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The business people – an extension to your team

# Training and Skills Panel Report

January 2014

## 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.

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. Our Training and Skills Panel comprises approximately 75 members who have volunteered to provide feedback to us on training matters and includes training providers as well as business owners who require well-trained staff<sup>(1)</sup>.

**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

75% of panel members reported that the focus of their training was ideal in 2013, up from 58% in 2012<sup>(2)</sup>. Increases were reported across all forms of training apart from efficiency and replacement.

Businesses that report the focus of their business training is ideal are more likely to provide strategic training, training in compliance, efficiency and continuous personal development. Businesses still needing to outsource skills and replace lost skills were less likely to feel that their training focus was ideal.

Just less than 67% had seen no impact on the skills within their business as a result of the recession. Quality management (28%), people management (30%), marketing (27%) and time management (27%) were the most likely to have changed over the recession period, with time management the competency that businesses were most likely to have struggled with.

Training issues recorded by members were time (23%), cost (17%) and lack of schemes available to them (14%). The quality of training (7%) and lack of choice (7%) were also highlighted by panel members as issues with training provision. 6% reported that the labour force lacked technical skills and the same proportion also reported a lack of employability attributes and/or a lack of a sustainable workforce.

20% were not doing anything specific to deal with these issues, 15% had increased on-the-job training and 11% reported getting more training from external providers.

2 in 5 felt senior management skills had been neglected due to lack of time, the primary focus remained keeping the business going. A further 1 in 5 were unsure, suggesting that they have not yet taken stock of how the recession has affected this area of business.

Problem-solving (54%), self motivation (52%) and effective self-assessment (48%) were the key skills that are required by the self employed which panel members would like to see within the school system. The highest scoring attributes were similar to those requested for employees with 15% wanting to see entrepreneurship taught more in schools. 22% wanted schools to focus on academic subjects, particularly basic skills.

Directly funding employers was the main priority wanted by businesses in relation to apprenticeships with 47% wanting this prioritised. A significant number of business owners equated direct funding to funding based on the benefits that such a scheme would give; more choice for the employer and compensating the businesses for the time required to put together courses at the beginning. Cash flow was an issue for businesses when getting trainees up to speed and so training schemes where businesses claim back tax would not be so attractive.

Closer integration of the education system and employment was the main way in which government institutions could support micro and small employers as 27% of members wanted to see greater focus on this area of the skills agenda. 18% wanted more leadership and management training, with work experience (17%) and apprenticeships (16%) also important.

## Recommendations

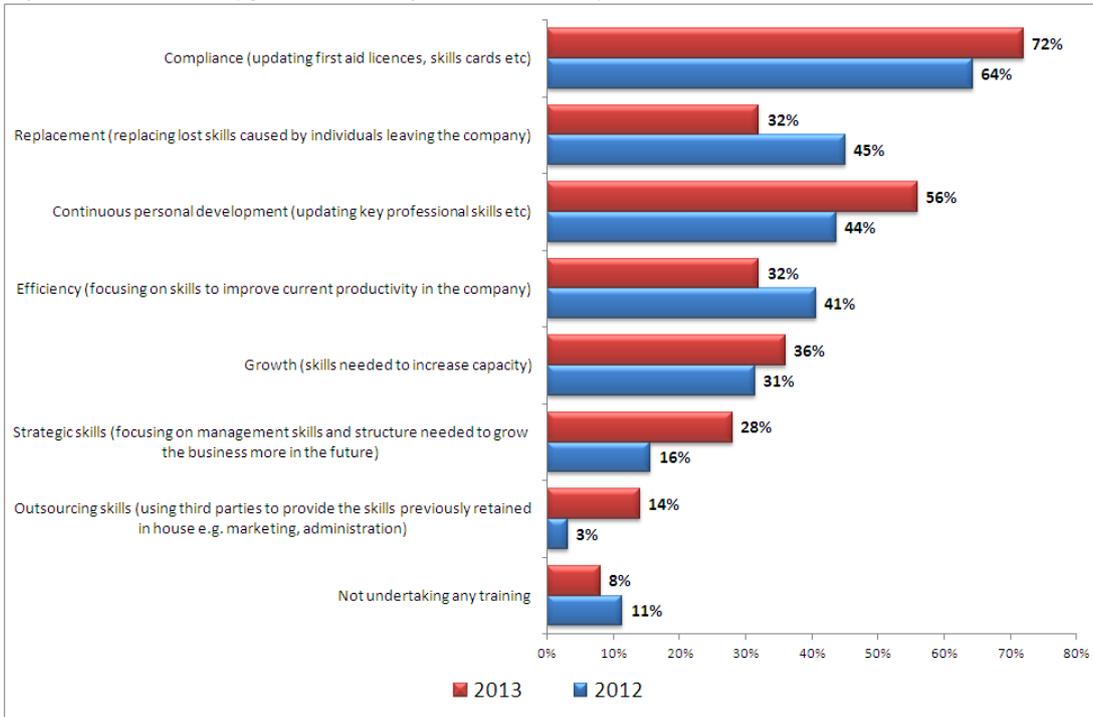
- Members identified the cost of training in an uncertain economic climate as a major barrier to greater investment in skills development. The £30m government has made available for business support over the next year should go some way to help reduce the monetary risk and encourage small businesses to invest in high quality business support and staff development. Where a business goes through the diagnostic process but is ineligible for the public funding every effort should be made to point the business to private providers of business support to enable them to make an informed decision about the support they require.
- Greater flexibility in training is required for small businesses to access the right training they need. After time, the cost and availability of training courses remain the greatest obstacles to training for small businesses. Training providers need to work together to ensure small businesses have equal access to provision throughout the country.
- Employability skills and basic skills need an equal focus. The government's commitment to ensure all young people leaving education achieve a level 2 (A\*-C GCSE) in English and Maths is encouraging but these basic skills need complementing by the softer skills that employers require. There should be an equal focus on teaching young people in education basic skills and the attitudinal attributes necessary to secure employment.
- The direction of the reforms to apprenticeship funding are welcomed by small businesses however the model must take into account the cashflow issues small firms face. As the policy continues to progress the Government should consider if a proportion of public funding could be paid to the employer upfront to avoid potential cash flow issues.
- Job Centres are too variable for employers. Job centres will play a pivotal role in the government's action to reduce the stubbornly high rate of youth unemployment. It is essential all job centres across the country are providing the same level of service to employers to ensure they are viewed as a beneficial recruitment tool.
- Education providers need to use more modern techniques to engage with young people and teach them a broader range of skills that will be more practical when they enter the workplace. Teaching them at an early age to solve problems and encourage them to motivate themselves would greatly help them to become employed or self employed.
- The education system needs to teach young people about the business landscape. As the government continues to focus on start ups it is important enterprise is fully integrated into the education system to ensure people are equipped with basic business knowledge.

## Current training provision

*“Lack of local resources and work pressure is preventing enough time to provide in house training.” Panel member response*

72% of employers are currently undertaking compliance related training compared to 64% in 2012. In a larger study of members undertaken in 2010 69% of businesses reported that regulation was a key trigger for training programmes <sup>(2)</sup> and illustrating the impact regulatory change has on businesses' training requirements.

