



**Rt Hon Michael Gove MP**

Secretary of State

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March 2011

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### **The Remit of the Young People's Learning Agency**

In the first year's operation of the Young People's Learning Agency (YPLA), the Board and the executive have worked successfully to establish an effective new organisation and to deliver on your core objectives of:

- funding education and training opportunities for all young people aged 16-19 (or aged up to 25 for learners with learning difficulties and/or disabilities who are subject to a learning difficulty assessment); and
- funding and supporting the expanding Academies and Free Schools programmes.

As you move into your second year, I would like to take this opportunity to set out the role I would like the YPLA to play in the Coalition Government's wider Arm's Length Body (ALB) Reform Programme, and to update those elements of your remit letter (issued in April 2010) that relate to the YPLA's contribution to the Academies programme.

#### Arm's Length Body Reform

As you know, in the DfE we are in the process of reducing the number of ALBs and improving accountability by bringing some of the work previously done by ALBs back in to the Department and creating Executive Agencies which are more directly within the Department's control; removing duplication; looking for ways to achieve efficiencies and cost reductions through the sharing of services; and better aligning our ALB sector with the rest of the education system.

The YPLA has a significant role to play in making this vision a reality and we expect to work with you over the coming year to implement any planned changes to your organisation or reforms we are making to all our ALBs. As such, the coming financial year will be one of transition for the YPLA as we progress towards its replacement with the Education Funding Agency (EFA) – subject, of course, to the passage of the necessary legislation. It is important that the YPLA provides an effective basis for the EFA and I am grateful to you, the Board and the Chief Executive for the continued leadership that you will provide for the YPLA over the transitional period. Further detail on the programme of ALB reform and the contribution I would like the YPLA to make is provided at Annex 1 to this letter.

### YPLA performance

The YPLA's performance will be measured both by the success of this transition and by the delivery of current programmes. I recognise the significant challenge you face - especially with the rapid increase in the number of Academies and other changes in 'business as usual' such as the simplification of 16-19 funding - and you will have my full support as you face these challenges.

It is important that the YPLA:

- remains focused on children and young people as the ultimate beneficiaries of its functions;
- introduces robust financial systems and monitoring and accountability arrangements to cater for the expanding Academies and Free Schools programmes;
- works effectively and constructively with local authorities in the delivery of their key strategic role as champions of young people and reviews the statutory guidance that underpins this role;
- delivers the 2011/12 16-19 Funding Statement and develops a 2012/13 statement to be issued before the end of 2011;
- supports the transition from Education Maintenance Allowance to successor arrangements;
- contributes to work on the simplification of the 16-19 funding formula;
- delivers identified efficiency savings;
- operates effective and efficient systems of financial management that ensure the smooth and accurate flow of funds and provide effective control over budgets, particularly those which are demand-led.

I would like the YPLA to continue to monitor the levels of educational attainment in open Academies and to provide support and challenge to these schools in order to raise standards until July 2011. I am currently considering what arrangements should apply after that date and will let you know the outcome of my review in due course. The YPLA's role in respect of Academies and Free Schools is spelt out in more detail in the revised Academy Arrangements at Annex 1 to this letter.



I am also currently considering whether the YPLA should continue to provide early years funding for Academies and will clarify how I intend to proceed on this issue as soon as possible.

I would like the YPLA to administer a sharply focused, centrally funded improvement support budget for sixth form colleges where there is evidence of serious underperformance.

#### Partnership working

It is, of course, important that the YPLA continues to work constructively with other organisations engaged in providing education and training opportunities to young people.

I will look to the YPLA to work in close co-operation over the coming year with Partnership for Schools (PfS) in the administration of capital funding for Academies and Free Schools. I expect you to administer the post-16 capital programmes comprising: sixth form college building condition, sixth form college devolved formula capital and 16-19 basic need in 2011-12.

The YPLA has worked closely with local authorities to improve access for learners with learning difficulties and disabilities, whilst reducing costs, and this has resulted in financial savings. The YPLA must continue to work innovatively with local authorities and other partners on both of these fronts during 2011-12 to contribute to work on reducing bureaucracy and improving efficiency. I also expect you to work with local authorities to develop proposals for handing over responsibility for the commissioning of provision for high cost learners with a learning difficulty assessment aged up to 25, with the aim that this transfers for 2012/13.

