

## Leitch Review – Latest Developments

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## Background and introduction

- 1 The Leitch Review of Skills '*Prosperity for All in the Global Economy – World Class Skills*' was published on 5 December 2006. As discussed at the last Council meeting, the report examines the UK's long-term skills needs and sets out ambitious goals for 2020 which, if achieved, would make the UK a world leader in skills. On publication of the Pre-Budget Report, the Chancellor endorsed the report's proposals and committed to taking forward the recommendations of the Leitch Review.
- 2 The Leitch report highlights the need to move to a demand-led approach facilitated by a new culture of learning, and an appetite for improved skills amongst individuals and employers. The LSC is supportive of Lord Leitch's ambition and has a key role to play in delivering the changes that are needed to meet his vision for skills in 2020.

## Purpose

- 3 This paper focuses on the how the Leitch Report is now being taken forward by Government and the LSC, and highlights some of the particular activities taking place to support implementation. It also sets out some of the key issues for the LSC for discussion and debate by National Council.

## Recommendation

- 4 National Council are asked to note the paper and comment on the issues raised within it.

## Current Activity

- 5 The final report of the Leitch Review sets out a reform agenda which includes a series of recommendations to meet the ambitious vision in the report. A summary of these recommendations is given at Annex One of this paper. The Government has accepted the ambition and thrust of the Leitch Report and to ensure success in taking the recommendations forward, the following activities are underway.

### DfES Led

- A new high-level steering group of DfES, DWP and HMT has been established to oversee progress towards the Leitch ambition and ensure an effective Government response. This group will initially pay particular attention to the establishment of the Commission for Employment and Skills and the recommendations on integrating employment and skills.
- The DfES, together with key partners, is currently producing an implementation plan which will set out the detail and timetable for action. This is likely to be published after the 2007 Comprehensive Spending Review (CSR) which could take place as early as April or not until July.
- Lord Leitch's vision recommends increases to skills attainment levels by 2020 for Skills for Life, Level 2, Level 3, Level 4 and Apprenticeships (as listed in the first paragraph of Annex One). The Government is considering how to incorporate this ambition into its suite of PSA targets and DfES is working on the finer detail in discussion with Treasury officials.
- A period of consensus building and public engagement will take place prior to the CSR settlement, mainly via a series of 'roadshows' for the FE sector. The LSC is working jointly with the DfES on developing these regional events which are to be held February to April. Aimed at FE College Principals, Work Based Learning Providers and key stakeholders such as the RDA, the events are intended to provide a strategic overview of the Leitch ambition and plans for FE reform, by painting a vision for the future of the sector. An event is also being held for NES employers to enable them to understand the scale and ambition of Leitch's vision and to consider their role in achieving it.
- The DfES have also appointed Sir Digby Jones, the former Director-General of the CBI, to encourage employers to endorse and act on the 'something for something' deal between employers and Government that lies at the heart of the Leitch Report. He will persuade employers to commit to the 'pledge' and develop the skills of their workforce.

### LSC Led

- 6 The Leitch recommendations are mixed in focus where some are very specific and others need further collaborative work between the partners

involved. The LSC is keen to take on the recommendations which provide a clear direction of travel for the LSC, as well ensuring that we work with DfES and other partners on the more complex proposals. A considerable amount of work is taking place and this includes the following activities:

- Taking forward the new ambition for Train to Gain, Apprenticeships, responding to SSCs and the National Employer Service.
- Working with DfES on modelling the recommended targets for 2020 from the report.
- Working with JobCentre Plus to consider the implications for joint planning and working arrangements in the context of a new integrated employment and skills service.
- Setting up a task group to oversee the implementation of the review of IAG and the Leitch recommendations for a new Adult Careers Service.
- Working with Sir Digby Jones in his new role as Skills Envoy and encouraging employers to support the 'pledge' and voluntarily commit to train all their employees up to Level 2, ensuring that we link him to NES employers.
- Publication of the funding consultation "Delivering World Class Skills in a Demand-led System" on the implementation of proposed demand-led funding models for adult learner and employers. The consultation seeks views on what this will mean in practice for the FE system.
- Working with all Programme Boards (and the partner organisations involved), to ensure that robust arrangements are in place to take forward Leitch's recommendations and to support the production of the implementation plan.