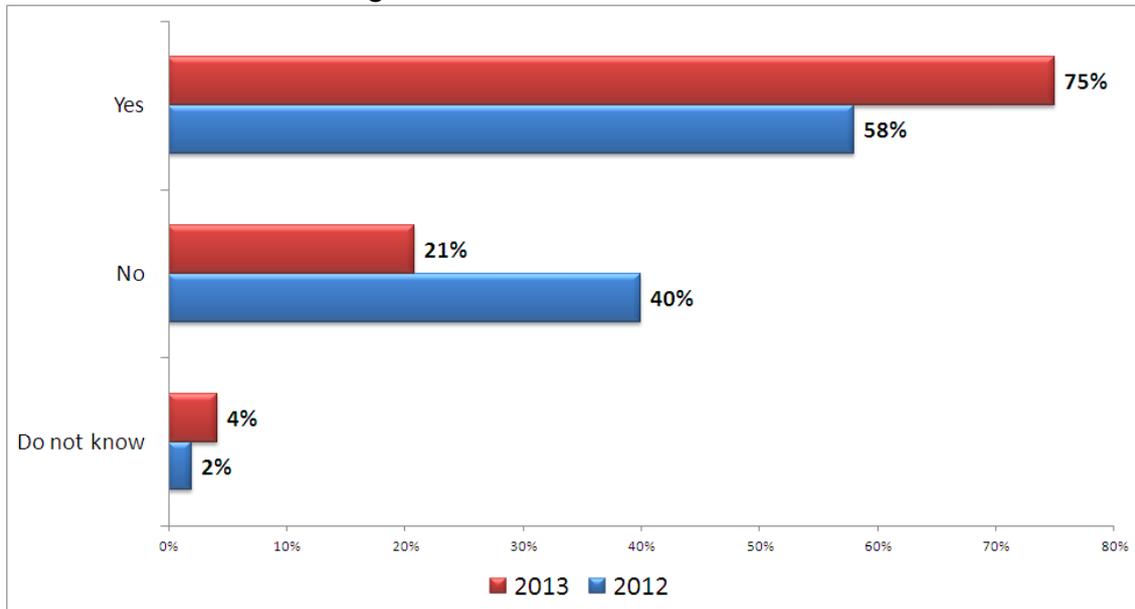
**Figure 1: Current type of training undertaken by businesses**



Other indications are that most businesses have been able to retain their staff and avoided making redundancies in 2013 as the number of businesses providing training to replace lost skills has dropped. A more stable workforce has led to increases in the frequency of continuous personal development training.

There has also been a movement from training to improve efficiency to training that will increase capacity, such as apprenticeships and permanent employment. Strategic skills - which were seen by some business owners as a key gap in their training plans in 2012 - have also increased. Outsourcing skills has also increased as the number of types of training provided by each employer has widened.

**Figure 2: Whether focus for training is ideal for their business**



In contrast to the last report when a small majority of businesses felt that the focus of their training was ideal, 75% feel that their training is ideal for their business.

Comparing the types of training offered and businesses satisfaction with their own focus indicated little change from the previous year. Again strategic skills were the key positive differentiator between whether

businesses were happy with their own training provision and those that did not, whilst replacement skills training was again the key negative differentiator.

**Figure 3: Satisfaction with training usage**

	2012	2013
<b>More likely to be used if focus is ideal</b>	<ul style="list-style-type: none"> <li>• Strategic</li> <li>• Continuous personal development</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic</li> <li>• Continuous personal development</li> <li>• Compliance</li> <li>• Efficiency skills</li> </ul>
<b>No difference in frequency of use</b>	<ul style="list-style-type: none"> <li>• Growth</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Growth skills</li> <li>• No training undertaken</li> </ul>
<b>Less likely to be used if focus is ideal</b>	<ul style="list-style-type: none"> <li>• No training undertaken</li> <li>• Outsourced skills</li> <li>• Efficiency skills</li> <li>• Replacement skills</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourced skills</li> <li>• Replacement skills</li> </ul>

Businesses that were happy with training provision were more likely to offer compliance or efficiency skills than previously, with anecdotal evidence suggesting that this is due to the rising cost of business and environmental policies of their customers rather than making efficiency gains to keep the business going with fewer employees.

There was also no difference between businesses in terms of whether they offered training or not, indicating that many small businesses often have to balance training with capacity as they cannot run at full capacity with individuals on courses. There are however ways round this as indicated in the following case study on Aria Developments.

#### **Aria Developments - Training on a budget**

Aria Developments run two businesses - a building company and an early years nursery. This case study focuses on the second of these businesses although during the recession both industries are perceived as high risk, low margin and require high levels of compliance.

Current legislative requirements are that such organisations have 80% of their staff qualified to level 2 childcare and 20% to level 3. Aria Developments have 78% qualified to level 3 and are looking to get all employees trained to level 3 shortly. In addition to regulatory training they also undertake non-regulatory training when required.

As training is such an integral part of the business the management team dedicate three hours a week to identifying training needs and assessing potential providers. The team consider the content, accessibility and price of courses.

#### Sourcing affordable local training - The DYFODOL Project

The DYFODOL project is a local training and development project part funded by the European Social Fund available to businesses in North West Wales. Aria Developments have found the course provided by the DYFODOL Project especially useful in providing training across a range of areas including food hygiene, customer service and environmental awareness.

#### Finding the right provider

The organisation also employs apprentices. They faced problems when setting up the apprenticeship programme as providers were pushing people into the wrong placements and the results was that good candidates ended up with qualifications that were wrong for them. To overcome this Aria Developments work with a single provider that has proved to be more efficient, less bureaucratic and pays more promptly.

