

LEITCH REVIEW OF SKILLS ~ CALL FOR EVIDENCE

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INTRODUCTION

LEITCH REVIEW OF SKILLS

The Government announced in the 2004 Pre-Budget Report that Sandy Leitch has been asked to examine the future skill needs of the UK.

The Leitch Review of Skills will report back to Government in spring 2006 on what skills profile the UK should aim to achieve in 2020 in order to support improvements in productivity, growth and social justice over the longer-term. The Review will also consider the implications of this ambition for Government policy.

Key questions for the Review to address are:

- What skills profile is the UK likely to have in 2020?
- What skills profile should the UK aim to achieve in 2020?
- What are the implications of this ambition for policy?

Over the course of the project, the Review team will reflect on views gathered from a wide range of stakeholders: education and training providers; the academic and research community; government agencies; sectoral and regional bodies; businesses and their representative organisations.

CALL FOR EVIDENCE

This document sets out the issues on which the Review team would particularly welcome responses. The objectives for this call for evidence are to:

- **Provide evidence** that the Review team can use to develop its analysis, helping the team to minimise the duplication of research conducted elsewhere; and
- **Highlight issues** on which the Review should focus its attention, shaping the direction that the Review takes over the forthcoming months.

The 11 questions are presented under 6 headings:

1. Skills in the UK
2. Future challenges
3. Demand for improved skills
4. Education and training¹
5. Priorities
6. Adding value

The Review team is particularly interested to receive **submissions of supporting evidence** that can shed light on these issues.

Not all questions will be relevant to all respondents – please feel free to skip questions that are not relevant to you. Respondents should also not feel constrained in their responses by the examples given below each question; these examples are intended only to provide a guide to relevant issues.

We very much look forward to receiving your responses. **Submissions should be sent to the Leitch Review of Skills by 20th May:**

Leitch Review of Skills
Zone 4/EI
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Email: leitch.review@hm-treasury.gov.uk

Further details of how to respond are set out at the end of this document.

¹ The Government has asked Sir Andrew Foster to lead a review of the future role of further education colleges. Sir Andrew has also written to key stakeholders asking for thoughts and ideas on the FE sector. For more details about this Review please see the website www.dfes.gov.uk/furthereducation/ferreview.

CALL FOR EVIDENCE

The Review's conclusions will be rooted in evidence from a range of sources, including quantitative data; surveys and views of representative groups; visits and seminars; as well as interviews and individual case studies.

This section sets out the 11 issues on which the Review team would welcome responses. In particular, the Review team **seeks submissions of evidence** that will inform its analysis.

1. SKILLS IN THE UK

The remit for the Review is to consider the skills profile that the UK should aim to achieve in 2020. The Review is concerned with the *flow* of skills into the economy acquired by young people. However, because the majority of people who will be in the workforce in 15 years time are working today, the Review is also concerned with the *stock* of skills: those that are acquired by adults who have already left school, college or university.

One way to assess the skills profile of the country is through the *qualifications* that people have achieved. Qualifications are an imperfect measure for the ability and competencies that people need to be employable or to do certain jobs, for example where people have skills that are not accredited. However, they are a useful approximation that is relatively easy to measure and to compare internationally.

At present in the UK, over a quarter of adults are qualified to at least degree level (level 4); a fifth have qualifications equivalent to A levels (level 3); and a fifth have the equivalent of five good GCSEs (level 2). A third of adults do not have qualifications at level 2 and one in seven adults do not have any qualifications. Other countries have a very different skills profile to the UK. For example, less than one fifth of German adults have qualifications below our level 2, although they also have fewer degree holders (less than a quarter of all adults). In the United States, less than a tenth of adults fail to achieve their high school diploma and nearly two-fifths of adults have a degree.

QUESTION 1 a Do you consider the current skills profile of the UK to be adequate? Please give details of why/why not.

For example, are there enough people qualified at a particular level or with specific types of skills? If you do not consider the skills mix to be adequate, what are the main skill deficiencies in the UK?

