



Department
for Education

Skills Accelerator

**Expressions of Interest for
Local Skills Improvement Plan
Trailblazers and Strategic
Development Fund Pilots**

Application guidance

April 2021

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Purpose of this document

This document invites Expressions of Interest (EOIs) to become Local Skills Improvement Plan (LSIP) Trailblazers and Strategic Development Fund (SDF) pilots as part of the Skills Accelerator programme.

EOIs must be prepared and submitted based on this guidance and using the application forms provided.

Selection under this EOI process will not constitute any commitment to funding from the Department for Education (DfE). For those who are successful in the respective EOI process there will be subsequent processes to agree funding support for LSIP Trailblazers and SDF pilots.

Expiry date

The deadline for submitting applications under this guidance is noon on 25 May 2021.

Who is this publication for?

This guidance is for:

- Employer Representative Bodies (ERBs) wishing to submit an application to lead a LSIP Trailblazer
- Further Education (FE) Colleges, institutions designated as being part of the further education sector (Designated Institutions) and Institutes of Technology (IoT) licensees who want to lead, or be part of, an application to become an SDF pilot
- Other training providers who want to be a part of an application to become an SDF pilot
- Local stakeholders with an interest in the Skills Accelerator programme
- Mayoral Combined Authorities (MCAs) and Local Economic Partnerships (LEPs) (and their Skills Advisory Panels (SAPs)) with an interest in the development by a ERB of an LSIP in their area

Section 1: Introduction

Policy Context

1. The Skills for Jobs White Paper published in January 2021 set out the Government's blueprint for reshaping the technical skills system to better support the needs of the local labour market and the wider economy. This new system will be driven by employers, colleges and other providers working together to identify the skills needs of an area, and to begin the process of transforming the delivery of technical education so that it both meets and drives demand for skills.
2. The Skills Accelerator programme, incorporating LSIP Trailblazers and SDF pilots, is a core part of delivering this vision. It will support the Government's plan for growth, which sets out a transformational approach to tackling long-term problems to deliver growth and create high-quality jobs across the country. The plan for growth is based on three pillars: investment in skills, innovation and infrastructure aimed at delivering priorities around levelling-up; supporting the transition to net zero; and making the most of the opportunities of Global Britain.
3. Growth needs to happen right across England - in our cities, towns and rural areas. Each locality has its own distinctive strengths and different ways to capitalise on the opportunities created by emerging technologies, cleaner growth and new global markets. But to do so, each locality needs a skills system that can adapt to the changing needs of employers as they respond to these new opportunities and challenges.
4. Led by ERBs, LSIPs will set out the key changes needed to make technical skills training more responsive to employers' skills needs within a local area, i.e., within the local economic geography that ERBs identify as most conducive to developing a credible LSIP, reflecting the key drivers of local economies, including skills.
5. LSIPs will be created by employers and providers, with employers setting out a credible and evidence-based assessment of their skills needs, to which providers will be empowered to respond. The plans will help ensure provision is more responsive to emerging and changing skills needs and being locally driven, can be tailored to the challenges and opportunities most relevant to the area. LSIPs will be piloted in a group of Trailblazer areas in 2021-22, where they will be led by established ERBs, ahead of their wider rollout.
6. Alongside the LSIP Trailblazers, we are piloting the SDF. The pilot will explore how education providers can work together more effectively, alongside employers and other partners, to respond to local skills and innovation priorities including those identified by LSIPs. The SDF pilot will run in a number of areas of the country, including areas that

do not have an LSIP Trailblazer. In Trailblazer areas, the SDF will run in tandem with the development of the LSIP.

7. The SDF will provide capital and programme grant funding for projects that build providers' capacity to meet locally agreed skills priorities. SDF pilots will support new and innovative provision or services that are delivered in 2021-22, and that lay the groundwork for further impact in subsequent years. The pilots will also help build capacity to respond to local priorities through specific provision and services that will only begin to be delivered in academic year 2022/23 and beyond.

8. Both LSIPs and the SDF will recognise that it is not enough to simply identify skills needs and put in place provision that seeks to address them. Employers and providers must also work closely with The Careers & Enterprise Company (including local Career Hubs), the National Careers Service and Jobcentre Plus to ensure that local priorities are fed into the provision of careers information, advice and guidance, so that it is employer-led, integrated and raises awareness and interest in the opportunities that our new approach to local skills delivery will open up.

Local Skills Improvement Plans

9. Existing patterns of provision do not always collectively deliver the skills that employers need to thrive and grow. To lay on the right mix of provision, providers in an area need to have a clear articulation of those needs, and crucially, how they are set to change over time. Currently, employers do not have enough influence over the skills provision offered in their locality and employers tell us they struggle to find staff to fill their skills gaps at all levels. Overall, 17% of employers in England reported that they had skill-shortage vacancies¹ or skills gaps² in the latest Employer Skills Survey from 2019.³

10. At the same time, individual colleges and other providers face specific challenges adapting provision to changing employer needs and labour market demand. These challenges are around: building capabilities ahead of demand to meet emerging skills needs; scaling-up provision due to high upfront investment needed and uncertain or limited demand; and flexing or exiting provision where it is not keeping pace with the changing needs of employers or meeting demand in the local labour market. This can

¹ Skill-shortage vacancies are vacancies which are hard to fill because of a lack of the required skills, qualifications or experience.

² Skills gaps occur when employees within a company do not possess all of the required skills to be fully proficient at their job.

³ [Employer skills survey 2019: England results - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/431113/employer_skills_survey_2019_england_results.pdf) (Department for Education, 2020).

lead to skills mismatches and gaps or over-supply leading to poor outcomes for both learners and employers.

11. Nor is it as easy as it should be for individuals and small firms to navigate the system and access the training they need. Technical education needs to be delivered for people in a more flexible way, to fit study around work, family and personal commitments, and to enable them to re-train as both their circumstances and the economy change. While smaller firms are the lifeblood of local economies and help create opportunities for young people in particular, they are not always able to access the level of provision they need.

12. Building on the work that LEPs, MCAs and their SAPs have done so far, we are introducing LSIPs to help tackle these challenges and transform the responsiveness of local skills systems in meeting the changing skills needs of employers. We will do this by:

- Strengthening the voice of employers to give providers a clearer articulation of the skills that will drive productivity improvements and growth in the area
- Empowering providers to adapt the mix of provision and develop the infrastructure to deliver the right skills when and where they are needed; and
- Creating the right policy framework of incentives and accountability that will drive a more responsive skills system that collectively delivers better outcomes for employers, learners and the taxpayer

13. LSIPs will be a new part of the skills infrastructure that will:

- Deliver a clear, credible, evidence-based assessment of priority skills needs aligned to local strategies for inclusive sustainable growth
- Bring together colleges and other providers to reshape provision individually and collectively so that local education and training systems deliver the skills demanded by employers when and where they are needed
- Enable providers to access support in reshaping provision and government to invest with greater confidence that it will deliver good outcomes for employers, learners and the taxpayer

14. In the longer-term, LSIPs will support and complement our reforms to the funding system, which will give providers more autonomy to use government funding to meet the skills needs of local employers, including those articulated in LSIPs. In return, we will reform the accountability system to focus less on process and more on the effectiveness of provider performance and the outcomes they achieve.

15. By taking a more outcome-focused approach, providers will be incentivised to continually review their provision to ensure it leads to meaningful employment for their learners, scaling back where there is an oversupply of provision and expanding other areas in line with agreed LSIP priorities. We will put LSIPs on a statutory footing and develop an accountability structure for local areas to ensure that providers are engaging in the process and contributing to actions they have agreed.

Strategic Development Fund

16. The SDF is a £65 million fund consisting of approximately 60 percent (£38m) capital and 40 percent (£27m) programme that will support the changes needed to better align technical skills provision to the priority needs of an area, as endorsed by ERBs. This endorsement could be achieved in two ways: either through join-up with an LSIP Trailblazer application; or by demonstrating strategic engagement with ERBs in a standalone SDF application.

17. Collaboration is a critical focus of the SDF. It will be expected to drive partnership between employers and FE providers, and amongst skills providers themselves.

18. We want to work with collaborations of providers and employers in a number of pilot areas to understand how the SDF will drive the changes needed to achieve our long-term vision for the post-16 system. Applications should focus on coordination across providers that make up the collaboration. This includes alignment across both capital and programme proposals.

19. Applicants will need to set out how their project proposals align with local skills needs analyses and action plans (including from the relevant SAP), and what changes they expect to achieve through the proposals set out in the EOI.

20. We are looking for 12-16 areas to pilot the fund. We will expect collaborations of colleges to form around a local economic labour market area that reflects a critical mass of employers, with sufficient providers involved in the collaboration to enable the delivery of an effective response.

