Local Skills Investment Funds in the Midlands

INSIGHTS

The Midlands Engine pan-region has collectively received £36.9m to drive skills and meet employers' needs to boost the regional economy as part of the government's 10-year vision set out in the Skills for Jobs White Paper. The following insight serves as a follow-up to our insight summary of the Local Skills Improvement Plan, which set our skills priorities in the region and nationally.

The local skills improvement fund (LSIF) is designed to enable further education (FE) providers within their respective geographic area to collectively address priorities within local skills improvement plans (LSIPs). LSIPs, submitted by designated employer representative bodies (ERBs) for each area by the 31st May 2023, have seen their awards published at the end of 2023. The funding covers two financial years - 2023 to 2024 and 2024 to 2025.

The LSIF builds on the strategic development fund (SDF), which underwent a pilot phase from 2021 to 2022 and was subsequently rolled out across England in 2022 to 2023.

LSIF awards: 2023 to 2025

Between 2023 and 2025, England secured a total of £162.9m LSIF funding. Notably, the South East emerged as the frontrunner, receiving £25.4m funding (15.6%) of the allocation, whilst the North East received the lowest share with only £8.6m (5.3%). In the Midlands LSIP areas, the cumulative LSIF award amounted to £36.9m, representing a 22.7% share of England's allocation – significantly boosting the regional economy.
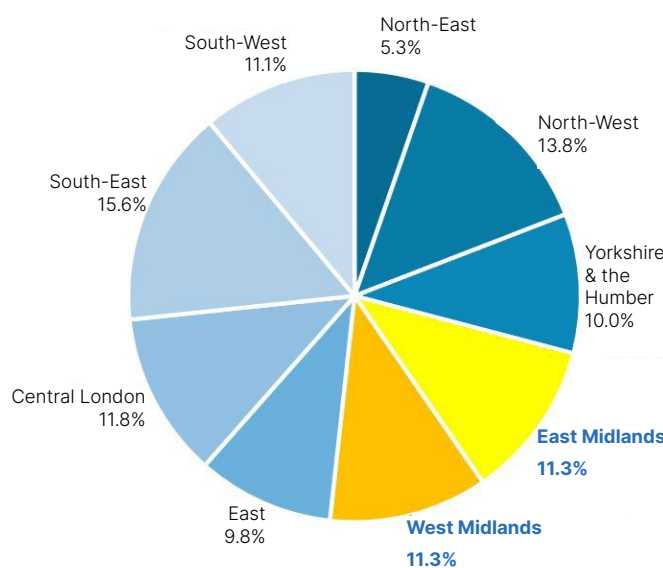

Figure 1. LSIF awards by region, 2023-25

Region	Approved funding
North East	£8,636,148
North West	£22,516,124
Yorkshire and the Humber	£16,235,864
East Midlands	**£18,427,653**
West Midlands	**£18,478,115**
East	£15,917,772
Central London[1]	£19,255,548
South East	£25,405,516
South West	£18,042,341
Midlands Engine Total	**£36,905,768**
Total	**£162,915,081**

Table 1. LSIF awards by region, 2023-25

1. Funding for the South London Partnership is not finalised and is subject to change.

Midlands allocation of the LSIF

The East Midlands and the West Midlands received £18.4m (11.3%) and £18.5m (11.3%) respectively (see figure 2 and table 2 below).

Furthermore, analysis of the allocated funds revealed distinct sector and technology focuses within the region. These include:

- Digital
- Engineering and manufacturing
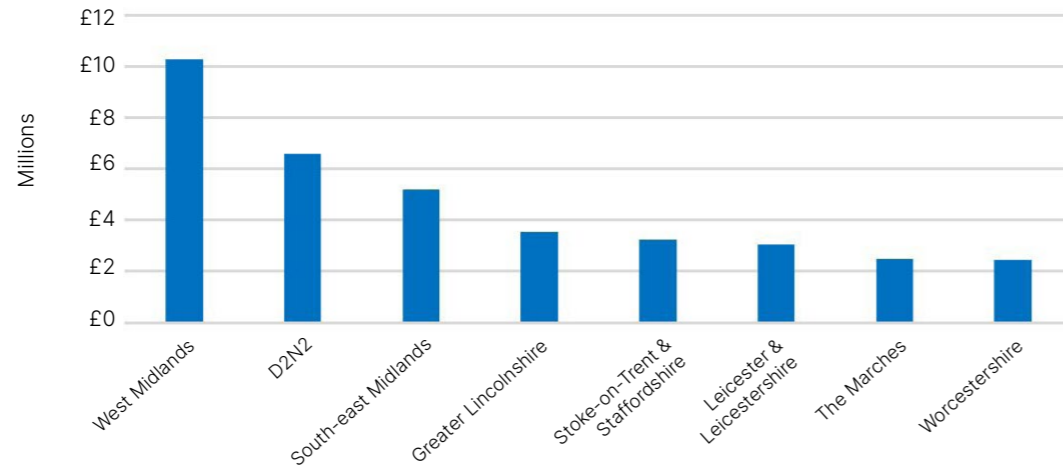- Green construction
- Green skills

