



Department
for Education

Funding guidance for the local skills improvement fund (LSIF)

Stage 2: delivery funding

Application guidance

June 2023

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Summary

About this guidance

This guidance explains how to apply for funding under stage 2 of the Local Skills Improvement Fund (LSIF), and the activities that are eligible to be funded.

The fund is being made available to collaborations of FE providers to enable them to respond to the priorities in the Local Skills Improvement Plans (LSIPs) that will be published later this year.

Guidance for stage 1 (mobilisation funding) was published on 24 May 2023. Applicants must refer to the stage 1 guidance and take it into account when submitting their application for stage 2 funding, which must include details of the projects to be delivered, costs, delivery targets and timescales, together with evidence of their deliverability and sustainability.

Expiry date

The deadline for submitting applications under this stage 2 guidance is 12:00 (midday) on Friday 15 September 2023.

Who this guidance is for

This guidance is for those Further Education providers in England who submitted an application for stage 1 LSIF funding on behalf of a provider collaboration for their area and for those providers that are part of the collaboration.

Those eligible to lead a stage 2 application are:

- Further Education (FE) Colleges¹
- Institutions designated as being part of the further education sector² (Designated Institutions (DIs))
- Institute of Technology (IoT) licensees

¹ Defined as any further education college which is conducted by an FE Corporation under Section 91(3) of the Further and Higher Education Act 1992

² These are institutions that have been designated as being part of the FE sector under S28 of the Further and Higher Education Act 1992

Unless there are exceptional circumstances, we expect the lead provider to be the same institution that led the stage 1 application. Other post-16 providers who are eligible to be delivery partners in LSIF funded projects are as set out in the stage 1 guidance.

This guidance will also be of interest to:

- Employer Representative Bodies (ERBs) designated to lead a Local Skills Improvement Plan (LSIP) for a specified area
- The Greater London Authority (GLA) and Combined and Mayoral Combined Authorities (MCAs)
- Local Enterprise Partnerships (LEPs)
- Other local stakeholders with an interest in the Local Skills Improvement Plans and Local Skills Improvement Fund

Main points

- The overall funding available through the LSIF will consist of £80m in the 2023-24 financial year (£40m revenue and £40m capital) and £85m (capital) in the 2024-25 financial year. This includes the mobilisation funding being made available under stage 1.
- The fund is designed to support a local response to the skill priorities set out in the Local Skills Improvement Plan for an area. This includes new facilities and equipment, the development and delivery of new courses, and upskilling teaching staff.
- Individual colleges cannot apply for the LSIF. Applications must be submitted for the area by a lead provider and can only be submitted if the corresponding application for stage 1 mobilisation funding has been approved.
- At stage 2 each area may apply for up to a ceiling amount, which is based on the working age population, attainment and productivity levels of an area (annex 1).
- Stage 2 applications should set out the amount of approved mobilisation funding which has been spent during stage 1 and the amount of delivery funding being requested. The total of these amounts should not exceed the ceiling in annex 1.
- Funding awarded (both capital and revenue) under stage 2 will be paid in arrears based on funding claims and evidence supplied by the lead applicant or project lead provider (as defined in the stage 1 guidance).
- Project delivery may span both financial years (April 2023 to March 2024 and April 2024 to March 2025) but funding **cannot** be carried across from year 1 into year 2. No revenue funding is available in the financial year April 2024 to March 2025.

Timescales

The proposed timetable for stage 2 applications is set out below.

Action	Deadline
LSIF stage 2 funding application window launched for full project proposals	29 June 2023
Drop-in sessions led by DfE to help applicants develop their stage 2 funding applications	During July and August 2023
Deadline for lead applicant to submit stage 2 LSIF funding application form via Jaggaer	12:00 (midday) Friday 15 September 2023
DfE assess LSIF stage 2 funding applications (this period will include asking the lead applicant for clarification where necessary)	18 September to mid-October 2023
Lead applicants notified by DfE of the outcome of their stage 2 LSIF funding application, and grant funding agreements issued to project lead providers confirming the project scope and costs	Late October 2023

Section 1: Introduction

The Local Skills Improvement Fund (LSIF) is being made available to enable collaborations of FE providers to respond to the skills priorities identified in the Local Skills Improvement Plans (LSIPs).

This **stage 2 guidance** (which should be read alongside the stage 1 guidance) invites FE collaborations within each of the 38 LSIP areas to submit a detailed application for project delivery funding. It contains:

- information about how to apply for funding
- what activities the fund can support and associated cost benchmarks
- what information you must include in your application
- details of how your application will be assessed

Applications can only be submitted if the corresponding application for stage 1 mobilisation funding has been approved. Collaborations should use the LSIPs which were submitted to the department in May 2023 to develop their stage 2 application. These should build on the initial proposals set out in the respective stage 1 application.

Information about which FE providers are eligible to lead the application and / or individual projects for an area, and the eligibility rules for collaboration partners were set out in the stage 1 guidance. These same eligibility rules apply to the stage 2 application.

All providers are responsible for seeking their own independent legal advice to ensure that any projects in which they are involved comply with relevant legislation, including the new Subsidy Control Act, Public Contract Regulations 2015 and Charity Law.

Section 2: Aims of the programme

The overarching aim of the fund is to build the capacity of the FE sector to meet the local skills priorities set out in their respective LSIP. It will support changes in provision and facilities and enable providers to develop the expertise of teaching staff, college leaders and governance across an area.

Geographic coverage

There are 38 LSIP areas. Stage 2 applications must align to the respective LSIP boundary except for Greater London which has been split into 4 sub-areas.

Applications must reflect a collective response which takes account of the needs of the whole area. Within this there is flexibility for partnerships to determine the geographic focus of specific funded projects.

Points to consider when developing your detailed proposals

The programme has a number of underlying aims which each area must take into account when developing their stage 2 project proposals.

