

ENGLAND EUROPEAN SOCIAL FUND OPERATIONAL PROGRAMME 2014-20

Programme GUIDANCE

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1. Introduction

1.1 This document is a source of guidance and information for potential applicants, grant recipients and their delivery partners and also Managing Authority Staff¹. This should be used alongside the following information already published on GOV.UK for the European Social Fund 2014-2020 Programme:

- National Eligibility Rules
- Selection Criteria
- Scoring Framework
- Technical Assistance Guidance
- Branding and Publicity Requirements documents
- Output and result indicator definitions
- Guidance on Community Led Local Development.

1.2 This programme guidance has been developed and informed by questions raised by applicants, partners and Managing Authority staff. Information is provided alphabetically for ease of navigating through the document.

2. Audit of documents

2.1 Documents and records relating to each project must be maintained and made available for the purpose of:

- The examination and certification of the accounts of the organisations and projects;
- Any examination pursuant to the Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the organisation and or project has used its resources; and
- Any form of investigation or audit by the Secretary of State, the European Court of Auditors, the European Commission auditors, the National Audit Office (and also their respective auditors).

2.2 The Managing Authority, the Certifying Authority and the DWP Audit Authority and others may examine such documents connected with European Social Fund which are owned, held or otherwise in the control of the organisation and or project and their grant holders or providers, and to require its grant holders or providers to produce oral or written explanations as considered necessary for the purposes of that examination.

2.3 Organisations and projects must provide (and shall require their grant holders or contractors to provide) access to premises where the relevant documentation is

¹ Throughout this document, unless indicated otherwise, the phrase "Managing Authority" will mean the European Social Fund Managing Authority (Department for Work and Pensions) and the London Intermediate Body (Greater London Authority).

held and all reasonable assistance at all times during the term and for the retention period outlined above.

3. Electronic Data Storage

3.1 The Data Protection Act 1998 requires the ESF Managing Authority and all delivery partners who have access to or store or otherwise process personal customer information to adhere to a set of data and security requirements.

3.2 For the purposes of the 2014 to 2020 Programme, DWP Managing Authority is defined as the Data Controller and any organisation delivering provision on behalf of DWP is defined as the Data Processor.

3.3 For Direct Bid organisations, details of the role and responsibilities of the Data Processor and information regarding data storage requirements is contained in the Funding Agreement with the Managing Authority.

3.4 For Co-financing organisations (CFOs) or Intermediate Bodies (IBs) operating within a Memorandum of Understanding (MOU), details of the role and responsibilities of the Data Processor and information regarding data storage requirements has been provided directly from the Managing Authority.

4. Electronic signatures

4.1 The use of electronic signatures on ESF documentation is permissible. Regulations make provision for signature evidence to be held electronically and for “wet” signatures to be digitised. All such documentation should be stored within the requirements referred to in sections 2 and 3 above.

5. Eligible Direct costs

Staff salaries and costs

5.1 Staff costs can include salaries and employer's national insurance and superannuation costs. The application for funding must include any expected increases in grade or pay scales for the staff involved. Staff costs may include those costs covered in a person's contract of employment that are taxable incentives linked to pay and pension contributions. The claim must be based on actual salary costs relating to time spent on ESF activity. The claim can be evidenced in the following way:-

- Staff employed wholly or for a specific part of their duty on ESF related activity need to have a letter of appointment and job description that clearly states

starting and finishing dates (if appropriate) and makes clear that they will be wholly employed on ESF related activity.

5.2 If a staff member is spending all their working time working on ESF activity the organisation should claim actual salary costs for the time they are employed on the project. If a staff member is working part of their time on ESF then an hourly rate should be used to calculate salary costs. Section 8 of this document provides further detail on calculating an hourly rate, including worked examples.

5.3 The costs of training in connection with ESF activity can be claimed, although it is expected that all organisations who submit an application are in a position to deliver the project. Staff training costs can be claimed only if an individual has specific needs for training that could not have been identified before the project began. This needs to relate to the acquiring of specialist knowledge.

Backfilling

5.4 In a situation where an organisation needs to replace a staff member being funded by ESF, the post that becomes vacant as a result must be backfilled to one level.

