DEVELOPING A LOCAL SKILLS IMPROVEMENT PLAN (LSIP)

A REPORT BY JAMES FARR AND RICHARD GUY (THINK)

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GATSBY

CONTENTS

1. INTRODUCTION

This pack brings together learning from a project that offered support for Employer Representative Bodies (ERBs) to develop Local Skills Improvement Plans (LSIPs). The project provided intensive support to four ERBs, in addition to workshops and webinars open to all ERBs, between February and late May 2023.

This pack covers the 'what, why and how' of the LSIP development process. This is accompanied by three sets of slides and additional documents with links to other resources (covering the 'how' of the process), as listed below:

- Annex A: Guidance note: funding policy

- Annex B: Guidance note: describing and categorising employer needs

- Annex C: Guidance note: sources of labour market data

- LSIPs slide pack one: skills and post-16 Education Act and accountability agreements

- LSIPs slide pack two: emerging priorities

- LSIPs slide pack three: stages B and C and the LSIP report

- Table formats for articulating actionable priorities and developing an LSIP roadmap.

The slide packs and table formats can be downloaded here.

The starting point of ERBs should be the statutory guidance produced by the Department for Education (DfE), located here: https://www.gov.uk/government/publications/local-skills-improvement-plans. It is assumed that readers of this support pack have read this guidance in full. This support pack has no special status in terms of DfE policy and its use is entirely voluntary.

2. POLICY CONTEXT (LSIP SLIDE PACK ONE)

A new statutory framework

The purpose of an LSIP is to improve the alignment and content of technical education delivery by FE and sixth form colleges, higher education institutions, independent training providers and other providers to local labour market needs.[1] Announced in the 2021 'Skills for Jobs' white paper, LSIPs are accompanied by several statutory measures which establish a new framework for improving the labour market relevance of technical education delivery. This includes:

- The formal designation of ERBs to lead the development and review of LSIPs across 38 areas of England.

- The requirements of The Skills and Post-16 Education Act 2022, including that:

  - All relevant providers to co-operate with ERBs in the development and review of an LSIP, and 'have regard' to the LSIP in any decision relating to the provision of post-16 technical education and training that may be relevant to labour market needs.

  - The governing bodies of FE colleges, sixth form colleges and designated institutions review how well their provision meets local labour market needs and publish the outcome of that review.

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1 This document will use the term 'Providers' to encompass any organisation identified as a 'relevant provider' for the purposes of an LSIP under the Skills and Post-16 Education Act 2022, such as FE colleges, independent training providers and universities.

- New Accountability Agreements produced by FE colleges and local authority providers setting out expectations of providers in return for DfE funding. This is a two-part document incorporating an Accountability Framework (part 1) and an Accountability Statement (part 2).

- Enhanced inspections by Ofsted including a sub-judgement on the contribution of colleges to meeting skills needs.

An LSIP is not required to cover the whole labour market but rather to set priorities within it. All providers of post-16 techinical education (as defined in the footnote above) must have regard to the LSIP. The accountability agreements struck between providers and the DfE cover the whole labour market, including other local skills priorities such as those identified by Combined Authorities (CAs). It is therefore important that ERBs understand the policy context for developing an LSIP, including what this means for the providers whose delivery LSIPs are aiming to influence.

Implementation planning
The DfE guidance requires ERBs to: '*Set out the arrangements for managing the delivery, review and updating of the LSIP, including how progress could be monitored and benefits realised*'. This suggests that a well-designed ERB-led implementation process will be necessary to ensure that LSIP priorities are delivered, in addition to the statutory measures described above. In some areas, less engagement may be needed, especially where LSIP priorities are already very clearly defined. The extent of ERB involvement also depends on how DfE manages accountability statements and whether (and how well) Ofsted considers the content of LSIPs and accountability statements when developing inspection sub-judgements on meeting skills needs.

3. OVERALL FRAMEWORK AND PROCESS
Broadly there are two skill sets involved in producing and implementing an LSIP:

- Engaging employers and researching/consulting them on their needs, with an understanding of the labour market.

- Creating actionable priorities that respond to these needs, and monitoring the progress of the LSIP in implementing these priorities. This requires knowledge of provision, programmes, providers and, to a lesser extent, qualifications and funding.

ERBs need to acquire or develop both of these skill sets. Where existing ERB staff do not hold these skills, ERBs may choose to obtain them by appointing new staff or commissioning external support. If this latter approach is taken, ERBs should be careful to manage consultants and subcontractors to ensure that the ERB's own skills and knowledge are enhanced, reducing reliance on external contractors for future activity (such as the annual review and triennial refresh).

Figure one on the following page illustrates the LSIP process. The diagram provides a framework for the following sections of this guide and outlines a recommended approach for ERBs to take that can be applied to their future activity. This approach is rooted in evidence gathered from the aforementioned work with ERBs between February and May 2023.

OUTLINE OF LSIP DEVELOPMENT PROCESS

Strategic priorities (Stage A)

Research/employer engagement

LMI (LEPs/LAs/CAs/employer engagement)

Employer requirements (Stage A)

Existing employees (skills gaps and upskilling)					Recruitment difficulties (skills and labour shortages)		
New: e.g. processes, machinery, regulations H and S	Essential skills	New: e.g. technology, low carbon, digital	Basic skills, language, numeracy	Upskilling (occupations) management	Skills shortages (occupations)	Essential skills to support employability	People shortages

Set and describe priorities (Stage B)
Determine occupational, check maps and standards content - describe skills
Convert employer needs into specific actionable priorities

If one year + needed

Employer training					Apprenticeship	Full time FE/HE	Recruitment + employability training
Employer delivered and funded training	Commercial training full fee	SDF/LSIF Budget	Adult ed (part time FE) loans full/ part fees	HE (part time) fees/loans modules?	Levels 2-7, levy, non-levy,	16 – 19 Study programme AEB, student loans, boot camps, HTQs, other HE	JC+ sector academies AEB