Increasing skills provision linked to LSIP priorities - we expect new skills provision to focus on the priority areas identified in the LSIPs, with a particular focus on level 3 to 5, supported by an increase in teaching knowledge and skills, and potential realignment of teaching resource towards this higher value provision. Whilst it is for collaborations to decide on the appropriate course length, in all cases the focus must be on long term impact. New provision does not need to be accredited but we would encourage this where appropriate. Areas should also share course materials where they address the same or very similar priorities and draw on units / modules of existing qualifications where possible and appropriate. Whilst we recognise that the LSIF has limited scope to reshape the entire curriculum offer, we expect collaborations to look more broadly at reducing any unnecessary duplication and to consider how other funding streams and skills priority programmes³ could be used to support the delivery of the LSIP priorities, as well as aligning new provision developed under the LSIF with other skills programmes and qualification routes to help build a strong progression route for young people and adults. This could build on the approach already taken in

³ Apprenticeships, Skills Bootcamps, HTQs and T-levels

some areas of designing courses to act as taster or entry route into or between other recognised programmes.

Supporting employer engagement and business innovation - we would encourage applications to set out proposals for how they will increase employer engagement and investment in the skills system, leading to an increase in the number of employees benefitting from the facilities and skills provision developed under the LSIF and enabling them to gain the expertise to work with new technology, with an increase in the numbers of employers reporting that the new provision is providing learners with the skills needed locally. We would also encourage provider collaborations to look at how to use the new facilities and provision developed under the LSIF to help local businesses adopt new technology and develop the skills for future innovation.

Driving up quality - all projects will be expected to show how they will drive quality improvement in skills provision. This could include staff becoming more skilled in teaching the priority subjects identified in the LSIP through industry exchanges and other professional development or developing the capability and capacity of college leaders and governors to drive college improvement, with measures in place for capturing quality outcomes.

A focus on collaboration leading to improved co-ordination and efficiency – a key aim of the fund is to drive a coordinated and expanded offer linked to the priorities in each LSIP, with an emphasis on efficiency and sustainability of provision. We expect all proposals to set out details of the efficiencies that will be achieved through joint working. These should be quantified wherever possible. For example, we will be looking for proposals to quantify the level of efficiencies they expect to achieve through sharing capital resources, training activities and curriculum development costs.

Longer term sustainability - it will be important to ensure that the provision and equipment created using the LSIF is sustainable, maximising the long-term impact from the investment. Areas should set out plans for how the activity will be sustained beyond 2025, including through mainstream funding and full cost recovery.

Funding levels and eligibility

Funding is available across 2 financial years, consisting of £40m capital and £40m revenue in 2023-24, and £85m capital in 2024-25.

The funding ceiling for each area is set out in annex 1 of this guidance, with a separate ceiling for each financial year (2023-24 and 2024-25). This represents the maximum amount that an area can apply for. It is not a guarantee of a funding award.

The funding available in financial year 2023-24 consists of equal amounts of capital and revenue funding. Individual projects do not need to reflect an equal split of revenue to capital in financial year 2023-24 but **must not exceed their overall ceiling level**. However, given the profile of the total funding available in financial year 2023-24 (£40m revenue, £40m capital) we would recommend collaborations give due regard to this split when developing plans for their area.

The department reserves the right to adjust the amount of funding agreed if the total of capital or revenue requests across all areas is higher than the overall LSIF budget.

Year 2 funding (financial year 2024-25) consists of capital funding only, and we would encourage providers to look at how they may be able to use other funding streams, including revenue funding from other skills programmes, to meet course delivery and other revenue costs.

The LSIF is only available to providers of FE, and the limited size of the fund and nature of LSIP priorities means that not every provider of FE in an area will receive funding. Providers may however use the fund to engage other organisations in delivering activities or to provide goods or services associated with a specific project(s).

Capital funding for ITPs will be restricted to equipment only.

Project timescales

Projects may span both financial years (April 2023 to March 2024 and April 2024 to March 2025). However, funding cannot be carried across from year 1 into year 2.

This timeframe will enable areas to implement a range of changes, some of which may take until March 2025 to complete. This is longer than the one-year Strategic Development Fund and recognises the scale of the change likely to be needed in response to the LSIPs, and that the longer lead times for equipment and capital works can often require capital funding to be made available across more than one year.

What can be funded in the delivery stage?

The LSIF provides investment for the new facilities, provision and teaching expertise needed to deliver the skills priorities set out in the LSIPs. This includes industry standard equipment and kit to facilitate the delivery of new provision, along with a range of support activities.

Costs have been categorised under a number of broad headings (see annex 2). Providers in receipt of a grant funding agreement will have flexibility to move funding within a category, subject to meeting the requirements specified in their funding

agreement but may not move funding between categories without prior approval. We do not envisage that providers would need to move funding between categories unless there are exceptional circumstances. Should this be required, a request must first be made in writing to the department.

For all proposals we will require evidence that activity does not duplicate or displace other funding streams. Proposals should however support other skills programmes wherever possible and appropriate.

Priorities outside the LSIP cannot be supported. However, it is recognised that the LSIPs may not identify the specific activities needed to support the delivery of particular skills priorities, for example, they may not explicitly set out a requirement to deliver more industry secondments for FE teaching staff or other forms of professional development. It is for provider collaborations to decide where investment is needed and what activities will best support the delivery of the skills priorities identified in their respective LSIP, based on the activities listed at annex 2.

Project outcomes and KPIs

All proposals will be assessed for cost, value for money (vfm) and alignment to LSIP priorities. For each project you must set out the outputs you expect to achieve in the period to March 2025, and the longer-term outcomes and benefits for learners, employers and the local economy, together with information about current baselines and the measures that you will use to demonstrate progress. We will be looking for evidence that the proposals will result in:

- An increase in the number of learners enrolled on courses, occupational pathways or Sector Subject Areas identified as a priority by an LSIP in the area.
- An increase in the number of employers reporting that skills provision is more flexible and suitable to their needs.
- An improvement in the quality and relevance of provision, particularly at levels 3 to 5, with an FE teaching workforce which has an up-to-date knowledge of technology and how it applies to industry.
- Financial savings and more efficient delivery through increased collaboration, shared resources between providers and a more coordinated offer across the local area.

