

## Implementing the Leitch Review : Adult Learning

**The Final Report of the Leitch Review was published in December 2006 - *Prosperity for all in the Global Economy: World Class Skills*. It calls for a demanding increase in skills attainments at all levels by 2020.**

Lord Leitch and his team had been asked by Gordon Brown to examine what the UK needed to do to raise the skills levels of the workforce to the levels being set by other countries. His Interim Report, *Skills in the UK: the long-term challenge*, was published in December 2005. In response to this, TAEN, amongst others, submitted evidence.

Government, employers, unions and others have broadly endorsed the Leitch Report. Gordon Brown formally accepted the findings when it was published. An *Implementation Plan* will be published by the Government by July 2007, taking into account the funding available from the settlement before then of the Comprehensive Spending Review.

Between now and then, the Department for Education and Skills (DfES) is organising a substantial number of consultation events. In addition, in January 2007, the DfES and the Learning and Skills Council (LSC) published a consultation paper, *Delivering World Class Skills in a Demand Led System*. Responses to this are required by 30 March 2007. The DfES is running the two consultation processes in parallel.

The Sector Skills bodies (which represent the 'sectoral' view of employer-led training) are also organising their own consultations.

Meanwhile there is a Further Education Bill to amend the organisation of the Learning and Skills Council proceeding through Parliament.

The Parliamentary Select Committee on Education and Skills is carrying out an Inquiry into Post-16 Learning; and this *Briefing* is based on the evidence TAEN has given to the Committee.

### What Leitch says

The Leitch Report sets out the goals for a national skills strategy, defining much more ambitious targets for achieving qualifications and a more highly skilled workforce by 2020. These goals have been stated before but their achievement has so far eluded us all. They require:

- Dedication, resources and time devoted by employers, large and small, to the skills of all their workforce, whatever the occupation or sector. This has not happened in the past.
- Recognition of, and action on, the opportunities for learning and qualifications by all the population, not just by those with positive experiences of education. This does not exist today.
- Resources for those who cannot afford to take the opportunities.
- Learning methods, processes and 'qualifications' (in the widest sense of the term) which are meaningful and stimulate the employer support, wider recognition and individual action necessary.

### The Leitch recommendations are to:

1. Develop Train to Gain from its modest beginnings to become the national mechanism for identifying and delivering training for the in-work population. A service of job-brokers and advisers must establish credibility and influence nation-wide with employees and employers large and small, in a way that has not been achieved before by public agencies.
2. Develop a system of Learner Accounts which motivates individual demand for courses and qualifications on a large scale which the Learning and Skills Council will then fund.

3. Put in place an employer pledge to achieve Level 2 skills for all the workforce. Sir Digby Jones, former Director-General of the CBI, is charged with delivering this. If it does not work, employers face some form of compulsion from 2010.
4. Set up a new national Commission for Employment and Skills as the lead public agency. This to be run by employers, building up a high degree of authority on training with employers, and with the 'joining-up' of local delivery led by regional and city-based Employment and Skills Commissions.
5. Bring together the National Employer Service of the Learning and Skills Council and the National Account Management Service of Jobcentre Plus.
6. Reform the Sector Skills Councils, giving them a lead role in the future pattern of vocational qualifications; and work out a new form of Sector Skills Agreements, clarifying the objectives and targets of all parties in the Agreements.
7. Simplify the qualifications system, while allowing that any employer or training provider can put forward for accreditation their own specific qualification to meet their own needs; and work out the role of qualification Awarding Bodies and the QCA (Qualifications and Curriculum Agency).
8. Make apprenticeships an all-age programme as well as a career-start programme.
9. Reform the FE Colleges and other training provider funding systems so that they are paid for meeting the specific demands of individuals (Learner Accounts) and employers (Train to Gain), instead of being paid by an advance block grant payment from LSC. (How this should work is the main part of the *Delivering World Class Skills in a Demand Led System* consultation paper).
10. Work out a revised role for the Learning and Skills Council consequent on such changes.
11. Create one adult career and learning advice service, building on *learndirect* and *nextstep*; and bring together and largely co-locate the training and employment support services of the adult advice service and Jobcentre Plus.
12. Create mutually consistent and shared skills and employment objectives and outlook within the Department for Work and Pensions and the Department for Education and Skills.
13. Set milestones towards achieving the Leitch Report targets for basic skills and NVQ Levels 2, 3, and 4.
14. Find the required public resources to respond to the increased level of individual and employer demand for Level 2 and 3 training implied by the targets. (The resource implications of the free Level 2 offer in the 2002 Skills Strategy were never tested, because the demand was never stimulated and never materialised from adults.)
15. Expand funding for adults who cannot afford to pay, with a new Skills Development Fund.
16. Extend compulsory education in some form to age 18.
17. Increase the momentum towards the target of 50% of young people going on to Higher Education, as well as more adults gaining degree level qualifications.
18. Create new degree courses based on employer demand, building on the Foundation Degree system.
19. Deliver a major drive on management skills to ensure that the skills of the workforce are better used.
20. Reform the benefit system and Welfare to Work to increase the focus on employability skills; and deliver Skills Health Checks in order to reduce the numbers of repeat claimants returning to benefits.

