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Les Walton OBE
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Dear Les

Revisions to the 2011-2012 Grant Letter

Further to the Grant Letter issued on 15th June 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 clarification of programme requirements and virements that more accurately capture utilisation of resource across programme lines. The changes also incorporate budgetary reductions agreed in July this year as a result of savings made by the YPLA following a review of its commitments, for which I would like to thank the YPLA. The reductions will be reflected in the YPLA Grant in Aid budget.

This Grant Letter does not as yet include revised pre-16 participation funding. Departmental and YPLA colleagues continue work to finalise estimates of the numbers of Academies and Free Schools anticipated to open before the end of March 2012. This work is expected to conclude by October and will inform the additional grant the Department will make available to the YPLA. In the interim, the Department expects the YPLA to pay all open Academies and Free Schools in accordance with their funding agreements and the policies agreed by the Department, utilising the resource already available to it (transferring between pre-16 (Academies) budgets as necessary). The Department is also considering what longer term flexibility to give the YPLA in making transfers between pre-16 budgets without the need for specific agreement from the Department, as well as any further delegations that might be appropriate within a policy framework that Ministers have agreed.

This letter should now provide the YPLA with the opportunity to revise the budgets affected in order to accurately report spend and associated variances throughout the remainder of the financial year.

Yours sincerely



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Director, Education Funding Group

cc: Peter Lauener (YPLA)
David Russell (YPLA)
Peter Newson (YPLA)
Peter Houten
Tareque Hossain
Jo Thomas
Russell Ewens
Sue Bunting
Paul Hadfield
Kate Copley
John Quinn
Oliver Harvey

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 (15 June 2011) (£)	Change (+/- £)	Revised Grant Letter Funding (£)
Revenue Funding			
Further Education	3,989,300,000	-23,208,704	3,966,091,296
School Sixth Forms	2,426,175,000		2,426,175,000
LLDD	258,000,000		258,000,000
FE provision for LLDD 19-24	52,600,000	+5,213,704	57,813,704
Young Offender Education	13,488,590		13,488,590
Total 16-18 Participation	6,739,563,590	-17,995,000	6,721,568,590
Pre-16 Academies	4,915,810,000		4,915,810,000
Total Participation	11,655,373,590	-17,995,000	11,637,378,590
16-19 Bursary Fund	85,700,000		85,700,000 ¹
EMA	316,800,000	-41,500,000	275,300,000
Residential Bursaries	4,400,000	+595,000	4,995,000 ²
Dance and Drama Awards (DaDA)	14,300,000		14,300,000
Care to Learn	38,600,000		38,600,000
Total Learner Support	459,800,000	-40,905,000	418,895,000
Young Apprenticeships	15,300,000	-1,000,000	14,300,000
Local Authority Transport Partnership	3,800,000		3,800,000
Total DfE Recurrent Programmes	12,134,273,590	-59,900,000	12,074,373,590
SFC Building Condition Improvement Fund	57,330,000		57,330,000
16-19 Demographic Growth Capital Fund	30,000,000		30,000,000
SFC Devolved formula capital	3,930,000		3,930,000
Devolved formula capital (pre-16) - Academies and CTCs	12,557,139	+82,227	12,639,366
Total Capital	103,817,139	+82,227	103,899,366
YPLA Administration	48,070,000	+350,000 ³	48,420,000
Total DfE Funded Initiatives	12,286,160,729	-59,467,773	12,226,692,956
BIS programmes of Learner Support	19,800,000		19,800,000
Total Funded Initiatives	12,305,960,729	-59,467,773	12,246,492,956

¹ Discretionary Learner Support Funding (DLSF) paid in AY 2009/10 and subsequently clawed back amounts to £3,979,965 and will be utilised as contingency, primarily for the 16-19 Bursary Fund, this financial year. However, the 2011-12 16-19 Bursary Fund budget allocation will not be increased.

² £297,167.34 of the 2009/10 DLSF clawback has been redistributed to providers declaring a pressure on Residential Bursary Funding (RBF). A further £214,000 has also been authorised by DfE to be used to supplement RBF this financial year. However, as for the 16-19 Bursary Fund, the 2011-12 RBF budget allocation will not be increased as a result of this.

³ This is an indicative budget allocation for IM Services to commence connectivity and business analytical work associated with the transition to the EFA from 2012-13. Final resource requirements will be captured in further iterations of the Grant Letter.

These changes are made up as follows:

FE:

- Reduction in funding to reflect savings agreed in July - £17,400,000
- Virement to FE provision for LLDD 19-24 to reflect operation of funding allocations to FE providers collectively - £5,213,704
- Virement to Residential Bursary programme to make up the financial year budget that had previously not been reflected - £595,000

Total decrease of £23,208,704

FE provision for LLDD 19-24:

- Virement from FE (above) to reflect operation of funding allocations to FE providers collectively - £5,213,704

Total increase of £5,213,704

Learner Support 16-19:

- Reduction in funding to EMA to reflect savings agreed in July - £41,500,000
- Virement from FE (above) to make up the financial year budget that had previously not been reflected - £595,000

Total decrease of £40,905,000

Young Apprenticeships:

- Reduction in funding to reflect savings agreed in July - £1,000,000

Total decrease of £1,000,000

Devolved formula capital (pre-16) - Academies and CTCs:

- Increase in funding to reflect further allocations to four academies without predecessor schools and available surplus funding to cover any further additional EAG payments that may be required - £82,227

Total increase of £82,227

YPLA admin:

- Increase in funding for IM Services to commence necessary ALB connectivity and business analytical work through to March 2012 to enable systems for when the EFA comes into being in 2012-13 (note bullet below and footnote 3 above) - £350,000
- The Department require IM services of the Skills Funding Agency to undertake a range of ICT work for the successful transition to, and set up of, the Education Funding Agency (EFA). At present, £350,000 has been assigned and approved by the Department's CIO Group to commence this work. It is recognised that further costs may be incurred on such ICT work requiring additional funding and, subject to the Departmental approvals process and level of funding agreed, this will be provided. As such, final resource requirements will be captured in future Grant Letter iterations. The YPLA should manage its GiA budget accordingly to enable this programme of work to continue before these final budget requirements are confirmed to avoid risking any delay to delivery and the establishment of the EFA.

Total increase of £350,000