

Les Walton OBE  
Chair - Young People's Learning Agency  
Cheylesmore House  
5 Quinton Road  
Coventry  
CV1 2WT

Jo Thomas  
Deputy Director  
16-19 Funding Policy Division  
Education Funding Group  
Tel: 0207 3408056  
[jo.thomas@education.gsi.gov.uk](mailto:jo.thomas@education.gsi.gov.uk)

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Dear *Les*

**Revisions to the 2011-2012 Grant Letter**

Further to the Grant Letter issued on 6<sup>th</sup> September 2011, this letter sets out the latest funding update to the YPLA for the 2011-12 financial year.

The changes, outlined at Annex A, arise from: the clarification of programme requirements, particularly in relation to the expanding Academies and Free Schools programme; increases in funding to reflect additional remit requirements (for example testing new models of post-16 work experience) which have arisen in-year; virements to manage costs across certain learner support programmes; savings agreed as part of the Supplementary process in December; and short term financial support provided to colleges (funded through the re-phasing of wider Departmental surplus funding into 2012-13). The changes will be reflected in the YPLA Grant in Aid budget.

This letter should now provide the YPLA with the opportunity to revise the budgets affected in order to report spend and associated variances accurately throughout the remainder of the financial year. This revised grant represents the conclusion of a great deal of work to finalise forecasts (particularly on the more volatile, demand led budgets) to inform the Department's Supplementary return to HM Treasury and call on the Budget Exchange mechanism. I would like to thank the YPLA for the considerable help and support provided in this area and colleagues across both organisations for their continued efforts to ensure this grant funding is used as efficiently and effectively as possible.

Yours sincerely



**Jo Thomas**  
**Deputy Director**  
**16-19 Funding Policy Division**  
**Education Funding Group**

cc: Peter Lauener (YPLA AO)

**Peter Newson (YPLA FD)**  
**Sarah Healey (DfE – Director EFG)**  
**Peter Houten**  
**Anne Jackson**  
**Tareque Hossain**  
**Kate Chhatwal**  
**Russell Ewens**  
**James Astridge**  
**Nick Lawrence**  
**Alasdaire Duerden**  
**Gary Clarkson**  
**Sue Bunting**  
**Paul Hadfield**  
**Kate Copley**  
**John Quinn**

## Annex A

The virement rules outlined in the YPLA Framework Document 2011-12 apply to the revenue participation and non-participation budgets and the Capital budget.

Budget	Revised Grant Letter (6 September 2011) (£)	Change (+/- £)	Revised Grant Letter Funding (£)
<b>Revenue Funding</b>			
Further Education	3,966,091,296	+75,473,680	4,041,564,976
School Sixth Forms	2,426,175,000	+4,321,892	2,430,496,892
LLDD	258,000,000	-32,606,123	225,393,877
FE provision for LLDD 19-24	57,813,704		57,813,704
Young Offender Education	13,488,590	+134,528	13,623,118
<b>Total 16-18 Participation</b>	<b>6,721,568,590</b>	<b>+47,323,977</b>	<b>6,768,892,567</b>
Pre-16 Academies	4,915,810,000	+376,633,423	5,292,443,423
<b>Total Participation</b>	<b>11,637,378,590</b>	<b>+423,957,400</b>	<b>12,061,335,990</b>
16-19 Bursary Fund	85,700,000	-1,320,704	84,379,296
EMA	275,300,000	-24,544,067	250,755,933
Residential Bursaries	4,995,000		4,995,000 <sup>1</sup>
Dance and Drama Awards (DaDA)	14,300,000	+200,000	14,500,000
Care to Learn	38,600,000	-2,529,034	36,070,966
<b>Total Learner Support</b>	<b>418,895,000</b>	<b>-28,193,805</b>	<b>390,701,195</b>
Young Apprenticeships	14,300,000	-628,390	13,671,610
Local Authority Transport Partnership	3,800,000	-1,048	3,798,952
<b>Total DfE Recurrent Programmes</b>	<b>12,074,373,590</b>	<b>+395,134,157</b>	<b>12,469,507,747</b>
SFC Building Condition Improvement Fund	57,330,000		57,330,000
16-19 Demographic Growth Capital Fund	30,000,000	-1,300,000	28,700,000
SFC Devolved formula capital	3,930,000		3,930,000
Devolved formula capital (pre-16) - Academies and CTCs	12,639,366		12,639,366
<b>Total Capital</b>	<b>103,899,366</b>	<b>-1,300,000</b>	<b>102,599,366</b>
YPLA Administration	48,420,000	+1,816,000	50,236,000
<b>Total DfE Funded Initiatives</b>	<b>12,226,692,956</b>	<b>+395,650,157</b>	<b>12,622,343,113</b>
BIS programmes of Learner Support	19,800,000	-4,635,033	15,164,967
<b>Total Funded Initiatives</b>	<b>12,246,492,956</b>	<b>+391,015,124</b>	<b>12,637,508,080</b>

