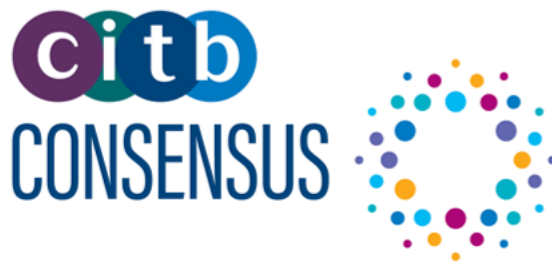


Consensus 2025

Draft Levy Proposals Consultation Report

Dec 2024





Introduction

As part of the Consensus 2025 process, CITB consulted with construction employers on the draft CITB Levy Proposals 2026-29. The Consultation was open from 26th September to 24th October 2024. Responses were collected by two methods; an online consultation portal and 10 online consensus webinars across England, Scotland and Wales, hosted by CITB.

This form of engagement provided industry with the opportunity to consider and provide views on the draft Levy Proposals before the formal Consensus period, which is planned to take place during the spring of 2025.

CITB has used the information obtained during Consultation to assess whether its proposals are appropriate and adequate; or revised proposals necessary before running Consensus.

This report summarises the key findings from the questionnaire being delivered by CITB using the On-line consultation portal and responses from the 10 online consensus webinars.

The results from consulting on the draft Levy Proposals are provided within Section 1.

Summary

The Consultation process is an important part of gathering industry views in the run up to Consensus.

Even with limited participation, industry provided an agreement of 68% for Option 2 of the draft Levy Proposals, to maintain current Levy rates and Increase the Small Business Exemption Threshold to £150,000 and increase the Small Business Reduction Threshold to £500,000.

CITB is grateful to all employers who have taken their time to provide their views and comments. Alongside other industry engagements, including discussions with industry trade federations, these will now form part of the body of evidence that will be used in our plans to support industry moving forward.

Response to the 2025 Consultation

With 222 participating employers, there was a far lower response rate than originally anticipated, this equates to approximately 0.3% of employers registered with CITB.

All Levy registered employers received a direct invitation via email or post, as well as the opportunity to join online employer webinars, social media invites and other CITB communications. They could take part via the dedicated online consultation channel or during the webinars.

Appendix A. provides the number of responses by nations, region, size, Levy/non-Levy payer, grant/non grant recipient, represented and activity type. It is not a sample representative of the CITB Levy register with low responses from non-Levy payable and Micro sized employers. There was a more even split across the size of employers responding to this consultation, whereas the CITB Levy register comprises of Micro employers equating to over 50% of all employers (22% of all responses were Micro).

Section 1 - Levy Proposal Question

Consulting on the draft Levy Proposals.

In 2024 two options were approved by the CITB Board and put forward for consultation:

Option 1: Maintain current Levy rates, Levy Exemption and Reduction Thresholds. (No change)

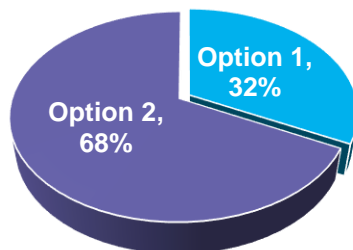
- 0.35% on PAYE staff
- 1.25% on NET paid (Taxable) CIS sub-contractors
- Wage bill: £0 - £134,999. Employer exempt from paying Levy.
- Wage bill: £135,000 - £449,999. Employer receives a 50% reduction on their Levy assessment.

Option 2: Maintain current Levy rates and **Increase** Levy Exemption and Reduction Thresholds.

- 0.35% on PAYE staff
- 1.25% on NET paid (Taxable) CIS sub-contractors
- Wage bill: £0-£149,999. Employer exempt from paying Levy.
- Wage bill: £150,000 - £499,999. Employer receives a 50% reduction on their Levy assessment.

Employers were asked “Of the two Levy Proposal options, which would you prefer? 222 employers participated with 32% selecting “Option 1” and 68% selecting “Option 2”. as illustrated in Chart.1.

Chart 1. Agreement with Levy Proposals



Option 1 – No change
Option 2 – Increase thresholds

Out of scope and duplicates

The Levy Consultation was open to any employer who is registered with CITB and has a Levy registration number (In scope). As more than one person from a company was welcome to the webinars, at registration it was captured, who had the authority to respond to the draft Levy Proposals question on behalf of their company.

During the consultation we received two responses from employers that are “Out of scope” as they are not Levy Registered employers and five employers completed it twice. One employer completed twice on the online platform and was most likely uncertain they had submitted a response already. Two employers during the webinars had multiple people complete during the event and two employers had provided responses during the webinar and also completed on the online consultation portal. In each of these cases, the duplicate response has been removed and excluded from all results.

