



Department
for Education

Local Skills Improvement Plans

**Statutory Guidance for the Development
of a Local Skills Improvement Plan**

August 2022

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1 Summary

1.1 About this guidance

This statutory guidance sets out the process for developing a local skills improvement plan (LSIP).

This guidance is intended to assist:

- designated employer representative bodies (ERBs) in leading the development of an LSIP and any subsequent review; and
- providers of post-16 technical education or training to comply with their duties under section 1 of the Skills and Post-16 Education Act 2022 (the Act) to co-operate with the ERB in the development and review of an LSIP and have regard to the plan once developed.

1.2 Expiry or review date

This initial draft version of the guidance will be reviewed in autumn 2022.

1.3 What legislation does this guidance refer to?

The Skills and Post-16 Education Act 2022 (hereafter referred to as the Act).

1.4 Who is this guidance for?

This guidance is for:

- designated ERBs responsible for developing an LSIP and any subsequent review, who must have regard to this guidance as outlined in the terms and conditions of designation;
- providers including Further Education (FE) Colleges, Sixth Form Colleges¹, Designated Institutions², Independent Training Providers (ITPs) and Higher Education Institutions (HEIs) that deliver English-funded post-16 technical education and training in carrying out the duties placed upon them in

¹ Institutions run by sixth form college corporations

² Institutions designated under S28 of the Further and Higher Education Act 1992

respect to LSIPs, and the specific duty to have regard to this guidance under section 1(5) of the Act;

- stakeholders including mayoral combined authorities (MCAs), the Greater London Authority (GLA), local enterprise partnerships (LEPs) and local authorities (LAs) with an interest in developing an LSIP for their area are invited to look at this guidance as a useful point of reference; and
- other providers, not subject to the duties including schools, 16 - 19 academies (also known as 'sixth form college academies') and local authority providers that deliver technical education or training and have an interest in LSIPs, may also find this guidance a useful point of reference.

1.5 Main points

The key points about LSIPs are:

- LSIPs set out the key priorities and changes needed in a local area to make post-16 technical education or training more responsive and closely aligned to local labour market needs;
- an LSIP will provide an agreed set of actionable priorities that employers, providers and stakeholders in a local area can get behind to drive change;
- the agreed priorities will be informed by evidence of unmet and future skills needs and meaningful engagement between employers and providers;
- an LSIP should not attempt to cover the entirety of provision within an area but focus on the key changes and priorities that can gain traction and maximise impact;
- the priorities should look up to three years ahead. It is expected that the LSIP process will be repeated around every three years with interim reviews;
- duties in respect to LSIPs have been placed upon specific providers that deliver English-funded post-16 technical education or training. These duties apply to Sixth Form Colleges where they deliver post-16 technical education for example T-Levels and BTECs;³ and
- the LSIP should describe how skills, capabilities and expertise required in relation to jobs that directly contribute to or indirectly support Net Zero

³ It would not apply where they only offer academic qualifications e.g., GCSE and A Level courses.

targets, adaptation to Climate Change or meet other environmental goals have been considered.

1.6 Scope

Whilst all post-16 technical education or training is in scope, an LSIP is not intended to be a comprehensive anthology of all skills gaps in the area. It will be for employers through the designated ERB to identify the most pressing skills issues. ERBs may wish to complement spotlights on specific sectors by considering cross-cutting issues such as low carbon, digitalisation and transferable 'soft' skills affecting businesses in all sectors. This will help ensure LSIPs support a broader range of businesses, while avoiding asking ERBs to do the impossible task of trying to cover everything.

It is our expectation that being employer-led, LSIPs will be uniquely placed to shine a spotlight on the actual skills employers most need in the workplace but are struggling to find locally. In addition to looking at existing qualifications and apprenticeships, LSIPs should identify the sort of non-accredited and quintessentially local provision that can best meet emerging skills needs. Recognising that to raise productivity, we need people to do their current jobs better and that means addressing shortfalls in provision for employed adults in particular.

1.7 Definitions

Throughout this guidance the following definitions are used:

Designated employer representative body (ERB) means an eligible body that has been designated by the Secretary of State to lead the development of a local skills improvement plan for a specified area.

Relevant provider means an FE College, Sixth Form College, designated institution, Higher Education Institution that delivers English-funded post-16 technical education or training in England and an independent training provider whose post-16 technical education or training activities are carried on, or partly carried on in England. This post-16 technical education or training must be material to a specified area in England.

A local skills improvement plan (LSIP) is a plan which is developed by an employer representative body (ERB) for a specified area; draws on the views of employers operating within the specified area, and any other evidence, to summarise the skills, capabilities or expertise that are, or may in the future be, required in the specified area; and identifies actions that relevant providers can take regarding any English-funded post-16 technical education or training that they provide so as to address the requirements mentioned.

The department means the Department for Education (DfE).

The Act means the Skills and Post-16 Education Act 2022.

The Act does not apply duties directly to Institutes of Technology (IoTs) as they are collaborations of further education colleges, universities and employers rather than standalone providers. The further education colleges, universities and independent training providers that collaborate to form Institutes of Technology will be subject to the duties if they fall within the definition of a relevant provider outlined above.

2 Introduction

The Skills for Jobs White Paper⁴ set out an ambitious plan to put employers more firmly at the heart of the skills system to help ensure businesses and people have the skills they need to thrive and progress. LSIPs are a key part of achieving this aim.