Improving employer engagement and increasing individual demand (Stage C)

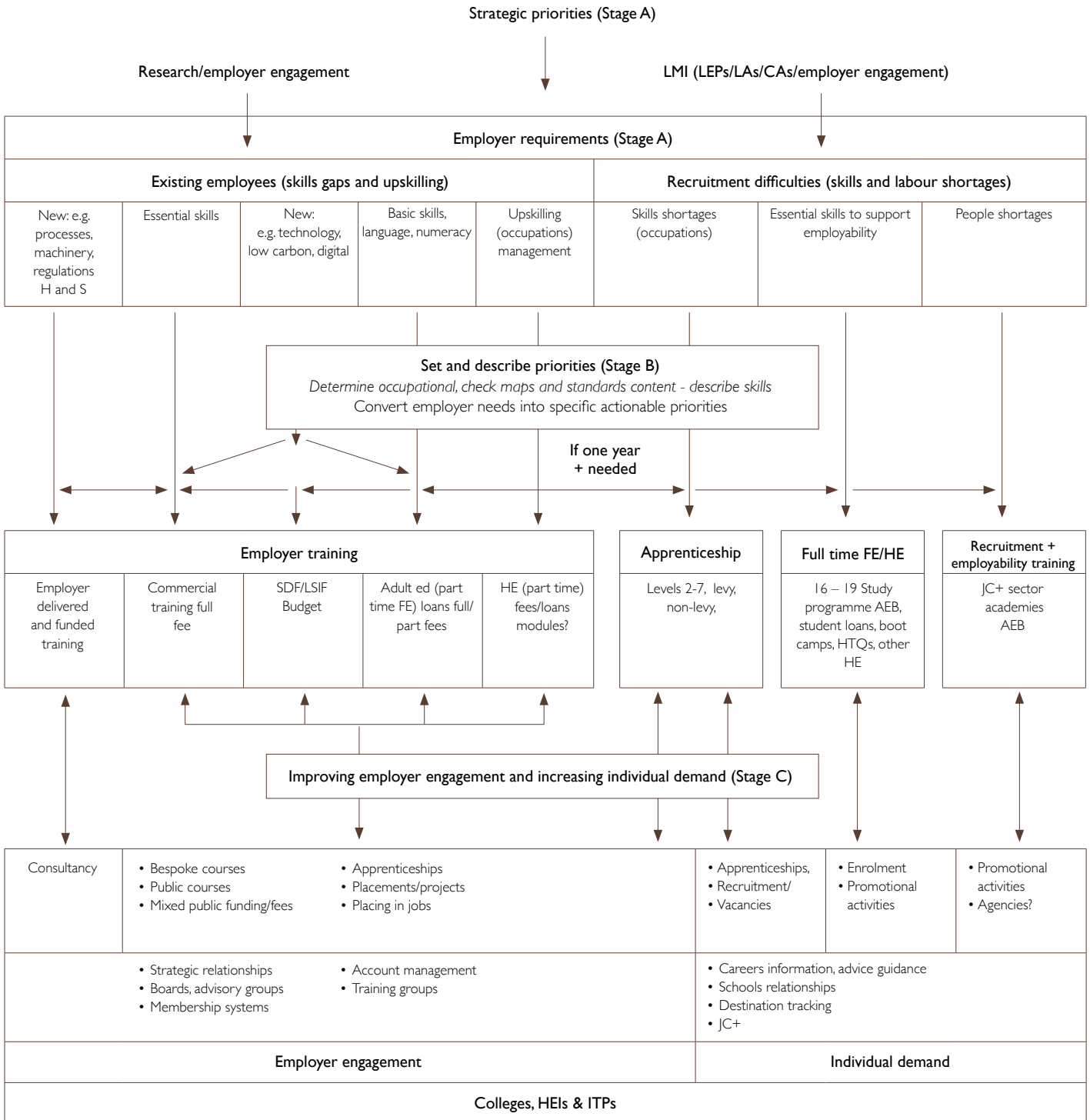| Consultancy	• Bespoke courses • Public courses • Mixed public funding/fees	• Apprenticeships • Placements/projects • Placing in jobs		• Apprenticeships, • Recruitment/ • Vacancies	• Enrolment • Promotional activities	• Promotional activities • Agencies?
	• Strategic relationships • Boards, advisory groups • Membership systems	• Account management • Training groups		• Careers information, advice guidance • Schools relationships • Destination tracking • JC+		
	Employer engagement			Individual demand		
	Colleges, HEIs & ITPs					

Figure one

4. DETERMINING STRATEGIC PRIORITIES

It is important that wherever possible ERBs should incorporate a limited number of strategic priority sectors, as well as cross-sector priorities, and in the majority of cases these were present within LSIPs. Some ERBs decided upon their strategic sector priorities informally and some did not have sector priorities at all. Priority sectors help to focus an LSIP, giving it a greater opportunity to influence the mainstream technical education offer.

These strategic priorities should be determined by objective means based on, for example:

- Productivity (i.e. value added per head)

- LEP/CA priorities, such as within local industrial strategies or skills reports

- Employment volumes

- Desired economic/employment growth (recent and forecast)

- Large-scale local projects/activities (e.g. offshore wind)

- The most prevalent skill level required within the sector – particularly at Level 3+

- The views of any employer-led steering group or similar body.

Strategic priorities should be determined (at least provisionally) in the early stages of the project because they shape the LSIP's research/employer engagement, allowing for better quality evidence to be gathered about these sectors and their specific occupational skill shortages and other skills needs. LSIP research suggests that there tends to be a distinction here between sectors dominated by occupations with entry from Level 2 paths (such as hospitality and retail) and those where large numbers of workers qualified from Level 3+ are required (e.g. engineering, health, financial/professional services, etc). In the former, employer feedback often focuses on transferable skills and recruitment issues tend to predominantly focus on wages and conditions; employers in the latter tend to more readily include occupational skill shortages in their answers.

