

CITB NI responses to DfE consultation on Apprenticeship Levy

A.) What do you think are the main issues for NI employers from the introduction of the Levy?

For Construction employers the main issue is likely to be that a training levy based on payroll already exists, and that this funds the full range of training activities rather than being restricted to only apprenticeship training. The manner in which the CITB NI levy is used is substantially controlled by industry and as such they are engaged not only in apprenticeships but in directing strategic training for the sector. The Apprenticeship levy which, we understand, will not be returned directly to employers will be used as replacement funding for cuts and expenditure elsewhere in the public sector and there will be no additional benefit for the additional tax burden.

In addition, unlike employers in England, where the Apprenticeship Levy will be returned as electronic vouchers, the aim of the Levy putting control of qualifications and training in the hands of employers will not be the case in NI. The system of supporting training proposed is exactly that which has been in place for some time. The details of the interventions listed in the consultation document mean that support is restricted in who can benefit and the educational provision is limited to that which is economically viable for the providers. Unlike the system of Skills Solutions funding that was in place under DEL, there is no flexible direct funding for skills development available direct to employers.

For some of the larger Construction employers the amount of apprenticeship levy to be paid could exceed their training budget for the year, which could result in no training being delivered for the rest of their workforce. It is widely known that a trained workforce contributes to the success of an organisation. The potential reduction in training the entire workforce for some Construction Employers could lead to unhappy employees, unsafe work environments, increased expenses, loss of customers and low production.

The fact that the £29m cost for the public sector apprenticeship levy will result in less money being available for training within NI over the next three years is of great concern to employers. The perception is that industry is bearing increased taxes to fund the cost of the Apprenticeship Levy to the Government services with no increase in benefit.

B.) As a result of the Levy, what factors should the Dept take into account to ensure appropriate training support is available in NI?

The apprenticeship levy may result in increased employer demand for training and a shift from university education to employed vocational training such as Higher level Apprenticeships. The Dept. would need to ensure there is adequate training provision for all occupations, which becomes more difficult as the occupations become more specialised as is the case in Construction. There would also be a corresponding increase in demand for the financial incentives attached to the existing programmes detailed in Annex B of the consultation documents. The Dept should consider the possible need for a reduction in the number of existing programme which appear to overlap and cover a number of the same skill development areas.

The requirements of all existing funding arrangements will need to be reviewed to ensure they are open to all employers and not just to those areas that Government have identified as

“priority sectors”. To do otherwise does not put training in the hands of employers. The mode of delivery of training will require to be widened to ensure employers are able to source delivery from their preferred providers (procurement direct by employer or trainee) rather than through government appointed schemes.

C.) Will the Levy have an impact on your recruitment of apprenticeships? In what way?

Within the Construction sector, the larger employers who will be paying the apprenticeship levy are traditionally not the main recruiters of apprentices. Since these companies are now going to be paying an apprenticeship levy they may be more encouraged to employ some apprentices if they have a method of recouping some of their apprenticeship levy. However, given that the Apprenticeship Levy is contributing no extra finance to industry and the provider network, it is more likely to have no, or a negative impact on the recruitment of apprenticeships.

The development of apprenticeship schemes in NI was underway before the introduction of the Apprenticeship Levy and its introduction can only have a net negative impact on the work carried out by the Department.

D.) As a result of the Levy would you be more likely to use the programmes described in Annex B? In what way?

Assuming the financial support for the programmes in Annex B would remain the same, demand for these programmes may decrease because of training budgets being reduced, however there may be some increase in demand due to larger employers trying to recoup some of their apprenticeship levy.

Also, as the programmes stand, there are various rules on access to funding and the routes (designated providers) to procure training are limited. Therefore the existing provision is inadequate. Under previous Departmental budgets the Skills Solutions fund was available to employers, or groups of employers, directly. It was awarded on a business case criteria, was significantly more flexible than many of the schemes currently available and helped address the training needs of the smaller more specialist sectors or subsectors.

E.) Do you have any further comments on the NI response to the UK wide Levy?

Some Construction employers may see the apprenticeship levy as “just another tax” on larger employers and may try to spread some of the burden of this onto the wider industry through their sub-contractors by making a deduction from the sub-contractors invoices.

The additional cost of the apprenticeship levy may constrain apprentice wages.

Contractors may increase their tender prices to compensate for the cost of the apprenticeship levy plus the increased cost for possibly having to deal with different systems across the UK. This could result in the larger employer being disadvantaged as the increased Apprenticeship Levy costs would not factor in tenders prepared by construction employers with a payroll bill less than £3million.

There is insufficient information to assess the impact on construction employers who work both inside and outside NI. Whilst the GB model will have a voucher system in place there is no such system in NI. Therefore this will be confusing for employers who work in both jurisdictions especially if an apprentice is training across various sites within the UK.

Are HMRC ready and capable to administer the collection of the Apprenticeship Levy and will they provide a support service to industry regarding queries on the scheme?

The consultation documentation does not provide sufficient detail on how the apprenticeship levy will operate in NI, which is disappointing since its introduction in April 2017 has been known about since Summer 2015. Also the time allowed for consultation with NI employers is only 17 working days.