21. EOIs are expected to align with the local economic geography of the LSIP where an application to become a Trailblazer is being jointly submitted. Standalone SDF proposals must identify the area in which they will operate, explaining how the proposed geography is relevant to the local labour market and local economy, and how it will drive a more effective area-wide provider response, beyond any existing collaborative arrangements.

22. Those areas selected as pilots will be eligible to draw down funding from a total budget of £65 million. Agreement on funding will be subject to separate negotiation and

will depend on a range of factors, including value for money, the scale of projects and impact.

23. To support readiness for further reform, areas that are not selected as SDF pilots will be able to access funding to develop collaborative working. These areas will be invited to submit a proposal for up to £50,000 of SDF programme funding to build on the progress which has already been made as part of the process of putting an EOI together, working towards the longer-term ambition of the White Paper.

Overview of our approach

24. The Skills for Jobs White Paper set out a blueprint for a reformed technical education system with a clear focus on stronger links between employers and providers. The Skills Accelerator programme is a core part of this, and we want to use the one-year LSIP Trailblazers and SDF pilots to test and evaluate the best ways in which this can be achieved.

25. We want to test this approach in a range of areas with different characteristics and attributes, including areas with high levels of deprivation; in rural, urban and coastal areas; and with a geographical spread across different parts of the country. These factors will be taken into account as part of the selection process.

26. There are separate application forms for the LSIP Trailblazers and SDF pilots. However, LSIPs and the SDF are interdependent, with employer engagement through the development of LSIPs expected to help colleges and other providers to strengthen relationships and partnerships with employers and shape local skills provision. This will provide learners with the best chance of securing meaningful employment, as well as upskilling the existing workforce, and to identify where provision could be delivered more efficiently by working in partnership with others. We will therefore give priority in the selection process to local areas that can demonstrate a joined-up approach through EOIs for LSIP Trailblazers and SDF pilots being jointly submitted.

27. We will also consider standalone bids to become a SDF pilot. In line with the White Paper, colleges in non-LSIP areas will need to demonstrate evidence of strong collaboration between providers and employers, and that they have worked with and received endorsement for their bids from the relevant ERBs.

28. SDF applications are being invited from collaborations of providers, with a single lead college submitting the application on behalf of the collaboration.

29. ERBs will be the only entities eligible to lead LSIP Trailblazers.

30. **Section 2** of this document sets out further information on our expectations of LSIP Trailblazers and the role we envisage ERBs playing, as well as the eligibility

requirements, assessment criteria and application process. This section is targeted at those ERBs who are eligible to apply to lead Trailblazers but will also be of interest to employers, colleges and other providers. It will also be of relevance to local organisations such as LEPs and MCAs who will have an interest in skills system(s) in their areas.

31. **Section 3** sets out the eligibility requirements, application and selection process for SDF pilots. EOIs to become SDF pilots must be submitted by a lead applicant on behalf of the collaboration as a whole and must be endorsed by an ERB. For SDF EOIs that are being submitted alongside a linked Trailblazer EOI, endorsement must be from the ERB leading the Trailblazer EOI.

Section 2 – Local Skills Improvement Plan Trailblazers

Objectives

32. As set out in section one, LSIPs will be a new part of the infrastructure that will transform the ability of local skills systems to adapt to the changing needs of employers; responding to new opportunities and challenges that will improve productivity and drive growth in the area.

33. To be successful, LSIPs need to be developed from the bottom-up and led by those who best know the skills needs of the local economy: employers and providers working with local government and other partners. That is why we are inviting established ERBs to lead the development of LSIPs in close collaboration with local providers.

34. We want to start by piloting LSIPs in 6-8 Trailblazer local areas. This will involve resetting and strengthening the relationship between employers and providers at the local level, as well as between providers and central and local government, so that each approaches their role in a more joined-up way with clear responsibilities and accountabilities that recognise their distinct but complementary roles.

35. The purpose of the Trailblazers is to understand how ERBs can best implement an employer-led approach to skills planning. The specific objectives are to test “what works” in terms of the most effective:

- Models of employer representation to articulate the skills needs of a wide range of employers in a way that elicits an effective response from providers
- Process for co-creating actionable local plans around shared goals that employers, providers and funders can get behind and invest in with confidence
- Ways to ensure join-up with other parts of the skills system, building on what works locally and providing a strategic fit with planned national reforms such as to the funding and accountability system

Developing a Local Skills Improvement Plan

What is a Local Skills Improvement Plan?

36. We want to give localities the flexibility to tailor LSIPs to their specific needs and priorities, and while we will provide successful Trailblazer areas with more guidance, this will not be overly prescriptive. Nonetheless, we do have some clear expectations at this stage.

37. An LSIP will need to set out a **clear vision of the future state**:

- The change it is seeking to accomplish and why it is achievable
- Based initially on a few strategic priorities that resonate with local partners to gain traction and maximise impact
- Focussing on where innovation and investment are happening, or where new inward investment is sought that will have a significant effect on skills demand in key sectors and occupations

38. It will describe **what needs to change and why**:

- Where the balance of provision may need to change; and where it needs to be delivered in different or better ways
- Backed with evidence from employers of emerging, growing or changing demand and relevant labour market data
- Expressed as meaningful outcomes - so providers are empowered to come up with new ideas and approaches

39. It will set out **what is going to be done about it and how**:

- The reasons provision is unable to adapt and deliver the skills when and where they are needed e.g., high upfront costs and uncertain demand
- The best solutions leveraging existing assets, resources and know-how e.g., creating economies of scale through greater collaboration and stimulating demand from smaller firms
- The actions providers are going to take both individually or collectively, and the support pledged from employers and local partners

40. It will show **how the sum will be greater than its parts**:

- The expected benefits and the steps being taken to ensure they are realised, including respective responsibilities and accountabilities
- Fit and join-up with other parts of the local skills system to support progression through the various offers e.g., the provision of careers information, advice and guidance offered in schools and colleges and through area-based contractors who deliver the National Careers Service, and Job Centre Plus (JCP) programmes

- The process for review and renewal and the metrics that will demonstrate the system as a whole is working better

41. LSIPs will be signed-off by Government to ensure they are fit for purpose and have been developed through an appropriate process consistent with the further guidance that will be issued to areas selected as Trailblazers. In MCA areas, this process will require that LSIPs are accompanied by a statement from the MCA when they are sent to Government for sign-off.

42. We do not expect them to be lengthy documents setting out in detail the entirety of skills provision in the area. Nor should they seek to stipulate the mix of provision delivered by individual institutions; providers will be responsible for how well their mix of provision meets labour market needs as envisaged in the Skills for Jobs White Paper. Neither are LSIPs intended to set out what the system could do if funded differently. Equally, they are not about giving funding powers to the ERB; or removing any of the devolved powers currently given to MCAs.

43. Rather, LSIPs should give a clear sense of direction and common purpose towards achieving shared goals. They should help to ensure that the local further education system is well set to deliver on its core purpose of giving people the technical skills they need to get good jobs and boost productivity, while not forgetting those in need of lower-level skills to help them progress.

Who can lead the development of a LSIP and over what local area?

44. LSIPs will be employer-led, thus placing employers at the heart of identifying local skills needs and helping to shape local provision. Only established ERBs will be eligible to lead a LSIP Trailblazer as set out in the section on eligibility. To be successful, ERBs will need to work closely with a wide range of employers, colleges and other providers. They will also need to engage key local organisations such as LEPs and MCAs and their SAPs who will have an interest in skills system(s) in their areas.

45. We do not consider MCAs or LEPs (or their SAPs) to be ERBs and therefore, they are not eligible to lead an LSIP Trailblazer. Nonetheless and as set out earlier, they will have an important role to play in developing the new LSIPs.

46. In terms of geography, Trailblazer local areas will need to be small enough to facilitate the development of genuinely local skills plans. This means operating on a geographical scale that is: sufficiently well focused to enable the deep engagement between employers and providers that is necessary to define and agree the strategic priorities for the LSIP; driven by the needs of the local labour market and local economy.

How should a Local Skills Improvement Plan be created?

47. The lead ERB will need to bring employers, colleges and other providers, and key local stakeholders together to create an LSIP. We envisage there will be three key steps in developing an LSIP but there should be feedback and further iteration throughout this process to test and validate propositions and conclusions. We intend to set out this high-level process in more detail in operational guidance for the Trailblazers.

