



Department for
Science, Innovation
& Technology

Flexible AI Upskilling Fund pilot

Application Guide

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Introduction

This document sets out guidance on how to apply to the Flexible AI Upskilling Fund pilot.

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 businesses can apply for funding for up to 50% of the cost of AI skills training and other AI upskilling activities. 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.

Overview

Objectives

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

Specifically, the pilot has the following objectives:

1. To stimulate employer investment in AI training
2. To address AI skills gaps in the UK workforce limiting AI adoption
3. To measure the impact of AI upskilling on business productivity and outcomes

Guidance

Funding will be provided by DSIT in the financial year (FY) of April 2024 to March 2025. Successful applicants must be able to complete delivery of training and submit invoices for reimbursement via grant funding by February 2025.

Please note that by submitting this application for grant funding for the AI Upskilling Fund, you agree to be contacted by DSIT and its delivery partners for future surveying to contribute to the evaluation of the pilot. If you are unsuccessful in your application and would like to opt out, please email us at ggms_aiupskilling@cabinetoffice.gov.uk

Please note that this scheme is a pilot funded by the Labour Market Evaluations and Pilots Fund (LMEP). This fund aims to build the evidence base on the effectiveness of policies to improve labour market outcomes, including by funding novel or experimental approaches such as this one. To ensure this pilot generates robust evidence of the effectiveness of this type of skills intervention, this scheme may be evaluated based on a Randomised Controlled Trial (RCT) approach. In this scenario, funding will be awarded by lottery amongst applications which score above a pre-defined merit threshold. If this scheme does not adopt an RCT approach, funding will be awarded via merit-based allocation for the funding available. If you are unsuccessful in your application, we will inform you whether it was because we have adopted an RCT approach or because you did not reach the minimum merit threshold, outlined further below.

Applicants can apply for a maximum amount of funding depending on the size of their business, set out in the table below. The aim of the scheme is to subsidize the cost of AI skills training up to a ratio of 1:1. For example, a small-sized business can apply for up to £5,000 of grant funding to pay for 50% of AI skills training which costs £10,000. If the training cost £8,000, the applicant could only apply for £4,000 of grant funding.

Business size	Headcount	Annual Turnover	Balance Sheet Total	Maximum grant funding available (per applicant)
Micro	Under 10	Under €2 million	Under €2 million	£2,500
Small	Under 50	Under €10 million	Under €10 million	£5,000
Medium-sized	Under 250	Under €50 million	Under €43 million	£10,000

To ensure a robust evaluation, our aim is to fund a range of businesses across the micro, small and medium-sized business categories, so we may limit the total number of businesses that can be awarded funding in each size category. The maximum amount of funding available per individual applicant will remain as stated above. If, over the course of the pilot, there are not

sufficient businesses applying in one or another category, we will look to reallocate funding to the other categories.

Eligibility Criteria

Applicant Eligibility

Please note that we will not accept applications from consortiums. Each application must be submitted by an applicant representing an individual business. We will only accept one application per business.

To be eligible to apply, a business must meet all of the following criteria:

- Be registered and operate in the UK
- Be in existence for at least one year
- Employ between 1-249 employees in the UK
- Be defined as an SME per the BEIS SME action plan: 2022 to 2025
- Have been operating for at least 1 year at the time of application
- Operate in the Professional and Business Services sector as defined by the following SIC codes. Where a business has multiple SIC codes, they are eligible as long as at least one of the SIC codes is included in the table below. This list is exhaustive.

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
	77	Rental and leasing activities

N – Administrative and support service activities	78	Employment activities
	82	Office administration and other business support activities

Eligible Activities – What can funding be spent on?

Through this pilot programme, eligible businesses can apply for funding for up to 50% of the cost of AI skills training and other AI upskilling activities. 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.

Unsure about how to understand your AI upskilling needs, or need help identifying the type of training your employees would benefit from?

DSIT, in collaboration with InnovateUK and the Alan Turing Institute, has published cross-sectoral guidance outlining the relevant skills and competencies employees need to use AI in a business setting. **Please visit the [Turing website](#) where you can find the guidance and other useful support for identifying your AI skills needs.**

We have also developed a short guide to help you make decisions on training provider and course quality when procuring AI training for your business. Please see Annex C.

