



Education & Skills
Funding Agency

Employer support fund for industry placements - pilot

Funding Rules

July 2019

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Expiry or review date

This document will expire by August 2020.

Introduction

1. The Secretary of State (the Education and Skills Funding Agency on behalf of the Secretary of State, referred to within these rules as “the Department”) has set aside part of the Capacity and Delivery Fund 2019/2020 (“CDF”) to set up a pilot scheme to provide those providers already receiving CDF funding to provide grants to Employers in order to set up Industry Placements which are a compulsory component of the T Levels being rolled out from the Funding Year 2020/2021. It is the responsibility of providers to arrange the relevant Industry Placements with suitable employers (“Employers”) in the relevant occupational areas for their learners.
2. Experience to date has shown that Employers are in many instances unwilling to undertake industry placements because of the additional costs of organising them and training their staff to train the Learners that would be taking on.
3. Providers are eligible for the additional funding if they have an Agreement with the Department for the provision of 16-19 education and training and are receiving CDF funding in the Funding Year 2019/20 under that Agreement. The additional funding is exclusively for providers to pay an additional grant to eligible and suitable Employers and must not be used to pay for providers’ own costs.
4. These rules set out the requirements under which we have agreed to allocate additional funding under the Employer Support Fund Pilot to providers in addition to funding providers will already be in receipt of for the CDF under their existing Agreement with the Department.
5. The grants providers pay to Employers will in most cases constitute State Aid and are therefore subject to certain legal requirements laid down by European Union (EU) law. EU law exempts aid for the purpose of training young persons aged between 16 and 24, up to a percentage of training costs incurred and subject to certain other conditions. A number of the requirements in these rules have been included to comply with State Aid law.
6. This document forms part of the terms and conditions of the Agreement that providers have with the Department and you must read and operate them in conjunction with that Agreement. Any breach of these of rules represents a breach of condition of your Agreement with the Department.

Definitions

In these rules:

“Additional Funding” means any and all additional funding that providers receive from the Employer Support Fund for 2019/20 Funding Year pursuant to these rules;

“Capacity and Delivery Funding” means specific funding provided to post-16 providers to build capacity and capability to deliver substantive T Level-style placements ahead of the roll-out of T Levels.

“CDF allocation” means the amount otherwise payable to a provider under the Capacity and Delivery Fund.

“Data Tracking Tool” means an online tool designed and developed by the Department to monitor the allocation, distribution, spending and management of the Additional Funding by the provider and Employers, to recover any misuse or underspend and to provide data to the Department for evaluation purposes;

“Eligible Costs” means:

(a) **“Administrative costs”** means the direct costs incurred by the Employer in connection with the setting up of systems to deliver the Industry Placement. They include the costs of setting up or enhancing internal IT and organisational systems to support delivery;

(b) **“Training Costs”**: the direct costs of training staff to develop their knowledge and build their confidence in offering and delivering high quality Industry Placements, which may include training for line managers in mentoring and working with Learners and providing them with the practical skills to deliver high quality Industry Placements and effective training to Learners;

(c) **“Tangible Costs”**: Employers' and Learners' operating costs directly relating to the Industry Placement such as, equipment, materials and supplies directly related to the Industry Placement, to the extent that they are used exclusively for the Industry Placement

“Employer” means a company or other organisation with which the provider has entered into an agreement under which it will provide an Industry Placement to one or more qualifying learners attending one of its relevant vocational courses;

“Employer Support Fund” means a separate funding stream available to eligible providers for distribution to selected Employers which have cited Eligible Costs as a barrier to offering Industry Placements;

“Employer Support Fund Pilot” means a pilot in the 2019/20 Funding Year only, which enables providers to provide financial support to Employers who have stated cost as a barrier to offering an industry placement;

“Evaluation Organisation” means an external organisation designated by the Department to carry out a comprehensive, independent evaluation of the pilot¹ to identify the effectiveness of funding in encouraging employers to offer Industry Placements;

“GBER” means The General Block Exemption Regulation (Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty) or any corresponding legislation enacted by the United Kingdom.

