

## Information for Committee for Employment and Learning

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| <b>Subject:</b>  | <b>Data Sharing Provision – Apprenticeship Levy.</b>   |
| <b>Title:</b>  | <b>Legislative Consent Motion – Westminster Enterprise Bill: provision regarding data sharing with HMRC and the relevant authority in Northern Ireland relating to apprenticeships.</b>  |
| <b>Purpose of document:</b>  | For information and advance notice of impending Legislative Consent Motion   |
| <b>Links:</b> <ul style="list-style-type: none"> <li>· <b>legislation</b></li> <li>· <b>other</b></li> </ul> | This Legislative Consent Motion is required to obtain the Assembly’s agreement on the extension of powers to Northern Ireland to open a data sharing gateway with Her Majesty’s Revenue and Customs (HMRC) so that relevant data relating to the Apprenticeship Levy can be obtained and shared between HMRC and the relevant authority in Northern Ireland, as provided for in the Westminster Enterprise Bill.   |
| <b>Brief Summary of information:</b>   | <p>Executive approval in principle has been obtained to a Legislative Consent Motion in relation to certain provisions of the Westminster Enterprise Bill currently before Parliament. The provisions deal with the establishment of a data sharing gateway with HMRC extending to Northern Ireland. The motion is scheduled to be debated in the Assembly on 8 March 2016 in order to meet the timing demands of the Westminster legislative programme, in relation to the Enterprise Bill.</p> <p>It is proposed that the provisions in the Westminster Enterprise Bill apply to Northern Ireland.</p> <p>It is important to avoid an information deficit, specific to revenues to and from the Apprenticeship Levy in Northern Ireland, which would result in a distinct disadvantage compared to the rest of the UK. Therefore, it is important to ensure that Northern Ireland can obtain and share information with HMRC. This function will be vital in terms of transparency on how much Northern Ireland employers are paying into the Levy and how much of the Levy is coming back to Northern</p> |

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*Further background attached at Addendum 1 as below*

## **BRIEFING NOTE FOR EMPLOYMENT AND LEARNING COMMITTEE ON THE APPRENTICESHIP LEVY 2017**

### **Requirement for a Legislative Consent Motion on Data Sharing**

1. The issue of a data sharing gateway with HMRC is a practical and important matter.
2. It is important to avoid an information deficit, specific to revenues to and from the Apprenticeship Levy in Northern Ireland, which would result in a distinct disadvantage compared to the rest of the UK. Therefore, we need to ensure that Northern Ireland can obtain and share information with HMRC. This function will be vital in terms of transparency on how much Northern Ireland employers are paying into the Levy and how much of the Levy is coming back to Northern Ireland employers.
3. It will be essential that we have access to the correct and appropriate information to ascertain that that revenue flowing from the Apprenticeship Levy to Northern Ireland is at least matching the amount of Levy that is collected from employers in Northern Ireland and that employers are aware that the Department has the capacity to do so.
4. This legislation is needed because
  - (a) it is the only way to access information about levy payments made by employers; this is tax information held by HMRC and any release of information is permissive. The legislation will enable The Department, or other relevant authorities in Northern Ireland, to access data on levy payments due from employers in Northern Ireland.
  - (b) It will assist the management of apprenticeship funding in an effective and transparent way. For example,

- i. It can help to plan and target funding and align policies to levy payments made by employers;
- ii. it can then be used to inform employers of their entitlement to funding;
- iii. Access to information on levy payments will be simple and efficient and will minimise the administrative burden on businesses, as data will be shared between HMRC and Devolved Administrations.

### **Apprenticeships Levy – Overview**

5. The apprenticeship levy on eligible employers announced by the Chancellor in November's Comprehensive Spending Review will be introduced in April 2017.
6. The Levy will be set at a rate of 0.5% of an employer's pay bill which will be collected via the PAYE system. Each employer will receive an allowance of up to £15,000 to offset against their levy payment. This means that the levy will only actually be paid on any pay bill in excess of £3 million and Her Majesty's Treasury (HMT) indicates that less than 2% of UK employers will pay it.
7. All employers in the private and public sector with a pay bill in excess of £3 million will be expected to pay the Levy. There will be no exceptions.
8. Employers with a pay bill of less than £3million will not have to pay the Levy. The UK Government state that these employers will continue to have access to government funding to support apprenticeships. The UK government have yet to provide further details on the support to be made available. A new Institute of Apprenticeships will be tasked with setting rates of training for each occupational area.
9. HMT have estimated that the levy will raise £3 billion across the UK by 2019-20 of which a large element will be used to fully fund apprenticeships in England in order to meet the UK Government's target of 3 million new

apprenticeships over the life of the current parliament. In England, this fund will be directly controlled by employers via a digital apprenticeships voucher which they can use to purchase off- the – job training for their apprentices.

10. Levy proceeds are to be used specifically to fund apprenticeship training in England. As apprenticeship policy is a devolved matter, Northern Ireland, and the other devolved administrations, will receive a proportionate share of the proceeds. Discussions with HMT would suggest this will be through the Barnett Formula.