### TAEN's own recommendations

TAEN supports the main direction of these proposals. In particular we support the creation of a universal adult advice service, the closer links between the employment and skills agendas, the re-introduction of Individual Learner Accounts and the expansion of apprenticeships.

***Our main concern is that implementation of the Leitch Report is planned and delivered to work for all ages, not just the 16-25 age group. The skills targets will not be met if this does not happen. Implementation of the recommendations is about more than first time employability and career-start vocational skills. The proposals in Delivering World Class Skills in a Demand Led System push us further towards more resources for the under-19s at the expense of adults. That document is incompatible with the Leitch targets.***

The recommendations that TAEN made to the Parliamentary Select Committee appear hereafter in bold text. Page references quoted in the text relate to the Leitch Final Report or, where indicated, to the Interim Report.

## Demographics and the ageing workforce

Neither the Leitch Report nor *Delivering World Class Skills in a Demand Led System* communicates the extent to which the skills gap is related to age and the changing age profile of the workforce. Although Leitch acknowledges that the “UK cannot reach world class without skills improvement amongst adults” (p69) this message is not followed through.

It is not apparent from the Report that implementation will fail unless there is a step-change in skills performance amongst the over-40s, compared to current skills policies. In summary, the present position is that over-40s make up:

- 50% of working age population;
- 65% of those without Level 2 attainment;
- 7-14% of full Level 2 attainment (there is no agreed figure);
- Less than 10% of Adult Basic Skills attainment;
- 6% of users of *learnirect* advice line.

These figures demonstrate that the current skills strategy based on Level 2 qualifications entitlement has had little impact on the qualifications of the workforce over-40s.

Many people grew up with different school leaving ages and different qualification patterns from today. The personal barriers to learning tend to increase with the time lapsed since the last formal learning experience. This is reinforced by employers' negative assumptions of the benefits of training in mid and later career. Formal courses and qualifications have not formed any part of the recent working life experience of the majority of people over age 40.

Leitch identified four key factors influencing learner demand - aspiration, good information sources, choice and funding availability (p105). All become harder to fulfil later in working life.

Government policy treats over-19s as a homogeneous group, whether aged 20 or 60. In reality, training takes place in response to varied employer or individual circumstances which tend to be different in different life stages. The main categories are:

- Initial employability and training for starting career/working life;
- Training to update skills, for returners to employment and for professional development;
- Re-training and career change (in or outside the workplace);
- Personal development training;
- Job induction and health and safety.

Most of the Leitch Report and *Delivering World Class Skills in a Demand Led System* address the first of these. The concept of retraining gets a one line mention (p61). There is one recognition that “people will need to update their skills more often as they change jobs, adapt to new technology and working lives lengthen” (p128) and one mention of adult community learning (p111).

**We recommend that the next stages in the Skills Strategy must be about more than first-time employability and career-start vocational skills. Implementation of Leitch and *Delivering World Class Skills in a Demand Led System* must be tested for responsiveness to demographic change. It should be demonstrated clearly and publicly that skills programmes respond to the changes in the age patterns of working life. As programmes such as Train to Gain and Learner Accounts expand, their performance for all age cohorts throughout working life (which does not end at age 65) must be tracked and reported.**

Public policy and skills strategy tend to focus on those who are in work (approximately 29 million people) or on welfare (approximately 5 million of working age). We easily overlook those who are neither working nor on benefits (approximately 4 million people).

