

Employer Contribution



“The request for an employer contribution applies to all Priority 2 Employer Responsiveness 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?

Leading learning and skills

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

Calculating the contribution.



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- “ 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 then X (the number of learners) X (37.5%).



investing in jobs and skills

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 from Company B is therefore - £36,900 x 37.5% = £13,838.



What is State Aid?



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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 not appropriate.

“No State Aid issues in certain circumstances.



State Aid . 5 Key Questions.

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- “ Is the support granted by the 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 to 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).



