Dear Colleague,

Further to our letter to you on 20th March, 2020, I am writing to update you on the approach we intend to take for payments relating to the delivery of training funded by the Adult Education Budget, in the academic year 2019/20, for providers operating under a contract for services.

Thank you for sharing your ideas about how you can continue to support residents and businesses at this difficult time. It is important that we maintain our AEB delivery base for now and for the months ahead. When we contracted with each of you, we said that we wanted to develop long term relationships that would enable us to provide a high-quality offer for adults across the region. In recognition of this, we will be making profiled payments to you for the next 3 months. In the first instance, these new arrangements will remain in place until at least the end of June 2020. This reflects the [Cabinet Office Guidance](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874178/PPN_02_20_Supplier_Relief_due_to_Covid19.pdf) Procurement Policy Note (PPN) – Supplier relief due to COVID-19 and our commitment to maintaining a strong and responsive provider base.

We will therefore be making monthly profile payments to contract for services providers based on an average of the monthly earnings over the previous three months. This payment will be made irrespective of delivery levels but will assume that providers are continuing to deliver where they can and/or are not making a profit on levels of performance below the payment amount.

 A summary of our approach is set out below and we will be issuing detailed guidance to you shortly:

* We still need you to deliver, where possible. There are critical recruitment needs now and these are likely to increase as we move into a recovery phase. Many of you have been developing approaches to take your delivery online and we will be rolling out a rapid recruitment programme, to help fill key sector needs. We will work with you to develop immediate responses to critical training needs.
* We will need you to commit to ‘open book’ accounting where your delivery is less than the amount we pay you in a month – and you will not be able to make any profit on these funds. You will need to formally sign up to this and a declaration is included with this letter.
* Where you are still delivering, you will be able to deliver more than the ‘profile payment’ – i.e. you can deliver up to your maximum contract value as per usual – the profile payment is a base minimum.
* We will work with you to agree flexibilities to the delivery originally planned, so we can reflect current and emerging economic needs. Information related to these flexibilities is included with this letter along with a response template.
* We will suspend performance management point 2, removing the automatic rebasing of contracts during this period. However, we will still need to have weekly check in calls to discuss numbers and performance.
* Online delivery will be the norm – we know that there will be some adjustments around evidence requirements etc. but we will work together to establish what these are.

In light of these measures, it is expected that you and any sub-contractors will not furlough employees involved in the delivery of WMCA AEB funded learning but will continue to pay them at their current rate.

Yours Sincerely

Clare Hatton, Head of Skills Delivery