Department for Education

Strategic Development Fund

Application guidance

April 2022

Contents

WITHDRAWN

Purpose of this document

This document invites applications for the Strategic Development Fund (SDF), which is being made available for the financial year 2022-23. There is only one application round.

Applications must be prepared and submitted based on this guidance and using the form provided.

Colleges and other Further Education providers that were part of the SDF pilot can be part of a new application.

Who is this guidance for?

This guidance is for:

- 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

- Other training providers who want to be a part of an application

It will also be of interest to:

- Local stakeholders with an interest in the Strategic Development Fund

- Combined and Mayoral Combined Authorities (MCAs) and Local Economic Partnerships (LEPs)

- Employer Representative Bodies (ERBs) with an interest in leading the development an LSIP in their area

Expiry date

The deadline for submitting applications under this guidance is midday on 13 May 2022.

Section 1: Introduction

Policy context

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.

As part of this new approach the Strategic Development Fund (SDF) was piloted in 2021-22 alongside the Local Skills Improvement Plan Trailblazers. The purpose was to test a new approach to reshaping the technical skills system to better support the needs of the local labour market and create a stronger and more efficient overall delivery infrastructure.

The SDF is now being made available to collaborations of further education (FE) providers across all areas of England, subject to submitting a credible application which meets the core aims of the programme and eligibility criteria set out in this guidance. The SDF will provide capital and programme funding to support changes in local teaching and training facilities and provision, enabling FE providers to meet the needs of employers, support local innovation and economic growth, and develop a more efficient overall delivery infrastructure.

A key purpose is to build the capacity of providers across an area to meet locally agreed priorities. The pilot programme has demonstrated the value which can be gained from groups of FE colleges and other providers working together and with employers to develop and implement a more strategic response to skills for those industries and sectors that are key to future jobs in the local area, and to create a more coordinated and efficient skills offer through sharing development costs and facilities and reducing duplication of provision and low value courses.

Section 2 of this document sets out further information about the overall aims and purpose of the SDF.

Section 3 sets out details of the eligibility requirements application and assessment process.

Funding

The fund consists of £92m (£50m capital and £42m programme).

Each area may apply for up to £1.5m capital funding and £1.25m of programme.

We will only accept one application from each area, using the geography set out below.

If multiple applications are received for one area, we will require the eligible providers and endorsing Employer Representative Bodies (ERBs) to resubmit a single application.

Whilst it is for individual areas to decide on the number, scope and scale of projects they wish to include in their application, each project must be deliverable and of sufficient scale and size to demonstrate strategic impact. We would therefore not expect areas to have more than two or three projects within their application. Given the overall aim to support collaborative working within an area, funding should not simply be distributed across all colleges in an area.

If the total of all the applications received amount to more than the available budget, we reserve the right to reduce the funding ceiling and / or the scale of individual projects.

Geography

Applications should align with the boundaries of the Combined and Mayoral Combined Authorities where they exist. For all other areas, providers should collaborate and make proposals in line with Local Enterprise Partnership (LEP) geographies, except for the following areas:

South-East

- The LSIP Trailblazers have shown that it would be more appropriate for the planning and delivery of skills for applications to reflect the following geography:

    1. Essex, Southend-on-Sea, and Thurrock

    2. Kent and Medway

    3. East Sussex, West Sussex, and Brighton and Hove

West Midlands and West of England

- The applications for the West Midlands and West of England will need to reflect the following adjustments to ensure that all areas are covered:

    o Warwickshire should be covered by the application for the West Midlands area

    o North Somerset should be covered by the application for the West of England area

Surrey

- The four district councils of Surrey which are in the Coast to Capital LEP (Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge) will be covered by the SDF application for the Enterprise M3 area with the rest of the County of Surrey.

Greater London

- Given the size of the area we will accept applications for up to 4 sub-areas. We would expect these to be based on the established borough groupings of Central London Forward, West London Alliance, South London Partnership, and Local London. Every borough would need to be covered in one of the groupings. See annex 3 for further information.

A full list of the SDF areas by reference to the MCA and LEP areas is at annex 3.

Timescales

The deadline for submitting applications is midday 13th May 2022.

We will aim to notify applicants of the outcome of their application in June 2022.

Projects must be completed by 31 March 2023. Any slippage into the following financial year (23-24) will not be funded and is at the applicants own risk.

Section 2: Aims of the programme

This one-year SDF builds on the objectives of the pilot programme, providing programme and capital investment to enable each area to reshape their teaching and training provision and update their facilities in preparation for the roll out of the Local Skills Improvement Plans.

