



The business people – an extension to your team

Training and Skills Panel Report

August 2011

Introduction

The Forum of Private Business is a proactive, not-for-profit organisation providing comprehensive support, protection and reassurance to small businesses. We add value to businesses through the collective voice for members in local, central and European government, and the provision of tailored solutions that promote business success.

Our Training and Skills Panel comprises approximately 80 members who have volunteered to provide feedback to us on training matter and includes training providers as well as business owners who require well-trained staff. We engage regularly with the business owners on our Member Panels to better understand and collect evidence of their real life experiences, to reinforce our policy and campaigns activities.

Note: as figures refer to fewer than 100 businesses, they should be treated as indicative rather than as representative of all small and medium-sized businesses.

Summary

"Lack of time, incentive, and motivation" Panel member response

Businesses believe that the current skills infrastructure needs to be improved through getting school leavers into employment, providing unemployed people with the skills they need to (re)enter employment and providing individuals with the skills they need to start up a business. Higher level skills provision was considered to be generally good and support for senior management skills has improved since the previous survey.

Overall, access to training has grown worse over the last 12 months, as business support schemes are in limbo and businesses are not making enough profit to afford training schemes.

On-the-job training and coaching by line managers were the most widely used and effective ways in which businesses developed talent within their organisation. 77% of respondents had an in-house development programme for staff with very few businesses using self-help learning kits.

A small majority of businesses felt that the best way to make the skills system more employer-focussed was to give them a greater say in how the money was spent. 31% wanted smaller firms to be given vouchers to spend on training for staff and 23% wanted a reduction in employers National Insurance Contributions. Overall the average level of the subsidy suggested by panel members was £1,590 although it depended greatly on the type of employee that they were looking to recruit. The preference for a subsidy would be for quarterly instalments over a two-year period to compensate employers for the time and level of supervision required. Only 7% of businesses felt businesses did not need subsidising for them to take on employees.

46% of businesses have used the apprenticeship scheme to recruit and train individuals, 31% have used on-the-job training, 26% have used work trials, 12% have used work experience and 9% have used internships. Panel members particularly appreciated the way in which work trials and the apprenticeship scheme worked because it helped derisk the recruitment process.

Issues concerning young people tended to be over their willingness to learn and motivation rather than skills issues themselves, although some respondents did feel that schools and colleges needed to do more to prepare students for the world of work. Overall, 45% of issues from members were attitudinal compared to 15% skills based. 12% reported that there was no incentive for business owners to take a risk on a young person.

In all 65% of respondents felt that a greater focus on employment skills would make it more likely that they would take on young people. A more frequently cited incentive would be to reduce the cost of employment for businesses (74%) and make it easier for employers to let recruits go if they were wrong for the company (78%).

Recommendations

- **Clarify the business support landscape as soon as possible.** Changes to Solutions for Business, regional business support, an evolving Local Authority/Local Enterprise Partnership regional structure and constantly changing skills bodies are all combining to slightly cloud current skills offerings from government. However, in parallel many of the 'asks' from business remain consistent. Uncertainty in the support landscape is harmful and we urge the Government to push ahead with reforms and create clarity in the area of local support for skills as soon as possible.
- **Focus on the lower end (soft skills) of the skills provision.** Our polling suggests higher level skills are considered good at present so the focus from government should be on the lower end of the spectrum. Schools should be teaching better employability skills in classes and the Job Centre should continue to carry out post-education employability skills training too.
- **Reduced the cost of employing young people.** A recurring theme in responses to this survey was there was no reward for taking a risk on employing younger people. We recognise some costs are lower (the reduced National Minimum Wage for Apprentices for example) but feel more can be done to financially incentivise businesses to take on workers. Our survey puts a value on this at just over £1,500 per employee, though this could be achieved through a number of routes such as vouchers, tax breaks or general deregulatory measures that free up time to train.
- **Prioritise type of support according to business size.** The Government's role in skills provision is to ensure an effective education system that produces talented young people with good employability skills. Thereafter further training is a matter for businesses themselves, with the ability to access a range of markets. It is right that there is some basic level of state support in this area too, but predominantly private market forces can support business needs. We recommend the Government focus its financial offering towards those businesses which need additional skills but lack the finances to invest properly themselves i.e. small businesses with growth potential.
- **Extend the Work Trials programme.** With businesses still uncertain over the economy and many lacking sufficient profits or prospects of growth, overall employment is likely to slow over the coming months. However, this should create fertile ground for the entry of younger recruits into business through the reduced costs offered by apprenticeships, interns and through work experience. A high number of our members use these various methods of recruitment, with particular support given to the flexibility offered in Work Trials and Apprenticeships. For smaller employers ensuring a new recruit isn't just capable but fits into a team as well is vital and we therefore urge the Government to expand its Work Trials programme, thereby reducing the risks inherent in the recruitment process.
- **Continue to build flexibility into the training undertaken by SMEs.** The smallest businesses sometimes have difficulty recognising which exact skills they require to grow their business. A more informal approach towards up-skilling their staff would recognise that they rarely use formal training methods.