48. Firstly, the ERB will need to identify the strategic goals the LSIP will address and articulate what new and changing skills are needed by whom, when and where. The outcome should be the translation of employer demand signals into a set of clear evidence and outcome-based specifications that providers can act upon. We expect the ERB to:

- Identify the key economic, social, technological and policy drivers of future skills demand in the area. This assessment should build on the analysis produced by the local Skills Advisory Panel⁴ and reflect local and national⁵ economic and investment priorities
- Build consensus around a set of strategic goals with employer groups, providers and local stakeholders such as the LEP, MCA and JCP(s). These are likely to be a mix of sectoral priorities overlaid with cross-cutting themes such as industrial digitalisation and green growth and recovery from the coronavirus pandemic
- Engage creatively with a wide range of employers (reaching beyond the ERB's existing membership and covering a broad range of private and public employers) to collect deeper qualitative insights on unmet and future skills demand aligned to the strategic priorities
- Understand the growth strategies and technology roadmaps of key sectors and the specific challenges and opportunities of major employers and their suppliers, small firms and public employers such as NHS Trusts. This should be supplemented where appropriate by robust new or innovative primary data collection

⁴ Each Skills Advisory Panels is publishing a Local Skills Report in Spring 2021, and many have produced additional outputs with useful evidence and analysis. Further information is available at: <https://www.gov.uk/government/publications/skills-advisory-panels>

⁵ In the longer term, we expect Local Skills Improvement Plans to be informed by, and in turn inform, national skills priorities as highlighted by the new Skills and Productivity Board. The current Industrial Strategy contains a range of national priorities and the local Skills Advisory Panel may have already collated some key information.

- Test and validate conclusions with other relevant business representative organisations, sector and trade bodies and local economic development agencies

49. Secondly, the ERB should engage FE colleges and other providers⁶ that deliver technical education and training as appropriate to understand the dynamics of the provider market; and identify where the balance of provision may need to change or be delivered better or differently. The outcome should be a better articulation, leading to a shared understanding, of unmet and future skills needs, the root causes of any existing skills mismatches and their solutions, including both changes in the provider offer and activities to shape and catalyse demand for skills supply. We expect the ERB to work with colleges and other providers to:

- Articulate local unmet and future skill needs in a way that is meaningful to providers. This is likely to include defining the occupational competences and transferable skills required and undertaking a skills gap analysis covering both the adult workforce and the skills pipeline (recognising that not all skills gaps are due to supply-side constraints)
- Identify where provision can be better aligned, the challenges colleges and other providers face in meeting changing employer needs, and how these can be overcome through improved through partnership. This is likely to focus on both specific barriers⁷ to scaling-up provision to meet new or growing demand; and where provision needs to be updated or scaled back to align with the new and emerging needs of the local labour market
- Identify opportunities to shape and stimulate skills demand and supply. This is likely to look at areas where colleges can work more effectively with employers in not only aggregating but also raising demand for higher technical skills; and with schools and other providers in increasing the talent pipeline of young people progressing to higher technical courses and upskilling and reskilling adults

50. Thirdly, the ERB should develop a roadmap to deliver the strategic goals drawing together ‘unmet and future skills’ needs, the ‘problem diagnosis’ and the proposed ‘solutions’ into a more coherent and connected whole. The outcome should be a credible, evidence-based change programme with a clear set of actionable priorities that have widespread support from local stakeholders. The ERB will be expected to:

⁶ Including local Sixth Form Colleges, School Sixth Forms and academies, University Technical Colleges, Independent Training Providers and Higher Education Institutions and Universities that deliver technical education and training.

⁷ LSIPs are not intended to set out what the system could do if funded differently.

- Make the strategic case for change, the expected benefits and the process for realising these benefits in an overarching change programme that brings together providers and employers in a more dynamic and stronger relationship
- Catalyse new approaches and models of greater partnership working that align the LSIP goals with institutional strategies through college networks and enhanced collaboration with universities, Independent Training Providers (ITPs), schools and employers that reflect relevant specialisms
- Describe the complementary roles they will play with clear responsibilities and accountabilities for delivering shared outcomes that will facilitate greater co-ordination of provision, capital investment, workforce development and strategic engagement with employers and other parts of the skills system
- Set out a process of dynamic programme management that will drive a more responsive system which helps providers to deliver more high-quality specialist technical provision when and where it is needed; identifies any provision which has become less valuable or inefficient; and ensures effective fit and join up with other parts of the local education and training system

51. The resulting LSIP should be the manifestation of commitments made to create a more responsive and joined-up skills system by forging stronger and more dynamic relationships between employers, colleges and other providers. Where colleges are already working together closely with employers and other providers the LSIP is likely to set out a more detailed roadmap, while in areas where these relationships are less developed it might provide a higher-level direction of travel within which colleges and employers can then develop specific proposals and actions.

52. The key priorities for change will vary depending on the local circumstances but are likely to include a mix of:

- Creating 'lead markets' for emerging skills needs such as the rapid digitalisation of manufacturing and supply chains through 'lead' colleges working with 'first adopters' and centres of innovation to develop short modular courses and 'train the trainer'
- Meeting growing demand in areas such as data analytics through new partnerships that leverage existing assets and resources and create the necessary economies of scale to develop and build specialist technical capability delivered in simulated workplace environments
- Responding to shifts in demand such as the move away from customer facing roles to online platforms by pooling know-how and sharing risks to develop and

deliver improved curriculum offers in new and agile ways through enhanced provider networks

- Demonstrating new technologies in 'learning factories' to help small firms make more effective use of the skills of their existing workforce by adopting technologies that, whilst not 'new to market', are able to help drive significant productivity improvements
- Playing a fuller role in supporting new businesses to start up and grow by providing incubation facilities and wrap around support including management training
- Communicating effectively with The Careers & Enterprise Company (including local Careers Hubs⁸) and area-based contractors who deliver the National Careers Service to ensure careers information and guidance for young people and adults are informed by the priority skills employers in the local area need, planning clear progression pathways, and working in partnership with Jobcentre Plus

53. We expect drafts of LSIPs to be produced by the end of 2021. Plans should provisionally be drawn up for an initial period of three years and will then need to be reviewed and updated regularly. The ERB will be expected to provide monitoring data to support an evaluation of the Trailblazers that will inform the future rollout of LSIPs.

What funding is available and what activities can it support?

54. £4m programme funding is available to support the delivery of LSIP Trailblazers in 2021-22.

55. Successful Trailblazer ERBs will be able to apply for a share of the fund to: i) build their capacity to deliver LSIPs and/or ii) support the development of LSIPs. Eligible costs are likely to include, but not be limited to:

- Supporting employer mapping, engagement, and relationship management to ensure the LSIP is business-led
- Supporting engagement of other key local stakeholders (including LEPs, MCAs and their SAPs)

⁸ A Careers Hub is a group of between 20 and 40 secondary schools and colleges in a dedicated area who work together and collaborate with business partners, the public, education and voluntary sectors to improve careers outcomes for young people.

- Meeting the costs of staff that will develop the plan
- Building the capacity of ERBs to deliver LSIPs

56. The funding will be awarded as a grant⁹, and ERBs will be expected to complete a Use of Funds Statement at the end of the financial year, with evidence that the funds have been spent in line with the terms of the grant offer letter.

57. An application form and full guidance, including how to apply, will be issued to successful Trailblazers following notification.

Critical success factors

58. The approach taken by ERBs will vary across the country depending on local circumstances, but we would expect all LSIPs to share the following critical success factors:

Tailored to the specific opportunities and challenges facing a discrete geographical area

59. A credible LSIP will need to be based on a strong understanding of the strategic opportunities and challenges facing employers and the people who live and work in a given area. It will be for ERBs drawing on their local knowledge to specify the geography that will work best as a Trailblazer area. This means operating on a scale that will be most conducive to developing a credible LSIP. This will be a geographical area that is sufficiently compact and coherent to enable effective decision making and delivery, while also encompassing a critical mass of employers and providers needed to make a demonstrable impact. In some cases, this will be smaller geographies than existing LEP boundaries.

A strong voice able to articulate the unmet and future skills needs of employers

60. A strong employer voice needs to be at the heart of the LSIP. This means the ERB will need to act as an “intelligent lead customer” well positioned to articulate the skills needs of the area. To do this well, it will need to engage effectively with a wide range of employers, sector bodies and centres of innovation beyond its own membership; and to do so in a way that gets the best out of them and uses their time efficiently.

⁹ DfE Grant Funding Agreement Terms and Conditions
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/856705/DfE_GFA_TCs_FINAL_012020.pdf

Genuine local ownership residing with employers and providers responsible for delivery

61. Ownership of LSIPs should rest full square with the employers and providers who will be responsible for co-creating and co-delivering LSIPs. It is in this way that we can catalyse greater employer engagement in the skills system and embed a more strategic and dynamic partnership with Colleges and other providers around the delivery of shared goals that MCAs and LEPs can get behind and support.

Strong strategic capabilities and capacity to identify shared goals and key priorities

62. An LSIP should be a credible, evidence-based change programme with a clear set of actionable priorities that have widespread support from local stakeholders. This means analysing data and bringing the right people together at the right time to identify problems and develop effective solutions. This should not only involve effectively managing complex stakeholder relationships but also using new technology to create leaner and more agile ways of gathering data and testing propositions.