The purpose of the fund is to:

- Enable colleges and other FE providers to build their overall capacity to meet local skills priorities, and to drive more effective and efficient use of funds through a more coordinated FE offer

- Support the design, development and delivery of new skills provision, and the procurement of equipment and infrastructure, needed to support skills in those industries and sectors that are key to future jobs in each local area. In doing so this will support levelling up and those areas with the most pressing skills needs

- Support ongoing FE provider quality improvement through FE workforce training, developing sector-led approaches to peer-to-peer support, sharing good practice including two-way industry exchanges with FE providers

- Stimulate employer demand for and investment in skills leading to more sustainable provision, including by raising awareness of new technologies and driving the take-up and spread of innovation in local businesses, especially in SMEs.

We expect the SDF to fund a range of activities that bring FE providers and employers together and have both immediate benefit as well as building capacity to respond to local skills priorities in the longer term. 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 teaching and training priorities. As far as possible, projects should ensure that learners and employers in more deprived communities within the area benefit from the SDF.

Collaboration is a central focus. Proposals must drive partnership between employers and FE providers, and amongst FE providers themselves, with the aim of creating a more co-ordinated and efficient delivery system which meets the skills needs of an area and drives employer demand based on a better understanding of skills needs and priorities. This includes supporting employers and their workforce to develop the skills needed to adopt new and emerging technologies and knowledge.

The lead applicant must give all statutory FE colleges located in the area the opportunity to join the collaboration. This includes all general FE colleges and specialist colleges, as

well as sixth form colleges where their curriculum includes vocational programmes relevant to local skills priorities.

Applications should set out how the funds will be used to drive a more effective area-wide provider response beyond any existing collaborative arrangements, with a focus on pooling resources and achieving greater efficiency in the local FE provider base. This might include sharing staff, facilities and expertise to jointly accomplish what individual FE providers may be unable to do alone, and removal of low value courses and duplication of provision across the area.

At a minimum, there must be clear alignment and complementarity between the activities of the various individual FE providers that are funded as part of collaboration, with providers in receipt of funding from the SDF expected to share knowledge, expertise, equipment, and facilities with the wider collaboration.

The SDF will also support quality improvement, including supporting the professional development of teaching staff. We recognise that sharing of good practice and adoption of high-performance processes between FE providers and employers locally can be particularly effective in driving up quality. Proposals which support collaborative forms of FE provider quality improvement and professional development which includes supporting sustainable two-way exchanges between FE providers and industry are therefore encouraged.

Overview of our approach

The fund is open to all areas of the country to apply.

Section 3 sets out the eligibility requirements, application process and the criteria that applications will be assessed against.

Applications must be submitted by a lead applicant using the application form provided and must be endorsed by all other FE colleges in the area and supported by an Employer Representative Body (ERB) which is reasonably representative of employers in the area.

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

- A General Further Education College[1]

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[1] 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

- An institution which has been designated as part of the Further Education sector[2]

- FE colleges in their capacity as licensee of an Institute of Technology (IoT)

Other FE providers may be part of an application and are eligible to receive funding. This includes those FE colleges and other providers that were part of the SDF pilot.

The project(s) set out in each application must reflect the core aims of the SDF programme and the eligibility criteria set out in this guidance, and include details of the level of funding required, the activities it will fund and the outputs that will be achieved, focusing on:

- the key immediate skills priorities needed to improve skills in the local area; and

- the transformational changes needed in preparation for the national roll-out of the Local Skills Improvement Plans (LSIPs).

For those areas involved in the pilot year, the fund can be used to support new projects and activities, and to build upon previous pilot activity.

To ensure projects meet the needs of employers, applications will be required to draw on relevant analysis. Where a trailblazer Local Skills Improvement Plan (LSIP) exists for the geographical area or parts thereof, this should be the basis for establishing skills priorities. Where there is no trailblazer LSIP or parts of the geography are not covered by a trailblazer LSIP, other relevant skills analyses such as those produced by the MCA/LEP should be used.

We expect applicants to seek the support and endorsement of the application from an appropriate Employer Representative Body (ERB), i.e., a non-public authority employers' organisation which is a body that is reasonably representative of the employers operating within the specified area. This should include a statement setting out why they endorse the local priorities identified in the application. In LSIP Trailblazer areas, applicants must seek the support and endorsement of the Trailblazer ERB. In other areas endorsement should be sought through engagement with an ERB that is reasonably representative of employers operating within the area. If endorsement and a supporting statement by an ERB is not provided the application should set out why this has not been possible.

