STATUTORY INSTRUMENTS

2026 No. 859

EMPLOYMENT AND TRAINING

The Industrial Training Levy (Engineering Construction Industry Training Board) Order 2026

Made - - - -	*21st July 2026*
Coming into force - -	*22nd July 2026*

The Secretary of State makes this Order in exercise of the powers conferred by sections 11(2) and 12(3) and (4) of the Industrial Training Act 1982 ("the Act")(**a**).

This Order gives effect to levy proposals submitted by the Engineering Construction Industry Training Board ("the Board")(**b**) to the Secretary of State in accordance with section 11(1) of the Act and provides for the levy to be imposed on employers in the industry, except in so far as they are exempted from it by this Order.

In accordance with section 11(3) of the Act, the Secretary of State is satisfied that the levy proposals make provision for the exemption of employers who, in view of the small number of their employees, ought in the Secretary of State's opinion to be exempted.

In accordance with section 11(4) and (5) of the Act, the Secretary of State is satisfied that the levy proposals submitted by the Board make appropriate provision in relation to exemption certificates and that the proposals are necessary to encourage adequate training in the industry.

The Secretary of State is satisfied that the condition in section 11(6)(a) of the Act is satisfied.

In accordance with section 11(7)(b) of the Act the Secretary of State estimates that the amount of the levy to be paid by at least some employers in the industry will exceed 1% of their relevant emoluments in respect of the base period for each levy period but the Secretary of State considers that this is appropriate in the circumstances.

(**a**) 1982 c. 10. Section 11(2) was amended by section 22(4) of, and paragraph 10(3) of Schedule 4 to, the Employment Act 1989 (c. 38). Section 12(3) was amended by paragraph 4 of Schedule 1 to the Further Education and Training Act 2007 (c. 25). Section 12(4) was amended by section 1(2)(a) of the Employment Rights (Dispute Resolution) Act 1998 (c. 8). There are other amendments to sections 11 and 12 which are not relevant.

(**b**) The Board was established under the Industrial Training (Engineering Board) Order 1964 (S.I. 1964/1086) as the Engineering Industry Training Board. The Industrial Training (Engineering Construction Board) Order 1991 (S.I. 1991/1305) re-named the Board as the Engineering Construction Industry Training Board and replaced Schedule 1 to the Industrial Training (Engineering Board) Order 1964 with a new Schedule 1.

The Secretary of State has consulted the Scottish Ministers as required by section 88(2) of the Scotland Act 1998(**a**).

In accordance with section 12(6) of the Act, a draft of this Order has been laid before, and approved by resolution of, each House of Parliament.

Citation, commencement and extent

1.—(1) This Order may be cited as the Industrial Training Levy (Engineering Construction Industry Training Board) Order 2026 and comes into force on the day after the day on which it is made.

(2) This Order extends to England and Wales and Scotland.

Interpretation

2.—(1) In this Order—

"assessment" means an assessment of an employer to the levy in respect of a leviable establishment;

"base period" is to be construed in accordance with article 4;

"the Board" means the Engineering Construction Industry Training Board;

"emoluments" means—

(a) all salaries, fees and wages,

(b) any gratuity or other profit or incidental benefit of any kind obtained by an employee, if it is money or money's worth, other than pensions contributions, and

(c) anything else that constitutes, or is intended to constitute, earnings of the relevant employment;

"employer", other than in article 3(2), means an employer in the engineering construction industry;

"the engineering construction industry" means—

(a) the activities of the engineering construction industry as specified in Schedule 1 to the Industrial Training Order; or

(b) activities—

(i) which fall within the description of activities in article 2(1) of the Employment Protection (Offshore Employment) Order 1976(**b**) (excluding the activities described in article 2(2) of that Order), and

(ii) which would fall within the activities of the engineering construction industry as specified in Schedule 1 to the Industrial Training Order if they were carried out in Great Britain;

"the Industrial Training Order" means the Industrial Training (Engineering Board) Order 1964(**c**);

(**a**) 1998 c. 46. The Engineering Construction Industry Training Board has been specified as a cross-border public authority for the purposes of section 88 of the Scotland Act 1998 by S.I. 1999/1319.