Likely Levy Payers

Likely Levy paying employers are defined as employers who CITB expects to be liable to pay Levy in the period covered by the resulting Levy Order.

There were 204 likely Levy paying employers who responded to this section of the questionnaire. 67 selected “Option 1 – No change” (33%) and 137 selected “Option 2 – Increase thresholds” (67%) as illustrated in Chart.2.

This analysis shows that both the likely Levy payers and non-Levy Payers (as illustrated in Chart.3) are more in agreement of the proposal to increase thresholds (“Option 2) than no change.

Chart 2. Agreement with Levy Proposals
Responses from likely Levy payers
(204 responses)

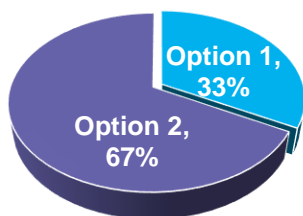
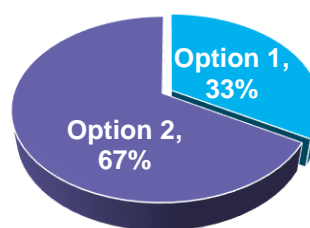


Chart 3. Agreement with Levy Proposals
Responses from likely NON Levy payers
(12 responses)

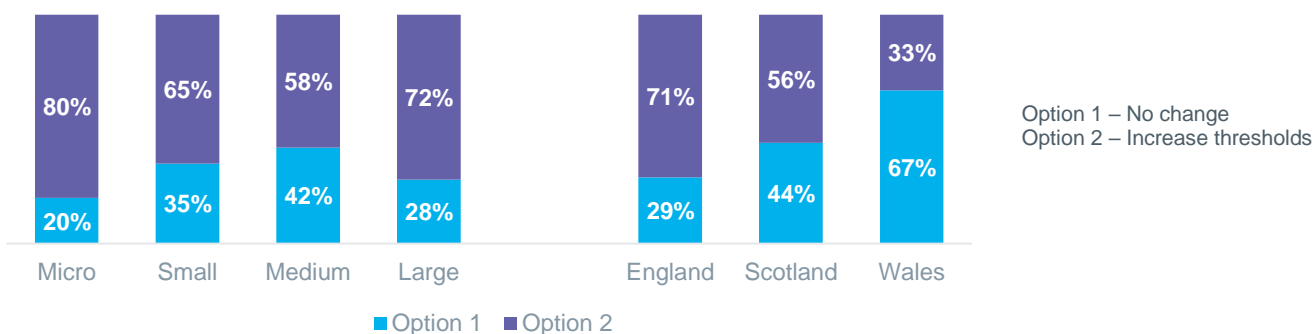


Across each size employer the majority are more supportive of the “Option 2 – Increase thresholds” Levy Proposals. Medium employers were slightly more supportive of “Option 1 – No change” than the other employers (42%), however “Option 2 – Increase thresholds was still the preferred draft Levy Proposals.

Employers in Wales are most likely to be in agreement with the draft Levy Proposals “Option 1 – No change” at 67%, while employers in England are most likely to be in agreement with “Option 2 – Increase thresholds” (71%). Employers in Scotland are more evenly split between option 1 (44%) and Option 2 (56%)

Responses were collected from each region in England and while they all selected “Option 2 - Increase thresholds” as the preferred draft Levy Proposals overall, the South East (55%) and London (63%) had a slightly lower preference for Option 2 than the other regions.

Chart 4. Agreement with Levy Proposals



Comment Question 1

There was an open-ended question asking respondents to identify any relevant information that they feel CITB should consider before the Levy Proposals are finalised. In total, 102 comments have been left in response to this question. This report will split the comments by (a) Option 1 – no change Levy Proposals and (b) Option 2 – Increase thresholds Levy Proposals

A code frame has been developed for each of these questions, using summary themes to group a number of more detailed codes. The discussion below will refer to both these overarching themes and, where appropriate, some of the more commonly referenced codes for the 102 comment responses received. There can be multiple comment codes from an individual employer's comment.

Question 1 (a)

Of the employers who agree with Option 1 – No change Levy Proposals, 25 employers have left a response. Three overarching themes have been identified from these comments: Opinion on the options, suggestions, and general comments about the Levy and CITB.

Opinion on the options:

This theme has been used to capture comments expressing an explicit preference to keeping the Levy Proposals the same and why. 8 comments have been coded under this theme. 4 referenced the current and future market conditions and the economic changes impact on employers, 2 employers expressed the view that everyone should pay something, and 2 are happy with no changes.