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

It should be noted that the process to designate ERBs to lead the development of the Local Skills Improvement Plans is subject to a separate process; and endorsement of the SDF application is not an indication that the endorsing ERB will be the body which is designated to lead the LSIP.

Indications from the SDF pilots suggest there are a range of practical ways of effectively engaging Employer Representative Bodies. These include sharing provider knowledge about the skills system, identifying early on the sectors which have undertaken work on local skills analysis, and using area wide analysis to gain insight into potential economic challenges which could impact delivery. Early involvement in decisions on the focus of the SDF application is also important, as well as ongoing input through the delivery stage. It may also be useful to work with the ERB to explore what has worked well in the past, and to identify solutions and innovative ideas for the future.

Applications will be assessed against the criteria set out in this guidance and must demonstrate deliverability, value for money and impact, including how the funding will be used to produce meaningful outcomes for learners and employers, as well as for teaching staff through access to high quality training and development.

The funding will be awarded as a grant, with the lead provider for each project expected to provide regular progress updates during the financial year for which the funds are being provided, using monitoring and reporting arrangements specified by the Department; and to complete a 'Use of Funds Statement' at the end of the financial year, providing evidence that the funds have been spent in line with the terms of the grant offer letter.

DfE will not hold providers to account for delivery of SDF funded provision and services beyond the initial funding period. However, we are committed to working with providers to track the impact of SDF funded provision and services over the medium to long term to inform future policy and programme development. Each area will therefore be required to submit returns to DfE concerning the impact of SDF funded activity for two years after the funding ends i.e., until March 2025.

Areas that are approved for funding should work towards having agreed delivery plans in place for each project. These must include baselines and targets which can be used to monitor and evaluate the success and impact in the longer term (i.e., for a period of at least three years, to include the initial year of funded activity and the two subsequent years). These plans must provide a clear account of how SDF activity will be sustained beyond the initial funding period.

Delivery plans must be SMART (specific, measurable, achievable, realistic and timebound), agreed between project partners and submitted to DfE within three months of project approval. We expect plans to include:

- recruitment targets for any new provision focused on the skills priorities for the area, based on local analysis of forecast occupation/ industry growth and replacement demand

- take up and income generation targets with respect to new skills provision and employer services

- forecast cost savings that providers aim to achieve through shared services or phasing out of low value or duplicative provision.

DfE will convene project leads to agree a suitable format for these delivery plans following award of funding.

What the SDF will fund

Details on what the SDF may fund and exclusions are set out in annex 1.

At a broad level, the funds can be used to support:

- collaboration between FE providers and employers in support of a more focused and co-ordinated response to local skills priorities

- improvements in leadership, governance, financial and resource management in support of agreed skills priorities for an area, including through sector-led approaches to peer-to-peer support and sharing good practice

- activity that results in a more efficient overall delivery infrastructure, including more efficient use of existing facilities and a more co-ordinated offer across the local area

- upgrading or repurposing of facilities and new industry standard equipment in support of agreed skills priorities for an area

- costs associated with driving a change in the pattern of skills provision and expertise in support of agreed skills priorities for an area, including the design, development and delivery of new provision where an existing course or qualification is not available and the phasing out of low value provision

- staff recruitment and development costs, including FE and industry exchange, to support the introduction or substantial expansion of priority skills provision and improvements to the quality of education and training

- strengthen the interface between FE providers and employers, including through increased employer engagement in the development and delivery of skills provision; and increasing employer awareness and access to FE specialist technical expertise and facilities

- costs associated with helping businesses, particularly SMEs, to identify and develop the skills and capacity needed to adopt technologies and knowledge that drives productivity, supports business 'future-proofing', and generates further demand for priority provision

Proposals must offer good value both in terms of meeting the skills priorities for the area and ensuring that costs incurred are reasonable and fair. Applicants should adhere to their own internal procurement guidelines both in developing the costed proposals within their applications and when using SDF funding to purchase goods and services.

SDF funding may be used for additional costs incurred to deliver SDF projects, for example recruitment and salary costs for new staff recruited specifically to undertake duties related to the projects funded by the SDF; and teaching cover or backfill costs for staff engaged on delivering the project. Staff costs should reflect the actual salary or market rate for the role in question (on a pro rata basis), including when backfilling a role or bringing in temporary staff. Applicants should also refer to the National pay scales for eligible teaching and education leadership occupation codes on www.gov.uk where appropriate. For FE staffing costs it is permissible to calculate expenditure based on average salary costs for staff types or grades e.g., Main Grade Lecturers, Heads of Department, or the Senior Leadership Team.