I expect you to work in partnership with local authorities to support them to meet their duties in respect of the education of young people detained in custody, as set out in the Apprenticeships, Skills, Children and Learning Act (2009), and to work with the Ministry of Justice as they develop new contracting arrangements for young offender education.

It will be important that you work with the Skills Funding Agency (SFA) to streamline your relationships with colleges and other FE providers. This will include implementing a single point of contact with the lead agency and a single conversation on performance and audit. You should also continue to align other functions of the YPLA and SFA where appropriate to improve efficiency.

#### Governance and Performance Management

The YPLA has benefited significantly from having a strong and effective Board, and I am sure that the Board will continue to set a high standard of excellence for the YPLA executive, to have an active role in the prevention of fraud and to be thorough in identifying and addressing risks and issues.



It is vital that the YPLA has in place robust processes which can help it identify difficulties which might arise and hamper delivery. We expect to see robust processes for both spotting such difficulties early and dealing with them effectively so that service delivery is maintained. The YPLA should also continue to work with the Department to make sure there are appropriate external checks on the work it delivers, as required by the Permanent Secretary. I expect the YPLA to raise immediately with the Department any potential problems related to delivery including any arising from organisations with which you are working.

### **The YPLA's contribution to ALB reform**

The ALB Reform Programme is a means of radically increasing the transparency and accountability of all public services. The reform process, which covers all of HM Government's Non-Departmental Public Bodies (NDPBs) as well as other public bodies, is designed to help reinvigorate the public's trust in democracy and also to ensure that the Government operates in a more efficient and business-like way. The programme will ensure we have the right organisations in place to implement Government policy and it will play a major part in delivering savings over the next four years.

The Government remains committed to greater transparency so that the public can hold politicians and public bodies to account. As part of this you are already publishing information on spending on salaries, organisational costs and services you buy. In line with all Government departments and ALBs you have already published individual salary information for your senior staff earning over £70k, along with organisation charts to demonstrate the groups of people your senior staff are responsible for, and the costs of these groups. We expect you to continue to publish this data and to continue to co-operate with transparency requests, ensuring data is submitted to deadline and in the required format.

It is particularly important that when preparing and using all data that the YPLA complies with the duty placed on them by the Information Standards Board (ISB). The ISB is the Government sponsored body for data and information standards. The ISB is the authority for system-wide information and data standards for the Education, Skills and Children's Services system in England. Its role is to provide governance of 'standardisation of standards' (<http://www.escs-isb.org.uk/>).

The Efficiency Reform Group was established by the Cabinet Office in 2010. It has brought together expertise from across Government: from different parts of Cabinet Office, HM Treasury, and the Office of Government Commerce. It aims to make Government more efficient (by reducing operational overheads to give taxpayers better value and allow resources to be focused on key priorities); and to reform radically the way public services are provided (to ensure they meet rising public expectations, improving transparency and accountability and shifting power to people and creating the Big Society).

The Efficiency Reform Group has introduced a series of financial and management controls to make sure that only essential recruitment and procurement activity is

undertaken by Government Departments and organisations like the YPLA which are funded by Government. These controls include:

- a freeze on all external recruitment;
- Treasury approval for appointments with salary packages which total more than the Prime Minister's salary of £142,500;
- a freeze on new advertising and spending on marketing;
- a freeze on new contracts and contract extensions; and changes to ICT projects of over £1 million and a review of all existing ICT projects;
- a freeze on any new spending on consultancy services from outside bodies;
- a ban on new property acquisitions, property leases and lease extensions; and
- all other procurement subject to stringent Value For Money appraisal and reporting of all spend to HM Treasury on a monthly basis.

In certain specific circumstances exemptions can be sought by your Chief Executive. Exemptions need to be cleared by the Department, HM Treasury or the Cabinet Office depending on the nature of the exemption. The details of the various exemption processes were sent to your organisation in July 2010.

In addition we will require the YPLA to support the Coalition Government's drive to reduce bureaucracy in schools by streamlining communications, removing central prescription and minimising data collections. I am satisfied that existing performance management arrangements are providing us with good opportunities to consider the YPLA's effectiveness and so I would like these arrangements to remain in place until March 2012 under the leadership of Lord Hill.

I look forward to working with you over the coming year.

A handwritten signature in purple ink, appearing to read 'M Gove', followed by a long, horizontal, slightly wavy line.

