



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 2 March 2016

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CONTENTS

Col.

ENTERPRISE BILL	1
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ECONOMY, ENERGY AND TOURISM COMMITTEE
7th Meeting 2016, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Dennis Robertson (Aberdeenshire West) (SNP)

COMMITTEE MEMBERS

*Chic Brodie (South Scotland) (SNP)

*Patrick Harvie (Glasgow) (Green)

*Johann Lamont (Glasgow Pollok) (Lab)

Richard Lyle (Central Scotland) (SNP)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Lewis Macdonald (North East Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Annabelle Ewing (Minister for Youth and Women's Employment)

CLERK TO THE COMMITTEE

Douglas Wands

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 2 March 2016

[The Convener opened the meeting in private at 11:01]

11:20

Meeting suspended until 12:00 and continued in public thereafter.

Enterprise Bill

The Convener (Murdo Fraser): I reconvene this meeting of the Economy, Energy and Tourism Committee. I remind everyone to turn off, or at least turn to silent, all mobile phones and other electronic devices. We have received apologies from Richard Lyle.

Under item 3 on the agenda, we are taking evidence in relation to a legislative consent memorandum on the Enterprise Bill, which is United Kingdom Parliament legislation. I welcome Annabelle Ewing, the Minister for Youth and Women's Employment, who is joined by Sarah Hart, team leader for apprenticeships and employer incentives in the Scottish Government. I welcome you both.

Minister, would you like to introduce the legislative consent memorandum?

The Minister for Youth and Women's Employment (Annabelle Ewing): Yes—thank you, convener. I am grateful for the opportunity to address the committee in respect of the LCM, which was lodged by the Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy on 10 February this year. The UK Enterprise Bill was introduced in the House of Lords on 16 September 2015 and is currently progressing through the UK Parliament.

The bill includes a wide range of measures with the stated aim of promoting economic growth, and the UK Government expects it to remove what it regards as unnecessary impediments to business. The bill includes a number of measures around apprenticeships, relating to the UK Government's ambition to deliver 3 million apprenticeships by 2020 and its plans to introduce an apprenticeship levy from April 2017.

The majority of the bill's provisions are reserved to the UK Parliament; we are concerned with the additional provisions that fall within the devolved competence of this Parliament and which

therefore require a legislative consent motion to allow the UK Parliament to legislate on those matters.

The LCM that is before us covers an amendment to the Enterprise Bill that was introduced on 2 February this year by the UK Government on the sharing of HM Revenue and Customs information on apprenticeship levy contributions by employers for the purpose of delivering apprenticeships. As a result, the bill contains provisions that are within the legislative competence of the Scottish Parliament.

In England, the Department for Business, Innovation and Skills intends to introduce a digital account system that will show an employer that is in scope for the apprenticeship levy how much it has contributed and, therefore, what funding it is able to claim back to spend on apprenticeships in England. Data sharing between BIS and HMRC will facilitate the essential operating requirements of that system. In order to do that, BIS and HMRC will establish in primary legislation a permissive data-sharing gateway that will allow for data flows in relation to the administration of English apprenticeships. In order for data to be released, proper security and privacy arrangements will need to be in place and all data that is to be released by HMRC, as the data controller, will need to be agreed in advance.

The UK Government has offered a similar arrangement to allow the devolved Administrations to have access to data on the apprenticeship levy that is collected in each nation. The amendment will allow HMRC to disclose information on the apprenticeship levy to Scottish ministers or a relevant Scottish authority for the purpose of functions in relation to apprenticeships. It will also enable Scottish ministers or a relevant Scottish authority to receive and request information from HMRC for the purpose of functions in relation to apprenticeships. That provision falls within devolved competence, as it affects skills and training policy. Therefore, the consent of the Scottish Parliament is required to extend the measure to Scotland.