QUESTION 1 b What impact does the current skills profile have and what do you consider to be the relative importance of the issues that you have identified?

What are the economic and social implications of this skills profile? How would you rate the relative importance of these issues, for example, which have the greatest positive or negative impact, for example on economic growth or on social mobility?

2. FUTURE CHALLENGES

In articulating what skills the UK should develop by 2020, the Review will have to consider the skills that are likely to be required of the workforce. Although we can say with certainty that over the next 15 years the UK's skill needs will change, projecting demand over this horizon is inevitably difficult.

Productivity, or output per worker, is one of the key drivers of economic growth. There is considerable evidence that the level and composition of skills and education in the economy has a significant impact on productivity. The provision of skills and education also has a major impact on citizens' earnings potential and their opportunities in life.

The Review has been asked to consider what the 'optimal' skills mix will be for achieving economic growth and social justice. A number of factors will dictate the most appropriate ambition for skills in 2020: the relationship between skills and beneficial economic and social outcomes as well as the feasibility and cost of implementing policy to achieve the ambition. International comparisons may also provide a guide to the skills profile that the UK may aspire to achieve.

QUESTION 2 a **What do you consider to be the primary drivers changing the skills needed in the UK economy over the next 15 years?**

For example, will global competition, sectoral and technological change, and shifts in consumer demand impact on the skills required in the workforce? Which of the factors that you have identified will have the greatest effect?

QUESTION 2 b **What do you expect the impact of these pressures to be on the types of skills that will be required?**

For example, will employers demand a minimum level of skills, perhaps including literacy, numeracy and ICT skills, from all workers; or will the main change be increased demand at the upper end of the labour market for employees who have technical skills or for particular types of graduates?

QUESTION 3 **If education and training continues on its current course in the UK, are these future requirements for skills likely to be met? Please explain why/ why not and give details of the likely economic and social implications.**

For example, will there be over or under 'supply' of certain types of skills or people with certain types of qualifications compared to those demanded by business? Why would this skills mix arise and what impact would you expect the skills mix to have, for example, on the employment prospects of the least skilled adults and the UK's ability to innovate? Will these impacts differ between the regions of the UK?

QUESTION 4 **What changes in the population's skills would have the greatest effect on improving the UK's productivity in 2020?**

For example, would greater impact be seen from increasing the numbers of people with high level skills and qualifications, or from reducing the numbers with low or no skills or those without basic literacy and numeracy skills? Would there be greater gain in improving technical skills or more generic skills such as communication and customer handling skills?

3. DEMAND FOR IMPROVED SKILLS

A prerequisite for increasing the stock of skills in the economy will be the desire of individuals of all ages to learn and their commitment to train. These additional skills will have a positive effect on national growth where employers demand and utilise a more highly skilled workforce.

QUESTION 5 **Is it necessary and possible to stimulate demand from individuals for improving their own skills? Please give details.**

For example, do wage increases received as a result of gaining extra skills provide adequate incentives to people to improve their skills? What would encourage people to learn and train in a way that is beneficial to them and the economy as a whole over the longer-term?

QUESTION 6 **Is it necessary and possible to stimulate demand from employers for skill improvements in the country/their workforce? Please give details.**

What drives employers' aspirations for a more skilled workforce? For example, do employers invest in skills in order to improve organisational and economic performance? If so, is demand for additional skills likely to be constrained by a lack of such benefits, insufficient information, or an inability to use the additional skills? Can demand be facilitated for example, by improvements in information and employer representative groups?

4. EDUCATION AND TRAINING

A range of organisations in the public, private and voluntary and community sectors provide education and training in the UK.

For example, in England in 2003/04 further education colleges provided courses at all levels for over 4 million people over a wide age range. The majority are adults aged 19 or over, but the sector is a significant provider for young people too.

