

# THE LEITCH REVIEW

A roadmap directing UK towards  
world leadership in skills by 2020

Note: This is a interpretive précis Leitch Review,  
designed to offer an informative overview.  
The full report can be downloaded from the HM Treasury  
website at [www.hm-treasury.gov.uk/leitch](http://www.hm-treasury.gov.uk/leitch)



skills  
FOR BUSINESS

# WHY THE URGENCY

running to stand still



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## The UK upside:

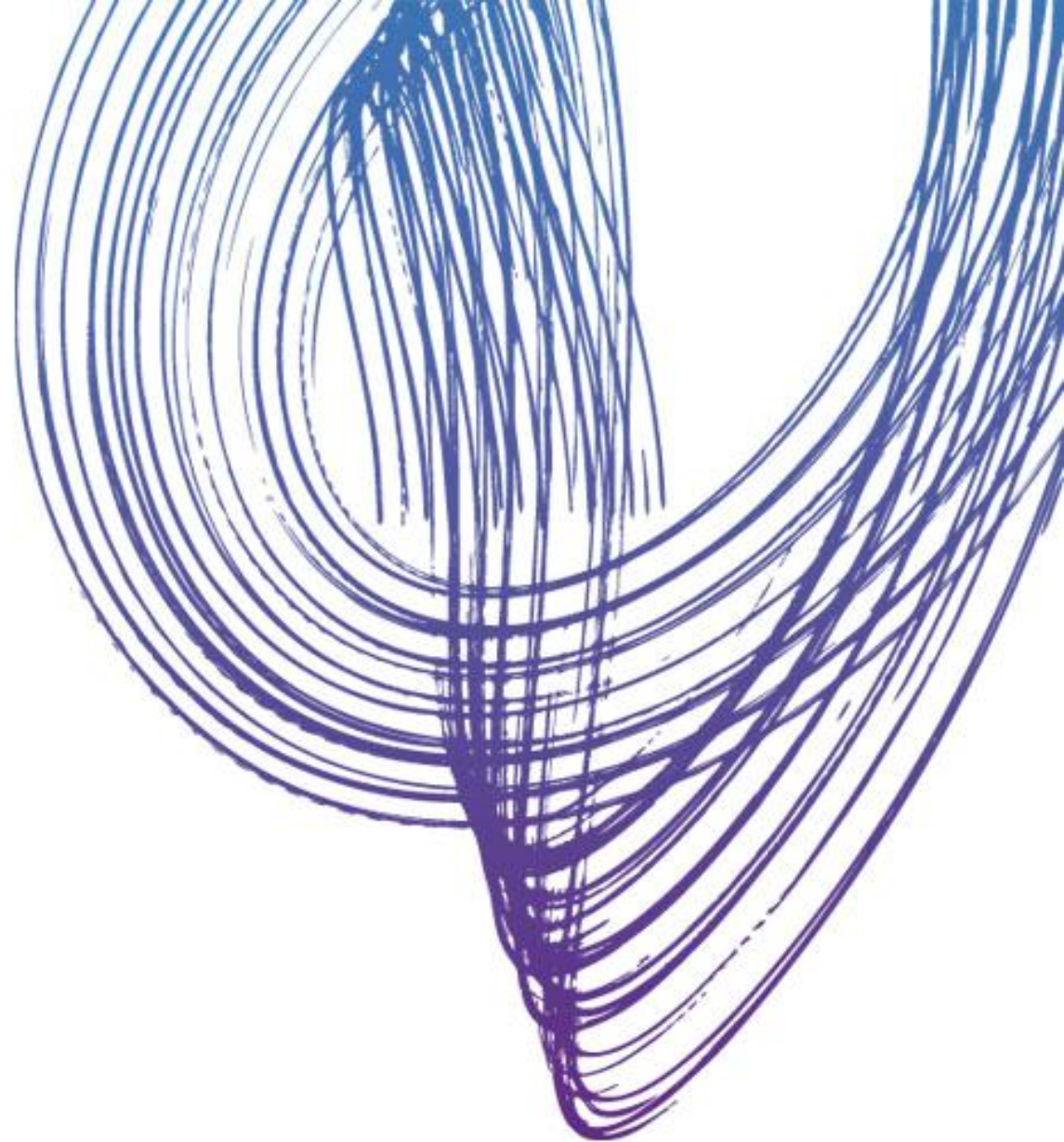
- 14 years of unbroken growth with the highest employment rate in the G7.

## The prospective UK downside:

- UK's skills are fundamentally weak, holding back productivity, growth and social justice.
- Our global competitors are advancing rapidly. China and India are creating 4 million graduates a year, the UK just 250,000.
- Even if we meet current skills targets, UK skills will still lag behind competitors in 2020. We're running just to stand still.
- Skills were once *a* key lever for prosperity. They are now increasingly *the* key lever, pivotal in our ability to compete internationally. Radical change is therefore necessary and urgent.

