



Subject:	Apprenticeship Levy Consultation
Date:	16 December 2016
Reporting Officer:	Ronan Cregan, Director of Finance and Resources, Jill Minne, Director of Organisational Development
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Is this report restricted?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

1.0	Purpose of Report or Summary of Main Issues
1.1	To seek Members' approval of the council's response to the Consultation on Northern Ireland response to the Apprenticeship Levy.
2.0	Recommendations
2.1	The Committee is asked to: <ul style="list-style-type: none">• Approve the council's consultation response for submission to the Department for the Economy in order to meet the response deadline of 23 December 2016.
3.0	Main report
3.1	<u>Key Issues</u> The Apprenticeship Levy will impact on private and public sector employers in Northern Ireland with a pay bill of over £3million. The levy, which is set at a rate of 0.5 per cent of an employer's pay bill, will be payable along with income tax and National Insurance through a PAYE system on a monthly basis from May 2017. Large employers such as Belfast City Council will have a levy allowance of £15,000 per year to offset against the levy that they

have paid

The consultation exercise seeks employers' views on five questions:

- 3.2
- Q1.** What do you think are the main issues for Northern Ireland employers from the introduction of the Levy?
 - Q2.** As a result of the Levy, what factors should the Department take into account to ensure appropriate training support is available in Northern Ireland?
 - Q3.** Will the Levy have an impact on your recruitment of apprenticeships? In what way?
 - Q4.** As a result of the Levy would you be more likely to use the programmes described in Annex B? In what way?
 - Q5.** Do you have any further comments on the introduction of the UK wide Apprenticeship Levy?

3.3

The council's draft responses to these five questions are set out in **Appendix 1**, but the key overriding message set out in this proposed response is that since 2005, Belfast City Council has offered 37 full apprentice opportunities for electricians, fleet technicians, joiners, painters, gardeners and since the launch of our Investment Programme in 2012, the council has provided over 1000 work placements and delivered 6 pre- recruitment and training programmes for job opportunities ring fenced to the long term unemployed. We are working to build on this success by co-designing and working with community planning partners and central government through a 'local works' approach to remove the barriers of those furthest removed from the labour market into employment – a key strand of the Programme for Government.

3.4

To 'turn the curve' and achieve the real outcomes set out in the PfG and the Council's community plan around economic inactivity and inequalities will however require significant resources and this new, mandatory taxation could negatively impact on the ability of the council to do this work.

3.5

Funds should therefore be devolved locally in order to ensure that people get the right skills, experience and advice to move into and progress in work, helping to remove inequalities and deprivation where it is most needed, particularly important given the likely impact of welfare reform.

Financial & Resource Implications

3.6	<p>Belfast City Council's levy is estimated at £455,000 per annum. In financial terms, however, its description as "Apprentice Levy" is debateable, as the consultation document highlights that the levy will not result in any noticeable additional funding being made to Northern Ireland Block. The levy is therefore essentially an additional employee overhead cost.</p> <p>As the amount of the levy directly correlates to the organisation's pay bill (calculated as 0.5%) it could also potentially discourage the creation of new jobs, as that would increase the value of the levy paid.</p> <p>The Levy will therefore mean an additional uncontrollable cost to Belfast City Council which will have to be passed to the ratepayer or be financed by diverting funds from front line services. The additional financial burden of the Apprentice Levy will also limit the ability of the council to fund investment in the key priorities for the city as set out in the "Belfast Agenda", in particular that of improving employability and skills in the city.</p> <p><u>Equality or Good Relations Implications</u></p> <p>Given the indication that the levy will not result in any noticeable additional funding being made to Northern Ireland Block, and is essentially an additional employee overhead cost, the potential negative impact of the levy on Council's ambition for inclusive growth for the city must be highlighted.</p>
4.0	Appendices – Documents Attached
	Appendix 1 - BCC draft consultation response