



# After Leitch: Implementing Skills and Training Policies

TUC Submission to the Innovation, Universities and Skills Committee Inquiry

## Introduction

1.1 The TUC welcomes the opportunity to contribute to the Select Committee's inquiry into how responses to the agenda set out in the Leitch Report will affect the broader structures of learning and skills. The inquiry will provide an opportunity for a range of stakeholders to provide a critique of the implementation of the Leitch Review of Skills and also to consider what should be prioritised as implementation continues. Please note that all TUC learning and skills policy documents referred to in this submission are available on the TUC's website at: [www.tuc.org.uk/skills](http://www.tuc.org.uk/skills).

## TUC Responses to the Leitch Review of Skills

2.1 The TUC submitted a detailed response to the initial consultation undertaken by the Leitch Review in 2005 and followed up on this by publishing another report - *2020 Vision for Skills* - in autumn 2006. In the *2020 Vision* report the TUC agreed with Lord Leitch that there needed to be a major step change in skill levels in the workplace to meet both social and economic objectives and argued that reforms in the following five areas would help greatly:

- Increasing investment in skills by employers and government and specific policy reforms to achieve this, including new regulatory mechanisms;
- Developing a strengthened social partnership approach on skills - especially at the sectoral level - giving equal weight to the skills needs of employers and employees;
- Introducing a right to paid time off to train in particular for employees without a Level 2 qualification;
- Tackling the significant skills discrimination faced by certain groups in the labour market; and
- Giving unions greater rights to bargain on skills and also strengthening the capacity of union learning reps to support learning and skills in the workplace.

2.2 Following the publication of the Leitch Review report in December 2006 the TUC published a briefing setting out its initial reaction. In summary, the TUC welcomed the scale of ambition on skills set out in the report. It was also welcome that this ambition was backed up with clear targets for increased acquisition of accredited qualifications rather than promoting a more nebulous concept of an improved skills base. In particular, the TUC welcomed the aim to virtually eradicate low skills by 2020 and also for the UK to become a world leader on intermediate and higher level skills by then. The TUC also supported the degree of specificity in the report about the necessary levels of investment required to move the UK up the international skills league by 2020.

2.3 Whilst the Leitch Review certainly did not fully endorse the TUC's recommendations that the Government should introduce new individual employee rights and collective union rights on workplace training, it did make one significant proposal on this front. The TUC welcomed the recommendation by Lord Leitch that the Government should 'introduce a statutory entitlement to

workplace training at Level 2 in consultation with employers and unions' if employers failed to utilise the Skills Pledge to voluntarily upskill employees at a sufficient rate by 2010.

2.4 In relation to young people, the TUC welcomed the commitment to move to compulsory education and training up to the age of 18 and to expand Apprenticeships on the grounds that these measures would do much to tackle the UK's dismal failure when it comes to post-16 staying on rates and the low status attributed to the vocational route for young people. Also welcome were the proposals to establish a new careers service for adults and to improve the financial support system for adults who are independently pursuing vocational qualifications.

2.5 However, the TUC also noted a number of key concerns about the thrust of the Leitch Review report. One related to the emphasis placed on moving to a largely employer-led skills system and the danger this posed to marginalizing the needs and aspirations of the workforce. At the time the TUC said that it would continue to argue for building a more inclusive approach underpinned by social partnership arrangements, which would address the importance of strengthening both employer and employee demand for skills. In relation to this, the TUC also highlighted concerns about the presumption in the review that employers would increase their investment in employee skills once the skills infrastructure had been made more employer-friendly.

## The union role on learning and skills

3.1 As regards the union role on learning and skills, Lord Leitch did not endorse the TUC's proposals for strengthening the collective union role by making training a collective bargaining issue in the statutory union recognition procedure. But this was not too surprising considering that the Government had already rejected this policy reform when the DTI reported earlier in 2006 on its review of collective bargaining. And whilst the Leitch report did concur that initiatives such as Learning Agreements and Workplace Learning Committees were helpful in supporting the union role, especially by giving greater strategic direction to the role of Union Learning Representatives (ULRs), it refrained from supporting the TUC's call for some form of statutory underpinning for these workplace arrangements.