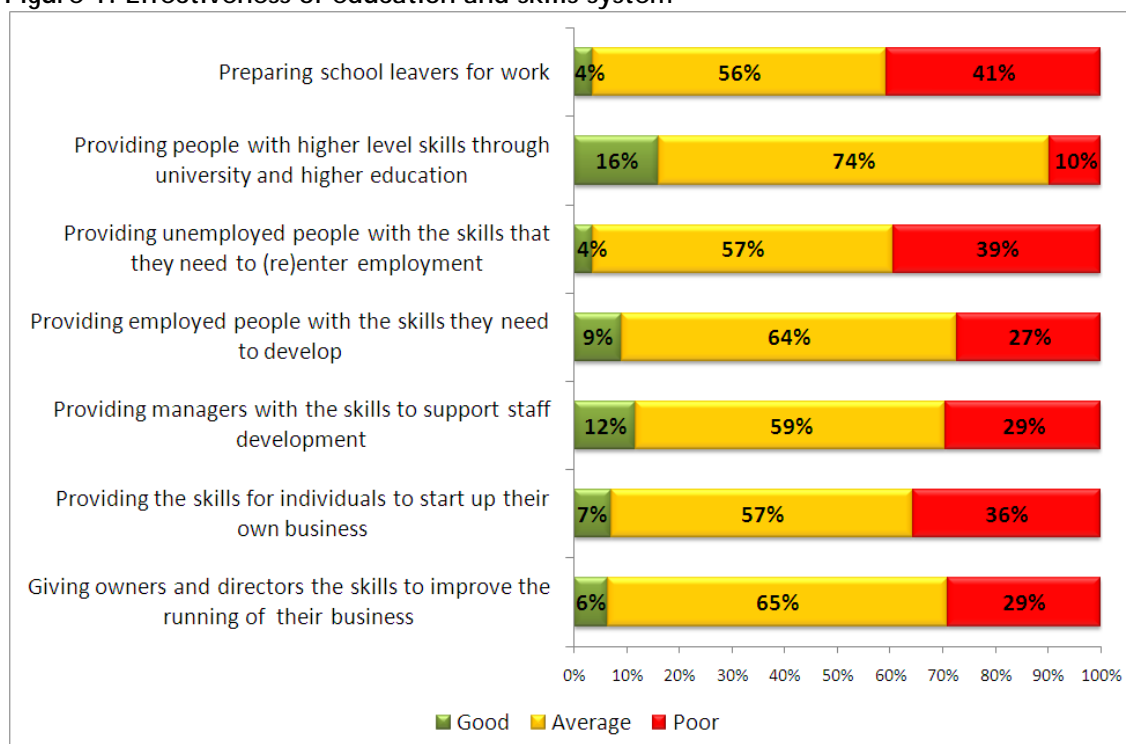
Current issues

Panel members were asked how the skills infrastructure supported them and their staff at various stages in the employee life cycle.

There were a few recurring themes throughout the process. Businesses felt that the skills system was overly complex with insufficient information available to find out what courses existed and their expected effectiveness. Good courses that improve competency are crucial for small employers as they have fewer resources to cover for a person who is absent because of training.

"The whole provision area for better this and better that is such a maze with information so complex to understand that it turns people away from looking seriously as it becomes a chore. Everything - like all Government Red Tape - needs to be simplified and (made) more accessible." Panel member response

Figure 1: Effectiveness of education and skills system



Preparing school leavers for work

Whilst there were a few positive comments on the fact that good young people from school can be more motivated to work in practical jobs, whilst noting that schools and colleges varied considerably in how they prepared their students for the world of work, most comments were negative. These comments were less about the quality of the skills that school leavers left with, although a few did mention “poor reading, writing and arithmetic” levels, and more concerned with discipline and more generally the attitude that young people had towards the workplace.

Owners pointed out they are taught no first aid or health and safety skills, leaving school sometimes lacking any common sense. This makes them very resource intensive in both management time and for insurance purposes; one owner complained that he was prepared to manage school leavers but the cost and bureaucracy of getting them onto other people’s sites effectively excludes them from the workplace.

Problems with time-keeping were also highlighted, with businesses indicating that class hours and a lenient view of absence have meant that school leavers are not prepared to do unsocial hours or even to get up early. Also owners complained that crucial but menial tasks were considered by school leavers to be beneath them and in some cases they refused to do the work.

Panel members did not altogether blame schools for these issues, feeling that it was more of a social issue and one cited the lack of support for schools wishing to help prepare their students for work. Others felt that this was endemic within the education system as a whole, with similar comments made about colleges and some universities. In contrast to a raft of measures to promote entrepreneurship, students are not trained in employability.

Around 10% of businesses responding to this survey did so between 7 and 11 August, during which time riots were affecting many English cities. There was however no noticeable change in respondents views of the skills and infrastructure system for young people or those looking to (re)enter employment.

Providing people with higher level skills through university and higher education

Generally businesses were happy with the higher levels of skills that were coming out through university and higher education. Members felt staff were often highly motivated and had good specialist skills. However some members felt that it was important that this motivation was channelled through a good induction programme and training in areas which are not covered in higher education or universities.

One or two respondents felt that colleges and universities varied considerably, but many business owners have built relationships with particular colleges over time. One felt that the decline of technical colleges had an adverse effect and there were similar complaints about some aspects of higher education:

“The college leavers we have for hotel work have generally been working unrealistic hours at college both in time during the day and hours during the week. They also appear to have all the basic cleaning work done for them by technicians and have the attitude that they do not need to clean. This is concerning as clean premises are FUNDAMENTAL to this business.” Panel member response

Providing unemployed people with the skills to (re)enter employment

The issues with unemployed people were very similar to those who were entering the world of work for the first time. Businesses considered all such individuals a risk but unemployed people were a particular risk. One owner stated that in his field (landscape gardening) if you have not been reemployed within a few months then there is something wrong with your drive and motivation.

Owners also complained of a perverse disincentive to employ high risk individuals as employment law made it difficult to get rid of them if they did not work out. There were also questions about the support unemployed people were given and concern about the quality of new training providers who have been tasked with finding employment for job seekers.

A couple of respondents did feel that the support given for individuals with learning difficulties was extremely helpful, allowing such individuals to retake courses and giving them additional support. The one issue was that the lack of subsidised pay meant that firms could not justify using such staff more due to financial pressures.

Providing employed people with the skills they need to develop

Almost one in five panel members felt that this was relatively good as they focused on the internal training processes. One or two business owners felt that this should not be a requirement of the state - it should simply establish business friendly conditions and focus on unemployment.

“The state should focus on getting people into work and then letting companies help them develop.” Panel member response

One recurrent criticism was that the system was in a hiatus, compounded by the fact that the courses and people businesses needed were not collected in one easily accessible place. The cost of training was also an issue, although as one business owner stated:

“I have been running this business for 25 years, now it is harder to make money than ever, BUT there are more funds available for businesses if you know where to look.” Panel member response

Some businesses also felt educational courses had not kept up with changes in technology, such as fabrication techniques or increased computerisation of areas of mechanical engineering.

