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Rt Hon Anne Milton MP
Minister of State for Apprenticeships and Skills
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Graham Peters DL
Chairman, Team East Sussex
Vice Chairman, South East LEP
By email: Caroline.Bragg@eastsussex.gov.uk

Dear Graham

22nd June 2018

Thank you very much for your email of 21 December 2017, about the apprenticeship non-levy procurement. I apologise for the delay in responding to you.

Small and medium sized enterprises, most of whom do not pay the Apprenticeship Levy, are the lifeblood of our economy. This procurement is a crucial step in making sure that non-levy-paying employers, most of which are small businesses, can access high-quality apprenticeship training to support their growth and success, no matter where they are in the country or in what sector they operate.

We have delivered against our objectives for the procurement. However, and as expected, it was very competitive:

- Over 1,000 bids were accepted, worth a total value of £1.1 billion, against a published overall budget of between £440 million and £650 million for new starts.
- We have allocated initial awards totalling £485 million to hundreds of providers across England.
- Successful providers will have the chance to bid for further funding in accordance with the apprenticeship funding and performance management rules, within the overall envelope, if they can demonstrate evidence of additional demand.

The procurement has been an extremely rigorous process and we have tried to make sure that providers had the best opportunity to put in a quality bid. All bidders had clear and comprehensive advice and guidance about the required information. We requested additional information where information was missing from bids, and gave providers as much time as possible to put together their bid.

We have been clear from the start about the criteria used to allocate the available funding. This included the need to ensure a good geographical spread of provision to make sure that the ongoing provision of apprenticeship training for employers and learners is sustainable. As such, we maintained the historical geographical distribution of awards.

The thresholds and contract award limits were set to enable providers to submit bids with confidence, for tender amounts that are realistic, and which would lead to viable contract awards. We acknowledge that some providers have not received a contract award, either because they did not meet the standards we have set out, or because they did not have sufficient turnover to ensure a stable offer to employers.

From 1 January 2018, we applied the same subcontracting rules to providers delivering training to non-levy-paying employers (via contracts awarded in the procurement), as we do to providers delivering training to levy-paying employers. The rules are intended to increase the quality and value of subcontracting. They also facilitate direct relationships between employers and providers, and make sure that government funds are not diverted in the form of fees and other charges.

The rules are available to view from page 21 of the "*Apprenticeship funding and performance-management rules for training providers*" on the GOV.UK website at: <https://tinyurl.com/00060612>. We have also published a list of providers that were successful in the procurement, which can be found on the GOV.UK website at: <https://tinyurl.com/0060612>.

I hope that you find this reply helpful.

Best wishes
Ao.

Rt Hon Anne Milton MP
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