Vision and leadership to deliver a significant change programme

63. The LSIP will need to make the strategic case for change in a way that galvanises employers and providers, commands the support of local stakeholders and gives funders the confidence to invest. This means having a clear vision of the changes it is seeking to achieve and a robust process to ensure the benefits are fully realised. This should include clear responsibilities and accountabilities for delivery together with a process for review and renewal.

How you will be assessed

Eligibility criterion

64. To be considered for selection as a Trailblazer, applications must be led by an established ERB. For the purposes of the Trailblazers, a ERB is defined as a business membership organisation that is independent of Government and whose primary purpose is to serve the needs of employers and businesses. Lead applicants will need to confirm that businesses comprise the vast majority of their membership and that the ERB is accountable to its members.

65. For this reason, we do not consider MCAs or LEPs (or their SAPs) to be business representative organisations and therefore, they are not eligible to lead a LSIP Trailblazer. Nonetheless and as set out earlier, they will have an important role to play in developing the new LSIPs and are encouraged to participate in the development of an

LSIP for their area by sharing their analysis and intelligence on the local labour market and encouraging their stakeholders to work collaboratively with the relevant ERB.

Assessment criteria

66. Applicants will need to demonstrate that they are building from a strong starting point in terms of their existing capability and capacity, while clearly showing how they are going to respond to the challenge of playing the much stronger role in local skills systems.

67. Applicants will be assessed against the following criteria:

- Coverage of a proposed geography conducive to developing a credible LSIP
- Ability to engage a wide range of employers and articulate their skills needs
- Ability to work in partnership with a wide range of stakeholders
- Demonstrates the necessary strategic capacity and capability
- Ability to lead and drive a significant change programme

Criterion 1: Coverage of a proposed geography conducive to developing a credible LSIP

68. We will assess this criterion against the following questions:

- What geography do you think will be most conducive to developing a credible LSIP Trailblazer within the proposed timescales?
- Why do you think that this geography is sufficiently compact and coherent to enable effective decision making and delivery, while also encompassing a critical mass of employers and providers needed to make a demonstrable impact?
- In determining the geographic scope of your proposal, how did you consider:
 - Innovation and growth agenda e.g., priority sectors, emerging growth clusters, infrastructure investment, transport corridors
 - Economic intelligence e.g., travel to work areas, travel to learn patterns; and
 - Decision making and delivery e.g., sufficient scale and size for effective prioritisation and efficient delivery; relationship with existing administrative boundaries?

- What trade-offs have been made, why do these make sense, and what are the implications for further developing and implementing the LSIP?

69. Applicants will need to provide a map setting out the proposed geographical scope of the LSIP trailblazer and how it relates to the factors being used as part of the justification e.g., business clusters, travel to learn patterns, administrative boundaries.

Criterion 2: Ability to engage a wide range of employers and articulate their skills needs

70. We will assess this criterion against the following questions:

- How will you work creatively with non-member employers of all sizes and sectors and other ERBs to articulate the skills needs of employers in your area?
- What are your existing relationships with employers, sector bodies and centres of innovation, and how will you leverage and build on these to develop the LSIP?
- How will you carry out more focussed engagement with employers representing key sectors/priorities, and how these will be identified?

Criterion 3: Ability to work in partnership with colleges, other providers and key stakeholders

71. We will assess this criterion against the following questions:

- How will you engage FE colleges and other providers that deliver technical education and training, such as universities, ITPs, Sixth Form Colleges and schools to develop the LSIP?
- What are your existing relationships with providers and how will you build on these to co-create plans around shared goals?
- How will you work effectively with key local stakeholders such as the MCA, LEP, JCP(s), local Careers Hubs and relevant third sector organisations to ensure join-up with other parts of the local skills system?

Criterion 4: Demonstrates the necessary strategic capacity and capability

72. We will assess this criterion against the following questions:

- How will you ensure the Trailblazer is properly resourced, including the following elements:
 - Stakeholder engagement

- Skills planning and analysis
- Project management
- What is your relevant experience and how will you draw on this to deliver effectively and efficiently including making use of new technologies?

Criterion 5: Ability to lead and drive a significant change programme

73. We will assess this criterion against the following questions:

- What skills and experience does the organisation and leadership team have in delivering a significant change programme that depends on delivery by others and how will they be applied to developing and delivering a successful LSIP?
- What governance arrangements will you put in place, how will decisions be made, and how will you secure buy-in from a range of partners?
- How will you agree clear responsibilities and accountabilities that will give confidence for successful delivery of the LSIP?
- How will you ensure the benefits are fully realised, including the process you will use for review and renewal as well as the metrics you will use to demonstrate progress?

Selection process

74. The selection process will consist of an eligibility check, a quality assessment and selection of the final portfolio.

- **The eligibility check:** all applications received by the deadline of noon on 25 May 2021 will be checked to ensure that they meet the eligibility criterion set out above. To pass the eligibility check, a proposal must be led by an ERB that DfE determines meets the definition set out above. Applications that do not pass the eligibility check will not proceed any further in the selection process and therefore cannot become LSIP Trailblazers
- **Quality assessment:** eligible applications will be assessed against the assessment criteria set out above and awarded a score between 0 and 4 for each criterion, based on how well the response demonstrates the requirements of each criterion, as follows:

Score	Description	Detail
0	No evidence	No response or no evidence has been provided.
1	Weak evidence	The response is insufficiently developed. Inadequate or no supporting evidence has been provided to support the response.
2	Moderate evidence	The response demonstrates moderate fit with the criterion. Relevant evidence is provided to support the response but this is lacking in detail in some areas.
3	Good evidence	The response fully meets the criterion. Full and relevant evidence is provided to support the response and explain how the applicant will satisfy the criterion in full.
4	Strong evidence	The response is demonstrably stronger than the criterion and offers additional benefits. Full and relevant evidence is provided to support the response and explain how the applicant will not only satisfy the criterion in full but clearly go beyond it.

75. The score for each of the criteria will be added to give a total score out of 20.

76. DfE will apply a quality threshold to the total score, and any applications that score below the threshold will not proceed any further in the selection process. Applications that score above the threshold will be considered for inclusion in the final portfolio.

- **Portfolio selection:** DfE expects to recommend a portfolio of 6-8 Trailblazers to Ministers from the applications that meet the quality threshold. In making the recommendation, the DfE will prioritise those bids that score most highly and are aligned to an SDF application. In addition, the following factors will be considered:
 - **Geographical spread** – to ensure a mix of Trailblazers from the North, Midlands and South
 - **Geographic profile** – to ensure a mix of Trailblazers from areas that are predominantly urban, rural or coastal
 - **Local governance** – to ensure that at least one Trailblazer is in an MCA area
 - **Deprivation** – to ensure that areas with high levels of deprivation are represented in the portfolio

- **Characteristics including age, disability levels, ethnicity, race and religion** – to ensure due regard to the Public Sector Equality Duty (PSED)
- **Ministerial decision:** DfE Ministers will make the final decision on the proposals that will become Trailblazers, having taken account of the assessors' recommendation

77. Decisions as to the selection of LSIP Trailblazers is subject to Ministerial discretion, including that no proposals may be selected. Selection is not a commitment to fund. For those who are successful in the EOI process, there will be subsequent processes to agree funding support.

How to apply

78. EOIs must be submitted using the application form provided.

79. DfE's e-tendering platform Jaggaer will be used to store application documentation and will host all Q&A. Any clarification questions must be submitted via Jaggaer by 17th May 2021. We will not conduct Q&A via any mailbox mentioned in this prospectus.

80. [Register to use Jaggaer](#)

81. For help with registration please use the support links on the Jaggaer portal.

82. Expressions of Interest should be submitted by email to Skills.Accelerator@education.gov.uk by **noon on 25 May 2021** using the application form provided.

83. EOIs may be submitted:

- Aligned to an SDF pilot application
- As a standalone Trailblazer application

84. In submitting a joined-up bid, the lead ERB and lead provider confirm that they have collaborated in the development of their applications and commit to working together to deliver the LSIP and SDF proposal should their applications be successful.

85. We encourage applicants to submit an aligned bid if they can. Aligned bids will stand a better chance of being successful.

86. Information provided on the application form, including personal information, may be subject to publication or disclosure in accordance with the access to information

regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

Next Steps

87. When Ministers have made their decision, applicants will be notified of the outcome of their EOI by email. Ministers' decisions will be final and there will be no right to an appeal within the process.

88. DfE will provide feedback on unsuccessful applications where this is requested.

89. Successful applicants will be invited to submit an application for LSIP development funding as described in the sections above.

90. Operational guidance on developing LSIPs will be supplied to successful ERBs after the Trailblazer areas have been announced.

Section 3 – Strategic Development Fund Pilots

Aims

To be the catalyst for change in transforming local skills delivery

91. The aim of the SDF pilot is to act as a catalyst for change in local skills delivery systems. It will seek to drive the collective action of colleges, other providers and employers in responding to the needs of the local labour market, and to fund the change in facilities and provision needed to begin the process of transforming skills delivery within an area.