Funding should not be requested for activities that do not incur an additional cost, for example, where a member of staff undertakes additional duties related to the SDF project, but no additional salary or overtime costs are incurred by the institution.

Any non-recoverable VAT should be included in project costs and separately identified. Recoverable VAT should not be included.

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

Critical success factors

Applications will need to set out details of the outputs which are expected to be achieved from the project(s) in the period to March 2023, and the longer-term outcomes and benefits for learners, employers and the local economy.

At a minimum, all projects will be expected to meet the following critical success factors:

- Collaboration – achieve strong working relationships between all FE colleges and other providers of FE in the local area, and with employers, in the planning and delivery of skills provision (CSF1)

- Strategic focus - ensure a shift in focus to key strategic priorities to address the specific skills and economic challenges and future opportunities for the area, and a commitment to shift the pattern of provision to better meet identified needs and drive knowledge transfer activities and the adoption of innovation (CSF2)

- Efficiency - strive for stronger and more efficient delivery infrastructure across FE providers in the local area (CSF3)

Section 3: Application process

Who can lead an application?

All applications must be submitted by a lead applicant on behalf of the collaboration as a whole using the form provided.

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

- A General Further Education College[3]

- An institution which has been designated as being in the Further Education sector[4]

- FE colleges in their capacity as licensee of an Institute of Technology (IoT)

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.

Where the lead applicant is an IoT, the focus of the application should be broader than the existing IoT. 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.

Unless there are exceptional circumstances[5], 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 on which the application is submitted. Should this grade change before contract award we reserve the right to review the application in light of this change. IoTs must have a current IoT licence.

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[3] 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

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

[5] Except in areas which have no General Further Education College that meets this quality bar

The role of the lead applicant

The lead applicant will be required to undertake a leadership and convening role with other colleges and providers in the area, and to work closely with the ERB in the development of the application.

The lead applicant will be responsible for:

- Convening with providers, the ERB and other stakeholders to agree the priorities and activities to be included in the application; and an ongoing responsibility to ensure engagement/alignment of activities

- 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

Organisations eligible to be part of the application

Other providers of post-16 technical education and training may be part of an application and are eligible to receive funding. These providers are:

- General Further Education Colleges[6] (including specialist colleges e.g., land-based)

- Institutions that have been designated as being part of the FE sector[7]

- 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

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

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

- Schools with sixth forms, including academies

- University Technology Colleges (UTCs)

A college group could be involved in multiple applications linked to where they have colleges or campuses. Where a college or provider campus is part of a wider group, it should be included in the application for the area where it is situated.

Proposals which focus on improvements in the effectiveness of teaching delivery, leadership, governance, financial and resource management, and quality of education may involve peer providers located outside the area where this makes strategic sense, for example, where a provider has a particular specialism which has clear links to the labour market needs of the area.

What information applications must contain

Applications should set out details of the project(s) for which funding is being sought, together with evidence of how the proposals meet the overall aims and objectives of the SDF programme, the priority skill needs of the area[8] and the transitional changes needed to be able to respond to the Local Skills Improvement Plans once they start to take shape.

The activities outlined in the proposal must be consistent with and create a co-ordinated response to the skills priorities for the area.

Where appropriate applications may draw on findings from neighbouring LSIPs if this is relevant to their students.

Applications should also identify how the proposal will support Government priorities including levelling up, skills for green jobs and Covid recovery plans, including how under-represented groups and disadvantaged communities will benefit from the skills priorities supported through the proposal.

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[8] Based on engagement with employers/ERBs, analysis from MCAs and LEPs (including that produced by their Skills Advisory Panels, and in the eight Trailblazer areas the existing LSIPs.

How applications will be assessed

All applications received by midday 13th May 2022 will be assessed.

The assessment will involve an initial check against the eligibility criteria set out below.

Eligibility criteria

1.1 Lead applicant - that the institution is eligible to lead the application and has the endorsement of the relevant partners.

1.2 Geographic coverage - that the application aligns with the geographic area set out in this guidance.

1.3 Membership of the collaboration - that the application includes or has been endorsed by all FE providers and DIs in the area that offer a broad range of technical provision and have more than 1,000 directly enrolled learners; and sets out the role / contribution of each member.

