



Federation of Small Businesses

The UK's Leading Business Organisation

Gerry Swift
Regional Skills Partnership Unit
Department for Innovation, Universities and Skills
Ground Floor A
Castle View House
East Lane
Runcorn
Cheshire
WA7 2GJ

20th August 2008

Dear Gerry,

RE: CONSULTATION ON "TIME to TRAIN"

The Federation of Small Businesses (FSB) welcomes the opportunity to submit its views to the consultation at this stage.

The FSB is the UK's leading non-party political lobbying group of UK small businesses, existing to promote and protect the interests of all who own and manage their own businesses. With over 215,000 members, the FSB is the largest organisation representing the self-employed and small businesses in the UK.

Small businesses represent over 99% of UK businesses and the average FSB member employs four employees. According to the biennial FSB survey of 20,000 small business owners¹, 76% of businesses undertake some form of training, with 32% of firms surveyed reporting that training is delivered by staff members in the workplace.

In July 2008, the FSB undertook a survey of almost 1,200 small business owners on their views on Apprenticeships². Only 5% of those who responded were aware that compensation was available for giving apprentices time off to train. The FSB is concerned by such a low figure and our worry is given extra credence by the fact that the LSC recently announced a significant under spend in the take-up of wage contribution funding by SME's. The FSB urges the LSC to increase awareness levels amongst small businesses.

¹ FSB Lifting the Barriers to Growth 2006

² FSB Survey on Apprenticeships, July 2008



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If the new right to request time to train goes ahead, the FSB will support the deferment of a decision to 2014 when the UK Commission will assess whether or not it should be made a legal right to request time off to train. However, in principle the FSB disagrees with compulsion and feels the Government must do more to recognise the informal workplace learning that is undertaken within a small business – thus making the question of compulsion by 2014 unnecessary.

Impact Assessment

The impact assessment mentions a document, published in July 2008, entitled "It's Time to Talk Training - How to develop a dialogue on skills at the workplace". The FSB were disappointed by the document with a lack of understanding around the training needs of the smallest businesses. The case studies are not representative of all businesses in the UK, and fool the reader into thinking that small businesses are micro versions of larger businesses. DIUS and BERR would have benefited from listening to micro businesses that represent over 75% of all businesses in the UK.

The FSB is concerned that:

"Employees should be able to ask that they are accompanied to any meeting with their employer about the request for time to train"³

The entitlement to be accompanied at a meeting creates an extra layer of bureaucracy for the employer to follow. The right to request a meeting to discuss time off to train suddenly becomes a formal exercise, crossing over employment law, with the mention of Union Learning Representatives being present. The FSB feels that this extra entitlement will lead to a panic amongst small businesses that a refusal to request time off to train could be interpreted as constructive dismissal.

The 'right to request time off to train' policy was intended to be light-touch. Small businesses will fear the heavy hand of regulation if they are forced to undertake formal meetings. **The FSB urges DIUS to create an exemption for businesses with fewer than 20 employees** – to be able to hold "one to one" informal meetings without the need for union representation. Most small businesses engage in training for their workforce as there is a higher percentage of under-skilled employees working within smaller businesses compared with their larger counterparts – the proportion of employees who have a degree level or higher qualification rises from 15.2 to 31.3 per cent of employees, as we

³ Department of Innovation, Universities and Skills - Initial Impact Assessment of the right to request time to train, 16th June 2008



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move up from consideration of micro-businesses to those with more than 250 employees.⁴ The best way to engage small businesses with the policy is to keep it informal, making it easy to identify necessary training.

Another reason for exempting businesses with fewer than 20 employees to Union accompaniment is the sheer financial burden with the cost of the request (£70) added to the potential cost of appeal or internal grievance stage (£140). This is not taking into consideration the (average) accommodation cost to the business of a successful request for time off to train of £217.50. The additional costs would be overly burdensome for a small business and might lead them to reconsider employing staff.

The Impact Assessment quotes a figure of £5,000 in terms of lost earnings in granting time to train requests. The FSB supports the policy of wage contribution for providing time off to train; however, as stated previously, a recent FSB Survey of 1,200 businesses showed that only 5% were aware of wage contribution on offer for providing time off to train. The FSB would welcome further initiatives by DIUS to help promote this policy to businesses with fewer than 50 employees as we understand that there is a significant under-spend from the Learning and Skills Council budget due to a lack of knowledge amongst small businesses.

We trust that you will find our comments helpful and that they may be taken into consideration. The FSB is willing for this submission to be placed in the public domain. We would appreciate a copy of the synopsis of responses and being kept apprised of further developments and consultations on this issue.

Yours sincerely,

Matthew Jaffa
Acting Deputy Head of Policy

⁴ Office of National Statistics, 2007 Labour Force Survey, April-June