

29 March 2011

Dear colleague

## **Provider Performance Management**

We wanted to take this opportunity to write to you, in advance of the 2011/12 allocations, in order to update you on 2010/11 delivery.

Thanks to the efforts of colleges and training providers, the sector has continued to increase delivery of Apprenticeships to a level where we are confident of progress against the 50,000 target. This will be a real achievement for the sector and one that stands us in good stead for the further investment in Apprenticeships, announced in the recent Budget.

As well as recognising successful performance, the Agency has also been able to redistribute funding, in order to fund further growth. At the latest Quarter 2 point, we were able to remove funding from under-performing providers to respond to growth pressures elsewhere in the system. This has enabled us to fund £58m growth for 19+ Apprenticeships and £51m for 16-18 Apprenticeships.

In addition the Agency has also recognised the in-year pressures highlighted by the mid year estimates recently supplied by colleges. Where colleges are over-delivering on the Apprenticeship and Adult Learner Responsive elements of the Adult Skills Budget, we will reflect this with an additional payment in March. This will be a one-off payment, and will not be consolidated in 2011/12 baselines.

As stated previously, 2011/12 allocations will reflect the latest (i.e. Quarter 2 / Mid-Year) position on Apprenticeship delivery at provider level. For 16-18 Apprenticeships, although 2011/12 allocations will initially be lower than current (i.e. post-Quarter 2) Maximum Contract Values (MCVs), we will continue to deploy funding to meet 16-18 demand, through rigorous performance management at national level.

Colleges and providers can therefore have confidence in continuing to recruit any young person who wants an Apprenticeship place. For Adult Apprenticeships, funding in 2011/12 will continue to support further growth, with increasing attention on training those who are unemployed, especially 19-24, and on higher-level Apprenticeships, underpinned by the additional investment announced in the Budget. We will communicate how this additional funding will be deployed over the coming weeks.

Following a review of the Agency's financial year end position, we want to clarify that providers should not defer activity beyond 31 March 2011, just to remain within their eight month MCV. Subject to affordability, the Agency will therefore pay out any capping created by the eight month MCV, provided earnings remain within the 12 month academic year MCV. The remaining four month MCV will be reduced to ensure the overall MCV is not increased. This will be centrally managed and there is no further action for providers to take. Any requests for growth in the overall MCV need to be addressed through the normal quarterly performance management process.

Further details on the Budget announcement on Apprenticeships will be communicated shortly.

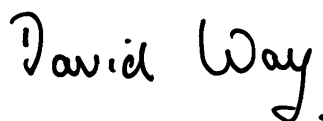
I hope this information is helpful to you. If you have any queries, please contact your Account Manager.

Yours sincerely



David Hughes

Director of Provider Services



David Way

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Apprenticeship Service

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