Funding awarded through this scheme can only be spent on eligible activities. It is intended that a wide range of training, courses and certification programmes are eligible for funding, including:

- Off-the-shelf training courses
- Classroom learning
- On-line or distance learning
- Certification or accreditation programs
- Development of bespoke training or learning resources for the individual company by a third party, provided those resources are not already available in the market. However, development of training materials for external companies is not permitted. For example, you are not able to use this funding to develop and/or deliver training to businesses other than the business named on this application form. Development of training materials in-house is also not permitted.

To be eligible, the activity must meet **all** the following criteria:

1. **Is related to core AI skills sets and support the adoption of AI in the workplace.** These will include Machine Learning, Natural Language Programming, Data Science, etc. A full list of skills is included in Annex A.
2. **Starts no earlier than the date that the Grant Funding Agreement is signed by both parties (expected July 2024) and end no later than 31 March 2025.** We are unable to fund training that extends beyond 31 March 2025 or retrospective activity.
3. **Is delivered by an eligible training provider.** This is a provider that is (i) registered in the UK, (ii) is at least one years old, and (iii) meets any one of the following criteria: (iiia) is registered on the UK Register of Learning Providers, (iiib) is an organisation listed in Annex B, or (iiic) is accredited by one of the organisations in Annex B.
4. **Is not already subsidised by government for employers.** For example, Skills Bootcamps are not eligible.
5. **Is not delivered by your own company to your own employees.** For example, training delivered in-house is not eligible.

Action Required

Eligible applicants are invited to submit a competitive application for grant funding following the guidance in this document. Applications should be submitted via Apply for A Grant: <https://find-government-grants.service.gov.uk/grants/flexible-ai-upskilling-fund-pilot-1>

Applications must be received by 1200 on 31 May 2024. We expect to provide result letters by the end of July 2024.

We expect the fund to be fully subscribed once the application window opens. Future funding application windows may be offered subject to demand.

Timeframe

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

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

Date	Activity
1 May 2024	Funding competition launches for applicants to submit applications
31 May 2024	Application window closes

June 2024	Applications assessed
July 2024	Award letters issued
July 2024	Successful applicants to procure and deliver training
July 2024 – February 2025	Successful applicants submit requests for payment following training delivery
February 2025	Final deadline for request for payment
31 March 2025	All requests for payment submitted and all training completed

Competition details/guidance

Funding Available

£6.4 million of grant funding is available in this scheme. It will be distributed within the financial year 2024-25 through a competitive application exercise to be run in 2024.

Funding is for the delivery of AI skills training only. It is not for the cost of:

- Purchase of AI technologies
- Business advice or consulting
- Recruitment activity
- Work placement or internship salaries
- Capital expenditure¹

Applicants can apply for different levels of funding depending on their business size and type as defined by BEIS SME action plan: 2022 to 2025²:

Table 3: Funding caps

Business size	Headcount	Annual Turnover	Balance Sheet Total	Maximum grant funding available (per applicant)
Micro	Under 10	Under €2 million	Under €2 million	£2,500
Small	Under 50	Under €10 million	Under €10 million	£5,000
Medium-sized	Under 250	Under €50 million	Under €43 million	£10,000

All funding allocated through this competition must be spent in accordance with the terms and conditions in the Grant Funding Agreement by 31 March 2025. Applicants should be aware

¹ 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.

² <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>

that the independent external evaluation and analysis of the grant scheme is expected to continue beyond this date.

By 31 March 2025, we expect all projects to have completed training activities related to this funding initiative. We will actively monitor spending during the period and expect that any funding awarded by DSIT for FY 24/25 is spent during FY 24/25. Funding cannot be carried over into the next financial year. This is to manage the risk of underspending accumulating towards the end of the funding period.

Minimum Financial Assistance

This grant funding is awarded under Minimum Financial Assistance exceptions to the UK Subsidy Control regime.

The Department for Science, Innovation and Technology offers a Minimum Financial Assistance (MFA) subsidy under the Subsidy Control Act (2022), subject to your agreement to, and compliance with, the terms and conditions set out below.

The amount of MFA offered is up to £10,000 (see caps per business size above). Before making the payment, we require written confirmation that receipt of the payment will not exceed each business' MFA threshold of £315,000 cumulated over this and the previous two financial years, as specified in section 36(1) of the Subsidy Control Act (2022). This means you must confirm that you* have not received more than £315,000 minus the value of this subsidy in MFA subsidies or comparable types of subsidies (see section 42(8) of the Subsidy Control Act) between 1 April 2022 and this date.