Participant costs

5.5 For employed participants, wages and allowances paid by their employer for the time they spend on the ESF funded activity may be claimed; this can include employers' National Insurance and superannuation contributions. Where an ESF funded post is vacant due to long term illness or maternity leave (for example), the ESF will pay for either the original post-holder or the cost of employing replacement staff, but not both.

5.6 All costs must have supporting evidence of actual salary and time sheets. Daily travel costs for participants must have evidence to show the actual cost for each participant for each day (such as travel tickets and so on which must be retained for audit purposes).

5.7 For costs relating to external courses, the length of the course, and the cost of travel, board and lodging must be shown. Costs for external courses should be claimed under 'other costs'.

5.8 Costs for caring for children or other dependants should show the net weekly or hourly costs involved, excluding any contributions from participants towards these costs.

Participant allowances

5.9 If used as part of the project, participant allowances can be claimed. Although there is no upper limit for the allowances paid to participants, it is important to consider the following:-

- The managing authority will decide if allowances conform to levels within the locality and if the allowance represents value for money.
- Allowances may affect the level of benefits participant are entitled to, so this issue should be discussed beforehand with the local Jobcentre Plus office.
- Small incentive/bonus payments or gifts are allowable. These must be small and proportionate. No individual may receive cash or gifts as incentives in excess of £50 per project.

5.10 HM Customs and Revenue may regard some allowances as taxable benefits, so it is imperative to check with them before setting the allowance levels.

6. Expenditure

6.1 NOMS, SFA and DWP will claim for ESF and match on the basis of contract costs for programme activity and actual costs for administration activity.

6.2 Direct bid projects will declare expenditure on the basis of actual costs for ESF and match. Claims based on actual expenditure can cover staff, participant and other costs. There is a distinction between direct and indirect costs explained in Section 12 of this document.

7. Expenditure Deadlines

7.1 Under European Union regulations, the 'N+3' expenditure rule requires a certain level of expenditure by the Member State within three years of receiving funding.

7.2 To enable claims to be submitted to the Commission in time, Opt-In Organisations and other beneficiaries must spend their allocations and claims must, in all cases, be submitted quarterly in arrears to the Managing Authority.

8. Hourly Rate

What is an hourly rate unit cost?

8.1 The hourly rate is the cost per hour of a project staff member who does not spend 100% of their time working on the project, based on salary and on costs.

8.2 The underlying principle is that the project pays for the hours of work it receives – no more, no less. It allows an organisation to make use of existing staff as well as newly appointed staff on a temporary or ad hoc basis whilst being appropriately compensated.

8.3 Projects cannot claim for notional hours that might have been worked should an individual be absent from work.

8.4 Although not complex the rate must be calculated on an individual basis with the methodology scrutinised at appraisal stage. The methodology involves calculating the number of working hours an individual has to work once holiday entitlement has been deducted and standard working days taken into account. This rate would require regular recalculation and checking back to actual cost at claims stage and amending each time any actual cost changed.

8.5 The Common Provisions Regulation (CPR — Regulation 1303/2013) gives Member States the flexibility to use a more simplified method to calculate an hourly rate unit cost. Once the unit cost is calculated it can be applied to:

- individuals – for example if 10 people (who do not work all of their time on the project) are used in a project they would each have their own hourly rate – this can be fixed for the lifetime of the project or reviewed if required;
- groups of staff in similar posts or with similar salaries –if a project uses 20 employees to work part of their time on a project and 10 of them earn between £20-30k p.a. and 10 earn £31-50k p.a. then 2 average hourly rates can be calculated for the 2 groups of staff;
- a single group of employees on varying salaries – this means one average hourly rate is calculated and used for all employees included in the calculation.

8.6 To comply with the requirements outlined in 8.4, any of the three methods in paragraph 8.5 can be used. The simplest option is the third method.

When is it used and how is it calculated

8.7 Article 68(2) CPR introduces a new rule to facilitate the use of hourly unit costs for calculating staff costs related to the implementation of a project:

$$\text{Hourly staff cost} = \frac{\text{latest documented annual gross employment costs}}{1720}$$

1720

8.8 The 1720 hours is a standard annual 'working time' that can be used directly, without there being a requirement for the Member State to perform any calculation. 1720 hours assumes a working week of 33 hours – it therefore overcompensates by between 4 and 9 hours depending on an organisations standard working week to take account of annual leave costs. It is understood and accepted that a unit cost may benefit one organisation more than another – however that is the very nature of

a unit cost – it is an average standard. When an average hourly rate is calculated for a group(s) the hourly rate unit cost will, in some cases will be higher than that person's actual hourly rate – in some cases it will be lower. This is accepted and is the intended consequence of this flexibility, although the numerator, the latest documented annual staff costs, has to be justified.

