

## Forum of Private Business (FPB)

### Skills Survey – December 2006



#### What is the FPB?

The Forum of Private Business (FPB) was formed in 1977 and is a pressure group fighting on behalf of private businesses. The FPB represents approximately 25,000 UK-based businesses, which employ in excess of 600,000 people.

We are active in the European Commission's social dialogue and are representatives of small and medium-sized enterprises in this country and in the European Union. The FPB has a permanent agent in Brussels, who is supported by an all-party group of MEPs.

The FPB also provides a range of business services aimed at increasing member efficiency and profitability.

#### Business opinion

All of the FPB's campaigns are based on the views of our members. We talk to our members in various ways. Via surveys, by telephone and face-to-face contact. We also collect data electronically, which enables us to source opinions from hundreds of businesses within a matter of hours.

The FPB works to bring businesses together with their own elected representatives. Members vote in a quarterly Referendum, adding comments for us to send to their MPs, MEPs, MSPs and AMs. Referendum is a tool that business owners have been using since 1977 to make their voices heard.

The FPB has more than 20 years' worth of experience of accredited research into the small business community. We have been using the Quarterly Survey since 1980 to track business growth, and the rise and fall of key issues, working in partnership with the Small Business Research Trust.

#### Summary findings

- School-leavers display only average or below average skills sets.
- There is a lack of knowledge surrounding the Skills for Business Network and skills initiatives, where the consensus is that the current system of skills initiatives does not promote the needs of smaller businesses.
- There is a level of concern over the lack of control surrounding how contributions are spent, the lack of links to workplace needs and the business environment.
- Further Education (FE) colleges do not provide for the training needs of SMEs. Comments reflect a feeling that the courses provided are not flexible and do not provide a fit for smaller or micro businesses. They are academically focused and lack the links to business.
- If a government grant of £1,000 were available for leadership and management courses, this would be a valuable resource and would encourage respondents to consider more training. However, there is a concern that this amount is not enough to deliver a course of a high enough standard and costs would, therefore, be incurred.

## 1.0 Basic skills

How would you rate the standard of literacy of the school-leavers you have employed?

Very good	Good	Average	Poor	Very poor
4%	12%	44%	34%	6%

How would you rate the standard of numeracy of the school-leavers you have employed?

Very good	Good	Average	Poor	Very poor
2%	16%	47%	28%	7%

The majority of SME respondents found the standard numeracy and literacy of school-leavers they have employed to be only **average** or **below average** and, tellingly, very few rated this sector of employees as having above-average skills.

The main themes expressed were that, in their experience, schools-leavers certainly **lack the basic skills**, but they also **lack basic work ethics** and the **confidence** or will to apply the knowledge in a work-based environment.

## 2.0 Skills for Business Network

*Currently, the Skills for Business Network is funded to the tune of £59m. However, it also seeks contributions from employers.*

In order to meet your skills needs, do you think this is an appropriate method for skills provision?

Yes	No	Don't know
13%	42%	45%

Do you believe that the current system of skills initiatives promote the needs of smaller-business owners in general?

Yes	No	Don't know
11%	53%	36%

Not only do the SME respondents feel that there is a lack of lack of basic skills amongst school-leavers, they also feel that the current Skills for Business Network does NOT provide an appropriate method for skills provision. It does not meet their needs and address this skills gap. The number of 'Don't knows' suggests that there is also a lack of knowledge amongst SMEs about the current initiative.

The comments reflect this lack of awareness and knowledge surrounding the Skills for Business Network and an understanding of how it works.

Where there is awareness, there is a level of concern that employers have a lack of control over how their contributions are spent. There is also a lack of links to their specific workplace needs and to the business environment in which the skills need to be applied.

This is supported by the view that the current system of skills initiatives does not promote the needs of smaller-business owners in general (53%). Again, there is a high register of 'Don't knows' (36%). Only 11% agree that the current system does promote the needs of smaller businesses.

Key factors expressed are:

- A lack of knowledge about the current system
- The feeling that the training initiatives involved are best suited to big businesses
- The pressure that the employees' time away puts on smaller businesses
- A lack of flexibility and a lack of relevance

**As a business owner, what motivates you to seek training for your employees?**

Very High	High	Average	Low	Very Low
<b>Complying with new regulations (licence to practice)</b>				
23%	36%	20%	11%	10%
<b>Develop employees' skills to break into new markets</b>				
13%	44%	28%	9%	6%
<b>Keep a consistent level of skill throughout your employees</b>				
18%	52%	25%	3%	2%
<b>Personal development of staff</b>				
29%	45%	22%	2%	2%
<b>To keep valued members of staff</b>				
38%	41%	16%	2%	3%
<b>Train staff in multiple areas due to annual leave/redundancies etc.</b>				
13%	39%	33%	9%	6%

### 3.0 Skills training levy

*The Leitch Report is proposing to make businesses pay to show that they have trained their staff to a certain level. Businesses in the construction sector already pay 2.5% of their final payroll. The proposed levy would act as a Kitemark to recognise acceptable standards for training sectors.*

**Do you believe that the levy should be extended to other sectors?**

Yes	No	Don't know
8%	80%	12%

When questioned on the proposal in the Leitch Report that businesses should pay to show that they have trained their staff to a certain level, this levy was rejected by 80% of respondents. Only 8% of respondents support the roll out of this levy to sectors other than construction.

### 4.0 Immigration and skills

*The Government has proposed to limit the number of immigrants allowed from the two new EU member states, Bulgaria and Romania.*

**Do you believe that this proposal would be damaging for businesses that procure skills from these two member states?**

Yes	No	Don't know
18%	62%	20%

Following the government proposal to limit the number of immigrants allowed from the two new EU member states – Bulgaria and Romania – 18% of SME respondents feel that this *would* be damaging for businesses that procure skills from these member states.

However, this question is not routed to specifically question those companies that this proposal may impact on. Therefore, this response may be skewed by businesses that are not involved in procuring skills from these member states.

### 5.0 Plans for a new FE and Training Bill announced in the Queen's Speech

**Do you believe that FE colleges provide for the training demands of your business?**

Yes	No	Don't know
23%	61%	16%

Again, the main themes that are displayed in the comments relate to the feeling that the courses provided are **not flexible** and **do not provide a fit for micro or small businesses**, but rather are driven by the colleges commercial needs. The courses are **not felt to be relevant**, are **academically focused** and **lack the links to business**.

## 6.0 Management and leadership

If the Government offered a grant of £1,000 for leadership and management courses, would this be a valuable resource?

Yes	No	Don't know
67%	23%	10%

The majority of small businesses (67%) stated that if the Government offered a grant of £1,000 for leadership and management courses, this would be a valuable resource. **However**, there was a feeling that this was not enough to deliver a course of a high enough standard and costs would, therefore, be incurred by businesses.

If you were to participate, would this incentive encourage you to consider more employee training?

Yes	No	Don't know
53%	32%	15%