# THE SKILLS VISION

targeting world leader status





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Commit to becoming a world leader in skills by 2020:

- **95% of working age adults to achieve functional literacy and numeracy** – up from 85% literacy and 80% numeracy today. This means 680,000 basic skills attainment per year against 110,000 today.
- **More than 90% of workforce adults qualified to at least Level 2** – up from 70% today. 95% means 1.7 million more adults with Level 2 and 500,000 people achieving Level 2 each year against 280,000 today.
- **Intermediate skills balance shifts from Level 2 to Level 3**, improving the esteem, quantity and quality of intermediate skills. Double apprenticeships to 500,000. 300,000 people to achieve Level 3 each year against 110k today.
- **More than 40% of the adult population qualified to Level 4 and above**, up from 29% today. This means 530,000 people a year against 250,000 now.

Learning becoming the norm for all, over the whole working life.

# SHARED RESPONSIBILITY

three levels in concert



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## three levels in concert

Three key players in shared commitment and responsibility – the Government, the employer and the individual:

- **Government** must create an end-to-end system with real clarity and discipline as to who in the education and skills infrastructure does what, ensuring employers and individuals drive the system so that it delivers economically valuable skills
- **Employers** must respond to the opportunities offered, apply their stronger voice in definition of skills qualifications, focus investment on where this will have most effect in meeting their needs
- **Individuals** must invest in their own skills development and raise their aspirations and awareness, sustained by high profile awareness programmes on the value of skills to them and their families

# A DEMAND-LED SKILLS SYSTEM

the needs of employers take priority





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## **Current practice:**

- supply-side in education dominates what skills gets delivered
- demand-side is not interpreted as 'what employers need'
- over 22,000 qualifications, many little valued
- complexity and bureaucracy are a major deterrent factor
- regional-based structure misses sector needs

## **Leitch view**

- a system that gives employers the strongest voice is essential
- the world of skills to be simplified, fewer employer-facing bodies
- develop relevant, up-to-date skills qualifications
- sector-based organisation based on Sector Skills Councils

# DRIVING THE VISION

simplified structure, focus and control



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A new structure building on the success of the Skills for Business network

## **Simplify**

- reduce bureaucracy and duplication
- rationalise controlling bodies, funding streams and qualification structures
- build on what works, cut what doesn't

## **Focus through Sector Skills Councils (SSCs)**

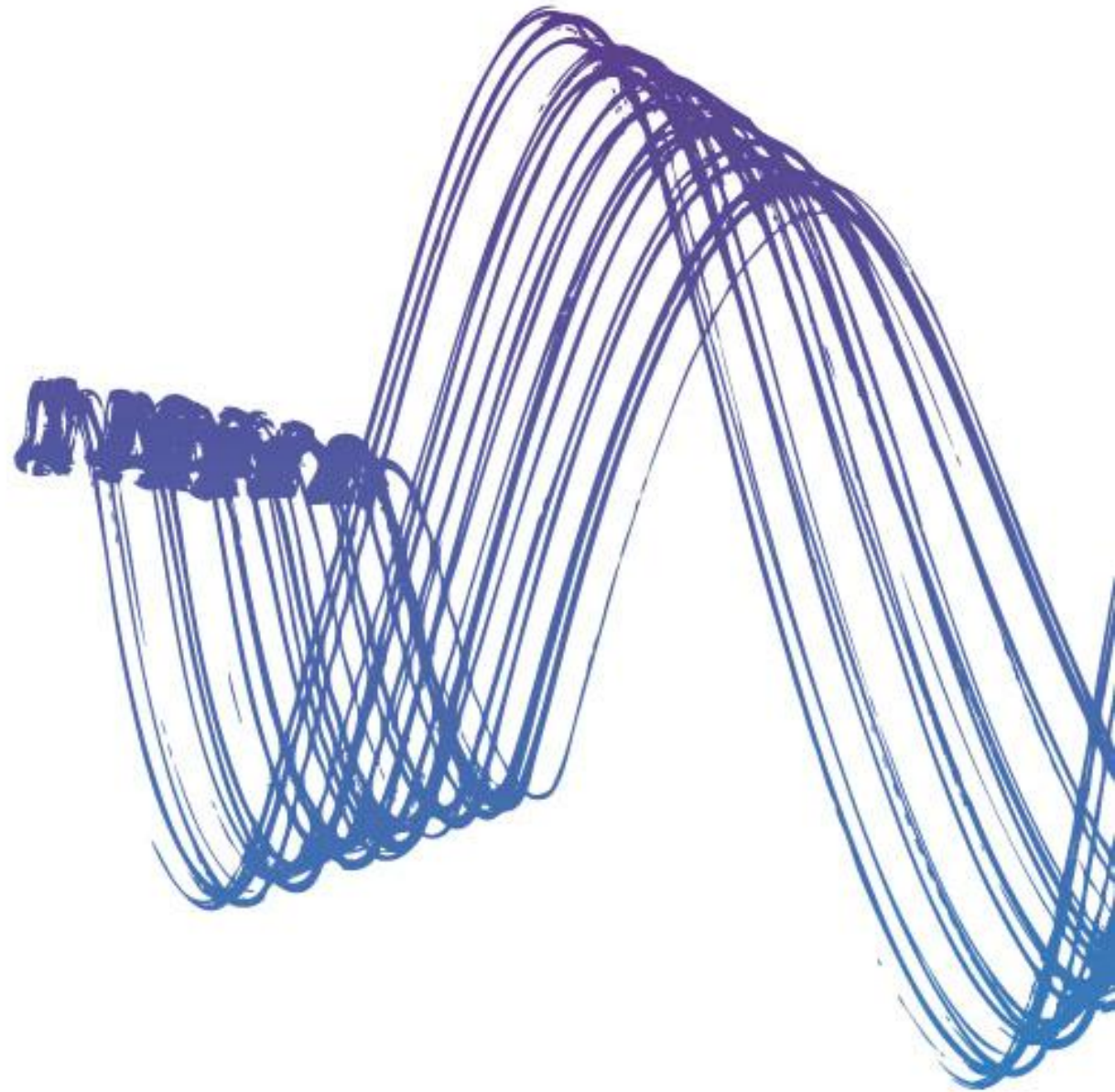
- Sector Skills Councils – independent, employer-led – are relevant and proven
- SSCs in concert with employers to rationalise and approve vocational qualifications
- trades unions generating employee motivation to participate
- adult vocational skills funding to route through Train to Gain and Learner Accounts

