# London's skills strategy begins to show promising early results amid ongoing challenges



An ambitious employer-led strategy aimed at boosting skills and employment opportunities in London is beginning to yield tangible results, according to a recent progress report on the London Local Skills Improvement Plan (LSIP). This government-backed initiative, driven by BusinessLDN in partnership with key business organisations such as the Federation of Small Businesses London, London Chamber of Commerce and Industry, and CBI London, seeks to close persistent skills gaps across the capital by fostering stronger collaboration between employers, educators, and government bodies.

Launched in August 2023 after extensive consultation with over a thousand employers and stakeholders, the LSIP represents the most comprehensive effort to address London’s labour market challenges. It focuses on better aligning training provisions with employer demands, particularly in high-growth sectors such as technology, life sciences, and green industries. Early indicators of success include a 4.3% increase in apprenticeship starts in the academic year following its launch and the completion of more than 1,000 work experience placements funded by the UK Shared Prosperity Fund. Additionally, there has been a notable rise in employers signing up for the Mayor’s Good Work Standard, a scheme recognising firms that excel in supporting their workforce.

The LSIP supports multiple complementary initiatives across London, including the development of sector-specific skills hubs like the West London Retail Skills Hub, targeted at helping jobseekers enter the retail sector. Charitable organisations such as Workwhile are facilitating LSIP-funded apprenticeships, while the Get London Online campaign combats digital exclusion by distributing refurbished devices to Londoners at risk of being left behind. These initiatives underscore the plan’s holistic approach to increasing workforce readiness and inclusion.

Despite these positive developments, challenges remain. Nearly 38% of businesses surveyed report ongoing skills and capacity shortages within their workforce, with costs identified as the primary barrier to further upskilling. Continuing reforms are planned, particularly in line with the Government’s upcoming post-16 Skills Strategy and apprenticeship levy reforms, which aim to make skills development more accessible and responsive to employer needs. The Greater London Authority (GLA) is concurrently developing an Inclusive Talent Strategy to further align London’s skills system with evolving labour market demands, especially as emerging technologies like artificial intelligence reshape the future of work.

Business and policy leaders involved in the initiative underscore the importance of sustained collaboration. Muniya Barua, Deputy Chief Executive at BusinessLDN, highlighted the plan’s role in future-proofing the capital’s labour market by facilitating strategic partnerships. Anneka Hendrick, Regional Director for London and South East at the Confederation of British Industry London, stressed the importance of focusing on digital, green, and transferable skills to maintain London's competitive edge. Similarly, Liz Giles from the London Chamber of Commerce voiced optimism about the palpable improvements in apprenticeship opportunities and industry-education collaboration.

Small businesses, pivotal players in London's economy, have also experienced benefits from the LSIP’s employer engagement efforts. Laura Timm, London Regional Chair at the Federation of Small Businesses, welcomed the progress but pointed out ongoing challenges, particularly the financial barriers to training and the need to broaden access to digital and green skills for firms of all sizes.

However, the broader context reveals that London continues to face significant hurdles in apprenticeship uptake. Research shows that the city still has the lowest apprenticeship starts per 1,000 working-age residents in the UK, with a sharp decline in new apprenticeship opportunities over recent years due to factors such as stringent visa and worker sponsorship rules. This recruitment strain has intensified concerns about London’s ability to meet its workforce needs in a competitive, high-cost housing environment.

The LSIP aims to address these gaps through its coordinated approach to skills and employment, backed by substantial funding and policy support. The Greater London Authority has pledged to fund 4,500 apprenticeship placements for young people aged 16-19 by early 2025, with the Grow London Local hub established to guide smaller businesses through the complex skills landscape.

Overall, the LSIP sets a critical framework for balancing employer demand with the skills pipeline, intending to foster a more inclusive, resilient, and future-ready labour market in London. Continued monitoring and adaptation will be crucial as technological and economic shifts demand ever-greater agility from skills systems across the capital.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/), [[4]](https://www.businessldn.co.uk/news-publications/blog/london-lsip-report-approved-by-government)
* Paragraph 2 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/), [[3]](https://www.businessldn.co.uk/news-publications/news/londons-business-groups-unveil-roadmap-to-tackle-skills-crisis), [[4]](https://www.businessldn.co.uk/news-publications/blog/london-lsip-report-approved-by-government)
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* Paragraph 4 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/), [[2]](https://www.businessldn.co.uk/news-publications/news/plan-to-address-skills-shortages-bearing-fruit-but-more-needed)
* Paragraph 5 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/)
* Paragraph 6 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/), [[3]](https://www.businessldn.co.uk/news-publications/news/londons-business-groups-unveil-roadmap-to-tackle-skills-crisis)
* Paragraph 7 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/)
* Paragraph 8 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/), [[6]](https://www.cityam.com/skills-shortages-london-continues-to-see-fewest-apprenticeship-starts-per-1000/)
* Paragraph 9 – [[2]](https://www.businessldn.co.uk/news-publications/news/plan-to-address-skills-shortages-bearing-fruit-but-more-needed), [[7]](https://www.local.london/lsip/)
* Paragraph 10 – [[1]](https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/), [[2]](https://www.businessldn.co.uk/news-publications/news/plan-to-address-skills-shortages-bearing-fruit-but-more-needed)