To help measure progress and inform our understanding of the overall impact of the fund at local and aggregate level, we have identified a set of Key Performance Indicators (KPIs) that reflect these 4 overarching programme benefits. The KPIs are set out in annex 3 and fall into 5 categories:

- Increase in skills provision linked to LSIP priorities
- Employer engagement and support activities including innovation
- Improved quality
- Improved co-ordination and efficiency through greater collaborative activity
- Spend on facilities and equipment directly linked to LSIP priorities

As part of the application process collaborations will be asked to identify relevant KPIs from the list at annex 3, with targets that are achievable but stretching. The KPIs will be project specific, and we do not expect each project to have a target for every KPI listed. Areas should only select those that are relevant to the project. These should reflect the outputs and the longer-term outcomes that you are looking to achieve through the project.

We also expect all applications to set out details of the efficiencies and anticipated cost savings that will be achieved through joint working. These should be quantified wherever possible. This should include actual and notional cost savings which are expected to be achieved from sharing capital resources, training activities and curriculum development costs compared to the cost of each provider undertaking these activities separately.

Section 3: Application Process

How to complete your application form

The full application process will be conducted via the department's e-procurement system [Jaggaer](#).

Applications can only be accepted if submitted using the stage 2 application form, which is in two parts: an excel spreadsheet (part A) and a word document (part B). Applicants should apply using both parts of the stage 2 application form, following the instructions in annex 4.

Completed applications must be submitted by 12:00 (midday) on Friday 15 September 2023. We will accept applications before this date.

Given that this is not a competition, we will be able to work with provider collaborations over the summer to help areas develop good quality applications that will have strong impact and outcomes. This will be done via questions on Jaggaer or by attending one of the drop-in sessions that we will be arranging.

Changes to your stage 1 application

Lead applicants must tell us whether there has been a change to the lead applicant, whether any collaboration delivery partners have dropped out or new ones have joined since stage 1, and whether the leads for each project / delivery partners are the same. There is a section in part B of the application form for this information.

Endorsement / sign-off arrangements

As in stage 1, the designated Employer Representative Body (ERB) will have a formal role in confirming that the proposals reflect the priorities set out in the corresponding LSIP. Also as at stage 1, this arrangement will be different in the two deeper devolution areas, where the Mayoral Combined Authorities (MCAs) and the ERB will be required to co-sign the application form on behalf of the new Post 16 Technical Education and Skills Governance Board which is being set up for each area, confirming that the application aligns with the LSIP and wider labour market strategies.

How to submit your application

Applications must be submitted by the lead applicant to department's e-tendering platform [Jaggaer](#) by the deadline.

How applications will be assessed

We will assess all applications on the following criteria:

- **The rationale for the activities set out in the application**, including whether they reflect the priorities in the LSIP and how the proposals will achieve this.
- **Employer engagement** – we will assess the process for how and to what extent employers have been involved in the development of the project proposals, and plans for engaging them in delivery e.g., in the design of new provision.
- **Deliverability, cost and value for money** – we will use the cost information contained in both form A and B to assess whether the proposals reflect good use of public money. We will also use the KPIs and longer-term delivery targets, and the information you provide about any wider interdependencies and risks and how these are being handled, to inform our assessment.
- **Quality improvement** - we will assess the extent to which the proposals will improve the quality and relevance of the new facilities and skills provision proposed, using the information provided in both form A and B.
- **Outputs and outcomes** – we will assess the level of additionality that will be achieved through the projects, including the extent to which the outputs and outcomes you expect to achieve in the short and longer term will support the priorities set out in the LSIPs.
- **Governance and risk management arrangements** – we will assess the extent to which the application contains details of robust governance and reporting arrangements for overseeing the delivery of the project(s). This will include the accountability arrangements and the process through which risks will be identified and managed, and whether there are clearly articulated roles and responsibilities for each. We will also expect applications to identify the key delivery risks associated with each of their projects, and how these risks will be mitigated.

Each criterion will be assessed against the following 3-point scale:

Score	Description	Detail
0	Limited evidence. Below the minimum threshold	A score of 0 will be awarded if the proposal is insufficiently developed and only limited information is provided, or the information demonstrates weak fit with the criteria.

1	Acceptable evidence. Meets the minimum threshold.	A score of 1 will be awarded if the proposal is sufficiently developed and enough information is provided to demonstrate reasonable fit with the criteria.
2	Strong evidence. Exceeds the minimum threshold.	A score of 2 will be awarded for proposals that contain a clear and full range of appropriate qualitative and quantitative information and demonstrate strong fit with the criteria.

Any applications that have any major issues or delays can be approved to a later timescale, but this will reduce the delivery timeframe. Any applications that fail to meet our criteria will not be approved if they are not sufficiently reworked.

Next steps

How areas will be notified of the outcome of their application

Areas that are approved for funding will be notified via [Jaggaer](#) from late October 2023.

The department may ask for clarification on some points. This will also be done via [Jaggaer](#), or where appropriate a clarification meeting will be held with the lead applicant / project lead provider.

Grant funding arrangements

Grant awards are expected to be made from late October 2023 as and when projects / applications are approved. This ensures that those that are ready to begin are not delayed.

Any lead applicants that are also a project lead provider will have their stage 1 grant funding agreements varied to include the agreed project(s). All other project lead providers will be issued with their own grant funding agreement.

Grant funding agreements will be issued via Adobe Sign to the lead applicant and project lead provider(s) for signature, with payments issued via the department's payment system.

