



Education & Skills
Funding Agency

ESFA post-16 public sector employer relief scheme COVID-19 response

Policy document

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1. Summary and purpose

- 1.1. We have introduced this scheme in line with Cabinet Office Procurement Policy Note 02/20 – supplier relief due to COVID-19 dated March 2020 (“PPN 02/20”) and Procurement Policy Note 04/20 - Recovery and Transition from COVID-19 dated June 2020 (“PPN04/20”) to enable public sector employers, who pay the apprenticeship levy to provide relief to their suppliers of apprenticeship training if they consider that they meet the requirements as laid out in the above guidance.
- 1.2. This relief scheme has been designed to enable the ESFA to make payments on behalf of public sector employers where they have determined that their apprenticeship training provider(s) are critical suppliers. Where requested to do so, the ESFA will act as a facilitator for the payment of relief and operate the relief scheme by providing a set of eligibility criteria, as set out in this policy document, which both the public sector employer and apprenticeship training provider must meet if payments for relief are to be made.
- 1.3. Public sector employers that are the contracting authority for the provision of levy funded apprenticeship training can apply for relief under this scheme for their eligible apprenticeship training providers.
- 1.4. Any relief paid to the apprenticeship training provider will be deducted from the public sector employers levy funds. Relief will only be paid if the public sector employer confirms they will retain sufficient levy funds to cover the cost of the relief paid. If the relief paid cannot be offset against levy funds, we will recover the amount of relief paid by invoicing the public sector employer. The relevant public sector employer will need to determine if their apprenticeship training provider(s) are critical suppliers with reference to the guidance set out in the Cabinet Office Procurement Policy Note 02/20 – supplier relief due to COVID-19 dated March 2020 (“PPN 02/20”) and Procurement Policy Note 04/20 - Recovery and Transition from COVID-19 dated June 2020 (“PPN04/20”).
- 1.5. The public sector employer will also need to demonstrate that the apprenticeship training provider holds a valid contract for levy funded apprenticeship delivery arrived at via a procurement process in accordance with the public contracts regulations 2015 and which has a stated monetary value.
- 1.6. Where public sector employers have confirmed that their apprenticeship training provider(s) meet these requirements, the public sector employer can request that relief is paid for their apprenticeship training providers under this scheme.
- 1.7. The ESFA will undertake eligibility checks for each apprenticeship training provider. If they meet the scheme requirements, they will be invited to submit financial information which will be subject to an ‘at-risk’ financial assessment by the ESFA.

- 1.8. Once the request for relief has been approved, the ESFA will make payments to the apprenticeship training provider on behalf of the public sector employer from their levy funds.
- 1.9. These payments will be in addition to any levy funds earned by the apprenticeship training provider through the regular submission of the individual learner record (ILR) to the ESFA, up to a funding limit calculated by deducting the impact of COVID-19 from the monthly contracted value of the public sector employers levy funded apprenticeship programme. The total amount of relief that will be paid during the duration of this scheme will be no more than 25% of the annual value of the contract for services.
- 1.10. The purpose of the payments under this scheme is to maintain the infrastructure and capacity of the apprenticeship training provider so they can quickly deliver the skills that public sector employers need post-pandemic.
- 1.11. Where a public sector employer wants to provide the relief available under this scheme, the apprenticeship training provider will agree to deliver additional support for existing apprentices of the public sector employer and redesign delivery models so that apprenticeship training can re-start or be expanded when it is safe to do so.

2. Expiry or review date

- 2.1. 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.

3. Who is this policy document for?

- 3.1. This document is primarily aimed at senior officials and accounting officers of public sector employers who pay the apprenticeship levy, including central government departments, executive agencies, non-departmental public bodies, local authorities, NHS bodies and the wider public sector (excluding devolved administrations).