92. We will expect collaborations to align with the local economic area of the LSIP where an application to become a Trailblazer is also being submitted. For other areas, proposals must identify the geographic area in which they will operate. The collaboration's geography should be well-focused, so that deep engagement amongst FE providers and employers is possible within the timeframe available for the pilot, focused on defining and agreeing the strategic priorities for the area and the changes that are needed, driven by the needs of the local labour market and local economy.

93. Applications must provide a clear evidence-based justification for the geography that they propose. This should include a demonstration of how that geography aligns to local labour market and economic needs.

94. The pilots will test models of collaboration and how these can contribute to a new approach to technical skills where provision is more strategically planned and delivered at a local level, in response to local priorities. The pilots are expected to: i) support the development of a high value curriculum offer in support of longer-term skills priorities, including those identified in emerging LSIPs or other local labour market reports and economic strategies; ii) enable better and more efficient use of the existing facilities and investment in FE; and iii) strengthen the interface between employers and the specialist technical expertise and facilities of the collaboration as a whole. The pilots are also expected to explore ways of supporting and aligning with wider programmes and Government priorities including skills for green jobs and Covid recovery plans.

95. Initially we will be looking to test the ability of collaborations of providers to come together and work with employers; and their ability as a partnership to develop and begin to implement a coherent programme of work that responds to key local priorities and lays the groundwork for a responsive system going forward. Those selected to become SDF pilots will be expected to undertake an ongoing review of progress and the effectiveness of these activities in driving change.

96. The core objectives that we will expect all SDF pilots to meet are set out below.

Objectives

97. In this pilot year, we want the SDF pilots to help us understand how collaborative working can be effective in prioritising change in local planning and delivery systems in different contexts. Specifically, we want to understand how development funding can be a catalyst for that change, including in building stronger relationships with ERBs. We are also interested in understanding what the barriers are to achieving this change, and how these might be overcome.

98. The aim is to fund projects that will make change happen, and which can inform how Government investment could be best aligned to local priorities going forward. In particular, we will expect pilots to meet the following core objectives:

- To drive a change in the pattern of provision and build capacity and expertise where it is needed
- To begin building the local collaborations that will create a stronger and more efficient overall delivery infrastructure and support a more co-ordinated offer across the local area
- To strengthen the interface between colleges and employers in support of sector-focused growth strategies and technology adoption, including through a more sophisticated approach to skills development as an integral part of local business growth and innovation
- To learn from the funded projects about what works well and in what contexts

Developing a proposal for a Strategic Development Fund Pilot

Who may apply?

99. Applications may be made by groups of colleges and providers and must be submitted by a lead applicant on behalf of the collaboration.

100. Applications may be submitted:

- As part of a joined-up bid with an LSIP Trailblazer – in this case the proposal must be developed with the relevant ERB
- As a standalone SDF application – in this case the lead applicant must demonstrate that they have worked with key local ERBs to develop the bid and received their endorsement for the proposal

101. The lead applicant must be one of the following types of institution:

- A general Further Education College¹⁰
- An institution which has been designated as being in the Further Education sector under section 28 of the Further and Higher Education Act 1992), but only if it offers a broad range of technical provision similar to a General Further Education college
- An Institute of Technology (IoT) licensee

102. These institutions are eligible to act as the lead applicant because of their overall size and breadth of provision, and their focus on post-16 technical education and training.

103. Where the lead applicant is an IoT, the coverage and focus should be greater than the IoT where relevant. It should build on the existing collaboration and describe how the SDF funding will add value to the existing IoT activities and not replicate activities that they are already funded to provide.

104. Unless there are exceptional circumstances¹¹, we would not expect the lead applicant to have a current Ofsted grade for overall effectiveness of less than Good, or a published Notice to Improve. Where there are ungraded institutions due to recent mergers, we will accept the grades of former institutions. The Ofsted grade that determines eligibility is the one that a college has on the date of the EOI submission. Should this grade change before contract award we reserve the right to review the application in the light of this change. IoTs must have a current IoT licence.

The role of the lead applicant

105. The lead applicant for SDF pilot bids will be required to undertake a leadership and convening role with other colleges and providers in the area, and to work closely with ERBs.

106. The lead applicant will be responsible for:

- Convening and chairing meetings with providers, ERBs and other stakeholders to agree the geographic coverage, and priorities and activities to be included in the EOI

¹⁰ Defined as any further education college which is conducted by an FE Corporation as per Section 91(3) of the Further and Higher Education Act 1992

¹¹ Except in areas which have no General Further Education College that meets this quality bar

- Submitting the application form on behalf of the collaboration and ensuring the completeness and accuracy of the content
- Acting as the primary contact with the DfE and a communication conduit to other providers in the collaboration
- Ensuring there is no duplication or contradiction between projects

107. The funding, monitoring and reporting arrangements will be agreed with pilot areas as part of the second stage negotiation of projects.

Organisations eligible to be part of the SDF pilot

108. Providers of post-16 technical education and training that are eligible to be part of the collaboration and to receive SDF funding as part of the pilot are covered by the list below:

- General Further Education Colleges¹² (including specialist colleges e.g., land-based)
- Institutions that have been designated as being part of the FE sector¹³
- Institutes of Technology (IoTs)
- Sixth Form Colleges (SFCs), including academies
- Independent Training Providers (ITPs) including employer ITPs and Group Training Associations (GTAs)
- Higher Education Providers delivering Level 4 and 5 provision and higher-level apprenticeships
- Local Authority providers
- Schools with sixth forms, including academies
- University Technology Colleges (UTCs)

¹² Institutions that are conducted by FE Corporations Section as defined by 91(3) of the Further and Higher Education Act 1992.

¹³ These are institutions that have been designated as being part of the FE sector under S28 of the Further and Higher Education Act 1992

Geographical scope

109. EOIs are expected to align with the local economic area of the LSIP where an application to become a Trailblazer is also being submitted. For other areas, the EOI must identify the area to be covered by the pilot and provide a clear evidence-based justification for that geography, including how the geographic area is relevant to the local labour market and economy. We will be looking for a distribution of pilots from the North, Midlands and South and with a range of different characteristics. EOIs should identify the main towns or city areas to be served by the pilot, whether the area is predominantly an urban, rural or coastal area, and any projects that will specifically focus on deprivation.

110. The activities outlined in the proposal must be consistent with and create a co-ordinated response to the skill priorities for the area. Proposals may include providers located outside the area where this makes strategic sense and is demonstrably practical, for example, where a provider has a particular specialism which has clear links to the labour market needs of the pilot area.

111. Colleges that serve other local areas may be included in more than one EOI. Where a college or provider campus is part of a wider group, it should be included in the EOI for the pilot area in which it is situated.

What funding is available and what activities can it support?

112. £65m grant funding is being made available through the SDF consisting of approximately 60 percent (£38m) capital and 40 percent (£27m) programme. The sum of the projects within each individual EOI does not need to match this 60/40 ratio. Details of what the fund can support are set out at annex 1.

113. The purpose of the SDF is to act as a catalyst for driving change in local skills delivery and to build demand for economically valuable skills. Collaboration is a critical focus of the SDF. Local projects must drive partnership between employers and skills providers, and amongst skills providers themselves, with a view to creating a more focused and co-ordinated system of skills delivery which meets the skill needs of an area, and drives demand based on a better understanding of skills needs and priorities.

114. We will expect applications to focus on pooling of resources in the local provider base. This may include, for example, the sharing of staff, facilities and expertise to jointly accomplish what individual providers may be unable to do alone. At a minimum there must be clear alignment and complementarity between the activities of the various individual providers that are funded as part of SDF collaboration.

115. We expect the SDF to fund a range of activities that bring providers and employers together, and that:

- Have immediate benefit – for example, new and innovative provision or new services to employers and learners that are delivered before the end of March 2022, and that act as a seed for further development in subsequent years; and
- Build capacity to respond to local priorities through provision and services that will be delivered in academic year 2022/23 and beyond, including through investment in new or upgraded facilities and equipment

116. The funding will be awarded as a grant, and pilots will be expected to complete a Use of Funds Statement at the end of the financial year, with evidence that the funds have been spent in line with the terms of the grant offer letter.

117. Programme funding is expected to support a range of activities that deliver provision in the current academic year and/or bed-in capacity for subsequent years. It is important that none of these activities reflect ‘business as usual’. They must all focus on bringing about change with a clear view towards locally agreed priorities.