Sectors should be defined clearly where possible. Sectors are commonly categorised by Standard Industrial Classification (SIC) codes, describing the main activity of the business. Data relating to occupations is classified by Standard Occupational Classification (SOC) codes, which groups occupations broadly by skills level and not sector (recognising that an occupation may be found across sectors). For the purposes of an LSIP, ERBs are advised to use IfATE routes (as seen in occupational maps), which group together occupations that share similar knowledge, skill and behaviour requirements. ERBs should note that many providers use sector subject areas (SSA) as a way of classifying courses, but this structure is not designed to align with the labour market. Apprenticeship provision data is available by IfATE route, however currently this is not the case for 19+ education and training or 16-19 FE provision data that is in the public domain.

5. DECIDING SKILLS SHORTAGE OCCUPATIONS
(FIGURE ONE & SLIDE PACK TWO)

LSIP research must ask employers about recruitment difficulties as well as existing workforce skills gaps. If given an 'open', cross-sector survey asking questions about their skills issues, employers will tend to answer primarily in terms of skills gaps within their existing workforce, rather than wider occupational skills shortages. If employers are asked separately about their recruitment difficulties, research suggests there tends to be a distinction between sectors dominated by occupations with entry from Level 2 paths (such as hospitality and retail) and those where large numbers of workers qualified from Level 3+ are required (e.g. engineering, health, financial/professional services). Feedback from the former often focuses on the transferable/employability skills needed to train recruits quickly, with recruitment issues predominantly focused on wages and conditions. By comparison, employers from the latter group tend to more readily answer in terms of the occupation or job title, giving more in-depth insight into their occupational skills shortages.

Recruitment difficulties are important to know because full-time technical skills provision, including 16-19 courses, some adult education, apprenticeships and vocational HE courses are primarily designed to prepare and train people for whole occupations. The vast majority of relevant DfE funding goes into this because employers are generally expected to provide training to address skills gaps themselves. ERBs will usually find some mismatch locally in both the alignment and mix of this technical skills provision compared to the occupational requirements of the labour market – so this is where each LSIP is likely to have its biggest impact.

It is crucial that LSIPs identify occupational skills shortages as part of this process (see the right-hand side of *Figure one*). In any survey or focus group work employers should be asked separately about recruitment and, within recruitment, asked specifically about skill shortage occupations/jobs and specific/transferable skills. How the employer describes the occupations or jobs is less important, as ERBs should be capable of converting this into common terminology when writing their reports.

- The first step is to acquire reliable lists of the occupations within the priority sectors. This information can be accessed readily from the IfATE occupational maps, which contain occupational standards. Helpfully, IfATE has mapped its occupational standards to four digit SOC codes, meaning that a connection can be made between labour market data (usually reported by SOC code) and the employer-developed occupational standards on which apprenticeships, higher technical qualifications and T Levels are based.

The next step is to decide which occupations represent a priority skill shortage. Criteria for deciding this could be informed by:

- Employer feedback from the ERB's own research within a sector.

- Local and regional priorities (e.g. as identified in MCA/LA/LEP strategic plans)

- Productivity, using wage levels as a proxy measure (published by the Office for National Statistics[2]).

- Volumes of local people employed in an occupation (also published by ONS).

- How hard vacancies are to fill (using commercial vacancy data tools).

2 See Annex C for further information labour market data published by the Office of National Statistics (ONS).

- Gaps in education and training provision (drawing on DfE provision data and provider feedback).

- Strategic importance in terms of large-scale projects locally (e.g. welders for offshore projects).

ERBs will need to take care to differentiate these priority occupational sector areas from lower-skill occupations, which represent labour shortages rather than skills shortages. This will help ensure that actionable priorities relating to the provision of skills training can be identified, distinct from 'on-the-job' training by employers. However, **skill shortages may occur in relatively low skilled occupations because the available people do not have the necessary 'life skills'**, in this context more usually called 'employability skills'. Programmes such as Jobcentre Plus Sector Based Work Academies or particular shorter Adult Education Budget (AEB) courses may provide a mixture of these skills together with action to place clients in vacancies.

Actions by providers to address occupational skill shortages will usually be in mainstream funded programmes such as apprenticeships, 16 to 19 full-time further education, higher education, courses accessed via advanced learner loans and/or AEB provision.

6. RESEARCH, SURVEYS, FOCUS GROUPS AND EMPLOYER CONSULTATION

This project's activity began in early February 2023, after most ERBs had started their research activity, and had no role in shaping research inputs such as survey design, question drafting or focus group delivery. However, a review of research outputs was undertaken, and suggested several recommendations:

- ERBs should avoid excessive use of 'open' questions, especially in relation to employers' recruitment needs. In any survey or focus group work, employers should be asked separately about recruitment and, within recruitment, asked specifically about skill shortage occupations/jobs and specific/transferable skills.

- ERBs should target research, particularly any second stage research, at specific priority sectors and occupations.

- When seeking to gather information about skills needs, ERBs should be mindful of the number of providers in attendance at groups and events intended for employers. Where a large number of providers are present, there is a risk that any evidence gathered may disproportionately reflect provider input at the expense of employer views. Experience suggests that where employers and providers debate skills together, the latter tends to dominate and employers can feel quickly out of their depth when themes such as qualifications, levels, funding etc are raised as discussion points.

- ERBs should use existing desk-based labour market data resources to not only inform the selection of priority sectors but also to shape their engagement activity. A good understanding of existing labour market data can help ERBs develop a series of hypotheses – or draft conclusions – about local skills needs that can then be tested via focus groups, surveys and interviews. These conclusions should then continue to be revised (or struck out), based on the evidence gathered from employers as the research progresses. This iterative process can also be used to support later LSIP reviews and refreshes.