People who are not on benefits and not in work are an important pool of skills and experience, about half of them aged 50-State Pension Age. They are sometimes described as the ‘hidden unemployed’.

In addition, there are 11 million people over State Pension Age. While it may be presumed that they are not a priority for public funds, they should not be overlooked as a source of skills. Learner Accounts could be an important development for them.

**We recommend that those neither in work nor on benefits should form part of the Leitch implementation plan.**

## Measuring the success of the strategy

It is essential that there is clarity about measuring progress. The 2002-06 Skills Strategy performance indicators have not been clear. In particular, they have disguised the extent to which the Strategy is working for adults.

The term adult is not clear in either the DfES Public Service Agreement (PSA) targets or the Leitch Report. Side by side (p45) are

- a target for *adults* to Level 2 which is defined as post-19; and
- a target for *adult* basic skills which is defined as post-16.

The DfES expects that we shall meet the adult basic skills PSA. This is correct; but 50% of the attainment is made up of people under age 19, whilst 7% is of people over age 45. This is not what most of us would describe as an all-age adult programme.

There is an increased focus on skills attainment in the 19-25 age group (but still seen to be lagging performance in other countries). The Government has extended the free Level 3 training entitlement to age 25 in order to mirror more closely the situation in Higher Education post-19. Over-25 may come to be a new definition of adults and the distinction between education of young people and adult learning.

**We recommend that definitions of adults and age groups are clarified, not least because the Age Discrimination Legislation requires that age should not be a criterion for access to learning, any more than is gender or race.**

Measures of progress tell different stories according to whether they are about numbers of learners, of qualifications gained or amounts of money spent. The number of older learners data is encouraging compared to other OECD countries, though there has been a decline of over 20% in learners aged over 40 in FE in the last year. In terms of funding and qualifications gained, the data is far from satisfactory.

Data from the Office for National Statistics *Labour Market Trends* (Education and Training Statistics for the UK from DfES), from Individual Learner Records (Learning and Skills Councils Reports), from Awarding Bodies and from surveys such as the National Adult Learning Survey, the National Employers Skills Survey, CBI, NIACE and CIPD surveys concentrate on different parts of the picture. None gives an adequate picture of the trends by age cohort over age 19. The DfES and LSC are now working on this.

**We recommend that the Government sets out for all programmes and targets how they relate to various age groups. Expectation and performance against target must be reported. There must be clarity about:**

- numbers of participants by age group,
- money spent by age group and
- qualifications attained by each age group.

Government reporting does not distinguish the impact of the passage of time on progress towards targets. This is the effect of a 5-year cohort of 65 year-olds being replaced in the statistics by a 5-year cohort of young entrants with higher skills entering the workforce. The Leitch Interim Report demonstrated (p67, 70) that between one-third and a half of some targets could be achieved by this age cohort effect, rather than by underlying improvements in provision and performance.

**We recommend that reporting on progress towards targets should separate out the 'passage of time effect' on the results of policy action.**

## Market failures

The Government and Leitch agree that Government effort and taxpayers' funds should be focused on market failure and those who are least likely to advance by means of their own resources or employer-sponsored training. We agree. However we need a shared understanding of the definition of 'market failures'. The definition must distinguish market failures for individuals and those for employers. The analysis in the Leitch Report of a market failure is limited (p59). It is presented under four headings: time preference / risk, credit market failure, information failure and externalities.

Market failures increase with age. The stereotype that there is no benefit from training anyone 'approaching retirement' (i.e. over 40) and that they cannot learn new skills informs employers' attitudes. Older age groups have fewer formal qualifications and gained them longer ago. They may therefore have considerable reservations about undertaking formal learning. The payback on new learning and qualifications falls with age because on average pay falls from the mid-40s onwards. New over-50 entrants to jobs are typically offered 20-25% less pay than existing post-holders. That, and potential age discrimination against job applicants, make taking on new training more of a gamble later in a career.