“Industry Placement” means occupationally-specific placements providing relevant skills and developing the practical and technical skills required for the profession or trade that the Learner is studying towards. These should be carried out outside the classroom setting or otherwise outside the provider’s typical teaching environment to complement the classroom teaching provided by the provider;

“Learner” means a Qualifying Learner attending a relevant technical education course to whom the Employer has agreed with the provider to provide an Industry Placement;

“Personal Data” means any information that relates to an identified or identifiable living individual:

“Qualifying Learner” means a qualifying learner enrolled on a full-time level 2 or level 3 vocational and technical programme as set out in the current Capacity and Delivery Fund guidance at <https://www.gov.uk/guidance/industry-placements-capacity-and-delivery-fund-cdf-for-academic-year-2019-to-2020>];

“Technical route” means the broadest category of occupations typically covering an industrial area. These routes will focus on skilled occupations where there is a substantial requirement for technical knowledge and practical skills;

“Training Aid costs” means the Employer’s personnel costs, for the hours during which its employees participate in the training of the Learner during the course of the Industry; the employer’s operating costs directly relating to the Industry Placement, costs of advisory services linked to the Industry Placement and the employer’s personnel costs and general indirect costs (administrative costs, rent, overheads) for the hours during which the Learner participate in the Industry Placement.

“State Aid” means any advantage granted to any commercial organisation by the Government or any public authority through state resources on a selective basis that could potentially distort competition and directly or indirectly affect trade within or with the European Union.

¹ Employer support fund pilot for the 2019/2020 Funding Year.

Eligibility and Provider Responsibilities

7. Additional Funding must be used only to provide such funding as can be reasonably deemed necessary to compensate Employers who have cited Eligible Costs as a barrier to offering Industry Placements and are in need of additional funding to compensate them for these Eligible Costs in order to offer placements, up to a maximum of £750 per Industry Placement and a maximum of ten (10) Learners per Employer.

8. Providers are responsible for identifying and making the necessary arrangements with eligible and suitable Employers to provide suitable Industry Placements for Learners and to provide them with suitable training with those Employers. Providers must then arrange for the relevant Learners to take part in the relevant Industry Placements with those identified Employers. Providers must satisfy themselves that each Industry Placement provides adequate, a high quality and practical training to Learners.

9. Providers can only use the Employer Support Fund to provide an extra source of funding to Employers to compensate them for certain Eligible Costs they incur in providing those Industry Placements.

10. The Employer Support Fund can only be used and Additional Funding is only available in order to support delivery of Industry Placements for Learners if they are at the time they commence the Industry Placement:

10.1. Qualifying Learners as defined in the Definitions section above

11. Providers must ensure that they pay funding to Employers only if the funding both meets the requirements to support Qualifying Learners as set out in 10 above and conforms to the high quality principles set out in the guidance referred to in <https://www.gov.uk/guidance/industry-placement-capacity-and-delivery-fund-principles-for-high-quality-industry-placements-for-2019-to-2020>.

12. The only costs that can be supported are Eligible Costs as defined in Definitions section above.

Principles of Funding

13. Failure to comply with these rules will be a breach of a provider's Agreement with the Department.
14. Providers must not use any part of the Additional Funding:
 - 14.1. for any purpose other than the purpose of compensating Employers in respect of their Eligible Costs incurred in relation to delivering Industry Placements; and/or
 - 14.2. for the purpose of supporting the delivery of work experience, Apprenticeships or any other work-related training not meeting the requirements laid down by 10 and 11 above or the other requirements for payment laid down in these rules
15. This requirement is without prejudice to a provider's right to use any other funding received under their CDF allocation for other permitted purposes, including any other similar Industry Placement needs.
16. The Additional Funding is available exclusively for Industry Placements delivered in the 2019/2020 Funding Year and for spending in that period and must be used exclusively for Industry Placements that take place in England.

Eligible Expenditure

17. Providers must distribute the Additional Funding only to Employers and only to compensate Eligible Costs which they actually incur in delivering an Industry Placement within the period 01 August 2019 to 31 July 2020. Providers should use their CDF allocation for other Industry Placement needs.