(**b**) S.I. 1976/766, as amended by S.I. 1977/588 and S.I. 1981/208.

(**c**) S.I. 1964/1086, as amended by S.I. 1991/1305. There are other amendments to the original order but these are not relevant.

"labour-only agreement" means any agreement or arrangement (other than a contract of service or apprenticeship) between an employer and any other person, the purpose of which is wholly or mainly the provision of services (including any incidental use of tools) of such a person or any other person to the employer in their trade or business;

"leviable establishment" has the meaning given in article 5;

"the levy" means the levy imposed in respect of a levy period;

"levy period" is to be construed in accordance with article 3(1);

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

"the relevant base period" means the base period for a particular levy period by reference to which the relevant emoluments are to be calculated;

"site employee" means an employee (including a person engaged 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)(i), (iii) or (iv) of Schedule 1 to the Industrial Training Order are carried on.

(2) In this Order, references to a leviable establishment starting or ceasing to be engaged in the engineering construction industry do not include instances where—

(a) a leviable establishment starts to be engaged in the engineering construction industry after, or ceases to be engaged in that industry because of, a suspension of activities of a temporary or seasonal nature, or

(b) the location of a leviable establishment changes but the establishment continues to be engaged in the engineering construction industry from the new location.

Imposition of the levy

3.—(1) A levy is to be imposed in respect of each of the following levy periods—

(a) the period commencing with the day on which this Order comes into force and ending with 31st December 2026 ("the first levy period"),

(b) the period commencing with 1st January 2027 and ending with 31st December 2027 ("the second levy period"), and

(c) the period commencing with 1st January 2028 and ending with 31st December 2028 ("the third levy period").

(2) Subject to article 9, a person is liable to pay an amount by way of levy in respect of a levy period if that person is an employer in the engineering construction industry at any time in that period.

Base periods

4.—(1) The base period for the first levy period is the twelve months commencing with 6th April 2025.

(2) The base period for the second levy period is the twelve months commencing with 6th April 2026.

(3) The base period for the third levy period is the twelve months commencing with 6th April 2027.

Leviable establishments to be assessed

5.—(1) The Board must assess the amount of levy to be paid in respect of each leviable establishment of an employer.

(2) In this Order, "leviable establishment" means an establishment engaged wholly or mainly in the engineering construction industry for a period (which need not be continuous)—

(a) consisting of a total of 27 or more weeks falling within the relevant base period, or

(b) in the case of a leviable establishment which started being engaged in the engineering construction industry during the relevant base period—

(i) falling within the relevant base period, and

(ii) consisting of a total number of weeks exceeding one half of the number of weeks in the part of the relevant base period starting with the day on which the leviable establishment started being engaged in that industry and ending with the last day of the relevant base period.

(3) In this article, an employer is to be treated as the employer of all persons employed at or from a leviable establishment during the relevant base period where—

(a) the employer owns or otherwise has responsibility for the leviable establishment on the last day of the relevant levy period, or

(b) where a leviable establishment ceases to be engaged in the engineering construction industry before the last day of the relevant levy period, the employer owned or otherwise had responsibility for the leviable establishment immediately before it ceased to be engaged in that industry.

Treatment of leviable establishments as one establishment

6. The Board and an employer may agree that two or more leviable establishments of that employer be treated as one leviable establishment for the purposes of assessment of the amount of levy payable.

Assessment of amount of levy

7.—(1) The amount of levy to be assessed in respect of site employees for each leviable establishment is—

$$1.2\%\ of\ (A + B - C)$$

where

A is the total emoluments of all persons who are site employees employed by the employer at or from the leviable establishment under a contract of service or apprenticeship during the relevant base period received in connection with their employment at or from the leviable establishment;

B is the sum of all payments (including payments for the incidental use of tools) made or owed by the employer under labour-only agreements for services rendered to the employer during the relevant base period by site employees for the leviable establishment;

C is the sum of all payments (including payments for the incidental use of tools) received by or owed to the employer from any other employers under labour-only agreements for services rendered during the relevant base period by the employer, or on the employer's behalf, by site employees for the leviable establishment.