8.9 The Managing Authority reserves the right to review any average hourly rate used dependant on the lifetime of the project.

8.10 Hours claimed must be evidenced by appropriate timesheets.

Example

8.11 A project team comprises 10 members of staff on various annual salaries (including on costs) working part of their time on the project activity as follows:

Project manager £50,000
Business Development Manager £45,000
Marketing Manager £30,000
Business Engagement Officer 4 @ £25,000 = £100,000
Administrator £20,000
Monitoring officer 2 @ £25,000 = £50,000

Total direct staff costs = £295,000

Hourly rate $295,000/10 = 29,500$ (average salary) then $29,500/1720 = £17.15$ per hour.

8.12 All hours worked by those included in the calculation must be recorded on time sheets. Time sheets must be retained and available for audit. For each hour worked the unit cost of £17.15 can be claimed, regardless of who that person is, regardless of their actual salary.

8.13 Points to note are:

- The latest annual gross employment cost has to be documented through accounts, payroll reports, etc. This information does not have to be audited ex-ante but has to be auditable;
- A calculation method based on historical data of the beneficiary is not usable given that the Regulation refers to latest documented annual gross employment costs;
- Latest documented annual gross employment costs means having a past reference period of one year (12 consecutive months). In cases where the post is a new post or has been in existence for less than a year it must be ensured that the salary used in the calculation is the basic salary of the relevant individual i.e. no incentives are included due to a short term contract being in place;

- Only the hours actually worked should be used for calculating the eligible staff costs. Annual leave for instance is already included in the calculation of the hourly staff costs;
- The added value of this methodology is that the 1720 hours cannot be questioned;
- This method can be used to formulate the 15% flat rate for indirect costs;
- As this is a unit cost the rate does not have to be justified with each claim. Evidence is through time sheets;
- This method can only be used for direct staff costs. Indirect staff costs are included in the 15% or 40% flat rate for indirect costs. The rate can be used for the duration of the project or the MA may choose to revisit the calculation if the project has an extensive delivery period;
- Added value is reduced calculation and checking requirements at full application stage, appraisal, claims and audit stages;
- When used for groups of employees the unit cost will in some cases exceed the actual and will in some cases be less than the actual hourly rate – this is however a characteristic of any unit cost and is completely acceptable.

What about Periods of Absence?

8.14 Staff included in a project on an hourly rate basis should only be those who only spend part of their time working on the project. This could be because they are only required on a temporary basis for time limited activity; there may be an ad-hoc requirement for their involvement or they may be shared across various projects. Hours are charged to the project on the basis of time sheets – and the time sheets are the critical piece of evidence required to justify the costs claimed. If a particular individual is absent from work due to sick leave/maternity leave/paternity leave (or any other reason) then that individual does not contribute working hours to the project therefore costs cannot be claimed. It cannot be justified that costs are eligible based on what might have been worked as this would be a notional cost to the project and notional costs are not eligible. If other individuals are required to backfill and undertake work on the project as a result of someone's absence then that individual's hours (if evidenced by time sheets) can be charged to the project.

9. Match Funding

9.1 The contribution from European Social Fund finances only a specified percentage of the total eligible costs of a project. The percentage is based on the categorisation of the region (as 'less developed', 'more developed' or 'transitional');

9.2 The funding for the remaining balance of eligible costs (known as match funding) must be available from the outset.

9.3 The requirement to match ESF is central to the operation of Structural Fund programmes. Most of England is covered by the more developed category of region and the ESIF 'intervention rate' (that is the ratio between ESF and match) will be 50:50. In the less developed area (Cornwall & Isles of Scilly) match funding must contribute at least 20% of total eligible project costs. In the nine English 'transition' areas match contribution will be 40%. At an operation level intervention rates may vary in exceptional circumstance approved in advance by the Managing Authority.