18. Providers are not permitted to offer funding to Employers except if Employers have supplied providers with an express written declaration (in the format specified by the Department) that the Employer is not willing or able to offer Industry Placements due to the costs they would incur in connection with their delivery.

Compliance

19. As a requirement of receiving Additional Funding, providers must comply with the following requirements and must monitor spending by Employers to satisfy themselves that they are complying with all the relevant requirements:
20. Providers must ensure that:
 - 20.1. The Additional Funding satisfies the requirements of paragraph 10 above;
 - 20.2. Each Industry Placement is for a minimum of 315 hours' duration.
21. The Additional Funding must be used by providers only in order to fund Industry Placements providing training to Learners on courses meeting the requirements of paragraph 10 above.
22. No part of the Additional Funding will be used for providers' own or any other purposes and providers must promptly account for and repay on demand any unspent Additional Funding to the Department at the end of the 2019/2020 Funding Year.
23. Providers must comply with the requirements set out below.

Employer Relationship

24. Any offer or grant of funding must contain an explicit declaration to the effect that:

24.1. This Grant is made available to assist the Employer to provide training to Learners attending relevant Industry Placements as part of their relevant technical programme in compliance with Article 31 of European Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (known as the General Block Exemption Regulation) or any corresponding provisions enacted by the United Kingdom. It is a requirement of payment of this funding that the Employer must use it solely to fund Eligible Costs incurred in delivering agreed Industry Placements, as these terms are defined in the terms and conditions attached to this Declaration.

25. Employers may use the funding only for payment or reimbursement of Eligible Costs incurred in the course of delivering Industry Placements not before 1 August 2019 and not after 31 August 2020. Eligible Costs have been defined so as to comply with the conditions laid down by Article 31 GBER.

26. Providers must, before offering an Employer any Additional Funding pursuant to this Employer Support Fund Pilot, check whether the Employer would be able and willing to commit to offering Industry Placements without any Additional Funding and must not grant any funding unless the provider is satisfied that the Employer is unable or unwilling for financial reasons to commit to delivering the Industry Placements and requires additional funding to cover the additional costs associated with the delivery of the Industry Placements. Providers must satisfy themselves that only those Eligible Costs necessary for the particular Employer to participate in the Employer Support Fund Pilot receive Additional Funding and only such funding as is necessary given their specific financial circumstances.

27. To this end, providers must before making any offer of funding complete and sign a declaration form setting out details of Employers' actual and specific needs stated for the delivery of the Industry Placement and establish an appropriate level of funding necessary to deliver the Industry Placement subject to a maximum of £750 per Industry Placement and a maximum of ten (10) Learners per Employer for all Industry Placements delivered such that any one Employer does not receive any more than €2 million in any one tax year by way of total State Aid for all Industry Placements that it or any associated company in the same group provide.

28. Where an Industry Placement for a Learner is provided by two or more Employers, providers may split the allocation for that Industry Placement between the Employers in whichever proportions the Employers may reasonably require. In such cases, any reference in these rules to an "Employer" must be read as applying also to both

Employers providing the Industry Placement, and providers must enter into appropriate contractual arrangements ensuring compliance with these requirements either with each of them separately or with a lead Employer which will in turn be made responsible for compliance with the relevant requirements by the other or others.

29. Providers are permitted to offer Additional Funding only to those Employers that have cited Costs as a barrier to offering Industry Placements, exclusively to cover the Eligible Costs as part of an Industry Placement set up by the provider under this Employer Support Fund Pilot at a maximum of £750 per placement. To note, under State Aid regulations, payments to employers should not exceed the 60% aid intensity of the total Training Aid costs² that will be incurred by Employers. Due to the resource costs of supervising the Learner throughout the Industry Placement and productivity costs associated with this, the maximum amount of £750 for Eligible Costs will not breach this.

30. Providers must make any offer of funding subject to the condition that the Employer will use it solely to fund Eligible Costs incurred in delivering agreed Industry Placements.

31. Accordingly, providers must, before the start of the Industry Placement, require each Employer to which they offer funding to complete and sign a declaration in the form of the template to verify the accuracy of the information contained in the declaration to the best of the provider's knowledge and belief and return it to ESFA, duly countersigned.