MICHAEL GOVE



## **Annex 1: The Academy Arrangements**

The Secretary of State requires the YPLA to act on his behalf in the exercise of certain specified open Academy functions (as defined in section 77(3) of the Apprenticeships, Skills, Children and Learning Act 2009). In exercising these functions the Secretary of State requires the YPLA to follow the guidance set out below.

**These Arrangements also apply to Free Schools, city technology colleges and the city college for the technology of the arts.**

### **PURPOSE**

The YPLA must exercise these functions in the manner it considers most likely to promote good and improving educational outcomes for young people. It will do this by funding Academies fairly, and supporting and challenging Academies to fulfil their mission of school improvement and raising standards for young people.

#### **1. Instructions**

When carrying out any of the Secretary of State's functions in relation to Academies, the YPLA will be expected to:

- have regard to the importance the Secretary of State places on the autonomy of Academies;
- maintain high standards of openness and timeliness in the handling of Academies' business;
- work closely with all relevant stakeholders, including Academy sponsors, principals, proposers and groups of Academies, and take full account of their views;
- make clear how Academies can raise concerns with the YPLA, including by publishing a process for Academies and others to follow where they wish to complain to the Secretary of State about the YPLA's actions on his behalf.

#### **2. Key roles of the YPLA carried out on behalf of the Secretary of State**

- a. Advice to Academies and to the Secretary of State.
- b. Funding Academies - calculating grants and making payments for 11-16 provision; for 16-19 provision; and, for 3-11 provision in all-age and primary Academies.
- c. Agreeing sixth form numbers in Academies.
- d. Financial monitoring of open Academies.
- e. Overseeing the educational performance of open Academies and updating the Secretary of State regularly on their performance (until July 2011).

- f. Ensuring each Academy complies with its Funding Agreement and that any advice the YPLA gives to an Academy or the Secretary of State will be accurate and within the limits of the Funding Agreement.
- g. Advice to the Secretary of State about admissions arrangements, exclusions etc.
- h. Keeping these arrangements under regular review in order to maximise their effectiveness, in consultation with Academies, stakeholders and the Secretary of State.

### **3. Functions the YPLA will carry out**

#### *Advice to the Secretary of State*

The YPLA will:

- provide advice to Academies on Departmental policy;
- report on how policies are working within Academies and how things could work better in order to inform policy development;

A service level agreement will be drawn up by the YPLA which will cover activities such as giving advice to Academies on Departmental policy and supporting Academies when they face problems that are specific to the Academy.

#### *Calculation and payment of grant to Academies*

The YPLA will:

- calculate (and revise if necessary) recurrent funding in accordance within the terms of individual funding agreements;
- calculate and pay General Annual Grants (includes start-up), Annual Per Capita Grant and Earmarked Annual Grants;
- obtain approval by the DfE on behalf of the Secretary of State for any proposal to make a significant change in the general methodology used to calculate any part of General Annual Grant;
- calculate and pay grants for TUPE and Staff Restructuring, Academies' Educational Advisers and Education Support and any other grants to Academies;
- calculate and pay of grants for Academies' insurance; and
- calculate and pay devolved formula capital grant.
- make additional payments to Academies in particular circumstances and within agreed limits as set out in the Financial Framework.
- maintain the existing principle of equivalence with maintained school funding, whilst it



is acknowledged that for some purposes Academy funding will be different;

- make specific grant payments to Academies on behalf of the Secretary of State corresponding to those made to local authorities even though these are not made under the Funding Agreement but under section 14 of the Education Act 2002;
- not seek information from LAs without ensuring first that it is not already available, within the required timescale, from DfE; and
- co-operate in procedures and exercises designed to give assurance on the quality of data supplied by Academies.

#### *Agreeing Academy sixth form numbers*

The YPLA will:

- agree sixth form numbers in an Academy;
- follow the principles and processes laid out in the Academies section of the Statutory Guidance (published December 2010) for allocating and funding 16-19 places in Academies;
- unless the individual funding agreement specifies otherwise, follow the same formula in calculating sixth form funding allocations for Academies as that used for maintained schools - on a lagged basis, determined by delivery in the previous year;
- publish the reasons for any of its decisions where those would have a significant impact on the size of an Academy sixth form in any given year. It will do so in writing to the Academy concerned.