Co-ordination of projects – post approval

For applications that are approved, each project lead provider will be responsible for co-ordinating the delivery of the projects.

The project lead provider must adhere to their roles and responsibilities for delivering a project(s) as set out in annex 2 of the stage 1 funding guidance and comply with the terms and conditions of the grant funding agreements, which will include reporting and monitoring arrangements. These will be issued on approval of applications from late October.

Each collaboration delivery provider is responsible for their own costs as part of the project and will be required to submit their evidence of spend to the lead project provider for them to submit the funding claim to the department.

The department will reimburse the funding to the project lead provider who will in turn have responsibility for reimbursing the collaborating partners as appropriate.

Claim Process

Providers will submit quarterly claims with associated evidence (see annex 2) against their delivery profile.

Progress on spend will be monitored through the quarterly claim process to identify any delivery issues.

Payments will only be released once the assurance checks are satisfied, which will include sampling of evidence supplied.

Monitoring and evaluation including active management of the fund

Active fund management and KPIs will need to be reported to the department through various means and frequencies, including through a quarterly pulse survey and the ILR. Others may be reported annually. We will also ask for quarterly progress reports which will include an update on the KPIs where possible, recognising that a less frequent update may be more appropriate for some indicators. The first KPI return will be expected from January 2024.

We will require an annual return for cost savings, so that projected cost savings can be compared to actual cost savings made throughout the life cycle of the project.

Further information and advice

Throughout stage 2, we plan to host a series of drop-in sessions for providers to ask questions and for the department to provide advice in advance of the application deadline. These sessions will take place on:

- Tuesday 18 July between 9:30 and 10:30
- Wednesday 2 August between 15:00 and 16:00

- Tuesday 15 August between 11:00 and 12:00
- Wednesday 6 September between 14:00 and 15:00

Attendance to these drop-in sessions is optional. Instructions for joining these sessions will be sent to lead applicants via the [Jaggaer](#) portal. Questions asked, along with the department's responses, will be made available on Jaggaer.

Questions may also be routed through the [Jaggaer](#) portal at any time during the application window.

For help with completing the application, please submit a message via the [Jaggaer](#) messaging facility.

Freedom of Information and data protection

Please note that the information provided in this application may be subject to publication or disclosure in accordance with the relevant legislation⁴ and will be stored in accordance with the DfE's retention policy and procedures. For further information, please refer to the privacy notice in [Jaggaer](#).

If the department receives a request for disclosure of information that applicants have provided, any such request for release will be considered very carefully under the relevant legislation. Therefore, the department cannot give an absolute guarantee of confidentiality to applicants. An automatic confidentiality disclaimer generated by applicants' IT system will not, of itself, be regarded as binding on the department.

Public sector equalities duty

The governing bodies of FE colleges are public authorities for the purposes of the public sector equality duty under section 149(1) of the Equality Act 2010. It is for applicants to judge whether an Equalities Impact Assessment (EIA) is needed for their stage 2 application in order to comply with their public sector equality duty.

Complaints process

If applicants are not content with the way in which their stage 2 application has been handled by the department, they should use the following [complaint process](#).

⁴ 3 Freedom of information Act 2000, Environmental Information Regulations 2004, the General Data Protection Regulation (GDPR) 2018 and the Data Protection Legislation Act 2018

Annex 1: Funding ceilings

The table below sets out details of the funding ceilings for each area. Proposals cannot exceed these values.

We recommend collaborations take into account the total funding available in financial year 23-24 (£40m revenue, £40m capital) and financial year 24-25 (£85m capital only) when developing plans for their area.

LSIP area	Locations covered	Funding ceiling		
		2023-24	2024-25	Total
Combined Authorities and Greater London Authority				
Cambridgeshire and Peterborough	Cambridgeshire and Peterborough Combined Authority	£1,212,121	£1,287,879	£2,500,000
GLA - sub area 1: Central London Forward	Camden, City of London, Hackney, Haringey, Islington, Kensington and Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth, Westminster	£3,265,229	£3,469,306	£6,734,535
GLA- sub area 2: West London Alliance	Barnet, Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon, Hounslow	£2,364,330	£2,512,101	£4,876,431
GLA – sub-area 3: South London Partnership	Croydon, Kingston Upon Thames, Merton, Richmond, Sutton	£1,227,158	£1,303,855	£2,531,013
GLA – sub area 4: Local London	Barking and Dagenham, Bexley, Enfield, Greenwich, Havering, Newham, Redbridge, Waltham Forest Bromley	£3,171,283	£3,369,488	£6,540,771
Greater Manchester	Greater Manchester Combined Authority	£4,121,521	£4,379,116	£8,500,637
Liverpool City Region	Liverpool City Region	£2,223,281	£2,362,236	£4,585,517
North-East	North-East Combined Authority (Durham, Gateshead, South Tyneside, Sunderland)	£1,768,813	£1,879,364	£3,648,177

North of Tyne	North of Tyne Combined Authority (Newcastle upon Tyne, Northumberland, North Tyneside)	£1,212,121	£1,287,879	£2,500,000
South Yorkshire	South Yorkshire Combined Authority	£2,097,227	£2,228,304	£4,325,531
Tees Valley	Darlington, Hartlepool, Middlesborough, Redcar and Cleveland, Stockton on Tees	£1,212,121	£1,287,879	£2,500,000
West Midlands (with Warwickshire)	Warwickshire, West Midlands Combined Authority	£5,045,587	£5,360,937	£10,406,524
West of England (with North Somerset)	West of England Combined Authority, North Somerset	£1,446,122	£1,536,504	£2,982,626
West Yorkshire	West Yorkshire Combined Authority	£3,383,296	£3,594,752	£6,978,048