Led by designated ERBs, LSIPs will set out a clear articulation of employers' skills needs and the priority changes required in a local area to help ensure post-16 technical education and skills provision is more responsive and flexible in meeting local labour market skills needs. The end product will be a report setting out those key priorities, but the process to develop the report, i.e., bringing together employers and providers to understand skills needs and provision, is as important as the report itself. The coming decade will see substantial economic change and as the economy changes, so will the skills needs of employers. This will play out in different ways across the country. Each local area has its own distinctive strengths and different ways to capitalise on the opportunities created by greener growth, emerging technologies and new global markets.

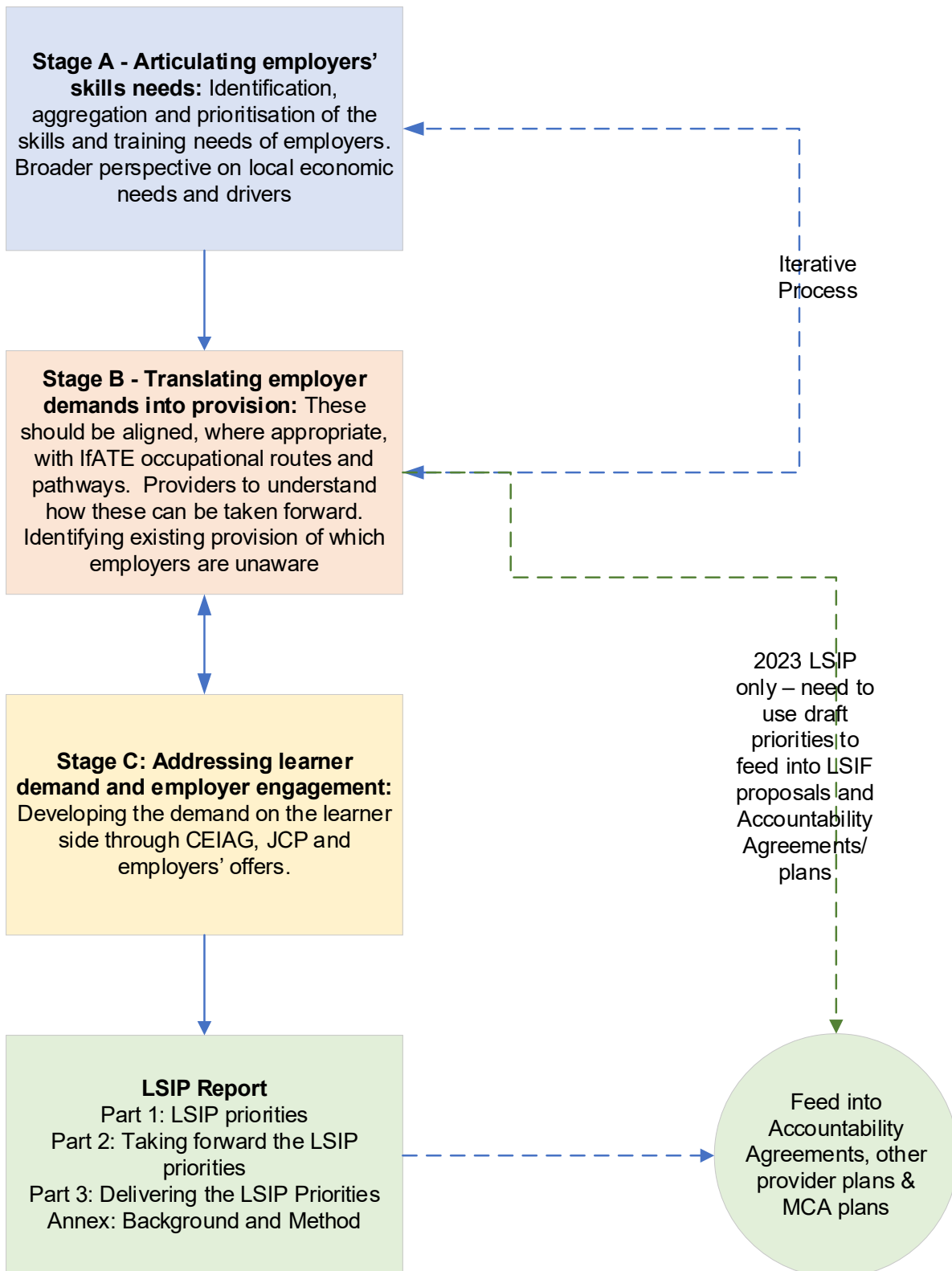
LSIPs will set out the key priorities needed to make technical education and skills provision more responsive to the changing needs of employers and the local economy by:

- ensuring a better match between the supply of and demand for the skills employers most need to thrive and boost productivity, as well as helping to drive greater collaboration between providers to realise the benefits of economies of scale and specialisation;
- making provision more accessible and addressing barriers to progression, especially for the adult workforce, such as driving greater join-up between skills offers, including work programmes; and
- recognising that improving the supply of skills must be accompanied by demand-side measures that drive greater employer engagement and investment in skills and support potential learners through effective careers guidance.

LSIPs are different to previous skills plans in that they give employers, through local ERBs, a clear and strengthened role in shaping local skills provision. Through the Act, LSIPs will have real traction with the key stakeholders as well as supporting and incentivising outcomes that meet employers needs through reforms to FE funding and accountability, including giving colleges greater freedom to flex and develop their offers.

⁴ [Skills for Jobs: lifelong learning for opportunity and growth](#)

Figure 1: The LSIP process and report



3 Roles of Different Stakeholders

Developing and delivering an LSIP should be a collaborative process involving a range of different bodies. It is only by employers, providers and stakeholders working together that the alignment of post-16 technical education or training to local labour market skills needs can be improved. This section looks at the role of the different stakeholders in the process.

