

# LSIS Brief Guide

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*Re-skilling for Recovery: After Leitch, implementing skills and training policies*

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## Introduction

1. In January 2009 the House of Commons Select Committee on Innovation, Universities, Science and Skills published a report into the Government's implementation of the Leitch Review of Skills, according to plans first announced in the summer of 2007. This Brief Guide summarises that report, *Re-skilling for Recovery: After Leitch, implementing skills and training policies*<sup>1</sup>. An Annex at the end of the document gives a brief background of the Leitch agenda and its history.
2. The report is significant, not because it implies a change in government policy, but because it opens up debate about the best way forward in the economic recession. The FE and skills sector has an important contribution to make to this debate. It has always been the sector's mission to improve the educational attainment of the populace and to support its local economy and communities, regardless of Government policy, and thus it can bring its expertise and experience to bear in shaping thinking and strategies. The government is clearly interested in strategies that work and in any constraints on the sector's responsiveness.
3. The current public debate, created both by the economic recession and by the select committee report, provides an opportunity for FE both to influence strategies and demonstrate its own capacity.

## The inquiry

4. When the select committee began its inquiry on March 4<sup>th</sup>, 2008, it aimed *to examine how responses to the agenda set out in the Leitch Report would affect the broader structures of further education (FE), higher education (HE) and lifelong learning*<sup>1</sup>. The committee specifically sought evidence around the following themes:
  - *the responses of RDAs to Leitch and how coherent and structured these are;*
  - *what the existing regional structures of delivery are and what sub-regional strategies may be required;*
  - *the role of the Learning and Skills Council and Sector Skills Councils in this context;*
  - *the respective roles of the further education and higher education sectors in delivering a region-based agenda for Leitch and their coordination with one other; and*
  - *the impact on students of these initiatives, particularly in the context of policies for lifelong learning (Re-skilling for Recovery, p. 7).*

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<sup>1</sup> Read the full report at: <http://www.publications.parliament.uk/pa/cm200809/cmselect/cmdius/48/48i.pdf>

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5. On April 28<sup>th</sup> 2008, the committee met with Lord Leitch himself (Re-skilling for Recovery, p. 8). The committee began formally taking evidence in May. It took evidence from ministers, representatives from the LSC, the chairman of the UK Commission for Employment and Skills, the president of the Association of Colleges, representatives of the Sector Skills Councils (SSCs), representatives of employers and trade unions, the president of the National Union of Students (NUS), university professors and senior civil servants. A full list of witnesses can be found on pages 118 and 119 of the report.
6. This guide summarises the report under the following sections, which are the major headings in the document:
  - 1: the Leitch Agenda, which examines the theoretical underpinnings of the Leitch programme;
  - 2: delivery structures and programmes;
  - 3: employers: representation and engagement;
  - 4: training providers, and;
  - 5: individuals.
7. The conclusions section includes the committee's conclusions with comments from LSIS.

## 1: The Leitch Agenda

8. The committee's report begins with a brief summation of the Leitch agenda's key principles. It identifies five:
  - *shared responsibility: Employers, individuals and the Government must increase action and investment. Employers and individuals should contribute most where they derive the greatest private returns. Government investment must focus on market failures, ensuring a basic platform of skills for all, targeting help where it is needed most;*
  - *focus on economically valuable skills: Skill developments must provide real returns for individuals, employers and society. Wherever 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; and*
  - *build on existing structures: Don't always chop and change. Instead, improve performance of current structures through simplification and rationalisation, stronger performance management and clearer remits. Continuity is important (p. 10).*
9. The committee then proceeded to examine the evidence for the major ideas behind the Leitch agenda.

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### Do skills equal greater productivity?

10. Leitch argued that skills are now *'the key lever for prosperity and fairness'*. The Commons report quotes from his work: *'The prize for achieving this ambition is great—a more prosperous and fairer society. The Review estimates a possible net benefit of at least £80 billion over 30 years. This would come from a boost in the productivity growth rate of up to 15 percent and an increase in the employment growth rate by around 10 percent. Social deprivation, poverty and inequality will diminish'* (p. 10).
11. The Government adopted Leitch's view, with some qualifications: *'developing skills is also **one** of the key ways of enabling people to find jobs and progress in work, and to creating a cohesive, engaged society' and that 'a more highly skilled workforce **tends** to be a more productive workforce (emphasis added on both occasions)'* (p. 10-11)<sup>2</sup>
12. Some witnesses to the inquiry questioned Leitch's supposition much more fundamentally. The exchequer secretary to the Treasury, Angela Eagle, told the committee that *'the independent Leitch Review of Skills found no evidence that skill gaps or shortages have held back economic growth'* (p. 11). The UK Commission for Employment and Skills (UKCES), itself established as a consequence of the Leitch Report, wondered why increases in skills attainment since the 1980s hadn't translated into greater productivity. Two academic witnesses reported that higher skills had not improved productivity in Scotland (p. 11).
13. The committee concluded that, *'It may well be the case that increased skills lead to an increase in national prosperity but there is a surprising lack of evidence to support the conclusion. There is clearly a need for more research to establish whether or not there is a causal relationship. This would help to justify the commitment of considerable public expenditure on training and skills development. Nevertheless, even without this evidence, we note that no voices have been raised to question the principle that it is right to aim towards a more highly skilled workforce, both in terms of individual benefit and for the wider good'* (p. 11).

