



Permanent Secretary

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Meg Hillier MP
House of Commons
London
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28 September 2017

Dear Meg,

RE: Learndirect and Adult Education Budget funding

Thank you for your letter of 31 August.

Adult Education Budget providers who did not bid for funding in 2017/18, or whose bid was unsuccessful, received wind-down funding for the period November 2017 to July 2018. The amount of wind-down funding agreed for Learndirect is £29m, calculated in exactly the same way as for any other Adult Education Budget provider. This is a significant reduction on their funding in the previous year. Learndirect's contract will then be terminated on 31 July 2018.

ESFA considered whether to issue Learndirect with a termination notice, which can follow publication of an Ofsted overall 'inadequate' judgement, and which includes a minimum three month notice period. However, the notice period can be longer where it is determined that this is in the best interests of learners and other service users.

The ESFA concluded that a termination with three months' notice would have direct and significant consequences for learners and other service users. An additional relevant factor was that Learndirect's adult education was graded 'requires improvement' rather than 'inadequate'. Therefore, the ESFA agreed a managed and phased termination of Learndirect's current contract, with conditions attached, to end on 31 July 2018.

The ESFA are putting in place an enhanced monthly monitoring regime during the wind-down contract. Delivery and performance will be closely scrutinised and swift action will be taken if concerns about the quality of provision emerge. We will track learner experience and maintain an open dialogue with other providers in case there is a need to transfer learners so that they can complete their training. I also want to reassure you that the ESFA will always investigate where concerns are raised about programmes that do not meet the funding rules and they will always seek to recover funding in cases where we find evidence of transgression. Our priority is always to act in the best interests of learners.

Best wishes,

**JONATHAN SLATER
PERMANENT SECRETARY**