9.4 Match funding is treated the same as ESF regardless of source, this means that the total eligible expenditure must be used for the agreed purposes and defrayed on eligible expenditure.

9.5 All expenditure must be evidenced, auditable, and defrayed prior to the inclusion in any claim and follow all other ESF compliance rules.

9.6 Auditors will select and test match funds as part of their audit regime. Failure to demonstrate an audit trail for match could lead to financial penalties for the project.

Considering eligible activities

9.7 The following conditions must be applied when considering activities eligible to be used for match funding.

- Match funding must be for activity deemed to be eligible within the Operational Programme
- Match funding must meet the eligibility requirements of each Priority within the Operational Programme
- Match for activities within
 - a) the less developed area (Cornwall)
 - b) the transition areas and
 - c) the more developed areasMust be drawn from within the same category of region as the funding is ring fenced
- Any statutory training that must be provided e.g. training employers must provide under health & safety legislation is ineligible.

Sources of ESF match funding

9.8 Match funding may be from either public or private funds. This is a change from the previous ESF programme where only public match funding was eligible.

Match funding certificates

9.9 Match funding certificates should be provided with the application form.

Match funding in kind

9.13 The use of in kind funding for match purposes is limited to the use of Volunteer Time (see below).

Volunteer Time

9.14 Previous experience of using volunteer time as match has been that for some organisations the obligations have proved too rigorous. In order to mitigate this, the use of volunteer time as match must be agreed by the Managing Authority. The Managing Authority would expect that projects should also have as a minimum 10% cash match funding.

How to value unpaid volunteer time

9.15 Match up the volunteer role to the mean hourly wage rate for the specific role e.g. align pay rate of 'groundsmen and greenkeepers' with volunteer greenkeepers. You can find these wage rates (there are hundreds of roles listed) - <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/index.html> (you need the 'Occupation' tables).

9.16 It is important to remember that the value of volunteer time is based on the theoretical value of the tasks performed by the volunteer for the project and not the current earnings of an individual in their usual paid employment.

9.17 The Managing Authority will require a project using volunteer time as match to submit full audit trail details for example timesheets with their first – and all subsequent – claim(s) for payment.

10. Operation

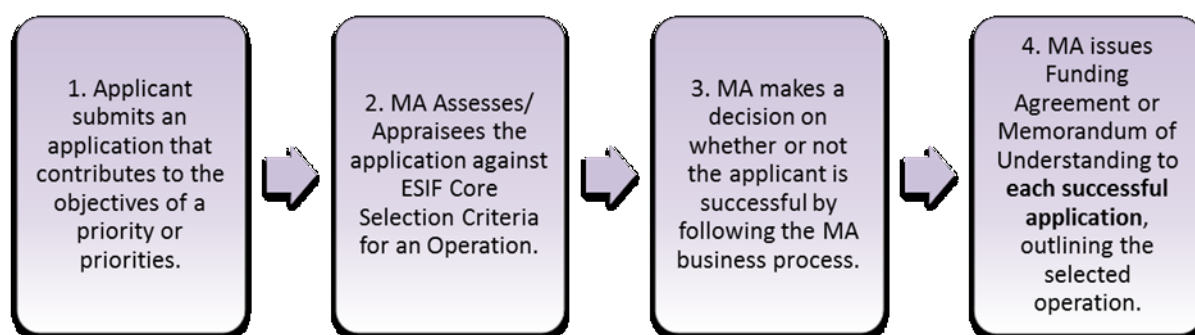
10.1 The term 'Operation' is defined in the ESF Common Provision Regulation:

- Regulation (EU) No 1303/2013 Article 2: 'operation' means a project, contract, action or group of projects selected by the managing authorities of the programmes concerned, or under their responsibility, that contributes to the objectives of a priority or priorities; in the context of financial instruments, an operation is constituted by the financial contributions from a programme to financial instruments and the subsequent financial support provided by those financial instruments.
- 'Operation' means a project, contract, action or group of projects selected by the managing authorities of the programmes concerned, or under their responsibility, that contributes to the objectives of a priority or priorities.

