



Small Business Solutions: The value of an Apprenticeship

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The FSB believes that the value of an apprenticeship can be raised by:

- Government providing an upfront financial grant to all small businesses who want to take on an apprentice and invest fully in their training.
- Employers being prepared to pay a sufficient wage package as an incentive for completion. The FSB advocates the raising of the minimum wage for apprentices from £95 to £123 per week for a 35 hour working week.¹ This will increase the prospect of retaining the service of the apprentice after completion and is the current rate of a 16-18 year old in work.
- Apprentices must endeavor to complete their apprenticeships to ensure that the investment goes back into the business and the economy.

The FSB calls for:

A Micro and Small business (only) Apprenticeship Fund

Train to Gain has a budget of £1 billion – and it is vital that the majority of the fund is designated to the hardest to reach small businesses – currently only £350 million is going to small and medium sized enterprises - this is not nearly enough when you consider that funding in certain regions is drying up and that 99.3 per cent of businesses in the UK are small.

A designated fund should be allocated out of national skills budget allocations to assist the hardest to reach small businesses. It needs to be a ring-fenced amount available to micro and small enterprises (only) to ensure that there is no deadweight loss whereby medium and large businesses can access funding even though they have training plans and training budgets in place. A concerning statistic is that 95 per cent of all Government funded business support goes to businesses with more than 10 employees, yet, 95 per cent of all businesses have less than 10 employees.

Wage contribution awareness

In a recent FSB Apprenticeships Survey of 1,300 business owners, 95 per cent of businesses were unaware of wage contributions on offer to train an apprentice.

The Learning and Skills Council (LSC) has confirmed that it has had a significant under spend on the take-up of wage contribution payments to small businesses and this is largely due to a lack of awareness of the policy.

A national awareness campaign needs to be undertaken by the LSC, soon to be Skills Funding Agency, highlighting the financial incentives on offer to small businesses for training an apprentice.

There must also be a guarantee that any direct payments of wage contributions for providing training are paid into the employers account within a month. This has caused a considerable cash flow problem for businesses that have had to wait a considerable amount of time for payment.

Small business stats:

- **There are 4.8 million small businesses in the UK**
- **97 per cent of firms employ less than 20 people**
- **95 per cent employ less than 5 people**
- **Over 500,000 people start up their own business every year**
- **Small firms employ more than 58 per cent of the private sector workforce**
- **95 per cent of businesses are unaware of wage contributions for providing training**
- **69 per cent of all apprenticeships take place in small firms**

For further information

Matthew Jaffa
Deputy Head of Policy
Federation of Small Businesses
2 Catherine Place
London
SW1F 6HF