



Department for
Science, Innovation
& Technology

Flexible AI Upskilling Fund pilot: Expression of Interest

Guidance

March 2024



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Overview

The Department for Science, Innovation and Technology (DSIT) recently announced a £7.4 million pilot scheme to subsidise the cost of AI skills training for small and medium-sized enterprises (SMEs) in the Professional Business Services sector. £6.4 million of grant funding is available.

Through this pilot programme, eligible business can apply for funding for up to 50% of the cost of AI skills training. This refers to training which supports employees to develop their technical skills and/or understanding of AI to be able to develop, deploy, or use AI in their role.

This pilot scheme is funded through the £37.5 million Labour Market Evaluations and Pilots fund, announced by the Chancellor at Spring Budget 2023 to continue to build the evidence base on the effectiveness of policies to improve labour market outcomes. Departments could bid for funding to carry out a variety of projects to either better understand the impact of recently implemented interventions on labour market outcomes, or to trial new and innovative policies.

Objectives of the fund

The flexible AI upskilling fund pilot aims to increase AI adoption and productivity by incentivising greater employer-led investment in skills and training. Evidence shows that a lack of AI skills in businesses is hindering AI adoption, in part due to low investment in AI upskilling in UK businesses, particularly in smaller companies.¹

¹ AI Skills in the UK, Microsoft (2021); IBM Global AI Adoption Index (2022); Understanding UK AI Labour Market (2020)

Guidance

£6.4 million of grant funding is available in the financial year 2024-25. Funding will be allocated through a competitive application exercise to be run in May 2024. Depending on demand, a second competitive application exercise may be run later in the year.

Funding is for the procurement of AI skills training only, and not for the cost of:

- Purchasing AI technologies
- Business advice or consulting
- Recruitment activity
- Salaries, including work placement or internship salaries
- Capital expenditure²

Grant funding will be provided to successful applicants for use only in the financial year 1 April 2024 – 31 March 2025. All funding allocated through this competition must be spent by 31 March 2025 and in accordance with the terms and conditions set out in the grant funding letter and scheme guidance. Please note, Cabinet Office Government Grants Managed Service will be the Delivery Partner for the scheme's administration.

This scheme is being independently evaluated in accordance with best practice. The evaluation of the scheme may continue beyond 31 March 2025.

Please note that we are likely to award funding to successful applications via lottery. This is provided that applications otherwise meet eligibility criteria and achieve a minimum pass mark on their grant application. This is especially likely in the case that the fund is over-subscribed. This does not apply to applications that are not eligible or do not achieve a minimum pass mark on their grant application.

² Capital expenditure means money used to acquire, adapt or maintain fixed assets, such as land, buildings and equipment, which is normally capitalised in the provider's audited annual accounts.

Eligibility criteria

To be eligible to apply, a business must:

- Be registered and operate in the UK
- Employ between 1-249 employees in the UK
- Be defined as an SME per the SME Action Plan³
- Have been operating for at least 1 year
- Be able to match-fund 50% of the cost of the training
- Operate in the Professional and Business Services sector as defined by the following SIC codes:

Table 1: Eligible SIC codes

SIC	Division	Description
M – Professional, scientific and technical activities	69	Legal activities/accounting, bookkeeping and audit
	70	Activities of head offices, management consultancy
	71	Architectural and engineering activities, technical testing and analysis
	72	Scientific research and development
	73	Advertising and market research
	74	Other professional, scientific and technical activities
N – Administrative and support service activities	77	Rental and leasing activities
	78	Employment activities
	82	Office administration and other business support activities

³ <https://www.gov.uk/government/publications/beis-small-and-medium-enterprises-sme-action-plan-2022-to-2025/beis-small-and-medium-enterprises-smes-action-plan-2022-to-2025-accessible-webpage>

Action required

Submit an Expression of Interest [here](#)

Interested and eligible businesses are invited to submit an Expression of Interest through the Find A Grant advert: <https://www.find-government-grants.service.gov.uk/grants/flexible-ai-upskilling-fund-pilot-expression-of-interest-1>

You can also register for the Pre-Launch Information Q&A on 16 April through Eventbrite here: <https://flexible-ai-upskilling-fund-pilot-pre-launch-information-q-a.eventbrite.co.uk/>

The expression of interest is for planning purposes only and to allow us to assess demand for the programme. Expressing interest at this stage does not advantage a potential applicant and failing to express interest does not preclude a business from being able to apply for funding when the applications formally open. By expressing interest, you will be kept informed of the latest updates and developments regarding the programme.

This expression of interest notice and the application portal are also available on Find A Grant.

When the competition formally launches on 1 May, eligible businesses are invited to submit a competitive application for grant funding through Find A Grant. Guidance on the formal application will be shared on this webpage and be available through Find A Grant. Application templates will also be available to providers through Find A Grant.

Applications from eligible providers must be received by 1700 on 31 May 2024. We expect to provide award letters in summer 2024. We may run further application windows, subject to demand.

Expected timeframes

Please note that the below timeframes may be subject to change.

Table 2: Expected timeframes for the Flexible AI Upskilling Fund pilot

Date	Activity
12 March 2024	Expression of Interest opens
16 April 2024	Pre-launch information and Q&A session
1 May 2024	Application window opens
31 May 2024	Application window closes
Summer 2024	Award letters issued
31 March 2025	Deadline for training delivery and grant funding reimbursement

Privacy Notice

Information collected through the Expression of Interest process will be processed in order to provide updates on the scheme including when the application window opens, as well as effectively promote, deliver and monitor the Flexible AI Upskilling Fund pilot. Please see the full privacy notice for the expression of interest here:

<https://www.gov.uk/government/publications/flexible-ai-upskilling-fund/flexible-ai-upskilling-fund-privacy-notice>.

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