<sup>1</sup> As reported in the revised Grant Letter dated 6 September 2011, nearly £4m of recouped 2009/10 DLSF funding is being utilised primarily as contingency for the 16-19 Bursary Fund. It has also been used to support a £511,167 pressure on the Residential Bursaries programme (due to additional payments distributed to providers over delivering in 2010/11) and £177,900 of IM Portal costs. As previously advised, the Residential Bursary budget will not be increased as a result.

These changes are made up as follows:

**FE:**

- Increase in budget to reflect funding coming from BIS to secure provision for 19+ continuing learners in Sixth Form Colleges (+£4,473,680).
- Increase in funding to fund 25 colleges in areas of high unemployment to test new models of post-16 work placements/experience as set out in the Wolf Review (+£2,000,000).
- Increase in funding to provide short term financial support to providers of young people's learning, through re-phasing of wider Departmental surplus funds (+£78,000,000).
- Reduction in funding to reflect net savings agreed (from unallocated funding in FE and reported cumulative pressures at P9 on school and Academy sixth forms) as part of the Supplementary exercise in December (-£4,678,108).
- Virement to school sixth form line to fund cumulative pressure created by maintained school sixth forms converting to Academies (-£4,321,892).

**Total increase of £75,473,680**

**School sixth forms:**

- Virement to school sixth form line from FE to fund cumulative pressure created by maintained school sixth forms converting to Academies (+£4,321,892).

**Total increase of £4,321,892**

**LLDD:**

- Reduction in funding to reflect savings agreed as part of the Supplementary exercise in December (-£32,606,123).

**Total decrease of £32,606,123**

**Young Offender Education:**

- Increase in funding to cover costs associated with the decommissioning of HM&YOI Stoke Heath that the YPLA have covered but which remain the responsibility of the Ministry of Justice and were therefore not provided for in the initial grant (+£134,528).

**Total increase of £134,528**

**Pre-16 Academies:**

- Increase in funding to ensure YPLA can continue to support and fund the expanding Academies and Free Schools programme for the remainder of this financial year. This reflects the most robust forecasts available to date for Academy converter volumes, mix and associated costs and total pre-16 participation resource requirements (+£375,336,423).
- Increase in funding to support Advanced Skills Teachers in Academies (+£1,297,000).

**Total increase of £376,633,423**

**Learner Support 16-19:**

- Increase in 16-19 Bursary budget to reflect funding coming from BIS to secure provision for 19+ continuing learners in Sixth Form Colleges (+£113,990).
- Increase in 16-19 Bursary budget to reflect surplus funding initially held for evaluation of the new fund released back to the programme (+£285,000).
- Reduction in funding to reflect savings agreed across 16-18 Hardship (due to closure of the programme at the end of the 2010/11 academic year) as part of the Supplementary exercise in December (-£1,719,694).

- Reduction in EMA funding to reflect savings agreed as part of the Supplementary exercise in December (-£24,344,067 (net of further EMA reduction due to virement to DaDA noted below)).
- Virement of £200,000 from EMA to DaDA – this is to reflect the splitting out of Capita costs across learner support budgets previously contained and accounted for solely within the EMA programme line. No net effect across the learner support programme.
- Reduction in C2L funding to reflect savings agreed as part of the Supplementary exercise in December (-£2,529,034).

**Total decrease of £28,193,805**

**Young Apprenticeships:**

- Reduction in funding to reflect savings agreed as part of the Supplementary exercise in December (-£628,390).

**Total decrease of £628,390**

**Local Authority Transport Partnership:**

- Reduction in funding to reflect savings agreed as part of the Supplementary exercise in December (-£1,048).

**Total decrease of £1,048**

**16-19 Demographic Growth Capital Fund:**

- Reduction in funding to reflect savings agreed as a result of slippage in 2011-12 activity as part of the Supplementary exercise in December (-£1,300,000).

**Total decrease of £1,300,000**

**YPLA Admin:**

- Further to the revised Grant Letter issued on 6 September 2011, increase in funding for the ALB connectivity and business analytical work through to March 2012 already commenced (to enable the successful transition to, and set up of, the Education Funding Agency) to continue (+£1,816,000).

**Total increase of £1,816,000**

**BIS programmes of Learner Support:**

- Reduction in funding to reflect savings agreed as part of the Supplementary exercise in December (-£4,635,033).

**Total decrease of £4,635,033**