(2) The amount of levy to be assessed in respect of off site employees for each leviable establishment is—

$$0.33\ \%\ of\ (D + E - F)$$

where

D is the total emoluments of all persons who are off site employees employed by the employer at or from the leviable establishment under a contract of service or apprenticeship during the relevant base period received in connection with their employment at or from the leviable establishment;

E is the sum of all payments (including payments for the incidental use of tools) made or owed by the employer under labour-only agreements for services rendered to the employer during the relevant base period by off site employees for the leviable establishment;

F is the sum of all payments (including payments for the incidental use of tools) received by or owed to the employer from any other employers under labour-only agreements for services rendered during the relevant base period by the employer, or on the employer's behalf, by off site employees for the leviable establishment.

(3) In paragraphs (1) and (2) the following are to be excluded from all calculations—

(a) all payments made to company directors remunerated solely by fees;

(b) all payments under labour-only agreements to the extent that any payment is—

(i) in respect of the provision of materials, or

(ii) otherwise not in respect of the provision of services.

(4) If an amount calculated as a result of either paragraph (1) or (2) is negative, that amount is treated as zero for the purposes of paragraph (5).

(5) The amount of levy to be assessed in respect of each leviable establishment is the aggregate of the amounts calculated as a result of paragraphs (1) and (2).

(6) Where a leviable establishment ceases to be engaged in the engineering construction industry during a levy period, the amount of levy imposed in respect of the leviable establishment for that period is to be in the same proportion to the amount that would otherwise be due under this article as the number of days between the commencement of the levy period and the date of the cessation of engagement (both dates inclusive) bears to the number of days in the levy period.

Total amount of levy

8. The total amount of levy to be paid by an employer is the aggregate amount of levy for all leviable establishments of the employer.

Exemptions

9.—(1) An employer in whose case the aggregate of—

(a) all emoluments of all persons who are site employees employed at or from the leviable establishments of the employer under a contract of service or apprenticeship in the relevant base period, and

(b) all sums (including payments for the incidental use of tools) paid in the relevant base period by the employer to any person under labour-only agreements for services rendered to the employer by site employees,

is less than £275,000 is exempt from payment of all amounts of levy calculated in respect of site employees under article 7(1).

(2) An employer in whose case the aggregate of—

(a) all emoluments of all persons who are off site employees employed at or from the leviable establishments of the employer under a contract of service or apprenticeship in the relevant base period, and

(b) all sums (including payments for the incidental use of tools) paid in the relevant base period by the employer to any person under labour-only agreements for services rendered to the employer by off site employees,

is less than £1,000,000 is exempt from payment of all amounts of levy calculated in respect of off site employees under article 7(2).

(3) The persons and payments listed in article 7(3) as those to be excluded from all calculations in paragraphs (1) and (2) of article 7 are also to be excluded from all calculations in paragraphs (1) and (2) of this article.

(4) Any body of persons or trust established for charitable purposes only is exempt from the levy.

Assessment notices

10.—(1) The Board must serve an assessment notice on every employer assessed to the levy.

(2) An assessment notice may comprise two or more assessments.

(3) An assessment notice must state—

(a) the total amount of levy payable by the employer under the assessment notice,

(b) where the assessment notice comprises two or more assessments, the total amount of levy payable by the employer in respect of each assessment,

(c) whether each assessment is based on—

(i) information submitted by the employer to the Board, or

(ii) a reasonable estimate by the Board of the employer's liability to levy,

(d) the methods of payment of the levy which the Board will accept, and

(e) the addresses for service of a notice of appeal and an application for an extension of time for appealing.

(4) The Board may—

(a) withdraw any assessment contained in an assessment notice in accordance with article 11, or

(b) amend any assessment contained in an assessment notice in accordance with article 12.

Withdrawal of assessments

11.—(1) In order to withdraw an assessment the Board must serve a withdrawal notice on the relevant employer.

(2) The withdrawal notice must make clear which assessment is withdrawn.

(3) Where an assessment has been withdrawn the assessment notice has effect as if the assessment withdrawn by the Board had not been included in that assessment notice.

Amendment of assessments

12.—(1) In order to amend an assessment the Board must serve an amended assessment notice on the relevant employer.

(2) The amended assessment notice referred to in paragraph (1) must—

(a) comply with the requirements for an assessment notice specified in article 10(3), and

(b) make clear which assessment is amended.

