

FURTHER EDUCATION AND TRAINING ACT 2007

EXPLANATORY NOTES

COMMENTARY

Part 3: Industrial Training Levies

Sections 24 and 25: Amendments to the Industrial Training Act 1982

Levy proposals

105. **Section 24** amends section 11 of the Industrial Training Act 1982 (“the 1982 Act”).
106. The 1982 Act would, but for the amendments made by this Act, require an Industrial Training Board (ITB) to demonstrate that a levy proposal has the support of organisations representing more than half the employers who are likely to be liable for levy payments and organisations representing employers who together are likely to pay more than half the total amount of levy payable, before the Secretary of State imposes that levy on the industry. These representative organisations have traditionally taken the form of employer federations and trade associations. However, an increasing proportion of employers no longer choose to be members of such organisations. Without the amendments made by this Act, it would continue to be difficult for ITBs to demonstrate support for a levy among employers within their industry, even where this support exists.
107. This section amends the 1982 Act to allow support for levy proposals to be demonstrated by consulting more widely with employers, whether or not they are members of representative organisations. It allows the Secretary of State to make regulations about the detail of how support for levy proposals is to be demonstrated, including allowing a sample of employers to be consulted.

Three-Year Levy Orders

108. A levy order is an order issued by the Secretary of State requiring that employers in a given industry pay a levy and that the ITB for that industry collect and administer the levy. A levy order also includes provision for exempting employers from payment of the levy in appropriate cases.
109. Current practice is for ITBs to make proposals for levy orders annually. However, levy rates have remained unchanged for a number of years.
110. **Section 25** requires ITBs who wish to submit proposals for levy orders to submit proposals for three-year levy orders to the Secretary of State. These proposals must specify up to three levy periods for each three-year period. There are certain exceptions to this. The levy is imposed in respect of the levy period.
111. The ITB submitting the proposal for a three-year levy order must also specify a base period for each levy period of the proposed order. A base period is usually a period covering a financial year (6 April to 5 April) prior to the beginning of a levy period.

*These notes refer to the Further Education and Training Act
2007 (c.25) which received Royal Assent on 23 October 2007*

The emoluments to their workers and payments for sub-contract labour that are paid or payable by employers during a base period are used as the basis for calculating the levies due as a consequence of passing the proposed levy order.

112. The first and second levy proposals made by an ITB do not need to cover a three-year period; they may specify one levy period. Subsequent levy proposals, if the ITB chooses to make them, must cover a three-year period, subject to certain exceptions.