

Baroness Jones of Whitchurch
House of Lords
London
SW1A 0PW

11 February 2011

PL/HL6510/Feb/yf

Dear Baroness Jones

Lords Question HL6510

I am writing in response to your question HL6510 that asked:

“What will be the total cost of cancelling the Capita contract to administer the Education Maintenance Allowance, including any penalty and compensation payments.”

The contract with Capita currently supports a number of learner support schemes in addition to Education Maintenance Allowance (EMA) so the decision to end EMAs will not trigger termination of the contract and there will therefore be no consequent liability to pay a penalty.

This is however a significant change to the scale of the contract with Capita and we have begun commercial discussions with Capita as to the costs involved in reducing the scale of their operation. These costs are likely to involve staff redundancies in Capita as a result of the end of EMA. These negotiations will also cover the need for on-going delivery of the remaining schemes.

As you will appreciate, I cannot anticipate the outcome of these commercial negotiations, which are likely to take several months to complete.

Yours sincerely



Peter Lauener
Chief Executive
Tel: 02476 823293
e-mail: peter.lauener@ypla.gov.uk