

ESFA European Social Fund Provider Relief Scheme 2 (July - October 2020) COVID-19 Response

Policy Document

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Summary and purpose

ESFA recognises that training providers are faced with enormous challenges caused by the outbreak of COVID-19. ESFA has taken steps to ensure that training providers can continue to deliver education and training during the coronavirus outbreak. ESFA are now preparing for the recovery and transition to new ways of operating. During this period we will continue to provide advance payment measures in the form of a European Social Fund (ESF) Provider Relief Scheme and at the same time work in partnership with training providers to develop transition plans to exit from relief as soon as is reasonably possible.

[Procurement Policy Note 04/20 Recovery and Transition from COVID-19](#) on 9 June 2020 (PPN 04/20) provides further guidance for the ESFA as the contracting authority for the ESFA ESF contracts to take action to continue during the period July to October 2020 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.

The purpose of the ESF Provider Relief Scheme 2 (July – October 2020) (the scheme) is to retain capacity within organisations who are currently contracted to deliver ESFA ESF programmes and to support economic recovery post-outbreak.

The scheme will provide relief payments to ESF providers in the form of repayable advances ahead of actual delivery, to support the cashflow of providers with a demonstrated financial need.

ESF providers will need to consider how they will continue to operate without further relief during and after the extended period of the scheme.

Expiry or review date

This document will be withdrawn on 31 October 2020. If you have this document in a saved, offline or hard copy format, you are advised to check on gov.uk to ensure that you are using the most up to date version of the publication.

Who is this policy document for?

This document is primarily aimed at senior leaders of eligible ESFA ESF funded delivery organisations, who hold contracts for services which have been procured in accordance with the [Public Contract Regulations 2015](#) and commenced delivery on or after 1 April 2019.

Key points

- ESF contractors should continue to deliver education, training and support as per the contract. This may include to existing learners and/or employers or to new learners and/or employers
- PPN 02/20 and PPN 04/20 set out information and guidance for contracting authorities on payment of their suppliers to ensure service continuity during and after the current COVID-19 outbreak.
- the ESFA has put in place short term financial measures in accordance with PPN 02/20 and PPN 04/20 to support eligible training providers cash flow during this time based on an assessment of need
- we will calculate a total relief cap for each ESF contract where support is requested from the scheme. Where ESF contractors hold more than one ESF contract, the relief cap will be calculated and applied to each contract supported
- the relief cap 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 4; or
 - the contract level costs ESF contractors submit as part of stage 2 in the application process.
- this is known as the total relief cap. The monthly relief cap payment will be the total relief cap divided by 4
- payments under this scheme cannot total more than 25% of the contract value during the period April to October 2020. In addition, a cap of 90% of the current total contract value will be applied, taking account of actual reported delivery on the contract and relief payments being sought. This is due to the contracts running until 2021, and an expectation that new starts will continue until December 2020
- the scheme will apply to activity undertaken in July, August, September and October and paid in the subsequent month. Any actual delivery reported in the monthly data submission will be deducted from the monthly relief cap advance payment
- 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
- this is an advance payment scheme, which requires ESF contractors to repay all advance payments received. Each contract will have a repayment plan which will commence in January 2021. This will be subject to review in line with any further COVID-19 developments
- all funding paid and activity claimed through the ILR and Supplementary data (where appropriate), must be eligible as per the contract
- where the ESF contractor is claiming other funds from wider business support measures, this offer cannot be used to

cover the same costs, for example, funding claimed through the ESFA Post-16 Provider Relief Scheme (July – October 2020). In some circumstances, other support measures may be more appropriate, and details of those schemes can be found on gov.uk: [Coronavirus \(COVID-19\): financial support for education, early years and children’s social care](#) published on 17 April 2020

- eligible training providers can apply for funding to support staff returning from furlough where they are now needed to support learners. From 1 July 2020, as per the [Coronavirus Job Retention Scheme \(“CJRS”\) guidance \(published 26 March 2020 and updated 29 May 2020\)](#), you may bring staff back to work shorter hours / different shift patterns from their contracted working pattern. Where this is the case, you may apply for funding for the actual costs incurred, whilst claiming from CJRS for the proportion of contracted hours that they are not working. You should note that should double funding be identified at a later date this will be recovered
- to be eligible for support, ESF contractors must deliver education and training provision and meet the scheme eligibility criteria set out in the Scheme Eligibility section of this document
- ESF contractors who apply and are offered support through the scheme will be required to accept additional terms and conditions of funding in accordance with the change control clauses contained in the contracts and agreed by both parties. The Model Interim Payment Terms attached to PPN 02/20, adapted to meet the additional requirements of PPN 04/20, will be used as the basis for the contract variations

Terminology

Where this policy document refers to 'we' this should be taken to mean the ESFA.