118. The SDF can, for instance, support:

- Direct teaching, resource and related delivery management costs for new, additional provision in priority sectors. Where it proves successful, this provision should lay the seed for longer-term delivery
- Staff time (and related costs where applicable) for:
 - Engaging with employers more fully on skills needs and developing responses to that intelligence. We would expect a focus on the needs of SMEs
 - Curricular planning (e.g., development of modular and short courses for new or innovative provision)
 - Substantial staff secondments at employers’ workplaces, to ensure that instructors have up-to-date knowledge of sector practices that reflect employer needs
 - Learner outreach to build or diversify demand for priority areas of the curriculum (normally in partnership with local Career Hubs and/or the National Careers Service)
 - Knowledge and technology transfer activities
 - Business incubation activities
 - Effective coordination across local provider and employer partners

Example 1: Building skills for the financial services sector

Financial Services is an important and rapidly growing sector in a local area. FE provision broadly meets the needs of the sector, but employers report that rapid change in the financial technology (Fintech) sub-sector means that providers need to be more joined-up, focused and agile in their skills response, and easier for employers to engage with. The local providers who currently offer relevant provision are finding it hard to scale-up. The challenges they face include high upfront capital costs; difficulties in recruiting specialist teaching staff; and uncertain initial learner demand.

As part of their overall SDF application, a group of local colleges and other providers, proposes that the 2 colleges that already have a track record in the Fintech area establish a single front door (nominally located at one of the colleges) for employers seeking to engage on skills for Fintech; that they share capital investment and staff to jointly deliver specialist digital provision in big data and agile software development; and that they work together to develop and offer short, flexible courses to upskill the workforce (e.g. vendor qualifications in programming languages).

To ensure geographical coverage, the 2 colleges also support other local providers to help build a pipeline to their more advanced courses; and to deliver some of this advanced programming at their own location where learner and employer demand warrants. The pilot SDF enables the colleges to offer new short courses that are free of cost to learners and employers. This aims to generate awareness and interest and put provision on a path towards longer-term sustainability. The 'single front door' model also enables the colleges to proactively engage with employers and learners, and so build demand for new kinds of skills delivery.

Finally, the 2 colleges use SDF funding to help them join up (on behalf of their local partnership) with providers in other areas of the country offering similar provision. This enables them to further develop the offer, share best practice, and explore the potential for larger scale digital delivery.

119. The SDF may also fund:

- One-time recruitment costs for staff to enable the introduction or substantial expansion of skills provision in high demand, priority areas
- Repurposing of provision or services to high priority areas
- Employer time to help upskill teaching staff and to help better align learning outcomes to industry need
- Employer time for intensive work with learners on specific aspects of skills development

120. Capital funding can be used for:

- Equipment, furniture, fixtures and minor facility repurposing/renewal that supports expansion or improvement of technical education to address strategic priorities and/or supports the activities of a College Business Centre (CBC). However, ITPs are not eligible to receive funding for capital works for buildings and facilities improvements from the SDF
- IT hardware and software that supports expansion or improvement of technical education, and/or supports the delivery of a CBC

Example 2: Meeting the needs of the construction sector

A local area identifies the need to grow the number of construction workers who have retro-fitting skills in their local area. The collaboration identifies 2 colleges and 2 ITPs to be the focus of this work – ensuring that delivery is available right across the area. The SDF enables these providers to buy the equipment needed to deliver short new programmes that expand the skills of current workers; to train up their own staff where needed (including by seconding in a professional from the sector whose time is shared amongst the providers); and to offer the programme free of charge to learners.

Example 3: Expanding nursing expertise

In the healthcare sector, colleges and other providers jointly prioritise local expansion of the new nursing associate degree – with college X taking the lead on delivery. The local partnership uses SDF capital funding to enable college X to build skills labs. SDF programme funding also supports the up-skilling of existing healthcare instructors; defrays some of the initial hiring cost of registered nurses to deliver training where necessary; and facilitates the development of links to employers for clinical placements. College X works closely with other providers in the area and with the local Careers Hub to enable learner pathways into the programme, and to reach out to learners who may be interested but aren't yet aware of this potential career.

121. College Business Centres are one way in which SDF capital and programme funding can bring about change and support collaboration across the local area. We do not, however, expect them to be part of every bid or funded activity.

122. Located in one of the colleges within the collaboration but acting as a shared resource, CBCs can enable a strategic response to the needs of a priority local sector and play a pivotal role in connecting employers to the technical expertise and facilities of the collaboration as a whole.

123. To maximise their effectiveness, we would expect proposals for CBCs to specialise in a local priority sector whose employers would benefit from support to help them better understand and anticipate skills needs, and to make better use of the skills of their workforce. They would also be expected to communicate information about the

sector's evolving skill requirements to the providers within the collaboration, facilitating the development of and access to provision which is more closely aligned to the evolving skill needs of the sector.

Example 4: College Business Centre

To better meet the needs of a local manufacturing sub-sector, the pilot area establishes a College Business Centre at College Y to support employers and other skills providers in a number of ways. Working closely with its local business representative organisation, College Y regularly convenes 'marketplaces' – joint meetings with employers, skills providers and other local employer organisations and agencies to identify key sector needs and develop responses. SDF programme funding supports this engagement work and helps build the Centre's capacity to undertake skills audits for individual employers (in particular SMEs) which will help them identify and plan for future skill needs, and signpost them to the right provision in their area.

The collaboration also uses part of the SDF to repurpose an existing campus space and install up-to-date equipment that enables small local manufacturers to engage in prototyping, and to explore the potential of new production processes. The Centre links this facility to knowledge transfer activities that help local SMEs identify existing technologies that can help them work more productively. And in partnership with the local Growth Hub, the Centre undertakes initial scoping work for a small incubator space where new start-ups could access business space, expertise, technology, and peer networking opportunities – and where college learners and employers can come together into regular contact.

124. They could also help employers identify and develop the skills and capacity needed to adopt technologies and knowledge that, whilst not necessarily new to market, have not yet been taken up at scale by the local sector, and may not be easily available to employers. CBCs could also support new business start-ups. This could include access to space, equipment, technical expertise, peer networking opportunities, mentoring, and hardware and software.

125. In this way CBCs will build on the potential of FE colleges and their industry-standard facilities and equipment. CBCs will enable colleges to engage with employers on their skills and innovation needs, and to shape FE in ways that respond to those needs. Depending on the number of providers within the collaboration, they could also provide support to other education and skills providers outside the immediate area to help strengthen their links with employers within the sector.

126. Further details about what the SDF may fund, and exclusions, are set out in annex 1. These are illustrative: we will consider proposals for additional activities where the collaboration makes a clear case demonstrating how they will help address local priorities in an effective and efficient manner.

127. SDF proposals may complement capacity building or the delivery of provision that is supported by other government funding streams, but they may not duplicate that other investment.

Critical success factors

128. Each pilot area will test an approach to collaboration that makes sense for their area, reflecting the specific characteristics of the area, the mix of stakeholders, and skills priorities. They will need to identify the outputs and outcomes that they expect to achieve in the pilot year through the various activities set out in their EOI, as well as the likely impact in terms of building capacity and capability for future years.

129. Within this context, we would expect all SDF pilots to meet the following critical success factors as a minimum:

- To have successfully achieved a stronger working relationship between all colleges within the pilot area, with other providers also actively engaged in the collaboration
- To demonstrate stronger and more effective relationships with employers, resulting in better intelligence about skill needs which is reflected in curriculum development and planning
- To demonstrate evidence of a shift in focus amongst partners in the collaboration towards key strategic priorities for change related to the specific challenges and future opportunities within the area.
- To have started to put the key building blocks in place to support a shift in the pattern of provision to meet the needs across the local area, with evidence that the collaborative approach is helping to build capacity for a reformed approach to skills delivery, and evidence that these changes will lead to positive outcomes for learners.
- To have identified the barriers and disincentives within the existing system that collaborative action can help address
- To have addressed the priorities set out in the EOI, and delivered the projects and initiatives associated with them, as agreed at the detailed negotiation stage

130. Areas selected to be SDF pilots will need to have an approach in place to monitor and evaluate the impact of the planned changes. This should include the expected benefits and outputs up to March 2022 and the longer-term outcomes for learners, employers and the local economy that will be achieved from the projects supported, with a process for updating this at different stages of delivery.

How applications will be assessed

131. To be considered for selection as a pilot area, applications must meet a set of minimum eligibility criteria. The information provided will enable us to test whether the application meets the underpinning aims of the fund (including how it will support collaboration) and contribute to stronger longer-term outcomes (including economies of scale across providers and delivering more economically valuable skills provision).

