EXPLANATORY MEMORANDUM TO

THE INDUSTRIAL TRAINING LEVY (CONSTRUCTION INDUSTRY) ORDER (NORTHERN IRELAND) 2020

S.R. 2020 No. 136

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for the Economy to accompany the Statutory Rule: The Industrial Training Levy (Construction Industry) Order (Northern Ireland) 2020.

1.2 This Statutory Rule is made in exercise of the powers conferred by Articles 23(2) and (3) and 24(3) and (4) of the Industrial Training (Northern Ireland) Order 1984. The Rule is subject to the negative resolution procedure.

2. Background, Purpose and Timing of S.R.

2.1 The Industrial Training Levy (Construction Industry) Order (Northern Ireland) 2020 enables CITB NI (formerly known as the Construction Industry Training Board) to fulfil its role and raise funding through a levy on employers in the industry. The purpose of the Board, as set in legislation, is to encourage the adequate training of those employed, or intending to be employed, in the construction industry in Northern Ireland. It has a strategic vision of establishing a training culture throughout the construction industry. It is funded through a statutory levy which is determined by a percentage of the payroll costs of employers in the construction industry.

2.2 The levy is to be imposed in respect of the period commencing on 1 September 2020 and ending on 31 August 2021.

2.3 The levy rate of 0.55% in respect of relevant earnings remains the same rate operating during the preceding levy period which expires on 31 August 2020 (see Industrial Training Levy (Construction Industry) Order (Northern Ireland) 2019 S.R. 2019 No.155).

2.4 An employer will be exempt from levy where the relevant earnings are less than £80,000 (which is the same threshold applied in the preceding levy period).

3. Consultation

3.1 The levy rate is established annually through a consultation process with construction industry employers. Due to Covid 19 this consultation has been very limited. The CITB NI has recommended the department set a levy rate of 0.55%. The department is content to apply this rate for a further year until 31 August 2021 to maintain the status quo and consistency.

4. Section 24 of Northern Ireland Act 1998 / Equality Impact

4.1 The Department considers the Order to be compliant with Section 24 of the

Northern Ireland Act 1998. The Rule is considered to have no impact on Human Rights or on Equality issues. This legislation involves neither the commencement of a new policy or a change of existing policy.

5. Regulatory Impact

5.1 A Regulatory Impact Assessment has not been prepared for this Rule as it does not place an additional burden on businesses, charities or voluntary bodies.

6. Financial Implications

6.1 This Rule imposes a levy of 0.55% on the payroll costs of employers in the industry and is the same rate that applied in the previous levy period.

6.2 This Rule exempts employers from paying levy where the relevant payroll costs are less than £80,000 (which is the same threshold applied in the preceding levy period).

6.3 There is a right of appeal against a levy assessment to an industrial tribunal.

7. EU Implications

7.1 Not applicable.

8. Parity or Replicatory Measure

8.1 This Rule is broadly similar to the equivalent GB Statutory Instrument, The Industrial Training Levy (Construction Industry Training Board) Order 2018 however; the levy rate that applies in Northern Ireland is agreed through local consultation with employers.

9. Additional Information

9.1 Not applicable.