3.1 The role of the designated employer representative body

The role of the designated ERB is to lead the development and subsequent reviews of a LSIP for a specified geographical area working with employers, providers, and local stakeholders. The designated ERB will need to:

- plan the work to develop and review the LSIP;
- engage with employers, providers and other stakeholders;
- convene providers and employers so that they have meaningful discussions which lead to the identification and prioritisation of skills needs together with the development of actionable solutions;
- work with a wide range of stakeholders to develop learner demand and employer engagement to support providers, employers and the wider skills system;
- produce the LSIP report and submit to the department for approval and publication by the Secretary of State;
- support the delivery of the LSIP and keep the plan under review to ensure it remains relevant to the area's needs; and
- where relevant, work with neighbouring LSIP areas on sectors and issues of interest.

The designated ERB when developing the LSIP should follow guidance on the process, the report and approval detailed in sections 5 and 6 of this guidance. In doing so, the designated ERB will need to have regard to the information in section 4 regarding the expectations and requirements around reporting.

3.2 The role of other employer representative and sector bodies

Whilst only one ERB can be designated to lead an LSIP for a specified geographical area, it should work with other ERBs and sector bodies to ensure that it can reach a wide

range of employers and sectors in that specified area. Other ERBs and sector bodies in the local area may have different memberships to the designated ERB and thus can reach different sectors and types of employers. In some local areas, other ERBs may:

- cover different geographies which can enable and support a better understanding of the local area;
- have expertise in certain sectors, which could be a current or future priority; and
- be able to drive greater employer engagement and investment in skills.

3.3 The role of employers

LSIPs provide an opportunity for employers to express their skills needs and shape provision. This will help ensure they have access to a workforce with skills more aligned to their needs and those of the local economy. Employers should engage with the LSIP process to identify the current and future skills required in the local area. These will feed into the LSIP, which will then be used to inform planning, development and delivery of provision as well as to better support the utilisation of provision already available. This will be of benefit to employers if it brings about changes which help ensure a better match between skills provision and their skills needs. It is recognised that many employers will have material interests in more than one LSIP area. They may engage with all LSIPs with which they have a material interest.

Employers can alert providers to their demand for workforce skills and training, and support local employment and upskilling through apprenticeships. They can support providers in developing the requisite skills of learners through engagement in local skills system on an ongoing basis including through providing work placements, seconding staff to colleges and continuing to work closely with local providers.

3.4 The role of providers

The Act places duties on specific relevant providers, where they provide English-funded post-16 technical education or training, which is material⁵ to a specified geographical area. This is based on where provision is delivered/teaching takes place rather than student's residence. Therefore, where a provider offers distance/online learning in an area then it is still covered by the statutory duty for the area in which it is providing the

⁵ English funded post-16 education or training is 'material' to a specified area if it could reasonably be regarded as material or potentially material to the skills, capabilities or expertise that are, or may in the future be, required by employers within the area, having regard to all circumstances and guidance published by the Secretary of State (Section 1(2) of the Act).

distance learning. Adjacent LSIP areas are encouraged to work together on issues of joint interest. Relevant providers⁶ subject to the duties in respect to LSIPs are: further education (FE) colleges, sixth form colleges (SFC), designated institutions (DI), independent training providers (ITP)⁷ and higher education institutions (HEI).

The Act places duties on these providers to:

- co-operate with the designated ERB, working with them to create an LSIP, keep this under review and develop a replacement plan where appropriate;
- once developed have regard to these plans when considering their post-16 technical education or training offer; and
- have regard to the guidance issued by the Secretary of State.

There is an additional duty at Section 5 of the Act for certain providers⁸ to review how well the education or training provided by the institution meets local needs; and consider what action the institution might take alone or together with other providers to meet those needs better.

3.4.1 Duty to co-operate with the designated employer representative body

Relevant providers are key to both the development and delivery of the LSIP and therefore there is a duty on them to co-operate with the ERB in the development and review of the LSIP. Providers should co-operate in the development of the LSIP as set out in section 5 of this guidance.

3.4.2 Duty to have regard to the LSIP when considering post-16 technical education or training provision

Once approved and published by the Secretary of State, relevant providers have a duty to have regard to the LSIP. This is to the extent that it is relevant to any decision they are making in relation to the English-funded post-16 technical education or training⁹ they provide in the area. This should ensure that relevant changes implemented by providers align more closely to local labour market needs.

⁶ These providers are either based in England (for FE/SFC/SI/HEI) or their activities relating to the provision of post-16 technical education or training are carried on, or partly carried on, in England

⁷ In receipt of public funding and subject to Ofsted inspections

⁸ Further Education colleges, sixth form colleges and designated institutions

⁹ Education and training is defined as English-funded if it is funded wholly or partly by the Secretary of State, a combined authority, the Greater London Authority or a local authority in England. Education and training funded by the Secretary of State includes education or training funded wholly, or partly, by amounts paid directly to the provider of the education and training in accordance with provisions in regulations made by the Secretary of State under S22(1) of the Teaching and Higher Education Act 1998 (financial support for students) by virtue of S22(2)(h) or (i) of that Act.

With respect to this duty, providers should have regard to and contribute to meeting local skills priorities alongside other aspects of their provision. Accountability will be evidenced through the following mechanisms: Accountability Agreements that certain providers have with the department; Ofsted inspections; College annual reports; strategic discussions / reviews of performance; and the department's Performance Dashboard.

