

ESFA European Social Fund Provider Relief Scheme COVID-19 Response

Application Guidance Document

For organisations eligible for financial relief during the COVID-19 outbreak under ESFA's European Social Fund Provider Relief Scheme implementing Cabinet Office Procurement Policy Note - Supplier relief due to COVID-19 Action Note 02/20

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1. Information about this application guidance

- 1.1 This guidance is for organisations eligible to apply for financial relief under ESFA’s European Social Fund (ESF) Provider Relief Scheme (the scheme), implementing Procurement Policy Note - Supplier relief due to COVID-19 Action Note 02/20 (Cabinet Office’s Procurement Policy Note 02/20), during the COVID-19 outbreak, April 2020.
- 1.2 All organisations that have a procured ESF education and training contract for services with the ESFA (‘ESF contracts’) which commenced on or after 1 April 2019 are in scope of the scheme.
- 1.3 The Cabinet Office Procurement Policy Note 02/20 provides guidance to the ESFA as the contracting authority for the ESFA ESF contracts to take action to continue to pay contractors at risk due to COVID-19 on a continuity and retention basis, which can include advance payments if necessary. ESF contracts are critical to the delivery of the ESF Programme. They are unique in that they are procured on an open and competitive basis by the ESFA and co-financed to meet the ESF Programme requirements. These contracts are not eligible for support from other relief schemes, the services can only be delivered by the contractor (or their subcontractors who must be selected through stringent processes), in the eligible geographic area and therefore this scheme is niche to ESFA ESF contractors.
- 1.4 Following the principles of Cabinet Office’s Procurement Policy Note 02/20, the scheme is only for those contractors that supply education and/or training using funding from those contracts with the ESFA as referenced above that were

procured as a service under the Public Contract Regulations 2015, and commenced delivery on or after 1 April 2019.

1.5 The guidance covers:

- the application process
- information to support your application
- next steps after your application; and
- the payment and repayment methodology (Annex 1)

1.6 Further information about this scheme is available in the ESFA European Social Fund Provider Relief Scheme COVID-19 Response Policy Document.

2. Scheme eligibility

2.1 To be eligible to receive funding from the scheme, your organisation must have an ESFA ESF contract that commenced on or after 1 April 2019. Part 1 of the application will identify at organisation level if you have a financial need to access the scheme. You must pass Part 1 of the application process.

2.2 In addition, applicants intending to seek support from this scheme must also meet the following requirements:

- have delivered under the relevant contract during the 6 months ending March 2020 and submitted ILR/Supplementary data (where appropriate), in respect of this delivery
- plan to deliver education, training and support under the contract during April, May and June 2020
- have not furloughed the staff required to deliver the contract. However, you are eligible to apply to the scheme if it is your intention to take those staff off furlough to deliver the contract for the period in which you are applying for relief

Please note, government guidance states that when a furloughed employee returns to work, they must be taken off furlough. For the purposes of the scheme, this means that any employee who will be involved in the delivery of the contract must be withdrawn from any claim for furlough when they return to work. All employees engaged in the delivery of the contract covered by the scheme must be paid by you in accordance with their agreed contract of employment. We reserve the right to check your records submitted to HMRC, to ensure no double funding is taking place. Where there is evidence of double funding, we will recover any funding paid under this scheme.

- your eligible contract for services with the ESFA is not under notice of termination
- you will continue to submit claims for delivery through ILR and Supplementary data (where appropriate), throughout the period of the scheme

3. Application process

3.1 We are seeking only that information we require to assess:

- your organisation's eligibility for the scheme
- the financial risk of COVID-19 to your organisation
- that you will continue to deliver activity over the required period in line with your contract for services; and
- that you will support learners and employers, so that learners remain in learning; return to learning or progress when it is safe to do so
- that you continue to engage new learners where it is appropriate and safe to do so

3.2 We reserve the right to change, amend, extend, or withdraw the scheme at any time, with or without notice as required.

3.3 The following documentation forms part of the ESF Provider Relief Scheme and must be read prior to submitting your application:

- ESFA European Social Fund Provider Relief Scheme COVID-19 Response Policy Document
- ESFA European Social Fund Provider Relief Scheme – Provider Questions and Answers

4. Information you will need to supply to support your application

4.1 In your application, you must declare whether you are continuing to deliver education, training and support to new and existing learners and/or employers, including contact with and support for those learners and/or employers where delivery cannot continue or commence due to restrictions caused by COVID-19.

4.2 The application has 2 parts, the first requires you to provide actual and cashflow forecast information for the period January to June 2020, as well as certain information in relation to your total turnover and ESFA income, which you will include in a separate spreadsheet and submit with your application. This information must be sourced from and be consistent with your financial management information and accounting records, which may be subject to 'open book' review by ESFA.

