

# Scottish Government Update

- **Enterprise and Skills Review**
- **Apprenticeship Levy**

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# ENTERPRISE & SKILLS REVIEW:



# OUTLINE

- Update of Review process
- Key findings from Phase 1
- Actions from the Phase 1 Report
- Phase 2 process



# Update on Review Progress

- Review announced by First Minister on 25 May 2016, covering work of SG and 4 agencies (SE, including SDI; HIE; SFC; SDS).
- Led by Cabinet Secretary for Economy, Jobs and Fair Work, supported by relevant Ministers and involving the key agencies, stakeholders and users.
- Ministerial Review Group has comprised experts & individuals with experience across business, business organisations, colleges, universities, student unions, STUC and economists.



# Update on Review Progress contd.

- Call for Evidence had 329 responses.
- Input review evidence was published on 21 September, including specialist advisory reports by David Skilling & Prof Alan McGregor, and Snook report on user journeys.
- Minister's decision to take forward the Review in two stages was announced in Parliament on 15 September.
- Report on Phase 1 key decisions published 25 October, followed by parliamentary debate on 26 October.
- Phase 2 began on 1 November 2016.



# Key Findings - “Cluttered Landscape”

- ‘Cluttered landscape’ is one of the **most commonly used phrases** across the responses.
- Clear perception across respondents that a **lack of clarity** on roles and responsibilities leads to duplication
- Respondents reflect that most agencies appear to want to **develop and manage their own initiative or programme**, particularly on priority topics which is **confusing to the end user**
- Respondents felt that a refreshed strategic focus with a **single vision, goals and shared ownership** could foster more effective collaboration.



# Key Findings - Simplifying access to support

- Respondents claimed it is **difficult to understand the full system offer** across enterprise and skills.
- There is **overlap and duplication** but also a lack of awareness from end users about the totality of support.
- This **prevents end users from engaging with agencies** - not clear what support is available or how to access it.
- If they do engage, it **takes time to determine what support is most suitable for them** and whether they meet eligibility criteria.
- Claim of **no “end-to-end” service delivery** and the **commitment to a “no wrong door”** delivery model is not evidenced



# Key Findings - Tension between National and Regional approaches

- With the notable exception of HIE (and to a lesser extent SFC) there was **concern that a one-size fits all national approach was inflexible** to local economic conditions.
- Particular issue where nationally set criteria for access to support to grow businesses **might exclude some early growth clients and smaller businesses** with more localised business profiles.
- And also true in relation to decision making around skills initiatives which were felt **to not always take account of regional labour market priorities** or the practicalities of delivery in remote rural areas with dispersed populations.



# Key Findings - Lack of partnership working

- Scotland's scale **presents opportunities for better partnership working**
- **Individual good practice examples of partnership working** in all of the agencies.
- However, also many examples where **lack of communication at strategic and operational levels** between agencies and with other partners is leading to disjointed delivery.
- Perception that users may be **missing out on the full range of support and contributing to a culture of silo working.**
- Public funded support for skills and enterprise **has developed into a market place rather than a partnership.**



# Actions from the Phase 1 Report

## One Scotland: Stronger Governance of a Coherent System

- 1) Create a Scotland-wide statutory board to co-ordinate activities of HIE, SE, SDS and SFC
- 2) Review data and evaluation functions to ensure robust evaluation of activity and impact.



# Actions from the Phase 1 Report

## National and Local Enterprise and Skills Delivery

- 3) Recognising its different social, economic and community development challenges, retain HIE.
- 4) Create new vehicle to meet the needs of South of Scotland, accountable to the new statutory board.



# Actions from the Phase 1 Report

## An open and international economy

- 5) Ensure much stronger co-ordination of international activity across the public and academic sectors.
- 6) Consider possible establishment of SDI as a distinct and separate organisation under the new board.



# Actions from the Phase 1 Report

## Innovation

7) Review, streamline and simplify the innovation support ecosystem; implement the innovation action plan that will be published by end November.



# Actions from the Phase 1 Report

## Skills provision and economic success

- 8) Align the functions of our learning and skills agencies
- 9) Conduct a comprehensive review of the Learning Journey
- 10) Review the effectiveness of our investment in learning and skills.