1.4 Employer Representative Body (ERB) endorsement - that the application has the support and endorsement of an appropriate Employer Representative Body (ERB and includes a supporting statement explaining why they agree with the priorities and project(s) identified in the application. Alternatively, where endorsement and a supporting statement by an ERB is not provided, that the application contains an explanation setting out why this has not been possible. In LSIP Trailblazer areas applications must have the support and endorsement of the Trailblazer ERB. In other areas it would be through engagement with an ERB that is reasonably representative of the employers operating within the area.

Assessment criteria

Applications which pass the eligibility check will then be assessed against the following criteria:

2.1 Project aims and rationale – applications will need to align with the overall SDF programme aims and demonstrate a clear understanding of local skill needs. In areas with a LSIP trailblazer in whole or part thereof, [9] these aims should follow from the trailblazer LSIP. In other areas, other skills analyses and plans should be used and links should be provided. Projects must have a clear purpose and

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[9] In geographical areas partially covered by a trailblazer LSIP then both the trailblazer LSIP and other skills analyses such as those developed by the MCA/LEP should be used.

contain a strong set of delivery aims which have been developed with employer input, with applications demonstrating how the project will build or extend collaborative working within the local area to address the skills priorities identified and achieve a shift in focus towards key strategic priorities for change. We will expect applications to set out the rationale and evidence for the selected priorities, and how the activities proposed will improve labour market relevance of provision within the area. We also expect applicants to set out how under-represented groups will benefit from new priority skills provision[10].

2.2 Employer engagement – we will expect proposals to demonstrate strong engagement with a wide cross section of employers in the development of the proposals, with clear plans in place for securing ongoing employer engagement in the design and delivery of provision to ensure that it is industry relevant and considers both current and future skill needs. We will want to see proposals that support the creation of opportunities for FE teachers and leaders to develop skills and receive up-to-date industry knowledge through engagement with employers locally. We will also want to see proposals where providers with an understanding of sectoral innovations are able to use their relationships with employers, especially in SMEs, to drive the spread of new technology through shared knowledge and by encouraging the adoption of such innovations through various activities as outlined in Annex 1.

2.3 Deliverability, effective use of funding and value for money, and sustainability – applications must contain a clear strategy for delivery within the timeframe and demonstrate good value for money on plans for both capital and programme expenditure, with a long-term and sustainable vision for improving skills delivery through ongoing collaborative activity. We will be looking for applications to focus on the development and delivery of economically valuable skills provision and other services, and to contain robust underlying cost assumptions and expenditure plans based on strong analysis of learner numbers and employer demand, how the provision or services proposed will be sustained following the end of SDF funding, together with details of any expected improvements in efficiency, economies of scale and reduced duplication of provision across providers. For capital works, applications must describe the key elements of the project design and a detailed breakdown of the associated costs. We are also looking for assurance that the funding will not replace or duplicate other government funding already received or anticipated.

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[10] The Equality Act 2010 (Specific Duties) Regulations 2011 (legislation.gov.uk)

2.4 Expected benefits (outputs and longer-term outcomes) – applications must set out the expected benefits, outputs and longer-term outcomes for FE institutions, learners, employers and the local economy to be achieved from each of the projects; and the proposed approach to monitor and evaluate the impact of the planned changes, including on equality and levelling up. Applications which include support for staff training, should include details of the outputs and longer-term outcomes for the FE workforce.

2.5 Governance and risk management arrangements – applications must set out details of the governance and reporting arrangements they will put in place to oversee the delivery of the project(s). This should include the accountability arrangements and the process through which risks will be identified and managed, with clearly articulated roles and responsibilities for each. We will also expect applications to identify the key delivery risks associated with each of their projects, and how these risks will be mitigated.

We will assess each criterion against the following 3-point scale:

Score	Description	Detail
0	Limited evidence. Below the minimum threshold	A score of 0 will be awarded if the proposal is insufficiently developed and only limited information is provided, or the information demonstrates weak fit with the criteria.
1	Acceptable evidence. Meets the minimum threshold.	A score of 1 will be awarded if the proposal is sufficiently developed and enough information is provided, and the information demonstrates reasonable fit with the criteria.
2	Strong evidence. Exceeds the minimum threshold.	A score of 3 will be awarded for proposals that contain a clear and full range of appropriate qualitative and quantitative information and demonstrate strong fit with the criteria.

Capital proposals

Projects that involve capital works may be subject to external assessment for deliverability and cost. Details of the information required is set out in the application form.

How to submit your application

The lead applicant must apply using the application form provided.