**We recommend that the logic of the market failure approach to Government resource allocation indicates a strong focus on market failures in learning and work for those in their 40s, 50s and 60s.**

## Qualifications

The evidence about the correlation of qualification attainment with employment and good life prospects is compelling. The unqualified are the only group of under-employed people who have seen their employment rate fall over the last 10 years while everybody else's has been rising (p31 etc). So it appears obvious that qualifications for the unqualified should be a high priority.

Therefore the recent reports have an even stronger focus on qualifications. There will be no Government funding for anything that is not part of a full qualification course, even though at least half of current employer-funded training is not related to gaining qualifications.

A high level of faith is pinned on qualifications as the currency of skills and employability. *Delivering World Class Skills in a Demand Led System* suggests that Learner Accounts should be steered strongly to Level 3 courses.

***However, there is serious risk of unintended consequences from a total concentration on full formal qualifications. Qualifications are only a partial proxy for skills. They are not currently fit for purpose for all age cohorts. The adult skills strategy requires greater flexibility than total dependence on courses leading to full Level 2 or Level 3 qualifications.***

The current skills strategy targets those without Level 2 qualifications as a way of distinguishing those who need help from public funds from those who can help themselves, without embarking on the alternative of a widespread means-testing system. We support the objective, but experience in 2002-06 makes it questionable whether the Level 2 funding criterion works for all or even the majority of adults and employers.

It is not clear that the majority of courses leading to qualifications are fit for purpose for those with 20 plus years of adult working and family life experience under their belt. Qualifications can be a barrier to opportunity rather than a stepping stone to opportunity.

The Leitch Report asserts (p51, 56, 79-80) that:

- Individuals prefer studying towards qualifications;
- the majority of employers prefer training to lead to a qualification;
- qualifications are the most frequently used recruitment criteria.

The Report cites a number of studies which support these conclusions. It does not describe the evidence, both academic and from individual and employer behaviour, which throws doubt on the three propositions as they apply to many adults and employers.

Some of this evidence is summarised in the Annex. The most recent is the DfES's Research Report No RB821 of January 2007 on the characteristic of people gaining a Level 2 qualification and its impact on employment and earnings. It concludes that two-thirds of the people who gained a Level 2 qualification did not actually think it necessary for the job they were doing. We believe that the evidence supports moving to a skills strategy and funding regime which is based on a mixture of qualifications and non-qualification based training.

There is a contradiction in the Government's proposals: individuals and employers can choose what learning they want to do but they can only choose from the menu of qualifications as dictated by Government agencies. This is neither flexibility nor choice as perceived by the employer or the individual.

Why should a learner be penalised if the learning which is best for them and their career does not lead to a *full* qualification? If employers are really driving the system, what if they want training that does not correspond to a full qualification?

**We recommend that if employers and individual learners want to do parts of courses that do not add up to a *full* qualification then those should be accredited, be transferable and should count for funding.**

The reform of the qualifications system must address the changing demographics of the workforce. Qualifications have mainly been developed for first-time learners and career entrants. Personal attitudes to qualification are not the same in mid and later working life. There is often antipathy to classroom learning as opposed to on-the-job learning. There are of course major differences between occupations that require a formal qualification and those that do not; and the Report rightly says that these issues must be tackled sector by sector.

Leitch proposes that reform of qualifications is placed in the hands of Sector Skills Councils. The track record of SSC Plans and Sector Skills Agreements shows that a pre-occupation with attracting young people into their sectors dominates thinking (so much so that the forecasts from only four existing Sector Skills Agreements imply that they will be able to monopolise the entire flow of young people into the workforce!). A serious shift of thinking is required.

**We recommend that making qualifications fit for purpose for all ages is built into the remit of the Sector Skills Councils' role.**

### **Train to Gain and brokerage services**

Great faith is placed in the Train to Gain programme as a vehicle which will transform participation in qualification-based learning throughout the workforce, despite the fact that it has less than six months' track record and evaluations of the trial Employer Training Pilots threw up a number of questions. It is described as a "*clear success*" (p49, 74, 93 and 99). It is also significant that Train to Gain has been good for people in mid and later life. They make up over 50% of participants in the pilots compared to less than 10% of those gaining Level 2-3 qualifications on other programmes.