Providing managers with the skills to support staff development

There has been an improvement from the last panel where management and financial skills were seen as a clear priority. There is also evidence that some members have used the leadership and management fund to help develop their business. There are still concerns that a fear of tribunals has impacted on line managers who were often left in difficult situations.

There was also criticism that many supervisor courses deal with generic workplaces (offices, factories, warehouses) where the supervision is routine rather than dealing with more diverse workplaces such as supervising home working or working at someone else's premises or residence. The result was that courses were felt to be more tick box rather than bespoke people management, though to a certain degree that is unavoidable.

Providing the skills for individuals to start up their own business

There were few comments in this section, though one owner felt that this was a difficult transition at the best of times but was being compounded by a lack of continuity in the support network and a general lack of economic growth.

“Much of the support is a bit half-hearted and more for PR” Panel member response

Owners felt that starting up at the moment required a very good skills base as the consequences of mistakes are more severe.

Giving owners and directors the skills to improve the running of their business

The majority of businesses felt that the skills infrastructure was okay for their business, despite concerns over the reductions in the scope of Business Link. A number accepted this was a difficult area for a skills system to consider.

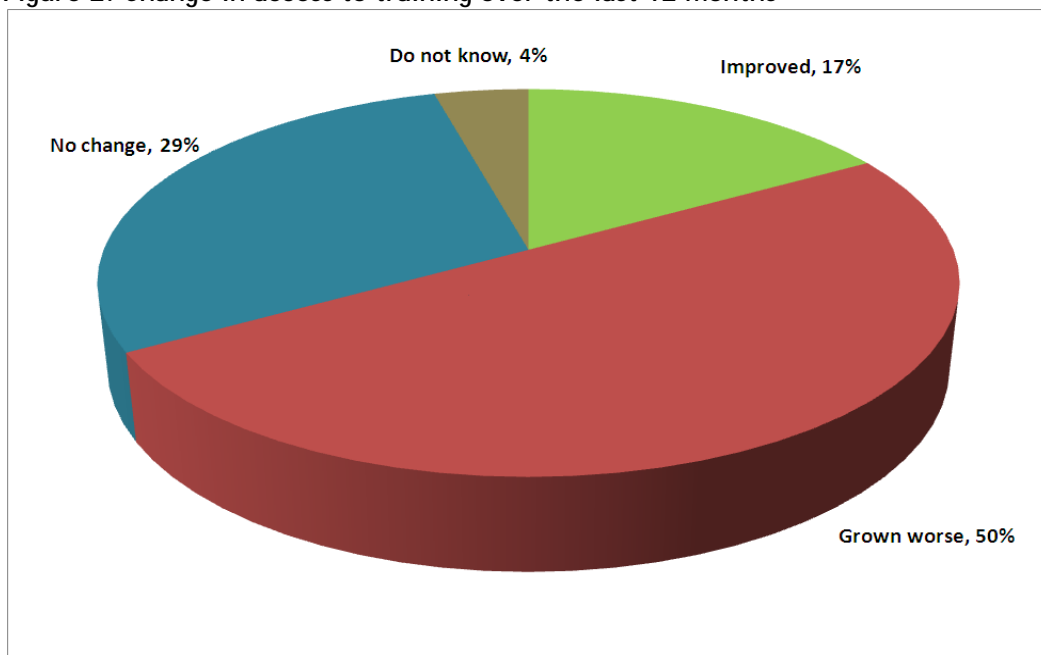
Whilst some respondents felt that reducing the legal restrictions imposed on them by government would allow them more scope to manage people, others saw the regulatory framework as a way of improving people management. However there was a feeling that colleges and universities could be more proactive in their engagement with businesses.

“As a managing director, I have yet to have anyone even contact me about skills education.” Panel member response

Change in access to training over the last 12 months

Overall, 50% of businesses reported that access to training has deteriorated in the last 12 months. 29% feel that it has not changed, 17% thought it had improved and 4% did not know.

Figure 2: Change in access to training over the last 12 months



“The leadership and management grant was extended and you are allowed to make a second claim. I have also bought discounted training vouchers from some of my suppliers for training, and am trying an experiment of taking on a trainee and spending money on training them in-house and on outside courses instead of recruiting someone with experience through an agency and spending £3-4K on recruitment.” Panel member response

Some of the 17% who say they have seen an improvement over the last few months had received support from their supply chain and professional bodies who have developed courses to meet the needs of businesses. Others have found that training providers have shown more flexibility over courses, allowing them to focus more on local needs. Government programmes have also been highlighted, in particular the leadership and management grant and the apprenticeship scheme - which one respondent stated was ‘much better funded’.

The Apprenticeship scheme has seen problems reported with training providers - one went into administration without passing on the age grant and the quality of training from providers was also criticised. There were fears that trainers are not being monitored properly. There were also calls for it to be widened to more manufacturing sectors (Jewellery) and IT specialisms.

“We are in limbo at the moment; no one knows what support LEPs (Local Enterprise Partnerships) will give and how quickly the economy will recover.” Panel member response

There is a general feeling that there is a vacuum in the provision of training and business support at the moment. Some members with settled staff who had not looked for training since the demise of the Learning and Skills Councils felt that the whole training landscape had changed in the meantime:

“Courses are assumed to be there but it is a question of awareness. There has not been any continuity in the system which makes it hard to find out about course details.” Panel member response

Others complained about the reorganisation of key training bodies and in some cases respondent believe that they are seeing a reinvention of the wheel with ‘outdated’ courses being reintroduced.

The main way in which training has grown worse is however affordability. The changes to Business Link, economic uncertainty and, in some cases, the increased cost of training have made this the major issue.

