

24 February 2011

Dear Colleague,

**Update - Minimum Contract Levels (MCL)**

In our letter dated 14 December 2010, confirming that you were in scope for MCL, we set out a timetable in which we asked you to confirm new contract arrangements by 28 February 2011. The decision regarding the application of MCL to 16-18 apprenticeships is still outstanding, and so it will not be possible for some providers to confirm final arrangement by this date.

Please find enclosed a template which you can use to confirm your intended contract arrangements (including any request for more time, particularly for 16-18 apprenticeship providers and Local Authorities due to specific governance/contracting arrangements). This template forms the basis of a declaration, which should be returned to Richard Mole at the address shown below. (Richard will ensure that your Account Manager is informed of your response).

Although the decision on 16-18 Apprenticeships does remain outstanding, we would still like to hear from all providers in scope for MCL. If you are a provider of 16-18 apprenticeships please tell us your likely intentions. As soon as the position on 16-18 apprenticeships has been confirmed we will contact relevant providers and if appropriate set out a revised timetable.

All 2011/12 contracts will be prepared for issue by 30 June 2011 (after we have confirmed final allocations). Any delays in the agreement of new arrangements will impact on the final allocation and potentially the date by which we can issue final contracts to lead providers. Please ensure that you maintain a dialogue with your Account Manager during this time so that we understand your plans and ensure allocations are transferred to new arrangements appropriately.

If you are entering a sub-contract or partnership arrangement then the contract lead must update or enter their details on ACTOR.

The intended contract holder needs to ensure that their ACTOR submission covers all the relevant sections of the invitations to tender as well as their intention to sub-contract, the regions in which they intend to deliver and the Sector Subject Areas in which they intend to deliver.

The new arrangements must be entered on ACTOR by Friday 15 April 2011. This deadline has been extended to allow providers more time to finalise arrangements. An earlier freeze date of Friday 11 March 2011 is also available. If providers upload information by this date, we may be able to confirm final allocations before the end of March in line with our main allocations timetable.

Please note that the following types of provider/employer will be exempt from the application of a minimum contract level due to the specific nature of the relationship that the Agency has with them:

- General FE colleges
- Specialist Colleges (e.g. of Art and Design)
- Employers contracted to the National Employer Service

**Skills Funding Agency**

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T 0845 377 5000 [www.skillsfundingagency.bis.gov.uk](http://www.skillsfundingagency.bis.gov.uk)  
An agency of the Department for Business, Innovation & Skills

- Higher Education Institutions
- Sixth Form Colleges
- Schools/Community Colleges/Academies

Even though these providers will be subject to MCL the Agency still expects that they will achieve similar efficiencies and economies of scale within their own provision activities; such as through the creation of federations. (Further exemption categories may be included subject to decisions between BIS and DfE).

### **Support and Guidance**

Independent support and guidance, including fact sheets on contracting models is available from the Learning and Skills Improvement Service (LSIS) working in partnership with sector representative organisations. Further information on the support available can be obtained from their website: <http://www.excellencegateway.org.uk/MCLsupport>

Yours sincerely

Sarah Tulk  
Head of Provider Strategy and Supply Chain Management  
Skills Funding Agency

Enclosed:     Template declaration of new contract arrangements