



European Union

European
Social Fund

2014-2020 ESF Programme

Action Note

Reference Number:	012/18
Date Issued:	14 March 2018
Review date:	13 March 2019

Stipends & Bursaries in the ESF 2014-2020 Programme

Who

All new applicants for ESF funding, all ESF beneficiary organisations currently delivering ESF projects, European Social Fund Division, IBs, GLA and local ESIF partners.

What

This action note is to clarify the ESF 2014-2020 Programme position on the funding of Stipends and Bursaries by ESF Projects.

Cleared

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Background

Following recent questions about the use of ESF funding for bursaries and stipends, further clarification is set out below. This is based on current advice from BEIS, Research Council UK and the Department for Education.

ESF Operational Programme

The ESF Operational Programme 2014-2020 states that:-

“Financial/Bursary support [can be] targeted at disadvantaged individuals, specifically for course-related costs demonstrated as being a barrier to accessing learning (but not tuition fees, or costs covered by Government grants and loan schemes or learning/learner support packages)”.

In addition, specifically the Less Developed Region [Cornwall and the Isles of Scilly] the ESF Operational Programme recognises that this region “has specific needs as a result of an historic lack of investment in higher education which means a lower proportion of the population have NVQ4 and above qualifications. Investment in this region will be more likely but will still only be considered where market failure can be demonstrated and where all other funding options have been considered. For example, where support for higher skills qualifications (including post graduate) is specifically linked to local business growth ambitions, key local societal issues or where ESF funded intervention could encourage additional participation from disadvantaged individuals and where existing mechanisms cannot achieve this.”

Stipends & Bursaries

Stipends are awarded by the Research Organisation to students to cover their maintenance whilst undertaking postgraduate training leading to the award of a post-graduate degree. The stipend is usually paid as a fixed sum of money on a regular basis to a student undertaking PhD or similar level studies. The intention of the payment is to cover living expenses such as housing costs, food costs etc.

In the ESF 2007-2013 Programme stipend payments were an eligible expenditure however updated advice from the Department for Education and BEIS has confirmed that other government funding, including student loans are now more widely available for these types of costs.

Bursaries are usually small amounts of funding, paid to a student to cover specific costs directly linked to their study, for example text books, small items of equipment.

Given the advice received both prior to the ESF 2014-2020 Programme and more recently in response to specific questions on stipend and bursary payments and the risk of duplication with or replacement of other funding options, the ESF Policy line is as follows:-

Eligibility

- As stipends are not salaries associated with a contract of employment but a living allowance – these could be agreed as an eligible direct cost where the payment relates to a period of time within the project lifetime and the student

is required to carry out a piece of work which directly relates to project activity.

- There must be a **written 'Stipend Agreement' setting out what is expected of the student and that the stipend is conditional upon this being completed**. The Stipend Agreement must clearly show the value of the stipend to be paid, the frequency and amount of the regular payments to be made by the Grant Recipient and how the specific course / qualification is directly linked to local business needs and/or market failure. If the student does not meet the terms of the Stipend Agreement the grant recipient must repay the appropriate amount of grant to the Managing Authority associated with the stipend.
- Stipends or Bursaries funded via ESF cannot be used to fund tuition fees, or costs covered by Government grants and loan schemes or learning/learner support packages and projects must be able to demonstrate how they have applied this rule in each individual case. Projects seeking to use ESF funding to pay for stipends or bursaries must provide **evidence as part of their application on what hierarchy of checks** they will put in place to ensure **each participant/student actively seeks alternative funding sources** e.g. loans, grants etc.

Evidence of Disadvantage

Payment of stipends or bursaries in the ESF 2014-2020 Programme can only be considered where there is clear evidence an individual participant is disadvantaged.

As part of their application, ESF projects wishing to support participants who are undertaking studies at PhD level or above, must provide evidence of the **specific criteria** they will use in their project to determine whether an individual is disadvantaged and how they will apply that criteria to decide if an offer of stipend/bursary funding should be made to that participant. The **criteria and full rationale** must be provided as part of their project application.

The criteria and checks prior must take into account that, under Priority Axis 2, the participants will usually be employed and therefore be in receipt of a salary and take this aspect into account when establishing the project criteria for disadvantaged participants.

Application Form Evidence

- In their granular budget and ESF application form, the applicant must clearly state the **maximum amount of stipend they will award per participant** and demonstrate **how this amount is compatible with the Research Council UK stipend thresholds**;
- In their granular budget and ESF application form, the applicant must clearly state **the maximum amount of bursary they will award per participant** and demonstrate **how this amount has been determined**;

- Applicants must provide a **draft copy of the funding checklist** they will use for each participant where a stipend or bursary is being considered. This checklist must be able to record the hierarchy of funding sources that will be investigated for each individual participants and the outcome of the investigation per funding source.
- Applicants must provide a **draft copy of the Stipend Agreement** they intend use with each participant;
- Applicants must also provide a **copy of the specific criteria** they will use to determine if a participant is 'disadvantaged' in the context of the stipend/bursaries and the **full rationale** underpinning that criteria.
- In each individual case, the applicant must be able to demonstrate how any stipend and/or bursary costs being proposed in their application are **proportionate and compliant** with the ESF National Eligibility Rules, ESF Operational Programme and ESF Programme Guidance.

Claim/Audit Evidence

- For Stipends, **evidence of defrayal of the physical payment of the allowance by Grant Recipient to the participant** must be retained to confirm the on-going weekly/monthly stipend payment in line with the agreed terms & conditions of the Stipend Agreement. Financial defrayal evidence must also be **supported by a timesheet for the participant** showing the time spent on their studies. For avoidance of doubt the Managing Authority will not seek recovery if the participant has not spent their allowance – just as the equivalent of any other salary position.
- For Bursaries, the applicant must ensure receipts and other evidence of costs and defrayal associated are kept and available for audit inspection, as per the evidence requirements for participant costs.
- For Stipends and Bursaries, the applicant must retain a copy of the completed **funding checklist for each participant** where a stipend or bursary has been considered or agreed.
- For Stipends and Bursaries, the applicant must also retain a copy of the completed **criteria checks** for that individual, where the project determined how that participant was deemed to be 'disadvantaged' and therefore eligible for Stipend/Bursary funding from their project.
- For Stipends, the applicant must retain a copy of the signed **Stipend Agreement** with the individual participant record.

Action

New applicants to ESF funding are asked to ensure they take account of the specific eligibility and evidence requirements for Stipends and Bursaries, as described above, when submitting proposals to include this type of funding in their ESF project.

Existing Grant Recipients are asked to ensure they adhere to the stated eligibility and evidence requirements in this Action Note when considering the award of Stipends and/or Bursaries to ESF participants.

Existing Grant Recipients must ensure that such payments are only considered where Stipends and/or Bursaries have been agreed as an eligible project cost by the ESF Managing Authority through their ESF Funding Agreement or a subsequent Project Change Request.

Contact

For questions please contact: ESF.2014-2020@DWP.GSI.GOV.UK