



Skills Funding
Agency

Local Enterprise Partnerships (LEPs): increasing their influence on skills budgets

February 2015

Of interest to colleges, training organisations, employers and LEPs

This document sets out detail of how the Government and Skills Funding Agency (SFA) will ensure that commitments made in the [Local Growth Deals](#) announced in July 2014 will be met through the skills funding system.

Policies, guidance and frameworks supporting LEPs' aspirations for influence and control over skills provision were embedded in Government's overarching commitment on skills included in the Local Growth Deals.

Government committed, through the SFA, to support the process to ensure that provision meets local priorities and that increasing responsiveness is delivered through a three-pronged approach involving procurement, accountability and allocations and intervention.

Government also committed to set out revised information for LEPs on how they can take advantage of this approach and options for seeking advice if provision is not responsive to their needs. The SFA is now meeting this commitment by publishing this information on how LEPs can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied with the pattern of delivery.

Additionally, Government stated that it will seek to improve the provision of skills data for LEPs and will develop and publish new reports that will quantify and assess responsiveness to local skills needs. Through work linked to this document the SFA is providing all LEPs on a regular basis with data that informs them about the provision delivered in their areas.

The SFA is committed to work with LEPs to enable them to influence the use of all skills budgets in their localities, to support them in engagement with the skills sector and demonstrate to them the actions available if they are dissatisfied with the pattern of delivery.

Many of the powers, freedoms and flexibilities required by LEPs are available through existing approaches and interpretations of current policy and guidance.

Action / Process	What government will do	How LEPs can support the process
Using governance to influence.	<p>Skills Funding Agency (SFA) funding agreements will require colleges (and other training organisations) to demonstrate that they have a relationship with their Local Enterprise Partnership (LEP). For example, board membership, case studies, letters of support, involvement in LEP groups such as Employment and Skills Boards, task groups, and skills networks.</p> <p>As part of their funding agreements, the SFA will require colleges and training organisations to explain to LEPs the details of their planned training provision and how it aligns with key local economic development priorities.</p>	<p>LEP members may consider joining college governing boards and inviting colleges to be represented on LEP boards, to support mutual accountability.</p> <p>LEPs may monitor and review business representation on college governing boards in their areas. They can then judge whether it is sufficiently strong and well informed to ensure that colleges are considering economic development priorities in their planning.</p> <p>LEPs can ensure that local leadership structures (for example Employment and Skills Boards) facilitate a conversation between the key local stakeholders, strengthening the links between the training that colleges and training organisations provide and the needs of local employers.</p>
Opportunities to influence through the annual funding allocations process.	The SFA will engage with LEPs to discuss skills priorities and where possible will take these into account when considering significant funding allocations.	LEPs can develop the evidence base to support their strategic skills priorities, and, working with the local colleges, feed this

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	<p>Through guidance on college governance BIS will set a clear expectation that college business plans should reflect discussions with LEPs and show how these will contribute towards meeting local economic growth priorities.</p> <p>2015 to 2016 allocations to colleges and training organisations</p> <p>SFA funding allocations letters will link college and training organisation allocations to the requirement to engage with LEPs. We will reinforce this further through SFA contracts and funding agreements for the academic year 2015 to 2016. These will require colleges and training organisations to demonstrate engagement with LEPs in geographic areas in which they have substantial delivery.</p> <p>The SFA is willing to amend allocations if colleges and training organisations collectively agree with a LEP to redistribute funding to meet local priorities and demands that the LEP identifies.</p>	<p>evidence to the SFA for consideration as part of the annual funding allocation process.</p> <p>By communicating their current skills priorities clearly, LEPs can ensure that colleges and training organisations have consistently high levels of awareness of them.</p> <p>By leading on stimulating greater employer demand for skills, LEPs can generate greater private sector investment in their skills priorities.</p>

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	<p>The SFA will publish funding allocations by LEP based on colleges and training organisations located in the LEP area.</p>	
<p>Using the Performance Review and Management process to influence the system.</p>	<p>The SFA will take LEP views into account at the review and allocation process to inform reallocation of underspends within national priorities.</p> <p>2014 to 2015 As part of the apprenticeship and traineeship growth request process, subject to available funding the SFA will prioritise credible growth cases which the college or training organisation can demonstrate will meet specific local skills needs.</p> <p>On an exceptional basis, and where they have demonstrated that there is no unmet apprenticeship demand, colleges can request to move funding from their apprenticeship allocation to their other Adult Skills Budget (ASB) allocation. We will assess these requests against robust criteria, including whether the LEP supports it.</p>	<p>By providing timely, balanced, objective information, LEPs can help ensure that movement of skills funding accurately reflects local priorities and needs.</p>

