

Appendix 1 Apprenticeship Levy Consultation - Belfast City Council

Please note this form must be returned with your response

1. Are you responding as an:

- Employer likely to pay the Levy
- Employer unlikely to pay the Levy
- Training Provider
- Other (please state)

Belfast City Council is responding as an employer likely to pay the levy.

1. Full name or Organisation name: **Belfast City Council**
2. Do you employ;
Fewer than 10 employees Fewer
than 50 employees Fewer than
250 employees Greater than 250
employees

Belfast City Council employs more than 250 employees

3. Phone Number: **028 90320202**
4. Address: **City Hall, Donegall Square**
5. Postcode: **BT1 5GS**
6. Email: **minnej@belfastcity.gov.uk**

The Department for the Economy would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name;
- Publish response only (anonymous);
- Do not publish response.

Belfast City Council permits this response to be published with name.

We will share your response internally with other Northern Ireland Government officials who may be addressing the issues you discuss. We may wish to contact you again in the future but we require your permission to do so. Are you content for the Department to contact you again in relation to this consultation exercise?

Yes

Consultation Response

Q1. What do you think are the main issues for Northern Ireland employers from the introduction of the Levy?

1. One of the main issues is that this is an additional employee overhead cost applied at a time of budget austerity when Belfast City Council is already committed as part of its Efficiency Programme to achieving a £2million cash saving per annum for the period 2017/2018 to 2019/2020, in order to minimise the burden on the ratepayer of any increase in costs.
2. For Belfast City Council, the annual Levy is estimated at around £455,000 per annum.
3. While Belfast City Council is totally committed to realising the potential of its people and its economy by improving skills and employability as set out in the Council's draft community plan, the "Belfast Agenda and the Belfast Employability and Skills Framework 2015 to 2025 – it is concerned that the Levy payment of c. £455,000 per annum will have to be taken out of services' budgets – including economic development and skills development services already co-ordinated by the council.
4. The Levy also has the potential to compromise existing interventions which it has already put in place to enhance the local economy and foster employability and skills development.
5. There is also the potential for the Levy to reduce the quality and quantity of apprenticeships as some employers already contribute to existing levy funds , for example the Construction Industry Training Board Levy, set up to address the training needs of the construction industry, where employers already contribute 0.5% of payroll costs.
6. The ambiguity around the proposed collection methodology and how much of the collected levy will be distributed locally (within NI) is a major issue.
7. The levy represents an additional cost for employers whose employee costs are greater than over £3m. It is the Council's opinion that it is incorrectly described as an apprentice levy as it will not result in any noticeable funding to the Northern Ireland Block.
8. Belfast City Council is also aware that exemptions are being sought in neighbouring jurisdictions regarding public sector bodies providing (i) public services generally and (ii) skills development services specifically and it supports the exploration of these exemptions in the interests of avoiding administrative, fiscal and service duplication and negative service impact.

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?

1. Funds should be devolved locally in order for partners (e.g. councils, schools, colleges and employers) to increase the number and quality of apprenticeships and ensure citizens get the right skills, experience and advice to move into and progress in work, helping to remove inequalities and deprivation in those areas where this is most needed. This will be particularly important in light of the impact of welfare reform. A locally coordinated system would also lighten the burden of business allowing them to focus on increasing productivity and driving economic growth.
2. NI councils could, in a regionally coordinated way, be enabled as is the case in England, Scotland and Wales, to develop Local Government Apprenticeships through co-ordination (by councils) and investment of the Levy within local authorities.

Q3. Will the Levy have an impact on your recruitment of apprenticeships? In what way?

Since 2005, Belfast City Council has offered 37 full apprentice opportunities for electricians, fleet technicians, joiners, painters, gardeners. 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. It is seeking 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. 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. This new, mandatory taxation could negatively impact on the ability of the council to do so.

Q4. As a result of the Levy would you be more likely to use the programmes described in Annex B? In what way?

Belfast City Council wants to co-design and work 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. We are keen to engage with government apprenticeship and higher apprenticeship programmes; with a levy in place, Belfast City Council would wish to see more access to government funded programmes to offset against levy charges.

Q5. Do you have any further comments on the introduction of the UK wide Apprenticeship Levy?

Belfast City Council is fully supportive of government ambitions to improve the number and quality of apprenticeships but this levy has unfortunately, the potential to negatively impact on the ability of Belfast City Council to fund investment in the key priorities of the “Belfast Agenda”, one of which is improving employability and skills in the city and assisting those furthest removed from the about market into real and good jobs.

It is critical that the money raised from the levy is used in the most effective way – supporting local government and its community planning partners to play a leading role in improving employability and skills and consequently impacting on the economy, deprivation, and inequalities. Apprenticeship Levy money should be used to support local interventions to help achieve the economic and social outcomes set out in the PfG .