In doing so, providers will need to set out in their published accountability agreement plan¹⁰ those elements of their activity, which contribute to meeting the agreed priorities outlined in the LSIP.¹¹ Providers should raise any significant issues relating to their engagement with or delivery of LSIPs in wider strategic conversations or reporting to the department if, for example, there are issues they need support in tackling.¹²

In taking account of the LSIP, providers will need to have regard to their other responsibilities. College corporations and designated institutions are charities. Their trustees (governors) have a duty to act in the interests of their charities and for the public benefit. Compliance with sections 1 and 5 of the Act should be undertaken in conjunction with these fiduciary duties.

Providers should use their mainstream funding¹³ to deliver the priorities identified within the LSIP. The Local Skills Improvement Fund (which will be available from financial year 2023-24, details to be released in due course) will support providers to reduce barriers, work collaboratively and make the changes identified in the LSIP that will better align provision to local labour market needs.

LSIPs should involve all providers that deliver post-16 technical education or training regardless of whether a duty is placed upon them.¹⁴

3.5 The role of mayoral combined authorities (MCAs), the Greater London Authority (GLA), local enterprise partnerships (LEPs) and local authorities (LAs)

MCAs,¹⁵ the GLA, LEPs and LAs play an important role in developing local economic priorities. MCAs and the GLA are also commissioners in their areas, with devolved

¹⁰ Accountability Agreements are being introduced for some providers (e.g., FE colleges, Sixth Form Colleges) and will form the agreement between the college and the department. For those providers, including ITPs and HEIs, which do not have Accountability Agreements, those elements of their activity which contribute towards meeting the priorities outlined in the LSIP should be included in strategic and business plans.

¹¹ This is part of the Accountability Agreement and thus should not increase the burden on colleges.

¹² The LSIP is one source of information the Secretary of State will consider when determining whether to take action under S.56A (2) (e) of the Further and Higher Education Act 1992

¹³ This encompasses 16-19 formula funding, the adult education budget and apprenticeships

¹⁴ Providers currently not subject to the duties include schools, 16 -19 academies (also known as 'sixth form college academies') and Local Authority providers

¹⁵ The North East Combined Authority neither has a directed elected mayor nor adult education budget functions. The designated ERB should engage with it and the wider LEP.

functions including the adult education budget. MCAs/GLA, LEPs and LAs should be engaged in the development of LSIPs and work with the designated ERB to ensure plans are effective and have impact.

There is significant experience and expertise in MCAs, the GLA and LEPs and for the 2022-23 financial year funding from the department has been made available to them to provide analysis to the designated ERBs. More generally, the MCA/GLA/LEP should contribute information, analysis and data on current and future economic priorities including those set out in relevant local and regional plans and strategies. This will ensure that the designated ERB has access to skills analysis as well as other relevant local intelligence.

The Act places a duty on the Secretary of State to be satisfied, when approving an LSIP, that in the development of the plan due consideration was given to the views of the MCA¹⁶/GLA, where the specified area covers any of the area of the MCA/GLA. The MCA/GLA are invited to provide a statement when the LSIP is submitted for approval. This should state whether the MCA/GLA has been engaged in the development of the plan and had the opportunity to give its views on the skills needs of the area it covers. The approval process is set out at section 6.5.

3.6 The role of other stakeholders

A range of other national and local bodies and agencies can play an important role in supporting and facilitating the development and implementation of LSIPs to deliver effective solutions to meet employer and local labour market needs. This can involve providing information to help support the understanding of employer needs and/or feeding in views and priorities, as well as disseminating key careers information messages about labour market information, skills shortages and skills opportunities to local citizens and students. This can include, but is not limited, to:

- national innovation networks such as catapults, which can support in considering emerging skills needs;
- careers, education, information, advice and guidance (CEIAG) providers including The Careers & Enterprise Company's network of Careers Hubs through schools and colleges, the National Careers Service area-based contractors and Job Centre Plus, which will ensure local priorities are fed into the provision to enable learners to make informed choices and raise awareness and interest in potential options; and

¹⁶ An MCA within the meaning of Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (see section 107A(8) of that Act)

- special educational needs and disability (SEND) groups such as National Association of Specialist Colleges (Natspec), which can support in understanding the barriers faced by employers and learners and exploring how employers and providers can better work together to unlock the full potential of learners with special educational needs and disabilities to help them progress into jobs that meet local skill shortages.

4 Designation and monitoring of the LSIP process

The Act gives the Secretary of State responsibility for, firstly, the designation of (and where necessary the removal of that designation from) an ERB to lead the development and review of an LSIP. Secondly, the approval and publication of the plan, in doing so they have to be satisfied that the process for developing an LSIP has been followed in accordance with guidance to ensure there has been a robust process of evidence collection and stakeholder engagement.

4.1 Designation and removal of a designation of an employer representative body

The Secretary of State is responsible for designating an ERB to lead the development and review of an LSIP for a specified geographical area. The criteria for designation are set out in the Act. When designating an eligible body¹⁷, the Secretary of State must be satisfied that:

- the body is capable of developing and keeping under review an LSIP in an effective and impartial manner;
- the body is reasonably representative of the employers operating within the specified area; and
- the body has consented in writing to being designated and to any terms and conditions.

The Secretary of State must publish a notice of the designation on GOV.UK. The notice will outline the name of the body being designated, the specified area the LSIP will need to be developed for, the effective date and any terms and conditions the designation is subject to. If the Secretary of State modifies any terms and conditions of the designation, the notice will be amended and republished.