Although this support pack is unable to offer further specific guidance on research methods, there are a wide range of resources on this topic available online, which can be used to support the LSIP process.

7. SKILLS GAPS
(FIGURE ONE & SLIDE PACK TWO)

Research with employers about their skills needs will generate a large amount of granular information about the detailed gaps in the skills of existing employees. This is relevant to learning programmes that seek to upskill existing employees, as well as to the content of occupational programmes in FE, HE and apprenticeships.

Figure one identifies a set of categories that relate to potential for public funding in response to these skills needs. Categories towards the left of the diagram tend to be distinct from the mainstream programmes – such as 16-19 further education, adult education budget and higher education delivery - that account for the bulk of public investment in technical education. While training to address some workforce skills gaps can sometimes be publicly funded (such as basic skills including ESOL; management when undertaken as an apprenticeship; or essential/soft skills when undertaken alongside a funded programme), others are much less likely to receive public funding. Examples here include operational training (e.g. health and safety, new machinery, processes and regulatory requirements) and new technologies (including sometimes in relation to low carbon and digitalisation).

You can find a basic explanation of funding policy as it relates to training employers' existing staff in Annex A and in slide pack three.

8. CROSS-SECTOR PRIORITIES

It is a DfE requirement that the LSIP describes, *'how 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 have been considered'.*

This is likely to result in differing levels of adaptation across the labour market, such as:

- Simple behaviour changes and basic learning across a wide range of occupations and sectors about what the transition to Net Zero means for individuals in their role and their organisation.

- Adaptations of existing occupations and sectors to new low carbon technologies, requiring retraining (often short courses) for a selection of key roles.

- In-depth specialist skills training in a small number of existing and emerging occupations.

Most LSIPs also prioritise 'Digital' skills, however this term has a number of meanings, such as:

- IT user skills for people in occupations who use common software packages and applications

- 'Digitalisation' skills which are to deliver a service in digital form, which vary across sectors

- Cross-sector digital occupations, such as IT support technicians, that are found in many sectors

- Occupations found largely (although not exclusively) within digital sector employers, such as software developers

- Specific, more granular skills within digital occupations such as the various languages used by software developers or the 'vendor' skills associated with specific hardware/software providers.

Essential, transferable or basic skills are those needed across many occupations such as:

- Teamwork
- Numeracy
- Literacy
- Time management
- Communication, listening and speaking skills.

There are a number of lists of essential skills that ERBs can access, including a framework by The Skills Builder Partnership, which can be used in employment and education settings.

Essential skills will emerge as an employer need in many sectors and occupations. They will be especially prominent in employer responses in sectors where many occupations are relatively low skill. This is because most of the skills to carry out the occupation are essential (or 'life') skills and, if recruits have these, training in the workplace to do the job should be short and effective.

ERBs should note that many essential skills are already built into some existing provision, including as 'behaviours' within occupational standards and a framework of transferable skills and behaviours developed for T Levels. However, this is far from uniform so ERBs should check whether a standard already contains a specific essential skill (and feed back to IfATE if it does not).

When writing an LSIP, care should be taken not to include innate abilities or personality traits such as 'self-motivation' in essential skills, as these are more a matter for selection than training.

9. CONVERTING EMPLOYER NEEDS INTO ACTIONABLE PRIORITIES (SLIDE PACK THREE)

This is perhaps the most important function of an ERB and LSIP. Labour market data and ERBs' employer research will help to identify occupational skill priorities but little of this will tell an ERB what is required in response, particularly from providers. Slide pack 3 lists most of the actions that a provider may take in response to an expressed employer need, with examples. ERBs can identify actionable priorities in terms of growth in programmes or new provision, but details around the required scale of that growth can only be developed once work with providers is undertaken to understand existing provision in detail.

It is more difficult to decide the action for skills gaps because this cannot be referenced easily to a publicly funded programme. Rather, actions to address such gaps tend to lead to short courses, management workshops etc that are unlikely to be funded. These objectives may also need to be added into existing mainstream programmes if not already present. This can be done locally but, in the case of apprenticeships and T Levels, gaps in standards and qualifications should also be fed back to IfATE. As with occupations, these actions can be firmed up later in dialogue or consultation with providers.

A third category of employer requirement relates to the skills system. Some employers may report that they feel the education system does not instil transferable skills in young people, or that there is an acute shortage of teachers and trainers. Actionable priorities for these issues will usually take the form of initiatives or projects between the ERB, providers and other stakeholders, and/or employers with providers.

In summary, there will be three types of actionable priority:

• Occupational skills shortages and the actions within mainstream programmes

• Skills gaps with the actions in upskilling programmes, short courses and in adding objectives into mainstream programmes

• Local skills system priorities with the actions in the form of initiatives and/or projects.

IfATE occupational maps and standards should be used throughout by ERBs to clarify occupation titles and levels, and also to write granular skills statements.

10. DIALOGUE TO ARRIVE AT ACTIONABLE PRIORITIES

The DfE guidance asks ERBs to discuss their actionable priorities with providers and either develop them jointly or at least seek to agree/consult upon them. Ideally, having arrived at a set of the three types of actionable priority described above, the ERB should meet with providers either individually or collectively to discuss and modify the draft priorities[3]. This also provides an opportunity to map existing provision related to each priority and to decide whether it is adequate or whether growth in volumes is needed. A guidance note (Annex C) is provided on accessing alternative sources of data, as well as advice and examples within slide pack three. Actionable priorities can also be given a timescale during this process.

The number of providers involved will vary greatly by area but, where possible, sector working groups involving college department heads and/or team leaders convened by the ERB would be an effective way to proceed. These groups should continue after the LSIP is published to implement and monitor progress of the plan.

