

For immediate release

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CITB sets out plan to support sector's skills-based recovery as Levy bills cut

- No Levy payments before September and then, up to 12 months to pay
- Next year's Levy bills to be delayed and 50% cut proposed
- Skills Stability Plan protects apprenticeships, Grants Scheme and employer funding
- Consensus will not take place this year to allow focus on recovery

CITB has today announced its plan to help employers recover from the impact of Coronavirus, including a substantial reduction in Levy bills.

The *Skills Stability Plan 2020-21* protects apprenticeships and provides direct funding to employers to adopt new ways of working needed in the wake of Covid-19.

Employers will continue to have a payment holiday on the Levy until September and then up to a full year to pay the 2020/21 levy. In addition, CITB will propose a 50% discount on the 2021/22 Levy rate. This means employers will pay 18 months' Levy out of 24, making an overall saving of 25% across two years, providing help when it is most needed.

An employer with an average annual levy bill of £1,200 would normally pay £2,400 over 2020-22. Instead, they will pay nothing from April to August this year and then take advantage of spreading the costs – £100 per month up to February 2022, paying £1,800 overall.

These changes will see CITB's forecast Levy income drop by £166m across two financial years. Despite this large drop in income, the *Skills Stability Plan* will protect apprenticeships, direct funding to employers and the Grants Scheme. CITB is also cutting costs and using its reserves to support employers' skills needs.

CITB will work with other industry partners to support workers who have lost their jobs or seen their apprenticeship disrupted, matching them with a new employer, including through exploring a talent retention scheme. This will build on the support already provided to help apprentices complete their programmes through up-front grant payments to current year 2 and 3 apprentices, training materials being made available online and support from Apprenticeship Officers to allow learning to continue remotely.

The plan has also prioritised direct funding for employers through the Skills and Training Funds, with £8m earmarked for small and micro businesses, £3.5m for medium-sized businesses, with a £3m Leadership and Management Fund for large firms. This will help employers train to adapt to the new working environment and update the skills of their workforce.

CITB Chief Executive Sarah Beale said: "This represents a radical plan of action that balances the need for a reduction in the Levy at this time, alongside vital investment in the skills needed by employers now and in the future.

"It is the result of hundreds of conversations with employers across the length and breadth of Britain and I'm confident it meets the sector's immediate needs. We are committed to

making the Levy work hard to protect apprenticeships and support hard-pressed employers as they equip themselves for the challenges and opportunities ahead.”

CITB will now seek the views of industry employers and federations about the development of a new strategic plan, covering 2021-23, with the plan expected to be published in September.

Sarah Beale continued: “We have spoken to employers and federations and most have suggested that they want us to focus full-time on helping the industry meet the challenges posed by Covid. We have confirmed with the Department for Education that we will not run the usual Consensus process and instead we will speak to employers and industry groups to seek their views on our plans for next year.

“We will continue to be responsive and collaborative, working closely with the sector and Government to return the industry to growth. We will listen to industry and respond to its priorities and give every employer the confidence that we wish to understand and learn from their concerns and ambitions.”

Mark Reynolds, Mace Group Chief Executive and Skills Workstream Lead at the Construction Leadership Council (CLC), said: “Our industry has come together to develop an effective plan to come back from the effects of Covid-19, as detailed in the CLC’s *Roadmap to Recovery* document. CITB’s Skills Stability Plan builds on this work and clearly outlines how they will play their part in delivering the skills we need. We very much support efforts made by the CITB to substantially reduce the Levy. It is right that Consensus is delayed so we can work together to make sure that our recovery, still in its early stages, is as strong as possible.”

ENDS

For media enquiries, contact the CITB Press Office at press.office@citb.co.uk or call Richard Purnell on 07786336243.

Notes to editor

About CITB

CITB supports the skills needs of construction across England, Scotland and Wales. It attracts talent to the construction sector so employers have an adequate recruitment pool, and encourages employers of all sizes to access the skills and training necessary to grow their businesses.

1. Details of expected Levy bill process – what will be billed when for payment when

The 2019 Levy Assessment that was due to be sent to employers in April 2020 will now be sent to employers in August 2020. For employers opting to pay this bill by Direct Debits, the payments will run for up to 12 months from September 2020 to August 2021.

The 2020 Levy Assessment will be deferred for six months and sent to employers in August 2021. The rates proposed for this assessment will be half the value that would ordinarily have been applied - so if the agreed Levy rates remain at 0.35% for PAYE and 1.25% for Net paid sub-contractors then these will halved so only half of the assessment will be levied. Employers opting to pay by Direct Debits will pay this assessment in up to six monthly instalments between September 2021 and February 2022. The final rate

proposals for 2021 are due to be approved by the CITB Board in August 2020, and submitted to for the Department for Education to consider and present to Parliament.

2. CITB had explored whether it would be possible to retrospectively amend the current (2018) Levy Order, this would have required government intervention but discussions with DfE indicated that it wouldn't be possible to do in time.
3. As a result of this decision, CITB's Levy income over the two-year period, 2020-22 will fall by £166 million. CITB's cash reserves, which stood at £95 million, are expected to fall to £17 million by the end of August and to £8 million by the end of March.
4. **Details of expected Levy Order process**
Consensus will not now be taking place in the late summer of 2020 as previously planned. Instead CITB, guided by the industry-led Levy Working Party (LWP) will develop initial Levy Proposals and will consult with industry federations on priorities for industry skills support over the next two years. Levy Proposals and the proposed strategic plan will be considered by the CITB board and submitted to the Department for Education (DfE) in late September 2020.

DfE is then expected to submit a new Levy Order to Parliament.