The Secretary of State may also remove the designation of an ERB by publishing a notice on GOV.UK. The notice must include the reasons for the removal. These are: the body no longer meets the requirements for designation, is no longer an eligible body, does not have regard to relevant guidance or comply with terms and conditions or where the Secretary of State considers the removal of designation is necessary or expedient. The notice will specify when the designation will be removed.

The review and redesignation of ERBs will occur periodically as appropriate.

¹⁷ An eligible body is defined as a body corporate that is not a servant or agent of the Crown or a body to which the Secretary of State appoints members and is not a public authority. A public authority includes any person whose functions are functions of a public nature.

4.2 Accountability and transparency

The designated ERB is accountable to the Secretary of State and will need to have regard to guidance published by the department, as outlined in the terms and conditions of the designation. The designated ERB should act with honesty, transparency, integrity and impartiality. As such, the designated ERB will be expected to publish and maintain once designated:

- a conflict of interest policy; and
- a register of interests.

Designated ERBs may also be providers of training in the local area. This can have benefits in terms of ensuring a good understanding of issues from both the demand and supply side perspectives. However, ERBs will be expected to operate in an impartial and transparent way. To avoid any perceived conflicts of interest, all such training interests should be set out in the register of interests.

The register of interests and conflict of interest policy will enable the designated ERB, its leadership and its employees/contractors to be open and transparent about any conflict of interests and handle them appropriately (i.e., through recusal in respect to relevant decisions).

4.2.1 Planning and timings

Following designation, the department expects the designated ERB to develop a clear delivery plan for the development of the LSIP. The plan should be submitted to the department within 28 days of designation. The contents of the plan should outline how the designated ERB will engage with employers, providers and stakeholders. The delivery plan should set out the estimated level of funding required to develop and keep the plan under review, which will be subject to approval by the department.

The expectation is that LSIPs will be ready for approval nine months after initial designation. Once ready, they can be submitted to the Secretary of State for approval and publication.

4.3 Monitoring and intervention

The production of the LSIP is the responsibility of the designated ERB and it is that ERB which should take the lead on planning, engaging and developing the LSIP alongside stakeholders (and in particular the relevant providers with their own statutory duties as regards the LSIP).

However, LSIPs are both a process and report, and it is important that the department supports ERBs to ensure that local areas undertake a robust and comprehensive

process leading to the articulation of clear priorities for change, and indeed retention/expansion, in terms of provision and other actions. The department's role is to help facilitate the sharing of best practice and light-touch monitoring to ensure ERBs are on track so that the department can provide support where needed.

4.3.1 Monitoring

Designated ERBs will be expected to report against their delivery plan on a six-weekly basis via progress reports. This will generally be a light touch, risk-based process. Where designated ERBs can demonstrate satisfactory progress against the delivery plan and/or have reasonable mitigations in place for risks and steps to get back on track then the intervention will be minimal. Where there are significant issues identified through either the progress reports or through intelligence that the department receives (e.g., through stakeholders), and this puts the progress against the plan at risk, then the department will intervene.

4.3.2 Intervention

The types of intervention that the department could undertake, during the development, delivery and review of an LSIP will depend on the arising situation. The aim of the department is to support the designated ERB in developing and reviewing an LSIP and to bring the project back on track where appropriate: as such the department would encourage designated ERBs to raise possible risks and delays at the earliest opportunity. Where the issues cannot be resolved at a working level, the department will look to resolve at the leadership level of the designated ERB.

In some cases where there is insufficient progress against the delivery plan and the designated ERB is unable to make the necessary steps to get back on track, then the funding to support the plan may no longer represent the requisite value for money. In such cases decisions will need to be made about the amount of funding that can be provided against the activity being undertaken. These decisions would only be expected in exceptional circumstances and would only be taken after exhausting other options of support from the department.

As set out in section 4.1, the Act invests in the Secretary of State the power to remove designation as well as to grant it. It is expected that, apart from the occurrences when ERBs are periodically redesignated, this power would only be used in exceptional circumstances.

5 The Process

5.1 Overview

Local skills systems can do better at helping people get the skills that employers want and be more forward-looking to respond to the skills needed in the future. To lay on provision that meets the needs of local employers, providers need a clearer and more coherent articulation of their needs and priorities.

The designated ERB can fill this gap by helping employers in the local area to be better informed, more articulate and increasingly co-producers in local skills systems, focusing particularly on those employers who struggle most to get their voices heard by and engage effectively with providers. This means being:

- well informed about the unmet and emerging skills needs of local employers;
- better at articulating and setting out employer skill needs in a credible and coherent way; and
- supporting greater employer engagement in enabling and being part of effective solutions.

Elements of these functions will be needed throughout each of the stages set out below as the designated ERB works iteratively with employers, providers, local leaders (such as MCAs/GLA and LEPs), as well as other stakeholders to build up a credible, evidence based and actionable LSIP.

Whilst the designated ERB is leading on the development and review of the LSIP, it is not only the responsibility of the ERB. Indeed, there are specific duties on relevant providers to co-operate with the designated ERB for the specified area. Therefore, this section should be read by all stakeholders but especially designated ERBs and relevant providers.

The designated ERB and other stakeholders should have consideration to developments, with respect to LSIPs, in adjacent specified local areas.

5.2 Process for developing the LSIP

The development of a LSIP is comprised of three stages:

- **Stage A:** Articulating employers' skills needs – what are the skills employers need locally, but struggle to find?

- **Stage B:** Translating employer needs into changes in provision – how can those needs best be met by providers in more responsive ways

Stage C: Addressing learner demand and employer engagement – what can local stakeholders and employers do to raise demand for and make better use of those skills

5.2.1 Stage A: Articulating employers' skill needs

Purpose

To develop a set of clear, simple, high-level outcomes reflecting the priority skills needs of employers that can drive and focus meaningful dialogue with providers and others around the best ways of meeting them.