32. The Declaration will contain a confirmation and warranty that the Employer will not spend any of the funding on costs that are not Eligible Costs and that to the best of its knowledge and belief it honestly anticipates that the Eligible Costs claimed will not exceed 60% aid intensity request (as mentioned in 29 above). The Employer must supply providers (at its cost) with further details of expenditure and an independent auditor's report if providers suspect that the Employer is not complying with or has not complied with the State aid requirements.

33. The Declaration requires the Employer to provide details of the types of costs associated with the delivery of the Industry Placement(s) which to the best of its knowledge and belief it honestly anticipates require funding, that the details given are true, complete and accurate and that funding received would not be misappropriated or otherwise misused, and to confirm that it has complied with relevant legislation governing State Aid and with the general conditions laid down by Article 31 GBER and any specific conditions laid down by providers.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/325465/bis-14-943-state-aid-general-block-exemption-guidance.pdf

34. Providers are in any event only permitted to provide funding up to a maximum of ten placements per Employer.

35. If providers are satisfied that the Employer's financial situation is such that it requires immediate support in order to initiate an Industry Placement scheme and if so requested, providers may provide the Employer with an advance payment of up to 50% of the estimated total Eligible Costs at the start of the Industry Placement but may not pay over the balance until after completion of the Industry Placement. Providers are required to specify this in the Data Tracking tool and update accordingly. It is the Employer's responsibility to ensure that State Aid provided does not exceed the maximum level permitted by the GBER (i.e. an aggregate total of €2 million per Employer for all Industry Placements funded by the provider from the Employer Support Fund Pilot or the maximum aid intensity of 60%³ of total Training Aid costs, as the case may be).

36. Providers must maintain complete and accurate records of funding agreements entered into with Employers pursuant to the Employer Support Fund and of all funding offered or granted to Employers and of all related costs claimed by Employers under the Employer Support Fund and, on request, provide copies or direct access to those records to the Department or BEIS's State Aid Branch for the purposes of an annual return to the European Commission or corresponding UK regulator.

37. Before agreeing to offer any funding to an Employer, providers must on a case by case basis ascertain, after thorough enquiries and to the best of providers' abilities, what each Employer's actual and specific funding needs are to offer the Industry Placement(s) and must only offer or grant an amount of funding that reasonably corresponds to the Employer's actual and specific needs as reasonably anticipated at the date of the offer. Funding should be provided in accordance with all relevant conditions necessary to ensure compliance with the State Aid legislation and the conditions laid down by Article 31 GBER.

38. Providers must on making an offer and/or entering into an agreement with each Employer obtain a Declaration, signed by a director or equivalent senior office holder of the Employer duly authorised to sign, which provides:

38.1. Details of how the Employer anticipates that the funding will be spent and relevant costs for which funding is to be claimed;

38.2. The Declaration confirming that the details represent a fair and honest estimate of the anticipated costs at that time and are accurate to the best of the provider's knowledge and belief;

³ Article 31 GBER

- 38.3. An undertaking that the funds will be used only to fund Eligible Costs incurred in connection with the delivery of Industry Placements and will not be misappropriated or otherwise misused;
- 38.4. A declaration that the Employer is aware of and will comply with relevant State Aid legislation, including the condition laid down by Article 31 GBER;
- 38.5. An undertaking to repay unspent or misused funds on demand to the Department, together with interest where due.

39. Providers must obtain the signed Declaration from the Employer to confirm that only Eligible Costs have been funded and return it to the Department for Education after verifying and countersigning it.

40. Providers must produce high quality, accurate and timely information on Employer information, allocation and nature of the costs incurred as detailed below in relation to the delivery of each Industry Placement to feed into the Data Tracking Tool be without prejudice to the general record-keeping obligation above.

41. Providers must procure that the Employer makes a commitment that the funding from the Employer Support Fund is to be repaid forthwith on written demand if they reasonably consider or suspect that the Employer has breached or may breach one or more of the requirements set out in these funding rules.

