

# Employer Contribution & State Aid Regulations

Colin Downing – ESF Area Manager  
Thames Valley



## Employer Contribution



- The request for an Employer Contribution applies to all Priority 2 Employer Responsive projects
- Applicants organisations were informed in the Tender Specification overview
- It is requested as a result of UK government policy not State Aid.
- We expect a contribution and recommend collecting it to ensure no loss of quality



# What should it be?



Academic Year	Expected Employer Contribution
2007/08	37.5%
2008/09	42.5%
2009/10	47.5%
2010/11	50%



## Calculating the contribution



- The contribution should be the base rate given within the LAD for the qualification or units being delivered—with no uplift.
- This should be for either over 15 guided learning hours (full rate) or under 15 guided learning hours (half rate)
- This is the X (the number of learners) X (37.5%)



# Example 1



*Provider A wishes to offer an NVQ in Retail to 30 employees from Company B. All are deemed to be obtaining second Level 2 qualifications and will receive 20 + Guided Learning Hours. The LSC's contract with the provider is for £100,000. Some of that funding will be for work with other companies and some will cover the provider's start-up and other administration costs.*

*The actual cost of delivering NVQ Level 2 qualifications to Company B is £1,230 per learner (LAD base cost) x 30 = £36,900. The expected Employer contribution for the 07-08 Academic Year for Company B is therefore £36,900 x 37.5% = £13,838.*



# Example 2



*Provider C wishes to offer NVQ units in Construction to 50 employees from Company D. All are deemed to be obtaining 2 units towards a second Level 2 qualifications and will receive 10 Guided Learning Hours. The LSC's contract with the provider is for £175,000. Some of that funding will be for work with other companies and some will cover the provider's start-up and other administration costs.*

*The actual cost of delivering NVQ Level 2 qualifications to Company B is £617 per learner (LAD base cost @ rate 2) x 50 = £30,850. The expected Employer contribution for the 07-08 Academic Year for Company D is therefore £30,850 x 37.5% = £11,569.*



# What is State Aid?



*Any form of state intervention that allows a commercial enterprise to gain an unfair advantage.*

**Includes: grants, subsidies, un-repaid loans.**

**Generally, any kind of state support in cash or kind. Some you wouldn't expect— e.g. Lottery cash for third sector organisations.**



# State Aid



- **Only for employer based contracts**
- **Currently de minimis is the standard approach**
- **Look at the “5 Key Questions” or other exemptions if de minimis is not appropriate.**
- **No State Aid issues in certain circumstances**



# State Aid: 5 Key Questions



- Is the support granted through by state or through state resources?
- Does it confer an advantage to an undertaking?
- Is it selective, favouring certain undertakings?
- Does the support distort, or have the potential to distort competition?
- Is the activity tradable between member states?



# De minimis



“Too small to be of consequence”

- De minimis is a ‘first test’ so try it first
- Other exemptions may apply if de minimis fails
- Amount of aid is calculated on the day the offer is made, in Euros and Pounds.
- Employer must be informed in writing by the provider and complete a de minimis declaration, kept for 10 years



# De Minimis

>lsc

Leading learning and skills

## “Too small to be of consequence”

### COMPANY QUESTIONNAIRE

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

.....  
.....  
.....  
.....  
.....

### DE MINIMIS



# Steps to be taken

>lsc

Leading learning and skills

Calculate amount of aid you intend to give in £ and €

Under €200,000?

Yes

No

Check for previous aid – employer completes 3 year declaration

Total still under €200,000?

Yes

Issue letter offering support

Keep offer letter and State Aid declaration for 10 years

Consider alternative exemptions

No other test passed, funding must be refused

No