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<sup>2</sup> The original emphasis was expressed in italic text. Since I put all quotes in italics, I've expressed the report's emphasis through bold italics. It is the committee adding the emphasis, not LSIS.

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### Partnership between employers, individuals and the state

14. Leitch envisages a skills system built upon a *‘tripartite arrangement’* between the state, employers and individual learners. The Government would provide investment, trained teachers and counteract market failures in the skills system. Employers would *‘increase their investment in skills to raise productivity, wherever possible increasing investment in portable, accredited training’* and guarantee that *‘the skills system delivers economically valuable skills’* by helping to design courses and choosing which courses to fund. Individuals would be responsible for *‘raising their aspirations and awareness’* and increasing their investment in skills training. The Government undertook to fund basic and Level 2 qualifications, while employers and individuals were expected to fund higher-level skills, such as Level 4 qualifications. The two sides would split the cost of Level 3 courses on a roughly 50-50 basis (p. 11-12).
15. The committee said that, although *‘it is hard to argue against the concept of shared responsibility between Government, employers and individuals as the major players in the delivery of increased skills’*, employers and individuals have not given their consent to that arrangement. *‘The success of the Leitch agenda is therefore predicated upon a tripartite arrangement to which two parties have not committed themselves and indeed have no mechanism by which they can formally do so en bloc’*. (p. 12) The tripartite structure also overlooks the role of training providers, *‘whether FE or HE or the private sector’*, as well as that of unions (p. 13). Nor is it clear that all employers based their decision-making on a belief that their workforce needs or deserves skills – one witness noted that many employers plan their budgets around cutting labour costs (p. 12-13).

### Demand-led funding

16. The committee also examines doubts about whether a demand-led system can function effectively. Professor Lorna Unwin of the University of London notes that *‘a lot of employers themselves ... need a great deal of help in terms of learning how to improve their businesses ... Leitch tends to treat employers as if they are all leading members of big companies. Actually, on the ground, a lot of our employers themselves have low levels of education attainment’* (p. 13).
17. The committee also asks whether the *‘demand-led’* funding mechanisms the Government is creating, namely Train to Gain and the Skills Accounts, are truly demand-led. Some argue that Government rules about what can be funded (for example, the requirement, until recently, that all public money go to full qualifications) effectively deny the free play of employer and learner desires. Education consultant Mick Fletcher called the choices available to employers *‘heavily constrained’* (p. 14).

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18. There were also concerns that there simply wasn't enough data available for employers, learners or the Government to make rational economic decisions about skills. The committee recommended that *'UKCES review the collection of data on skills needs across sectors and regions and apportion responsibility for ensuring that it is collated and made available in a readily accessible format'* (p. 15). It added: *'Shared responsibility and responsiveness to demand comprise a sound philosophy for the development of skills in the UK workforce. The difficulties arise in translating them into practical policies for implementation. To avoid 'demand-led' and 'partnership' becoming meaningless jargon, these difficulties have to be addressed'* (p. 15).
19. The report also calls for a stringent investigation of whether the Government's skills programmes are proving effective given the sums being spent on them. *'Given the importance of this area of policy to the economy, it is important that the substantial sums of money spent on skills programmes demonstrably add value, not just deadweight cost. We await the Public Accounts Committee report on Skills for Life with interest and support the need for research into the effectiveness of DIUS programmes to improve skills levels'* (p. 25). The committee calls for similar scrutiny of *'all aspects of'* Train to Gain (p. 25-6).

### The Leitch targets

20. The Leitch Review recommended the following targets for skills attainment:
  - 95 percent of adults to achieve basic skills of functional literacy and numeracy (up from a 2005 base of 85 percent and 79 percent respectively)—also known as a *Level 1* qualification;
  - over 90 percent to have basic school-leaving qualifications (69 percent in 2005)—also known as a *Level 2* qualification, equivalent to 5 GCSE's at A\*-C; and
  - over 40 percent to be qualified to degree level or above (29 percent in 2005)—also known as a *Level 4* qualification (p. 5).
21. Upon implementing the report, the Government added a target that 68 percent of the adult population have Level 3 qualifications by 2020, and set interim targets in the 2007 round of Public Service Agreements, which call *'for 79 percent of adults will be qualified to level 2, 56 percent to level 3 and 34 percent to level 4'* by 2010-11 (p. 15).
22. The committee takes issue with much of the underlying logic behind these skills targets. It notes that they are tied to Organisation of Economic Co-operation and Development (OECD) tables, *'rather than an analysis of the skills needs of the UK'*, which could *'leave the UK basking in glory at the OECD but no better off in terms of economic advancement or employment'* (p. 15). In a similar vein, they say that *'qualifications are also essentially a status measure: they do not reflect whether the skill acquired is being used or is useful'* (p. 18). Nor do the targets *'encourage activity aimed at filling skills gaps either regionally or sectorally'* (p. 16).