“A lot of the training we do is compulsory and very expensive; we need help keeping up with all the training legislation: £25,000 this year this year alone.” Panel member response

“CPD and training has become a rip off.” Panel member response

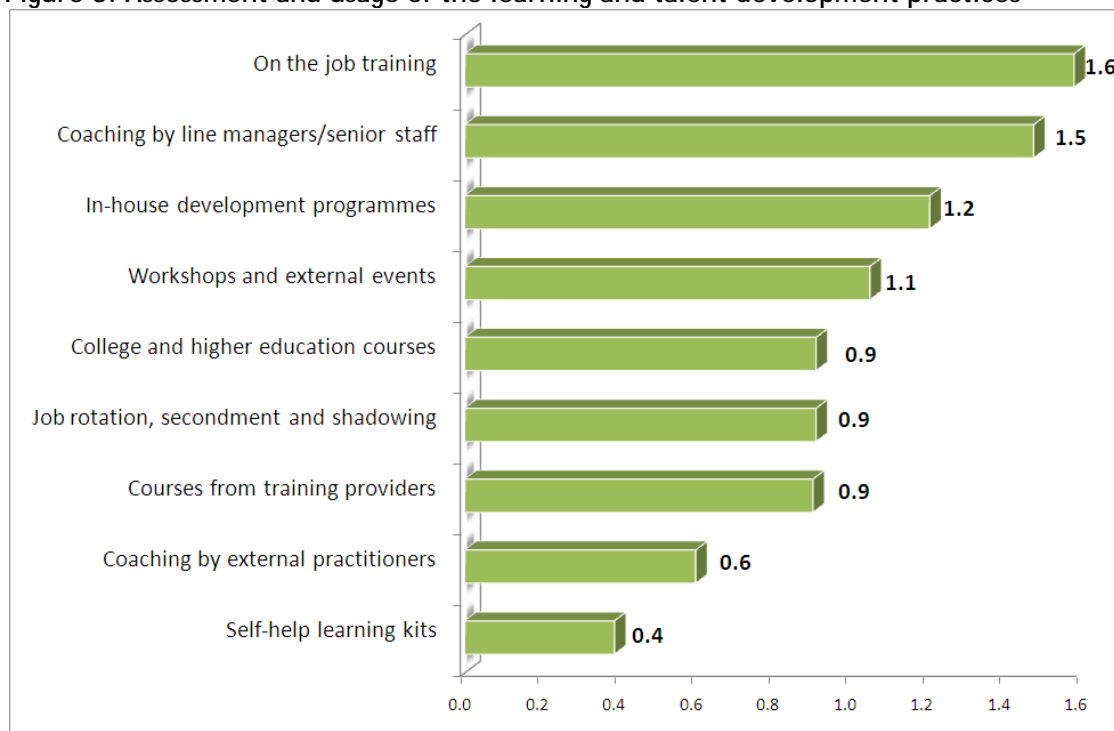
29% felt that there had been no change with colleges tending to do the same courses, though there was some criticism that these are not marketed as extensively as in the past. Others felt this amounted to a continuing deterioration of the skills infrastructure which was overly bureaucratic and a difficult environment in which to tailor courses.

Assessment and usage of development practices

A rating system was used to analyse how well various practices are in meeting the demands of businesses. A composite score was created by using values of +2 for a ‘very effective’ practice, +1 for an ‘effective’ practice, 0 for ‘do not use’ and -1 for ‘ineffective’. This means that a score of over 1 is an effective solution to supporting development which is widely used.

The two most effective and widely used methods of developing staff were on-the-job training and coaching by line managers and senior staff. These methods are seen as highly effective because of the focus on the needs of the business and the lack of costs.

Figure 3: Assessment and usage of the learning and talent development practices



In-house development programmes were less widely used and tended to be based around induction/informal performance reviews. They were seen as effective in focussing staff.

Workshops were frequently used although highly variable in quality. The big advantage was that often they took place at a convenient time and minimised time away from the business.

Colleges and higher education courses were relatively well used although the effectiveness was slightly variable. Time away from the business was an issue particularly with apprentices.

Job rotation, secondment and shadowing were seen as highly effective although not all businesses have the resources to provide this option. Self-help kits were not used that much for training purposes and were quite varied; one business also felt that cost was excessive in some instances. Coaching by external practitioners was very variable and not widely used. Cost was also an issue for all external provision.

From comments made by panel members throughout the questionnaire as well as their responses to this question, training provision can be assessed from the following key criteria.

Figure 4: Assessment of learning and talent development in terms of a number of key criteria

	Focused on business need	Practical / competency based	Widely used	Cost effective	Consistent	Minimise unproductive time	Minimal paperwork	Flexible
In-house development programmes	x	x		x	x	x		x
Coaching by line managers	x	x	x	x	x		x	
On the job training	x	x	x	x	x	x	x	x
Job rotation, secondment and shadowing	x	x		x	x		x	
Coaching by external practitioners	?	?		?				
Colleges and higher education courses			x	x	x			
Courses from training providers	?	?	x	?			x	
Self help learning kits	?			?		x	x	x
Workshops and external events	?		x			x		x

Key: X - benefit of the delivery method; ? - benefit of delivery system variable or contested

Making training and skills infrastructure more employer-focused

We offered panel members the choice of a number of options on how to make the structure more employer-focused with a default option of retaining the current system. There was also space for an 'other' option - these are asterisked in figure 5.

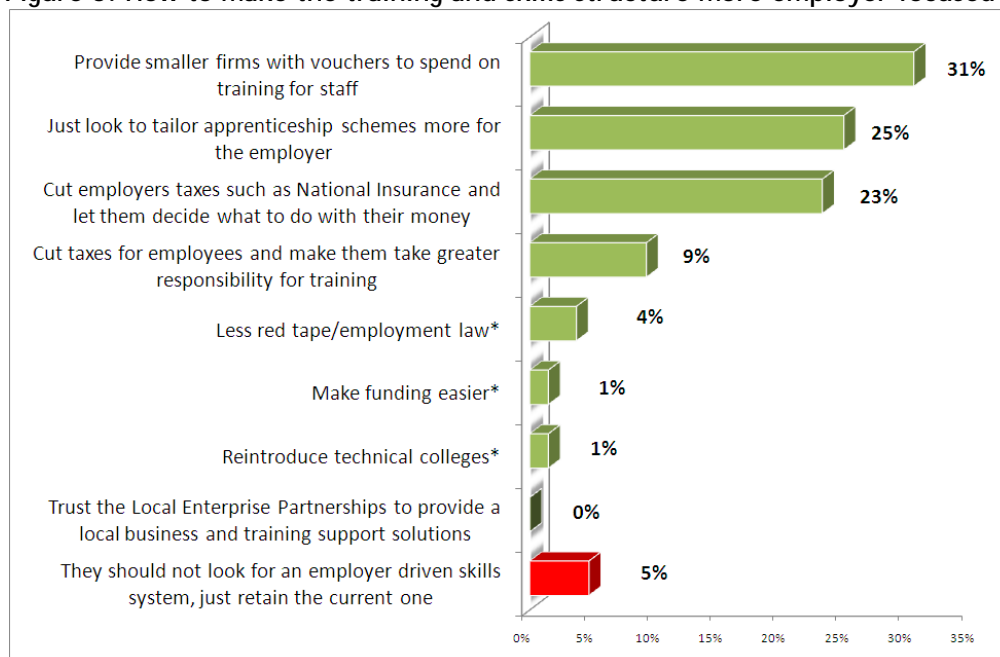
5% felt that the current system should be retained and no panel members felt that the Local Enterprise Partnerships should be trusted to provide local business and training support solutions. Although a significant number of business owners feel that employees should take a greater role in developing themselves, 9% would prioritise cutting taxes for employees to help them afford training courses and so take a greater responsibility for training.

