

# **Local Skills Improvement Plans Stage 2 Guidance: Objectives**

**November 2023**

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# 1 Summary

This document provides guidance to Employer Representative Bodies (ERBs) designated to lead the development, implementation and review of Local Skills Improvement Plans (LSIPs). It sets out the objectives of “Stage 2: ongoing review and development” and expectations of the designated ERBs.

## 1.1 Expiry or review date

This guidance is relevant for the duration of Stage 2: ongoing review and development of LSIPs. This guidance is intended to support designated ERBs and will be reviewed in March 2025 or before if necessary.

## 1.2 Who is this publication for?

This guidance is primarily for ERBs designated to lead an LSIP for a specified area (referred to as ‘designated ERBs’), who should have regard to this guidance as set out in the terms and condition of designation<sup>1</sup>.

This guidance may also be of interest to providers including Further Education (FE) Colleges, Sixth Form Colleges<sup>2</sup>, Designated Institutions<sup>3</sup>, 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 respect to LSIPs.

Additionally, it may be of interest to other organisations who can play an important role in the ongoing review and implementation of LSIPs including, but not limited to:

- Mayoral combined authorities (MCAs) and the Greater London Authority (GLA), given their devolved functions including for the adult education budget;
- Combined County Authorities and local authorities with devolved functions including the adult education budget.
- Local Enterprise Partnerships (LEPs)<sup>4</sup> and local authorities (LAs);
- other providers not subject to the duties such as schools, 16 - 19 academies (also known as ‘sixth form college academies’), local authority providers and supported employment providers;

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<sup>1</sup> Designated ERBs are expected to have regard to guidance and should not depart from it without good cause in line with S3(1) of the Skills and Post-16 Education Act 2022.

<sup>2</sup> Institutions run by sixth form college corporations.

<sup>3</sup> Institutions designated under S28 of the Further and Higher Education Act 1992.

<sup>4</sup> LEP funding will cease from April 2024 upon which the core functions undertaken by LEPs will be transferred to lead authorities. This guidance will therefore be of interest to those lead authorities.

- other employer organisations, sectoral bodies and centres of innovation such as Catapult centres;
- the Jobcentre Plus network and career, education, information advice and guidance (CEIAG) providers; and
- other organisations that understand the needs of employees and learners, including those from disadvantaged backgrounds and with special educational needs and disabilities.

## 2 Funding

The Department for Education (DfE) has made available up to £550,000<sup>5</sup> of programme funding to support designated ERBs during the development, implementation and reviews of a LSIP for each specified area. The grant funding has been made available in two stages.

### 2.1 Stage 1: Initial development funding (September 2022 – July 2023)

This funding runs between September 2022 and July 2023<sup>6</sup> supporting the initial development of the LSIP up to and including the period that it is submitted to the Secretary of State for approval and publication. The objectives of this funding were to support designated ERBs to mobilise and engage with a range of relevant employers, providers and other stakeholders, to take forward the role, as outlined in stages A, B and C in section 5 of the statutory guidance<sup>7</sup>, and to develop the LSIP report as set out in section 6 of the statutory guidance.

### 2.2 Stage 2: Ongoing review and development funding (August 2023 – March 2025)

This funding runs from August 2023 until March 2025 following the initial development of the LSIP. The objective of this funding is to monitor and support the realisation of the LSIP and to keep the LSIP under review to ensure that it is still relevant and reflects the skills needs of the specified area, as set out in section 6 of the statutory guidance. Further information is provided in Section 3 of this guidance.

The total of the funding from both stages (i.e., stages 1 and 2) must not exceed £550,000.

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<sup>5</sup> The sole exception is the Greater London area where funding must not exceed £1,100,000.

<sup>6</sup> The ERB for Cheshire and Warrington was designated later than in all other areas and will submit their LSIP for approval at the end of June 2023. Their Stage I funding will therefore cover the period to the end of August 2023.