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23. The committee also argues that the Government's plans confused 'skills' with 'qualifications'. *Re-skilling for Recovery* warns that '*too great an emphasis on qualifications may skew policy away from skills which are needed now and for the future development of individuals, companies and the economy in favour of more easily measurable, but less relevant certificated courses*', and notes that '*soft or employability skills, such as communication or problem-solving, are rarely reflected in qualifications yet these skills are highly valued by employers*' (p. 16).
24. '*A second issue with using qualifications as targets is the danger that it can lead to a concentration within skills funding and provision on full qualifications because these count against the target*' (p. 17). The Education and Skills Committee, the predecessor to the Innovation, Universities, Science and Skills Committee that wrote *Re-skilling for Recovery*, disagreed with this approach, instead calling for a system which allows '*bite-sized learning which can be built up in a portfolio over time*' (p. 17). The Government has begun allowing public funding for smaller units of learning, as a way of combating the recession and keeping people out of unemployment. The committee also '*welcomes*' the new Qualifications and Credit Framework (QCF), which allows the accreditation of smaller units of training (p. 46).
25. Another point advanced against the Government's focus on qualifications is that it does not take into account the need for workers to re-skill throughout their lives, often because they are changing careers. '*Individuals need to reskill in order to keep their qualifications relevant or to change careers. If the targets are too narrowly focussed on the number of people with a particular level of qualification, then it could be difficult to justify assisting people with training which will not take them up a level and which will therefore not count against the target*' (p. 17). The report cites the controversy over the 2007 cuts in funding for equivalent or lower qualifications as an example of this thinking.
26. The report recommends that '*an important step which could be taken would be to broaden the Leitch targets to include re-skilling. The current focus both within the targets and in entitlements on funding for a first level 2 qualification means that those who need to update skills, either because they have been out of the labour market for some time or because their job no longer exists, may not be supported*' (p. 23).
27. The Government staunchly defends its training priorities, and its opinions are quoted at length in *Re-skilling for Recovery*. Stephen Marston, director general for further education and skills at DIUS, said: '*When we asked the learners in Train to Gain what they saw as the most important benefit for them, 93 percent of them said it was about gaining a qualification. From the learner's point of view the qualification is immensely important and ... is most important for the people who have no qualifications yet. ...*' (p. 19).

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28. However, the committee ultimately decided that it found the Government's strategy somewhat doubtful: *'We are concerned that the conflation of skills and qualifications in the targets may lead Government to assume that a qualifications strategy is an adequate substitute or proxy for an overall skills strategy. This may drive up levels of attainment, improve the UK's position in international league tables and contribute towards improved economic performance but a real skills and training strategy would focus more on skills utilisation by companies to achieve high performance working practices and so raise productivity'* (p. 19).
29. The MPs, and many witnesses, also thought it unlikely that the Government's targets would be achieved. *'The Leitch targets require 5.7 million new adult attainments at Level 2, 4 million adult Level 3 attainments and 5.5 million attainments at level 4, a challenging commitment'*, and the Government is already struggling to meet its interim targets for 2011, except at the level of basic skills (p. 20). When witnesses were asked whether the targets were feasible, only the minister said yes. *'Other witnesses agreed that they were 'very, very stretching' or, in referring to the regional targets, 'beyond aspirational'* (p. 21)

## 2: Delivery structures and programmes

### Complexity

30. One of the committee's key concerns about the Government's reforms is that they introduce a highly complex, and continually changing, superstructure of funding, planning and oversight bodies, both nationally and regionally. In the report summary, the MPs drew on several witnesses to illustrate this complexity: *'Colourful phrases were used about how training and skills provision looks to those who come into contact with it: 'a pig's ear or a dog's breakfast', 'a very complex duplicating mess', 'almost incomprehensible', 'astonishing complexity and perpetual change.'* One witness told us that *'I do not think there is an employer in the land who understands what the elements of the new system are, particularly pre-19'*.
31. The select committee concluded that *'it seems to us that much of this system is impenetrable to everyone apart from possibly a few civil servants and a handful of academics'* (p. 3). Chris Humphries, the chief executive of UKCES, told the committee that *'something like sixty-seven organisations with skills in their remit wrote to him to tell him it was essential that the Commission worked with that organisation because they were the heart of skills development in that particular sector or area and [he] had not heard of any of them until that point.'*
32. Some witnesses warned that a complex skills system might deter international investors and reduce Britain's international competitiveness. *'Dr. Wright of the ABPI [Association of the British Pharmaceutical Industry] warned that Singapore, Switzerland and other countries 'are making it easier for our companies to go in and get the skills they need, not more complex. They are able to deliver the skills that they want in a more coherent way and provide a package for investment''* (p. 37).

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33. *Re-skilling for Recovery* identifies two specific types of complexity that dog the skills system: ‘a complexity of planning organisations or structures (national, regional and local bodies with overlapping roles) and complexity of delivery mechanisms (the interface with employers and individuals)’. UKCES, in its proposal to simplify the skills system, defines six key problems:
- *difficulties of access for employers to the system;*
  - *complexity of programmes and initiatives;*
  - *too restrictive constraints on individual programmes and initiatives;*
  - *excessive bureaucracy in administrative arrangements for programmes or initiatives;*
  - *complexity of structures and organisation, and*
  - *rapidity of change (p. 38)*
34. The inquiry endorses the UKCES simplification project<sup>3</sup>, and suggests it focus on two more areas: ‘*the difficulties faced by individuals in accessing training*’ and ‘*address[ing] planning structures as well as delivery bodies and programmes*’. The inquiry calls for ‘*a period of relative stability, in institutions and programmes*’, which will allow more time for the Leitch agenda to gain public support. The inquiry also endorsed the UKCES report’s five ‘*key principles of what not to do in the future*’:
- *no new disconnected initiatives;*
  - *no separate contracts for different elements of the Train to Gain service;*
  - *no different reporting or monitoring rules outside the current set;*
  - *no new business-facing brands beyond Business Link, Train to Gain and Apprenticeships; and*
  - *no new agencies beyond those already announced (p. 39).*