3.2 The Leitch Report also gave support to the Collective Learning Funds initiative that the TUC and unionlearn, in collaboration with DIUS, is currently trialling. The CLF initiative aims to optimise contributions to broad workforce development that fall outside the direct responsibility of employers (e.g. job-specific training) or Government-subsidised provision (e.g. Skills for Life, Skills Pledge, Train to Gain). During 2007 and 2008, unionlearn in the North West, supported by DIUS, have been trialling the establishment and development of CLF models in a number of workplaces in the region. At this stage it has been agreed to continue with the trials in the north west and also to extend the trials to a second region on the basis that there is scope not only to develop the project more broadly within the north west region, but also in other regions that have different sectoral compositions. It is anticipated that a progress report will be published in summer

2008 to inform lessons learned to date and as the project develops, a key aim will be to look at how the CLF model can be integrated with key government programmes, such as Train to Gain, the Skills Pledge and the new Skills Accounts.

3.3 The union role on skills has of course been transformed in recent years as a result of the establishment and growth of ULRs – there are now in excess of 18,000 and they are continuing to prove to be highly effective intermediaries in engaging and supporting employees to take up learning and training opportunities in the workplace. The establishment of unionlearn in 2006 has helped to build the union role further by supporting the development of a more coherent framework for union-led activity on learning and skills, in particular via the role of ULRs. The TUC is continuing to press the Government that it would make sense to provide ULRs in the workplace with a strategic presence which would fully exploit their capacity to support learning and skills development that enhances organisational performance and the wider development of individual employees.

3.4 Building the collective role of union learning reps would also go some way to addressing the need to tie skills initiatives in the workplace with other aspects of working life, in particular productive employment relations. Research by a number of influential academics, including Ewart Keep, has highlighted the inter-relationship between skills deficiencies and organisational deficiencies and that strategies to tackle the former cannot be undertaken in isolation from the latter. In addition, the TUC believes that the Government’s skills strategy needs to be linked to an active national industrial strategy that supports and directs the work undertaken by Regional Development Agencies. The importance of these relationships for ensuring that any improvement in skills has a significant impact on productivity in the coming years has been persuasively set out by Ewart Keep and colleagues, who argue that ‘this gap in public policy is liable to prove costly, and to minimize the productive impact that publicly funded upskilling initiatives can have.’<sup>1</sup>

## Implementing the ‘Leitch Vision’

4.1 The Government’s implementation plan for taking forward the recommendations of the Leitch Review was clearly set out in *World Class Skills* published last summer. The TUC welcomed a nuanced change in tone in this document, with the skill needs of individuals and employees being more centre stage than in many previous skills policy statements. In particular, the TUC welcomed the vision of a new demand-led skills system set out in the implementation plan - ‘What all our reforms have in common is that they are trying to put the customer – in this case, adult learners and employers – first. We call this our ‘demand-led’ approach’ (*World Class Skills*, paragraph 10). This is a much more balanced view of a demand led skills system compared to previous policy statements and it quite rightly gives due recognition to individual demand as well as employer demand.

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<sup>1</sup> Keep, E., Mayhew, K., and Payne, J. (2006) ‘From Skills Revolution to Productivity Miracle: not as easy as it sounds?’, *Oxford Review of Economic Policy*, vol.22, no.4

4.2 The TUC also welcomed the decision to ‘bring forward new legislation to strengthen the current funding entitlement for adults to free training in basic literacy and numeracy skills, and to achieve their first full level 2 qualifications’ (paragraph 15). While this entitlement will not immediately create any new obligations on employers, it does go beyond the proposal by Lord Leitch to review the need for a new statutory right in 2010. In principle it prepares the ground for the introduction of a full legal right to training in 2010 if employers fail to support enough employees to access training up to level 2 by supporting the Skills Pledge.

4.3 The TUC is currently giving its full support to the Skills Pledge and unionlearn is taking forward a strategy to support the capacity of unions and ULRs to work in partnership with employers to maximise take-up and implementation of the pledge in as many workplaces as possible. However, this support remains on the basis that the Government remains clearly committed to introducing a statutory right to training if the pledge does not lead to a sufficient rate of improvement in investment in training by employers by 2010. The trade union representatives on the Commission for Employment and Skills will be ensuring that this remains a clear priority of the Commission’s work programme over the next two years.