**We support building on Train to Gain, but recommend that the issues about its delivery are addressed realistically, openly and honestly, including the effectiveness of the brokerage system.**

It appears that in many cases Train to Gain qualifications are recognising skills acquired in the workplace with little or no additional training delivered. This is excellent if it is a way of recognising that many in the workforce do have skills equivalent to a qualification. If extended, it would mean that the sum of qualifications was a more accurate descriptor of the skills of the workforce than at present. However, if it results in public funding being paid out for notional training, then there is clearly a credibility issue. This needs to be resolved

### **Individual Learner Accounts**

We support a fresh start for 'Learner Accounts', whose earlier trial was abandoned for reasons that had nothing to do with the intrinsic merits of the approach. We welcome the Leitch Report recommendation. We recognise that the

challenge is to extend their use to those who are not learners by habit and personal circumstance.

The visibility and clarity of the direct incentive to the individual will impact on the success at reaching new learners. If it is bureaucratic and complex it will not work. We recognise that financial control makes it problematic to put money directly into the hand of the learner (p112). Nevertheless, all experience of employment credits, working tax credits, lump sum incentives, etc, shows that nothing compares to seeing the colour of the money, as opposed to getting something for free through a complex series of forms.

**We recommend that design of the Learner Accounts seeks a powerful direct financial incentive to the individual to participate and that this is age-proofed so that the same incentives apply to all ages.**

We agree that the current financial support systems are not understood. The fact that there is no simple way to explain in what circumstance any individual might or might not get free or subsidised training is a major barrier. We agree that there needs to be a transparent and simple set of eligibility criteria.

**We recommend that a precondition for any new funding support system is that it can be understood by the public and has clear standard messages about what they can get, when and for how much.**

### **Apprenticeships**

We support the proposed major expansion of apprenticeships; but it must be made clear that this is a programme of expansion of apprenticeships for all ages, not for under-25s only. This is not clear in the Leitch Report and even less apparent in *Delivering World Class Skills in a Demand Led System*. This must be resolved because there has been very limited funding or action since the announcement of adult apprenticeships by Gordon Brown in 2002.

**We recommend that the remit of the SSCs must include creating apprenticeship programmes suitable for adults with 10 or more years' work experience and now retraining, as distinct from programmes for school-leavers.**

The limited pilots of adult apprenticeships that have taken place provide little guide to their potential. This is because apprenticeships

designed for school-leavers were applied to mid-career adults. They did, however, demonstrate that older apprentices had higher completion rates than under-25s, a faster completion speed and lower unit costs.

### **Personal and Community Development Learning (PCDL) and lifelong learning**

'Adults' means adults of all ages, including nearly 11 million over the State Pension Age who currently have the fastest growing employment rate of any age cohort (up 0.4 million in the last four years, with potential to increase by at least another 1 million). There is a great danger that learning for personal development will decline.

All learning contributes to employability because it contributes wellbeing, confidence, health and an active life. Employability skills flow directly from that. Nor should the contribution of adults as carers, volunteers and family members be overlooked. A major reason for lifelong learning for all ages is the inter-generational impact on children. Learning failure tends to be passed on through grandparents and parents to children.

**It is essential that PCDL is maintained, that the reform agenda does not compromise it and that the funding commitment should be maintained in real terms.**

We recognise the case for funding to be concentrated on those communities where lifelong learning is most needed, and that this means some reduction of funding for those communities who could afford to pay more.

### **Barriers to individual learning: learning and career advice services**

The perceptions of adults with little or no history of formal learning are often entrenched and hard to shift. TAEN has carried out major studies of the career and learning advice needs of older people. (*Challenging Age*, DfES 2002; *Am I still Needed?*, 2005 with the Centre for Adult Guidance Studies; and a recent study with NIACE for the DfES IAG Review.) We have also worked with *learnndirect* on the low take-up of services by over-40s.