- 4.3 Part 2 of the application requires you to supply information about your individual contract level costs for which you are seeking support through the scheme. Please ensure you provide all the information requested in the application. You will need to submit a Part 2 for each ESF contract you are seeking relief for.

Application Part 1 – Monthly Cashflow forecast

- 4.4 Please complete the monthly cashflow forecast spreadsheet, which forms the first part of your application. You must provide accurate financial information reflecting actual income and expenditure for January to April, and current forecast information for the period May to June.
- 4.5 The following table provides notes on completion. Optional narrative boxes are included on the template for you to provide further information if necessary.

Section	Guidance notes for completion
Base Information	
Opening cash balance on 1 January 2020 (excluding available overdraft)	This is your opening cash balance as at 1 January 2020, excluding any available overdraft or credit facility.
Available overdraft / short term financing facility	Please insert any arranged overdraft, revolving credit facility or other short-term finance that is available to support the cash position of your organisation.
Cash flow forecast	Please complete the lines within the cash flow template that apply, providing actual values for January to April 2020, and current forecast figures for May and June 2020. Note that all figures should be input as positive numbers. Please include in your forecast any actual or expected COVID-19 support funding from other sources and reflect loss of income due to the impact of COVID-19 measures.
Operating and financing receipts	
European Social Fund	Insert your expected income from your ESFA ESF contracts.
Other ESFA funding	Insert any other ESFA programme funding such as, 16 to 19 funding, AEB, levy and non-levy Apprenticeships etc.
ESFA Provider Relief funding (AEB and non-levy Apprenticeships)	Include any funds that you expect to receive under the ESFA provider relief scheme for AEB and non-levy Apprenticeship funding.

Furlough staff income	Include any support expected to be received from the government furlough support scheme.
Other government COVID funding	Include any other expected government COVID-19 financial support, including that from combined mayoral authorities, local authorities and business support packages .
Other income	Insert all other income, including commercial income and delivery income from devolved AEB funding. Do not include income streams captured elsewhere in the receipts section.
Receipts from parent and connected companies	Include any intergroup income generated from normal trading activities.
Subcontractor income	Insert income from providing delivery services as a subcontractor to other organisations.
Interest received	Insert the interest received or expected.
Operating & Financing Payments	
Staff costs (pay)	Include basic pay costs, overtime, other allowances and additions, employer pension costs and employer NI costs. Furlough payments should not be included in this line.
Non-staff costs (non-pay)	Insert all non-pay operating costs incurred including, but not limited to, rent, rates, utilities, materials etc.
Furlough staff payments	Insert the total payments made to staff covered by the government furlough scheme. Do not include any costs covered in staff costs (pay) above.
Payments to parent and connected companies	Include payments for services or goods as part of normal trading activities. Please provide brief details of these goods / services in the narrative section.
Subcontractor payments	Insert payments made to organisations who deliver provision on your behalf as a subcontractor.
Other expenses	Include all other incurred costs not covered by other lines in the payments section.
Loan interest & capital repayments / dividends	Include any loan interest and capital repayments, or dividends. Please note that dividends payments and loan interest or repayments to parent / connected

	companies are not eligible for support. Please use the narrative section to provide more details.
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- 4.6 Rows 33 to 41 in the excel template are calculated fields and do not require manual input. Please note that the cash days indicator for January to June use those months expenditure as the basis for annual expenditure.
- 4.7 Please do not amend the format of the excel template in any way, for example by adding or removing rows, as this will result in your application being rejected.
- 4.8 When saving your Part 1 document, please use your UKPRN as the file name.

Application Part 2 - Information about contract level costs which will ensure learners continue to be supported.

- 4.9 The application requires the completion of the spreadsheet Part 2 – Contract Costs for each contract you are making an application for support for. This comprises of 2 tabs for completion. These are:
 - ESF Cost Summary; and
 - ESF Cost Summary Assumptions

These are required for the months of April to June 2020, in support of the relief you are seeking. A separate application needs to be completed for each contract for which you are applying for support through the scheme.

- 4.10 When saving your Part 2 document, please use your Provider Name and ESF Contract number as the file name.

