

Chief Executives of Upper Tier Local Authorities

20 July 2010

PL/Jul/11/sb

Dear Colleague

### **Simplifying Funding for 16-19 Education and Training**

I am writing to set out some immediate changes – and some longer term developments – following the Secretary of State for Education's announcement yesterday about streamlining and simplifying the 16-19 funding and allocations system.

In the announcement, the Secretary of State reaffirmed the strategic role of local authorities as champions of young people's learning - as well as for all education - and in particular their responsibilities for meeting the needs of young people by influencing and shaping learning provision through 14-19 partnerships and by identifying gaps, enabling new provision and developing the market.

However, the Secretary of State has confirmed the need for a simpler system, with less time on detailed planning, fewer mandatory requirements and more decisions on learning opportunities being taken by schools, colleges and other providers. The new approach therefore removes the requirement for regional planning groups and sub regional groups, although some local authorities may still choose to operate sub regional or regional collaborative arrangements where these are more efficient and effective.

The Secretary of State has also asked for a key simplification of the funding process by switching to a system whereby providers are for the most part funded on the basis of their previous year's activity – or 'lagged pupil funding'. This will remove the need for detailed planning by either local authorities or the YPLA, and will secure efficiency savings across the sector. There will need to be special arrangements for new providers.

With a simpler allocations system for much of 16-19 provision, the Secretary of State has also asked the YPLA now directly to fund general FE and Sixth Form Colleges and other providers for 16-19 provision, rather than funds being directed through local authorities. Apprenticeships will however continue to be funded by the National Apprenticeship Service.

In practical terms this change will cut out the need for LAs to fund and to hold financial audit and assurance functions for 16-19 and removes the need for local authorities to manage funding agreements with 16-19 providers. LAs will however continue to fund maintained schools for their sixth form provision. And there are a small number of budgets where the YPLA currently pays local authorities a block allocation of funds that is not allocated to individual providers, for example Education Business Partnerships and LEA Transport Partnerships and these will not be affected by this change.

Given that the academic year starts in August, these changes mean that the YPLA must immediately issue letters of intent to colleges and other learning providers, and this work is now in train. The YPLA will then make its first direct payments to learning providers for academic year 2010/11 in mid August 2010.

The other simplifications to the allocations and funding processes will apply in the planning for, and the operation of, the 2011/12 academic year. The process for agreeing allocations for 2011/12 which was described in the National Commissioning Framework has been withdrawn and will be replaced with a simpler system. We will now need to work closely with DfE, with colleagues in LGA and in local authorities, and with other stakeholders to define how this new approach will work in practice, but we intend that we are ready to brief stakeholders by early September at the latest with final arrangements in place by the end of September.

I have asked YPLA Regional Directors to make contact with all local authorities this week so that they can discuss the transition to YPLA direct funding, including any arrangements for briefing providers.

On behalf of the Board of the YPLA, I would like to reaffirm our commitment to support local authorities in your key strategic role. Our mission, to champion young people's learning, remains at the centre of our work and I know this is a mission we have in common.

We are determined to work with you to ensure new arrangements are introduced seamlessly. More details will follow shortly and as indicated above, YPLA Regional Directors will make contact with each local authority in the next week to discuss transition arrangements, but if you have any questions in the meantime please do not hesitate to contact me.

I am copying this letter to your Director of Children's Services.

Yours sincerely



Peter Lauener  
Chief Executive  
Tel: 02476 823293  
e-mail: peter.lauener@ypla.gov.uk

Cc Directors of Children's Services