Service of notices

13. Notices under articles 10, 11 and 12 must be in writing and served on an employer assessed to the levy by—

(a) delivering the notice to the employer personally,

(b) delivering the notice to the employer's last known address, place of business or registered office,

(c) sending the notice by post to the employer's last known address, place of business or registered office, or

(d) where the employer has notified the Board of an e-mail address at which the employer is content to accept service, sending an electronic copy of the notice to that e-mail address.

Time at which payment becomes due and recoverable

14.—(1) The amount of levy payable under an assessment notice is due and payable by the employer on the last day of a period of one month beginning with the date of service of the assessment notice, unless paragraph (2) or (3) applies.

(2) Where the Board has withdrawn an assessment under article 11, the amount of levy in respect of that assessment is no longer due and payable.

(3) Where the Board has amended an assessment in accordance with article 12—

(a) if the amount of levy in respect of that assessment has been increased—

(i) the amount of the assessment prior to amendment remains due and payable by the employer on the last day of a period of one month beginning with the date of service of the original assessment notice, and

(ii) the additional amount of the assessment is due and payable by the employer on the last day of a period of one month beginning with the date of service of the amended assessment notice;

(b) if the assessment has been reduced, the amended amount of the assessment is due and payable by the employer on the last day of a period of one month beginning with the date of service of the original assessment notice.

(4) Any amount payable by an employer by way of the levy—

(a) is not recoverable by the Board during any period in which that employer has pending either—

(i) an appeal against the levy, or

(ii) a request to allow more time to appeal;

(b) is otherwise recoverable once it becomes due.

Time to appeal

15. For the purposes of section 12(4) of the Industrial Training Act 1982, the time within which an employer assessed to the levy may appeal to an employment tribunal against the assessment is—

(a) one month beginning with the date of service of the assessment notice,

(b) where the Board has served an amended assessment notice under article 12, one month beginning with the date of service of the amended assessment notice,

(c) such further time as the Board may allow, or

(d) such further time as an employment tribunal may allow where the Board has not allowed an extension of time for appealing.

Certificate of payment

16.—(1) An employer may request a certificate from the Board as evidence that the employer has paid all sums due under—

(a) an assessment notice, or

(b) an amended assessment notice.

(2) The Board must issue a certificate to an employer when—

(a) the Board has received a request for a certificate from an employer, and

(b) all sums due under the relevant notice have been paid by that employer.

(3) The certificate must state—

(a) the total amount of levy paid by the employer, and

(b) that no further sums are due from the employer in respect of the relevant notice.

Signed on behalf of the Secretary of State for Work and Pensions

Smith of Malvern
Minister of State
Department for Work and Pensions

21st July 2026

EXPLANATORY NOTE

(This note is not part of the Order)

This Order gives effect to levy proposals of the Engineering Construction Industry Training Board ("the Board") which were submitted to the Secretary of State under section 11 of the Industrial Training Act 1982 (c. 10).

The levy proposals were for the imposition of a levy on employers engaged wholly or mainly in the engineering construction industry (as defined in article 2(1)) for the purpose of raising money towards meeting the Board's expenses.

The levy is to be imposed in respect of three levy periods, one in each of 2026, 2027 and 2028 (article 3).

The amount of levy to be assessed for each leviable establishment is calculated in accordance with article 7. This calculation is carried out with reference to the relevant base period (article 4). The total amount of levy payable by an employer is the aggregate amount of levy for all the employer's leviable establishments (article 8). An employer assessed to levy will receive a written assessment notice from the Board setting out the amount of levy payable by that employer (article 10). The levy is due and payable on the day falling one month after service of the relevant assessment notice (article 14). An assessment notice may be withdrawn by the Board and the Board may also serve an amended assessment notice (articles 11 and 12).

Article 9 makes provision for employers employing a small number of employees to be exempt from the levy.

An employer assessed to levy may appeal against that assessment. An appeal must be made within one month of the day of service of the relevant assessment notice, unless the employer is given an extension of time (article 15).

An impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Department for Work and Pensions, Caxton House, Tothill Street, London, SW1H 9NA and is available alongside the instrument on the www.legislation.gov.uk website.

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