Applications must be submitted to SDF.Programme@education.gov.uk by the deadline of midday on **13th May 2022.**

DfE's e-tendering platform Jaggaer will be used to store application documentation and for submitting and answering questions related to the application process. This will include a Frequently Asked Questions (FAQs) document and to host all new questions and answers (Q&As). Any questions or clarification requests must be submitted to Jaggaer by 5 May 2022. We will not conduct Q&A via any mailbox mentioned in this guidance.

We will also be holding an event on 6 April 2022 for prospective applicants to ask any questions they may have about the process, Details about how to join the event will be set out on Jaggaer.

Register to use Jaggaer

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

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

Following the deadline for applications to be submitted, all applications will be assessed against the criteria set out in this guidance.

DfE may need to ask for further information about the project(s) if the application is incomplete or unclear; and will be under no obligation to fund all the projects contained within an application.

Applicants will be notified of the outcome of their application by email. We aim to confirm the outcome of this process in June 2022.

Decisions are subject to discretion, including that no proposals may be selected.

If proposals do not meet the criteria we may, at our discretion, ask applications to review and resubmit their application.

For those applications that are approved, Grant Offer Letters will be issued to project leads setting out the project specifications, expectations, and funding values. We expect to begin issuing offer letters in early July 2022.

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

Details of what the SDF can 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.

The SDF is grant funding aimed at developing the capacity for collaboration between FE providers, local employers, and representative bodies, with the goal of better meeting local skills priorities.

We expect that, wherever possible, SDF-funded activities will be undertaken jointly by several partners in an area. 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.

FE providers may therefore use the 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.

For the purposes of the SDF 'skills provision' is defined as technical education at levels 2 to 5, including off-the-job apprenticeships training.[11] Any provision which you are looking to fund below this level must be of high economic value, which normally means that it will be part of a coherent pathway that supports learners to succeed at levels 3 to 5 and in the labour force, and not fundable from other sources.

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 FE providers be able to 'double-fund' the exact same activities /

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[11] 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'.

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

The SDF may fund:

Support for co-ordination and collaboration

- Staff time (and associated administrative costs) to enable effective coordination across local FE providers and employer partners.

Curriculum planning Design & Development of new skills provision

- Staff time and employer time to support industry relevant curriculum planning for new, innovative and up-to-date provision and services – e.g., development of new short/modular courses, or the implementation of apprenticeship standards.

- 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.

Delivery costs

- Direct teaching, admin, 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. 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.

- One-time recruitment costs for staff to enable the introduction or substantial expansion of provision in high demand, priority areas.

- Employer secondments (backfill costs only) e.g., to support direct delivery of provision. Employer time for intensive work with learners on specific aspects of skills development.

Business support activities

- Lessons from the SDF pilot has informed our approach to how we will fund business support activities. Under the one-year SDF we will take an approach which will give providers more flexibility to offer innovation activities without needing to create a CBC. This includes funding staff time and associated administrative costs to engage employers more fully on skills needs and to

channel that intelligence back to the local FE 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 associated administrative costs, and potentially the time of external practitioners, to support new knowledge and technology transfer activities such as lectures, equipment demonstrations, and equipment loans – e.g., engagement costs, facilities staffing.

- Staff time and associated administrative costs to support business networking events and activities.

- Staff time and associated administrative costs, and potentially the time of external practitioners, to support business incubation activities.

Learner support and outreach

- Staff time and associated administrative costs for learner outreach to build demand and take-up of courses in priority skill areas to ensure a strong skills pipeline. This should include targeted interventions to tackle inequalities and under-representation in certain skill priority sectors. Along with delivering information and taster events this can include engagement with primary and secondary teachers to reinforce accurate messaging around career opportunities and pathways in priority skills areas. This activity should normally include partnership with local Careers Hubs and/or the National Careers Service.

- Staff time for undertaking activities aimed at improving learner engagement and retention in training relating to locally identified skills priorities agreed with employers. The SDF can only be used for learners who are undertaking skills provision developed and delivered as part of a wider SDF funded project.

Provider quality and improvement

- Staff time and development costs that enable sharing of FE provider finance and resource management expertise and might develop approaches, tools and training to support costed curriculum planning, and develop leadership and governors effective use of management information.

Workforce Development

- Staff time for substantial secondments to employers to ensure that FE teachers have relevant and recent up-to-date knowledge, skills and experience of industry practices, and that they can feed this back into the classroom and workshop (and likewise for industry trainers to spend time in FE passing on first-hand direct industry insight to students).

- Training and professional development costs for staff teaching provision in priority areas: e.g., support packages to help recruit, retain and develop new and inexperienced staff, subject specific professional development to improve the quality of teaching, learning and assessment, and improving staff capability to use technology effectively in educational delivery.