Key Points

The ERB should:

- develop effective and agile ways to engage with a broad range of employers, focusing particularly on those that do not have a strong voice such as small firms to understand the skills they need to grow but struggle to find;
- work with other representative and sector bodies to reach a coherent, employer perspective of the first order issues, drawing out common themes and identifying where skills needs are converging across different sectors, as well as within sectors, such as the transition to carbon net zero and digitalisation; and
- gain a broader perspective of the local labour market, local economic priorities and drivers of future demand by engaging with MCA/GLA/LEPs and drawing on analysis provided by the Unit for Future Skills (see box).

Evidence gathering and data sources

The value added will lie in building relationships and developing effective and agile ways of engaging local employers to gather insights and evidence on employer skills and training needs that will provide a strong platform for the development and subsequent delivery of the LSIP.

Much of the underpinning evidence needed to undertake this stage already exists locally and does not require further new analysis or extensive employer surveys. The aim should be to identify how it can be best used to add-value and credibility to understanding skills needs in the area from an employer perspective. Specific data source, ERBs can draw on include:

- In 2022-23, MCAs/GLA and LEPs are being funded by the department to provide analytical support to the designated ERBs in producing their LSIPs. This is a transitional arrangement. ERBs should work with their local MCA/GLA/LEP to draw on their existing analysis and commission further analysis.
- Jobs and skills data released by the [Unit for Future Skills](#) can also support in developing this analysis.

5.2.2 Stage B: Translating employer needs into priority changes in provision

Purpose

To co-create with providers a set of clear, specific and actionable priorities for change (and indeed what needs to be retained) that will improve the labour market relevance of provision and deliver better outcomes for learners.

Key Points

This stage should

- be a process of structured dialogue between providers and employers around the high-level outcomes identified in Stage A not simply be the outcome of employers deciding what is needed and informing providers;
- be about the ERB working iteratively with providers to specify employer skills needs in sufficient detail for providers to act upon and translate these needs into proposed changes in provision that will better meet them;

- result in a clear shared understanding of what is needed and the ability of the supply side to respond, including where there is a need to invest in building capacity and capabilities for example through the Local Skills Improvement Fund; and
- be for providers to decide, as set out in section 3.4.2, how they will take forward the priorities for change including identifying areas where greater collaboration is needed.

Approach to take

LSIPs need to go beyond simple statements about the need for more engineers or digital skills. This means understanding the actual skills employers need in the workplace but are struggling to find. It is this insight that is often missing but can be invaluable for providers in driving up labour market relevance and delivering better learner outcomes.

Key findings and supporting evidence should be, where appropriate, organised around the technical education occupational routes, pathways and levels developed by the Institute for Apprenticeships and Technical Education (IfATE) in consultation with employers (see annex C). These routes are defined in terms of occupational groupings constituting distinct career pathways with shared skills and knowledge requirements.

Having a common framework that uses the same terms will make it easier for employers and providers to come together and identify where provision is well aligned and where it is not. It will also enable the key findings to be sufficiently clear, specific and actionable to inform future provision planning and investment decisions by FE Colleges and other relevant providers.

5.2.3 Stage C: Addressing learner demand and employer engagement

Purpose

To embed greater employer engagement in local skills systems in ways that bring the demand and supply sides more closely together and enables a more coherent “whole system” approach to skills planning.

Key points

To achieve this:

- the process of developing the LSIP should provide a strong platform for taking forward and embedding new ways of working between employers and providers, including improved employer engagement with providers of apprenticeships and T Level work placements;
- ERBs should help strengthen employer engagement and investment in skills, focusing on those that struggle most to engage effectively with training providers; and
- ERBs should work with MCA/LEP, CEIAG providers and DWP local job centres to help ensure more people are connected to opportunities to get good jobs and progress.

In areas of low skills demand, the ERB should consider ways of working with MCAs/LEPs and others to raise employer demand for and make better use of skills supporting wider economic development strategies.

Greater employer engagement

The LSIP should also create opportunities for dialogue around ways employers can become more actively involved in the planning, design and delivery of provision and increase investment in and make better use of skills. This could include:

- supporting employers to improve their productivity, and support local employment and upskilling through apprenticeships
 - encouraging the use of apprenticeship levy transfers, supporting large employers to make greater use of their levy and for small and medium sized employers to take on apprentices
 - encouraging employers to support learners through work placements and seconding staff to support curriculum design and delivery;
 - ensuring employer needs are fed into the provision of CEIAG,¹⁸ in ways that enable learners to make more informed choices and raise demand;
 - supporting SMEs to better articulate their skills needs and aggregate demand in a way that translates into stronger demand signals for providers; and
 - ensuring that employers are fully utilising the provision already available and are able to navigate the local skills system; and
- encouraging employers, particularly SMEs, to adopt new and emerging technologies, processes, and knowledge, through partnerships with FE providers and others, which would help raise demand for higher skills.

¹⁸ Through The Careers & Enterprise Company's network of Careers Hubs (schools and colleges) and through the National Careers Service (adults).

6 LSIP Report

The LSIP report is a strategic document identifying clear priorities for skills in the local area. This may be for the key changes needed (or indeed what should be retained) to make post-16 technical education and training more responsive to the skills needs of employers in a specified geographical area.

It should not exceed 30 pages excluding annexes and contents pages. It is important that this is a plan, which is widely understood and used. As such, we would expect each section to be succinct and focussed. Where further explanation is required, this can be added as an annex.