Figure 2. Midlands LSIP area allocation of the LSIF, 2023-25

Area	Endorsing employer representative body (ERB)	Funding approved	Lead applicant	Sector or technology focus
D2N2 (Derbyshire and Nottinghamshire)	Federation of Small Businesses	**£6,604,099**	Nottingham College	Digital, green skills
Greater Lincolnshire	Federation of Small Businesses	**£3,547,293**	TEC Partnership	Engineering and manufacturing, construction, digital
Leicester and Leicestershire	East Midlands Chamber of Commerce	**£3,067,331**	Leicester College	Engineering and manufacturing, transport and logistics, electric and hybrid vehicles, green skills, green construction, digital
South-east Midlands	Northamptonshire Chamber of Commerce (incorporating Milton Keynes Chamber)	**£5,208,930**	Milton Keynes College	Green skills, digital, green construction, health and social care, logistics, agri-tech, engineering and manufacturing
Stoke-on-Trent and Staffordshire	Staffordshire Chamber of Commerce and Industry	**£3,231,734**	Newcastle and Stafford Colleges Group	Engineering and manufacturing
The Marches	Shropshire Chamber of Commerce	**£2,489,864**	Telford College	Engineering and manufacturing, green skills, green construction
West Midlands	Coventry and Warwickshire Chamber of Commerce	**£10,304,523**	Solihull College and University Centre	Engineering and manufacturing, green construction, digital
Worcestershire	Herefordshire and Worcestershire Chamber of Commerce	**£2,451,994**	Kidderminster College (NCG)	Agriculture, digital, green construction

Table 2. Midlands LSIP area allocation of the LSIF, 2023-25

How is the LSIF being spent in the Midlands?

As the LSIF rolls out, it is crucial to examine how the allocated funds are being utilised across various projects. Below is an overview of how LSIF funding is being spent in local economies in the Midlands:

D2N2

In the D2N2 area, the LSIF will be invested in the development of new innovative provision, responding to local needs and emerging technologies. This means **addressing the area's need for green productivity and the net zero transition**, **high-end digital skills supporting AI** and **smart tech**, alongside **transferable skills**.

Just over £6.6m has been secured as grant funding for the sub-region, which will be spent in a holistic approach resulting in **six new hubs in total**, covering the wider geographical areas of Nottingham, Derby, Newark, Chesterfield, Mansfield, and Burton (South Derbyshire). One such hub will be the new **Green Skills Centre at Nottingham College,** which will launch a suite of new training courses designed to put the region at the forefront of the decarbonisation and green skills agenda. The college will also create a **Digital Knowledge Exchange Hub** which will trial new, innovative provision in AI, e-sports, and smart technologies.

Greater Lincolnshire

The £3.5m awarded to Greater Lincolnshire and Rutland colleges will be **spent on supporting the delivery of a wider range of activities in the area, specifically focusing on unfilled opportunities in sectors such as green energy and the digital industry.**

These projects cover decarbonisation and green skills, focusing on engineering and low-carbon technologies, green energy and building services engineering; digitisation and smarter working, covering augmented and virtual reality, cyber security, automation and artificial intelligence; and digital production, design and development. Moreover, **support will be provided for a range of projects addressing fundamental issues faced by employers around employability**, which will work towards the development of a cross-region skills passport to improve work-readiness and essential skills, alongside vocational training.

INSIGHTS
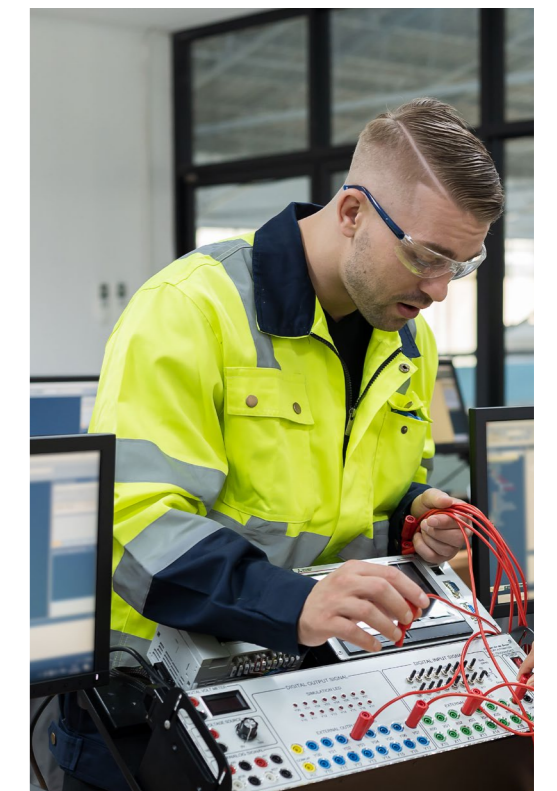
Leicester and Leicestershire

In Leicester and Leicestershire, the LSIF will be spent on working towards the development of future green and digital skills across the city and country. Priority areas include:

Decarbonising transportation: Skills training for staff at levels three to five in green transport technologies to support a step-change in becoming carbon-neutral. New qualifications will include IMI Level 3 Electric and Hybrid System Repair and Replacement, and IMI Level 4 in Diagnostics, Testing and Repair of Electric and Hybrid Vehicles and Components.