<sup>7</sup> <https://www.gov.uk/government/publications/local-skills-improvement-plans>

## 3 Policy objective

### 3.1 Expectations of designated ERBs

The objective of stage 2 is embedding the LSIP process in the local skills system. Designated ERBs will be expected to galvanise collaborative action with employers, providers and local stakeholders to support the delivery of the actionable priorities and the roadmap set out in the LSIP, keep the LSIP reviewed and report annually on progress. This will help to achieve better alignment of the local skills system with employers' needs and help to sustain the alignment in the longer-term.

### 3.2 Activities

To achieve the objective and expectations set out above, designated ERBs may undertake the following activities. The list is provided as a guide only. It is non-exhaustive, and we recognise that some activities may be more relevant to some designated ERBs and to some areas than others.

Activities related to reviewing and articulating employers' skills needs:

- where further demand signals are needed, the designated ERB may conduct deep dives to gain further intelligence into the sectors and skills issues that were identified in the approved and published LSIP. The outcome should result in more specific and granular information that providers will find useful and be categorised and aligned with IfATE occupational routes and pathways (as set out in the LSIP statutory guidance), where relevant and possible;
- support employers to better articulate their skills needs and aggregate demand in a way that translates into stronger demand signals for providers. This includes engaging with hard-to-reach small and medium enterprises (SMEs) that may have had limited engagement with the development of stage 1 of the LSIP;
- gather up-to-date labour market intelligence, especially where employers' skills needs change as a result of new/evolving industry or government requirements (including those related to net zero targets, adaptation to climate change, and other environmental goals);
- engage with any new significant sectors and/or industries that may develop or move into the area; and
- to aid in the development of the annual progress review (see section 3.3), to seek feedback from relevant employers on the effectiveness of any changes that are being/have been implemented locally as a result of the LSIP.

#### Activities related to promoting employer engagement in the local skills system:

- ensure that employers are fully utilising the provision already available and are able to navigate the local skills system. This could include signposting to relevant provision, brokering dialogue between employers and providers and facilitating best practice sharing among employers regarding how best to engage with the local skills system;
- galvanise employers to support the delivery of Local Skills Improvement Funded-projects once they are approved by DfE (see section 3.5);
- support employers to take up apprentices, learners on work placements (e.g. T Level Industry Placements) and to promote learning and training programmes for upskilling and reskilling existing employees (e.g. Skills Bootcamps);
- encourage 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; and
- encourage employers to offer work placements for FE college teachers, second industry staff to support curriculum design and delivery, and contribute facilities and specialist equipment;

#### Activities related to providers' response:

- work with providers to ensure they understand the asks set out in the LSIP and the contents of the subsequent annual progress reports;
- work with providers to identify how any existing or additional employer skills needs can be articulated in ways that are as meaningful and actionable to them as possible;
- engage with smaller providers, especially independent training providers (ITPs), that may not have been involved in stage 1 of the LSIP;
- support providers in developing their applications to the Local Skills Improvement Fund (see section 3.5);
- engage with providers on curriculum planning and delivery, which includes the accountability agreements that providers will submit to DfE in May each year; and
- seek updates and feedback from providers on progress they and others are making/have made on delivering the changes set out in the LSIP.

Activities related to engaging other stakeholders relevant to the skills system:

- sustain networks and forums that bring employers, providers and other relevant stakeholders together so that dialogue is increased and information barriers are broken down;
- continue to engage constructively with MCAs/GLA, LEPs<sup>8</sup> and LAs, so LSIPs can dock into local strategies in ways that are mutually reinforcing;
- continue to work closely with JCP, CEIAG providers and other stakeholders who will be key to raising learners' demand for new skills;
- identify and engage new stakeholders (e.g., recruiters and sector specialists) that haven't been part of stage 1 of the LSIP's development that could be useful partners in delivering the changes required;
- engage with investment projects (including Freeports and Investment Zones) funded by HMG; and
- engage with Ofsted inspectors (when requested at the time of an inspection) who will draw evidence from designated ERBs about providers' engagement in the LSIP process and their contribution to meeting local skills needs.