# Actions from the Phase 1 Report

## Strengthening front-line support

- **Digital skills**
  - provision at general and specialist level;
  - driving business appetite;
  - better communication of infrastructure plans;
  - accelerating improved coverage.
- **Regional Partnerships** (for areas other than HIE and South of Scotland) - work with COSLA and local government to build on their existing and emerging local economic partnerships.



# Actions from the Phase 1 Report

## Strengthening front-line support (cont.)

- **Enterprise Support**
  - improved core enterprise support for more businesses;
  - better targeted specialist support;
  - closer engagement with private sector.



# Phase 2 Process

- Phase 2 will run for 6 months from November to Spring 2017 (*Local Government Elections in May 2017 may effect the timescales for some of the decisions due to their own pre-election period. Decisions may need to be completed prior to this*).
- It will focus on the implementation of the key decisions from phase 1 of the review.
- The Cabinet Secretary for the Economy, Jobs and Fair Work will again lead this phase of the review, and will be supported and informed as in phase 1 by other Ministers who have an interest.



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## Phase 2 Process cont.

- Programme team being put in place to set up governance and structures and to manage programme-level engagement etc.
- Programme to be supported by fully authorised project teams
- Senior responsibility will be shared between Chief Economist and Directors for Economic Development, Advanced Learning and Science, and Fair Work, Employability and Skills.
- Final phase 2 decisions will set out a programme of work that will be undertaken over the lifetime of the parliament.
  - Some actions will be delivered quickly and prioritised, whilst more complex change will take longer to fully implement.



# Questions?



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# Apprenticeship Levy



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# Background

- The UK wide Apprenticeship Levy will be introduced in April 2017.
- It will be set at a rate of 0.5% of an employer's pay-bill in excess of £3 million. Any employer with a pay-bill below £3million will not be liable for the Levy. HMT estimate that only 2% of UK employers will be liable to pay.
- The Minister for Employability and Training launched a short consultation on 13 July seeking employers' and other interested parties' views on how we develop a distinctly Scottish approach following the Levy introduction.
- The consultation closed on 26 August 2016 and the results were published on 31 October.

# SG Consultation

- To maintain the Scottish Government's commitment to 30,000 Modern Apprenticeship starts a year by 2020 (63% agreed);
- For Apprenticeship Levy funding to support growth in the number of Graduate Level Apprenticeships in Scotland (79% agreed);
- To use Apprenticeship Levy funding to establish a flexible skills fund (78% agreed);
- To use Apprenticeship Levy funding to support the expansion of Foundation Apprenticeships (65% agreed); and
- To use Apprenticeship Levy funding to help unemployed people move into employment, and to help meet the workforce development needs of employers (67% agreed).

# Position in Scotland

- While the Apprenticeship Levy will be a new tax on employers, it's proceeds will largely be replacing existing apprenticeship funding in England of which Scotland will receive a proportionate share.
- We have already set out plans to deliver on our commitment to supporting 30,000 Modern Apprenticeships starts by 2020. That plan has the support of industry who have also backed our plans to expand Foundation and Graduate Level apprenticeships.
- We have committed to developing a distinctly Scottish approach to apprenticeships and wider skills development and drive closer engagement with industry in our efforts to enhance productivity and economic growth. We will seek to involve employers in the development of apprenticeship and skills opportunities going forward.
- We already support people into employment through our range of programmes including MAs, training and employability services and work experience through private, public and third sector.
- The Minister for Employability and Training will continue to meet with industry representatives and the newly established, industry-led Scottish Apprenticeship Advisory Board to discuss the outcome of the consultation.
- The Scottish Government budget proposals for 2017-18 will be published in the Draft Budget.

# Next Steps

- Skills Development Scotland will shortly go out to contract for the delivery of Modern Apprenticeships in 2017/18, as the next stage of the phased expansion to 30,000 MA starts each year by 2020.
- The number of Graduate Level Apprenticeships will be increased in 2017/18.
- The Scottish Government will consider issues raised in the consultation around Modern Apprenticeship age limits and how to provide more flexibility.
- Employers will have opportunities to shape the delivery of apprenticeship and skills programmes going forward through the industry-led Scottish Apprenticeship Advisory Board and other mechanisms.