7 There are also a number of more complex proposals that will entail further clarification and discussion. These include:

- Understanding the new skills governance architecture and how it will work, in particular the Employment and Skills Commission and the Employment and Skills Boards. We are considering the LSC perspective on the role of the Commission and would value the views of Council members on this.
- As discussed at the last Council meeting, working to establish the LSC role in 'making the market' and ensuring that there is a balance and a range of supply for individuals and employers to choose from.
- Shifting from planning to a demand-led system and managing the implications of this change. Further clarification is also needed on what being demand-led means as interpretations appear to vary.

- Ensuring that the LSC purchases more vocational qualifications (VQ) that employers want i.e. that are approved by Sector Skills Councils. The number of accredited qualifications still needs to be reduced and work has been taking place on this for some time. An extension to the role of SSCs in VQ reform will mean they need to develop their capacity in this area which may result in further delays.
- Working with DfES and DWP on scoping a target focusing on the relationship between skills and employability. The aim of such a target would be to incentivise the system to deliver employment and skills services in a coherent joined up way at the local level
- Maintain the collection of relevant and accurate data and information to ensure that the LSC has effectively responded to demand.

## Other Linked Reviews

- 8 As part of the Lyons Inquiry into Local Government, Sir Michael Lyons has been asked to consider the implications of the Leitch Review. A discussion document seeking responses to specific questions on governance, convening and funding was recently published, to which the LSC has responded (LSC response is attached as an annex). The inquiry is due to report around the time of the Budget and will no doubt impact on the role of Local Authorities in 14 to 19 issues and employment and skills provision.
- 9 The Treasury is also undertaking a review of sub-national economic development and regeneration. This study will consider the best geographical levels for governance decision making related to economic development and regeneration activities. The LSC has been engaged in discussions with the officials conducting the review through a series of seminars and meetings. Work has now begun on the process of considering options and possible ways forward and we will continue to maintain a close dialogue with the review team. The final report is due to be published ahead of the CSR.
- 10 The outcome of both of these reviews will have an impact on the delivery of learning and skills provision in the regions. Updates will be provided to Council when further information is available.

## Legal implications

- 11 There are no legal implications arising from this paper.

## Financial implications

- 12 Following the CSR announcements there will be major financial issues to be addressed in relation to the delivery of Leitch's recommendations.

**Paper creator**

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## Annex One - Summary of Review recommendations

The UK should commit to becoming a **world leader in skills by 2020**, benchmarked against the upper quartile of OECD. This means, by 2020:

- **95% of adults achieving functional literacy and numeracy;**
- **exceeding 90% of the adult population qualified to at least Level 2**, with a commitment to reaching 95% as soon as possible;
- **shifting the balance of intermediate skills from Level 2 to Level 3**, with 1.9 million additional Level 3 attainments over the period to 2020; and boosting the number of Apprenticeships to 500,000 a year; and,
- **exceeding 40% of the adult population qualified to Level 4 or above**, with a commitment to continue progression.

Once Diplomas are successfully delivered, with rising participation at age 17 and significant improvement in the OECD rankings, Government should implement a change in the law, so that all young people must remain in full or part-time education or workplace training up to the age of 18.

Consider creating a new entitlement so that every young person with the right qualifications should be able to take up an **Apprenticeship** place.

Route all public funding for adult vocational skills in England, apart from community learning, through **Train to Gain and Learner Accounts** by 2010.

Rationalise existing bodies, strengthen the collective voice and better articulate employer views on skills by creating a new **Commission for Employment and Skills**, accountable to national Governments.

Reform, re-license, and empower **Sector Skills Councils** to: lead qualifications reform; collate and communicate sector labour market data; raise employer engagement, demand and investment; and, consider the introduction of collective measures such as levies or licences to practise.

Deliver more economically valuable skills by allowing public funding for **vocational qualifications** where the content has been approved by SSCs.

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.

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**.

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 **Employment and Skills Boards**, building on current models, to influence delivery.