What do you think are the main issues for Northern Ireland employers from the introduction of the Levy?

This Levy is the latest additional Labour related cost to be applied to businesses in Northern Ireland which has diminished NI's competitive position in world markets. It comes on top of National Living Wage and Stakeholder Pension contributions. These add to an already poor manufacturing cost competitive position resulting from other government and local government policy areas including a 13% rise in business rates, an energy market (gas and electricity) which for the largest users is amongst the most expensive in Europe and additional transportation costs of getting raw materials to and finished goods from Northern Ireland. These have been exasperated by the 12% sudden shift in currency as a result of the EU Referendum result in June 2016.

The resulting position is that Northern Ireland is now one of the most expensive places for manufacturers to do business in the world.

From a Northern Ireland competitiveness within the UK perspective, most of the comments above also apply with the labour levies and policies such as Living Wage narrowing, soon to zero, the gap in wages with GB.

Manufacturing Northern Ireland support the need for skills development in order to create a competitive, innovative and export focused economy. Improving skills at every level of a business – including leadership as well as entry level roles – is critical to meeting business needs now and developing future growth.

However, the proposal to exclude employers in Northern Ireland from directly accessing the collected funding will be damaging to our competitive position. This Levy adds costs and provides nothing new back to employers – indeed there is no commitment from the Department that it will add to the funding available for skills development. This being the case, our firms will be at a significant disadvantage to competitors in GB. The Department must get equal access for employers in Northern Ireland to the digital accounts (or similar) to allow Northern Ireland's manufacturing firms to not lose more ground to GB.

The Levy will have an impact on the profitability and thus reinvestment potential of those companies affected (for some of our most strategically important manufacturers, this equates to an additional £250k+ to the wage bill next and each year beyond). It will stall recruitment for some and we know that it has been taken into consideration in wage negotiations resulting in lower offers that would otherwise have been provided.

One employer has told us they plan to shift some job roles out of Northern Ireland.

"From our own perspective, we run a payroll in N. Ireland for over 400 people but only 150 are working in N. Ireland so we will be paying levy for GB based employees that will be handed to the Executive. If this goes ahead we will look at moving those employees back to a GB payroll so as to recover the levy. In all likelihood the payroll admin jobs will also move to our GB sites. I imagine that many employers will be facing this issue. "

Other members have commented were that the Levy, and not having access to the funds collected, effectively means that larger firms could be funding the development of their smaller competitors.

Additionally, there is double damage to our members in construction materials manufacturing who will essentially be paying twice – for the Apprenticeship Levy and existing levies to support the Construction Industry Training Board. We believe the revenue raised in this sector should be set aside for CITB in Northern Ireland and reallocated back to employers, as will be the case in GB, through an enhanced grant system.

Fundamentally, whilst millions are to be collected there is NO indication from the Department that it intends to channel this money into Apprenticeships. It appears the Department are intent to simply add costs to business, diminishing competitiveness and not increasing skills investment – either via business or government schemes.

As a result of the Levy, what factors should the Department take into account to ensure appropriate training support is available in Northern Ireland?

The employers voice must have greater influence on how funding is prioritised and spent so that it appropriately meets business and economic need.

Whilst, the focus for apprenticeships is around 16-24 year olds, skills are a wider challenge particular in the context of the decision of the UK to exit the EU. Already employers are reporting that the availability of skilled workers, supplemented by EU nationals arriving in NI, is declining and this is impacting on their ability to fulfil orders. Additionally, there is a need to grow strong leadership within industry which will grow firms and widen their customer base.

Will the Levy have an impact on your recruitment of apprenticeships? In what way?

Most companies liable to pay the new Levy will take the amount due from their existing training and development budget. With no access to the funding, this means that plans to collect the levy to achieve the stated increase in the number of Apprentices and increase in skills investment will fail in Northern Ireland.

Our largest employers take on the most apprentices. These are also the firms who will be subject to this new levy. These additional costs will reduce the demand for apprenticeship positions.

For instance, with a wage bill of £15m, the levy payable will be £75k. This is the same as the investment in 7-10 apprentices. So, if you currently run an apprenticeship scheme (or pay the CITB levy) this investment is now not available.

When the Public Sector element is removed, it is reported that there is a net £24m being collected from the Private Sector from this Levy and increasing each year. Whilst we understand that, after the application of the Barnett Formula, the NI Executive may in fact receive a net negative amount back after its own levy payment, we believe that this is an issue which the Executive itself should resolve. If the ambition is to grow skills and Apprentices, then this £24m+ need to find its way back to employers as an additional sum, not simply to assist with balancing the Executives budget. The Executive have stated that skills are a prime driver of its new economic plan and that a rebalancing of the economy is underway – with business replacing jobs being lost in the public sector. With this being the case, it is counterproductive to simply lump additional costs onto business for no particular gain. The Executive's plans will fail if this is the case.

The Executive must find another place in its budget to address its own shortfall or return to Treasury to get a more acceptable deal which meets allows NI to help the Westminster Governments roll out and meet its ambitions under a new Industrial Strategy.

14 As a result of the Levy would you be more likely to use the programmes described in Annex B? In what way?

None of our businesses have said they would be more likely to take on Apprentices on the basis upon which the Department intend to operate the scheme.

Do you have any further comments on the introduction of the UK wide Apprenticeship Levy?

Northern Ireland is already way behind GB in its thinking about how this Levy will be used and distributed – certainly this has not been effectively communicated with employers. Employers are planning, looking to what their skills investments and delivery will look like. It should also be noted that not every employer follows the business year from April to March. Others have business plans and budgets already in place, some of these are already signed off by headquarters elsewhere in the world.

We urgently need clarity from the Department.

The intention appears to be to deviate from the UK system. This is possible as skills are a devolved matter. If the Department are not willing to offer the same UK access then there should be scope to introduce a local scheme which ensures that this additional skills funding is passed back to employers and into training. For instance, a 100% 'credit' on the levy they pay to HMRC if they can demonstrate it has been invested in apprenticeships (including those 25+) and leadership. This would help ensure the Department and the NI Executive meets its ambitions for the economy.

Finally, we would like assurances that the Department has taken legal advice deviating from the UK plan. Some employers have suggested that excluding contributors in Northern Ireland (many of have branches or sister firms in GB) from accessing the funding which they are contributing may be subject to Judicial Review.