



**Response from the Forum of Private
Business (FPB) to**

**Leitch Review in the context of
the Lyons Enquiry**

24 January 2007

Context

Smaller businesses feel there is a lack of skilled labour in the workplace, so a focus on this area to raise the level of basic skills is to be welcomed. The integration of skills and employment is also to be welcomed, though particular attention needs to be paid to how this will work in conjunction with the other bodies working in this area.

Transparency, awareness and openness

One of the greatest challenges to employment and skills is transparency and awareness of the existing programmes; historically, it is the bigger businesses that are aware of schemes and funding, and are therefore in a better position to benefit. Conversely, owners of smaller businesses, who are time-poor, may not be aware of the opportunities available to them, which may result in them not being able to access the skilled labour they would like. Any rationalisation of systems and organisations needs to pay particular attention to how accessible and transparent they are for all businesses within their remit.

Demarcation of responsibility

In setting up a new interaction between employment and skills, it is crucial that there are demarcated lines of responsibility so it is clear who employers need to approach and to avoid duplication or gaps in the system. Attention also needs to be given to links both across sectoral lines as well as geographical boundaries, and how this may be best managed and used for cross-population of skills and opportunities.

Engaging employers

To ensure this demand-led process is successful, it is imperative that employers are actively engaged in the process at the earliest stage, to ensure that training for skills meets the need in opportunities. To achieve economic prosperity within the local communities, decision-makers need to have a clear understanding of the gaps in skills provision for smaller businesses in the locality. Engaging businesses with the Learning and Skills Council on issues relating to the 14-to-19-year-olds group would allow the marrying of skills to opportunities and may contribute to fostering a secure local economy.

The process needs to be streamlined and accessible to all employers, within a region and within a sector. In setting up the Employment and Skills Board to strengthen the employers' voice, it is crucial that all employers are heard, irrespective of size. The owners of smaller businesses may not have the time afforded to large businesses to sit on the advisory panels, but it is crucial that mechanisms are in place to ensure that the funding is given for skills schemes that may be more specialised. Attention needs to be given to how skills are identified within the Sector Skills Councils because, as a result of their wide remit, it is possible that more specialised skills may slip under the radar and therefore not meet the needs of all employers.

The 'Pledge'

The suggested pledge for all employers to train all eligible employees up to 'Level 2' will be a huge challenge for smaller businesses, which work on tight financial margins. This extra economic/time consideration is further compounded by the transferable nature of skills, that is, the business owner may give the time and money to train an employee, but may not benefit from this investment if the employee changes jobs soon after the end of the process. Sir Digby Jones, who was recently appointed as a 'skills envoy', said, on 17 January 2006, that the Government must offer a "fiscal bribe", through tax incentives to employers, especially smaller businesses, to get them to train their staff.

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.

The FPB is active in the European Commission's social dialogue and is a representative, in this country and in the European Union, of small and medium-sized businesses. 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.

FPB research

All of the FPB's campaigns are based on the views of our members. We survey businesses by mail, over the telephone and face-to-face. 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.

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