Activities related to data and analysis:

Designated ERBs will want to use relevant data and analysis to monitor the progress that is being made on delivering the changes set out in the LSIP and to underpin any new actions or priorities that are identified (see sections 3.3 and 3.4). They should:

- continue to work with the relevant MCA/GLA and/or LEP<sup>9</sup> to gain access to available analysis and labour market information<sup>10</sup>;
- utilise the dashboards available on the Unit for Future Skills website<sup>11</sup>. Additionally, where there is a specific purpose, DfE may be able to share further information through a data sharing agreement;

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<sup>8</sup> LEP funding will cease from April 2024. Lead authorities will take on responsibility for the LEPs core functions. Designated ERBs should engage with the lead authority taking on responsibility for the LEPs core functions that cover the specified area.

<sup>9</sup> LEP funding will cease from April 2024. Designated ERBs should engage with the lead authority taking on responsibility for the LEPs core functions.

<sup>10</sup> The Skills Advisory Panels grant that funded MCAs and LEPs to provide analysis to LSIPs ended in March 2023. However, where relevant data, labour market information and analysis continues to be produced or purchased by the MCA, LEP or lead authority taking on responsibility for the LEP core functions, it should be made available to the designated ERB for the purposes of reviewing and developing the LSIP, where it is possible.

<sup>11</sup> <https://www.gov.uk/government/groups/unit-for-future-skills>



- utilise other skills trends data, including that provided to designated ERBs by LinkedIn; and
- purchase or commission access to data and/or specific analytical services where it is necessary and not already available in the local system.

Activities related to project management:

- manage the delivery and reviews of the LSIP;
- ensure good governance and adherence to relevant terms and conditions and guidance issued by DfE and HMG. This includes submitting regular monitoring reports and attending meetings with DfE officials;
- manage the LSIP grant in accordance with the agreement and this guidance – including submitting regular claims and responding to any queries DfE may have on the use of LSIP grant funding;
- manage staff and/or contractors and commission any new activities as required;
- monitor and measure the impact and benefits of the LSIP (including on provision and on employers);
- develop and publish an annual report on progress (see section 3.3);
- attend LSIP-focused webinars or roundtable sessions hosted by DfE; and
- share best practice and key learnings with other designated ERBs and wider stakeholders.

### **3.3 Reporting on progress and sharing updated intelligence**

Designated ERBs are expected to produce and publish a progress report in years two and three (2024 and 2025). The report should be no longer than 20 pages and should contain:

- which of the actions/changes set out in the LSIP have been achieved;
- what has the impact and benefits of the actions/changes been; and
- what still needs to be achieved, including any new or more granular intelligence and/or more specific actions that will help achieve this.

The report should be signed off by the LSIP's own local governance structures. It should be published on the designated ERB's website and be shared via other relevant communication channels so that all relevant stakeholders are made aware of its

publication. The designated ERB should share the link with the department so that it can be accessed from the designated ERB page on GOV.UK<sup>12</sup>.

The progress report should be published by the end of June in 2024 and 2025.

Although the progress report is not approved or signed off by DfE, it is a key condition of stage 2 funding. If it is not produced and published to the specification and timescale set out above, the DfE may take action to terminate the grant agreement and/or clawback a portion of the funding.

### **3.4 Ongoing review and circumstances where a replacement LSIP will be required**

LSIPs aim to set out a limited number of priorities that resonate with local stakeholders to gain traction and maximise impact. Frequent updates to the priorities are likely to cause confusion to providers and other actors in the local skills system. We therefore expect designated ERBs to focus their attention on implementing and reviewing the changes and actions that relate to the priorities identified through stage 1 and detailed in the approved and published LSIP report.

As part of keeping the LSIP under review, designated ERBs may look into new sectors or issues that were not looked into previously and/or engage with additional employers that were not part of the LSIP. Designated ERBs do not require sign off from the Secretary of State to do this, as the undertaking of further engagement and research does not change the published LSIP.

Where the outcome of the reviews produces more granular level intelligence, or proposed actions that are linked to the actions outlined in the LSIP, they should be shared with providers and included in the annual progress report. This would cover circumstances where the identified needs of the newly researched sector are the same as the sectors already covered in the LSIP.