LEP areas	Locations covered	Funding ceiling		
		2023-24	2024-25	Total
Brighton and Hove, East Sussex, West Sussex (Coast to Capital)	Brighton and Hove, East Sussex, West Sussex	£2,205,095	£2,342,914	£4,548,009
Buckinghamshire	Buckinghamshire	£1,212,121	£1,287,879	£2,500,000
Cheshire and Warrington	Cheshire East, Cheshire West and Chester, Warrington	£1,212,121	£1,287,879	£2,500,000
Cornwall and the Isles of Scilly	Cornwall, Isles of Scilly	£1,212,121	£1,287,879	£2,500,000
Cumbria	Cumbria	£1,212,121	£1,287,879	£2,500,000
D2N2 (Derbyshire and Nottinghamshire)	Derby, Derbyshire, Nottingham, Nottinghamshire	£3,202,363	£3,402,511	£6,604,874
Dorset	Bournemouth, Christchurch and Poole, Dorset	£1,212,121	£1,287,879	£2,500,000
Enterprise M3 (including all of Surrey)	Hampshire (excluding the districts of Eastleigh, Fareham, Gosport, Havant, New Forest), Surrey	£2,915,984	£3,098,233	£6,014,217

Essex, Southend-on-Sea and Thurrock	Essex, Southend-on-Sea, Thurrock	£2,694,630	£2,863,044	£5,557,674
G First (Gloucestershire)	Gloucestershire	£1,212,121	£1,287,879	£2,500,000
Greater Lincolnshire	Lincolnshire, North Lincolnshire, North-East Lincolnshire, Rutland	£1,719,900	£1,827,394	£3,547,294
Heart of the South-West	Devon, Plymouth, Somerset, Torbay	£2,453,972	£2,607,346	£5,061,318
Hertfordshire	Hertfordshire	£1,506,406	£1,600,557	£3,106,963
Hull and East Yorkshire	East Riding of Yorkshire, Kingston upon Hull	£1,212,121	£1,287,879	£2,500,000
Kent and Medway	Kent, Medway	£2,432,227	£2,584,241	£5,016,468
Lancashire	Blackburn and Darwen, Blackpool, Lancashire	£2,210,086	£2,348,217	£4,558,303
Leicester and Leicestershire	Leicester and Leicestershire	£1,487,191	£1,580,140	£3,067,331
New Anglia (Suffolk and Norfolk)	Norfolk, Suffolk	£2,305,244	£2,449,322	£4,754,566
Oxfordshire	Oxfordshire	£1,212,121	£1,287,879	£2,500,000
Solent	Isle of Wight, Portsmouth, and the following districts in Hampshire: Eastleigh, Fareham, Gosport, Havant, New Forest, Southampton	£1,212,121	£1,287,879	£2,500,000
South-East Midlands	Bedford, Central Bedfordshire, Luton, Milton Keynes, North Northamptonshire, West Northamptonshire	£2,525,542	£2,683,388	£5,208,930
Stoke on Trent and Staffordshire	Staffordshire, Stoke-on-Trent	£1,621,452	£1,722,793	£3,344,245
Swindon and Wiltshire	Swindon, Wiltshire	£1,212,121	£1,287,879	£2,500,000
Thames Valley Berkshire	Bracknell Forest, Reading, Slough, West Berkshire, Windsor and Maidenhead, Wokingham	£1,212,121	£1,287,879	£2,500,000
The Marches	Herefordshire, Shropshire and Telford and Wrekin	£1,212,121	£1,287,879	£2,500,000
Worcestershire	Worcestershire	£1,212,121	£1,287,879	£2,500,000
York and North Yorkshire	North Yorkshire, York	£1,212,121	£1,287,879	£2,500,000

Annex 2: What the LSIF will and will not fund in the delivery stage

Details of what the LSIF can fund are set out below. Please note there have been some minor changes to the description and grouping of eligible and ineligible activities set out in annex 4 of stage 1 funding guidance. Please use the categories listed below when completing your application form.

The examples within each category are *illustrative* only, and we may consider proposals for other activities where the partnership can make a clear case showing how they will address local priorities. The list of exclusions, however, imposes hard constraints on programmes of work identifying activities and objects which cannot be funded through the LSIF.

The LSIF is grant funding aimed at funding projects that will address the skills priorities set out in Local Skills Improvement Plans. We expect that proposals for capital and revenue investment will be aligned with each other.

For the purposes of the LSIF, 'skills provision' is defined as technical education at levels 2 to 5, including off-the-job apprenticeships training.⁵ Any provision which you are looking to fund below this level must be of high economic value, which normally means that it will be part of a coherent pathway that supports learners to succeed at levels 3 to 5 and in the labour force, and is not fundable from other sources.

FE providers will not be able to 'double-fund' the exact same activities / objects from the LSIF and another fund e.g., T-levels capital, IoT capital, the FE Capital Transformation Fund.

Cost estimates under each heading should include any VAT associated with agreed activities that cannot be recovered by the provider.

For information on the benchmarking costs please refer to the guidance set out in annexes 3 and 4 of the LSIF stage 1 funding guidance.

Consultancy costs and professional services should be included in the funding category most relevant to the proposed activity. Acceptable rates are included in the benchmarking guidance.

⁵ As defined by the *Skills for Jobs* White Paper, 'technical education encompasses any education or training, such as qualifications and apprenticeships, that focuses on progression into skilled employment and requires the acquisition of both a substantial body of technical knowledge and a set of practical skills valued by industry. Technical education ... differs from A Levels and other academic options in that it draws its purpose from the workplace rather than an academic discipline'.

What the LSIF may fund: Revenue

Revenue funding for the LSIF is available in financial year 2023-24 only. The LSIF may fund activities associated with the categories listed below.

Please note that the examples within each category do not constitute an exhaustive list and are intended to give an indication of the type of costs that may be funded.

In all cases, the LSIF can only meet additional staff costs linked solely to the delivery of the LSIF funded projects, e.g., salary costs of new staff employed specifically to work on LSIF funded projects, salary costs of existing staff where their post was for a limited period only and has come to an end or backfill and overtime costs where existing staff are redeployed. It cannot be used to fund existing salary costs.