## Learning and Skills Council and regional bodies

35. According to a paper by the Association of Colleges (AoC), after 2010, the LSC’s regional structure could be replaced by four separate groups of authorities:
- *sub-regional partnerships of local authorities to co-ordinate and, in some areas, to fund 16–19 education (Raising Expectations White Paper, (Cm 7348) paragraphs 3.25 and 3.38);*
  - *a regional planning group for 16–19 education organised by the new Young People’s Learning Agency which brings together all the local authorities and subregional partnerships in the area. The new Skills Funding Agency and RDA will also be represented (White Paper, paragraph 3.23);*

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<sup>3</sup> Read LSIS’s brief guide to the UKCES paper on simplification of skills at: <http://www.centreforexcellence.org.uk/UsersDoc/BGUKCESpaper.pdf>

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- *regional arms of the new Skills Funding Agency which will handle competitions for funds, capital funding and liaison with regional organisations (White Paper, paragraph 8.19);*
  - *and sub-regional arms of the National Apprenticeship Service (NAS) which will manage a field force and relationships with employers and other organisations (World Class Apprenticeships: Unlocking Talent, Building Skills for All, paragraph 4.11) (p. 29).*
36. The AoC commented that *the new arrangements risk becoming more complex and even less coherent*' (p. 29).
37. The report's recommendation demands that the government provide greater clarity about the role of the SFA and about transition plans: *'The abolition of the LSC and the establishment of the Skills Funding Agency is likely to lead to considerable further disruption and the reward for this is as yet uncertain. The Government must be clear on the role of the SFA, including at regional level, and communicate this vision to its partners in skills delivery to avoid disaster. It is difficult to see how the regional LSCs set up recently can operate effectively without a definite transition plan, and the LSC as a whole will struggle to avoid being regarded as a lame duck partner, unable to make long-term commitments or start new initiatives with any credibility. We recognise that the Government is determined to push ahead with this change but we believe that maintaining stability within the system should now be the prime consideration. We recommend that the Government move quickly to resolve the issues around the role, organisation and relationships of the new SFA and that it redouble its efforts to communicate this information to the LSC's regional partners, who need early and absolute clarity'* (p. 30)
38. At the regional level, the inquiry found that Regional Development Agencies have a key role in stimulating demand for skills, but that they (RDAs) *'are not yet achieving their full potential, and overall performance is inconsistent'*. In some regions, they engage well with Regional Skills Partnerships, the regional bodies of the LSC and local FE and HE; in others, they do not. There are often *'differences between the regional and sectoral approach to skills'*, leading to conflicts with Sector Skills Councils, as the RDA may not deem their sector to be a particular skills priority (p. 32). The report also notes that RDAs choose priorities according to a *'plan-led'* model, not a demand-led one (p. 32).
39. The committee recommended *'that the Government commission an analysis of what is happening region by region and report on best practice and areas of weakness'* regarding RDAs and their skills planning (p. 34).
40. Some argued that the region was a poor unit for skills planning. Some said it was too small, in an age when business acts globally, while others argued it was too large, and that the *'sub-region'* (groups of several local authorities – e.g. Greater Manchester or Merseyside) should be the key planning unit. The inquiry also recognised a need to align the approach of the individual economic sectors with that of the regions, noting that the Sector Skills Councils had testified that *'there is a requirement for a strategic interface between SSCs and RDAs, since 'leaving 25 SSCs to negotiate independently with nine RDAs is a recipe for confusion''* (p. 35-6).

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### Sub-regional bodies

41. The key sub-regional body in Government skills plans is the Multi-Area Agreement (MAA), an outgrowth of the Local Area Agreements (LAAs) that are drafted between local councils and their partners in individual local authority areas. The MAA is agreed between several councils and their partners over a sub-region.
42. DIUS told the select committee in a written submission that, *'MAAs are emerging as the key tier with regard to skills—they cover geographical areas which make real sense in terms of skills and travel to work and provide a vehicle for significant interaction between central and local government in a number of policy areas'* (p. 34). However, *'this message has yet to reach beyond Whitehall. MAAs were barely mentioned in evidence and much of the comment on ESBs [employment and skills boards, another sub-regional skills planning body] was at best equivocal'*. The overarching theme of witness testimonies was that the sub-regional planning system was excessively crowded and confusing.
43. The committee suggested that *'the Government issue full guidance as to the roles and responsibilities of each relevant regional, sub-regional and local body involved in delivering the Leitch agenda, with an indication of where this is likely to change post-2010'*, and *'that Employment and Skills Boards be licensed by UKCES'* (p. 35).

