

# Leitch research project: key headlines



## 1 Background

The vision of the Leitch Review of Skills commissioned by the government in 2006 is to achieve a step change in the UK’s skills performance. Stretching targets include:

- 89% of adults to achieve at least a level 1 in literacy and at least entry level 3 in numeracy by 2011, rising to 95% by 2020.
- 79% to be qualified to at least level 2 by 2011, rising to 90% by 2020.
- 34% to be qualified to at least level 4 by 2011, rising to 40% by 2020

Working with key stakeholders in the region, the LSC and AWM have drawn up an ambitious Skills Action Plan that adopts these as goals for the West Midlands.

## 2 The current regional baseline

While skills levels in the West Midlands have historically lagged behind the England average, the region has made significant headway in recent years. Greater numbers of employers are investing in the training and up-skilling of their staff and increasing numbers of individuals are taking the initiative and acquiring new skills and qualifications.

Nevertheless there are still substantial numbers of people with no formal qualifications, particularly in the region’s urban centres and among older people and a range of minority ethnic communities.

## 3 A mountain to climb

We still have a mountain to climb if the ambitions of the Skills Action Plan are to be realised.

	Numbers in 2006	Additional numbers required	
		By 2011	By 2020
Level 1 or above in literacy	2.7 million	225,000	422,000
Entry level 3 or above in numeracy	2.6 million	107,000	567,000
Level 2 or above	2.0 million	368,000	695,000
Level 4 or above	0.8 million	287,000	407,000

## 4 Meeting the targets - the benefits for the regional economy

Realising these ambitions would result in significant benefits for the regional economy. The West Midlands Economic Strategy highlights a 10% (£10 billion) gap with the UK in terms of gross value added per head. 80% of the gap can be attributed to low levels of productivity and the remaining 20% can be accounted for by social and economic exclusion and low employment rates. It is estimated that the boost to skills and qualifications associated with meeting the Leitch targets would lead to:

- An increase of one percentage point in the region's employment rate from a current 72.9% to 73.9% (close to the current UK average of 74.1%) by 2020
- An increase in productivity in terms of GVA per employee in the West Midlands from a current £35,700 (10% lower than the current UK average) to £37,500 in 2020 (6% lower than the UK average)
- A £25 billion (30%) increase in GVA and the creation of more than 65,000 net new jobs by 2020

## 5 Meeting the targets - issues and barriers to be addressed

The new approaches and ways of working set out in the Skills Action Plan represent a major advance, but a range of issues and barriers will need to be addressed if a step change in the region's skills performance is to be achieved. In particular:

- An 'entitlement culture' among some employers with a view that it is the responsibility of the government and other public agencies to meet the cost of training and development
- A policy of recruiting only fully skilled, trained and 'job ready' staff among many employers
- A 'culture of fear' relating to training, with a concern that trained employees may leave or be 'poached' by competitors, resulting in a lack of return on investment
- The challenge of engaging with and making the case for investment in skills to small and micro businesses
- Poor skills and qualification performance concentrated in groups such as older people and some minority ethnic communities that are accounting for a growing proportion of the working age population. Key barriers include:
  - Little or no engagement with the education and training system for some time
  - A lack of appreciation of the benefits of investment in skills and the value of education and training
  - Negative perceptions being passed on from generation to generation.