EXPLANATORY MEMORANDUM TO

THE INDUSTRIAL TRAINING LEVY (CONSTRUCTION INDUSTRY) ORDER (NORTHERN IRELAND) 2021

S.R. 2021 No. 210

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) 2021.

1.2 This Statutory Rule is made in exercise of the powers conferred by Articles 23(1), (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) 2021 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 2021 and ending on 31 August 2022.

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 2021 (see Industrial Training Levy (Construction Industry) Order (Northern Ireland) 2020 S.R. 2020 No.136.

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 CITB NI is legally required to consult employers in the construction sector on the annual levy proposals. The consultation commenced by formal letter on 23 March 2021 following the meeting of the CITB NI Board, when the draft budget for 2021-22 was approved. As normal, CITB NI's consultation is with NI Industry Federations who represent the in-scope employers within the sector.

3.2 At a meeting of the CITB NI Board held on 22 April 2021 it was resolved unanimously by the members, including all of the employer members present, that the Industrial Training (Construction) Levy, in respect of the forthcoming levy period (the fifty-seventh base period), should be set at 0.55% of earnings (emoluments). This keeps the levy rate the same as the current levy.

3.3 The department is content to set the levy rate at 0.55% for a further year until 31 August 2022 as it maintains 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

- This Rule is broadly similar to the equivalent GB Statutory Instrument, The Industrial Training Levy (Construction Industry Training Board) Order 2021 however; the levy rate that applies in Northern Ireland is agreed through local consultation with employers.

9. Additional Information

9.1 Not applicable.