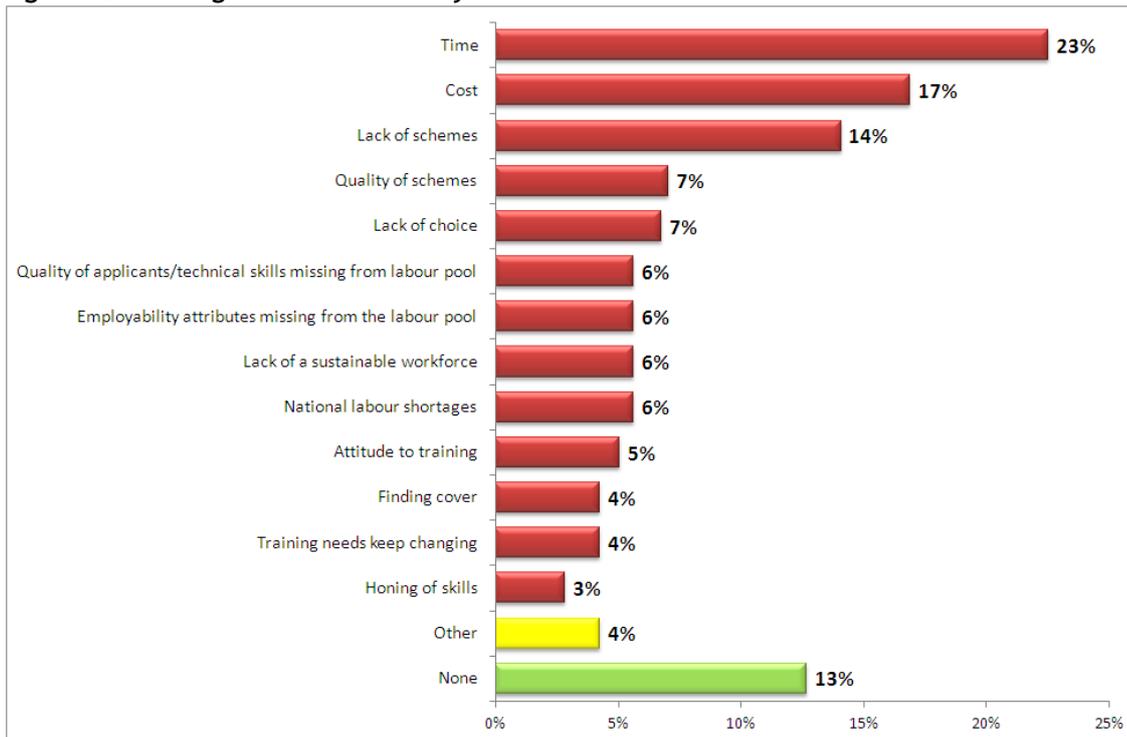
Margins in the industry have been eroded by high energy and food prices over the last few years and this has meant less focus on non core activities. For this reason finding funding for courses is important. However at the moment Academies are asking for School status meaning that they would be exempt from Non Domestic Rates and VAT, if this was extended to early years providers who offer training then the organisation would potentially be able to unlock £25,000 that could be invested in their most valuable asset - their staff.

## Training issues and business response

Time (23%), cost (17%) and the availability of suitable schemes or courses (26% - 14% lack of schemes, 7% quality of schemes and 7% lack of choice of provider) were the key issues faced by members when considering training for staff.

A further 16% felt that there were problems with the labour pool with equal proportions mentioning the quality of skilled applicants, a lack of employability attributes (team working, presentation etc) and national skills shortages such as CNC, specialist electrics and ICT skills (SQL, CAD and Visual basic) specifically mentioned by respondents.

**Figure 4: Training issues recorded by members**

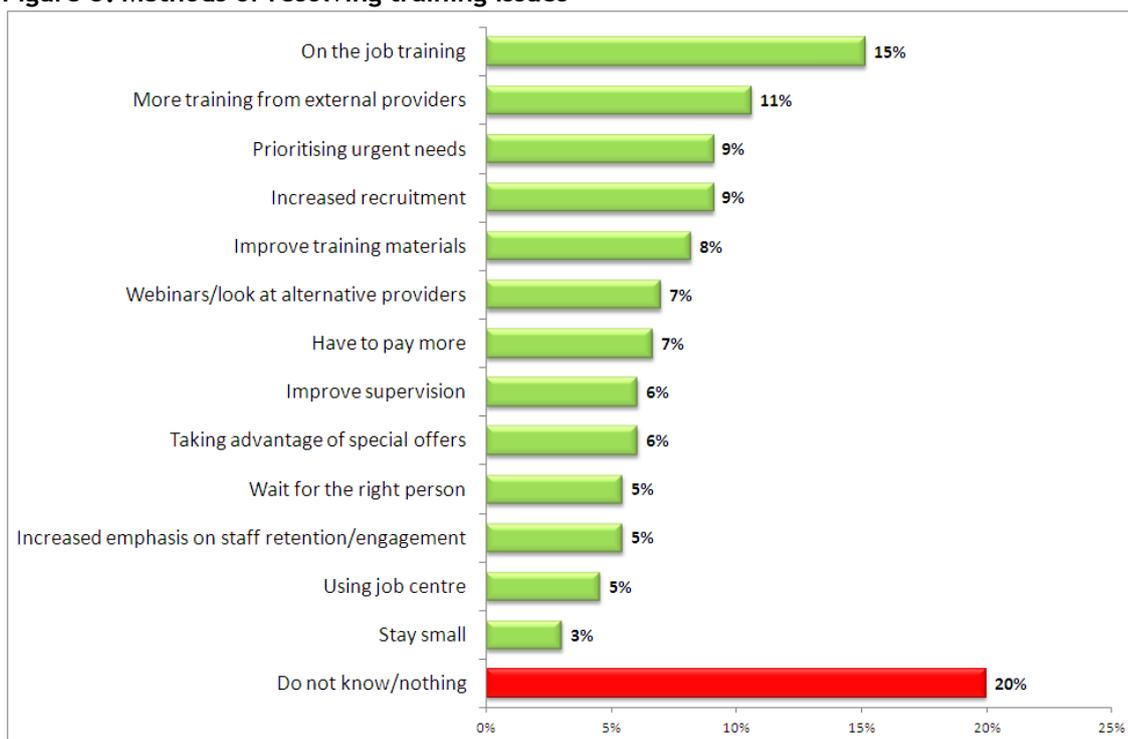


A further 6% mentioned the lack of a sustainable workforce. Members mentioned an ageing workforce and lack of niche skills being taught to young people. The lack of profit in their industry was a concern for some members as they feel unable to attract and retain good engineers or skilled workers compared to other industries.

Around 5% also felt that there was a problem in the attitude of employees and trainees to training, citing a lack of application or reluctance to attend courses as an issue. This is not always down to the individual with some courses having a significant repetitive element often around compliance.

The solutions when business owners indicated solutions were fairly varied. 1 in 5 businesses reported that they did not know or were not looking to take remedial measures. This was particularly common when businesses had indicated a cost issue. A further 7% were resigned to paying more either for individuals with the skills already or for courses tailored to their needs and 5% were intending to wait for the right person to come along.

**Figure 5: Methods of resolving training issues**



The most common solution was increasing on the job training (15%), although this has, in some cases further added to the time poverty of managers and supervisors. Some of these businesses were also using external providers to a greater extent, although these were outnumbered by those who had indicated that they only solution was to use colleges, universities or external training providers to develop the workforce they needed.

Prioritising urgent needs was one way that businesses had found a way of minimising key training issues, along with taking advantage of special offers from the right training providers or as a way of keeping morale high. Others were looking at other alternative provision; 8% mentioning improvement of training manuals and internal resources and 7% indicating that webinars, guides and online courses were also being considered. 5% were looking at other methods of staff retention or engagement to mitigate training issues - particularly the lack of available courses.

**Figure 6: Methods of resolving training issues**

Problem	Main responses
Cost	Nothing/do not know On the job training Spend more money Take advantage of special offers/events
Time	Training from external providers Prioritise urgent needs Nothing/do not know
Available training	On the job training Improve training materials Consider alternative provision
Skills in labour force	Increased recruitment Nothing/do not know Have to pay more Wait of the right person

The Job Centre was mentioned by a number of businesses. Experiences were mixed with businesses reporting that the service was variable or poor. Business owners also reported having to chase the job centre for information and inappropriate CVs were sent through. Cost compared to other recruitment providers was given as the main reason why the Job Centre was used in the first place. So it is perhaps unsurprising that in some cases the Job Centre did not meet expectations in terms of dealing with the more labour intensive parts of the recruitment process.

