

The 1st meeting (2017) of the Board was held at 11:00 on Monday 9 January 2017 at
CITB Offices, Carthusian Court, 12 Carthusian Street, London EC1M 6EZ.

PRESENT

James Wates (**Chairman**) : Board Trustee
Diana Garnham : Board Trustee
David Harris : Board Trustee
Ray Wilson : Board Trustee
Darryn Lewis : Welsh Government Observer (dialled in)

STAFF IN ATTENDANCE

Sarah Beale : Acting Chief Executive
Steve Radley : Policy and Partnerships Director
Sally Spink : Board Secretary (dialled in)

APOLOGIES: Karen Jones (Board Trustee), Maria Pilfold (Board Trustee), Frances Wadsworth (Board Trustee), Maureen Douglas (Board trustee), Dan Foster, Simon Mason (Government Observers) and Sarah Griffith (Scottish Government Observer).

ITEM 1: MINUTES OF PREVIOUS MEETING HELD ON 16 NOVEMBER 2016. REVIEW OF ACTION PLAN.

1.1. To be dealt with at the Board Meeting on 7th February 2017.

ITEM 2: LEVY OPTIONS

2.1. Steven Radley presented the paper concerning the recommendations made by the Levy Working Party (LWP) following the Board meeting in November 2016. The LWP had received a legal opinion concerning all four levy options discussed at the November meeting which concluded that it was unlikely that a public law or State Aid challenge would be successful, putting chances at 20%.

2.2 The Board discussed the option undertaken by ECITB, that being a reduction in levy followed by a gradual increase back to its original level, it was agreed that as recommended by the LWP this was too complex due to the larger number of levy payers and the need for companies to plan ahead.

2.3. The members discussed in detail the preferred option 'Reduce for All' namely a cut in the PAYE Levy on the direct workforce from 0.5% to 0.35%. There would be no change in the net (CIS) levy charged on the subcontract workforce of 1.25%. A clear message must follow, this is not linked to the Apprenticeship Levy therefore no disproportionate benefit to AL payers. It is less likely to create national or regional unfairness especially bearing in mind the differing national policies. It was confirmed that Mark Noonan (Exec Team) would be heavily involved in the engagement plan as this is not just a matter of gaining consensus.

2.4. **DECISION:** The Board endorsed the LWP recommendation to take forward to consultation the 'Reduce for All' option.

2.5. The discussion continued concerning the analysis of levy shares, which is indicating an increasing share of the levy is being paid by micro and small firms. The Board agreed that further investigation be made into this effect.

2.6. **ACTION:** Further investigation to be undertaken into the increasing amount of levy being paid by small and micro firms (SR).

2.7. Stephen Radley advised the Board on the proposed steps that were planned to strengthen consultation and the consensus process, including, the obtaining of external advice to improve the consensus process, increasing the sample size, comprehensive internal training programme for all colleagues involved with customers, seeking consensus federations to set out their plans to obtain members views and Trustee involvement. The members questioned whether an increased sample size could be perceived negatively as an attempt to influence the result in CITB's benefit? SR confirmed that the impact is more transparent and representative. The members therefore agreed with the proposals stressing that it was important to ensure CITB's reputation remained strong, demonstrating we are considering and obtaining employers views not just those that are members of the consensus federations. In particular focus should be on the need to incentive futuristic needs and commercial advantages.

2.8. ACTION: All Board members to be given an appraisal of the Consensus process to ensure a full understanding of the process and calculation. (SR)

2.9. The members discussed the potential impact of a change to a company's business model if they opted to pay others gross rather than net as a means of avoiding paying levy. This may then bring into scope companies who because of their size would not pay levy however on the positive could then claim grant. Further investigation is required to gain an understanding in respect of HMRC rules.

2.10. ACTION: Investigation into HMRC rules of gross and net pay and the potential impact arising. SR

ITEM 3: CHAIR'S ANY OTHER BUSINESS/EFFECTIVENESS REVIEW OF MEETING.

3.1. The Board were updated on recent conversations/meeting with Paul Morrell. The three ministers were working together and had galvanised a relationship concerning the review and there was a clear indication that they agreed that there was a need for an ITB in relation to the construction industry. The parties and CITB would be meeting on 19th January and there was a suggestion that the review link with the Farmer Review as to ensure alignment and improve the CITB offer.

ITEM 4: DATE OF NEXT MEETING.

4.1. The next meeting will be held at 08:30 on Tuesday 7 February 2017 at the MacDonald Holyrood Hotel, 81 Holyrood Road, Edinburgh EH8 8AU.

SUMMARY OF ACTIONS Confidential commercially sensitive information

