

Leitch Review of Skills - Practitioner Network Overview

This overview is designed to provide a brief introduction to the central issues, principles and recommendations of the recent Leitch Review of Skills, with particular emphasis on the role of employers.

"The UK must become a world leader in skills...the prize for our country will be enormous - higher productivity, the creation of wealth and social justice."

Lord Leitch, December 2006

"I call on every employer in the country to put training at the top of their agenda. Nothing is more important."

Sir Digby Jones, Skills Envoy

Background

In 2004 the Treasury commissioned Lord Sandy Leitch to undertake an independent review of the UK's long term skills needs. The Review published its interim report in December 2005 with the full report, *Prosperity for all in the global economy - world class skills*, published on 5th December 2006.

The report concludes that the UK must urgently raise its skills levels and recommends that it commits to becoming a world leader in skills by 2020. This will mean doubling attainment at most skills levels. Responsibility for achieving ambitions should be shared between Government, employers and individuals.

The report explains that in a rapidly changing global economy, with emerging economies such as India and China growing dramatically, the UK cannot afford to continue in the way it has up until now. Despite having made good progress over the last decade, aspects of our skills base remain weaker than those in other developed economies:

- **Out of 30 Organisation for Economic Co-operation and Development (OECD) countries, the UK lies 17th on low skills, 20th on intermediate skills and 11th on high skills**
- **5 million working adults in the UK lack functional literacy**
- **17 million working adults in the UK have difficulty with numbers**
- **More than one in six young people leave school unable to read, write or add up properly.**

The report projects that, even if current targets are met, by 2020 the UK's skills base will be inferior to that of many other developed nations. A radical step-change is necessary.

Targets

The report recommends the UK commits to become a world leader in skills by 2020. This means increasing skills attainment at all levels by 2020, with ambitious new targets set:

- 95% of working age adults to have basic skills in both functional literacy and numeracy - rising from 85% and 79% respectively in 2005
- More than 90% of adults skilled to GCSE level or to vocational equivalents - rising from 69% in 2005
- The number of Apprentices in the UK boosted to 500,000 each year, with improved quantity, quality and esteem for intermediate skills. More than 40% of adults are skilled to graduate level and above - up from 29% in 2005.

Five Key Principles

- **Shared responsibility.** Employers, individuals and the Government must increase investment and action. Employers and individuals should contribute most where they derive the greatest private returns. Government investment must focus on building a basic platform of skills for all, tackling market failures and targeting help where it is needed most
- **Focus on economically valuable skills.** Skill development must provide real returns for individuals, for employers and for society at large. Where possible, skills should be portable to deliver mobility in the labour market for individuals and employers
- **Demand-led skills.** The skills system must meet the needs of individuals and employers. Vocational skills must be demand-led rather than centrally planned
- **Adapt and respond.** No one can accurately predict future demand for particular skill types. The framework must adapt and respond to future market needs
- **Build on existing structures.** Don't always chop and change. Instead, improve the performance of the current structures through simplification and rationalisation, stronger performance management and clearer remits. Continuity is important.

Eight Key Recommendations

- **Increase adult skills across all levels.** Progress towards world class skills is best measured by the number of people increasing skills attainment. The raised ambitions will require additional investment by the State, employers and individuals. The Government is committed to increasing the share of GDP for education and skills. Additional annual investment in skills up to Level 3 will need to rise to £1.5-2 billion by 2020.

- **Route all public funding for adult vocational skills in England, apart from community learning, through Train to Gain and Learner Accounts by 2010**
- **Strengthen employer voice.** Rationalise existing bodies, strengthen the collective voice and better articulate employer views on skills by creating a new Commission for Employment and Skills, reporting to central Government and the devolved administrations. The Commission will manage employer influence on skills, within a national framework of individual rights and responsibilities
- **Increase employer engagement and investment in skills.** Reform, re-license and empower Sector Skills Councils (SSC). Deliver more economically valuable skills by only allowing public funding for vocational qualifications where the content has been approved by SSCs. Expand skills brokerage services for both small and large employers
- **Launch a new 'Pledge' for employers to voluntarily commit to train** all eligible employees up to Level 2 in the workplace. In 2010, review progress of employer delivery. If the improvement rate is insufficient, introduce a statutory entitlement to workplace training at Level 2 in consultation with employers and unions
- **Increase employer investment in Level 3 and 4 qualifications in the workplace.** Extend Train to Gain to higher levels. Dramatically increase Apprenticeship volumes. Improve engagement between employers and universities. Increase co-funded workplace degrees. Increase focus on Level 5 and above skills
- **Increase people's aspirations and awareness of the value of skills** to them and their families. Create high profile, sustained awareness programmes. Rationalise existing fragmented 'information silos' and develop a new universal adult careers service
- **Create a new integrated employment and skills service**, based upon existing structures, to increase sustainable employment and progression. Launch a new programme to improve basic skills for those out of work, embedding this support for disadvantaged people and repeat claimants. Develop a network of employer led Employment and Skills Boards, building on current models, to influence delivery.

Other implications for employers

Employers will be expected to support and invest to address long term ambitions for the UK in return for influence over the content of qualifications. The Review recognises that without employer participation it will not be possible for the UK to achieve the scale of increase in skill levels that being world-class will require, as 70 percent of the 2020 workforce has already left school.

The Review recommends additional voluntary action by employers to raise demand in line with the world class ambition. The Government and the Commission will judge in 2010 if the UK is on course for this ambition. If it is not, the Government may introduce a legal entitlement for low skilled workers to get training in the workplace.