4. Key points

4.1. The main points of this policy document are:

- 4.1.1. Public sector employers are responsible for considering the implications of PPN 02/20 and PPN 04/20 in relation to their levy funded apprenticeship programme.
- 4.1.2. If COVID-19 restrictions have impeded the public sector employer's apprenticeship training provider's ability to deliver its contract for services, the public sector employer may want to request critical supplier relief using its levy funds.
- 4.1.3. Public sector employers can request supplier relief under this scheme, subject to the apprenticeship training provider meeting the ESFA's 'at-risk' financial assessment and the other requirements set out in this policy document. The ESFA will then make payments on behalf of the public sector employer using their levy funds to protect their essential services.
- 4.1.4. Both PPNs set out information and guidance for public sector employers on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19 outbreak.
- 4.1.5. If a public sector employer identifies that their apprenticeship training provider is a critical supplier and they want to apply for relief from this scheme, their accounting officer is required to provide a declaration by 21 August 2020, in the format set out in Annex A. The ESFA reserve the right to seek clarification regarding the information included in this declaration.
- 4.1.6. This relief scheme will apply to activity undertaken by the apprenticeship training provider in July, August, September, and October 2020 and paid in the subsequent month(s). Retrospective claims prior to July 2020 cannot be claimed through this relief scheme.
- 4.1.7. The ESFA reserves the right not to pay relief where the apprenticeship training provider does not meet its eligibility criteria for this scheme or where the 'at-risk' financial assessment confirms the funds are not needed, even where a public sector employer has deemed the apprenticeship training provider to be a critical supplier.
- 4.1.8. The 'at-risk' assessment is performed by examining the monthly cashflow forecast spreadsheet submitted by the apprenticeship training provider. The information submitted by the apprenticeship training provider allows the ESFA to assess the average cash days an organisation is operating on, both pre and post the support requested. The cashflow information also allows the ESFA to understand the value and proportion of the apprenticeship training provider's ESFA income and subsequent reductions thereof. This

informs the 'at-risk' assessment.

- 4.1.9. Where the apprenticeship training provider is claiming other funds from wider business support measures, this offer cannot be used to cover the same costs. In some circumstances other support measures may be more appropriate, and details of those schemes can be found in [coronavirus \(COVID-19\): financial support for education, early years and children's social care](#) published on 17 April 2020 and updated on 9 July 2020.
- 4.1.10. In cases where apprenticeship training providers have furloughed staff who now need to work, they may be eligible for support from this scheme but must either remove the affected employees from furlough or ensure that requests for support do not include funds received through the coronavirus job retention scheme (CJRS) . Further details can be found in the [Coronavirus Job Retention Scheme guidance](#) published on 26 March 2020 and updated on 10 July 2020
- 4.1.11. When a public sector employer asks the ESFA to pay relief on their behalf, the apprenticeship training provider will receive an invitation from the ESFA to apply for support. Where support through this relief scheme is offered to the apprenticeship training provider, both the public sector employer and the apprenticeship training provider will be required to accept changes to the ESFA apprenticeship funding agreement for employers and training providers that they hold with the ESFA. The public sector employer should also consider if any changes to its own contract for services with the training provider will be necessary.
- 4.1.12. Apprenticeship training providers who subsequently receive support from this scheme must be prepared to provide all evidence of spend for future reconciliation and provide 'open book' access to accounting records to the ESFA, upon which their application is based.

5. Terminology

- 5.1. Where this policy document refers to 'us or we' this should be taken to mean the ESFA.
- 5.2. Use of the term 'public sector employer' in this document should be taken to mean central government departments, executive agencies, non-departmental public bodies, local authorities, NHS bodies and the wider public sector (excluding Devolved Administrations) who operate in England and pay the apprenticeship levy.
- 5.3. Use of the term 'apprenticeship training provider' in this document should be taken to mean any provider type who delivers levy funded apprenticeship training provision to a public sector employer who pays the apprenticeship levy.
- 5.4. The term 'at-risk' assessment means a set of financial criteria used by the ESFA to determine if the training provider needs the relief funding it has requested.