Other

- VAT associated with agreed activities that cannot be recovered by the provider.

What the SDF may fund: Capital

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

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 innovation or business incubation activities. **New build projects are out of scope for funding.**

- 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 business engagement (such as a customer relationship management – or CRM – system) or business support innovation delivery. 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.

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 ESFA funding, including AEB and 16-19 funding streams, or for devolved AEB 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 activity that is part of the SDF-funded programme of work.

- The SDF will not 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 and delivery; and AEB. The SDF may however 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 2022-23 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 like those that govern the related programme, e.g., requirements for matching funding.

- Activities or objects at a provider that are identical to those that have already been funded, or are being funded, by other HMG programmes. This does not however preclude activity that clearly builds on – and provides benefits additional to – activity that is already funded by HMG.

- New capital build.

- Any items normally funded by programme funding such as annual software licences, 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.

Annex 2: Key outputs

		Collaborative Activity
1a		Number of collaborations focused on reshaping local provision in line with local need and quality improvement
1b		Number of leaders or governors engaged in reshaping provision and quality improvement
1c		Number of leaders and governors benefiting from CPD, training or support.
1d		Number of new resources produced that support reshaping of provision and quality improvement
2		Number of collaborations involving more than one provider focused on efficiencies and cost savings (non-provision)
3a		Number of collaborations involving more than one provider focused on efficiencies and cost savings (relating to provision)
3b		Number of courses identified as low value and phased out by 2023/24 academic year
3c		Number of courses identified as duplication and phased out by 2023/24 academic year
3d		Number of enrolments in last full academic year on courses phased out by 2023/24 academic year
4a		Number of collaborations sharing teaching staff for the first time.
4b		Number of teaching staff (full time or part time) delivering provision across more than one provider.
5a		Number of collaborations focused on developing curriculum for use by more than one provider
5b		Number of hours of new teaching and curriculum resources developed for use by more than one provider

	FE Workforce / Workforce Industry Exchange
6a	Number of teaching staff undertaking industry placements.
6b	Number of employers providing industry placements to FE teaching staff.
6c	Number of CPD hours undertaken through industry placements.
6d	Number of staff from employers undertaking placements in FE settings.
7a	Number of teaching staff undertaking CPD through external training.
7b	Number of CPD hours undertaken through external training.

	FE Workforce / Workforce Industry Exchange
8a	Number of teaching staff delivering cascade training or providing peer-to-peer support to colleagues.
8b	Number of teaching staff benefiting from cascade training and peer-to-peer support.
8c	Number of CPD hours undertaken through cascade training or peer-to-peer support.
9a	Number of learners benefiting from being taught by teachers who have recently undertaken CPD.
9b	Number of learners benefiting from engagement with employers undertaking a placement in an FE provider.

	Facilities and Equipment
10a	Number of workshops or classrooms fitted out with new industry standard equipment.
10b	Number of learners that made use of new industry standard equipment.
11a	Number of refurbished or new workshops, classrooms, or outdoor training areas.
11b	Number of learners that undertook learning in refurbished or new workshops, classrooms, or outdoor training areas.

	Skills Provision – very short courses (1-5 days or 30 guided learning hours or fewer)
12a	Number of very short courses developed.
12b	Number of learners starting very short courses.
12c	Number of learners completing very short courses (e.g., they have completed all learning activities leading to the learning aim)
12d	Number of very short courses accredited by Ofqual regulated awarding body.

	Skills Provision – short courses (2-4 weeks or 120 guided learning hours or fewer)
13a	Number of short courses developed.
13b	Number of learners starting short courses.
13c	Number of learners completing short courses (e.g., they have completed all learning activities leading to the learning aim)
13d	Number of short courses accredited by Ofqual regulated awarding body.

	Skills Provision – longer programmes (120 guided learning hours or more)
14a	Number of long courses developed.
14b	Number of learners starting long courses.
14c	Number of learners completing long courses (e.g., they have completed all learning activities leading to the learning aim)
14d	Number of long courses accredited by Ofqual regulated awarding body.