## CNC Training: A response to a national shortage

UKCES has identified CNC training as an area where there is a national skills gap and this is borne out by one of our members in the South West of England. The company reduced the number of employees at the start of the recession and is now looking to increase capacity but is hampered by a lack of skills in the local labour force and in local training providers.

The only option that they have at the moment is to improve the pay and benefits package to recruit readily trained operators from similar manufacturers as they have the following concerns with local training system:

- Costs of taking on and training an individual are significant
- There are few training courses in this area that are relevant to the company
- The individuals used are not good engineers and will teach them bad habits
- Transport to good courses are prohibitive to improve the skills of their current workforce

The company would like to see greater funding to help manufacturers to afford training for new recruits and for their current employees so that they have the skills to expand the business, increasing investment in machinery and employees.

Some of these issues have been recognised in the private sector. The CNC Training Academy was established in 2010 by Mills CNC Ltd, a distributor of machine tools into the UK and Ireland, and has grown significantly over this time. The business now employ 3 permanent members of staff and are on target to complete over 80 courses during 2013 at their Leamington Spa based facility.

They offer CNC training to programmers, operators and maintenance teams and are constantly reviewed to ensure the relevance of course content and delivery. They have a focus to be the best in their class and promote the use of highly skilled engineers to provide the training. The company recently won an award from the MTA as best industry training provider.

Originally their training courses were designed for those in work; however, they have seen a large number of unemployed individuals joining their courses as they look to benefit from the growth in manufacturing in the West Midlands area.

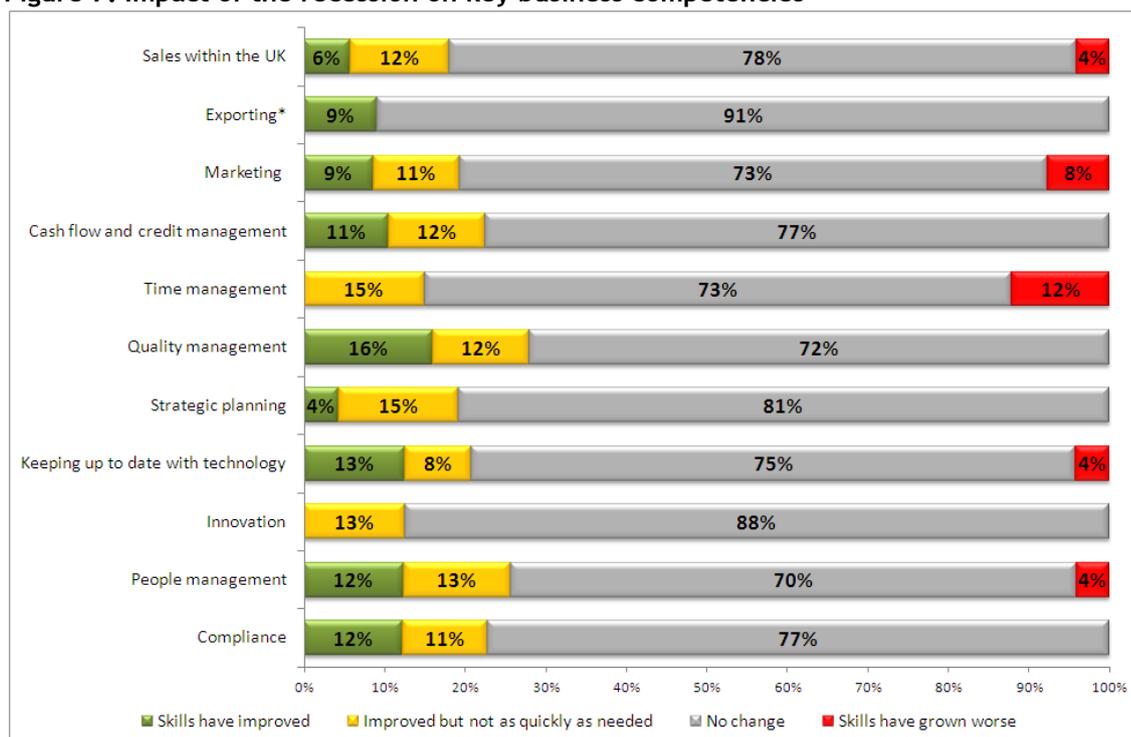
The majority of The CNC Training Academy's courses are classroom based which means travelling to Leamington Spa but they do offer cost effective on-site training as an alternative for small businesses.

## Impact of the recession on business competencies

*"Time Management is the hardest area for improvement" Panel member response*

We asked panel members what has been the impact of the recession on a list of competencies that are typically needed by businesses. Not all aspects were relevant for all businesses as some business models did not require competencies such as people management if the company no longer had any employees.

**Figure 7: Impact of the recession on key business competencies**



\*72% of businesses did not see exporting as relevant for their business and so the figures refer to a small minority of the panel.

Just under 2/3 of businesses have seen no impact on the skills within the business from the recession and a number have improved the business' internal capability during the last five years. Approximately 1 in 10 have seen an improvement in areas as diverse as compliance, people management, technology, quality management, cash flow and credit management and marketing.

There were also companies who recognised that their sales operation had become more effective over the last five years to meet tougher trading conditions and 4% had also seen an improvement in strategic planning - these companies mentioned that this was needed to focus resources where they were needed.

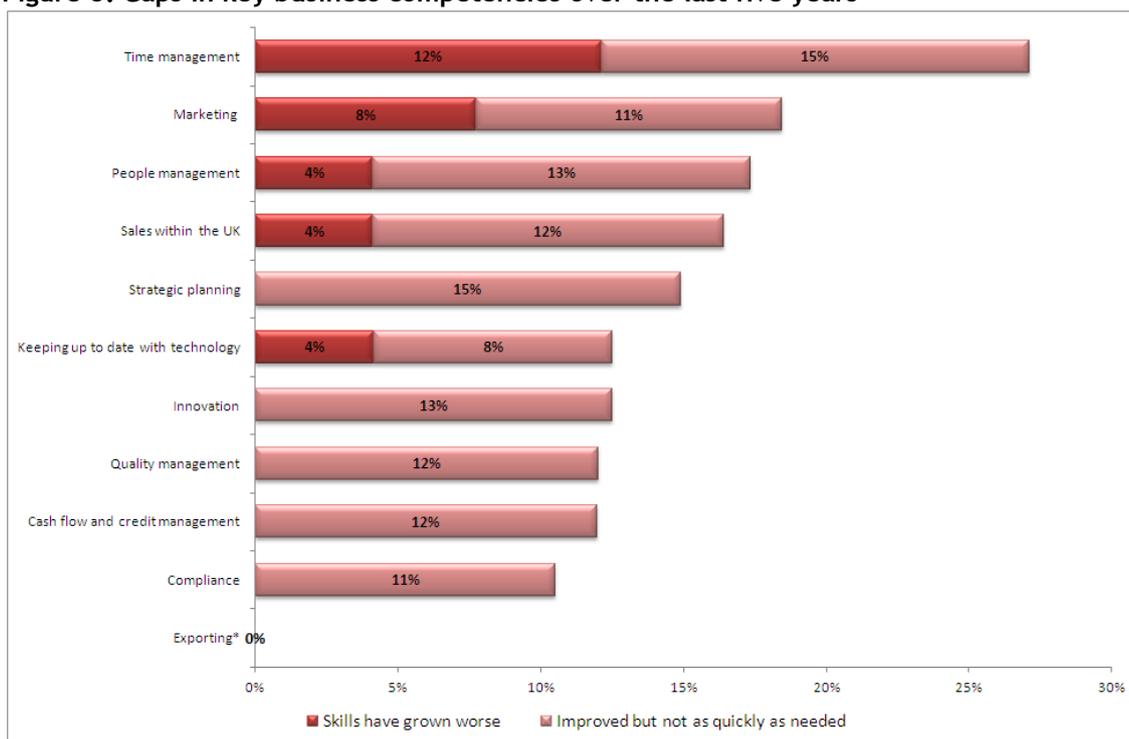
Time management competencies improved for around 1 in 7 businesses but not at the rate required by the business. Innovation, along with strategic planning, was the most likely to have remained at the same level during the recession as it had beforehand.