10.2 In a nutshell, an 'operation' is what the Managing Authority selects and forms a single Funding Agreement (FA) or Memorandum of Understanding (MoU). The

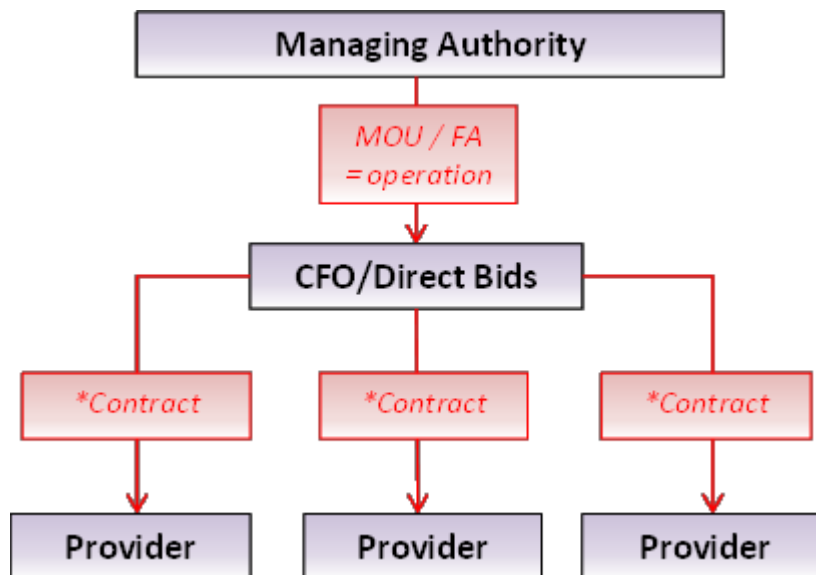
selection process and Growth Programme Board agreed Core Selection Criteria for ESIF Operations apply. Below is the business process for selection of operations.

‘Operation’ Business Process Flow-chart



Examples of ‘operation’

- Co-Financing Organisations (CFO)
 - The Managing Authority (MA) will have a Memorandum of Understanding (MOU) with the Co-Financing Organisation.
 - The MOU between the MA and the CFO defines the selected operation.
- Direct Bid organisations
 - The Managing Authority will have a Funding Agreement (FA) with the Direct Bid organisation.
 - The FA between the MA and the organisation defines the selected operation.
- Operation vs. Project
 - In the 2014-2020 Programme, the agreement between the MA and the CFO / Direct Bid organisation covers an ‘operation’. As the definition in Article 2 shows, the ‘operation’ can also be referred to as a ‘project’. What is critical is that the MA has to select it.
 - The Co-Financing / Direct Bid organisations may have providers who deliver contracts to help them achieve the operation they have agreed with the Managing Authority.



*'Contract' refers to the contract between the CFO / Direct Bid and a provider organisation, NOT between the MA and the CFO / Direct Bid organisation. Only what the MA selects is an 'operation'. The providers under the grant recipient (CFO or Direct Bid) are, as this graph illustrates, at the level below the 'operation'.

11. People in prison

11.1 There is no upper age limit which can be applied to potential participants to define eligibility for ESF support. However, as stated, working towards labour market entry (or the ability to enter the labour market if up-skilled) is a requirement. If labour market entry/re-entry is not a possible outcome at some stage the individual cannot be considered eligible for ESF support.

11.2 Prisons with sub-groups including older offenders, or offenders reintegrating following long sentences, are more likely to receive referrals for offenders considerably over the age of 50. Information will need to be provided to substantiate the enrolment. This should include any specific plans for future employment and address any issues which may prevent labour market entry. If provider support would not be able to remove identified barriers, consideration must be given as to whether to continue with the enrolment.

11.3 If a potential offender participant is over the age of 68, the case will automatically be escalated for consideration by the National Offender Management Service CFO. Each case will be reviewed in terms of the ability to gain employment in the future, even if not the immediate focus. Cases where severe health issues would permanently prevent employment will not be accepted as starters.

12. Projects Claiming Direct and Indirect Costs for ESF: Non– OPT IN/CFO

12.1 The scope to claim for indirect costs on a flat rate basis has been introduced to simplify European Social Fund (ESF) arrangements. For the 2014-2020 ESF programme indirect costs can only be claimed by projects on an agreed flat rate basis. No other form of apportioning costs will be allowed.

12.2 Indirect costs are shared organisational costs, which cannot be connected directly to project activity and which are difficult to attribute to the project.