Eligibility criteria

132. We will assess applications against the following:

Criterion 1: Lead Applicant

This question will not be scored but to meet the minimum threshold:

- All applications must have a clearly identified lead applicant. The eligibility and role of the lead applicant is outlined in paragraphs 98-106
- The lead applicant and the skills priorities and projects for the area must be endorsed by providers in the collaboration

Criterion 2: Geographic coverage and membership of the collaboration

To meet the minimum threshold:

- The collaboration must identify a clear geographic area in which they will operate and provide a strong evidence-based justification for the geography, including how the geographic area is relevant to the local labour market and economy. Areas of deprivation should be highlighted with an explanation of how disadvantaged communities will benefit from the skills priorities and projects
- The application must self-identify the area type as predominantly one of either urban, rural, or coastal
- The lead applicant must consult with all FE colleges and DIs located in the geographic area which offer a broad range of technical provision and have more than 1,000 directly enrolled learners and invite them to join the collaboration. Where a college/DI does not wish to engage, the lead applicant must confirm that the institution has been provided with an opportunity to join the collaboration and the rationale for them wishing to remain outside of it
- The proposals must provide a clear justification for the collaboration membership and a high-level outline of the individual contribution of each member

- For joint LSIP Trailblazer and SDF EOI proposals, the geographic areas of operation must align

Criterion 3: Nature of the provider collaboration / group

We will request information on the status and nature of the provider collaboration / group. This question will not be scored.

Criterion 4: Identification and selection of skills priorities which meet employer needs and development of a responsive curriculum offer

We will assess this criterion against the following:

- The process the provider collaboration has undertaken to identify the skills priorities for the area, including engagement with ERBs and employers, and the information sources used
- The rationale and evidence for the selected priorities referencing relevant published reports as applicable
- The relationships with ERBs and employers, and the approach taken to make the curriculum offer more relevant and responsive

Criterion 5: Building on strong collaboration and focusing on key strategic priorities for the area both current and future

We will assess this criterion against the following questions:

- How the collaboration will utilise funding from the SDF to extend and deepen collaborative working within a local area between colleges, providers, employers and ERBs
- How the collaborative approach will achieve a shift in focus amongst partners towards key strategic priorities for change, related to the current skills challenges and future employment and economic opportunities within the area
- How SDF will be used to address any identified barriers and disincentives to collectively achieving skills priorities
- How the collaboration will work with wider stakeholders to ensure alignment and co-ordination of activities at a local level

Criterion 6: Ensuring effective use of funding and value for money

We will assess this criterion against the following questions:

- How projects demonstrate deliverability within the timeframe and good value for money, with a long-term and sustainable vision to improve skills delivery through ongoing collaborative activity
- How SDF funding will complement but not replace or duplicate other non-mainstream government funding already received or anticipated

Criterion 7: Expected benefits for learners and employers (outputs and longer-term outcomes)

We will assess this criterion against the following:

- The expected benefits and outputs and longer-term outcomes for learners, employers and the local economy which will be achieved from each of the skills priority projects
- How the activities proposed will improve labour market relevance of provision across the area and any expected improvements in efficiency, reduced duplication and greater specialisation
- The proposed approach to monitor and evaluate the impact of the planned changes, with a process for updating this at different stages of delivery

Criterion 8. College Business Centres (CBC)

Only relevant to those applications containing a CBC. We anticipate a small number of CBCs across the SDF pilot areas. Therefore, we do not expect all EOIs to contain a CBC.

We will assess this criterion against the following:

- The relevance and potential of the priority sector to the local labour market, and the type of support it needs to develop, including development of skills in new technologies which have the potential to drive innovation and productivity
- How the CBC will support the wider LSIP Trailblazer (where relevant) and SDF pilot
- Demonstration of why the CBC would have credibility with employers and other stakeholders in its sector specialism and how the CBC would build on the

established strengths and existing relationships to reach out to a wider group of employers within the sector and other stakeholders with an interest

- How the CBC would support the other elements of the SDF proposal
- The expected outputs to be achieved by March 2022 and longer-term outcomes
- The viability of plans for ensuring that the CBC will be sustainable in the longer term
- How the CBC will complement other business support services in the area

Criterion 9: Skills priorities for the area

We will assess this criterion against the following and cross reference to the responses to the questions in sections 4, 6 and 7.

- The rationale for the priority
- The value for money of the activities in respect of the expected outputs and longer-term outcomes
- How the projects will complement but do not replace or duplicate other national priorities

Criterion 10: Provider group members' endorsement

This question will not be scored. To meet the minimum threshold the providers in the collaboration must:

- Approve the skills priorities and projects outlined in the application, and
- Endorse the lead applicant to submit the application on their behalf and to undertake the responsibilities of the lead applicant

Criterion 11: Joint LSIP and Trailblazer Applications

This question will not be scored. To meet the minimum threshold:

- The ERB that is submitting the LSIP Trailblazer application must confirm that it has worked in partnership with the SDF lead applicant and wider provider collaboration to agree the skills priority proposals
- The geographic areas of operation for the LSIP Trailblazer and SDF pilot must align

Criterion 12: ERB endorsement for SDF only applications

This question will not be scored. To meet the minimum threshold:

- The application must be endorsed by an ERB
- The geographic coverage of the ERB should, as a minimum, include the geographic area covered by the provider collaboration. This may mean that the endorsement of more than one ERB is required

Criterion 13: Lead applicant declaration

This question will not be scored. To meet the minimum threshold:

- The lead applicant must complete the declaration related to its role in the application process

How we will select the SDF pilots

133. We will assess all EOI applications received to Skills.Accelerator@education.gov.uk by noon on 25 May 2021.

134. The assessment will involve an initial eligibility check to ensure that the EOI has been submitted by an eligible lead applicant and that the necessary information has been provided to meet the eligibility criteria. Determination of eligibility is subject to discretion in accordance with the eligibility conditions set out above.

135. We will also check whether the SDF application has a corresponding LSIP Trailblazer application and that the two applications are coherent and co-ordinated. Applications that are aligned to a LSIP Trailblazer application will be more likely to be successful.

136. Applications will be assessed against minimum eligibility criteria for questions 1, 10, 11, 12 and 13. Question 3 is for information only and will not be scored. We will assess question 2 and questions 4-9 in the application form using the 3-point scale outlined below and award a score of 0, 1 or 2. When we have assessed all EOIs, we will undertake moderation and apply benchmarking to determine the minimum threshold for those applications that will proceed to the 2nd stage of the process. Stage 2 will involve mapping applications that meet the minimum threshold against a range of characteristics outlined below to ensure a suitable range of pilots.

Score	Description	Detail
0	Limited evidence. Below the minimum threshold	A score of 0 should 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 should be awarded if the proposal is sufficiently developed and enough information is provided, or the information demonstrates reasonable fit with the criteria.
2	Strong evidence. Exceeds the minimum threshold.	Proposals that contain a clear and full range of appropriate qualitative and quantitative information and demonstrate strong fit with the criteria.

137. We will draw on ESFA data and intelligence as part of our due diligence process to confirm eligibility and highlight any potential risks to project delivery.

138. To achieve coverage of SDF pilots across the country, and to test the models of collaboration in a range of different settings and contexts, we will combine this assessment with a matrix of characteristics to select the final set of pilots. These characteristics are as follows:

- Geographic spread – we will be looking for a distribution of pilots from the North, Midlands and South
- Geographic profile – we will want to select pilots with different geographic profiles, including from areas that are predominately urban, rural or coastal
- We will want to select some pilots from deprived areas, using the published Indices of Multiple Deprivation
- We will also take account of other characteristics including age, disability levels, ethnicity, gender, race and religion to ensure we pay due regard to the Public Sector Equality Duty (PSED)

139. When Ministers have made their decision, applicants will be notified of the outcome of their EOI by email. Ministers' decisions will be final and there will be no right to an appeal within the process.

140. Decisions on the selection of SDF pilots is subject to discretion, including that no proposals may be selected. Selection is not a commitment to fund any or all of the projects contained within an EOI. For those who are successfully selected to become an SDF pilot there will be a further process to agree funding support.

How to apply

141. EOs must be submitted using the application form provided.
142. DfE's e-tendering platform Jaggaer will be used to store application documentation (including an FAQ) and will host all Q&A. Any clarifications must be submitted via Jaggaer by 17th May 2021. We will not conduct Q&A via any mailbox mentioned in this prospectus.
143. [Register to use Jaggaer.](#)
144. For help with registration please use the support links on the Jaggaer portal.
145. The lead applicant must apply using the application form supplied here (insert hyperlink) and must return the application by the deadline of noon on **25 May 2021** to Skills.Accelerator@education.gov.uk
146. Information provided on this application form, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

Next Steps

147. All lead applicants will receive an e-mail informing them of the outcome of their application.
148. Those selected as SDF pilots will be required to submit more detailed information on the specifications and costs of the projects contained in their proposal. Further information about this will be provided to the lead applicant of the successful pilot areas.
149. DfE will negotiate and agree which projects are to be funded and the value with the respective provider(s) who will be involved in their delivery, and agree the key milestones, outputs and expected outcomes.
150. The project specifications, expectations and funding values will be included in individual provider offer letters. We expect to begin issuing offer letters in early July. Funding will flow from the DfE to individual providers as per the terms of their individual offer letter.
151. DfE will issue further information for those areas not selected as SDF pilots on how to apply for the SDF grant funding of up to £50,000 to support collaborative working.