In terms of focusing on skills needs to help businesses develop, Figure 8 analyses businesses that have improved, but not as far as they feel they have needed to and those that have skills within the business decrease. There is an assumption that where skills have decreased this has created a gap in the business, although in the odd case, the business owner may feel that there was over-capability in this area.

*“People have had to diversify their role within the company, we have had to focus on core services and this has meant marketing and other non-core business areas have not been a priority” Panel member response*

The main focus is time - 12% reported that their ability to manage time effectively had grown worse over the last 5 years, with redundancies and the increased need for owner managers to work on other parts of their business leaving them with too little time to do all that was needed. 15% felt that their time management skills had improved, but not as effectively as they business needed to develop.

**Figure 8: Gaps in key business competencies over the last five years**



\*72% of businesses did not see exporting as relevant for their business and so the figures refer to a small minority of the panel.

Marketing was the second largest gap in the as a result of the recession, this was again to do with time as well as to a lesser extent cost. There have been complaints in previous panels and the Forum’s business support report<sup>(3)</sup> that marketing training and support is too expensive meaning that businesses are now doing a lot more in-house than before the recession. Social media has also expanded and some members were uncertain of how much time they should be spending on this. At the same time marketing budgets have been refocused away from training to meet the increased cost of materials and distribution.

Skills in people management appear to be an issue for 17% of businesses, however this includes a small number of business owners whose skills have decreased in line with the number of employees they have. Others feel that they should be doing more in terms of employee retention as pay increases are difficult to finance in the current environment.

4% reported that sales in the UK have grown worse, in most cases because the owner has not had enough time to devote to sales, although some companies reported losing sales people during the recession. The tough economic climate meant that although 12% did improve their sales skills, they would have liked to do more.

4% reported that skills in keeping up to date with technology had grown worse, in these cases it was comparative to their competition or due to an inability to invest in improvements. 8% wanted to improve their technological skills further, making this area of business capability much more black and white than other potential skills gaps.

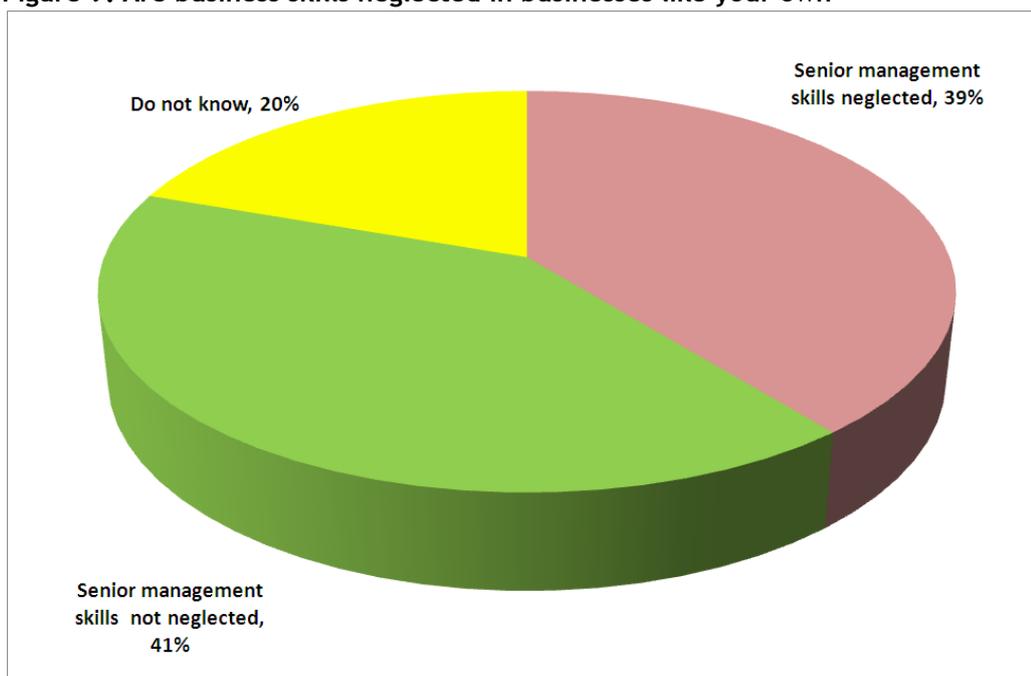
In contrast 15% felt that they had improved on strategic planning and a similar number felt the same over innovation and quality management, but not sufficiently. Comments from members suggested that this was due to a lack of prioritisation whereas similar figures in terms of credit management and compliance were more due to businesses feeling that they were not as up to date as they could be.

## Senior management skills

We asked panel members if senior management skills were neglected in their own business and businesses similar to their own (i.e. management skills in their industry). The response was mixed with 39% saying senior management skills were neglected, 41% saying they were not and 20% uncertain.

*“Due to work/time perspective, although courses are now booked!” Panel member response*

**Figure 9: Are business skills neglected in businesses like your own**



*“For us it was the laying the time aside to do courses. It is a big commitment and in small business managers frequently have to step in.” Panel member response*

The main reason why senior management skills were neglected was due to time. This was mentioned by 2/3 of businesses:

- The balance between working and taking time off
- The time spent on courses was excessive
- Time to teach themselves new skills.
- Time to find the right course
- Prioritising time to spend on courses that were needed in the medium term
- Time taken to organise their time away from the office
- Time to focus on needs as they were not as apparent.

*“It is all about cost and time.” Panel member response*

Cost was the next most frequently mentioned - by around 1 in 4 businesses

- Cost of the training
- Return on investment
- Cost of absence from the workplace
- Impact on cash flow if the skills they learnt could not be put into immediate use.

*“Easier to leave [management skills as they are]. Also a matter of pride.” Panel member response*

Other issues were how businesses find out that their skills are out of date, understanding how this can improve the business, lack of good trainers and simply that it was easier to leave as it is sometimes seen as a suggesting an individual is incompetent in a way that professional development or mandatory training does not. One business even felt that there was a lack of interest in improving management skills compared to honing professional skills.