- *“There isn't much difference between the two options, but as employers become busier with employing people, and training, their own cost will rise.”*
- *“Feel it is unfair that levy payers are subsidising non levy payers. Small businesses tend to have lower overheads, partly as they don't pay levy, and it is difficult for us to compete against them due to our higher overheads including a large levy payment.”*

Table 1. Illustration of comments provided under five different topics

Description of opinion on the options	Number of comments per category
Market conditions and cashflow	3
All employers should pay something	2
Economic changes and wage increases	1
Employer happy no increase	1
Happy with exemption thresholds as they are	1

Suggestions:

There were numerous suggestions, and these were separated into 2 different themes: Levy related suggestions and Grant related suggestions. 15 Comments have been coded under these themes.

Levy Suggestions

This theme has been used to capture comments with alternative views on the Levy and its calculations.

- *“I’m not sure the reduction threshold is needed. Small employers will already pay a very small amount as it is per employee; does it need to be reduced further? For very small employers, I agree that it is good to remove the administrative burden by making them exempt”*
- *“The CITB should review the use of umbrella companies and the effect this has on the Levy paid.”*
- *“Consider whether the levy should be collected on wages paid to employees who are not within scope to receive CITB funding towards their training.”*

Table 2. Illustration of comments provided under four different topics

Description of Levy suggestion	Number of comments per category
Micro/small businesses should be exempt	4
Make Levy profit based rather than employment based	2
Levy calculations	1
How much is construction based should be considered	1

Grant Suggestions

This theme has been used to capture comments around the grant and funding scheme:

- *“The grant system leads to inflated training prices, that is doing no good for the industry.”*
- *“We are looking at reducing apprentices due to the increasing cost year on year despite an industry struggling with labour - apprentice support is needed, increased funding, increased support from colleges and signing off.”*

Table 3. Illustration of comments provided under four different topics

Description of Grant and funding suggestion	Number of comments per category
Grants in general	3
Courses don't attract grant	2
Easier access to Grants/Funding	1
Keep Grants/Funding	1

General comment towards Levy/CITB:

This theme has been used to code comments expressing opinions on the Levy and CITB. 13 comments have been coded under this theme. The main comment codes are: 10 don't agree with the Levy or it's not good value for money. 2 agree that it encourages training and 1 has an opinion on how the Levy should be spent:

- *“We have a great Local area contact, who has been invaluable in organising courses and creating contact between local businesses re training. I think all areas should have this assistance as it makes a difference to us in terms of knowing what courses are out there and what support we can access from CITB.”*
- *“I don't agree with the whole levy system, it penalises companies like mine that haven't made any profit due to bankrupt clients and the likes.”*

Table 4. Illustration of comments provided under four different topics

Description of opinion towards Levy/CITB	Number of comments per category
Don't agree with Levy	6
CITB/Levy is not good value for money	4
Encourages training	2
CITB spending of Levy	1

Question 1 (b)

Of the employers who agree with Option 2 – Increase thresholds Levy Proposals, 61 employers have left a response. Again, three overarching themes have been identified from these comments: Opinion on the options, suggestions, and general comments about the Levy and CITB.

Opinion on the options:

This theme has been used to capture comments expressing an explicit preference to increasing the thresholds. 24 comments have been coded under this theme. The main comment codes have referenced the market conditions and the economic changes, and increasing the thresholds would come more in line with this impact on businesses. It is seen to be fairer for smaller businesses.

- *“We believe that the levy should benefit smaller businesses and increasing the threshold (albeit slightly) will benefit smaller companies. Wages have increased with inflationary pressures and minimum and living wage rises so an increase makes sense.”*
- *“With inflation and wage rises I think option 2 is a reasonable change. Companies may not be achieving any more productivity from the extra wages and expenses they outlay and therefore an increase in the level thresholds will help those businesses.”*

Table 5. Illustration of comments provided under five different topics

Description of opinion on the options	Number of comments per category
Economic changes/wage increase	12
Fair for small businesses	8
Happy with new exemption thresholds	2
Market conditions/cashflow	1
Employer Satisfied with proposal.	1

Suggestions:

There were numerous suggestions, and these were separated into 2 different themes: Levy related suggestions and Grant related suggestions. 61 Comments have been coded under these themes.

Levy Suggestions

This theme has been used to capture comments with alternative views on the Levy and its calculations. The main topics include: Understanding of the calculations and the effect of CIS, as well as what is considered “in scope”, also the consideration for profit based calculations and changing rates. 6 employers feel that the thresholds could be increased more and 3 that smaller employers should be exempt.