### Train to Gain

44. The inquiry identified several problems with Train to Gain. Train to Gain has failed to disburse its full training budget – it 'underspent its grant' by £284 million in 2007 (p. 41). Most notably, there is *'an inherent contradiction between the structures of Train to Gain and the nature of courses and training that employers want—short, sharp courses and not necessarily leading to qualifications'*. The skills brokerage system was described as *'a complete shambles and another waste of public money'*, which tended to exaggerate the utility of what was on offer. The Equality and Human Rights Commission (EHRC) was *'concerned about how this demand-led system will serve to support those currently deficient in skills, the hard-to-reach, and those at the margins who have failed to make — or be heard in — demands for skills acquisition and progression opportunities to date'* (p. 41-2)
45. Some witnesses argued that Train to Gain was actually reducing the pace of skills acquisition – the AoC stated that *'you could probably say that the number of skills being followed by adults in total has gone down because essentially the Train to Gain focus on employer-led provision, which has not been fully taken up in the sense that there is more money unspent in that budget each year than has been allocated to it, has been at the cost of individuals themselves pursuing qualifications outside of their employer-driven framework'* (p. 42).
46. Ofsted found that Train to Gain did increase skills, knowledge and uptake of qualifications, but noted deficiencies in its provisions of basic literacy and numeracy education and in the brokerage service. The inspectorate also concluded that there was *'little evidence that the programme was driving up the demand for training among employers'* (p. 43).

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47. The select committee advocated a *'radical re-focusing'* of Train to Gain, to make it flexible enough to respond to the economic downturn. They added that, *'Train to Gain will only achieve its aim of producing long-term improvements in competitiveness if its brokerage service is more closely tied to helping firms develop more ambitious business plans and more tightly linked to wider economic development and business improvement services. It has to deliver what employers want: a consistent offer across the country, with greater understanding amongst brokers of sectoral interests and flexible funding for courses'* (p. 44).

### Apprenticeships

48. The Government intends to provide 400,000 apprenticeships a year by 2020, as per the Leitch Review's recommendation. The committee devoted relatively little space to the apprenticeships, but did say that it wanted more attention paid to adult apprenticeships and higher-level apprenticeships. It recommended *'that the Government review funding for adult apprenticeships and report on measures to encourage and strengthen them'* and *'that the Government collate and publish data on the development of high level apprenticeships and take immediate action to raise awareness of the opportunities if take up is not satisfactory'* (p. 45).

### 3: Employers: representation and engagement

49. As the Government's plans require the co-operation and active participation of employers, *Re-skilling for recovery* devotes a full chapter to the way they interact with the Leitch reform scheme.
50. The major mechanisms of employer engagement are:
- UCKES;
  - the Sector Skills Councils (which will be re-licensed by UKCES), and;
  - private-sector bodies (such as professional associations).
51. UKCES was not mentioned much in testimony. The committee theorised this was because it had been established so recently (it was first announced in 2007). A few witnesses were sceptical of the commission, calling it *'tinkering in the upstairs office'* or *'a toothless tiger'*. However, the committee members *'do not share this skepticism'*, and add that *'great things are expected of the creation of UKCES and we will keep a close eye on its development to assess whether it is delivering, including scrutinising its Five Year Strategic Plan, which will be issued before the end of 2008–09'* (p. 48).

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52. The Sector Skills Councils (SSCs) *'are generally regarded as being of variable quality'* (p. 48). One of their leaders said their role was to provide a *'reality check on whether or not the state's strategic aims and objectives are really in tune with both the short-and longterm economic needs of the country'* (p. 49). However, other respondents expressed concerns about the councils. Some felt they were unrepresentative of their sectors, and lacked small-business participation (the committee and UKCES oppose the creation of an SSC for small business, however). Others felt they lacked independence from the Government, and that private associations had been more effective partners. One witness said there existed *'confusion amongst employers and education providers on the most appropriate SSC to engage with'*, while another suggested that the *'vertical structure'* of the SSCs, with its focus on a single sector, meant that *'they are not geared up to analyse and address skills like accountancy that are required across all sectors'* (p. 49).
53. There were also concerns that the SSCs were *'really under-sourced'*, a problem likely to worsen as the councils are assigned more duties (p. 50). The inquiry advocated *'a review of SSC financing alongside the SSC relicensing process, although we stress that this should serve to speed up the process of relicensing and not to delay it'* (p. 51). Some argued that the SSCs are not truly representative of employers, and lack independence from the Government. A witness from the LSC noted that they had made great progress working with private associations of employers, saying that these were *'natural representative bodies'*, while SSCs were *'arguably, artificially created by the public sector'*. Re-skilling for Recovery recommends *'that the Government and UKCES need to work with not just the major organisations such as the EEF and the CBI, but also with less formal clusters and consortia'* (p. 52).
54. The committee also examined the Skills Pledge, which commits individual employers to expending resources towards the up-skilling of their employees. *'The Government's survey of the impact of the Pledge on 800 of the first 1,300 employers showed that around 60 percent were offering employees wider or more abundant training opportunities. This appears to be a significant step forward but it is not clear where these new employers have come from'*. Only 13 percent of private-sector employers had signed the pledge (p. 53). Some argued the low take-up was a result of the complexity of the training and skills systems, while others argued that *'the Leitch agenda appeared, falsely, detached from the concerns of many employers'* (p. 54).
55. When the Government introduced its right to take time off to train last year<sup>4</sup>, it also postponed a review on compulsory training from 2010 to 2014-15. The committee recommended that, *'given that the performance of different sectors may itself be highly variable, rather than kick compulsory training into the long grass the Government should look at other ways to encourage employer participation, such as considering companies' training policies and practices during procurement processes. In sectors where significant progress has not been made by 2014, compulsion must be seriously considered'* (p. 56)

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<sup>4</sup> The right is contained in the latest education bill, currently before the Commons.