#### *Financial monitoring of open Academies*

The YPLA will:

- promote effective financial management, good value for money and high standards of propriety and regularity in the use of public funds granted to Academies. This should be effected in accordance with the requirements of the Academies' Financial Handbook (as amended from time to time) and supplemented by periodic financial management review visits;
- monitor Academies' financial management control systems;
- monitor Academies' budgets and statutory accounts;
- monitor compliance of sponsors' endowment payments and make decisions on any changes requested to the scheduling of such payments;
- take decisions on the regularity and propriety of Academies' income and expenditure and the stewardship of public funds and publicly-funded assets;
- investigate any case of fraud, impropriety or irregularity in Academies if they



arise and report to the Secretary of State its findings;

- comply with the Secretary of State's requirements in relation to financial and auditing processes as set out in the Financial Framework;
- comply with the Secretary of State's requirements in relation to Board representation and governance as set out in the Financial Framework;
- comply with its own duties under the Freedom of Information Act and advise and support Academies in meeting any duties they may have under the Act.

#### *Overseeing educational performance of Academies (until July 2011)*

The YPLA will:

- support and challenge Academies to fulfil their core mission of school improvement and raising standards for young people;
- monitor performance and educational standards in Academies on an ongoing basis;
- for Academies below, or at risk of falling below, the floor the YPLA will deploy a high quality team of education advisers equivalent to the Lead Adviser role outlined in the Schools White Paper, '*The Importance of Teaching*' for underperforming maintained schools ensuring they have the relevant skills and experience of understanding Academies. These education advisers will have as their key objective the provision of support and challenge to help Academies to succeed. They will support continuity of excellent practice as well as seeking to develop new practice where improvement is needed;
- provide regular reports to the Secretary of State on the educational and financial performance of Academies and key trends within the programme. This will take the form of detailed quarterly reports with more regular updates as required or agreed.

The YPLA may upon notification by an Academy that it intends to appoint a new principal, advise Academies on the appointment of that new principal.

#### *Monitoring Academy compliance with Funding Agreements*

The YPLA will monitor Academies' compliance with their Funding Agreements, and fulfil functions of the Secretary of State under those Funding Agreements.

The YPLA is required to:

- handle complaints about the administration of an Independent Appeal Panel for admissions or permanent exclusions;
- handle objections about Academies' admission arrangements, seeking advice from the Schools Adjudicator and referring the case to the Secretary of State if it disagrees with the advice – until the point that the Schools Adjudicator

takes on these functions if and when the relevant provisions of the Education Bill 2011 are enacted;

- determine whether an Academy's daily Act of Worship need not be broadly Christian (for non-faith Academies);
- where Funding Agreements provide for it, determine changes to admissions policies or changes to published admission numbers where those changes are compliant with the Admissions Code;
- support Academies and facilitate meetings with all stakeholders to ensure that buildings are built and/or refurbished in line with agreed designs and timetables; and
- provide information and support to the Secretary of State and Academies in relation to traditionally procured or refurbished buildings.

The YPLA may exercise the Secretary of State's powers to:

- attend meetings of Academies' governing bodies;
- request an annual prospectus for each Academy; and
- inspect Academies and their records at any time.

While the YPLA does not have the authority to make decisions in the following areas, it is required to notify the Secretary of State and put forward its recommendations and, if appropriate, may be required to implement the Secretary of State's decision, in respect of them:

- a direction to admit a pupil;
- a direction to change admissions policies where those policies are not compliant with the Admissions Code;
- a change of age-range of an Academy;
- any request to amend the terms of an Academy's Funding Agreement and any re-negotiation of an Academy's Funding Agreement following a change of sponsor;
- any action to appoint directors/governors i.e. to flood an Academy's governing body;
- any request for additional funding for minor capital works; or
- a request by a sponsor to change the terms of its capital sponsorship payments.



### *Handling complaints about admissions and exclusions*

The YPLA will consider complaints made by pupils in Academies and their parents, including those under the Pupil and Parent Guarantees. Complaints should be handled in line with the principles of the Local Government Ombudsman Parental Complaints Service.

#### **4. Complaints about the YPLA**

Complaints about the YPLA in relation to the Academy Arrangements should be made to the Secretary of State. The YPLA will publish a complaints process on its website for anyone who wishes to complain to the Secretary of State which will require that the complaint should clearly set out what the YPLA have done or failed to do under the Academy Arrangements and include any correspondence with the YPLA. The Secretary of State will then consider whether the YPLA has acted reasonably and in accordance with the academy arrangements and if appropriate, will direct the YPLA to address or rectify the complaint.