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

DRAFT STATUTORY INSTRUMENTS

2001 No.

EMPLOYMENT AND TRAINING

The Industrial Training Levy (Engineering Construction Board) Order 2001

Made - - - -	*2001*
Coming into force - -	*2001*

Whereas the Engineering Construction Industry Training Board has submitted proposals for the raising and collection of a levy under section 11(1) of the Industrial Training Act 1982(**1**) ("the 1982 Act");

And whereas in pursuance of section 11(3) of the 1982 Act the said proposals include provision for the exemption from the levy of employers who, in view of the small number of their employees, ought in the opinion of the Secretary of State to be exempted from it;

And whereas the proposals are made in pursuance of section 11(4)(b) of the 1982 Act and the Secretary of State is satisfied that those proposals fall within section 11(5)(b) of the said Act ("the relevant proposals") and that they are necessary as mentioned in the said section 11(5), and that the condition mentioned in section 11(6)(a) of the 1982 Act is satisfied in the case of the relevant proposals;

And whereas the Secretary of State estimates that the amount which will be payable by virtue of the following Order by certain employers in the engineering construction industry will exceed an amount which he estimates as equal to one per cent. of relevant emoluments, but considers such amount appropriate in the circumstances, and the following Order therefore falls within section 11(7)(b) of the 1982 Act;

And whereas the Secretary of State has consulted the Scottish Ministers pursuant to section 88(2) of the Scotland Act 1998(**2**);

And whereas a draft of the following Order was laid before Parliament in accordance with section 12(6) of the 1982 Act and approved by resolution of each House of Parliament;

Now, therefore, the Secretary of State, in exercise of the powers conferred by sections 11(2), 12(2), (3) and (4) of the 1982 Act and of all other powers enabling him in that behalf, hereby makes the following Order:

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

(**2**) 1998 c. 46; the Engineering Construction Industry Training Board has been specified as a cross border 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 (Engineering Construction Board) Order 2001 and shall come into force on the seventh day after the day on which it is made.

Interpretation

2.—(1) In this Order unless the context otherwise requires:

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

(b) "the base period" means the period of twelve months that commenced on 6th April 2000;

(c) "the Board" means the Engineering Construction Industry Training Board(**3**), formerly known as the Engineerng Industry Training Board;

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

(e) "emoluments" means all emoluments assessable to income tax under Schedule E of the Income and Corporation Taxes Act 1988(**4**) (other than pensions), being emoluments from which tax under that Schedule is deductible, whether or not tax in fact falls to be deducted from any particular payment thereof;

(f) "employer" (except in article 4(4)(a)(i) below) means a person who is an employer in the engineering construction industry at any time in the levy period;

(g) "the engineering construction industry" means any one or more of the activities which are specified in paragraph 1 of the Schedule to the industrial training order (but subject to paragraph 2 of that Schedule) as activities of the engineering construction industry;

(h) "the industrial training order" means the Industrial Training (Engineering Board) Order 1964(**5**);

(i) "labour-only agreement" means any agreement or arrangement, either written or oral, not being a contract of service or apprenticeship, made between an employer and any other person or persons, the purpose of which is wholly or mainly the provision of services (including any incidental use of tools) 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 August 2001;

(l) "net labour only payments" shall be construed in accordance with article 5(2);

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

(n) "off site employee" means an employee (including a person employed under a labour-only agreement) other than a site employee;

(o) "site employee" means an employee (including a person employed under a labour-only agreement) the activities of whose employment take place wholly or mainly at a site where activities falling under paragraph 1(a) of Schedule 1 to the industrial training order are carried on;

(2) Any reference 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

(**3**) The Board was re-named by S.I. 1991/1305.
(**4**) 1988 c. 1.
(**5**) S.I. 1964/1086, amended by S.I. 1991/1305.

changed but its business is continued wholly or mainly at or from the new location, or where the suspension of activities is of a temporary or seasonal nature.

(3) For the purposes of this Order in the case of an 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 below.

(4) This Order applies to the activities of the engineering construction industry in so far as they are carried out in Great Britain or in so far as they are carried out in relation to employment to which the Employment Protection (Offshore Employment) Order 1976(**6**) applies.

Meaning of "leviable establishment"

3.—(1) For the purposes of this Order "leviable establishment" means, subject to paragraph (3) below—

(a) an establishment engaged during the necessary period wholly or mainly in the engineering construction industry; and

(b) an establishment (not falling within sub-paragraph (a)) at or from which persons were employed during the necessary period in any activities such as are mentioned in paragraph 1(c) of the Schedule to the industrial training order ((but subject to paragraph 2 of that Schedule) (related and administrative etc. activities).

(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.

(3) An establishment in respect of which—

(a) the sum of the emoluments and net labour-only payments referred to in article 5(1)(a) below does not exceed £75,000; and

(b) the sum of the emoluments and net labour-only payments referred to in article 5(1)(b) below does not exceed £1,000,000

is not, however, a leviable establishment.

Imposition of 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 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.

(**6**) S.I. 1976/766; the whole of the Industrial Training Act 1982 has been applied by the Employment Protection (Offshore Employment) Order 1976 for such purposes as are relevant to or in relation to persons in employment to which that Order applies (article 3 and Part I of the Schedule, paragraph 1); relevant amending instruments are S.I. 1977/588 and 1981/208.

(3) Subject to the provisions of paragraph (5) below the levy on each employer shall be assessed by the Board in respect of the emoluments and net labour-only payments paid by him to all persons specified in paragraph (4) below employed by the employer in the base period at leviable establishments of his and the amount of the levy shall be as specified in article 5 below.

(4) The persons referred to in paragraph (3) are,

(a) in the case of an establishment such as is mentioned in article 3(1)(a), all persons employed at or from the establishment except—

(i) any person undergoing a course of training as a seagoing officer or rating under an agreement in writing with an employer in the shipping industry, or with any organisation of employers in that industry or with any association of such organisations,

(ii) any person engaged wholly in agriculture (within the meaning of section 109(3) of the Agriculture Act 1947(**7**) or, as the case may be, section 85(1) of the Agricultural Holdings (Scotland) Act 1991(**8**)),

(iii) any person engaged wholly in the supply of food or drink for immediate consumption, or

(b) in the case of an establishment such as is mentioned in article 3(1)(b), all persons employed at or from the establishment wholly or mainly in any of the activities such as are mentioned in paragraph 1(c) of the Schedule to the industrial training order

and for the purposes of this paragraph 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 name he is called) shall be treated as employed.

(5) A charity within the meaning of section 506 of the Income and Corporation Taxes Act 1988 shall be exempted from the levy.

Amount of the levy

5.—(1) The levy assessed in respect of any leviable establishment shall be the aggregate of—

(a) an amount equal to 1.5 per cent. of the sum of—

(i) the total emoluments of all persons specified in article 4(3) who are site employees employed in the base period at or from the establishment by the employer, and

(ii) the total net labour-only payments made in the base period for such persons who are site employees,

where that sum exceeds £75,000; and

(b) an amount equal to 0.18 per cent. of the sum of—

(i) the total emoluments for all persons specified in article 4(3) who are off site employees employed in the base period at or from the establishment by the employer, and

(ii) the total net labour-only payments made in the base period for such persons who are off site employees,

where that sum exceeds £1,000,000.

(2) For the purposes of paragraph (1) above the net labour-only payments made in the base period is the difference between labour-only payments and labour-only receipts during that period (and where labour-only receipts exceed labour-only payments the net labour-only payments shall be zero) and for the purposes of this paragraph—

(**7**) 1947 c. 48.
(**8**) 1991 c. 55.