4.4 Two major policy proposals in the Leitch Review report were to develop a more demand-led system for employers and individuals via the continued expansion of Train to Gain and the introduction of Skills Accounts and also to bring about a greater integration of skills and welfare to work provision. In order for this new employment and skills system to operate effectively, it is crucial that employees and trade unions are empowered to ensure that individual demand is being raised and also that such demand is being fulfilled effectively by the supply side. In addition, it is important to remember that trade unions can have a significant impact on employer demand and employer behaviour as regards supporting learning and skills in the workplace.

4.5 At the enterprise and workplace levels, it will be important that unions influence the new demand-led system. The TUC therefore welcomed the proposals in *World Class Skills* that ULRs would be encouraged to work with employers to draw up action plans for delivering the Skills Pledge and for helping more employers and employees access Train to Gain provision. The TUC is also currently engaged in a strategy to strengthen the role of trade unions and ULRs in supporting the welcome expansion of the Apprenticeship programme over the coming years.

## Funding Priorities and the Role of FE Colleges

5.1 The TUC has welcomed the increased investment in learning and skills by the current Government and especially the increased spending on workplace skills training. For example, the TUC gave a positive welcome to the skills settlement in the latest Comprehensive Spending Review and in particular the focus on increasing government investment in work-based training programmes. However, a number of stakeholders have expressed concerns that the Government’s focus on

‘economically valuable’ skills risks undermining other educational provision delivered by FE colleges.

5.2 The TUC has therefore welcomed the Government’s decision to undertake a wide-ranging consultation on informal adult learning in order to address such concerns and also to develop a new strategy on supporting a culture of lifelong learning that embraces all forms of learning and personal development. The TUC will shortly be submitting a response to the consultation and this will particularly focus on what measures the Government could utilise to maximise the contribution to informal adult learning at the workplace level, whilst also recognising that trade unions have a crucial role to play in promoting and delivering adult learning across the wider community. For example, are there ways of leveraging up greater investment by employers in lifelong learning provision delivered by FE colleges? There is a strong case for considering this on the grounds that many more employers will be receiving state-subsidised vocational training via the expansion of Train to Gain over the coming years

5.3 The TUC had been concerned that Lord Leitch’s recommendation to move to a fully demand-led skills system by 2010 would destabilise the FE sector. It was therefore welcome that the Government clarified in *World Class Skills* that this ‘would create unacceptable risks to the performance and stability of colleges and providers, which in turn would damage the quality of education and training offered to learners.’ However, it is important that the Government continues to closely monitor the impact of the expansion of the demand-led skills system on the ability of colleges to deliver a broad range of learning and training that supports both economic and social priorities nationally and also in all our local communities.

## The institutional skills framework

6.1 While the TUC welcomed the revised demand-led skills framework highlighted in *World Class Skills*, it is crucial that this is translated into reality by ensuring that employees and trade unions have a significant voice in the new institutional skills framework. It is welcome that three trade union Commissioners have been appointed to the Commission for Employment and Skills although this needs to be viewed in the light that employers still make up the majority of the Commission. This is very different to the social partnership arrangements which underpin the institutional skills infrastructure in other leading European economies, such as France and Germany, which continue to perform better than the UK on workforce skills.

6.2 The implementation of the Leitch Review of Skills has endorsed the view that Sector Skills Councils (SSCs) should play a major role in driving forward the new demand-led skills system. The TUC has supported the development of the SSCs in recent years and unionlearn is playing a central role in coordinating the union input, in particular around the development of Sector Skills Agreements. The sectoral approach in particular has the potential to deliver some of the key elements of a post-voluntary skills framework, but this would need to be

accompanied by a much more robust form of social partnership than simply obliging Sector Skills Councils to have at least one union Board member.

6.3 For example, a report by the Sector Skills Development Agency (*Lessons from Abroad*, SSDA, 2006) highlighted the benefits of sectoral approaches in other countries entailing more regulatory levers/fiscal incentives than in the UK but also stronger employee voice to ensure ‘that both the wider public functions of qualifications and the sector-specific needs of employees are met’. The Commission for Employment and Skills needs to consider the huge potential for developing a sectoral approach along these lines under its remit to reform and re-license the SSC network. Clear consideration needs to be given to the potential for sectoral levies and Licence to Practice arrangements to drive up demand. It is also particularly important that the workforce, through trade union representation, is able to have a significant influence on the new powers that Sector Skills Councils are to be given around the design and approval of vocational qualifications.