"It needs to benefit employer and employee but a company needs to generate profits to make jobs sustainable". Panel member response

This may be because there were greater priorities for employers in terms of allowing them to make their own training programmes more sustainable by reducing employers' taxes or through vouchers. 54% of members opted for one of these two with vouchers having the advantages of being focused on training issues and could help with courses that are required by law without any consideration of the cost.

"The voucher system will ensure those who want to train will take up the response, with tax cuts there is no guarantee training will take place" Panel member response

Figure 5: How to make the training and skills structure more employer-focused



* Suggestion offered by panel member

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The main disadvantages were that these could be too restrictive, overly bureaucratic or too expensive to produce. Those businesses who felt that they were already excluded because they operated in a specialist area felt particularly concerned about restrictions. Some felt that vouchers would be used for mediocre training but others pointed out that there was insufficient information on training provision in any case.

"The problem with vouchers in the past was the restrictions of use made them difficult to take advantage of. They were limited to specific providers and not all of the courses were relevant or applicable to my business. I need to have greater flexibility on how and where they can be used." Panel member response

23% would prioritise cutting employers' taxes such as National Insurance, pointing out that some of the most effective training for their business was internal.

"We have used vouchers which have been helpful but we do internal training so tax reduction would also be helpful." Panel member response

Others felt that it was more flexible and would let businesses recruit as well as investing in their people in other ways.

"Businesses need to make profits to invest in their people." Panel member response

“We have always invested in training so it may not make a big difference, however it would give us a bit more of a margin to cover for staff being on day release”. Panel member response

Tailoring apprenticeship schemes were priorities for around 1 in 4 businesses. This was partly down to a question of where the state should intervene and a proportion felt that tailoring the apprenticeship scheme would be an effective way to make a key element of training provision more focused. A number of respondents felt that tailoring the apprenticeship programme should be prioritised so that experienced staff can get a short refresher course where time away from the business would be limited and the costs to the business minimal. Others felt that new businesses could benefit from taking on young staff and developing them over time - a modular course would allow them to prioritise the skills needed for the business as well as improve staff morale.

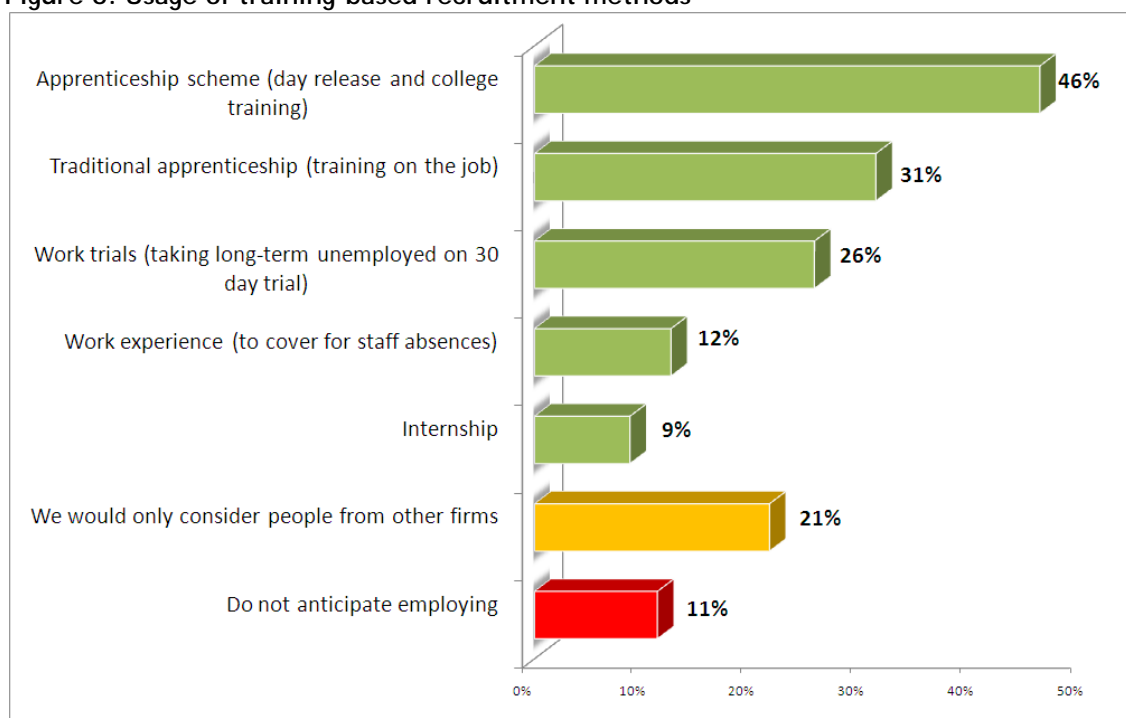
“More modular flexible courses needed to meet immediate needs and motivate staff, if training does not do this it loses much of its impact” Panel member response

A few businesses wanted red tape to be minimised so that they could spend more time on developing their staff and the business.