Common experiences of older people (especially those with no or few formal skills) in relation to advice on learning and work may include:

- Limited resonance with the idea of qualifications or formal learning (normally excused by 'no time', 'family responsibilities').
- Little recognition of acquired skills and how they might relate to a qualification.
- Strong influence of 20-30 years adult life and work experience on attitude.
- Limited experience of any public agencies operating with conviction that there are opportunities for those in their 50s and 60s and that they are equally important as young people.
- Sensitivity over the risk of looking stupid and cold-calling unknown organisations; and strong reservations about public agencies and their motives.
- Experience of age discrimination and barriers which undermine the idea that learning can lead to opportunities.
- Experience of redundancy, of industries or regions in decline, with perception of a low prospect of working again.
- An interest in flexible working and working part-time.
- A desire to do work which recognises existing skills and experience and reward levels, rather than undervalues them.
- A desire for social contacts and engagement as an incentive to learn and work.
- Health and life-style considerations.

We support the proposal to set up a universal adult advice service, built around *learnndirect* and including co-location with Jobcentres, and the development of Skills Health Checks.

**Better career development and change advice for all ages are a precondition of a productive response to longer working lives for both employers and employees. The new universal advice service must be successful with all age groups.**

TAEN  
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*Further detail of TAEN's evidence to the Leitch Review is available from: [www.taen.org.uk/resources](http://www.taen.org.uk/resources)*

## Annex : Qualifications and skills levels

1. Two-thirds of the growth in the workforce in the last 10 years has been from over-50s. It is unlikely that the recruitment of a 50-year old is determined by qualifications they gained 30 years previously. Recruitment best practice is based on job descriptions of competencies required, which are not the same thing as qualifications. The extensive surveys of recruitment by the CBI, CIPD and the annual LSC National Employers Skills Survey discuss and measure the scale of skills shortages and vacancies; but they make no mention of qualifications or qualification shortages. There is nothing to endorse the view that *"qualifications are the most widely used recruitment criteria"*.
2. More than half of all employer-funded training is not related to qualifications and only 10% of it in FE colleges. The majority is in work training which is not accredited and does not build towards a qualification. Level 2 qualifications show little economic return (p64). (The Leitch response is that this is because they are the wrong qualifications (p80.) The statement that employers are really frustrated by *"lack of influence over qualifications"* is not the picture that emerges from the literature on the National Framework of Qualifications and National Standards (p48). There is no consideration in all the main surveys of employer-sponsored training of whether and how it leads to the attainment of qualifications. There is nothing in these reviews to indicate a strong appetite for qualifications as distinct from job-related training. None of this evidence supports the view that *"over half of employers feel that it is important that training leads to a qualification"*.
3. Employers consistently rate soft skills (which are not determined by qualifications) as the most important and the most frequently missing. The Leitch Report proposal is that employability skills should be embedded in other qualifications (p63). It needs to be demonstrated that this is the best way to gain soft skills and that it would be equally as appropriate for someone with 30 years working experience as someone with none.
4. The Report gives short shrift to the view that the labour market is polarising at either end like an hour glass (p33). Even allowing that low-skilled jobs have a much higher turnover rate than well-qualified jobs, the evidence of the labour market is of continuing major demand for low-skilled workers. This includes an apparently willingness of employers to

overlook the fact that 40% of migrants are Level 4 qualified and use most of them in low-skilled and low-paid work.

5. UK firms are poorly managed compared to major competitors (p52). The CBI Survey 2006 says that the highest priority is training for leadership and management skills (p41). Yet Chart 2 (p41) shows that managers and professions get more than their fair share of training compared to all other occupational categories.
6. 41% of UK business owners do not have qualifications; is it demonstrable that the 59% who have them are better or worse managers as a result (see p57, 89-90)? Achieving the productivity gains from increased skills, calculated as only 0.1% pa compared to the trend rate of 2.0% pa (p60), is clearly dependent on this.
7. Two-thirds of people with Level 3 or above qualifications do not have numeracy skills at Level 1 (Leitch Interim Report, p39). This is some indication of the extent to which qualifications are not a proxy for the most important employability skills.
8. 64% of people who have gained a Level 2 qualification recently reckon that it was not necessary for the job they were doing (p30, DfES Research Report No RR821, Jan 2007).

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*TAEN is a membership organisation whose members are drawn from across the labour market. For more information or details of our other publications, please contact us or visit our website.*

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