6. Scheme eligibility

- 6.1. Public sector employers who pay the levy and have a procured contract for services with apprenticeship training providers will want to consider if their training providers are critical suppliers in line with the requirements of PPN 02/20 and PPN 04/20. Apprenticeship training providers will only be eligible to undertake the ESFA 'at-risk' financial assessment if the public sector employer notifies the ESFA and requests that relief be provided under this scheme.
- 6.2. The ESFA will apply the following criteria for all training providers where a public sector employer has identified them as a critical supplier. Apprenticeship training providers who do not meet each of these requirements will not receive any relief under this scheme even where a public sector employer has asked the ESFA to provide short term financial support:
 - 6.2.1. Have 2018 to 2019 qualification achievement rates (QAR) which are above 40%. However, apprenticeship training providers with rates below that can submit an exceptional case to the ESFA to demonstrate that the training provider is a critical supplier based on niche provision or if the provision is immature, and no QAR is currently available.
 - 6.2.2. Submitted their latest financial accounts to the ESFA on time.
 - 6.2.3. *Not* been judged by Ofsted as making insufficient progress as a result of a new provider monitoring visit which resulted in a suspension on new starts.
 - 6.2.4. Delivered under the contract for services prior to July 2020.
 - 6.2.5. Plan to deliver learning under the contract in July, August, September, and October 2020; and demonstrate the ability to continue to deliver without additional support during and after this period.
 - 6.2.6. Not furloughed the staff required to deliver the contract. The apprenticeship training provider may be eligible for relief if staff are fully or partially withdrawn from any claim for furlough, if such a claim has been made, when they return to work; *and*
 - 6.2.7. *Not* received a notice of termination from the ESFA in relation to the ESFA apprenticeship funding agreement.
- 6.3. In addition to the criteria above, apprenticeship training providers wanting to access support from their public sector employer must appear on the register of apprenticeship training providers (RoATP) as a main provider.

6.4. The ESFA will contact each apprenticeship training provider when asked to do so by the public sector employer. If an apprenticeship training provider in receipt of support from the scheme no longer meets the criteria, they will cease to be eligible.

6.5. For the purposes of this scheme we deem eligible costs to include:

6.5.1. Salary and pension costs which cannot be covered by payments received through the ILR and those staff are directly employed in delivering apprenticeship training as required by the contract for services between the public sector body and the training provider.

6.5.2. Interest only on loans (Bank or other commercial debt).

6.5.3. Essential maintenance costs which enable the training provider to deliver support to learners and employers.

6.5.4. Utilities, including rent and rates.

6.5.5. Travel and subsistence costs for essential travel.

6.5.6. Lease costs for vehicles and equipment.

6.5.7. Additional costs associated with COVID-19, such as the provision of deep cleaning.

6.5.8. Pastoral support for learners including redundant apprentices.

6.6. The following costs are deemed to be ineligible and cannot be included in any claim for support from the relief scheme:

6.6.1. Dividend payments.

6.6.2. Drawings, including withdrawals and transfers from the training providers business bank account to a personal bank account and payments for a personal cost from the training provider's business bank account.

6.6.3. Capital loan repayments (dependent on bank as to whether interest only repayment would be allowable and then complexity of monitoring / assuring).

6.6.4. Staff bonuses.

6.6.5. Performance related pay.

6.6.6. Increase in staff salaries.

6.6.7. A top up for furloughed staff salaries.

- 6.6.8. Goods not ordered or required for future use – such as, stock.
- 6.6.9. Costs relating to subcontractors, end point assessing organisations and awarding organisations other than those claimed for delivery through the ILR.
- 6.6.10. Production of new materials.
- 6.6.11. Tax or VAT liabilities.
- 6.6.12. Repayments of director or intercompany (group) loans.
- 6.6.13. Marketing and publicity.
- 6.6.14. Entertainment.
- 6.6.15. Any costs already deemed 'Ineligible costs' within apprenticeship funding rules.
- 6.6.16. Any profit element.
- 6.6.17. Costs associated with the repayment of funds to the ESFA resulting from investigations and audit.