Annex 1: What the Strategic Development Fund will and will not support

Details of what the SDF will fund are set out below. The information is **illustrative** only, and we may consider proposals for other activities where the partnership can make a clear case showing how they will efficiently and effectively address local priorities. The list of exclusions, however, imposes hard constraints on programmes of work – identifying activities and objects which will not normally be funded through the SDF.

For the purposes of the SDF pilot, ‘skills provision’ is defined as technical education at levels 2 to 5, including off-the-job apprenticeships training.¹⁴ Any provision at level 2 must be of high economic value, which normally means that it is part of a coherent pathway that supports learners to succeed at levels 3 to 5 and in the labour force.

We expect that applications will take account of national level priorities including the expansion of level 4 and 5 provision (with a potential focus on short course/modular approaches to delivery), Covid recovery, skills for green jobs, advanced manufacturing, digitalisation and artificial intelligence, and healthcare.

The SDF cannot be used to replicate capacity building or provision that is supported by other funds. Nor will providers be able to ‘double-fund’ the exact same activities/objects from the SDF and another fund (e.g., T-levels capital, IoT capital, the FE Capital Transformation Fund).

What the SDF may fund: Programme

We expect that, wherever possible, SDF-funded activities will be undertaken jointly by a number of partners in an area; at the very minimum, we will expect alignment and coordination across the activities that various individual providers undertake. We also expect that proposals for capital and programme investment will be aligned with each other.

SDF may fund:

- Direct teaching, resource and related delivery management costs for new, additional provision in priority sectors. Where it proves successful, this provision

¹⁴ 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’.

should lay the seed for longer-term delivery. The normal focus here will be on shorter courses that respond directly to priorities identified in collaboration with employers, with course design and delivery also being substantially shaped by employers

- Staff time (and associated administrative costs) to enable effective coordination across local providers and employer partners
- Staff time (and associated administrative costs) to more fully engage employers on skills needs, to act on that intelligence, and to channel that intelligence back to the local provider base. This might also include focussed support to individual employers to help them better forecast their skills needs and make the best use of the skills of their workforce. We would expect a particular focus on the needs of SMEs
- Staff time and employer time to support curriculum planning for new and innovative provision – e.g., development of new short/modular courses, or the implementation of apprenticeship standards
- Staff time for substantial secondments to employers to ensure that instructors have an up-to-date knowledge of sector practices that reflects concrete employer needs, and that they can feed this back into the classroom and workshop
- One-time recruitment costs for staff to enable the introduction or substantial expansion of provision in high demand, priority areas
- Employer time to upskill teaching staff and to help better align learning outcomes to industry needs – potentially via employer secondments to one or more colleges.
- Employer time for intensive work with learners on specific aspects of skills development
- Staff time (and associated administrative costs) for learner outreach to build or diversify demand for priority areas of the curriculum, ensuring that local capacity to expand in these areas is complemented by learner interest and engagement. This work should normally include partnership with local Careers Hubs and/or the National Careers Service
- Staff time (and associated administrative costs), and potentially the time of external practitioners, to support new knowledge and technology transfer activities – e.g., engagement costs, facilities staffing
- Staff time (and associated administrative costs), and potentially the time of external practitioners, to support business incubation activities
- One-time costs of repurposing provision or services to high priority areas, for example human resources costs (including re-training or redundancy) and other costs associated with the phasing-out of low value or excess provision

What the SDF may fund: Capital

As noted above, we expect that SDF-funded activities will wherever possible be undertaken jointly by a number of partners in an area. At the very minimum, we will expect alignment and coordination across the activities that various individual providers undertake. We also expect that proposals for capital and programme investment will be aligned with each other.

Capital funding can be used for:

- Equipment, loose furniture, fixtures and minor facility repurposing/renewal that supports expansion or improvement of technical education to address strategic priorities (e.g., short course delivery of higher technical provision), and/or supports the innovation or business incubation activities of a CBC. However, ITPs are ineligible to receive funding for capital works for buildings and facilities improvements
- IT hardware and software (the latter, to the extent that it is a capital expenditure) that supports expansion or improvement of technical education, and/or supports the innovation or business incubation delivery of a CBC. This may for instance include initial support to set up virtual platforms that enable providers to collaborate in the delivery of education and training, or in their engagement with employers

Funding for College Business Centres

We are looking to trial College Business Centres (CBC) in a small number of SDF pilots but do not expect them to be part of every bid or funded activity. Located in one of the colleges within an SDF pilot collaboration, we would expect the CBC to operate as a resource for all providers in its area. We will therefore only support a single CBC per pilot area. Each CBC could potentially access to up to £500,000 in programme funding and £850,000 in capital.

We expect CBCs to take a strategic approach to the needs of employers in a local priority sector who can benefit from:

- Skills provision which is more aligned to their evolving skills requirements
- Support to better understand and anticipate their broader skills and innovation needs, and to improve how they use the skills of their workforce
- Support in identifying and adopting new technologies, knowledge and processes that, whilst not new to market, have not yet been taken up at scale by the local sector (i.e., 'incremental innovation') or may not be easily available to individual employers – including for instance support to carry out prototyping; and

- Incubation support for new business start-ups

CBCs will build on the expertise, relationships and knowledge that colleges already have of their targeted sector. Operating as a clear gateway into FE for employers in the sector, they will help ensure that firms enjoy the best access possible to the skills provision, technical expertise and facilities of the providers that make up the local collaboration. This means that, as well as delivering support to employers in their own right, they will signpost employers to other providers where this makes the most sense, and actively engage other providers in any joint work with the sector. This includes feeding knowledge gained from work with employers directly back to other local providers, so that it can be reflected in teaching and learning, and shape provision in ways that respond to employer needs. CBCs' incubation support to start-up businesses may include access to space, equipment, technical expertise, peer networking opportunities, mentoring, and hardware and software.

We would expect capital investment at CBCs to focus on enhancing equipment and technology that will foster innovation and skills development. Capital funding may not be used to cover the costs of new buildings to host the CBC. Programme investments will normally focus on the staff time needed for active employer engagement.

CBCs must operate within the existing statutory framework with respect to FE Corporations, including in relation to the constraints of charity and competition law. Applicants should therefore seek appropriate legal advice to ensure that any proposal to establish a CBC is consistent with this legal framework.

Programme funding available to EOI applicants that are not selected as pilots

This is grant funding to develop capacity for collaboration between providers, local employers and representative bodies, with the goal of better meeting local skills priorities. This funding could cover the costs of staff time at individual providers, as well as one or more small scale collaborative projects.

Providers may, for instance, use this funding to make progress on how they work together, e.g., by examining how their respective offers overlap with or complement each other, and exploring options that better link these up; refining how they work together, alongside employer-led organisations, to help respond to local needs; and building leadership capacity to support their partnership.

What the SDF will not fund

- Provision, or capacity building to enable provision that is below level 2, or that falls outside of 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 that is otherwise eligible for mainline ESFA funding (AEB and 16-19 funding streams) or for devolved AEB funding
- New capital build
- Any items normally funded by programme funding (such as annual software licences), as well as rent charges, service charges, or routine maintenance works (this includes servicing costs that would normally be funded from programme budgets)
- Any VAT that a provider can recover. An application should only include VAT as part of project costs where this is non-recoverable
- Replacement of existing funding. The SDF cannot be used to displace funding that has been allocated by the provider to ongoing cost centres: the SDF grant must support substantially new activity. For instance, the salary costs of an instructor may not be simply transferred to the SDF budget. The SDF may, however, pay for the time of a staff member who replaces that instructor when she or he is seconded to an employer, or otherwise engaged in an activity directly related to incremental activity that is part of the SDF-funded programme of work
- The SDF will not normally fund projects that can be funded by other existing DfE and HMG programmes, including (but not limited to) Skills Bootcamps; the FE Capital Transformation Fund; T-levels capital funding; support for professional development linked to T-levels; DfE's range of other investments in the FE workforce; IoTs capital funding; and the Emerging Skills Projects.
- However, the SDF may be available by exception in cases where a proposed project is a key component of a collaboration's strategic plan to address local skills priorities; where the collaboration's proposal meets SDF quality bars; and where funding is no longer available in FY 2021-22 under the related DfE/HMG programme, or alternatively where the related programme has been (or is judged likely to be) oversubscribed with high quality applications. In such cases SDF recipients will need to adhere to funding rules similar to those that govern the related programme, e.g., requirements for matching funding
- Activities or objects at a provider that are essentially identical to those that have already been funded, or are being funded, by other HMG programmes. This does not preclude, however, activity that clearly builds on – and provides benefits additional to – activity that is already funded by HMG



Department
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