



Media Release

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Industry calls for delay in introduction of apprenticeship levy

A delegation of industry bodies has called for the introduction of a controversial training tax to be postponed across the UK.

Following a meeting led by oil and gas industry skills organisation OPITO at Holyrood yesterday (Wed, Sep 14), senior leaders in OPITO, Aberdeen & Grampian Chamber of Commerce and Oil & Gas UK have warned that without more clarity and the resolution of outstanding issues, the UK Government's apprenticeship levy should be delayed across the country until 2018.

From April next year, all employers in the UK with an annual pay bill over £3million will have to contribute to the apprenticeship levy at a rate of 0.5% of their annual pay bill as a commitment to increasing apprenticeships.

The UK Government estimates that the levy will raise £3billion annually over the first five years following its introduction.

The delegation met with Jamie Hepburn MSP, Minister for Employability and Training, and Paul Wheelhouse MSP, the Minister for Business, Innovation and Energy, to discuss their concerns over the introduction of the levy.

As the policy is devolved, the organisations are asking the Scottish Government for clarity on how it will be implemented across borders, affecting companies operating across the UK.

They are also looking for clarity on how companies will be allowed to invest the revenues, notably the type of training that will be included and whether companies will be able to transfer the entirety of their own levy funds to other companies.

The delegation maintains that if these issues cannot be definitively addressed, the apprenticeship levy must be delayed across the UK.

John McDonald, UK managing director of OPITO, said with less than 2% of companies across the UK falling into the scope of the levy, the size and complexity of companies in oil and gas means the industry is likely to be disproportionately affected by its introduction.

“The oil and gas industry needs a clear understanding of how Scottish Ministers intend to implement the policy and the levy itself needs to be aligned and consistent across the four nations,” he said.

“Without that in place, the policy needs to be delayed. This is simply the wrong way to tax this industry and comes at a time when we least need the introduction of another tax, given the current climate in oil and gas.

“We need to act now to ensure that the implementation of the apprenticeship levy is fair and practical and that it will add legitimate value to skills development in the oil and gas workforce.

“We will continue to work with Ministers, however the lack of progress, absence of detail and clarity on a timetable is very disappointing.”

OPITO is also calling on Ministers to guarantee that oil and gas employers will have the flexibility to transfer up to 100% of their funding entitlement, not the 10% currently being proposed by the UK Government.

James Bream, research & policy director at Aberdeen & Grampian Chamber of Commerce, said: “The Minister understands the current consultation process is later than ideal for employers.

“No specific timescale was given for implementation plans to be released, but a commitment to deliver as soon as possible is useful, although neither definitive nor binding.

“We also believe the Minister understands that we need realistic solutions to ensure this additional money is spent by business to improve skills and productivity.

“To build confidence in the business community, we made it clear that identifying the scale of additional ring-fenced funding is critical.

“Businesses do not expect this levy to be lost into other government pots.”

Alix Thom, workforce engagement and skills manager with Oil & Gas UK, said: “Given our member companies are spread throughout the UK and different systems will apply in each administration, as well as the fact that our industry is facing immense challenges as a result of the oil price collapse, we believe the UK Government should delay the implementation of the levy for at least a year.

“There are too many unanswered questions, particularly in the devolved administrations, to allow employers to prepare fully for implementation of the levy in April 2017.”

Both the UK Government and Scottish Government held consultations on the levy over the summer. OPITO and the Chamber used yesterday’s meeting to reiterate the calls made in their formal responses.

Ends

Notes to editor

- Aberdeen & Grampian Chamber of Commerce (AGCC) is North-east Scotland's leading private sector, member-focused, business organisation. The Chamber represents more than 1,300 businesses with around 130,000 employees in the private sector covering all industry sectors, ranging in size from sole traders to multi-national corporations.
- Oil & Gas UK is the leading representative organisation for the UK offshore oil and gas industry. Its membership comprises oil and gas producers and contractor companies.
- OPITO is the oil and gas industry's focal point for skills, learning and workforce development. Headquartered in Aberdeen, the organisation develops targeted initiatives and programmes to ensure a sustainable supply of skilled individuals into the oil and gas industry both now and in the future. It does this by raising awareness of, and promoting the oil and gas industry as a career, providing coherent, informed guidance on careers paths, training opportunities and employment information. OPITO also gathers and analyses intelligence and research to inform the development of national skills solutions – building strategic partnerships, connecting industry stakeholders and facilitating effective collaborations. For more information visit www.opito.com

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