Methods of training-based recruitment

“I have tried all of the above with a high degree of success, I prefer to use some kind of trial/internship/apprenticeship to just taking someone on and crossing my fingers as both the employer and employee need to know that there is a good fit.” Panel member response

Figure 6: Usage of training-based recruitment methods



Government-sponsored apprenticeship schemes are the most frequently used methods of training-based recruitment, with 46% stating that they would use this method. This is even more significant as 31% of businesses would only consider employment from other firms or cannot see themselves employing in the foreseeable future.

Although some businesses have encountered problems over quality of the training provider or the applicant, most panel members felt that this was the best method of recruiting as it allowed them to get college training as well as practical on-the-job training and allows them to make mistakes on more skilled aspects of the job away from the workplace. The college element also allows businesses a break from ‘babysitting’ apprentices.

On the job training or a more traditional apprenticeship was useful for some people, particularly where no apprenticeship scheme was available locally or for less vocational subjects where businesses felt that the workplace was the best way to get the skills needed (e.g. customer service/product knowledge).

Work trials appeared popular with panel members and a significant proportion has used such schemes in the past. The advantages were that if it did not work out for either side then there were no complex employment law procedures to be used. In a recent Referendum survey¹, 36% of business owners felt that a big concern about recruitment was whether the person could fit into their established teams.

There was also a social element to recruiting through work trials as some members wanted to give individuals in their community a chance. The social element could also be seen in their response to work experience. A lot of the work experience reported was from schools and the results were varied and highly dependent on the individual. A few people even mentioned that this was their way of trying to bridge the gap between education and work by allowing young people to see how they worked.

Internships were used by a number of businesses to meet a need for highly educated people - often for a specific project - although some used internships to see how the person would fit in with the team dynamics. There was disquiet mentioned by one respondent that some larger companies were using internships as a way of getting work out of an individual for nothing.

Increasing the likelihood of recruiting younger people

"The problems are perceived rather than actual. Particularly for young people and there are schemes with employers who offer some responsibilities for school leavers but these people are often poached because young people with work ethics are seen as a rarity. Graduates are perceived to be no good without experience but a good induction and proper training is needed and they perform well and motivate themselves." Panel member response

"Youths need to put themselves out and make sacrifices to want to learn and study for their own self esteem and future development and not rely simply on us to do it for them-spoon fed society!" Panel member response

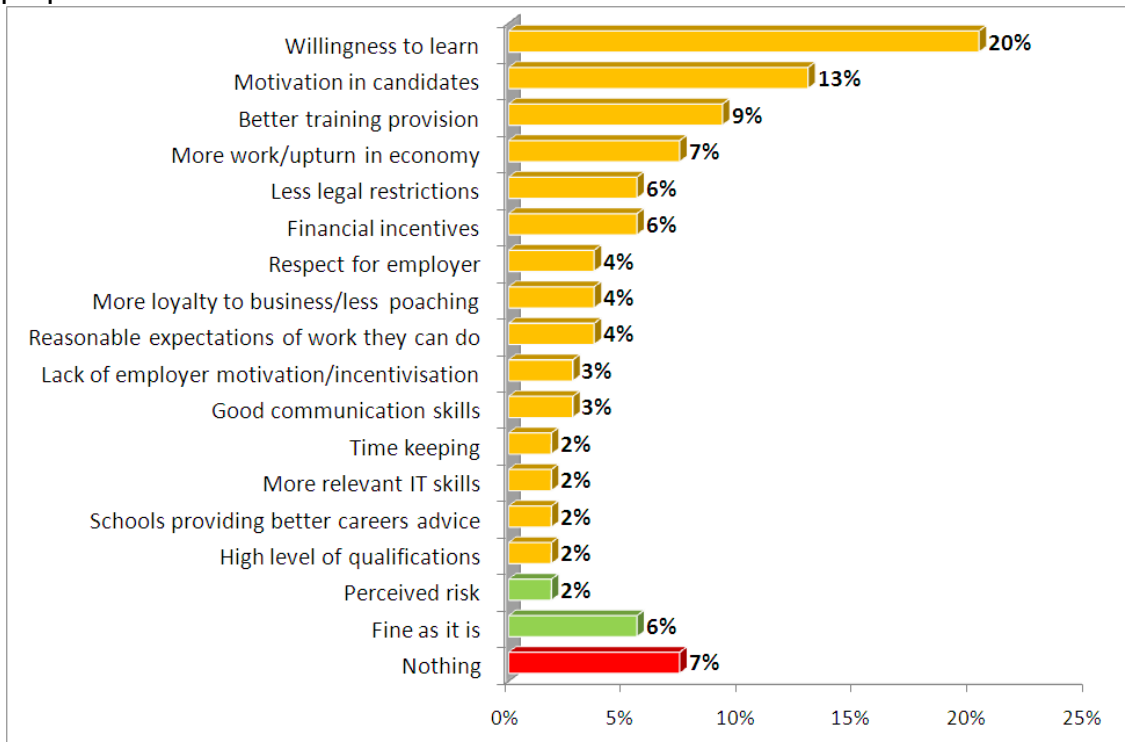
We asked members what would increase the likelihood of recruiting your people. 43% of the answers were based around attitudinal issues - 20% questioned the willingness of young people to learn, 13% felt that the motivation was often not there, 4% felt that there was little respect for the employer and 4% felt that they had unreasonable expectations of the work they would be prepared to do - with crucial but menial tasks being ignored (a particular issue for health and beauty service providers). For a further 2% time keeping was an issue.

Just 15% of responses were due to skills issues (or 17% if lack of relevant careers advice was included in this area) and in most cases these were fairly low level skills.

Lack of incentivisation for the employer was the other main theme coming from this response with 12% citing this as an issue. 6% wanted to see this resolved by financial incentives for the employer (either direct funding or through reduced National Insurance contributions), 3% stated that there was no general motivation or incentivisation for the employer and 4% stated that there was a problem over trained staff being poached by other businesses that could pay more.