12.3 Indirect costs:

- Central/support staff and personnel costs - where the ESF element of their duties cannot be extracted from general duties and put on timesheets – e.g. reception, central finance
- Equipment (no single item can cost more than £1,000) and premises costs where these are not used wholly for ESF activity
- Telephone and postage costs
- Electricity, gas and water
- Insurance

The above list is not exhaustive.

12.4 Direct costs are those costs which are directly related to activity supported by an ESF project e.g. salaries of staff directly engaged on ESF activity, participant costs such as allowances and childcare costs and other costs that are solely attached to the delivery of the ESF project.

12.5 In accordance with Article 68 (b) of the CPR and Article 14(2) of the ESF Regulation, where the implementation of a project gives rise to indirect costs there are two options available for ESF projects. Applicant organisations should choose the most appropriate approach of either, 15% of eligible staff cost including other direct costs or 40% of staff costs only. Once a flat rate has been agreed it will apply for the life of the project. This methodology will apply to all ESF (non CFO) projects incurring indirect costs.

12.6 Two worked examples of calculating costs follow:

Example 1: 15% of Direct Staff Costs – No calculation required and available to all Structural Funds There will be no verification of the costs involved in these calculations.

Total project costs	= £113,772
Of which:	
Total Staff costs	= £100,763
Of which:	
Salaries (internal)	= £60,895
Travel costs (internal)	= £622
Subsistence	= £104
Salaries (external)	= £39,143
Travel Costs (external)	= 0
Participant Costs	= 0
Other direct Costs	= £13,009
Consumables	= £9,056
Publicity	= £3,096
Organisation costs	= £857
Other costs	= 0

- A. This means direct staff salary costs are $(£60,895 + £39,143) = £100,038$
B. Indirect costs = 15% of direct staff costs = $£100,038 \times 15\% = £15,006$
C. Other direct costs = $(£13,009 + £622 + £104) = £13,735$

Total eligible costs = A+B+C = £128,779

Example 2: 40% of Direct Staff Costs – No calculation required but only available to ESF. There will be no verification of the costs involved in these calculations.

Total project costs	= £113,772
Of which:	
Total Staff costs	= £100,763
Of which:	
Salaries (internal)	= £60,895
Travel costs	= £622
Subsistence	= £104
Salaries (consultants)	= £39,143
Travel Costs (consultants)	= 0
Participant Costs	= 0
Non Staff Costs	= £13,009
Consumables	= £9,056
Publicity	= £3,096
Organisation costs	= £ 857
Other costs	= 0

- A. This means direct staff salary costs are $(£60,895 + £39,143) = £100,038$
B. All other eligible costs = 40% of direct staff costs = $£100,038 \times 40\% = £40,015$

Total eligible costs = A+B = £140,053

13. Retention of Documents

12.1 Organisations and projects must ensure that all documents relating to each project and its implementation and financing are retained for a two year period from 31 December following the submission of the accounts in which the final expenditure

of the completed project is included, in accordance with Article 140 of Regulation 1303.

13.2 The Managing Authority shall inform beneficiaries of the start date of the period referred to in the paragraph above.

13.3 As stated in Article 140 of Regulation 1303 documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or document existing in electronic version only.

13.4 Where documents exist in electronic form only, the computer systems used shall meet accepted security standards and can be relied on for audit purposes (see Section 2)

14. State Aid

14.1 State Aid rules aim to ensure fair competition and a single common market. Giving favoured treatment to some businesses would:

- harm business competitors;
- risk distorting the normal competitive market; and
- hinder the long-term competitiveness of the Community.

14.2 The European Community founding Treaty generally forbids State-funded aid that would favour certain businesses or goods production. The State Aid rules contribute to the effective functioning of the Single Market and European Union economic reform in two key ways:

- They prevent State Aid that would seriously distort competition - thereby helping to achieve a fair market for businesses in all Member States; and
- They allow State Aid that promotes economic development and other legitimate policy objectives, where this benefit outweighs any distortion of competition.

14.3 State Aid is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union.

14.4 Aid to individuals does not constitute state aid. Aid to public and not-for-profit organisations, such as voluntary, charitable and cultural bodies, are not affected by State Aid rules where they are not engaged in an “economic activity”. “Economic activity” means putting goods or services on a market. It is not necessary to make a profit to be engaged in economic activity: if others in the market offer the same good or service, it is an economic activity.