11. STAGE C: LEARNER DEMAND & EMPLOYER ENGAGEMENT (SLIDE PACK THREE)

New provision and/or growth in volumes is contingent on employer engagement/ individual demand and increasing learner demand. Stage C of the LSIP process is centred on dialogue and collaboration to achieve that. Some issues related to employer engagement and learner demand will have been raised during earlier conversations and research evidence, to become 'local system priorities'. These can then be developed further in a more concerted approach following on from definition and discussion of actionable priorities with providers.

Stage C of *Figure one* was developed to support this process, alongside checklists of areas for dialogue and likely problems for discussion, as reflected in slide pack three.

12. DEVELOPING A 'ROADMAP'

The roadmap serves as the implementation plan for the LSIP, helping to ensure that LSIP priorities are addressed by the relevant stakeholders. Work will be required to firm up actionable priorities and agree an implementation timetable with providers. Progress against the roadmap will need to be monitored and may result in new actions.

Note that skills system priorities (see section 9 above) will need to be taken forward, usually via project teams across local organisations. Some will need to be allocated to specific stakeholders (slide pack three covers this in more detail). A template table for ERBs was also produced to help analyse their actionable priorities in terms of implementation and support development of a roadmap.

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3 In 2023 ERBs, were required to produce emerging priorities by the end of March and while this may not be required in future, this step does help ERBs consult with providers to develop and refine actionable priorities.

13. THE LSIP REPORT
(SLIDE PACKS TWO AND THREE)

The DfE guidance on report structure provides the model for drafting the LSIP report. It should be noted that the LSIP is both a process and a report (and they are not the same).

14. STAGE 2

ERBs have several key considerations as they look towards Stage 2 and the process of implementing the changes outlined in Stage 1. There is a risk that providers may focus on the contents of the potential Local Skills Improvement Fund (LSIF) investment, rather than the LSIP – i.e. that the latter is only of use to providers as a route to accessing the former. There is also emerging evidence that draft college Accountability Statements vary considerably in terms of their alignment to LSIP emerging priorities.

ERBs will need to maintain continued dialogue with providers as a core part of their stage 2 activity, in areas such as:

- Ensuring clarity of responsibility for the delivery of actions contained within the roadmap.

- Monitoring the impact of the LSIP, so that the ERB can understand how provision is altering in response (without micro-managing providers). This could be addressed via the annual review of the LSIP.

- Research 'deep dives' to examine particular challenges where the actionable priority and/or the response to the actionable priority is unlikely to address the key issue highlighted by employers.

- Keeping the LSIP under ongoing review in accordance with Stage 2 guidance, including reporting annually on progress.

- Long-term governance.

ANNEX A

Guidance note: funding policy

The basis of funding policy can be summarised as:

- Training required by employers for their existing employees to perform their normal functions is usually paid for by employers rather than public funding. This relates to much of the training in the boxes on the left of *Figure one*.

- Apprenticeships are the main exception to this for perhaps two reasons. Firstly, employers pay for apprenticeship collectively via the Apprenticeship Levy. Without collective investment some would not train at all and employers are concerned regarding poaching of trained staff. Secondly, apprenticeships train beyond the relatively narrow needs of a single employer towards full occupational competence. This gives the learner a portable occupational skillset that is relevant to many employers. Apprenticeships are fundable for all employees of age 16+, at levels 2 to 7, and do not require the apprentice to be a newly recruited or promoted employee. Apprenticeships can be used for employer skills gaps as long as at least one year of training is needed (once prior learning has been deducted). This includes those promoted into management.

- The other main funded programmes (16 to 19, AEB and Higher Education[4]) offer funding for the individual learner rather than the employer. This funding is typically paid centrally to the provider, although in other cases, such as HE student loans, the individual will need to apply directly for the funding themselves. These education programmes prepare the future workforce and therefore are a key component of skills supply. ERBs may find the occupational destination of these learners after they complete technical courses to be particularly useful for the purposes of the LSIP. However, ERBs may need to give some thought as the how they could obtain and analyse this information, which is not yet captured in the current FE destination tracking system, although other outcomes (such as salaries) are now being reported via the Unit for Future Skills.

- At the margins of these programmes there is some ability to fund the training of employees related to their current occupation – notably via specific elements of the Adult Education Budget (AEB)[5] as well as via Skills Bootcamps which, although primarily targeted at individuals who are unemployed or changing career, can be used by employers to upskill existing staff for a 30% co-investment fee. New AEB guidance has been issued allowing 'innovation' for a proportion of the budget focused on meeting 'emerging employer need'. AEB devolved to CAs may already prioritise courses ERBs are keen to develop. These flexibilities may still require a qualification which allows the learner to have something to offer other employers. Employees with basic or employability skills needs, and/or those who have minimal to no qualifications, will be given priority. The AEB budget is limited and significant proportion may be used for basic skills rather than training that employers might be expected to pay for. In *Figure one*, the boxes on the left (e.g. 'new machinery') are the least likely to be funded with those more likely to be funded positioned

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4 HE funding will soon also include the new Lifelong Learning Entitlement (LLE) to offer flexible funding for learners to undertake shorter HE training during their lifetime.

5 This links to national AEB funding guidance – see specifically section 2 (entitlements and flexibilities) and charts 1 and 2 (though this may differ in CA areas).

towards the right. The risk of these marginal flexibilities is that they can confuse employers into thinking that almost any training can be funded. Equally, they may cause providers to chase such flexibilities when good quality commercial (i.e. fully fee charged) or employer delivered training could be developed.

ANNEX B
Guidance note: describing & categorising employer needs
In line with DfE LSIP statutory guidance, priorities will emerge from work undertaken on stages A (articulating employers' skills needs), B (translating needs into provision) and C (addressing learner demand and employer engagement) of LSIP development; priorities will also be iterated over time. Each ERB will have its own method for making decisions about what constitutes a priority.