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56. Regarding small businesses, the committee wrote: *'We welcome the Government's decision to refocus Train to Gain on SMEs and relax restrictions on its use. This is an important first step in developing skills engagement with this sector. The development of employee development centres within clusters of small enterprises also has potential and should be evaluated at an early stage to inform decisions on whether it should be rolled out more widely'* (p. 57).

## 4: Training providers

57. *'Missing from Leitch's triangular division of responsibility for delivering the skills agenda was a major element of the supply side: training providers'*. This oversight masks the fact that the Leitch agenda will *'make significant demands on further education, higher educational and private sector training in responding to the new arrangements and in gearing up to meet challenging targets for expansion of their activities.'* (p. 58).

## Higher education

58. The Higher Education Funding Council for England (Hefce) told the committee there is more than £100 million allocated towards employer engagement in its 2008-11 funding settlement, and that the council has disbursed £44 million to 22 universities for activities in this area. More than 20,000 students are expected to be on employer co-funded programmes by 2010-11 (p. 58-9). Despite this, Chris Humphries, chief executive of UKCES, said that HE was not particularly engaged with the skills agenda: *'I think they have only just very reluctantly and very recently understood the need to sort of have a better focus on [employer engagement]'* (p. 59). Other submissions suggested that some institutions actually engaged with employers quite well, and other less so.
59. Respondents also said that HE did a poor job of providing *'non-conventional courses'*, such as *'work-based learning and accreditation, short courses, e-learning, accreditation of prior learning and credit-based learning'*. The ABPI reported *'the provision of part-time local education, especially part-time foundation and honours degree courses in chemistry and biosciences, is often inadequate'* (p. 59). The introduction of a credit-based framework was seen as a major step forward in solving this problem.
60. Employer-university collaborations were often found to be short-lived: *'numbers have proved difficult to maintain and consequently programmes have had a short life, perhaps two to three cohorts'* (p. 60) This may be partly due to reluctance on the part of employers to fully co-fund courses – although employers contributed £1.5 billion to paying for courses in 2005-06, they supplied only an average of 30 percent of the costs (p. 61-62). Universities themselves are resistant to the idea that they should plan provision according to employer demand – the report quotes the vice-chancellor of Cambridge, who said *'as institutions charged with education, research and training, our purpose is not to be construed as that of handmaidens of industry, implementers of the skills agenda, or indeed engines for promoting social justice'* (p. 61).

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61. Overall, the committee concludes that *'The role of HE within the Leitch agenda, in particular its relationship with employers, appears to us to be a major point of weakness within the implementation of the Government's policy on skills'*. The committee felt that a Level 4 attainment target of 40 percent was 'within reach', but that it was unlikely that industry co-funding would be sufficient for the projected 20,000 places. The committee also called for Hefce to *'sharpen'* its role in the regions and encourage take-up of science, technology, engineering and mathematics (p. 63).

### Further education

62. The Government has stated that *'FE Colleges and providers are crucial to delivering the Government's ambition for world class skills locally, regionally and nationally, and the creation of DIUS and its sponsorship of the FE system has enabled a greater focus on FE as a route to achieving these goals'* (p. 64). The RDAs added *'FE is the cornerstone for many of the building blocks outlined by Leitch'* (p. 64).
63. *'The evidence suggests that FE has responded well to the Leitch Implementation Plan, though arguably given the changes to funding streams it had little choice in the matter'*. Some witnesses argued that FE was always *'demand-led'*, though an LSC representative said *'it is fair to say that some of FE still has not woken up to the reality and the challenge of a flexible system'* (p. 63). The RDAs submitted that *'FE has some clear capacity issues. It needs to increase its flexibility around leadership, HR practices, provision, overhead costs and funding models in order for the sector to respond effectively to business. FE needs to create the demand led skills delivery needed by employers that will enable UK productivity and skills levels to meet the Leitch ambition'* (p. 66)
64. On the other hand, some respondents told the committee that FE was hobbled by regulation. The AoC said, *'Much government regulation of the further education system is complex and results in unnecessary micro-management, wasting hundreds of millions of pounds and sapping the morale of governors and staff in colleges. The performance of colleges on any measure—success rates, inspection results, satisfaction levels—shows that regulation could be reduced'* (p. 65). Mick Fletcher, an educationalist, worried that Leitch downgraded the role of providers: *'We are moving towards a system where increasingly we design at the centre what it is that we think people need and we provide it for them through a variety of intermediaries. The role of providers, colleges, is downplayed; even the word provider I think is instructive in this respect ... I think that is what worries me most about what is going on in respect of Leitch implementation, the view that our provider infrastructure, and particularly our colleges, is made up simply of disposable providers to be cast aside if they do not deliver this week's version of policy'* (p. 65).
65. Ultimately, *Re-skilling for recovery* concurred with the AoC, recommending that *'FE colleges should be accorded sufficient ability and autonomy within Train to Gain to devise the courses needed in their areas and should be encouraged to develop a truly responsive employer engagement process'* (p. 67).

