our ambition of having 30,000 apprentices a year by 2020 as confirmed in the 2016 SNP manifesto
- Labour and Lib Dems 2016 Manifesto's support a target of 30,000 MA each year , Conservatives committed to 35,000 MA each year
- Since this Government came into office in 2007 nearly 200,000 MA starts have been delivered.
- The Scottish Government 2016/17 Budget supported the continued expansion of Modern Apprenticeships.

The 2015/16 target of 25,500 new MA opportunities has been exceeded with 25,818 starts delivered last year.

- This is the first year in the expansion of the MA programme as we move towards our commitment to fund 30,000 starts by 2020.
- Since the introduction of the 25,000 target in 2011-12, **SDS has exceeded the required number of starts each year**, even during the economic downturn. **We delivered over 120,000** new opportunities in the last parliamentary term.
- Modern Apprenticeships are a key element of our approach to economic development and youth employment. They support young people into their careers while meeting industry's skills needs.

MINISTER FOR Employability and Training**Briefing for CBI roundtable****The introduction of the UK Apprenticeship Levy was announced without consultation with Scottish Ministers - even though apprenticeships is an area of devolved responsibility.**

- Essentially this employment tax is being introduced across the UK to deliver on the UK Government's apprenticeship ambitions in England.
- We are **supportive of the general principle that employers should contribute** to the cost of training and developing their workforce and are engaging with a range of employers on the apprenticeship levy in 2017.
- We are in discussions with the UK Government to ensure that the introduction of the levy is designed in a way that works for our ambitions for expanding and enhancing Modern Apprenticeships in Scotland and still await clarity on our share of the apprenticeship levy..
- The new Minister for Employability and Training is seeking to engage with employers to explore how the **introduction of the levy can benefit employers and young people** in Scotland following the introduction of the levy in 2017. This will include engagement with Private, Public and Third Sector Employers.

We are aware that we need to do more to tackle under-representation on the MA programme

- The **MA Equalities Action Plan, published on 2 December** includes specific improvement targets for MA participation by BME, care leavers, disabled people and gender balance.- SDS will report on these annually.
- Improving the balance of participants from under-represented groups on the MA programme is not a change that will happen overnight.
- In 2015/16 41% of starts were female - higher than the 40% in 2014/15 and the number of female starts (10,505) was 3.3% higher than last year. The proportion of MA starts among those reporting a disability was up 3.5 percentage points on 2014/15, while starts among black and minority ethnic groups at 1.6% was up 0.2 percentage points.

To widen and enhance the Modern Apprenticeship, further programmes are being introduced

- Skills Development Scotland (SDS) is working with partners to **deliver Foundation Apprenticeship (FA) pathfinders**. Combines the benefits of school, college and work-based education for senior phase pupils.
- We are also working to **develop the Graduate Level Apprenticeships**. These apprenticeships will support the in- work development of graduates with initial activity focused on Engineering, Civil Engineering and Digital sectors.

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A key element of the Youth Employment Strategy is focussed on responding to the needs of industry within the Modern Apprenticeship programme.

- Sectoral and geographic labour market information contained within Skills Investment Plans and Regional Skills Assessments already heavily influences SDS contracting for Modern Apprenticeships.
- The establishment of the Scottish Apprenticeship Advisory Board and DYW Regional Groups bring enhanced employer leadership to the development and delivery of apprenticeships and wider youth employment in Scotland.
- We have recently announced a review of enterprise and skills agencies to ensure we maximise our skills and economic interventions to support businesses and development opportunities, develop the skills the economy needs and create a competitive and supportive business environment.