Table 1: Overview of LSIP report

Parts	Content
1. LSIP Priorities	<ul style="list-style-type: none"> • Explain what the LSIP is seeking to achieve and why it matters. • Describe what is currently happening and what is key to retaining, why changes are needed and the expected benefits. • Set out how the LSIP can help drive change, who needs to be involved and what success will look like.
2. Taking the LSIP Priorities Forward	<ul style="list-style-type: none"> • Set out the key outcomes local employers want. • Articulate the specific skills and training requirements employers need. • Explain the resulting priority changes in local provision required.
3. Delivering the LSIP Priorities	<ul style="list-style-type: none"> • Explain what needs to happen locally to bring about these changes. • Describe what specific actions are proposed to take forward the priorities. • Describe the process for managing effective delivery, reviewing progress and realising the expected benefits.
Annex: Background and Method	<p>Further information on the methodologies/processes used to ensure:</p> <ul style="list-style-type: none"> • the evidence of skills need is robust, recognisable and meaningful to providers and other stakeholders. • Evidence that the process for developing an LSIP has been followed in compliance with guidance.

6.1 Part 1: The LSIP Priorities

Purpose and audience

This part should make a compelling case for the LSIP priorities, looking up to three years ahead, that can be widely understood by employers and gives local stakeholders a high degree of confidence the key findings are credible, add-value and should be supported.

Key Points

This part should:

- set out the key challenges the LSIP is seeking to address and why tackling them will support local economic growth;
- provide the underpinning rationale drawing on evidence from employers and providers together with any necessary supporting analysis and data; and
- describe the changes the LSIP is seeking to achieve and the process for achieving that change.

6.2 Part 2: Taking the LSIP Priorities Forward

Purpose and audience

This part should set out clear, simple and achievable priorities that can be acted upon by providers of relevant post-16 technical education and training.

Key Points

This part should:

- express the key priorities in terms of the clear outcomes i.e., what employers want from provision and for what end;
- set out the specific skills components and competencies employers need in the workplace but are struggling to find; and
- explain where and why changes in local provision are needed to better meet those needs.

6.3 Part 3: Delivering the LSIP Priorities

Purpose and audience

This part should set out a “roadmap” for delivering the LSIP setting out specific actions for employers, providers and other stakeholders, bringing out how the whole will be greater than the sum of its parts.

Key Points

This part should:

- describe what needs to happen locally to bring about effective and sustained change, including the cultural and behavioural changes the LSIP is intended to drive;
- show how the “roadmap” will provide a framework for future action that employers, providers, local leaders and other stakeholders can get behind and support taking a “whole systems” approach; and
- set out the arrangements for managing the delivery, review and updating of the LSIP, including how progress could be monitored and benefits realised.¹⁹

6.4 Annex: Background and Methodology

Purpose and audience

This part should set out for the department, and other interested parties, the methodology and the process the designated ERB has used to develop the LSIP²⁰.

Key Points

- The annex should demonstrate how the process undertaken for developing the LSIP is aligned with guidance.

¹⁹ Recognising the challenges of developing robust impact metrics, these could be more qualitative indicators such as local employers’ sense of increased engagement.

²⁰ The annex will form part of the information the Secretary of State will consider when determining (during the approvals process) whether the designated ERB has adequately followed a suitable robust process of evidence collection and stakeholder engagement in accordance with that set out in this guidance.

- The designated ERB should set out what evidence sources they have drawn on and why they consider them robust and meaningful to the development of the LSIP.
- The ERB should describe how the LSIP has considered the skills, capabilities and expertise required in relation to jobs that directly contribute to or indirectly support Net Zero targets, adaptation to Climate Change or meet other environmental goals.

MCA/GLA Statements

For LSIPs covered by a MCA or the GLA, the designated ERB should set out at which stage(s) the MCA/GLA were engaged, the nature of the engagement and how their views were taken into account in the development of the plan. This does not mean that the views have to be reflected in the LSIP but where they are not the rationale should be set out here in the annex.

The designated ERB should also submit to the Secretary of State, alongside its LSIP for approval, an accompanying statement made by the MCA/GLA. This statement is not an approval of the LSIP, but a statement that the MCA/GLA was able to give its views. The content of the statement is set out in section 3.5.

6.5 Approval of the LSIP Report

Purpose

To ensure consistency and quality, the Secretary of State will approve all LSIPs before publication.

Key Points

The Secretary of State in approving the LSIPs will:

- focus on ensuring the designated ERB has followed a robust process of evidence collection and stakeholder engagement aligned with guidance in developing the LSIP; it should be noted that the Secretary of State is not agreeing to the specific skills needs, priorities or actions identified in the plan;
- need to be satisfied that in producing the LSIP, the designated ERB has engaged with employers and providers, as well as other stakeholders, to develop a plan which will lead to a better alignment of post-16 technical education and training to employer skills needs; and

- consider the information provided in the Annex to the LSIP, which in addition to elements of the LSIP itself, will form the primary evidence the Secretary of State will review to determine whether to approve a plan.

Resolving hurdles to the approval process

Where the LSIP does not meet the requirements necessary to be approved by the Secretary of State, the department will feed back concerns to the designated ERB. The ERB will then have the opportunity to address these concerns with the aim that the LSIP can then be approved.

Where the issues cannot be resolved and the LSIP cannot be approved despite support from the department, then the department will consider the intervention options set out in section 4.3.

Where there is disagreement between the MCA/GLA and the designated ERB, it is for the Secretary of State to make the decision as to whether the views of the MCA/GLA have been given due consideration based on the evidence submitted.

