

Written evidence from the Department for Business, Innovation and Skills

Letter from Nick Boles MP, Minister of State for Skills, 7 December 2015

Thank you for your letter of 25 November about the operation of the apprenticeship levy in Scotland.

In the Spending Review and Autumn Statement, published on 25 November, the Government set out the proposals for the apprenticeship levy. The levy will be set at a rate of 0.5% of an employer's paybill and each employer will receive an allowance which means that the levy will only be paid on any paybill in excess of £3 million. By 2019-20, the levy will raise £3 billion in the UK. Spending on apprenticeships in England will be £2.5 billion, with Scotland, Wales and Northern Ireland receiving their fair share.

Greg Hands MP wrote to the Finance Ministers of the devolved administrations on 28 October to establish a senior level working group to work through the practical issues of implementing the levy and its interaction with devolved skills policies and this group met for the first time on 12 November. We want to continue to work with the devolved administrations to put in place fair and transparent funding flows and as far as possible to develop a system for administering the levy which complements the skills and apprenticeship policies of each of the devolved administrations. We are committed to doing all we can to make the system work for employers wherever they are in the UK.

Finally, I spoke to each of the devolved skills Ministers on 26 November to follow up on Spending Review decisions, including the levy, and have committed to regular 4-nation skills meetings with my ministerial counterparts in Scotland, Wales and Northern Ireland.