*“Skills of senior management team have not changed over 20 years and we are a small company.” Panel member response*

Businesses who reported that their senior management were up to speed highlighted the experience of their management team, the fact that they have a training programme that encompasses management training or a process of understanding customer expectations and its implications on the business. A number of businesses highlighted the importance of competence rather than qualifications as skills tended to be learnt in the workplace rather than in colleges or simply felt that they did not need it. Three

business owners did however report that they or members of their management team were undertaking courses or looking at 1-2-1 support.

*“Although we do not get as much training as those on site it tends to be all experience anyway.” Panel member response*

Regardless of the response, management training was seen as practical, hands on and based on competence rather than being something learnt outside the workplace as part of a strategic plan. Overall just one business linked their response to their long-term plans for the business whereas business owners regardless of their response considered management training to only be necessary when there was a clear need for it (i.e. new product development etc).

#### **Rock Star Mentoring - flexible training, mentoring with the option of finance**

Rockstar mentoring provides a flexible mentoring service to their mentees on a number of levels:

- Time being mentored each month - owners can spend two hours a month to two full days depending on the requirements of the business
- Time they are mentored for - this is typically a year but can be shorter
- Technology - they offer skype/phone mentoring as well as face to face
- Dynamics of mentorship - as well as 121 mentoring, they have small group mentoring
- Finance - there is an equity option for businesses to help them grow quickly
- Start up loans - new businesses apply online for finance, attend an incubator event to get investor ready and then work with mentors to access the right finance for their business.

Behind the focus on getting the right mentor (from around 60 successful entrepreneurs) and the personal side to the relationship, the programme is very structured (based on finance, operations and sales) and is based on business owners using the experience, contacts and the accountability that a mentor brings to help achieve their business objectives.

An example of the mentoring in action was the restructuring of a family business involving removal of the founder director, re-focusing the business and refinancing the business. The right team members were allocated the targets and time frames to achieve the above points. The mentor, involved in the company for one day each week, oversaw the targets and mentored the various family members to achieve their set goals. The increased margins that were achieved allowed the business to be re-financed, giving it more cash to reinvest back into the business. Company sales revenue rose from around £500,000 with 20 employees to £800,000 with 16 employees over 2 years.

## **Self employment in young people**

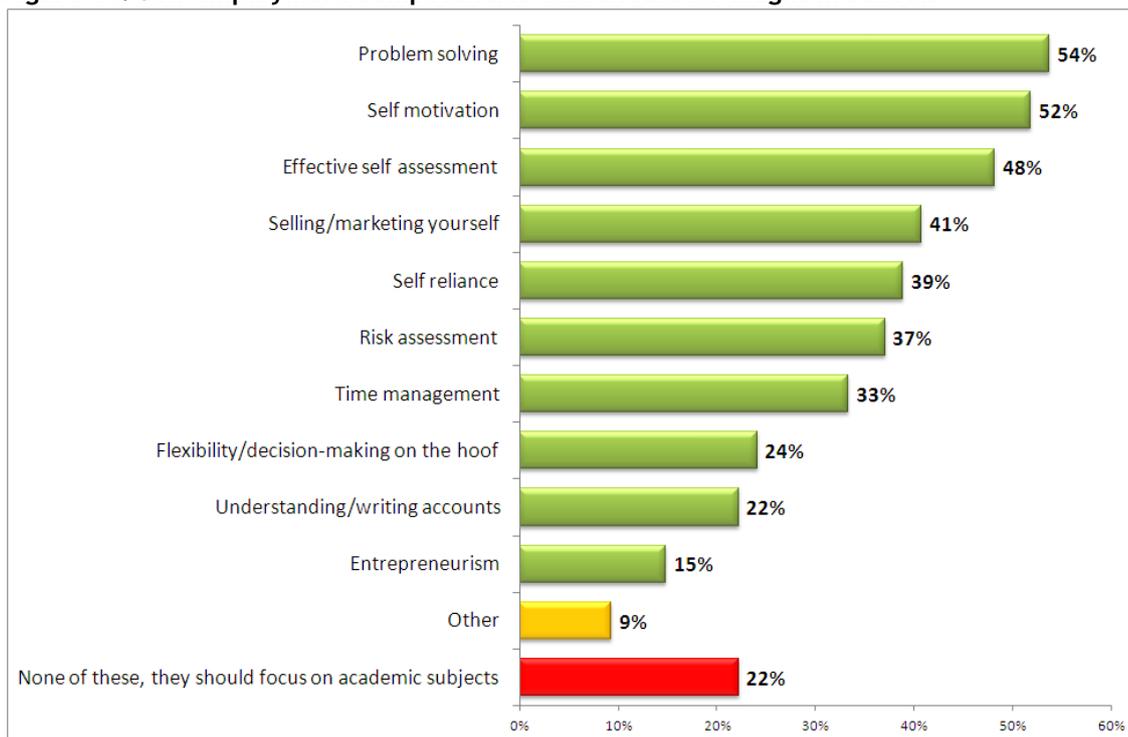
*“Hard work - there has been too much emphasis on entrepreneurialism and not enough on working hard.” Panel member response*

As 75% of businesses do not employ anyone and the trend for self employment appears to have intensified in the last decade, we wanted to see which characteristics of self employment/entrepreneurialism businesses would want to see taught in schools.

22% felt that students should focus on academic subjects, mainly because some businesses had reservations about the quality of basic skills in the local labour force.

General business attributes were the most frequently mentioned by business owners as something that should be taught in schools with problem solving, self motivation and effective self assessment all highlighted.

**Figure 10: Self employment competencies that should be taught in schools**



The ability to sell or market yourself was a key skill that businesses wanted to see more developed in schools along with self reliance. Other skills mentioned by members were varied with only work ethic, presentation and team building mentioned by more than one person.

Self confidence, reliability, the importance of appearance, manners, patience, customer service skills, team building, work ethic, enthusiasm, willingness to learn and a passion to work in the industry were all mentioned as the distinction between employment and self employment was blurred.

## Priorities for apprenticeships

*“If funding goes direct to employers it rewards those who actually put the effort in.” Panel member response*