6.4 Most recently, the Government has set out its plans for further reform of the skills infrastructure in England (*Raising Expectations: enabling the system to deliver*) involving abolishing the LSC and transferring its remit for young people to local authorities and its remit for adults to a new Skills Funding Agency. The TUC will be submitting a response to this consultation and will be supporting the move to give local authorities a greater strategic role for young people. However, with two in five workers still not getting any regular training at work, it is crucial that this further organisational reform does not divert attention from the wider skills challenge - getting more employers to offer quality apprenticeships and training opportunities. It will also be important to ensure that as well as meeting the skills needs of employers, more individual employees are helped to get new skills under these new arrangements, and this will require a clear role for unions in articulating employee demand for skills and supporting its fulfilment. The TUC will also be stressing that the Government ensures that the expertise built up by LSC staff is utilised in any future arrangements, without recourse to redundancies.

## The Regional Dimension

7.1 The regional dimension to the implementation of the Leitch Review of Skills and related reforms (e.g. the Sub-National Review and forthcoming abolition of the LSC) is crucial. As highlighted earlier in this submission (paragraph 3.4) the TUC believes that the Government’s skills strategy needs to be closely inter-linked to the regional economic strategies undertaken by the Regional Development Agencies (RDAs). To date there have been concerns that delivering the Government’s skill strategy at the regional and sub-regional levels has been a very challenging exercise due to necessity of coordinating national, sectoral and regional skills priorities and integrating these within the regional economic strategy. The Regional Skills Partnerships (RSPs) have been the main conduit for coordinating regional skills strategies and the RDAs have quite rightly played a central role in this area.

7.2 However, the future role of the Regional Skills Partnerships is very much dependent on how the Government takes forward the proposal to develop the new

Employment and Skills Boards (ESBs) proposed by Lord Leitch. When the Regional Skills Partnerships were originally announced in the 2003 Skills White Paper, the TUC did question whether their structure and membership really did lend itself to delivering on the needs of demand-side partners in the regions. This has remained a concern, in particular as the role of Sector Skills Councils has grown in importance and it has sometimes proved difficult to align sectoral and regional skills priorities.

7.3 In *World Class Skills* the Government said that it did not believe that it would be right to give the Commission for Employment and Skills a role in licensing ESBs. It was also clarified that the Government did ‘not intend to prescribe one standard model for an ESB’ and that ‘in all cases any new ESBs should build on what already exists’ with a key aim being to simplify the range of existing local bodies. While it will be important that ESBs build on existing arrangements and simplify coordination and strategic decision-making (e.g. as in the case of the London Skills and Employment Boards) it will also be important to ensure some key principles are applied to the ESB model, in particular by ensuring that equal weight is given to employer and employee demand.

7.4 The ongoing *Raising Expectations* consultation highlights that, as regards young people, the proposed new arrangements will require a highly collaborative approach by local authorities, RDAs and other stakeholders in order to deliver a coherent education and skills offer for all young people, especially the most disadvantaged. There is a potential danger that this degree of collaboration will not evolve as quickly as required in some areas and there is a clear role for the RDAs to drive forward collaborative working in all regions to make sure all young people can access suitable education or training opportunities that will enable them to fulfil their potential.

7.5 However, it is also important that RDAs begin to assess their role alongside SSCs in supporting the new skills system that will come into place in 2010 when the new Skills Funding Agency is established. RDAs and SSCs will need to work even more collaboratively if the new demand-led system is to operate effectively, especially as the planning role of the LSC will no longer exist. RDAs, SSCs and the new regional LSC Councils only have two years to prepare for this scenario and they need to focus on building a stronger demand-led system for adult skills at the regional level. This means giving employer and employee demand a greater role and working even more closely with employers, trade unions and other stakeholders to achieve this change.

7.6 However, there is a danger that the focus on further institutional reform at the regional level will divert attention from the range of skills challenge that need to be met now, especially the need to expand high quality Apprenticeships and also to enable all eligible adult employees to benefit from the Skills Pledge and Train to Gain provision. RDAs, SSCs and the LSC Regional Councils should be focused on working in partnership now in order to raise demand from employers and employees to meet the Government’s aim of achieving a rapid expansion in take-up of these training opportunities.