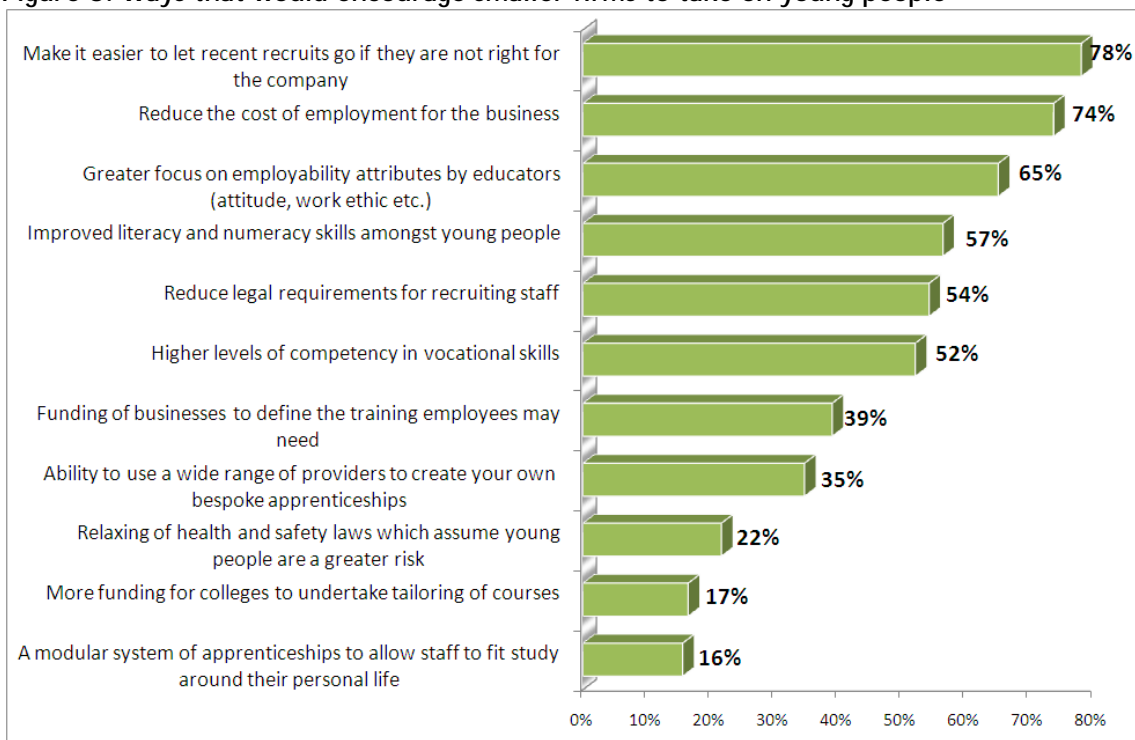
8% felt the system was fine as it is and 7% simply did not envisage recruiting in the future at this level.

Figure 7: Issues needing to be addressed to help increase the likelihood of businesses taking on young people



We then asked businesses about specific issues to do with training and recruitment issues.

Figure 8: Ways that would encourage smaller firms to take on young people



78% of panel members would like it to be easier to let any recruit go if they did not fit with the organisation, many complaints were made about potential legal repercussions in this area at present. Smaller firms do not have the ability to move people so there is a greater risk as to whether a person, however well qualified, will fit with the company.

Cost of employment is a big concern for three quarters of panel members and two thirds feel that employability attributes could be improved. This would help to further derisk the process of recruiting young people.

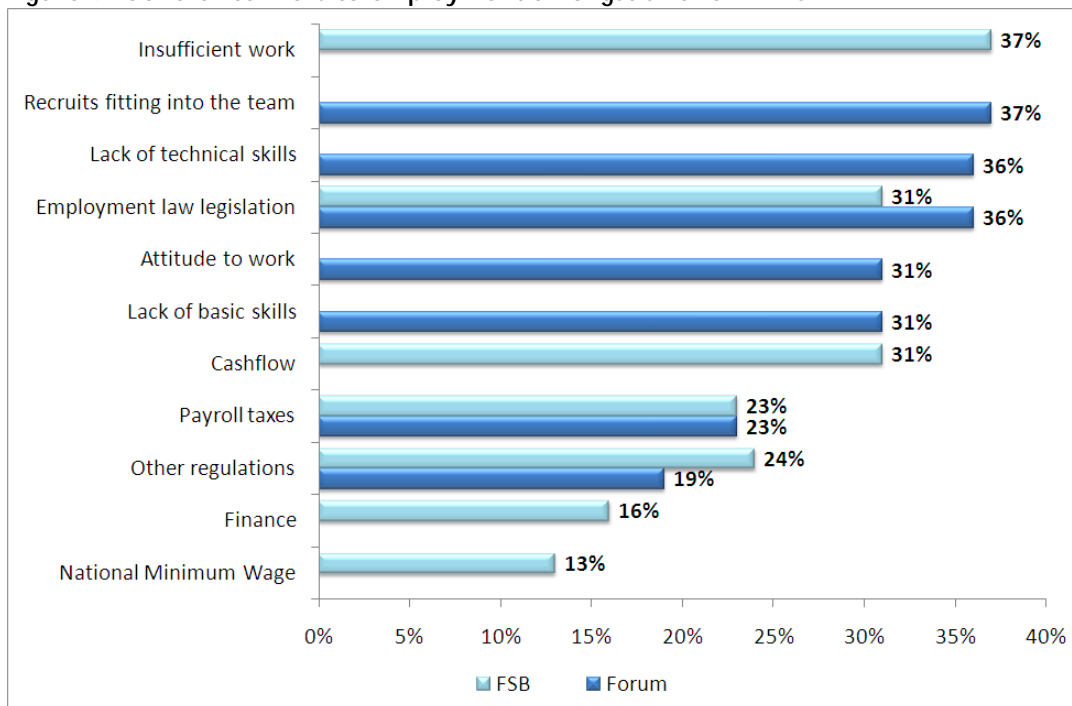
Just over half of panel members felt that skills levels still need to be improved with basic skills a greater issue than vocational skills.

Subsidising long-term employment opportunities

One of the criticisms of apprenticeship training is that in some companies it does not lead on to employment and is not always relevant for people in non-vocational areas or for businesses that are outside the 200 apprenticeship frameworks. In addition, there are a large number of skilled workers without employment that could be taken on.

