

A Brief Guide to...

[World Class Skills: Implementing the Leitch Review of Skills in England](#)

Published in July 2007 by the Department for Innovation, Universities and Skills in response to the Leitch Review of Skills¹

Introduction

1. In 2004, then-Chancellor of the Exchequer Gordon Brown and HM Treasury commissioned Lord Leitch to conduct a review of the nation's policies toward workforce skills. Specifically, he was charged with determining, *'the UK's optimum skills mix in order to maximise economic growth and productivity by 2020'* and investigating *'the different trajectories of skills levels the UK might pursue'* (Leitch Review of Skills, p.143).
2. In December 2006, Lord Leitch published his final report on the role of skills in the British workforce². Leitch's report identified serious shortfalls in skills and training among British workers, which the report argued would impair British competitiveness in the increasingly globalised economy.
3. Leitch set a series of targets for skills training, and also called for a thoroughgoing reform of the skills and adult education sectors. Leitch called for a training system oriented towards the needs of employers and students, developing skills they deemed *'economically valuable,'* saying *'economically valuable skills is our mantra'* (Leitch Review, p. 2).
4. Leitch called this a 'demand-led' system, one in which priorities would be set by employers and individuals rather than by providers or funding bodies. Leitch also advised creating a unified adult careers service, committed to achieving *'sustainable development and progression.'*
5. In July 2007, the new Brown Cabinet and the new Department for Innovation, Universities and Skills published a [paper](#) laying out its response to Leitch, adopting the bulk of his recommendations and detailing its plans for implementation.

¹ The Leitch Review of Skills can be found at http://www.hm-treasury.gov.uk/independent_reviews/leitch_review/review_leitch_index.cfm and the government's response at <http://www.dius.gov.uk/worldclassskills.pdf>

² For CEL's analysis of the Leitch Review, see <http://www.centreforexcellence.org.uk/UsersDoc/LeitchReviewCELANalysis.pdf>

6. Gordon Brown has always been a strong proponent of improving education and skills, especially as they relate to Britain's economic health and competitiveness. Brown's skills agenda also serves the social goals of his administration, such as promoting social justice, social mobility, diversity and equality.
7. Since assuming the premiership, he has continued this commitment on his Government. The implementation of the Leitch Review represents one of the highest priorities of the current administration.

Implementing Leitch

The 2020 Benchmarks

8. The Leitch Review established a series of goals for advancing skill levels within the British workforce by 2020. These were:
 - That 95 percent of adults achieve basic skills of functional literacy and numeracy.
 - That more than 90 percent of adults possess Level 2 qualifications. The UK should also aim to have 95 percent of adults with at least Level 2 qualifications as soon as possible after achieving the 90 percent mark.
 - That the intermediate level of skills be shifted to Level 3 from Level 2. To do this, 1.9 million more people would have to attain Level 3 qualifications, and there would have to be 500,000 apprenticeships annually.
 - That more than 40 percent of adults achieve at least Level 4 qualifications.
 - Leitch also called for a major increase in the number of Apprenticeships, with a goal of 500,000 across the UK by 2020.
9. In the Implementation Paper, the Government adopted the 2020 targets, though it admitted these would be '*very stretching*' (p. 9).
10. The Government also set a series of intermediate goals to be achieved between this year and 2020. These comprise:
 - Having 84 percent of 16 to 18-year-olds in full-time education by 2011
 - To have 89 percent of adults achieve Level 1 literacy and 81 percent achieve Level 3 basic numeracy by 2011
 - To have 84 percent of adults qualified up to level 2 by 2011
 - To have 57 percent of adults trained to level 3 by 2011
 - To have 36 percent of adults qualified to Level 4 by 2014
 - The Government also adopted the objective to create 500,000 Apprenticeships by 2020

11. Leitch also calls for £1.5-2 billion in extra skills funding per annum. The Government does not specifically allocate this amount in the Implementation Paper, but it does speak of increasing funding for '*employer-focused*' training programmes by more than £800 million between now and 2010-11³.
12. The Leitch Review also noted that an improved skills base cannot be effectively utilised without trained managers. In terms of structural arrangements, Leitch suggested that the existing Leadership and Management Advisory Panel might be placed under the new Commission (Leitch Review, para. 70, p. 22).
13. The Implementation Paper doesn't act on this recommendation, but does detail the Leadership and Management Advisory Panel to work with the Sector Skills Councils to shape '*professional development modules*' (4.24, p. 59).