Employers also provide a great deal of training, either 'on the job' or through external training providers. Survey evidence shows around 60 per cent of businesses provide training to their staff each year and business is thought to spend around £23 billion a year on training and its associated costs.²

QUESTION 7 a How do you think that the **UK's future skill needs can be best met?** In particular, through the skills provided by (i) schools; (ii) colleges; (iii) universities; (iv) training providers; and (v) employers?

Could the system to educate and train young people and adults be improved? If so, what changes would have the greatest effect? What should employers and employer organisations do?

QUESTION 7 b Do you think that organisations providing education and training should respond to the **needs of the labour market?** Please explain and give details of how this could be facilitated.

For example, do these institutions and private providers need to be more flexible or responsive to the demands of individuals or employers and, if so, how could they do so?

5. PRIORITIES

QUESTION 8 What are the **three things** that you think would have the greatest effect on the **UK's ability to provide the skills required to benefit society and the economy in 2020?** Please give details and reasons for prioritising the issues identified.

² Learning and training at work 2000, DfES.

For example, your answer could focus on types of skill, particular groups of people, or industry. You may also want to specify the role to be played by different organisations – government, employers, education and training providers.

QUESTION 9 **Are there any domestic or international examples of good practice that you would like to bring to the Review’s attention? Please give details.**

Examples of good practice from which the UK may learn, could include the way that other training systems are organised as well as individual case studies at an industry or company/organisation level.

6. ADDING VALUE

As set out above, the Review’s terms of reference are to report to the Government on what skills profile the UK should aim to achieve in 2020 in order to support improvements in productivity, economic growth and social justice over the longer-term. The Review will be looking at international experience and best practice. The Review team is also aware of the large volume of work already undertaken on skills. It will seek to build on this, rather than repeating previous analysis.

QUESTION 10 **How would you like to see the Review building on the existing evidence base? Please give details.**

For example, are you aware of comparable studies to which you would like to draw the Review’s attention; and are there ‘gaps’ in research that already exists that the Review could usefully address?

QUESTION 11 **Are there additional issues, not covered elsewhere in your submission but falling within the Review’s remit, on which you would like to see the Review focus its attention? Please give details.**

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Thank you for taking the time to consider this call for evidence.

The following page explains how to submit your response.

HOW TO SUBMIT YOUR RESPONSE

The Review welcomes responses to the issues and questions raised in this paper **by 20th May**. However, it will consider responses after this date.

In order to ensure that your submission is given appropriate consideration, please ensure that the **number of the questions** to which you are responding is clearly stated.

We would prefer **electronic submissions** where possible.

A **coversheet** for responses has been included for your convenience at the end of this document. Please include the name and contact details of the person to contact for any follow-up discussions.

Please state clearly on the covering note or in the body of your submission if you **do not want your response to be posted on the Review website** www.hm-treasury.gov.uk/leitch.

If you wish part but not all of your response to be posted on the website, please supply two versions – one for publication on the website and another for the Review team only.

Responses should be sent to:

Email: leitch.review@hm-treasury.gov.uk

Leitch Review of Skills
Zone 4/EI
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

General enquiries should be sent to the email address above and telephone enquires to +44 (0)20 7270 4674.

COVER SHEET FOR RESPONSES

Contact details of respondent	
Name	
Job title	
Organisation	
Postal address	
Telephone number(s)	
Email address	

Questions	Response provided	Details of any accompanying documents
1 a		
1 b		
2 a		
2 b		
3		
4		
5		
6		
7 a		
7b		
8		
9		
10		
11		

Type of organisation: please tick all boxes that apply.

- | | | |
|---|--|--|
| <input type="checkbox"/> Private sector | <input type="checkbox"/> Public sector | <input type="checkbox"/> Voluntary sector |
| <input type="checkbox"/> Employee representative | <input type="checkbox"/> Education/training provider | <input type="checkbox"/> Government agency |
| <input type="checkbox"/> Business/Employer representative | <input type="checkbox"/> Regional | <input type="checkbox"/> Other, please state |
| | <input type="checkbox"/> Academic/research | <input type="checkbox"/> Replying as individual |

Please tick box if you DO NOT want this response posted on the Leitch Review website.