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## Bibliography

1. <https://www.fenews.co.uk/skills/employer-led-jobs-strategy-for-london-beginning-to-bear-fruit/> - Please view link - unable to able to access data
2. <https://www.businessldn.co.uk/news-publications/news/plan-to-address-skills-shortages-bearing-fruit-but-more-needed> - An ambitious plan to get more Londoners into jobs is already showing signs of helping employers address skills shortages, according to the latest progress update on the government-backed London Local Skills Improvement Plan (LSIP). Led by BusinessLDN, in partnership with the Federation of Small Businesses London, London Chamber of Commerce and Industry (LCCI) and CBI London, the LSIP was published last August following extensive engagement with more than a thousand employers, training providers and wider stakeholders. A year on, its progress report highlights how the plan is improving joint working between educators, policymakers and employers, with more firms working with further education colleges, delivering apprenticeships and co-creating new courses in areas such as digital and green skills. Other LSIP milestones include the creation of the Grow London Local support hub to help small firms trying to navigate the fragmented skills landscape and the Greater London Authority (GLA) pledging to fund placements for 4,500 16–19-year-olds by March 2025.
3. <https://www.businessldn.co.uk/news-publications/news/londons-business-groups-unveil-roadmap-to-tackle-skills-crisis> - An ambitious plan to tackle skills shortages, address inequality and boost labour market inclusion in London has today (Friday 11 August) been published by the city’s leading business groups, following the biggest data deep dive on the issues the capital has ever seen. The London Local Skills Improvement Plan (LSIP) sets out a blueprint for getting more Londoners into better, higher-paying jobs by better matching training provision to employer demand. It has been led by BusinessLDN, in partnership with Federation of Small Businesses London (FSB London), London Chamber of Commerce and Industry (LCCI), and CBI London, with the backing of the Mayor of London and funded by the Department for Education. The LSIP identifies the need to help employers navigate the complex and fragmented skills system. It also highlights four cross-cutting themes that should be prioritised to future-proof the capital’s jobs market: digital skills, green skills, transferable skills and labour market inclusion. Its recommendation include launching a new one-stop-shop to support job-seekers, creating a London Recruitment and Skills Support Hub to help businesses navigate the fragmented skills landscape and steps to boost digital and green skills across the capital.
4. <https://www.businessldn.co.uk/news-publications/blog/london-lsip-report-approved-by-government> - This week, BusinessLDN was delighted to see the approval of its London Local Skills Improvement Plan (LSIP). The LSIP is an ambitious plan to tackle employers’ skills shortages, address inequality and boost labour market inclusion in London, following the biggest data deep dive on these issues that the capital has ever seen. It outlines a blueprint for tackling some of the biggest challenges in London’s labour market, including better matching the supply of training with employer demand for new skills. LSIPs are an initiative funded by the Department for Education, which aim to bring employers, educators and other key stakeholders together to transform the local skills system. Over the last 10 months, BusinessLDN and its partners have conducted extensive qualitative and quantitative research on employer skills needs and system issues, engaging more than 1,000 employers, training providers, and key London stakeholders to build a granular picture of London’s labour market and create a plan for the capital.
5. <https://www.london.gov.uk/programmes-strategies/funding-and-innovation/uk-shared-prosperity-fund-ukspf/uk-shared-prosperity-fund-supporting-young-londoners> - The Work Experience strand is delivering quality work experience for students aged 16-19 who are at risk of not being in education, employment, or training (NEET). It aims to provide students with an understanding of the work environment and help them gain essential skills for life and for work. It engages students with the world of work to improve their careers education, sustain their motivation for education and training, and improve their chances of successful progression to their best next steps in education, training or employment. It also aims to build capacity of London’s education institutions to deliver quality work experience. Providers will support educators and education institutions to facilitate work experience as an integral part of the curriculum and careers education programme.
6. <https://www.cityam.com/skills-shortages-london-continues-to-see-fewest-apprenticeship-starts-per-1000/> - The number of new apprenticeships has fallen by more than 40 per cent since the training levy was introduced in 2017, according to research by a professional body. London has continued to see the fewest apprenticeship starts by population of any region in the UK, amid warnings of a “recruitment crisis” facing the city. Just 5.9 Londoners started apprenticeships in 2022/23 per every 1,000 working-age residents of the capital, according to figures from City Hall. It comes after the mayor warned London was facing a “full-blown recruitment crisis” following the government’s announcements of stricter rules around skilled workers coming to the UK. People must now earn above £38,700 to sponsor family members to come to Britain with them, in a tightening of the rules amid Tory infighting over legal and illegal migration figures. Furthermore, this also follows warnings that apprenticeships in shortage occupations have fallen by up to 80 per cent since 2015, according to research from the Liberal Democrats.
7. <https://www.local.london/lsip/> - In August 2023, the Department for Education approved London’s Local Skills Improvement Plan (LSIP), as well as the annexes setting out the specific priorities and recommendations for each of London’s four sub-regions, including the nine boroughs that make up the Local London sub-region. An LSIP is an employer-led and data driven plan for better matching training provision to employer skills demands. LSIPs will: Identify current, future and priority skills needs in the Local London sub-region. Direct system changes and training courses. Ensure post-16 technical education and skills provision is more responsive and flexible in meeting local labour market skills needs. Close gaps to ensure all people have the right skills to build successful long-term careers and help businesses fill vacancies and get more Londoners into jobs. Make skills more accessible and address barriers to progression. Increase productivity, reduce unemployment and boost London’s growth and business performance. Backed by the Department for Education, with support from London’s Employer Representative Bodies (ERBs), the Greater London Authority (GLA), the Department of Work and Pensions (DWP), local government and the third sector, we engaged with employers and training providers to set out local priorities for addressing these needs.