Recruitment difficulties
LMI and research work will tend to yield information on occupations in short supply. Occupations used in every day or sector-based language will be relatively easy to determine (although they may be expressed in terms of job titles, it should still be straightforward to identify the occupation). For less skilled occupations (e.g. manufacturing production operatives) and service sector occupations (e.g. retail assistant), where many of the skills are seen as desired skills, employers are often very willing to deliver relatively short on-the-job training to achieve (or get close to) occupational competence. Recruitment difficulties here are often about labour shortages (due to pay and/or conditions), or that the people available are not seen to have the necessary essential skills. ERBs will have to decide where they draw the line between a skills shortage and a labour shortage and whether the latter would be alleviated by employability skills training. Where a recruitment problem is caused by a labour shortage, the solution is less likely to be a skills priority, although this is still possible. Full-time AEB funded programmes as well as recruitment approaches, such as Jobcentre Plus's Sector Based Work Academies, could assist in addressing weaker employability skills.

There are two systems available for classifying occupations, the Standard Occupational Classification (SOC) and the Occupational Maps produced by the Institute for Apprenticeships and Technical Education (IfATE). SOC is essential for statistical purposes and all the LMI sources and systems use it. The Occupational Maps have a number of advantages for ERBs in articulating employers' skills requirements and working with providers, in that they:

- Are very easy to use, see: https://www.instituteforapprenticeships.org/ occupational-maps.

- Have an occupational focus and support a link to education and training provision.

- Provide the standards for occupational competence – the skills, knowledge and behaviours (transferable/soft skills) which the occupation contains. These are sometimes called 'apprenticeship standards' but they are really occupational standards, which apply equally where apprenticeships are not involved.

- Contain occupational titles and standards developed by employers.

- Define the level of the occupation, which has an impact on how related skills training is delivered and funded.

- Are based on routes, pathways and occupations explicit in the curriculum for apprenticeships and T Levels and referenced increasingly in other technical qualifications.

- Are being used by many colleges already.

You can download a spreadsheet mapping SOC codes to the Occupational Maps, via this link.

The below outlines one possible way of approaching the recruitment side of *Figure one*, within the LSIP development process.

1. Define and list the occupations in short supply using labour market intelligence and/or research (within strategic priorities).

2. Identify which are people shortages as opposed to labour shortages.

3. Determine which of the people shortages could be alleviated by skills programmes.

4. Check the remaining (skills shortage occupations) against labour market SOC data (if not already).

5. Agree priority skill shortage occupations and align to apprenticeships, further education and higher education as the preferred programme 'actionable priority' in response.

6. Where research has been done that provides detailed information about specific occupational skill requirements, check this against the content of the occupational standards (knowledge, skills and/or behaviours) and where there are discrepancies, record them for providers. If any of these discrepancies are particularly notable, you should also consider sharing your feedback with IfATE.

7. Check the content and scale of existing provision against the requirements and create priorities and LSIP actionable priorities accordingly.

The above should help ERBs to identify both a list of priority skill shortage occupations and a list of occupations that could be alleviated by employability skills programmes. It will also provide skills, knowledge and behaviour content to add into local apprenticeship, full-time 16 to 19 further education, AEB and HE programmes.

Existing employees
The process for categorising and describing skill needs that relate to existing employees is arguably more complex. The method used in the diagram has been chosen in order to link to funding possibilities. Using the left hand side of the diagram as a reference, ERBs may wish to focus on just one, some or all of the five areas listed here. DfE's LSIP guidance also says ERBs may provide '*articulation of cross-cutting issues such as low carbon, digitalisation and essential and transferable skills affecting business in all sectors*'. Employers are also likely to have raised issues around basic skills (such as numeracy, literacy and language) and upskilling. 'Skills gaps' as used here, is defined as the difference (or gap) between the skills that an employer needs in their staff and the skills that their workforce currently possess.

Commenting on each box in turn:

- **New: processes, machinery, regulations, health and safety**. This is core territory for employers to deal with themselves, via commercial training, and/or through the suppliers of machinery (who often offer training alongside the sale of new equipment). It is unlikely to feature as an LSIP priority except in exceptional circumstances where some discretionary public funds are made available e.g. a new industrywide and game-changing regulatory initiative.

- **Essential skills.** There has been a large amount of research work in this area over many years, leading to various terms and lists to describe these attributes, which can be confusing. Essential skills, known also as transferable skills or generic skills required by most employers for most of their employees, might include teamwork, listening, analytical skills, problem solving, time management etc. 'Behaviours' as used in the apprenticeship standards is a similar concept. However, these are often mixed up with personal attributes or personality traits such as dependability, resilience or self-motivation. These distinctions are important to ERBs because whereas transferable skills can be learnt and, to some extent, taught by providers and employers, innate traits may not change or may change over time or as a response to something other than training.

Essential skills required at work:

- Are important to employers both in terms of recruitment and progression.

- Can be taught and learnt, whereas personality traits may become a matter for selection (for a course, apprenticeship or job) rather than training.

- Are learnt most effectively in the context of the occupation in the workplace.

- Are difficult to assess with validity out of context and even in context, their assessment can be quite subjective.

- Can be taught and learnt in classroom settings, although opportunities are more limited as compared to those in the workplace. However, developing these skills in the education system is very important for entry to working life.

Essential skills have been separated from basic skills in the diagram because the latter are easier to learn/teach out of context and are more likely to be funded. It may be possible for some essential skills training to be funded separately although more usually these skills will be built into occupational training and technical education programmes.

The Skills Builder Partnership offers a set of eight 'Essential Skills' which combine the important transferable skills with communication skills and provides a full set of learnable outcomes related to each of these. It can be found here: The Skills Builder Partnership.