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	<p>2015 to 2016</p> <p>The SFA will develop and propose a process that will incorporate LEP views of college and training organisation responsiveness.</p> <p>The SFA will explore methodologies that will enable movement of available funding within LEP areas to meet local priorities.</p> <p>The SFA will implement the outcomes of the Skills Incentive/5% Pilots from 2015 to 2016, subject to their successful conclusion and ministerial approval,</p>	
<p>Influencing where local provision does not meet LEP priorities.</p>	<p>Where local skills priorities are not being met and none of the local training organisations has the capacity or capability to deliver the LEP-focused provision, the SFA will work with the LEP to explore ways of meeting demand. This will include discussion of all options with the LEP and existing training organisations, including use of the European Social Fund (ESF), subcontracting provision or use of ASB allocations to local authorities, where available. (The SFA will work with LEPs and constituent local authorities to optimise their funding allocations.)</p>	<p>Through work with the SFA and colleges and training organisations to understand the developing economic landscape and anticipate emerging opportunities and skills demands, LEPs will help direct funding to meet priorities.</p> <p>LEPs may wish to work with their constituent local authorities in receipt of ASB to identify whether they are able to meet demand themselves.</p> <p>The SFA will invite LEPs to assist and support procurement exercises, for example assess</p>

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	<p>If it becomes evident that existing resources cannot meet an immediate need, and if additional funding is available, the SFA may undertake an appropriate procurement exercise, consistent with current funding and commissioning rules.</p>	<p>bids (subject to conflicts of interest) for training provision to meet local unmet demand.</p> <p>LEPs could consider whether there is more to do to increase private investment in skills and make more non-publicly funded training provision available locally.</p>
<p>Provision of skills data.</p>	<p>The SFA will provide a Skills Data Cube to LEPs, updated three times each year, along with a number of other specific reports.</p> <p>The SFA will continue its consultation process with LEPs (through a representative Data Group) to support continued development and improvement of data provided to LEPs.</p> <p>The SFA will establish a memorandum of understanding or annex to the partnership agreement with LEPs, setting the level of service and support to be offered for data provision.</p> <p>Through funding agreements colleges and training organisations will share data with LEPs (subject to commercial and data protection considerations) to support analysis of local skills needs, demand and delivery.</p>	<p>LEPs will need to agree to the data-sharing protocol to access the Data Cubes.</p> <p>LEPs can work with the SFA through the Data Group to support continuous development of the data offer.</p>

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<p>ESF – commissioning and procurement.</p>	<p>The SFA will invite colleges and training organisations that have joined the Register of Training Organisations to bid for ESF provision, unless the specification is for delivery of Goods and Services, in which case we will use open competition.</p> <p>Through discussion with LEPs, the SFA will ensure that specifications for ESF invitations to tender will include requirements that colleges and training organisations demonstrate a track record of delivery to LEP priorities, engagement with LEPs, knowledge of local needs and LEP strategies and so on.</p> <p>The assessment process will involve LEPs (if required) in consideration of tenders and participation in assessment panels and interviews and decisions on contract awards.</p> <p>The SFA will work with LEPs to secure alignment of funding streams (ASB, other SFA, ESF and other sources) to optimise resources across the LEP area.</p>	<p>LEPs will engage with the SFA in the procurement process to ensure their requirements of colleges and training organisations in terms of track record, knowledge and engagement are clearly defined and specified.</p> <p>LEPs may make themselves available to participate in the assessment and award process, subject to abiding by a conflict of interests protocol.</p> <p>LEPs can work with the SFA to secure alignment of funding streams (ASB, other SFA, ESF and other sources) to optimise resources across the LEP area.</p>

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<p>ESF – review of performance.</p>	<p>The SFA will offer an ESF Performance Management Procedure, which will be sufficiently flexible to enable LEPs to take the role they feel appropriate to their capacity and requirements in monitoring provider delivery and controlling contract development.</p> <p>The SFA will gather performance information from contractors and report to LEPs on a regular (agreed) basis performance against targets and will recommend actions, including growth or reduction of contract value and interventions.</p> <p>The SFA will assist and support LEPs in establishing and operating operational steering and management groups for ESF provision that will monitor performance against LEP requirements.</p> <p>For ESF, the SFA will accommodate LEP views of qualitative performance in contract review, including contract value.</p>	<p>LEPs may take a lead role in monitoring and reviewing ESF performance.</p> <p>LEPs may ensure that contract specifications include requirements to report management information on the nature of delivery to enable full qualitative performance review.</p> <p>LEPs can discuss performance reports and SFA recommendations.</p>



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