

**Report to:** Employment and Skills Committee

**Date:** 13 July 2023

**Subject:** **Influencing the System**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this Report

- 1.1. To provide an update to the Committee on the developments of the Local Skills Improvement Plan (LSIP) which has been submitted to DfE for approval by the Chambers of Commerce in West Yorkshire, with Secretary of State for Education expected to approve plans in mid July. To seek any comments and recommendations from the Committee on the LSIP and next steps.

## 2. Information

### Context

- 2.1 The government's 2021 White Paper *Skills for Jobs: Lifelong Learning for Opportunity and Growth* suggests that the existing skills system is not delivering the skills that the country needs.
- 2.2 In setting out its case for change, the White Paper points to significant deficits of the higher technical skills in disciplines like engineering and health that are needed to build a green economy, meet the health care needs of an ageing population and raise productivity and international competitiveness. This is borne out in West Yorkshire by evidence of the acute prevalence of skill shortage vacancies for professional level roles in engineering, health and information technology.

- 2.3 Labour market projections also indicate that demand for technical roles will grow strongly into the future. For example, the occupational category of *Science, research, engineering and technology professionals* is expected to see the biggest net growth in employment in West Yorkshire between 2020 and 2035, with 26,000 extra jobs predicted and 58,000 total job openings over the period when replacement demands are taken into account. The White Paper calls for increased investment in these technical skills both nationally and locally.
- 2.4 According to the White Paper another important example of skills mismatch arising out of the operation of the wider skills system is under-utilisation of the skills that individuals have developed, suggesting that these skills are poorly aligned with the needs of employers and the economy. This was noted in the adult skills paper submitted to the last meeting of the Committee. According to the Employer Skills Survey, around 30% of employers in West Yorkshire indicate that they employ staff with skills and qualifications in advance of those needed for the job. In addition, large numbers of people with higher level qualifications are employed in administrative, caring, retail and elementary roles (including storage and hospitality occupations) which do not have a formal requirement for these qualifications.
- 2.5 The White Paper argues that colleges and independent training providers do not have enough support and incentive to offer the high-value training and education that is needed to access technical careers. The findings of the [Augar Review](#) suggest that the existing funding system encourages providers to put on cheaper and lower-value courses which can be filled easily rather than responding effectively to labour market needs. The White Paper also calls for better articulation of employer skills needs and current gaps in provision so that providers can work together to more effectively meet local economic needs.

#### Local Skills Improvement Plans (LSIPs)

- 2.6 LSIPs were introduced as part of the Department for Education's 'Skills for Jobs' white paper in January 2021 and subsequently piloted during November 2021 – March 2022.
- 2.7 Only Employer Representative Bodies (ERBs) were eligible to lead pilots, with Local Enterprise Partnerships (LEPs) and MCAs expected to support ERBs and build on the work undertaken as Skills Advisory Panels (SAPs). This included regular analysis and reporting on the regional labour market and was overseen by this Committee in West Yorkshire. There was no trailblazer pilot in West Yorkshire, West Yorkshire Combined Authority provided a letter of support for a West Yorkshire pilot led by the Chambers at the time.
- 2.8 The aim of LSIPs is to increase the voice of the employer in the skills system as a key stakeholder to identify current and future local skills needs. The LSIP will need to set out what employers, training providers and stakeholders can

do to support the delivery of training provision to meet current and future skills needs.

- 2.9 Following the pilots, DfE designated 38 ERBs to lead a three year local skills improvement plan to run to March 2025, with regular reviews to ensure their relevance. In West Yorkshire, the LSIP is being led by West and North Yorkshire Chamber, with Mid Yorkshire Chamber.
- 2.10 Changes to the law have been made to ensure that there is a duty to cooperate for providers of post-16 technical education and demonstrate how they are doing this through Accountability Agreements with DfE; Ofsted inspections, annual reports, review of performance and the Department's Performance Dashboard.
- 2.11 Accountability statements are a new requirement for funding for post-16 technical education providers which were needed to be submitted by May 2023 against the draft LSIP priorities agreed at the end of March 2023.
- 2.12 The development of the LSIP has been led by the Chambers, with support from an advisory Board made up of members from the provider landscape, local and the Mayoral Combined Authority. The group has met regularly to provide support, advice and guidance to the Chambers and development of the plan.
- 2.13 The Chair of this Committee invited a senior representative to join the Committee to support integration and alignment of the plan with wider strategic priorities and devolved delivery of skills programmes to ensure the best use of resources in the Region. At the last meeting, this Committee was updated on the business engagement activity and the development of the plan, including its key priority sectors:

- Health and Social Care
- Engineering and advanced manufacturing
- Financial and professional services
- Low Carbon
- Digital and Technology
- Creative Industries
- Education
- Construction
- Transport and Logistics

and cross-cutting themes:

- Net zero transition and sustainability
- Transferable skills
- Equality, diversity and inclusion (EDI)
- Leadership and management

- 2.14 The draft plan was submitted to DfE on 31 May and is currently being reviewed by the Department before it can be shared more widely. Feedback is expected by ERBs by mid June 2023 including any requirements for further information, evidence or clarification demonstrate alignment with the statutory guidance and that the LSIP is fit for purpose before re-submission. The Secretary of State will approve LSIPs by 21<sup>st</sup> July before they are published on gov.uk at the end of July or October dependent on any revisions required.
- 2.15 In line with the published guidance, officers of the Combined Authority were asked to provide a statement submitted with the LSIP to confirm their involvement with the development.

Local Skills Investment Fund (LSIF)

- 2.16 The LSIF is intended to enable FE providers to support the delivery of LSIPs in an area. £80m of funding is available for 2023/24 with a 50:50 capital and revenue split, with £85m (capital) available the following year at the national level. A maximum amount is available based on the size of the working population, current skills attainment levels and productivity level of the area. Regional proposals cannot exceed these values.

LSIP Area	Funding Ceiling		
	2023-24	2024-25	Total
West Yorkshire	£3,383,296	£3,594,752	£6,978,048

- 2.17 The funding is intended for new investment in facilities and equipment, fund the delivery of new courses and curriculum, support college leadership, governance and teaching especially at levels 3-5.
- 2.18 The fund is a two-stage process that includes an expression of interest from a lead applicant by 20 June, with further guidance expected for stage 2. Up to £100,000 funding mobilisation finding is available to support the development of the second stage. Where more than one EOI is submitted in an area, the endorsing ERB will be asked to resubmit a single application form.

**3. Tackling the Climate Emergency Implications**

- 3.1. There are no climate emergency implications arising from this report. Net zero transition and sustainability are a cross cutting theme of the LSIP and the Region may benefit from funding for green skills through the LSIF if the lead provider is successful in their application to DFE.

**4. Inclusive Growth Implications**

- 4.1. There are no inclusive growth implications directly arising from this report.

**5. Equality and Diversity Implications**

- 5.1. There are no equality and diversity implications directly arising from this report. Equality, diversity and inclusion (EDI) is a cross cutting theme of the LSIP and the Region may benefit from funding for interventions with improved EDI outcomes through the LSIF if the lead provider is successful in their application to DFE.

## **6. Financial Implications**

- 6.1. There are no financial implications directly arising from this report.

## **7. Legal Implications**

- 7.1. There are no legal implications directly arising from this report.

## **8. Staffing Implications**

- 8.1. There are no staffing implications directly arising from this report.

## **9. External Consultees**

- 9.1. No external consultations have been undertaken.

## **10. Recommendations**

- 10.1. That the Committee notes the contents of this report.

## **11. Background Documents**

There are no background documents referenced in this report.

## **12. Appendices**

None.