Governance, project management and support costs

- Administrative costs associated with lead applicant or project lead provider activities, including administration of payment and reporting arrangements.
- Costs associated with recruiting new staff to work on LSIF projects.
- Project management costs.

Collaboration and co-ordination activities

- Costs associated with cross partnership activity linked solely to the delivery of the LSIF funded projects (i.e., not to fund existing partnership work). This may include:
 - Salary costs for new staff employed specifically to support and co-ordinate collaborative activities or backfill costs for existing staff assigned to work on these activities.
 - Modest hospitality costs (see benchmarking guidance) other than those related to employer engagement which falls under the business support.

Curriculum planning and design / development of new skills provision / capacity building

- Staff and employer time to support curriculum planning and development, including repurposing existing provision, or to design new webpages, etc.
- Consultancy costs to provide expert industry input into the design, development and delivery of new course content (see benchmarking guidance for acceptable rates).

Teaching costs and resources

- Direct teaching, admin and related delivery costs for the new programmes developed as part of the LSIF funded projects, including cover costs, overtime or temporary increases in salary to recognise the additional responsibilities of existing teaching staff engaged in LSIF activities, and teaching by non-salaried staff, e.g., employers or specialists.
- New (non-capital) teaching resources aligned to LSIP priorities.

Employer / Stakeholder engagement and business support activities, including innovation

- Staff cover costs and travel and subsistence (if applicable) to facilitate employer engagement, for example in the design and development of new programmes which respond to LSIP priorities and to facilitate business networking forums and events. Other costs could include conducting training needs analysis or skills audits with local employers; or to support activities related to the adoption of new innovative technology and the development of entrepreneurial skills.

Learner engagement and progression support

- Staff time and administrative costs for activities aimed at building demand and take-up of courses in skills provision developed and delivered as part of a wider LSIF funded project. This may include targeted out-reach activities to tackle inequalities and under-representation in certain skill priority sectors; information and taster events; and engagement with schoolteachers and local careers hubs on career opportunities and pathways in priority skills areas.

Provider quality and improvement, including evaluation

- Cost relating to the improvement of college leadership and governance. This could include costs associated with developing the pipeline and diversity of potential and new leaders and governors and activities aimed at improving recruitment, retention and development, including training to improve the capability of leaders and governors in specific areas such as business strategy development, and costs associated with developing approaches to mentoring and coaching.
- Costs relating to the improvement of college finance and resource management, including developing approaches to risk management, workforce and curriculum delivery and planning, and estates optimisation.

- Costs associated with sharing expertise / best practice across the partnership e.g., on finance and resource management, and leadership and governance.
- Costs associated with the collaboration's own evaluation of LSIF funded projects. DfE should be consulted on the scope of individual project evaluation before committing LSIF funds to ensure there is no conflict or duplication with the LSIF wider programme evaluation. Individual project evaluations should be made available to DfE on request.

Staff / teacher training and development

- Costs associated with staff and teacher training to support activities aligned to LSIP priorities, including engaging industry / specialist staff to train teaching staff, including costs associated with hosting seminars led by industry professionals and experts.
- Costs of evidence-based professional development courses aimed at improving subject, pedagogic and technical knowledge, and associated training resources and materials. This could include costs to design and develop bespoke/tailored training, and to disseminate knowledge and skills to other teaching staff.
- Teaching cover and administrative costs associated with co-ordinating staff training.

Workforce Industry Exchange activities

- Costs associated with diagnosis of staff training needs to support industry related learning activities in line with LSIP priorities, including engaging industry staff and teaching cover costs and travel and subsistence costs where applicable.
- Employer secondments (backfill costs only) e.g., to support direct delivery of provision. Employer time for intensive work with learners and staff on specific aspects of skills development.
- Teaching cover costs for staff to undertake industry secondments and to disseminate newly acquired knowledge and skills to other staff.

Advertising, communications & marketing

- Awareness raising activities and events, costs associated with marketing and promotion of new programmes including promotional materials, and web page design and development costs.

Stage 1 mobilisation costs

- Providers should include details of approved mobilisation funding spent during (or due to be spent before the end of) the stage 2 application window. The total amount of mobilisation funding spent in stage 1, plus any LSIF funding applied for in stage 2, should not exceed the ceiling amount in annex 1.

Other

- The 'Other' category should only be used in limited circumstances where a cost does not easily fit under one of the above-named categories.

What the LSIF may fund: Capital

Capital funding is available across both financial years 2023-24 and 2024-25.

Capital funding can be used for the following type of activities. This is not an exhaustive list:

- **Capital equipment**, including tools, machinery, vehicles, loose furniture and fixtures.
- **IT hardware and software** (the latter, to the extent that it is a capital expenditure) that support local skills priorities set out in the LSIP.
- **Where acceptable within your own organisational accounting policies, support costs associated with managing capital projects may also be capitalised.** Providers will be required to demonstrate a justifiable and evidenced method of calculating capitalised project support costs.
- **Capital works for minor facility repurposing / renewal** that supports local skills priorities set out in the LSIP. Refurbishments will require a minimum stage 2 RIBA.
- **Capital works for minor new extensions / new build projects** that support local skills priorities set out in the LSIP. New builds will require a minimum stage 3 RIBA.

Capital works funding is only available to statutory FE institutions. Independent training providers are not in scope to receive LSIF for capital works projects but may receive capital funding for equipment.

Given the March 2025 deadline for completion of capital activity, extensions / new builds will only be considered for funding if the application contains evidence that any relevant planning permission has already been secured.

Where capital works projects form part of your application, you will need to submit the information and supporting documents set out in annex 4.