- *“Look at reducing levy rate on net paid CIS taxable as some main contractors have smaller CITB levy’s than the sub contract companies they use, as the sub-contractors use a lot more net paid CIS sub-contractors and most of the ones the main contractor pays are gross sub-contractors”*
- *“We are a small business but with today’s wage rates our wage bill is constantly increasing, these Exemptions and Thresholds won’t affect us, but I do believe they will help some. I do wonder if it would benefit from having separate thresholds for labour wage rolls and staff rather than including both together?”*
- *“I feel some thought should be given to companies facing financial difficulty now as opposed to a year ago. Paying the levy in arrears is a nightmare for smaller companies whose financial situation can literally change overnight. It’s especially uncomfortable for a company who’s been unable to claim due to the training requirement being out of scope.”*

Table 6. Illustration of comments provided under 11 different topics

Description of Levy suggestions	Number of comments per category
Levy calculations	8
CIS change / encourage PAYE	6
Increase threshold more	6
Change in scope	5

Alternative Levy suggestion	4
Micro/small businesses should be exempt	3
Make Levy profit based rather than employment based	3
Change rates	3
How much is construction based should be considered	2
Companies not registered	1
Make Levy based on number of employees	1

Grant Suggestions

This theme has been used to capture comments around the grant and funding scheme:

- *“Number of operatives vs office team that training and grant cannot be claimed against using levy.”*
- *“As a SME increasing the threshold is important to help us deliver more training which will allow us to tender for more work locally and for larger companies who require more certifications to get on site. The new scope of delivery of training which includes the operative having to do a 1 day training before been able to take a test even for a competent operator this is costly to us as an employer as we have to pay for that operative to be away from the job for 2 days and paying wages for 2 days when the extra days training is not required. If he is deemed as competent, he has received training on site already. The cost of this training can be as high as £750 upwards, but we can only claim £300 grant from CITB.”*
- *“Widening the courses covered by the levy, such as first aid and fire marshal course, which are a requirement for sites but presently are not covered by the levy. Also looking at other department which impact the running of a business and the support the CITB can offer them.”*

Table 7. Illustration of comments provided under three different topics

Description of Grant and funding suggestion	Number of comments per category
Courses don't attract grant	15
Grant other	3
Easier access to Grants/Funding	1

General comment towards Levy/CITB:

This theme has been used to code comments expressing opinions on the Levy and CITB. 31 comments have been coded under this theme. The main comments are that employers don't believe that the Levy/CITB is good value for money, don't agree with the Levy or being considered in scope:

- *“As certificates often last 3 to 5 years, our annual levy cost is greater than the real cost of training our full skilled workforce.”*
- *“I don't think the reductions and exemptions do enough for small businesses that do not benefit in any way from CITB. To us it is just another tax that we have to pay. Your recommendations might push people to move out of the construction industry for the reason stated above. Taxing small businesses to enable large businesses to benefit from your services is frankly appalling. would like to know what CITB does in relation to construction industry companies that have not registered with CITB at all, as opposed to those of us who are frankly mugs and signed up to it.”*
- *“Given the amount of money that has been taken from us by CITB in the last 10 years or so we want to see an option to vote against or opt out. The firms that pay into it and get something from it are welcome to it, but companies like us shouldn't be forced to pay if not getting anything back – it's not right, unjustified and quite frankly not dissimilar to extortion.”*

Table 8. Illustration of comments provided under 7 different topics

Description of opinion towards Levy/CITB	Number of comments per category
CITB/Levy is not good value for money	13
Don't agree with Levy	6
Disagree with being in-scope	4
CITB spending of Levy	3
Encourages training	3
CITB reforms needed	1
Employer not happy about 2 Levies	1

Appendix A

Agreement to Levy Proposals	Option 1	Option 2	Option 1 %	Option 2 %
Overall	72	150	32%	68%
England	57	137	29%	71%
Scotland	7	9	44%	56%
Wales	8	4	67%	33%
London	9	15	38%	63%
East Midlands & East of England	15	38	28%	72%
North East, Yorks and Humber	5	14	26%	74%
North West	4	11	27%	73%
South East	13	16	45%	55%
South West	3	15	17%	83%
Micro	10	39	20%	80%
Small	31	57	35%	65%
Medium	23	32	42%	58%
Large	7	18	28%	72%
Unknown size	1	4	20%	80%
Levy payer	67	137	33%	67%
Non-Levy payer	4	8	33%	67%
Unknown Levy payer	1	5	17%	83%
Grant claimant	59	124	32%	68%
Non grant claimant	13	26	33%	67%

% of all respondents	Count	%
Overall	222	100%
England	194	87%
Scotland	16	7%
Wales	12	5%
London	24	11%
East Midlands & East of England	53	24%
North East, Yorks and Humber	19	9%
North West	15	7%
South East	29	13%



South West	18	8%
Micro	49	22%
Small	88	40%
Medium	55	25%
Large	25	11%
Unknown size	5	2%
Levy payer	204	92%
Non-Levy payer	12	5%
Unknown Levy payer	6	3%
Grant claimant	183	82%
Non grant claimant	39	18%