We take this opportunity to remind all potential applicants that you are required to keep a written record of the amount of MFA you have received and the date/s when it was received. The written record must be kept for at least three years beginning with the date on which the MFA was given. This will enable you to respond to future requests from public authorities on how much MFA you have received and whether you have reached the cumulative threshold. Subsidy Control Statutory Guidance 97 Confirmation must be sent by someone who is authorised to do so on behalf of your organisation.

Application

The Application is split into 4 sections:

Section 1: **Application details** – This section is not assessed.

Section 2: **Applicant Eligibility** – Assessors will conduct an initial sift based on eligibility of the applicant. (Pass/Fail)

Section 3: **Training Eligibility**– Assessors will conduct a secondary sift based on the eligibility of training. (Pass/Fail)

Section 4: **Proposal Outline** – Assessors will assess that the proposal will use funding in line with the objectives of the scheme. (Scored out of 10)

Applications will be assessed according to the criteria and scoring set out in the guidance. A minimum threshold of scoring will be applied to ensure consistency with the objectives of the fund. Applications must provide the relevant details in Section 1, 2 and 3 and pass the eligibility criteria set out in this guidance, and score a minimum of 3 on each of the two questions in Section 4.

All applicants will receive a result letter in July 2024. If your application is successful, you will be expected to sign the Grant Funding Agreement and confirm that funding will be spent in accordance with the terms and conditions set out in the Grant Funding Agreement.

Once training has been delivered and the applicant can provide evidence of payment, applicants will be able to submit a payment request to the Cabinet Office Government Grant Managed Service (GGMS), who are administering the scheme on DSIT's behalf.

Randomised Controlled Trial (RCT)

Please note that this scheme is a pilot funded by the Labour Market Evaluations and Pilots Fund (LMEP), which aims to continue to build the evidence base on the effectiveness of policies to improve labour market outcomes, including by funding novel or experimental evaluations. As such, this scheme may adopt a Randomised Controlled Trial (RCT). In this scenario, funding will be awarded by lottery amongst applications above the pre-defined merit threshold. If this scheme does not adopt an RCT approach, funding will be awarded via merit-based allocation for the funding available. If applicants are unsuccessful, they will be notified whether it was because they did not pass the eligibility or merit threshold, or because they were randomly selected through the RCT to not receive funding. All businesses will be expected to engage with the evaluator throughout the pilot and evaluation up to March 2027.

Annex A: Core AI Skills

Artificial Intelligence	Data Analysis
Machine Learning	Smart Systems
Natural Language Processing	Supervised Learning
Neural Networks	Semi-Supervised Learning
Computer Vision	Unsupervised Learning
Cognitive Computing	Text Mining
Computational Intelligence	Variational Autoencoders
Data Science	Image Recognition
Logistic Regression	Complex Adaptive Systems
Support Vector Machine	Data Intelligence
Feature Engineering	Chatbot
Expert Systems	Word2Vec Models
Fuzzy Logic	Data Mining
Generative Adversarial Networks	Deep Learning
Knowledge-Based Systems	Generative Models
Machine Vision	Robotics
Predictive Analytics	Algorithms
Reasoning Systems	Autonomous
Reinforcement Learning	AI Governance
Sentiment Analysis	AI Risk
Programming	AI Safety
Big Data	AI Ethics

Annex B: List of accrediting bodies

Please note that the list below is conclusive except for *III. A professional body that proves they are relevant to the sector*. If there is a professional body or association relevant to your sector which you believe should be included here, please indicate this in your answer to the relevant question in your application.

I. An organisation that proves they provide training

- AACSB
- Small Business Charter (SBC)
- ISO 21001:2018 – Educational organizations
- ISO 29993:2017 – Learning services outside formal education
- CPD Certification Service
- British Accreditation Council
- Chartered Institute for Personnel and Development
- Ofsted
- UKAS
- Institute of Training and Occupational Learning
- OfQual
- Quality License Scheme
- Office for Students
- IfATE (Institute for Apprenticeships and Technical Education)
- Association of Employment and Learning Providers (AELP)

II. An organisation that proves they operate within the field of AI or data science

- A member of the Alliance for Data Science Professionals:
 - Royal Statistical Society (RSS)
 - BCS, The Chartered Institute for IT
 - Operational Research Society (ORS)
 - Royal Academy of Engineering
 - NPL (National Physical Laboratory)
 - The Royal Society
 - Institute of Mathematics and its Applications
 - Alan Turing Institute
- International Association of Privacy Professionals (IAPP)