What the LSIF will not fund

- Provision or capacity building which is not aligned to the priorities set out in the respective LSIP.
- Costs that are not additional or which would displace costs allocated to an ongoing cost centre. For instance, the LSIF cannot be used to fund the salary costs of existing staff unless funding for that post was for a limited period only and has come to an end, and the post is needed to support activity related to the delivery of the LSIF projects.
- Provision that is below level 2 and / or falls outside the Skills for Jobs White Paper's definition of 'technical education'. Exceptions may be made where a limited amount of provision demonstrably bridges a gap that impedes learners from accessing level 3 to 5 technical provision.
- Provision or costs that can be funded by other existing DfE and other government funded programmes, including (but not limited to) Skills Bootcamps; the FE Capital Transformation Fund; T-levels capital funding and delivery; and AEB. The LSIF may however be used where funding is no longer available under the related DfE or government funded programme or where it has or is likely to be oversubscribed. In such cases LSIF recipients will need to comply with the funding rules that govern the related programme, including any requirements for matched funding.
- Activities that are identical to those that have already been funded, or are being funded, by other government programmes. This does not preclude activity that builds on – and provides benefits additional to – activity that is already funded by government.
- Any items normally funded by revenue funding such as annual software licences, rent charges, service charges and other overheads, or routine maintenance works (this includes servicing costs that would normally be funded from revenue budgets).
- Any VAT that a provider can recover. An application should only include VAT as part of project costs where this is non-recoverable.

Annex 3: Key outputs

KPI output reference	Key outputs (providers report against these in first year)
	Increase in skills provision linked to LSIP priorities
1	Number of new level 3 courses aligned to LSIP priorities
2	Number of new level 4 courses aligned to LSIP priorities
3	Number of new level 5 courses aligned to LSIP priorities
4	Forecast learner starts on new level 3 courses
5	Forecast learner starts on new level 4 courses
6	Forecast learner starts on new level 5 courses
7	Forecast learner completions on new level 3 courses
8	Forecast learner completions on new level 4 courses
9	Forecast learner completions on new level 5 courses
10	Number of learners forecast to undertake learning using new facilities/equipment created under the LSIF.
	Employer engagement and support
11	Number of employers releasing / loaning staff to help develop or teach new provision
12	Full cost recovery – number of employers paying for staff to undertake training developed under the LSIF
13	Number of employers reporting that training is giving learners the skills needed.
14	Number of employers introduced by collaboration partners to new specialist equipment or technology for adoption in their business
15	Number of employers providing industry placements to FE teaching staff.
	Improved quality
16	Training and support to improve capability of teaching staff: Number of teaching staff undertaking industry placements.
17	Number of teaching staff undertaking CPD or benefitting from cascade training
18	College leadership: Number of college leaders / governors supported through training or other support to build leadership and management capability
	Improved co-ordination and efficiency through greater collaborative activity
19	Optimisation of facilities, provision and workforce: forecast savings through shared costs, including facilities, curriculum design, delivery and other collaboration activities
20	Number of teaching staff (full time or part time) delivering provision across more than one provider.
21	Number of providers accessing the new shared facilities / curriculum to deliver training
	Spend on facilities and equipment linked directly to LSIP priorities
22	Number of new teaching facilities created (e.g., number workshops / classrooms refurbished / fitted out with new industry standard equipment).

Annex 4: Instructions for completing the stage 2 application form

The application form is in two parts: an excel spreadsheet (part A) and a word document (part B). Please follow the instructions below to complete each part.

Application form: Part A

Section 1 – Lead applicant institution

In the tab labelled 'lead applicant institution', please fill out the lead applicant's contact details and essential information.

All applications must have a clearly identified lead applicant institution. The lead applicant and the skills priorities and actions for the area must be endorsed by all providers in the collaboration. The skills priorities and actions must relate to the LSIP priorities submitted to the department in May 2023.

Section 2 – Main contacts

In the tab labelled 'main contacts' please provide contact details, including an email address and telephone number for the lead applicant, and any additional contact details for alternative individuals should we be unable to contact the lead applicant.

Section 3 - Members of the collaboration

We expect collaborations to reflect the breadth of post-16 technical education and training providers, recognising the distinctive roles different provider types can play in responding to skills priorities identified in the LSIP.

In the tab labelled 'collaborations', each member of the collaboration should outline the rationale for their inclusion in the collaboration and give a high-level outline of their contribution in **table A**.

Please provide information on the statutory FE providers located in the area that have been invited to join the collaboration but have declined. Please provide the rationale for them wishing to remain outside the collaboration. If an institution does not wish to provide a rationale, please indicate in **table B**.

UKPRN numbers will be required for all collaboration members.

Section 4 – Project overview

We expect areas to identify a number of projects for their area which respond to the priorities in their respective Local Skills Improvement Plan. Projects should be of an appropriate scale and size to demonstrate impact but be manageable and have a clear focus and defined outputs. As a guide, we expect areas to put forward between two and six project proposals. These should reflect the projects identified in the stage 1 application.

In the tab labelled 'core information', we require information on project proposals. Please provide information in the excel spreadsheet in respect of:

- The number of project(s) within your collaboration.
- The UKPRN for the project lead provider for each project.
- The project title for each project.
- A short description of each project.
- The skills sector the project(s) will address aligned to LSIP priorities (from the pre-populated list).
- Any cross-cutting themes for each project (from the pre-populated list).
- Details of which project(s) include capital works.

Section 5 and 6 – Capital and revenue costs

The LSIF should not duplicate funding received or anticipated from other public funding programmes. If LSIF is funding a portion of a project and other public funding has been received or anticipated for the same project, it should be clearly identified in part A of the application form.

Quotes should be obtained where applicable in order to include reasonable cost estimates. However, we acknowledge the considerable volatility in pricing in the current economic climate and accept that costs may increase or decrease during the application process.

See annex 2 for examples of categories of spend.

Please include and clearly identify any non-recoverable VAT in your costings. Recoverable VAT should not be included.