42. Providers are responsible for monitoring the administration of funds provided to Employers and recover and repay to the Department any Additional Funding that has not been used to cover Eligible Costs or otherwise fails to meet the minimum requirements referred to above;

43. Providers must require each Employer to assist them in providing relevant data and other information to the Evaluation Organisation for the evaluation of the Employer Support Fund Pilot.

Data Tracking tool

44. Providers must provide information through the Data Tracking Tool throughout the 2019/20 Funding Year to show how they have allocated funding and what the Additional Funding is being used for.
45. Providers must submit accurate information and must keep the Data Tracking Tool up to date before the specific CDF monitoring points.
46. Providers must not provide information in arrears (from previous terms) except in cases where they have not paid the Employer in full to deliver Industry Placements and are completing payment at the end of the Industry Placement.
47. Providers must complete the Data Tracking form to show all the Industry Placements that have been funded through the Employer Support Fund Pilot at the end of the 2019/20 Funding Year.
48. Providers must ensure that the amount of Additional Funding agreed has been paid to the Employer.
49. Providers may be required to provide data regarding payments received and paid out and certain other information relating to the Employer Support Fund directly to the Evaluation Organisation at the end of the Employer Support Fund Pilot. Providers must make best efforts to obtain relevant data and certain other information from Employers to which it has provided relevant funding. Providers must provide any such information as and when requested by the Evaluation Organisation.

Monitoring of Data Tracking Tool

50. The Department and Evaluation Organisation will monitor and review the data submitted in the Data Tracking Tool to ensure that payments are made in accordance with the requirements set out in the signed declaration. Providers must provide information on the following:
- 50.1. the type (sector or industry) and size of the Employer
 - 50.2. the location of the Employer
 - 50.3. the technical route being delivered
 - 50.4. the specific Eligible Costs Employers have cited that they require the funding to cover in order to deliver Industry Placements
 - 50.5. the number of Learners per Employer
 - 50.6. the amount of Additional Funding per Industry Placement
 - 50.7. the amount of funding allocated to the Employer
 - 50.8. whether the payment has been completed and/or when the remaining 50% is due to be paid
51. Providers must provide information in the Data Tracking Tool in a timely manner in order to avoid providing incorrect information at a later date.
52. Providers will be prompted to update the Data Tracking Tool when the request to complete the CDF monitoring form is sent out to providers.
53. Providers must provide relevant information on all funding that has been allocated to Employers before the CDF termly monitoring points.
54. Providers must ensure that the correct information has been entered in the Data Tracking Tool. The Department will recover underspend based on the information provided in the Data Tracking Tool. It is the responsibility of providers to ensure this information is accurate in order to generate an appropriate amount

Value for Money and State Aid

55. Providers must as far as reasonably possible administer all the Additional Funding that they receive from the Employer Support Fund in a way that ensures:

- 55.1. Value for money;
- 55.2. The protection of public funds;
- 55.3. The effective delivery of Industry Placements for Learners of a high quality and appropriate to Learners' needs; and
- 55.4. It meets the public benefit test for the advancement of education (Section 3(1)(b) of Charities Act 2011).

Recovery of Fund

56. The Department will seek return of unspent funds within 30 days at the end of the 2019/20 Funding Year.

Evaluation

57. The Department and Evaluating Organisation will monitor and review the data submitted in the Data Tracking Tool to carry out an evaluation to understand the impact of the funds on offering Industry Placements.

58. Providers may be required to provide additional information to the Evaluation Organisation at the end of the Employer Support Fund Pilot to inform the evaluation.

Data protection and protection of personal data

59. Providers will not transfer Personal Data outside of the EU unless the prior written consent of the Department has been obtained.

60. Providers must notify the Department immediately if they consider that any of the rules set out above infringe the Data Protection Laws.

61. Providers must take all reasonable steps to ensure the reliability and integrity of any personnel who have access to the Personal Data and ensure that those personnel are informed of the confidential nature of the Personal Data and do not publish, disclose or divulge any of the Personal Data to any third Party.

62. GDPR terms defined in the Agreement have the same meaning in these rules.



Department
for Education

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