## **Control through Commission for Employment and Skills (CES)**

- strengthen the collective voice, better manage & articulate employer views
- accountable to Government and the Devolved Administrations
- SSSA forms major component along with bodies such as NEP
- take on responsibility for Local Employment & Skills Boards and Investors in People.

# WHO GAINS?

a win-win situation





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a win-win situation

Gains from the highest level of management through to technical levels and basic skills:

- **Workless people** – aware through their MOT of their skills needs, getting support as they move into sustainable work
- **Low-skilled workers** – more chance to gain higher skills in the workplace through Train to Gain, more flexible learning through their Learner Account
- **Skilled workers** – more opportunities to develop at work through Apprenticeships, degrees and management & leadership programmes
- **Small firms** – better access to relevant training for their employees.
- **Employers** – strategic influence over the skills strategy, greater incentives to invest in skills, access to brokerage

Productivity will rise by 15% and employment by 10%. Poverty and inequality will decrease. The GDP will gain £80 billion net within 30 years

# Appendix: RECOMMENDATIONS ROUNDUP #1

- **Strengthen employer voice.** Rationalise the existing bodies. Strengthen the collective voice and better articulate employer views on skills by creating a new Commission for Employment and Skills, accountable to Government and the devolved administrations.
- **Increased employer engagement and investment in skills.** Reform, re-license and empower Sector Skills Councils, with an emphasis on the Sector Skills Agreement process. Deliver more economically valuable skills by allowing public funding only for vocational qualifications approved by SSCs.
- **Expand skills brokerage services.**
- **Increase adult skills across all levels and all ages.**
- **Route all adult vocational skills funding through Train to Gain and Learner Accounts** by 2010. Streamline the role of the Learning and Skills Council to become a funding body and market maker.
- **Improved higher level skills:** Change targets and funding to encourage employer / university collaboration, seeking hard-edged employer commitments to increase investment in high skills through Sector Skills Agreements.

# Appendix: RECOMMENDATIONS ROUNDUP #1

- **World class intermediate skills.** Extend Train to Gain to higher levels. Double apprenticeship volumes.
- **Increase employer investment in Level 3, 4 and above qualifications** in the work place.
- **Build Basic Platform of Skills:** Launch new 'Pledge' for employers to commit to train all eligible employees up to Level 2. If the improvement rate is insufficient by 2010, introduce an entitlement to workplace training in consultation with employers and unions.
- **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 services and develop a new universal adult careers service, offering personal advice.
- **Create a new integrated employment and skills system** to increase sustainable employment and progression. Tackle basic skills development to help people lacking such skills find and stay in work.
- **Develop a nationwide network of local employment and skills boards** to ensure local services meet employer needs and that workers are equipped to access work.