System changes – at the national level

14. At the centre of the Leitch Review was the idea that employers and learners would, in essence, set the national skills curriculum. To increase employer input into the formation of skills and training schemes, Leitch proposed the following major reforms:
 - The establishment of a national Commission for Employment and Skills, which would be 'dynamic' and 'employer-led,' with a prominent business person acting as chair and the involvement of other major figures in business, labour and other parts of the economy. The Commission would monitor skills provision, advise the Government and oversee the SSCs.
 - The new Commission would incorporate and replace the Sector Skills Development agency, the National Employment Panel and the Skills Alliance.
 - Reforms of the Sector Skills Councils. These councils, which are established and run by businesses in various sectors of the economy, would develop qualifications frameworks and accredit vocational training. Only SSC-approved qualifications would get Government funding.
15. Leitch also advocated allowing a business' internal training programmes to be accredited for qualification purposes.
16. In the Implementation Paper, the Government adopted the structural reforms that Leitch counselled.

³ Further information is available in the Pre-Budget Report and Comprehensive Spending Review 2007: http://www.hm-treasury.gov.uk/pbr_csr/pbr_csr07_index.cfm

17. The Implementation Paper calls for the establishment of a UK Commission for Employment and Skills, in consultation with the devolved governments, which will be in place by 2008. Its powers of advice, research, oversight and control over the SSCs are similar to those foreseen by Leitch. It *'will be a UK-wide body, with responsibilities across each of the four nations, and for skills at all levels'* (3.4, p. 38).
18. The Commission will *'not have significant executive or operational functions, but will be primarily advisory, shaping strategy to achieve our world class ambitions, challenging all parties to raise their game on skills and helping to shift the national culture'* (3.4, p. 38).
19. It will formally report to *'the highest levels of government'* twice a year (3.7, p 39), subject to the agreement of the devolved administrations. It will also be required to form strong links with trade unions, employers, HEFCE, the LSC, Jobcentre Plus, regional development agencies and agencies of the devolved governments.
20. Sir Michael Rake, the current chair of BT, has been appointed to chair the commission.
21. The Sector Skills Councils will be reformed along the lines drawn by Leitch. They will set qualifications standards for their sectors and license qualifications.
22. The Government also accepted Leitch's advice to allow the accreditation of business training schemes by the Sector Skills Councils, allowing them to *'gain credit for what they [employees] achieve through their company's training schemes, and put that towards a nationally-recognised qualification'* (3.21, p. 41)
23. The new Commission will serve as the *'employer voice'* in the FE system, a role heretofore associated with the LSC.

System changes – at the sub-national level

24. Leitch also recommended that a series of local Employment and Skills Boards be established under the aegis of the national Commission. The Implementation Paper does not take up this advice.
25. The paper does note that ESBs are already being formed in some local areas, and it supports their work. However, it does not feel Government need mandate a specific employment strategy or agency; *'Different arrangements, including the leadership of ESBs, will suit different areas, and it will be up to local partners to determine how joining up is best achieved in their area'* (3.31, p 45).

How the money flows

26. One of the major planks of Leitch's review was his commitment to 'demand-led funding.' He advocated re-routing the vast majority of Government skills funding through demand-led mechanisms, specifically the Train to Gain programme and 'Learner Accounts'; *'as much as possible, funding should be routed through mechanisms which put effective purchasing power in the hands of customers'* (Leitch Review, para. 51, p. 17). Leitch did exclude some programmes, such as those for adults with disabilities, from this stricture. The planning role of LSC will generally reduce in a demand-led system although it will remain in relation to provision such as that for adults with disabilities which is outside the demand-led approach.
27. The Government has committed to progressively increase the amount of 'employer-focused' funding to £1.3 billion by the 2010-11 fiscal year, the majority through Train to Gain. However, the Government did not choose to re-route all public monies through demand-led mechanism; this was deemed too disruptive.
28. The paper notes that the *'rate of growth in the proportion of demand-led funding is extremely ambitious,'* that it marks *'a radical shift,'* and that the Government will review funding policies annually, *'so that we can keep re-assessing each year the sustainable pace of change that will best serve learner and employer needs'* (1.13, p. 19).
29. Building from Leitch's proposal for 'Learner Accounts,' the Implementation Paper declares the Government's intention to establish Skills Accounts. These provide a record of a learner's existing funding entitlements, *'helping people to understand the levels of investment going into their training, whether their own, from the state or their employer'* (box, p. 27) Skills Accounts will come with a card and an account number, and will contain a record of the learner's training and educational history.
30. Leitch advocated the establishment of a Skills Development Fund, which will replace the existing Learner Support Funds (2.30, p. 29). The Implementation Paper includes this plank of the Leitch platform, and the fund will be inaugurated through the LSC in autumn 2008.
31. The Leitch Review called for the current Leadership and Management funding programme for small and medium enterprises (SMEs) to be extended to small businesses of 10-20 employees. The Government does not commit to this in the Implementation Paper, but does say that, *'within the available budget, we will continue to support the development of leadership and management skills in small and medium sized enterprises through the Train to Gain service'* (4.26, p. 59).