5. Activities to be delivered under this scheme

- 5.1 The activities which ESF contractors are expected to deliver under this scheme include:
 - to continue to deliver training, education and support as described in your contract for services and the relevant funding rules, including guidance on easements and flexibilities issued as a result of COVID-19
 - to engage new learners and/or employers, where it is safe to do so, as described in your contract for services and the relevant funding rules, including guidance issued on easements and flexibilities as a result of COVID-19
 - to progress learners into positive outcomes where it is safe to do so, and where described in your contract for services and the relevant funding rules,

including guidance issued on easements and flexibilities as a result of COVID-19

6. How to apply

- 6.1 ESF contractors will be sent the application documents by email from the ESF Programme and Delivery Team. You must submit both Part 1 and Part 2 of the application to validate your request for support from the scheme. Part 1 must be submitted once per organisation and Part 2 must be submitted for each ESF contract you are seeking support for. Applications must be submitted to queries.esf@education.gov.uk
- 6.2 Incomplete applications will be rejected.
- 6.3 ESF contractors are not able to re-submit application documents and should not include any additional information other than that which is required.
- 6.4 We hold the right to request further information/clarification in relation to your application.
- 6.5 We are unable to enter into discussions about the information you submit.
- 6.6 The deadline for submission of completed application documents is midnight on Thursday 28 May 2020; application documents received after this deadline will not be considered and there is no right of appeal for late submissions.
- 6.7 An application must be submitted on behalf of the ESF contractor by someone with the authority to request the funds, such as the Chief Executive Officer or Finance Director.
- 6.8 We reserve the right to change, amend, extend, or withdraw the scheme at any time, with or without notice as required.

7. Assessment process

- 7.1 We will assess the financial information you supply in part 1 of your application. The following financial information will be used to determine that you have a clear need for support from the scheme.
 - income received / expected to be received from the ESFA during the 6 months to 30 June 2020
 - actual / expected net cashflows during the three months to 30 June 2020

7.2 Part 2 of your application document will be used to assess the level of relief support available at contract level through this scheme. A relief cap will be set, and will be determined at contract level based on the lower of the following:

- your monthly average earnings based on actual earnings data from October 2019 to March 2020, multiplied by 3
- the total contract level costs you have submitted in part 2 of the application process

Contract payments will be capped at 25% of your annualised contract value over the 3 month period. See worked example in Annex 1.

This will be further capped at 90% of your current total contract value taking account of actual reported delivery on the contract and relief payments being sought.

Any actual delivery reported during the relief period will be deducted from the relief payment. For example, the calculated monthly relief payment is £30,000 and you have submitted delivery data valuing £10,000, the relief payment will be £20,000. Any relief payments made are repayable, and in this example £20,000 would need to be repaid, as per the arrangements set out in Annex 1.

7.3 Part 2 will also ask you to declare you are able to meet each of these requirements:

- the costs included in the application are not included in any other form of income or business support scheme and will realistically allow the ESF contractor to provide essential services for the duration of the scheme
- the continuation of education and training will be maintained during the duration of the scheme as required by the contract for services and the relevant funding rules including guidance issued on easements and flexibilities as a result of COVID-19
- that delivery has been redesigned, as necessary, to meet and respond to the challenges of COVID-19
- that you will be able to engage with new learners and/or employers where it is safe to do so
- that learners who have had their start dates delayed, will be provided with support to enable them to maintain their commitment to learn once it is safe to do so
- that you will continue to progress learners to appropriate destinations, as required by the contract for services and the relevant funding rules including guidance issued on easements and flexibilities as a result of COVID-19

- you have sufficient staffing to continue to deliver this contract and any directly employed furloughed staff delivering the contract must have been withdrawn from any claim for furlough
- you will continue to pay subcontractors in line with your subcontractor agreement, where appropriate
- you acknowledge that the monthly relief payments are repayable and that you will accept the repayment plan proposed by the ESFA

8. What happens next

Successful applications

- 8.1 You will be notified in writing by 4 June 2020. You will be issued with additional terms and conditions of funding in accordance with the change control clauses contained in the contracts and agreed by both parties. To receive funding from this scheme in June 2020 you must accept the terms of the contract variation by 8 June 2020.
- 8.2 We will calculate a total relief cap for each contract for which you have requested support from the scheme. The total relief cap will be based on the lower of 6 months average earnings calculated from October 2019 to March 2020 multiplied by 3 or the costs submitted in Part 2 of your application.
- 8.3 In order to calculate the monthly relief cap advance payment, the total relief cap will be divided by 3 and applied to the payments for April, May, and June 2020. Any actual delivery reported in the monthly data submission will be deducted from the monthly relief cap advance payment. Annex 1 provides further detail on the relief payment methodology.
- 8.4 The scheme will apply to activity undertaken in April, May and June. April activity will be paid in June; May's activity will be paid in a further payment in June and June's activity will be paid in July.
- 8.5 The advance payment made through this scheme will be paid on top of the payment claimed via the ILR and Supplementary Data (where appropriate). The total of the 2 payments will not exceed the calculated monthly relief payment, unless reported delivery exceeds this value. In this case you will only receive payment for reported delivery
- 8.6 The contract relief payment cannot exceed 25% of the annualised contract value, even where the average earnings calculated for the 6 month period exceed this.
- 8.7 No contract can be paid more than 90% of the total contract value during or at the end of this scheme.