Green leadership skills: Collaborative development of short, contextualised Level 3 courses, including a new green leadership health check tool for leaders, managers, and decision-making staff within organisations to assess the viability of implementing sustainable energy, waste and building technologies.

Digital upskilling: New easy-access, flexible short courses between levels three and five for digital skills in business, including digital marketing, social media, cloud computing, data analytics and an introduction to artificial intelligence (AI).

Employer skills training: Review further education training across Harborough and the surrounding districts, including adult provision and English as a second language across Leicestershire. Data scientists will analyse the training needs of industry to gain a deeper understanding of the area and how to engage employers.

South East-Midlands

In the South-East Midlands, five FE colleges (Milton Keynes College Group, Barnfield College, The Bedford College Group, Moulton College, and Northampton College) have come together to collectively work on the delivery of four projects: **Green Jobs and Skills, Employer Communications, Tackling the Digital Skills Gap and Health and Science Capacity-Building.**

A key issue identified in the area was a lack of communication between employers and education providers, which is why communication is a primary pillar of this LSIP and LSIF. This is also why these colleges have created the Delivering Skills, Boosting Business campaign. Sectors prioritised in other LSIF projects include **green skills, digital, healthcare and logistics.**

Stoke-on-Trent and Staffordshire

Around the Stoke-on-Trent and Staffordshire LSIP area, the LSIF is going to be spent on supporting the transformation of skills training via a series of opportunities designed specifically to align with to priority sectors identified by employers within the LSIP. Across Staffordshire, this prioritises skills in **advanced manufacturing, advanced logistics, construction, engineering and digital**. Funding will be spent in a variety of ways, including **investment in facilities, alongside new industry-standard equipment, specialist staff training and learners, including making sure more people can access Higher Technical Qualifications (HTQs)** between A Levels, T Levels, vocational courses and degrees.

Burton and South Derbyshire College, a recipient of the fund, hope to continue to collaborate with other colleges in the region to focus on their motor vehicle provision, developing expertise in hydrogen fuel cells, advanced driver assistance systems and electric vehicle training. This provides them with an opportunity to move closer to developing an Advanced Specialist Motor Vehicle Academy.

The Marches

In the Marches, education organisations are utilising their funding package to boost skills training within manufacturing, engineering and construction sectors – placing particular emphasis on "green technologies". The fund will be used to see the **launch of 14 new training centres and the creation of at least 30 new courses** to meet demands in some of the region's most significant sectors. The projects are due to be delivered before the end of 2025.

Around £1.2 million will be spent on new equipment and technology, with the remainder contributing towards curriculum development, staff development, promotion, and project management costs.

One example of this spend is the investment of more than £200,000 to **create a dedicated seven-axis robotic training capability** that will enable firms to upskill or reskill workers. The focus will be on delivering three Level 3 courses in Industrial Robot Technology, Principles of Robotics, Programming of Robotics, Offline Simulation, and a Level 4 course in Industrial Robotics.

West Midlands

In the West Midlands, investment will be used to focus on specific sectors, expanding on the regional electrification and engineering offer, developing skills provision in low-carbon and sustainable construction, supporting the professional development of teachers to embed green skills in all curriculum areas, delivering digital skills training to hard-to-reach communities and improving employer engagement.

As the lead applicant, Solihull College and University Centre will now work with businesses and a range of providers to deliver six projects outlined in the LSIP:

Focus 1: engineering and manufacturing, with a focus on electric vehicles and batteries.

Focus 2: construction, with a focus on low-carbon techniques and future housing.

Focus 3: green skills; with a focus on how local people can be trained in a key area for the future of the economy.

Focus 4: high-level digital skills for non-IT businesses, looking at new technologies such as AI and machine learning to improve productivity and efficiency.

Focus 5: essential digital skills to support people with basic IT provision to either find employment or move up the career ladder.

Focus 6: improve the skills landscape for employers by simplifying the process and demonstrating the returns on investment by signposting where business can access help with training and skills.

Worcestershire

In the Worcestershire LSIP area, three FE colleges have been successful in their bid for the LSIF: Kidderminster College NCG, Heart of Worcestershire College and the Warwickshire College Group.

Plans include spending the fund on new capital developments, including three new hubs: a Leadership and Sustainability Hub at Kidderminster College, a Digital Leadership Hub at Heart of Worcestershire College, and an Agri-Tech Sustainability Hub at Pershore College. On top of developing sector-leading physical infrastructure, the area aims to create a legacy in innovative training resources to support business growth and investment in Worcestershire to meet skills needs.

The project aims to build on place-based collaborations that will create a future-focused skills and training infrastructure, supporting a more coordinated offer across