

Apprenticeship Levy Team
Policy and Divisional Support Branch
Youth Policy Division
Department for the Economy
4th Floor
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD

23 December 2016

Dear Apprenticeship Levy Team,

FSB Northern Ireland's Response to the Apprenticeship Levy Employer Engagement

The Federation of Small Businesses (FSB) welcomes the opportunity to respond to the Employer Engagement Consultation Paper on the Apprenticeship Levy.

FSB is the UK's largest business organisation with around 170,000 members, including 6,000 here in Northern Ireland. Our members are business owners and self-employed people, many of whom own more than one business. Our members come from across all sectors and industries. FSB's aim is to promote and protect the interests of smaller businesses and, to that end, we work with decision-makers to create a better business environment.

Addressing the skills barriers facing the Northern Ireland economy is essential if we are to realise our potential. The lack of availability of skilled staff was highlighted by 35 per cent of small business owners as a current barrier to growth, a concern for future growth, and a priority issue for the Executive¹. Our small businesses make up 98% of the private sector in Northern Ireland, contribute 75% of turnover, and employ more people than the public sector and large businesses together. However, FSB research found that only 23 per cent of small businesses have engaged in apprenticeship schemes, and it is therefore vital that the remaining three quarters of small businesses are encouraged and incentivised to engage in delivering and benefitting from apprenticeships.

FSB welcomed the opportunity to engage in the development of the *Securing our Success* and *Generating our Success* strategies, and fully endorses the resulting apprenticeship and youth training plans. We believe that if they are implemented in full, apprenticeships in Northern Ireland will be of the highest quality and sought-after qualifications, and a

¹ The Contribution of Small Businesses to Northern Ireland, 2015

desirable alternative to more traditional third-level academic qualifications.

In developing the Strategies, the Department of Employment and Learning conducted an extensive Employer Survey which clearly indicated that financial support is the most important change that could be made to encourage small and micro participation. While we also particularly welcome the introduction of employer led co-design and the development of a new central service to assist employers with the administration and bureaucracy of apprenticeship schemes, **FSB strongly recommends the urgent implementation of the commitment to the provision of incentives to small businesses in *Securing our Success*.**

FSB notes that the majority of the levy payers will be larger businesses (including some FSB members) and the public sector. However, we are concerned that the Northern Ireland public sector and large employers located here are being required to pay a tax which will fund services only available outside Northern Ireland, i.e. the apprenticeship scheme for England and Wales. Further, we understand that the fund generated by the levy will be used to replace the current funding mechanisms for apprenticeships in England, which will result in a reduction of the Northern Ireland block grant by a proportionate amount, and which we understand will not be matched by the NI share of the levy fund.

If the levy proceeds in Northern Ireland, we would urge the Executive to ensure that the *Securing our Success* and *Generating our Success* strategies are fully implemented and the commitments met, and that any reduction in the NI budget created by reductions in GB central funding does not impact on our key skills development.

We trust that you will find our comments helpful and that they will be used in your considerations. FSB is happy for this submission to be made publically available. Please do not hesitate to contact us if you have any queries.

Kind regards

**Wilfred Mitchell OBE
Northern Ireland Policy Chairman**