- 8.8 You will receive a remittance statement confirming the value of the support to be provided with the reference “ESF Provider Relief Scheme”.

Unsuccessful applications

- 8.9 Unsuccessful applicants will be notified in writing by 4 June 2020. You will be provided with the reasons why your application was not successful.

Making a complaint

- 8.10 There is no formal right of appeal against this process or the decision made within it.
- 8.11 If you consider that the ESFA has not followed the published process or the decision made is unreasonable, you are able to make a complaint under the ESFA’s complaints procedure which can be accessed at :
<https://www.gov.uk/government/publications/complaints-about-post-16-education-and-training-provision-funded-by-esfa>

9. Help and support

- 9.1 If you have any questions prior to submitting your application to the scheme, please send these to the following email address: queries.esf@education.gov.uk. All questions asked will receive a response within 1 working day.

General Data Protection Regulation (GDPR)

- 9.2 See the [ESFA privacy notice](#) for details about how we collect, use, protect and secure your personal information.

Annex 1 - ESF Provider Relief Scheme – Payment & Repayment Methodology

1. Purpose / introduction

To explain the ESF Provider Relief Scheme (the scheme) process for ESF contractors, in response to COVID-19.

2. Key points:

Average payments per month based on the last 6 months payments have been calculated. Payments in April 2020 have been ignored for the purpose of the calculation of the 6-month average, due to the potential effect on reporting from ESF contractors since the start of COVID-19. Whilst it is recognised the full effect may not have been seen across the whole sector until March and reflected in payments made in April, for fairness and accuracy, a steady state in time was used.

Therefore, the monthly average calculation is based on payments in the months October 19, November 19, December 19, January 20, February 20 and March 20. This figure has been multiplied by 3, in order to determine the total average amount expected to be paid across the ESF provider relief scheme period.

In addition, and in line with the requirements of the Cabinet Office PPN 02/20 notice, a cap of 25% of the annualised contract value will be applied to any payments made during this 3-month relief payment period. The annualised value for ESF contracts has been calculated by taking the current contract value, divided by 27 months of profiled delivery and multiplying the result by 12. This provides a consistent calculation for all contracts, irrespective of profiling methods used at the outset of contracts.

This will be further capped at 90% of your current total contract value, taking account of actual reported delivery on the contract and relief payments being sought. It is not expected any ESF contractors will receive cumulative payments which exceed 90% of the total contract value, during, or at the end of this 3 month scheme. This is due to the current contracts having an end date of July 2021 and an expectation there will be new starts delivered until December 2020. By allowing ESF Contractors to draw down funds which exceed 90% this could create a significant risk of a gap in provision before the launch of any successor programme.

Applications will need to provide a breakdown of anticipated costs over the 3-month period. The lower of the contract application costs or 3 months at the 6 month average payments will be used as the maximum overall payments for the scheme – this is the Final Total ESF Contract Relief Cap.

Example:

Total Contract value - £1,080,000

Total Payments for October 2019 to March 2020 - £79,364.04

6 Month average payments per month - £79,364.04 / 6 = £13,227.34

3 months payments @ 6-month average - £39,681.72 (£13,227.34 *3)

Provider application costs over 3-month period - £47,000

Final total ESF contract relief cap - £39,681.72

Monthly relief cap - £13,227.34

Contract to date paid- £114,929

Remaining total contract value - £965,071 (£1,080,000-£114,929)

Total contract value Cap @ 90% - £972,000 (£1,080,000*90%)

12 month annualised contract value @ 25% Cap - £120,000 (((£1,080,000/27)*12)*25%)

Note that the total and annualised contract value caps will be applied on a monthly basis at the point of calculating actual payment.

3. Monthly payment calculation steps

ESFA will extract values from ILR and Supplementary Data (where appropriate) reported to calculate contract actual earnings in the month.

Any actual delivery reported in the monthly data submission will be deducted from the monthly relief cap advance payment. We will take into account the caps and maximum values set out in this scheme prior to payment. Payments will be made to eligible ESF contractors as follows:

1. April relief payment (based on April activity returned at the beginning of May) will be made in June 2020.
2. May relief payment (based on May activity returned at the beginning of June) will be made by a further payment in June 2020.
3. June relief payment (based on June activity returned at the beginning of July) will be made in July 2020.

4. Repayment process

There will be no recoveries of the monthly relief advance payment under this scheme, until the October 2020 payment (made in October based on September activity). Any extension to this scheme will require the associated movement of recovery dates.

It is our intention that repayment will take place from October 2020 to March 2021 in 6 equal instalments, with the following exception:

- where the value of the actual earnings in a month is less than the repayment amount, we will recover an amount up to 50% of the value of the monthly earnings

We will review the recovery position on a monthly basis, to ensure that debts are recovered in the shortest period without causing hardship to any ESF contractors.

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