Survey work may need to be quite large-scale in order to define those essential skills which genuinely apply across most employers and it is advisable to check other available research first. Essential skills requirements as surveyed by employers may also vary substantially in different sectors and occupations. In addition 'behaviours' as determined by employers, are defined for each apprenticeship standard and so can be checked there.

- **New: Technology, Low Carbon and Digitalisation.** Many ERBs will cover cross-sector Low Carbon and Digitalisation skills. The DfE guidance refers to skills relevant to all employers but there are perhaps five types of requirement here:
  - Skills and knowledge required by the vast majority of people working in most sectors.
  - Skills and knowledge required for most workers in specific sectors, e.g. most people in the construction sector need a good understanding of low carbon technologies and their uses.
  - Significant additional knowledge, skills and behaviours required for specific occupations within sectors e.g. plumbers installing heat pumps.
  - Skill needs and specific skills required by manufacturers.
  - New occupations within certain sectors e.g. such as the wide range of digital occupations that are coming into existence, or in construction 'Low Carbon Homes Assessor' or 'Retrofit Assessor'.

This box in the diagram focusses primarily on first three bullets above. It may be possible for training related to these elements to be funded. For example, when a technology is new, public authorities may allocated limited public funds to help speed up its adoption and ensure an appropriate number of people are adequately trained in its usage.

Funding is available for the last bullet via apprenticeships and FE/HE programmes although funding flexibilities may need to be used for very new occupations, which as yet have no related apprenticeship standard or qualification.

- **Basic Skills.** This refers to skills in numeracy, literacy, communication and ESOL that are considered essential for most occupations. They are separated from the other transferable skills because they are easier to teach separately outside of the occupational context and are a high priority for funding. Full-time and part-time AEB funded programmes are the most common route to improving these skills, although there may be elements of basic skills training found in other routes (e.g. English & Maths upskilling within apprenticeship delivery).

- **Occupational Upskilling/Technical Skills Gaps/Management Skills.** These are often the most substantial skill requirements for most employers relating to existing employees. Any occupational training requiring longer than one year will normally be open to apprenticeship funding. Around half of all apprenticeship starts are by learners who are existing employees and therefore they are likely to have significant prior learning on entry and/or are being promoted to a new role.

  Part-time FE and HE are important funding sources for employed people who want to change their occupation, usually because they want to move into a more highly skilled career (while still earning income from their current job). It is difficult for many adults to leave their employment and retrain for a new career even if a student maintenance loan is available, therefore part-time courses can be very popular. A new government policy will soon introduce the Lifelong Loan Entitlement (LLE), which is designed to create a more diverse HE offer including more modularised, bite-sized provision. The LLE will also support new opportunities for flexible upskilling provision from the

planned growth in higher technical education at levels 4 and 5 (delivered by FE and HE providers), to equip more people with the higher technical skills employers seek. Taken together, these reforms could prove useful in creating a larger market in high quality learning programmes where people may be able to leave employment for a shorter period than currently required for full degrees. Management programmes can usually be apprenticeship funded but prior learning must be declared where the learner is already working as a manager. Short course programmes, designed to improve existing managers' performance, are usually commercially funded.

The process for the left-hand side of the diagram might therefore look something like this:

1. Gather skills requirements and categorise as suggested, or use your own categorisation (which relates to funded programmes or elements such as client groups).

2. Link to sectors and occupations where appropriate and check whether the skills are already included in the current occupational standards.

3. If included in the standards, decide whether the skills are a priority for the existing workforce. The action in response might then be an initiative to bring existing workers up to date around a group of skills.

4. If not included in the standards then take action to add in the skill requirement locally via providers (and perhaps also feedback to IfATE), together with action as in point 3 above.

5. Where requirements relate to most occupations across sectors or within one or more sectors, consider priorities for groups of skills and specific initiatives as necessary.

For early work on priorities, this process may well be short circuited, and steps 1 and 5 alone may be sufficient.

Writing skills statements
During the course of developing an LSIP, ERBs will need to create skills statements reflecting what employers have said. The most employer-friendly and consistent way to do this would be to follow the same method as articulating occupational standards. Later in the process, ERBs will need to convert these into 'actionable priorities'. Guidance on development of occupational standards can be found here: What is an Occupational Standard? / Occupational standards / Institute for Apprenticeships and Technical Education

ANNEX C

Guidance note: sources of labour market data

The purpose of an LSIP is to help build more responsive and flexible technical education provision that better meets labour market needs. For ERBs to do so effectively requires them to build a solid understanding of the existing pattern of technical education delivery in their area, as well as data relating to demand for skilled labour. Equipped with this knowledge, ERBs are better able to:

- Understand which occupations and sectors are pivotal to the current and future economic wellbeing of their area.

- Know the scale and scope of current technical education delivery that is relevant to LSIP actionable priorities, including within priority sectors.

- Identify the colleges that appear to have specialisms that are relevant to LSIP priorities, to help focus dialogue with these providers.

- Detect gaps in provision, thus informing the actionable priorities contained within the LSIP.

- Understanding whether or not colleges already deliver provision that is well aligned with LSIP priorities, noting that many colleges consider that they already respond to all local priorities.

Some data on publicly funded provision is put into the public domain. Outlined below is a brief guide to these sources, including where to find them and how to use them.

Occupational employer demand data

LEPs and CAs have published labour market information that can assist ERBs in understanding trends in employer demand. Some LEPs and CAs have utilised commercial products that, for a fee, report online vacancies and aim to project future demand at the level of individual occupations (using four digit SOC codes). These model-based projections rarely prove to be wholly accurate at the level of the individual occupation but can provide a useful view of the likely trend in demand over time.