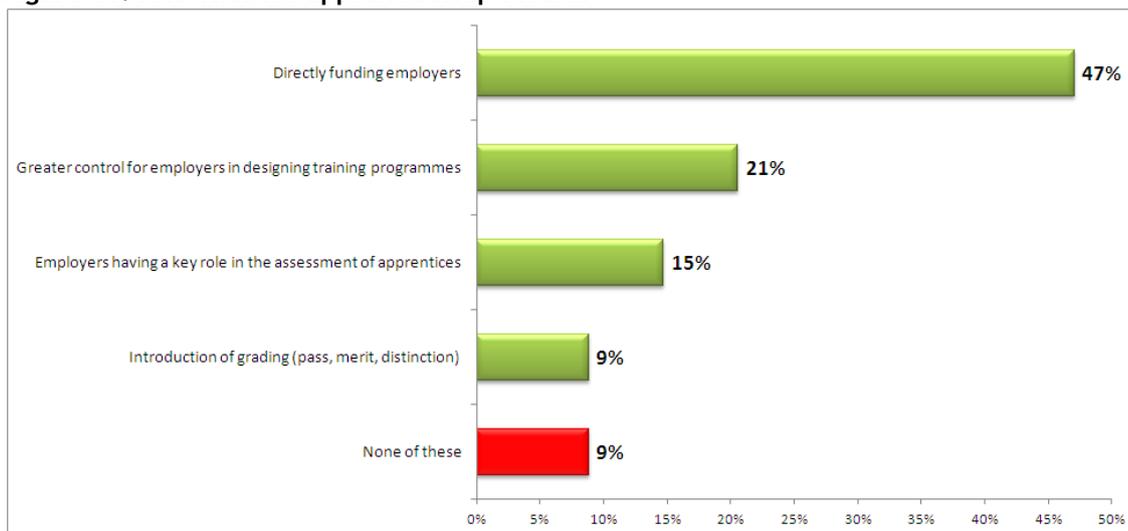
Apprenticeships have become a key element of the training environment with a number of panel members in hairdressing, retailer, private health provision, care homes, child care, manufacturing and construction all offering apprenticeships to young people.

To put the importance in some sort of perspective in 2002/3 42,400 successfully complete their apprenticeships in all subjects, a decade later 58,980 apprenticeships were achieved in retail and commercial enterprise and 80,470 in business, law and administration. ICT is also likely to provide more apprentices this year as an industry than all industries did in 2002/3<sup>(3)</sup>. This rapid expansion in the number of apprentices and range of frameworks has led to a number of issues with the system as indicated below.

*“Providers are dreadful, one apprentice had a criminal record and the other one was too bright for course.” Panel member response*

Despite this our members feel that more could be done to support businesses in taking on the right apprentice to help their business develop. Several sectors reported that things were improving, but they had experienced problems in the past with training providers not providing the right type of individual, putting them on the wrong sort of course or simply not understanding the job market - one member recalled hearing an individual being told to go into HR because they seemed to get on with everyone, whilst others (particularly in health and social care) came out with the wrong qualifications for a career in that industry and more importantly with that business.

**Figure 11: Priorities for apprenticeship reform**



***“Training is expensive for companies and financial assistance may encourage companies to invest.” Panel member response***

47% felt that directly funding employers would be the most effective way of change that could be made to the current system as this would compensate businesses for the time to supervise the individual apprentice and, in the case of high risk environments such as construction sites, for the time to fill out the paperwork required by main contractors and undertake risk analyses. This indicates upfront funding for the business in line with their own costs rather than schemes such as R&D tax credits which have to be claimed back from the government or the scheme suggested by the government for funding apprenticeships in the future.

***“Looking to take on an apprentice once we have a full time engineer on board. Funding would be helpful.” Panel member response***

Cash flow was also an issue, particularly as businesses expanded and an apprenticeship was seen as a longer term option to increase capacity after individuals with the experience to be a productive member of the team as soon as they started. Other hidden costs included cost of supervision training, licences and temporary wastage/drop in productivity which businesses cannot afford at the moment. There was a concern that the option identified in the Richard Review of funding through claiming back funding from the government and other organisations could exacerbate cash flow issues rather than relieve them.

***“We have more applications for internships from the UK and USA than openings and would like to offer 1-2 placements each year.” Panel member response***

A number of businesses would even like to offer placements for 1 or 2 apprenticeships a year in occupations as diverse as midwives and machine operatives but funds are not available to do so.

***“[Direct funding] would allow us to understand the skills of the trainer and them us, some CNC trainers are not good enough on the basic engineering fundamentals.” Panel member response***

Others felt that by giving the businesses access to the cash their needs would have to be taken seriously by training providers rather than being offered an apprentice who is being trained in skills that are tangential to the needs of the business - a particular concern for niche manufacturers and service providers. Choice was also another issue that was mentioned by several businesses - one business felt that the recession had limited choice in the construction industry and increasingly the CITB (Construction Industry Training Board) was the only option even though it did not meet the needs of this business.

***“Grading could be relevant or irrelevant. Design and assessment gives real world experience.” Panel member response***

Assessment and design of the programmes had similar reasons for their choice as those that wanted direct funding - greater control of the programme, ability to tailor the skills to the practical needs of their business as well as a greater flexibility in the programme.

Design of the courses is key: *“...there is a lack of good training locally - we are too niche.” Panel member response*

Businesses who highlighted assessment or design felt that from the policy side this would reduce providers who were only interested in the money and give enthusiastic employers, regardless of size, the opportunity to get more out of the scheme if they put more into planning at an early stage.

*“Courses in general are designed for larger companies and not for the needs of SMEs.” Panel member response*

There was also a feeling that niche providers and businesses looking for the occasional apprentice needed greater control over the design as most courses were provided for larger business as colleges and other institutions find it difficult to connect with infrequent users of their services. This is particularly an issue for training providers.

*“Liabilities are an issue [for taking on apprenticeships] so employers need to drive it and assess young people [themselves].” Panel member response*

Being able to assess young people was important for some businesses to make sure that those coming out of the system were suitably qualified and understood the risks inherent in the workplace as well as checking that they had learnt the skills to the correct level. For skills where there was a national shortage there was a concern that those providing the skills were not good enough to work in the private sector and so could be passing on bad, even unsafe, practices.

*“Because the training of apprentices at the moment in our field leaves no distinction between the excellent and those that need additional training.” Panel member response*

Grading would help businesses in understanding apprentices in the same way that getting businesses involved in the assessment would do. Businesses wanted apprentices to have the skills to produce the quality of service/goods that they required in a commercial setting and some businesses felt that the NVQ system that underpins apprenticeships did not offer this. This is perhaps one of the reasons why businesses tend to specify “traditional apprenticeships” as a business need rather than the apprenticeship schemes currently offered.

9% felt that the system was okay as it was or felt that they would not need to use apprenticeships in the future.