Access to the type of information that the amendment covers would allow Scottish ministers and/or a relevant Scottish authority to request information on the apprenticeship levy that is collected in Scotland. A key benefit of that access would be the ability to confirm that we are getting a fair share of the levy that is collected in Scotland. It could also be used to provide further evidence to support informed decisions on future spending on apprenticeships or, potentially, on wider skills activities in Scotland.

The legislation provides only for enabling powers to ask for the data; there would be no immediate requirement to use them. I ask the

committee to support the draft legislative consent motion that has been laid before it.

The Convener: Thank you, minister. As you said, the committee and the Parliament have previously considered and agreed to an LCM in relation to the Enterprise Bill, but the additional measures require additional consent. Do members have any questions or points that they wish to raise?

Lewis Macdonald (North East Scotland) (Lab): Minister, you said that the provision is permissive at this stage, and clearly that is necessary before you can move to the next stage. Does the Scottish Government have any thoughts about who might manage the data when it becomes available from HMRC to Scottish ministers or a relevant Scottish authority and about how that would be done?

Annabelle Ewing: The question is a good one. The detailed mechanics—the nuts and bolts—of how a proportion of the levy will be passed to Scotland remain unclear, as does the amount of levy that will be passed on. We have been—and are still—seeking clarity from the UK Government on those points. I understand that data-sharing arrangements of this kind are not new, and I imagine that the arrangements would proceed in much the same way as similar arrangements that have been introduced elsewhere across Government business have proceeded.

Lewis Macdonald: At this stage, is it your view that it is likely to be managed at the Scottish end by your department of the Scottish Government, or by the enterprise agencies?

Annabelle Ewing: The wording of the amendment allows the information to be requested or received by the Scottish Government or a relevant agency, which could include, for example, Skills Development Scotland.

Chic Brodie (South Scotland) (SNP): I am concerned less with the organisation and administration of the data and more with its reliability. You may not have the answer to this question now, minister, but can we be sure that there will be fairly intensive discussions with HMRC—which does not have a great record in producing information technology systems or building distributed data networks—to ensure that the information that is shared with us is based on a robust system?

Annabelle Ewing: As the Scottish Government, we wish to ensure that we have information that is as accurate as it is possible to get. I am sure that those businesses in Scotland that will be affected by what is essentially an English levy will want to have some comfort that they have the correct information on the contribution that they are

making and on the spend in Scotland on related activities.

Chic Brodie: I appreciate that but, thinking about cash flow, I hope that there would be no delay in payments to companies, some of which will be small—I hope that companies are not waiting for the levy to be applied and then credited. I would ask that the whole data process be looked at fairly intensively.

Annabelle Ewing: I reassure the member that we are seeking clarity from the UK Government—as I said to Lewis Macdonald—on the nuts and bolts of how, exactly, the system will operate in practice. We hope that we will get that clarity without much further ado.

Johann Lamont (Glasgow Pollok) (Lab): I have a technical point regarding paragraph 4 of the Scottish Government's memorandum. I am not clear about whether there should have been a vote on 9 February, as is stated, or whether the date should be 9 March. The note states:

"That LCM was is due to be voted on in the Chamber on 9 February 2016."

What does that mean?

Annabelle Ewing: I am sorry—yes, I understand that the vote will have taken place in connection with the first LCM. The LCM that is before us is a supplementary LCM that deals with the new amendment that was introduced to the bill by the UK Government on 2 February. The first LCM will, indeed, already have been approved by the Scottish Parliament.

The Convener: I see that members have no other questions or points. Are members happy that we recommend that the Parliament gives its consent in relation to the relevant provisions of the Enterprise Bill, as set out in the LCM?

Members indicated agreement.

The Convener: Are members content to delegate to the convener and the clerk the production of a short factual report, detailing the committee's consideration, and the arrangements for its publication?

Members indicated agreement.

The Convener: Thank you. In that case, I draw the meeting to a conclusion. I thank the minister and her officials for attending.

Meeting closed at 12:10.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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