6.6 Publication and annual review of LSIPs

Purpose

The Secretary of State will publish all approved LSIPs on gov.uk to ensure all interested parties can easily access and view all approved LSIPs, including any updates, across England.

Key Points

The expectation is that:

- LSIPs will be ready for approval nine months after initial designation. Once ready, they can be submitted to the Secretary of State for approval and publication;
- LSIP should be drawn up for a period of three years and should be reviewed and updated as appropriate during this period to ensure it remains relevant and reflects the skills needs of the specified area; and
- reviews should take place at least once a year but should not be overly onerous.

Linking with Accountability Agreements in 2023

Designated ERBs should be mindful that colleges and designated institutions will need to prepare their Accountability Agreements in March 2023 and so draft priorities, on which they can draw, will need to be in place by that time. Subsequent reviews of the LSIP should be completed before the Accountability Agreements are finalised each year.

7 Annexes:

Annex A: Glossary

Table 2: Glossary

Term	Explanation
CEIAG	Careers, Education, Information, Advice and Guidance
The department	The Department for Education
ERB	Employer Representative Body
GLA	Greater London Authority
HEI	Higher Education Institution
IfATE	Institute for Apprenticeships and Technical Education
LA	Local Authority
LEP	Local Enterprise Partnership
LSIF	Local Skills Improvement Fund
LSIP	Local Skills Improvement Plan
MCA	Mayoral Combined Authority
SDF	Strategic Development Fund

Annex B: LSIP Geographical Areas

Table 3: LSIP Specified local Areas (only for the purposes of LSIPs)

LSIP area	Functional Economic Area	Differences
Combined Authorities and Greater London Authority		
Cambridgeshire and Peterborough	Cambridgeshire and Peterborough	
Greater London Authority supplemented by four sub-regional LSIPs based on the following four groupings that London boroughs largely organise themselves into: Central London Forward, West London Alliance, South London Partnership, and Local London.	Greater London Authority	
Greater Manchester	Greater Manchester	
Liverpool City Region	Liverpool City Region	
North-East	North-East	
North of Tyne	North of Tyne	
South Yorkshire	South Yorkshire	
Tees Valley	Tees Valley	
West Midlands (with Warwickshire)	West Midlands	Warwickshire included as part of the LSIP area
West of England (with North Somerset)	West of England	North Somerset included as part of the LSIP area
West Yorkshire	West Yorkshire	

LEP areas		
Brighton and Hove, East Sussex, West Sussex	Coast to Capital/ South East LEP	Includes East Sussex and doesn't include those areas of Surrey in Coast to Capital LEP (Enterprise M3 LSIP area)
Buckinghamshire	Buckinghamshire	
Cheshire and Warrington	Cheshire and Warrington	
Cornwall and the Isles of Scilly	Cornwall and the Isles of Scilly	
Cumbria	Cumbria	
D2N2 (Derbyshire and Nottinghamshire)	D2N2 (Derbyshire and Nottinghamshire)	
Dorset	Dorset	
Enterprise M3 (including all of Surrey)	Enterprise M3	The four district councils from Surrey (Epsom and Ewell, Mole Valley, Reigate, and Banstead, Tandridge) should be covered as part of LSIP application for the Enterprise M3 LSIP area
Essex, Southend-on-Sea and Thurrock	South East LEP	Only Essex, Thurrock and Southend-on-Sea
G First (Gloucestershire)	G First (Gloucestershire)	
Greater Lincolnshire	Greater Lincolnshire	
Heart of the South-West	Heart of the South-West	
Hertfordshire	Hertfordshire	
Hull and East Yorkshire	Hull and East Yorkshire	
Kent and Medway	South East LEP	Only Kent and Medway

Lancashire	Lancashire	
Leicester and Leicestershire	Leicester and Leicestershire	
New Anglia (Suffolk and Norfolk)	New Anglia (Suffolk and Norfolk)	
Oxfordshire	Oxfordshire	
Solent	Solent	
South-East Midlands	South-East Midlands	
Stoke on Trent and Staffordshire	Stoke on Trent and Staffordshire	
Swindon and Wiltshire	Swindon and Wiltshire	
Thames Valley Berkshire	Thames Valley Berkshire	
The Marches	The Marches	
Worcestershire	Worcestershire	
York and North Yorkshire	York and North Yorkshire	

Annex C: Occupational routes and pathways

Table 4: The occupational routes and pathways

Route	Pathway
Agriculture, Environmental & Animal Care	Agriculture, Land Management & Production Animal Care & Management
Business & Administration	Human Resources Management & Administration
Care Services	Care Services
Catering & Hospitality	Catering Hospitality
Construction & Built Environment	Building Services Engineering Design, Surveying & Planning Onsite Construction
Creative & Design	Craft & Design Cultural Heritage & Visitor Attractions Media, Broadcast & Production
Digital	Digital Business Services Digital Production, Design & Development Digital Support & Services
Education & Childcare	Education & Childcare
Engineering & Manufacturing	Engineering, Design & Development Engineering, Manufacturing, Process & Control Maintenance Installation & Repair
Hair & Beauty	Hair, Beauty & Aesthetics
Health & Science	Community Exercise, Physical Activity, Sport & Health Health Health Care Science Science
Legal Finance & Accounting	Accountancy Financial Legal
Protective Services	Protective Services
Sales Marketing & Procurement	Customer Service Marketing Procurement Sales & Retail
Transport & Logistics	Logistic Transport

Please note that for reasons of simplicity, this table does not show the occupational- and qualification -level information contained within each of the pathways.



Department
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