- Information Systems Audit and Control Association (ISACA)
- ISO/IEC 42001:2023 - Artificial intelligence

III. A professional body that proves they are relevant to the sector

- PBSC members
- Law Society
- Institute of Chartered Accountants in England in Wales (ICAEW)
- Institute of Chartered Accountants in Ireland
- Institute of Chartered Accountants of Scotland
- Chartered Institute of Marketing (CIM)
- Institute of Sales Management (ISM)
- Association of Accounting Technicians (AAT)
- Chartered Management Institute (CMI)
- Institute of Practitioners in Advertising (IPA)
- Institution of Civil Engineers (ICE)
- The Institution of Engineering and Technology (IET)
- The Market Research Society (MRS)
- The Chartered Institute of Public Relations (CIPR)
- Public Relations and Communications Association (PRCA)
- The Recruitment and Employment Confederation (REC)
- Advertising Association (AA)
- Management Consultancies Association (MCA)
- Association of Translation Companies (ATC)
- Institute of Workplace and Facilities Management (IWFM)
- Chartered Institute of Arbitrators (CIArb)
- Chartered Institute of Linguists (CIOL)
- Chartered Institute of Management Accountants (CIMA)
- Association of Chartered Certified Accountants (ACCA)
- Chartered Institute of Personnel and Development (CIPD)
- Chartered Institute of Purchasing and Supply (CIPS)
- Customer Contact Association (CCA)
- Chartered Institute of Trademark Attorneys (CITMA)
- British Institute of Recruiters (BloR)

- Institute of Accountants and Bookkeepers (IAB)
- The Society of Professional Accountants (SPA)
- Institute of Certified Bookkeepers (ICB)
- Bar Council/General Council of the Bar
- Events Industry Alliance (EIA)
- British Vehicle Rental and Leasing Association (BVRLA)
- Association of Professional Staffing Companies (APSCo)
- The Data and Marketing Association
- ISBA
- The Institution of Mechanical Engineers
- The Royal Academy of Engineering (RAE)
- Royal Aeronautical Society (RAeS)
- Institution of Structural Engineers (IStructE)
- Royal Institute of British Architects
- Institute and Faculty of Actuaries

Annex C: Guide to assessing training provider quality

During your discussions with training providers, consider some or all of the following questions to determine if the training will meet your business objectives and the AI upskilling needs of your employees. Not all questions may be relevant to your specific circumstances.

Aims and Objectives

- Does the proposed training have clear aims and learning outcomes?
- Does the training provider demonstrate an awareness of the needs of your workforce?
- Does the training provider describe how they will work with you to adapt delivery to meet your employees' training needs, e.g. through a Training Needs Analysis?
- Does the training provider describe how they will adapt the training for your business objectives e.g. building a challenge for your organisation as a case study?
- Does the training provider demonstrate how the curriculum addresses the needs of the Personas in the AI Skills for Business Competency Framework?
- Does the training provider clearly describe how this training would contribute towards professional recognition or subsequent training for your delegates?

Design and Delivery

- Are the learning activities clearly described and mapped to the Learning Outcomes?
- Is the training provider able to deliver training to the target number of learners?
- Are the number of training hours proportionate to the scope of the training and are they achievable for your delegates alongside competing demands?
- Does the learning activity have the flexibility to adapt pace to learner needs and to be responsive to your discussions?
- Does the training provider demonstrate how they meet accessibility requirements? E.g. appropriate training locations, staff assistance and accessibility of digital materials.

Quality

- Does the training provider demonstrate which technical skills from the AI Skills for Business Competency Framework the curriculum addresses?
- Has the training provider secured accreditation for their activity, or otherwise been recognised for providing a quality service?
- Are methods for recognising and recording learner progress and achievement clear and understandable?

- Does the training provider demonstrate that trainers have relevant and up-to-date knowledge and experience? e.g. qualifications and professional experience.
- Does the training provider have clear processes in place to ensure training is up-to-date, technically accurate, and of a high quality.

Evaluation and Feedback

- Are processes in place to identify whether learning objectives have been met?
- Does the training provider have a well-documented feedback and evaluation process?
- Is there evidence how feedback will be acted upon?

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