	Employer engagement and support
15a	Employer engagement- number of employers undertaking a training needs analysis or 1-2-1 advice and guidance session.
15b	Employer engagement- number of employers consulted on their training needs to inform curriculum/ course development.
15c	Employer engagement- number of employers engaged in curriculum/ course delivery.
15d	Employer engagement- number of employers attendance at a college sponsored event such as an open day or a career fair (as opposed to knowledge transfer events)
16a	Employers supported- number of employers paying for bespoke delivery.
16b	Employers supported- number of learners undertaking bespoke programmes, paid for by employers.
16c	Employers supported- number of incubation facilities created that provide physical space for employers to access support and expertise to grow their business.
16d	Employers supported- number of employers benefiting from incubation facilities and services for free.
16e	Employers supported- number of employers paying to use incubation facilities and services.
16f	Employers supported- number of employers benefiting from knowledge transfer activities enabled by an FE institution including equipment demonstration and loans, lectures/ seminars and joint projects facilitating the sharing of new knowledge.
16g	Employers supported- number of employers benefiting from KT services for free.
16h	Employers supported- number of employers paying for KT services.

	Careers Advice and Guidance / School Engagement
17a	Number of primary and secondary students participating in FE led activity to raise awareness of career opportunities and pathways in locally agreed priority skills areas.
17b	Number of primary and secondary school staff engaged to raise awareness of career opportunities and pathways in locally agreed priority skills areas.

Annex 3: List of SDF areas with reference to the Combined Authorities and Local Enterprise Partnerships

Functional Economic Area: Combined Authorities and Greater London Authority	SDF area	Differences
Cambridgeshire and Peterborough	Cambridgeshire and Peterborough	
Greater London Authority	See separate table below	
Greater Manchester	Greater Manchester	
Liverpool City Region	Liverpool City Region	
North-East	North-East	
North of Tyne	North of Tyne	
South Yorkshire	South Yorkshire	
Tees Valley	Tees Valley	
West Midlands	West Midlands (with Warwickshire)	Warwickshire included as part of the SDF application for the area
West of England	West of England (with North Somerset)	North Somerset included as part of the SDF application for the area
West Yorkshire	West Yorkshire	

Functional Economic Area: LEP areas	SDF area	Differences
Buckinghamshire	Buckinghamshire	
Cheshire and Warrington	Cheshire and Warrington	
Coast to Capital	Sussex: Brighton and Hove	The four district councils from Surrey (Epsom and

Functional Economic Area: LEP areas	SDF area	Differences
	East Sussex West Sussex	Ewell, Mole Valley, Reigate, and Banstead, Tandridge) will be covered by the SDF application for the Enterprise M3 area.
Cornwall and the Isles of Scilly	Cornwall and the Isles of Scilly	
Cumbria	Cumbria	
D2N2 (Derbyshire and Nottinghamshire)	D2N2 (Derbyshire and Nottinghamshire)	
Dorset	Dorset	
Enterprise M3	Enterprise M3 (all of Surrey)	The four district councils from Surrey (Epsom and Ewell, Mole Valley, Reigate, and Banstead, Tandridge) should be covered as part of SDF application for the Enterprise M3 area
G First (Gloucestershire)	G First (Gloucestershire)	
Greater Lincolnshire	Greater Lincolnshire	
Heart of the South-West	Heart of the South-West	
Hertfordshire	Hertfordshire	
Hull and East Yorkshire	Hull and East Yorkshire	
Lancashire	Lancashire	
Leicester and Leicestershire	Leicester and Leicestershire	
New Anglia (Suffolk and Norfolk)	New Anglia (Suffolk and Norfolk)	
Oxfordshire	Oxfordshire	
Solent	Solent	

Functional Economic Area: LEP areas	SDF area	Differences
South-East	Essex, Southend-on-Sea, and Thurrock Kent and Medway	East Sussex should be included in the application covered by Sussex. Reflecting learning gained from the Trailblazing phase of the LSIPs, the rest of the area will be divided north and south of the Thames.
South-east Midlands	South-East Midlands	
Stoke on Trent and Staffordshire	Stoke on Trent and Staffordshire	
Swindon and Wiltshire	Swindon and Wiltshire	
Thames Valley Berkshire	Thames Valley Berkshire	
The Marches	The Marches	
Worcestershire	Worcestershire	
York and North Yorkshire	York and North Yorkshire	

Greater London sub-regions based on following:	Constituent Boroughs
Central London Forward	Camden, City of London, Hackney, Haringey, Islington, Kensington and Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth, Westminster
West London Alliance	Barnet, Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon, Hounslow
Local London plus Bromley	Barking and Dagenham, Bexley, Enfield, Greenwich, Havering, Newham, Redbridge, Waltham Forest Bromley

Greater London sub-regions based on following:	Constituent Boroughs 34
South London Partnership	Croydon, Kingston Upon Thames, Merton, Richmond, Sutton

WITHDRAWN