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### FE/HE collaboration

66. The inquiry found that there was still considerable work to be done to join up FE and HE provision. A group of Lifelong Learning Networks in Yorkshire and the Humber noted that 'There is no national, regional or sub-regional body that takes an overview of the planning and delivery of education and skills at Level 4 and above'. (p. 68). Although some FE/HE partnerships were described as constructive, others produced new types of competitive behaviour, *'which may well stem from a lack of clarity over the roles of HE and FE and their place in the agenda'*, and a lack of focus on progression (p. 69). *'We recommend that the Government review research on FE/HE collaboration and commission clear guidelines on how to ensure its effectiveness at the regional level, including a greater focus on progression'* (p. 69).
67. The creation of a joint funding mechanism for FE and HE was also considered, with the goal of fostering closer collaboration between the sectors. The committee found the idea had *'an appealing logic'*, but that not enough evidence had been gathered to proceed on the matter. It added, *'A single funding agency, even one operating two distinct streams of funding, would no doubt lead to irresistible pressure for a different model for the FE sector with less central direction than at present. We conclude that this is an idea whose hour has not yet come but one which should not be dismissed as without merit'* (p. 69).

### Private sector providers and in-house training

68. To achieve the Leitch targets, it is clear that the capacity of private training providers will also have to be expanded. *Re-skilling for Recovery* calls on *'DIUS, UKCES and the SSCs to work with bodies such as the Chartered Institute of Personnel and Development to explore how the role, standing and capacity of the training function within employing organisations can be strengthened and developed'*. It also advises that DIUS *'commission an audit of private sector training providers to ensure that its plans for the implementation of Leitch are based on accurate calculations as to capacity and capability in this sector'* (p. 70).

## 5: Individuals

69. *'Of the three partners identified by Leitch it is the voice of the individual that is hardest to capture'*. The committee says the Government *'has quite rightly placed strong emphasis on this part of the agenda as demonstrated by the then Minister in his appearance before us'*, and lauds the Government's publicity campaign to encourage individuals to increase their skills levels (p. 71).

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70. However, it concludes that funding rules tend to discourage individual participation in learning. The report quotes a NIACE submission, which states *'Government policies are inadvertently hampering adults' motivations to learn and disregarding needs that have an impact on learning demand'* by focusing solely on qualifications and cutting funding for informal adult learning, which *'has left learners not only with less publicly funded subjects and modes of study but also with less choice of learning being offered'*. NIACE added that many adults use informal courses as a way of easing themselves back into formal education (p. 72). The report also judges that the Government is not paying sufficient attention to the skills needs of the unemployed, especially the long-term unemployed, and that their voice was too little heard in policy-making.

### Skills Accounts

71. *Re-skilling for Recovery* then moved on to examine DIUS programmes aimed at individuals. Regarding the Skills Accounts, the inquiry found that *'there was little information available on the details of how Skills Accounts will work and some confusion as to what they would offer'*, leading some contributors to fill in the blanks with their own drafts for an ideal program of individual learning accounts. As a result, the MPs *'are concerned that, as details emerge, there may be some disappointment with the programme'* (p. 73).
72. They concluded: *'We strongly support Skills Accounts and the principle that real funding should be placed in the hands of individual learners to empower them to engage with their learning. At present however vagueness as to how the Accounts will operate risks both confusion and a lack of impetus. Skills Accounts that merely became a paper or online accounting exercise, listing achievements or entitlements, without new funding initiatives or incentives would be sterile and quite inadequate to address the issues Lord Leitch highlighted in his Report'* (p. 74)

### The Adult Advancement and Careers Service

73. This body *'brings together the advice services of learndirect and next step and is designed to work in partnership with Jobcentre Plus'*, and *'will be trialled in stages from 2008–09 to 2010'* (p. 74). The committee concluded that this service must address the needs of both youth and adults, saying *'it should not be the case that individuals have to access a new service simply because they have reached their 19th birthday'*, and argued that one of the pilots should test a unified youth and adult service (p. 75). It also stated that the quality of advice should be uniformly high across different sectors and for people of varying skills levels (p. 75).

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### The right to request time off to train

74. A right to request leave to train is included in the most recent education and skills bill, introduced in Parliament in February 2009. This is an *'important first step'*, according to the committee, though it is also *'a considerable step back from the previous policy of a 2010 review of whether employees should have a legal right to workplace training up to Level 2'*. The committee recommended that the effectiveness of this new entitlement be reviewed annually (p. 76).

### Lifelong learning

75. *Re-skilling for Recovery* notes that the Government has enacted some policies towards promoting lifelong learning, including a 2008 plan to invest £1.5 billion in *'next steps'* training for adults lacking basic skills, and £210 million for personal and community enrichment courses. However, the report also notes figures that show a formidable decline in the number of adults in courses (the number of over-60s in FE declined by half between 2003 and 2006, according to Age Concern), and states that *'this implies that a significant proportion of the population is becoming increasingly detached from the goal of lifelong learning'* (p. 76). Age Concern noted that the Government's targets were little help to those older learners who *'may need accreditation of existing skills, together with support to plug specific skills gaps with bite-sized training'* and *'precludes those with historic qualifications who wish to make a career change or those who may have been away from work for some time, for example raising children'*<sup>5</sup> (p. 77).
76. The report acknowledges that lifelong learning *'is an important area of policy where effective solutions must be found'*, and that the Leitch agenda should not disadvantage it in favour of *'the quick wins of qualifications'* (p. 77).