Capital costs

Capital works funding will only be awarded to statutory FE institutions. **Independent training providers are not in scope to receive LSIF for capital works projects.**

In the tab labelled 'capital costs', please provide a breakdown of the projects which require capital works in respect of:

- Category heading for capital works e.g., refurbishment, capital equipment etc.
- A summary breakdown of activities within each category.
- An explanation of the costs requested.
- A breakdown of the capital spend profile for each month across 2023/24 and 2024/25, a total cost for each year and a total cost across both years.

In the tab labelled 'capital works checklist', please provide answers to each of the questions, including the name of the institution and campus where the capital works will be carried out; details of the site including whether it is freehold or leasehold, and whether the necessary planning and listed building consents are required and have been granted.

Where capital works projects form part of your application, you will also need to submit the following supporting documents. Other information and documentation may also be requested to assess value for money and deliverability:

- Copies of planning consent (if applicable).
- Copies of listed building consent (if applicable).
- Architect designs / elevation drawings, together with confirmation that the project has been designed in line with RIBA stage 2 or 3.
- Copies of any survey documentation.
- A proposed delivery programme, including design, procurement and construction activities. This must demonstrate that the project is deliverable within the period ending March 2025.
- A detailed cost estimate or quotations for the work. We will require the total estimated cost of capital works at each site, and a breakdown of those costs. Totals should include VAT where it is non-recoverable.

- Applications should also confirm if funding other than LSIF is being used to complete the project, together with details of any contingency plans to fund the project should the capital works not be completed by 31 March 2025 or exceed the amount of LSIF awarded.

Revenue costs

In the tab labelled 'revenue costs', please provide a breakdown of revenue costs for each project in respect of:

- Category heading for revenue spend e.g., admin costs, advertising etc.
- A summary breakdown of activities within each category.
- An explanation of the costs requested.
- A breakdown of the revenue spend profile for each month across 2023/24 and a total cost for the year.

Section 7 – Summary of costs

In the tab labelled 'summary of costs', the information on this page is populated directly from the capital and revenue costs pages.

- Providers are required to review the summary to ensure that the totals represented are correct and not above the agreed funding ceilings. If they are incorrect, the funding values recorded on the revenue and capital costs pages will require adjustments.

Section 8 – KPIs

In this section we are looking for evidence of the additionality that will be achieved through the projects set out in the application. In the tab labelled 'KPIs', please include data on the outputs you expect to be achieved under each of the projects in respect of:

- Increase in skills provision linked to LSIP priorities.
- Employer engagement and support.
- Improved quality.
- Improved co-ordination and efficiency through greater collaborative activity.
- Spend on facilities and equipment directly linked to LSIP priorities.

Application form: Part B

Part B of the application form requires lead applicants to provide the following information:

- To confirm the name of the lead applicant and project leads, and to notify us of any change to these or to the project delivery partners compared to the stage 1 application.

Section 1: project priorities, aims and rationale

- A summary and rationale for each of the individual projects that will be funded through the LSIF. For each project the application must set out the key purpose, delivery aim(s) and objective(s) and a summary of the longer-term outcomes you expect to achieve.
- Like the Strategic Development Fund, we are interested in the impact the LSIF has on both learners and FE teaching staff, including any patterns in terms of increased access to Continuous Professional Development and Workforce Industry Exchange opportunities. We also expect providers to adhere to their Equality and Diversity policies and procedures in developing and delivering projects.

Section 2: Employer Engagement

- Details of how employers have been involved in the development of the project proposals, and plans for securing their ongoing engagement in implementation, including in the design and delivery of new provision. We would also encourage applicants to consider and reflect within their application how the new facilities and provision will be used to help local businesses adopt and work with different technologies and for their employees to acquire the skills needed for future innovation.

Section 3: Deliverability and value for money

- Details of your delivery plans for each project, including key milestones and any wider interdependencies and risks which could affect project delivery. We will also require a summary of how each of the project(s) will provide good value for money. This should include details of the underlying assumptions used to inform your cost and expenditure plans and estimates of learner numbers.
- This section should also be used to describe how the proposals will create a more co-ordinated offer and the benefits arising from this, including details of efficiency

savings expected in the short and longer term. For example, savings from sharing capital resources, training activities and curriculum development costs compared to the cost of each provider undertaking these activities separately, as well as the measures that you will use to demonstrate this.

- You should also use this section to set out your plans for how the new facilities and provision created with the LSIF will be mainstreamed / sustainable in the longer term; and whether and how the projects will align with and add value to other skills programmes, together with confirmation that LSIF funding will not be used to replace or duplicate other funding streams.

Section 4: Quality

- Details of how the proposals will improve the quality and relevance of provision, including where appropriate, the anticipated number of staff becoming more skilled in teaching the priority subjects identified in the LSIP through industry exchanges and other professional development.

Section 5: Outputs and outcomes

- A summary of expected benefits, outputs and longer-term outcomes to be achieved under each of the projects, and the relevant Key Performance Indicator(s) (KPIs) and delivery targets.
- The proposed approach for monitoring and evaluating the impact of the planned changes.
- Details of how the project will promote equality of opportunity and support the government's ambitions to 'level-up'.

Section 6: Governance and risk management

- Details of the governance, accountability and reporting arrangements that will be used to oversee the delivery of the project(s), including decision-making structures and the process for identifying and managing risks; together with details of the roles and responsibilities of each of the delivery partners and project members.
- Details of the overall project management arrangements, including whether a project manager(s) will be appointed and details of their role and responsibilities.

Section 7: Declarations

- This application must contain the necessary declarations and endorsements by the lead applicant, the designated ERB, and the ERB and MCA in the 2 deeper devolution areas (on behalf of the new Post 16 Technical Education and Skills Governance Board to be set up in each area). The declaration by the lead applicant will include confirmation that there is no duplication or conflict between individual projects, that all information provided is accurate and complete, and that they agree to undertake the role and responsibilities set out in this guidance.



Department
for Education

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