7. Terms and conditions of the scheme

- 7.1. Public sector employers who have identified that a training provider is deemed to be a critical supplier and want to pay supplier relief must provide a declaration from their accounting officer as per the template provided at Annex A confirming the apprenticeship training provider meets the requirements of PPN 02/20 and PPN 04/20.
- 7.2. The accounting officer will confirm that:
 - 7.2.1. They deem the apprenticeship training provider(s) to be a critical supplier and describe how they have arrived at this decision.
 - 7.2.2. There is a transitional plan agreed between the public sector employer and the apprenticeship training provider to ensure new operating models are devised so apprenticeship training can continue to be delivered to meet the needs of the public sector employer so relief is not required after October 2020.
 - 7.2.3. COVID-19 has caused a detrimental impact on the delivery of apprenticeship training and their apprenticeship programme. And this has resulted in reduced monthly income / predicted material reductions in the 4-months in scope.
 - 7.2.4. The contract for services between the public sector employer and the apprenticeship training provider was procured under the public contract regulations 2015.
 - 7.2.5. The contract for services includes a volume and financial commitment to deliver apprenticeship training in the future.
 - 7.2.6. The public sector employer confirms the actual value of pre COVID-19 delivery by the apprenticeship training provider (January to June) and post COVID-19 planned delivery by month (July to October).
 - 7.2.7. The public sector employer confirms that they agree that any relief paid to the apprenticeship training provider will be paid from the available levy funds. Relief will only be paid if the public sector employer confirms they will retain sufficient levy funds to cover the cost of the relief paid. If the relief paid cannot be offset against levy funds, we will recover the amount of relief paid by invoicing the public sector employer.
 - 7.2.8. Details are supplied which confirms what activities the apprenticeship training provider will deliver on behalf of the public sector employer using the relief funding, which must be deemed by the ESFA to be eligible costs and that other government support, such as the coronavirus job retention scheme is not being claimed for the same purpose.
 - 7.2.9. A public sector equality duty impact assessment has been

undertaken for the apprenticeship programme by the public sector employer.

- 7.3. In addition, apprenticeship training providers deemed to be critical suppliers will need to meet all the following eligibility criteria.
 - 7.3.1. Continue to deliver education and training to the public sector employer's apprentices including contact with and support for those apprentices where delivery cannot continue or commence due to restrictions caused by COVID-19.
 - 7.3.2. Provide the public sector employer and ESFA with declarations in relation to compliance with delivery requirements, requirements to retain and provide relevant evidence of the activities delivered and costs incurred and agreement to submit a final claim and repay any overpayment or funds that were not needed.
 - 7.3.3. Submit a schedule of expected costs to the ESFA in respect of the planned delivery which has been agreed and approved by the public sector employer.
 - 7.3.4. Continue to submit an accurate ILR return on time to the ESFA each month otherwise funds will not be paid.
 - 7.3.5. Only claim for funds from the coronavirus job retention scheme for staff time which are not included in this relief scheme or through regular payments for delivery received from ESFA.
 - 7.3.6. Continue to pay subcontractors, end point assessment organisations and awarding organisations in accordance with their existing obligations.
 - 7.3.7. Submit a final claim, including a schedule of costs in respect of actual delivery for reconciliation purposes and retain appropriate supporting documentation.
 - 7.3.8. Any apprenticeship training provider receiving support through this scheme agrees to open book accounting and acknowledge that its application and supporting documentation will be subject to compliance checks and may be subject to in-scheme and / or post scheme audit in addition to the audit of the final claim; and
 - 7.3.9. Financial information must be submitted on behalf of the apprenticeship training provider by someone with the authority to request the funds such as the Chief Executive Officer or Finance Director.

8. Further information

- 8.1. Public sector employers wanting further information about this scheme should contact their ESFA Employer Account Manager or by emailing ESFA.PPN220QUERIES@education.gov.uk.
- 8.2. We will notify any apprenticeship training provider who has been identified as a critical supplier by a public sector employer that we have received an Accounting Officers declaration for relief from the public sector employer. The public sector employer must provide this declaration to the ESFA by 21 August 2020.
- 8.3. Subject to meeting the ESFA's eligibility criteria, the apprenticeship training provider will be invited on or soon after 24 August 2020 to submit financial information about their organisation and the services they will deliver to the public sector employer in return for supplier relief. The deadline for the apprenticeship training provider to submit financial information is 2 September 2020.
- 8.4. The ESFA will conduct an 'at-risk' assessment based on the financial information the apprenticeship training provider submits to determine if the training provider needs short term financial relief under this scheme.
- 8.5. Public sector employers and their apprenticeship training providers will be notified of the outcome by 14 September 2020.



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