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<sup>5</sup> Which means, of course, that the funding in effect penalises women more than men.

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### Unions

77. There was some concern that Leitch had *'airbrushed'* unions and their learning representatives out of the training landscape (p. 77). Witnesses universally agreed that union learning representatives were a valuable resource, and Universities UK, the umbrella group for British universities, said it was considering the accreditation of union learning, saying it was *'absolutely critical because that way we reach an audience that we have not actually reached'* (p. 79). *'We welcome the expansion of unionlearn [the Trades Unions Congress union learning representatives service] and support the closer involvement of the unions ... the development and take-up of opportunities to raise skills levels within the UK workforce'* (p. 79).

### Conclusions

78. The report itself concludes with a summary of all the recommendations made in the body of the paper (see pages 81-88 of the report – many of the recommendations are summarised in this Brief Guide). As a general conclusion, the MPs write that the recession makes skills more valuable, because once the economy recovers, it will need skilled workers: An emphasis within skills policy on reskilling is therefore vital'.
79. However, the committee is concerned: *that the current policy of supplying skills and expecting businesses to utilise them, rather than tackling skills shortages or approaching skills as part of a wider national economic development plan, will not hold up in a shrinking economy where the major drivers of the financial, business services and retail sector have stalled.* It concludes that *'the Government will have to consider how to build more flexibility into its support for training and also more direction to ensure that the UK concentrates its skills development in areas for which there is current and future demand'* (p. 89).
80. Perhaps the most powerful aspect of this report is its critique of the evidence base for the Leitch Review. It calls into question:
- the link between increased skills and gains in productivity, and therefore much of the rationale of Government skills policy since 2006. That having been said, it is unclear how, or if, the Government will alter its policy in response to the report.
  - whether the market can adequately identify its skills needs, perhaps suggesting a need for greater Government direction.
81. The report also critiques the Government's tendency to equate qualifications with skills. Employers have long argued that this does not fit with a demand-led system, nor reflect the reality of the workplace. The Government has already become more flexible about funding parts or units of qualifications courses as it fights the recession, and the report will give ammunition to those who argue that these flexibilities should be extended, or made permanent.

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82. The report also makes a strong case for simplification in the FE and skills system. It gives voice to the sense of confusion that Government reforms have caused among practitioners and the general public, and graphically demonstrates the complexity of the system through the figures offered in one of the report's annexes (see pages 94-98). This ties in with a recent UKCES paper on simplifying the skills system. The responses to the recent consultation on FE self-regulation also call for a reduction of bureaucracy, and for avoiding a duplication of functions between bodies.
83. Significantly, the committee endorses less micro-management and greater autonomy for FE (see paragraph 65), though it doesn't specifically mention self-regulation. It also encourages stronger links between further education and higher education, and better routes of progression between them.
84. The committee also strongly endorses support for adult and community learning (ACL), informal learning, and re-skilling through equal or lesser qualifications (ELQs). NIACE has long argued that the Government has starved adult informal learning of resources, and ACL practitioners will no doubt applaud the committee's focus on the area.
85. It is unclear what, if any, impact this report will have on Government policy. Most Government policies originate from independent reviews or White Papers – that is, from within Government departments or those appointed by them. Select committees are have a scrutiny and oversight role, and not a policy-setting one. The Government is required to respond to a select committee report, usually within 60 days – however, it is not required to change its policies according to the committee's recommendations. The Government might decide to amend its policies to address certain concerns in the report, but it is not obliged to.

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## Annex 1: Background to the Leitch Agenda

1. The Leitch Review of Skills was published in December 2006. It called for a massive increase in the number of skilled working-age Britons, and the development of a 'market-led' system of training and skills in which qualifications would be funded and planned in accordance with employer and learner demand.
2. In the summer of 2007, the Government published *World class skills*<sup>6</sup>, its plans for implementing the report. The plans included ambitious targets for increasing the proportion of working-age Britons who have basic literacy and numeracy, and expansion of the number of Britons with Level 2, 3 and 4 qualifications. It also created an infrastructure through which employers and learners could directly influence skills provision, through individualised Skills Accounts and employer-led bodies that would determine what courses get public funding.
3. In March 2008, the Government published *Raising expectations: Enabling the system to deliver*. This announced further reforms to the FE and skills system. The Government will replace the LSC with two new funding bodies, one for pre-19 education (the Young People's Learning Agency, or YPLA) and one for post-19 education (the Skills Funding Agency, or SFA). In pre-19 education, YPLA will direct funds according to commissioning plans prepared by local councils. In post-19, employer and learner demand will largely determine how the SFA directs funds. These reforms further the Leitch plans for a demand-led FE system, and also contribute to what some have called an excessively complex structure for the education system as a whole.
4. The House of Commons Select Committee on Innovation, Universities, Science and Skills announced in March 2008 that it would conduct an inquiry into how well DIUS was implementing the Leitch reforms. This is the first report of that inquiry.

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<sup>6</sup> Read the LSIS Brief Guide at:  
<http://www.centreforexcellence.org.uk/UsersDoc/briefguidetotheLeitchimplementationplan.doc>

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