Draft Order laid before Parliament under section 12(6) of the Industrial Training Act 1982, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2006 No.

EMPLOYMENT AND TRAINING

The Industrial Training Levy (Construction Board) Order 2006

Made - - - -	*2006*
Coming into force - -	*2006*

This Order is made in exercise of the powers conferred by section 11(2) and section 12(3) and (4) of the Industrial Training Act 1982(**1**) ("the Act").

The Order gives effect to levy proposals submitted by the Construction Industry Training Board pursuant to section 11(1) of the Act.

A draft of the Order was laid before Parliament in accordance with section 12(6) of the Act and approved by resolution of each House of Parliament.

The Secretary of State consulted Scottish Ministers pursuant to section 88(2) of the Scotland Act 1998(**2**).

In relation to the requirement set out at section 11(3) of the Act the levy proposals provide for the exemption of small employers.

The levy proposals include proposals for securing that no exemption certificates shall be issued by the Board and accordingly no proposals have been published under section 13(5) of the Act.

In relation to the requirements set out at section 11(5) of the Act the Secretary of State is satisfied that the proposals are necessary to encourage adequate training in the industry and the condition set out at section 11(6)(a) is met.

The levy to be paid by employers in the industry exceeds one per cent of their relevant emoluments (that is their payroll) and accordingly this levy order falls within section 11(7)(b) of the Act; the Secretary of State is satisfied that the amount to be paid by employers in the industry is appropriate in the circumstances.

Accordingly the Secretary of State for Education and Skills makes the following Order:

(**1**) 1982 c.10; sections 11 and 12 were amended by section 22(4) of, and paragraphs 10 and 11 respectively of Schedule 4 to, the Employment Act 1989 (c.38).

(**2**) 1998 c.46; the Construction Industry Training Board has been specified as a cross-border public authority for the purposes of section 88; see the Scotland Act 1998 (Cross-Border Public Authorities) (Specification) Order 1999; S.I. 1999/1319.

Citation and commencement

1. This Order may be cited as the Industrial Training Levy (Construction Board) Order 2006 and shall come into force on the seventh day after the day on which it is made.

Interpretation

2.—(1) In this Order—

(a) "assessment" means an assessment of an employer to the levy;

(b) "the base period" means the period of twelve months which commenced on 6th April 2004;

(c) "the Board" means the Construction Industry Training Board;

(d) "business" means any activities of industry or commerce;

(e) "the construction industry" does not include any activities of an establishment which have been transferred from the industry of the Board to the industry of another industrial training board by one of the transfer orders, but save as aforesaid, means any one or more of the activities which, subject to the provisions of paragraph 2 of Schedule 1 to the industrial training order, are specified in paragraph 1 of that Schedule as the activities of the construction industry or, in relation to an establishment whose activities have been transferred to the industry of the Board by one of the transfer orders, any activities so transferred;

(f) "emoluments" means all salaries, fees, wages, perquisites and profits whatsoever, except for pension contributions;

(g) "employer" means a person who is an employer in the construction industry at any time in the levy period;

(h) "the industrial training order" means the Industrial Training (Construction Board) Order 1964(**3**);

(i) "labour-only agreement" means any agreement or arrangement, either written or oral, not being a contract of service or of apprenticeship or for provision of professional services, between an employer and any other person or persons, the purpose of which is wholly or mainly the provision of services of such person or persons or of any other person or persons to the employer in his trade or business;

(j) "the levy" means the levy imposed by the Board in respect of the levy period;

(k) "the levy period" means the period commencing with the day on which this Order comes into force and ending on 31st March 2006;

(l) "notice" means a notice in writing;

(m) "the transfer orders" means the orders specified in the Schedule.

(2) Any references in this Order to an establishment that commences to carry on business or that ceases to carry on business shall not be taken to apply where the location of the establishment is changed but its business is continued wholly or mainly at or from the new location, or where the suspension of the activities is of a temporary or seasonal nature.

(3) For the purposes of this Order in the case of a construction establishment that is taken over (whether directly or indirectly) by an employer in succession to, or jointly with, another person, the person or persons carrying on the establishment on the day upon which this Order comes into force shall be treated as the employer of any person who was employed at any time in the base period at or from the establishment under a contract of service or of apprenticeship or under a labour-only agreement and that employer shall be assessed to levy in accordance with article 4.

(**3**) S.I. 1964/1079; a relevant amending instrument is S.I. 1992/3048.

Meaning of "construction establishment"

3.—(1) For the purposes of this Order "construction establishment" means an establishment engaged wholly or mainly in the construction industry during the necessary period.

(2) In this article "the necessary period" means—

(a) unless sub-paragraph (b) applies, a period (which need not be continuous) consisting of a total of 27 or more weeks falling within the base period; or

(b) in the case of an establishment that started to carry on business in the base period, a period (which need not be continuous) falling within the base period consisting of a total number of weeks exceeding one half of the number of weeks in the part of the base period starting on the day on which business was commenced and ending on the last day of the base period.

Imposition of the levy

4.—(1) The levy to be imposed by the Board on employers in respect of the levy period shall be assessed in accordance with the provisions of this article.

(2) The levy shall be assessed by the Board separately in respect of each construction establishment of an employer, but in agreement with the employer one assessment may be made in respect of any number of such establishments, in which case those establishments shall be treated for the purposes of that assessment as constituting one establishment.

(3) Subject to the exemptions in article 5 the amount to be assessed by way of levy in respect of a construction establishment (being an establishment carrying on business in the levy period) shall be A + B - C (and if A + B is less than C no levy shall be assessed) where—

A is an amount (rounded down where necessary to the nearest £1) equal to 0.5 per cent of the aggregate of the emoluments and payments intended to be disbursed as emoluments which have been paid or are payable by the employer to or in respect of persons employed by the employer in the base period.

B is the sum which (rounded down where necessary to the nearest £1) represents 1.5 per cent of all payments (other than payments which are not in respect of the provision of services) made to any persons during the base period under labour-only agreements in respect of work carried out at or from the establishment; and

C is the sum which (rounded down where necessary to the nearest £1) represents 1.5 per cent of all payments (other than payments which are not in respect of the provision of services) received by the employer during the base period from any other employers in the construction industry under labour-only agreements in respect of work carried out at or from the establishment.

(4) For the purposes of paragraph (3)—

(a) a person employed wholly in the supply of food or drink for immediate consumption or in agriculture (within the meaning of section 109(3) of the Agriculture Act 1947(**4**) or, as the case may be, section 85(1) of the Agricultural Holdings (Scotland) Act 1991(**5**)) shall be left out of account;

(b) a person who was normally working for an aggregate of less than 8 hours weekly shall be left out of account; and

(c) a company director remunerated solely by fees shall be left out of account but otherwise a company director (including a person occupying a position of director by whatever title he is called) shall be treated as employed.

(**4**) 1974 c.48.
(**5**) 1991 c.55.