ERBs without access to commercial systems must rely on information about current and projected labour demand that is already in the public domain. Local breakdowns of online job advertisements were provided to ERBs (using data drawn from Adzuna, which ONS has been using for experimental regional data on online job adverts). This data is helpful, although it requires careful interpretation in relation to sectors such as construction, where online job adverts are less commonly used to fill vacancies.

Other publicly accessible sources of demand data include:

- **Skills Imperative 2035** provides projections of future workforce skills requirements within each LSIP area. It disaggregates this data by two-digit SOC code[6] (encompassing groups of similar occupations), showing current and forecast numbers of people working within each group and how these volumes are likely to change in future. By itself this is not sufficiently granular for the purposes of an LSIP (where four-digit SOC code data is needed), but it can show broad trends by occupational group. Importantly, the forecasts show where total demand for skilled labour is growing over time ('expansion demand') as well as where demand is being created by people leaving the workforce ('replacement demand'). The latter generates many more vacancies than the former, because it is driven by vacancies that arise when existing workers retire or leave the occupation.

- **Earnings and hours worked** is published by the Office for National Statistics (ONS). There is no reliable salary data by LSIP geography but good quality information exists at the national level. This data is at the most detailed four-digit SOC code and can help ERBs determine the occupations that are most productive (salaries being a proxy for productivity).

- **Workers by occupation in region** reports the number of people working in a local area by four-digit SOC occupation. Published by ONS in 2021, the data shows the number of people working in each occupation by NUTS3 area (an EU geography that disaggregates England into over 130 local areas). These can be combined to provide an indication of the likely numbers of people working in each occupation in an LSIP area, although data is missing for many jobs in some areas due to low sample size.

Technical education provision data
Provision data has an important part to play in helping ERBs to understand technical education delivery in their area, including whether gaps exist in the offer relative to local employer skills needs.

Every year, CAs and LEPs receive a copy of the **ESFA Localities Data Cube** – an large data file detailing all DfE-funded post-16 further education learning undertaken by residents of the LEP or combined authority area (including full-time 16-19 study programmes, 19+ adult education and apprenticeship delivery). Some LEPs and all combined authorities use this data to inform labour market intelligence and other publications, such as LEP local skills reports. LEPs and MCAs are not permitted to share the ESFA data cube with ERBs, though LEPs can use the data cube to inform responses to data enquiries they received from ERBs.

The same dataset feeds provision data tools used by further education providers, most notably **RCU Vector,** a system to which most colleges subscribe. RCU Vector enables colleges to understand the pattern of FE provision within their area broken down by categories such as provision type, learner group, learner characteristics and learning programme.

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6 Two digit SOC codes are classed as 'sub-major groups' such as 'Science, Research, Engineering and Technology Professionals' (SOC 21) and 'Skilled Construction and Building Trades' (SOC 53). This contrasts to four digit SOC codes at the level of the occupation, such as 'Mechanical Engineers' (SOC 2122) and 'Carpenters and Joiners' (SOC 5316).

However, most ERBs will be unable to access detailed information from the above sources, so guidance is provided on other datasets that are in the public domain. These require users to have a degree of knowledge about Excel (including pivot tables and PowerPivot) in order to access information they contain.

- **Apprenticeships:** DfE publishes detailed quarterly data (as '**Underlying data – apprenticeship starts**') showing apprenticeship starts, found under the 'additional supporting files' drop down menu via this link. This is a large Excel file containing up to one million rows of data, covering every apprenticeship start in England in the past three years. Each row of data usually corresponds to a single apprentice and can be analysed by 20+ variables, including learner residence (allowing learners who live in the LSIP area to be selected), apprenticeship standard, name of apprenticeship provider, route, age band of the apprentices, duration of employment, and so on. Using pivot tables enables analysis to be undertaken, which can be useful. This type of analysis can be useful for understanding the scale of delivery, identifying key providers within occupations and sectors (to help shape ERBs' provider engagement), and in particular whether gaps at the level of the route or sector are apparent.

- **Full-time 16-19 further education** usually comprises the largest share of college-based technical education activity. High level 16-19 delivery data is derived from achievement rate publications, which show how many full-time FE learners aged 16-18 left their course at the end of the summer term (having usually enrolled one or two years earlier). This can be found via the 'Education and Training Achievement Rates – By Provider and Provider Type' dataset, found via the 'additional supporting files' drop down menu, available on this webpage. This can be filtered by qualification type and level, however this data cannot be broken down by learner residence or course title.

- A **Further Education and Skills** dataset provides detailed data on 16-19 and 19+ adult education delivery in England. This is a huge data file (over 2 million rows of data) which exceeds the usual capacity of Excel, so software add-ons such as PowerPivot are required to access the available data. As with the apprenticeship data, the main landing page (available here) contains a drop down 'additional supporting files' menu, from which 'Underlying data – FE and Skills aims enrolments' should be selected. Care is needed with this data as it includes apprenticeships (albeit in less detail and in a less user-friendly format than in the dataset referenced above). To see adult education data, users should only select data from the 'ET_19P_Aims_Enrolments' column on the right hand side. A myriad of learning aim types are available[7], which vary in duration from a few days to a few years. For 16-19 provision – which, as noted above, usually comprises the largest share of a college's activity – only select data from the 'FES_all_age_aims_enrolments' column (setting other filters on the right to zero) – and filter the remaining data by learner age ('Under 19'). This yields a significant, detailed dataset that can then be sorted by learner residence and qualification type (e.g. excluding A Levels) to identify delivery of technical education to young people within an LSIP area. The very diverse range of learning aim titles contained within this dataset also means that ERBs will be able to search for specific skills requirements and terms which may have been highlighted by employers to highlight any specialist provision within or outside their area.

7 A brief guide to the key learning aim types is available here: https://oxbridgehomelearning.uk/blog/award-vs-certificate-vs-diploma-whats-the-difference/