Funding responsibilities and financial support

32. Leitch also called for a new division of funding responsibilities between the Government on the one hand and employers and learners on the other. Leitch argued that the Government should fully fund basic skills (up to Level 2 qualifications), that the Government and the private sector should split costs for intermediate skills, and that upper-level qualifications be paid for mostly by employers and learners themselves, as *'they will benefit most'* (Leitch, p. 15)
33. The Implementation Paper partially implements Leitch's prescriptions in this area. The Government will shoulder basic skills funding in priority areas, defined as *'literacy, numeracy and first full level 2.'* (1.9, p. 18) The Government will provide a 50 percent level of fee remission for further education courses outside the priority areas, *'where the returns are greater for learners and employers.'* (1.9, p. 18) Employers themselves will have to fund all training programmes that are necessary to meet statutory requirements, such as health and safety regulations.

Career Services

34. The Leitch Review called for the creation of a unified adult careers service, *'to increase employment and progression.'*
35. The Implementation Paper fulfils this, outlining a plan to merge the careers advice programmes of the Learndirect and Nextstep programmes to create such a service. It will provide guidance on careers, training and funding programmes, working in conjunction with Jobcentre Plus and the LSC, and with trade unions, volunteer organisations and businesses. Jobcentre Plus recently established such a partnership with Citizens Advice (see footnote).⁴
36. Leitch also recommended that the adult careers service take special care to focus on long-term unemployed and disadvantaged persons, to help them improve their skills. The Implementation Paper makes an especial note of this group, and the new adult careers service will reach out to *'benefit recipients, the low-skilled, those cycling between welfare and work and others at key transition points in their careers'* (2.29, p. 29)
37. Leitch specifically recommended that the unemployed applying to the adult careers service be given a 'Skills Health Check,' (Leitch, 7.56, p. 131). The Government adopts this proposal in the Implementation Paper (2.28 (c), p. 29).

⁴See http://www.citizensadvice.org.uk/press_20070926a

The Skills Pledge

38. The Leitch Review calls on the Government to enlist businesses in the Skills Pledge initiative. The Pledge, which would be voluntary, would, in Leitch's vision, commit each employer to provide training up to a Level 2 qualification for any worker who desired it.
39. The Implementation Paper accepts this recommendation, though it only requires companies to '*encourage and support*' such training (box, p. 54), and not necessarily in the workplace itself.
40. Companies carrying out the Skills Pledge can contact Train to Gain or, in the case of very large companies, the LSC's National Employer Service to obtain advice and links to training providers.
41. Leitch also said that, were skills levels not advancing quickly enough by 2010, the Government should contemplate introducing a legal duty on employers to provide training up to a Level 2 qualification. The Implementation Paper also promises such a review.
42. The Government also committed to supporting the work of union learning representatives, which Leitch advocated ('*Partnership with relevant trades unions, especially with the rapidly expanding Union Learning Representatives network, will also be important...*' (Leitch, para 5.70 p. 100)).

Other Provisions

43. Leitch called for the Government to undertake a publicity campaign to raise awareness of the importance of skills and promote enrolment in training courses. The LSC has launched such a campaign.
44. Leitch also suggested that the Government consider requiring students to stay in education or training to the age of 18. The Government is considering this, and Prime Minister Gordon Brown announced at the September 2007 Labour Conference that the right to free universal education would be extended up to the age of 18⁵ (it currently ends at 16).
45. The Implementation Paper also includes a list of reforms in the education sector that are separate from those advocated by Leitch. The most recent of these is the re-direction of funding for 14-19 education to local authorities as of 2010.

⁵ See Brown's speech to the Labour conference:
http://www.labour.org.uk/conference/brown_speech

The Big Picture: The ideas that underpin the Leitch Implementation Paper

46. Like the Leitch Review itself, the Implementation Paper reflects policy trends that are currently driving reform across the public sector.
47. There is a definite emphasis on **empowering the customer**, which in the FE sector refers to **employers and individuals**. In this way, the government aims to create 'bottom-up' pressure on the public sector to reform, ensuring that it responds more effectively to customer demand.
48. There is also a strong tendency toward **devolution of decision-making** closer to the front line of delivery. This has been a growing trend in government policy in recent years, aimed at giving greater latitude to those who deliver services to shape them to be more responsive to demand. This trend is reflected in the enhanced role of local strategic partnerships in recent local government policy papers – these bodies, consisting of local government councillors and officers, public bodies and non-governmental stakeholders from the third and business sectors, will play a key role in the setting of local policy priorities in the new local government framework.
49. In the same way, the Leitch implementation plan attempts to give more influence to the business sector in the provision of training, and also refrains from mandating new structures (like the employment boards) at the local level. The routing of funding for 16-19 provision through local authorities also locates clearer strategic responsibility at the local level.
50. But the key feature of the Leitch Implementation Paper, and indeed of the whole Leitch process, is the move towards a **demand-led system**. As noted in the previous CEL analysis, the Leitch programme foresees a system in which employers and learners have greater influence over what is provided in the FE sector. Through SSCs, employers determine what qualifications will be provided and Train to Gain funds their demands within government priorities; learners have clearer control over use of their entitlements through Skills Accounts.

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