Use of the term 'ESF contractor' in this document should be taken to mean any provider type who holds a direct contract to deliver ESFA ESF contracted provision that is eligible to benefit from this

support package as set out in this policy document.

Where we refer to 'scheme' this should be taken to mean the ESF Provider Relief Scheme 2 (July – October 2020).

Use of the term 'relief cap' is the maximum level of advance payment available through this scheme.

Scheme eligibility

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.

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

- have delivered under the relevant contract during the previous 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 July, August, September and October 2020.
- Not furloughed the staff required to deliver the contract (you are eligible to apply to the scheme if staff are fully or partially withdrawn from any claim for furlough if such a claim has been made when they return to work)
- 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 covered by the scheme

Terms and conditions of the scheme

ESF contractors will need to meet several conditions in order to claim advance payment under the scheme, under the terms of both the application and the associated contract for services:

- meet **all** of the scheme eligibility criteria
- ESF contractors are expected:
 - 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 on easements and flexibilities issued because 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 on easements and flexibilities issued as a result of COVID-19
 - to plan for the transition to a new sustainable operating model during this period.
- Provide declarations as follows:
 - 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 on easements and flexibilities issued 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 on easements and flexibilities issued as a result of COVID-19
 - have sufficient staffing to continue to deliver this contract
 - 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
- submit a schedule of expected costs in respect of the planned delivery at contract level
 - continue to submit an ILR and Supplementary Data return (where applicable), on time each month
 - only claim for funds from the Coronavirus Job Retention Scheme for staff time which are not included in this scheme or delivery claimed through the ILR data submission
 - continue to pay subcontractors and awarding organisations in accordance with their existing obligations
 - 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

Further information

We will publish further detailed information about the scheme in the application guidance, including details of the scheme criteria and eligible costs that can be claimed and associated contractual terms and conditions.

We expect that this support will discontinue after 31 October 2020 in line with Cabinet Office guidance.

Annex 1 - ESF Provider Relief Scheme 2 (July – October 2020) **– Payment & Repayment Methodology**

1. Purpose / Introduction

To explain the ESF Provider Relief Scheme 2 (July – October 2020) (the scheme) process for ESF contractors, in response to COVID-19.

2. Key points:

Average payments per month based on the 6 months to March 2020 payments have been calculated. Payments from April 2020 have been excluded 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 4, in order to determine the total average amount expected to be paid across the scheme period. For Community Grant contracts, we will use the CG02 deliverable to calculate the total average amount expected to be paid across the scheme period.

In addition, and in line with the requirements of the Cabinet Office PPN 04/20 notice, a cap of 25% of the contract value will be applied during the period April to October 2020.

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 providers will receive cumulative payments which exceed 90% of the total contract value, during, or at the end of this 4 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 providers 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 4-month period (part 2 of your application). The lower of the contract application costs or 4 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

4 months payments @ 6-month average - £52,909.36
(£13,227.34 *4)

Provider application costs over 4-month period - £62,667

Final Total ESF Contract Relief Cap - £52,909.36
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%)

Total contract value @ 25% Cap - £270,000
(£1,080,000*25%)

Note that the total 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. July relief payment (based on July activity returned at the beginning of August) will be made in August 2020.
2. August relief payment (based on August activity returned at the beginning of September) will be made in September 2020.
3. September relief payment (based on September activity returned at the beginning of October) will be made in October 2020.
4. October relief payment (based on October activity returned at the beginning of November) will be made in November 2020.

4. Repayment process

There will be no recoveries of the monthly relief advance payment under this scheme, until the January 2021 payment (made in January based on December activity). Any extension to this scheme will require the associated movement of recovery dates.

It is our intention that repayment will take place from January 2021 to June 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.