14.5 For most of the 2014 -2020 ESF programme the ESF and public match funding provided to providers in Priority Axis 2 does not constitute State Aid because of the application of the General Block Exemption Regulation (see below) or because all aid “flows through” to individuals and is not retained by the provider. However for those elements of the programme in Priority Axis 2 which provide support to individuals in employment there may be State Aid implications because their employers are receiving support towards the costs of training. Where ESF supports individuals in employment to achieve full or part qualifications this may constitute an aid and so consideration should be given to the application of any exemptions.

14.6 However the State Aid branch in the Department for Business, Innovation and Skills has concluded that the following should not be treated as giving a State Aid when delivered in the workplace:

- Full funding for literacy and numeracy at all levels
- Shared investment (employer and public funding) for ESOL at all levels
- Full funding for all Apprenticeships (including Advanced) delivered to 16-18
- Co-funding for Apprenticeships
- Co-funding for first Advanced Apprenticeships
- Full funding for first Level 2
- Full funding for Level 3 jumpers
- Full funding for first full level 3 for 19-25 year olds.

14.7 By way of an exemption to the general prohibition on state aid, the de minimis Regulation (Regulation (EU) No 1407/2013) enables an enterprise to receive up to €200,000 euros in aid (any public resources including ESF) over three fiscal years. Providing such aid is given within the de minimis rules there is no requirement to notify it to the Commission.

14.8 To ensure that the requirements of the de minimis regulation are met, scheme administrators must ensure that any award of ESF and other public match funding to an enterprise given under the terms of the de minimis block exemption does not breach the €200,000 (approximately £147,000 at € = 73p exchange rate) ceiling over three fiscal years. The Managing Authority requires the aided enterprise to keep detailed records of any de minimis aid received for 10 years. Checks will be made at initial verification meetings that organisations are aware of these rules.

14.9 Organisations using the de minimis rules must put in place a monitoring system to ensure the limit is not breached. Typically, such a monitoring system will involve:

- asking enterprises receiving support under their scheme to identify all other sources of support (either in cash or in kind) that they have received in the last three years;

- checking if previous de minimis aid is involved, to ensure that the combined assistance does not exceed €200,000 over any three-year rolling period. If the limit is breached, the aid may have to be reduced or refused to ensure the limit is not breached.

14.10 The Department for Business, Innovation and Skills State Aid branch advises writing to each recipient in the following terms:

14.11 “The assistance for [...] constitutes State Aid as defined under Articles 107 and 108 of the Treaty on the Functioning of the European Union of Rome and is being granted as ‘de minimis’ aid under Commission Regulation (EU) No 1407/2013. European Commission rules prohibit any undertaking from receiving more than €200,000 euros (approximately £147,000) ‘de minimis’ aid over a rolling three-year period. Any ‘de minimis’ aid granted over the €200,000 limit may be subject to repayment with interest. If you have received any ‘de minimis’ aid over the last three years (from any source) you should inform us immediately with details of the dates and amounts of aid received. Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on ‘de minimis’ aid for the next three years.”

14.12 Whilst de minimis rules are straightforward in principle they are difficult and complex to operate in practice because they are not project related and as such rely on individual enterprises being able to identify how much aid and under which schemes they have received support over a rolling three-year period. Where enterprises have exhausted their aid ceilings under de minimis, there is no capacity for further aid through ESF. The ESF project granting the aid must follow up with the aided enterprise once the assistance is finished to confirm the amount of aid received.

14.13 Another relevant exemption to the general prohibition on state aid is the General Block Exemption regulation (GBER) (Regulation 651/2014) which was adopted by the European Commission in 2014. It allows for state aid to be granted lawfully where the conditions set out in the Regulation are met.

14.14 Provision funded wholly by ESF that falls within the scope of State Aid must – at the current time - follow the requirements of the de minimis rules outlined above.

14.15 The ESF Managing Authority has made the necessary arrangements to notify ESF under the General Block Exemption Regulation. Once the arrangements have been approved and finalised, further guidance will be published.

15. Youth Employment Initiative (YEI)

15.1 The Europa website contains [Guidance on Implementing the Youth Employment Initiative](#).