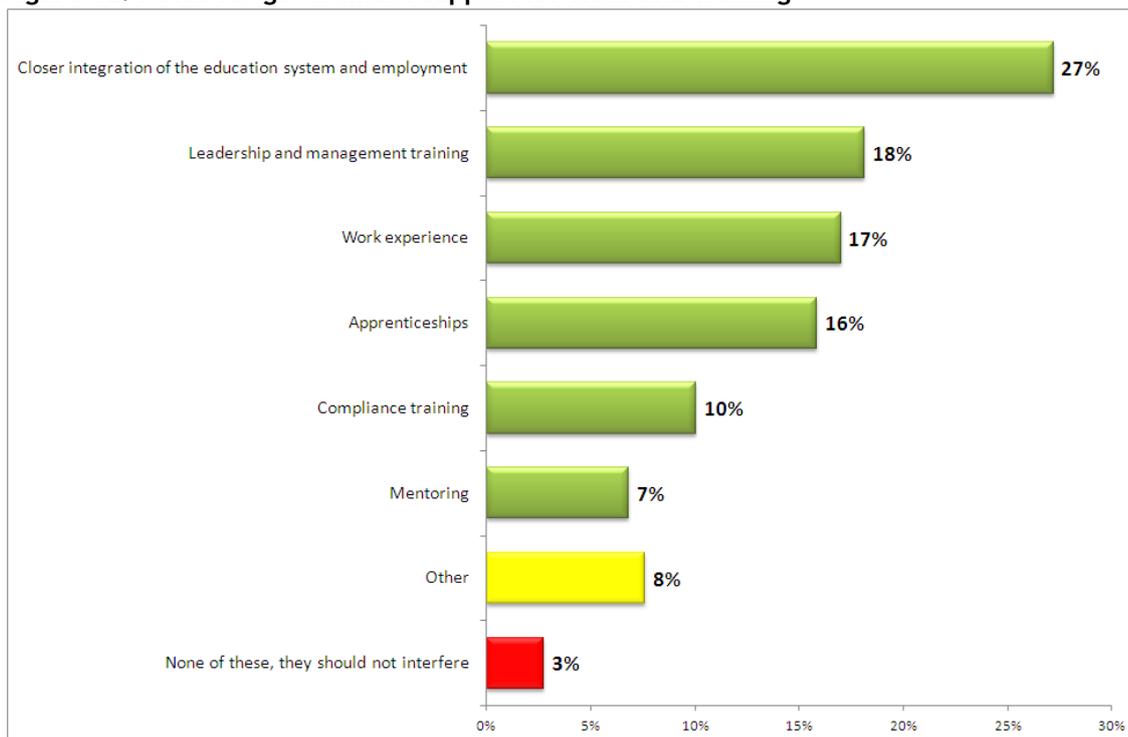
## Greater government support for skills and training

*“Current education system kills thought and problem solving, tick box is the fashion - if it doesn't tick the box it doesn't happen - no grey areas allowed, the system destroys enterprising thoughts. Need to look up from the computer screen. Someone actually needs to do the work.” Panel member response*

Despite issues with the apprenticeship schemes, some of which appear to be temporary growing pains, apprenticeships were not seen as a priority for panel members. The main requirement in terms of support was the over-arching theme of closer integration of the education system and employment with 27% wanting this improvement to how training and skills are provided.

Businesses were particularly concerned about their inability to discipline staff and the attitude of employees to the workplace. Owners were particularly concerned that the two biggest influences on young people - the media and their teachers - had a limited experience of their workplace environment.

**Figure 12: Focus for government support for skills and training**



Leadership and management training, work experience and apprenticeships all were wanted as a focus for government support by similar numbers of panel members. In contrast 10% wanted a focus on compliance training, although this would vary if new laws were introduced requiring one trained person at each workplace and 7% wanted a greater focus on mentoring, with more focus on initiatives such as Rock Star Mentoring where the mentoring can be part of a wider financial package.

Other support tended to be for a broadening of training schemes, this accounted for 5% of responses, an improved tax regime for training investment, less red tape or more effective training for individuals where there are clear national skills gaps, CNC training, ICT skills etc.

## What could the government do to support businesses?

*“Funding, it is quite hard to find courses and this gets put to the back of the queue of things to do. Incentives would help bring this forward.” Panel member response*

We asked businesses what one thing the government could do to support businesses in being able to recruit and develop employees. A number of key themes emerged:

### **More opportunities to invest in training**

The cost of training staff in uncertain times was the biggest issue that businesses felt needed to be resolved. Some businesses felt that the tax regime could be looked at to incentivise training in the same way as research and development has been incentivised. Others felt that greater funding should be offered to support businesses through more incentives for training current members of staff either to upgrade their skills or to retrain. One member also thought that the punitive nature of compliance training (where costs escalate if you are a day out of date) caused prioritisation of compliance training over other - perhaps greater - needs of the business. Overall the feeling was that internal training would continue to be preferred in most instances unless there was greater funding for training provision. One business owner felt that funding or tax breaks had to be provided alongside mentoring for the employer and employee as well as support in dealing with the admin issues. An alternative suggested by one business was a programme of free workshops at convenient times for employers and employees to update their skills.

### **Improve the skills of young people**

Businesses felt that young people needed greater support in making them ready for the world of work, whether it was self employment or working for a business. These included:

- Switching computers off and getting young people to focus on problem solving and practical solutions to issues.
- Use schemes used by businesses to encourage employee engagement within the classroom.
- Giving young people the confidence to go into the world of work by teaching team-building skills and develop suitable attitudes for the workplace.
- Instilling a work ethic and greater workplace experience - 18 hours contact with the workplace is not sufficient for a 16 year old and without greater guidance young people will become disengaged.
- Ensure careers advice is broad and truly represents the way in which business works. Realistic career aspirations are essential for young people moving from education to employment.
- Expanding schemes for self employment such as the Start up Schools programme

### **Greater diversity in training options for young people**

Members wanted to see greater diversity in the training pathways for young people and those currently in work. Some businesses saw apprenticeships as too generic and there seemed to be few options in terms of training other than higher education or apprenticeships. In particular there was a feeling that more could be done to help those in work take control of their own personal development.

### **Greater choice in training provider**

Technical skills in particular were often the preserve of trade associations who tended to have a monopoly on training but did not necessarily offer the courses at a relevant location, cost or level that the business dictated. A number of businesses felt that the government should focus more on using private sector suppliers to offer courses or learn from the way they offered courses in terms of timings, technology and fitting the employee/owner up with the right coach, mentor or other training provider.

### **Less red tape**

There have been a number of initiatives to free up the time of business owners, but members still feel that training providers can be overly bureaucratic. Less red tape generally would also give businesses more time to find suitable training courses which often are available but require some searching (see the case study for Aria Developments).

### **Improve recruitment channels**

A couple of businesses felt that the Job Centre website was an obstacle to recruitment rather than a support mechanism and another business reported that the service they received was mixed. Members felt that the website was not easy to use and they did not receive any response to posting an advert including recognition that the post was online. Firms without HR departments reported that they had difficulty in sifting through CVs and owners felt that there were too many inappropriate CVs from individuals who needed to apply for a job as part of the conditions of Jobseekers Allowance.

### **Identifying training needs within a business**

A couple of businesses reported that more support and guidance was needed in identifying training needs within the business as there was not always a clear indication that skills were getting out of date or processes could be modernised.

(1) When referring to types of skills the following definitions were provided for members:

Compliance - updating first aid licences, skills cards etc

Continuous personal development - updating key professional skills

Replacement - replacing lost skills caused by individuals leaving the company

Growth - skills needed to increase capacity

Efficiency - focusing on skills to improve current productivity in the company

Strategic skills - focusing on management skills and structure needed to grow the business more in the future

(2) Forum of Private Business, Training and Skills panel, August 2012,

[www.fpb.org/page/1003/Small\\_business\\_research.htm](http://www.fpb.org/page/1003/Small_business_research.htm)

(3) Forum of Private Business, Cost of Compliance (Referendum 196), July 2011,

[www.fpb.org/page/1003/Small\\_business\\_research.htm](http://www.fpb.org/page/1003/Small_business_research.htm)

(4) Forum of Private Business, Business, October 2013, available on request

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

Telephone: 01565 634467  
Email: [info@fpb.org](mailto:info@fpb.org)  
Web: [www.fpb.org](http://www.fpb.org)