In the current situation work levels are a big issue, for sole traders in the Chambers of Commerce² this was the major concern about recruiting a further individual - 52% stating this was the main barrier to recruitment. The Forum¹ and the Federation of Small Business² have similar findings in the area of long-term recruitment concerns, with the Forum's research focusing on skills issues and the FSB's on financial issues. The insufficient work figure from the FSB is quite low but reflects that a substantial proportion of their sample (23%) is not interested in becoming employers.

Figure 9: General barriers to employment amongst smaller firms



The Forum was looking at longer-term issues, however it is clear from Figure 9 that financial considerations are a big issue for smaller firms in the current economic climate. Nevertheless 7% of businesses argued that smaller firms did not need subsidising as they offered faster staff development as well as higher job satisfaction levels. These panel members also felt that any increases in spending would lead to increased business taxation.

“Paying subsidies slants the market - training should be sufficiently high quality that firms and potential employees demand it.” Panel member response

Others disagree, pointing out that subsidies were needed to keep the capacity for key courses up and would help encourage provision of business-related courses at educational establishments in the face of public sector cuts. 47% wanted instalments paid quarterly to the employer over a two-year period as this was considered to be a simple and finite way of supporting employment. 21% wanted National Insurance holidays for the employer, however some shied away from this as there was no information on the length of time a scheme would run and could easily be removed without too much notice.

Figure 10: Most appropriate way to subsidise training for smaller firms



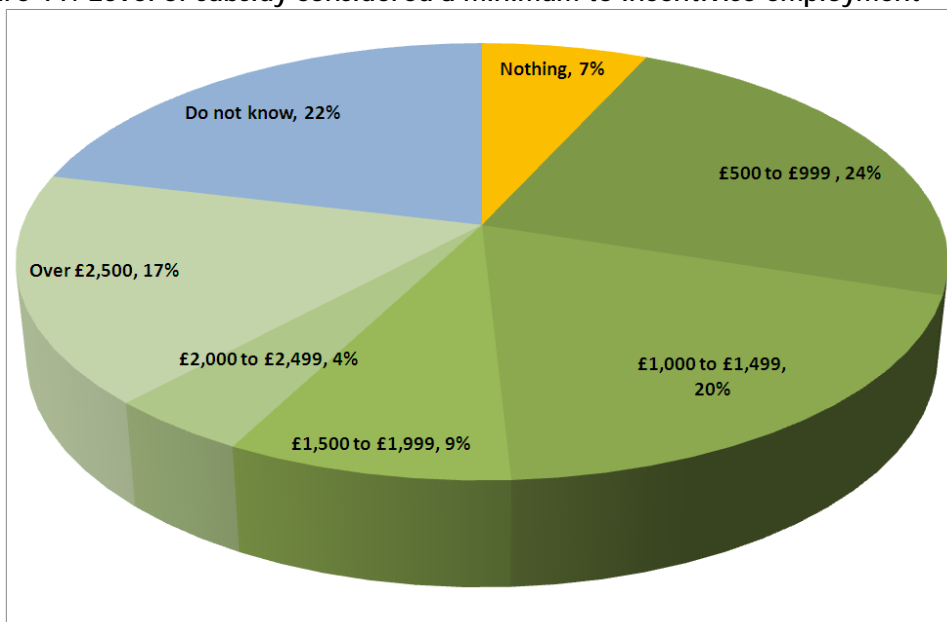
* Suggestion offered by panel member

13% of businesses felt that a lump sum at the start of employment would help, as there were considerable costs incurred at the beginning of the process. Members were also concerned about the motivation of individuals to move from trainee status to being an employed person:

"Quite often students will give up half way through because of loss of interest in the job or they want more money ... many that do stay the course will then give up and do something else, which seems a waste of investment time and money." Panel member response

This could lead to cash flow issues for the business if they were then expected to repay part or all of the money for someone who did not become a productive member of the team. Other suggestions for the Government were to pay the wage of the student while in education and/or to see training credits work more like R&D tax credits; the argument would be that only businesses that are making consistent profits would be able to provide long-term employment.

Figure 11: Level of subsidy considered a minimum to incentivise employment



We asked businesses what level of subsidy would be needed to incentivise businesses. 1 in 5 did not know, pointing out that it depended on the cost of training, and risk to their business which could be highly variable depending on the type of employment in question.

“£500-£999. This is sufficient to help without being so large as to skew the market. A larger sum does not make the employee any better. We took someone on a scheme where one of our suppliers paid their salary and trained them for 3 months ... but the entire project was a miserable failure for both us and the supplier... there was only a small risk on our part, so we did it, but it did not have a happy outcome.” Panel member response

In total the average (mean) of the responses was just over £1,500 at £1,590. Although we asked for a minimum figure a lot of businesses went for the highest option pointing out that any figure should include loss of productivity amongst senior staff members.

“Needs to cover the equivalent of one day a week average for taking an employee out of productive work as they work at around 80% because of managing youngster.” Panel member response

Figure 12: Reasons for level of subsidy required

	Total	Below average	Above average
Reward for taking on risk	18%	24%	13%
Incentivise employer	8%	9%	4%
Sufficient but not skew the market	5%	12%	0%
Replacement income	20%	12%	26%
Open ended commitment	15%	6%	22%
Cost of training courses	10%	21%	2%
Covers cost of time to set up	5%	0%	9%
Cover of one day a week at college	5%	0%	9%
Cost of supervision	15%	15%	15%

Even at a cost of around £2,000 this is a far lower figure than putting young people on benefits at a typical cost of £8,000 to the Treasury⁴.

Forum of Private Business
 Ruskin Chambers
 Drury Lane
 Knutsford
 Cheshire
 WA16 6HA

Telephone: 01565 634467
 Email: info@fpb.org
 Web: www.fpb.org

Additional information

- ¹ Forum of Private Business, *Referendum* 195, April 2011
- ² British Chamber of Commerce, Sole trader report, April/May 2011
- ³ Research by Design, FSB Voice of Small Business Panel, May 2011
- ⁴ Professor Gregg on Today Programme, February 2009.