Where the outcome of the reviews produces wholly new priorities that relate to newly researched sectors and cross cutting themes and cannot be considered linked, and/or more granular versions of actions in the LSIP, then a replacement LSIP might need to be developed and submitted to DfE for reapproval by the Secretary of State. In order to be approved, the updated LSIP must follow the processes set out in the Statutory Guidance and provide the evidence required (although only with regard to any sections that have been added or updated).

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<sup>12</sup> <https://www.gov.uk/government/publications/designated-employer-representative-bodies>

The circumstance of producing a replacement LSIP is considered exceptional. Designated ERBs should discuss with DfE the possibility of producing a replacement LSIP and the approach they should take to changing the published document before they start to do so.

### **3.5 The role of designated ERBs in the Local Skills Improvement Fund**

In relation to the Local Skills Improvement Fund (LSIF), designated ERBs will be expected to:

- endorse the expression of interest (EOI) application put forward by the lead provider before it is submitted to DfE<sup>13</sup>. As part of this, the designated ERB will be expected to confirm that the skills priorities set out in the EOI application reflect those identified by the designated ERB and shared with providers at the end of March 2023, and in the draft LSIP produced by the designated ERB by end May 2023<sup>14</sup>.
- work with the lead provider and the collaboration partners to help develop the full LSIF application and the various projects within it. This includes encouraging relevant employers to support and feed into the development of the application. This could include advising on the specification of new industry standard equipment and provision required as part of the projects identified within the application, as well as identifying where employers can support delivery, including supporting the development of teacher knowledge and expertise i.e., through offering industry placements to teaching staff; and
- once LSIF-funded projects have been approved by DfE, we would expect the designated ERB to continue to support the lead provider and collaboration partners in the delivery of the LSIF projects and to galvanise local employers to do the same. The designated ERB will not manage or oversee the LSIF projects. This is the responsibility of the provider identified in the LSIF application as leading the specific project or projects.

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<sup>13</sup> In circumstances where there is more than one proposed application in a specified area, the designated ERB should not endorse either, but ask the relevant providers to work together to submit a joint bid.

<sup>14</sup> In Greater Manchester and the West Midlands, where trailblazer deeper devolution deals have been agreed, the arrangements for signing off the LSIF application will be slightly different. In these areas a new governance board involving the MCA and the designated employer representative body will have a role in signing off the local skills improvement fund application from the lead college to ensure alignment of LSIF funded projects with the LSIP and wider labour market strategies.

## 3.6 Changes resulting from devolution

Designated ERBs should be aware of government's aim to agree devolution deals with all areas of the country that want one by 2030. The process is currently ongoing, and in some areas of the country the devolved structure (including an elected mayor) will be established in 2024. While the devolution process could result in some boundary changes that may not align with current LSIP specified areas, we do not envisage making changes to LSIP areas before March 2025 (the end of this grant funding period).

Designated ERBs will need to work with the newly created devolved structure(s), and follow the process set out in the statutory guidance if/when developing a new LSIP. As part of the devolution deals, areas will agree to work with the designated ERB and support and provide input into the LSIP(s) that corresponds with their area.

As noted in section 3.5, in Greater Manchester and the West Midlands, where trailblazer deeper devolution deals<sup>15</sup> have been agreed, the relationship with the MCA will be strengthened through the establishment of a new governance board, which will include both the MCA and the designated ERB. This is being set up to provide oversight of post-16 technical education and skills and ensure the link between the technical education offer and labour market intelligence in each area.

## 4. Contacting the DfE for support

Designated ERBs in need of support or advice should contact:

[LSIP.Programme@education.gov.uk](mailto:LSIP.Programme@education.gov.uk)

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<sup>15</sup> [Greater Manchester Combined Authority: "Trailblazer" deeper devolution deal - GOV.UK](#) and [West Midlands Combined Authority: "Trailblazer" deeper devolution deal - GOV.UK](#)

## Annex A 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 Fund
MCA	Mayoral Combined Authority



Department  
for Education

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