



Skills Funding
Agency

Business Plan for the Financial Year 2015 to 2016



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Introduction from the Chief Executive

Our Business Plan for the financial year 2015 to 2016 describes how we will deliver our key objectives.

Government skills priorities have remained broadly the same since 2010, signalling that government sees its role as setting strategic priorities, with the SFA focussed on delivery. We must play our role and be flexible enough to respond to future publicly-funded skills priorities.

The SFA funds further education (FE) to deliver high-quality apprenticeships, traineeships, qualifications and skills that will equip people of all ages with what employers need of their employees to prosper, and compete locally, nationally and globally.

We face considerable challenges in the year ahead, with reducing budgets, pressures to increase our outputs and changes to the political landscape.

A major risk that we will have to manage over the coming years is the increasing pressure on the financial health of the sector that will deliver the training provision we fund.

We need to place ourselves in the strongest possible position to help the sector make the best use of the funding available, and to deal with inevitably increased calls on our intervention capacity. We must simplify and standardise the funding system to work in the most efficient and effective way.

For the 2015 to 2016 financial year, apprenticeships, traineeships and English and maths remain our key priorities.

At the heart of apprenticeships are employers. We need to increase the number of employers that offer apprenticeships, particularly small and medium-sized enterprises.

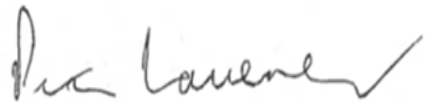
Engaging with more employers is absolutely crucial because getting apprenticeships right for the changing workplace depends on their involvement and investment.

Apprenticeships will continue to be the key to solving skills shortages and coping resiliently with the country's future skills requirements.

We recognise that investment in skills is an economic imperative and therefore we are working more closely with employers. More of the skills budgets are in the hands of employers and, through the devolution of some skills powers through a number of bespoke local agreements, funding is being used specifically to boost apprenticeships or other locally tailored skills solutions.

But we have to achieve our objectives in an environment of increased pressures on the public purse, so I have already started a significant amount of work on looking at cost savings from closer working between the SFA and the Education Funding Agency (EFA).

Apprenticeships are vital to boosting business competitiveness and crucial to giving individuals the skills they need to bring to life their career aspirations, and as such they will continue to be a priority for both funding agencies.



Peter Lauener

Chief Executive

Our Values



Key Objectives for the Financial Year 2015 to 2016

The SFA has five key objectives. In the Skills Funding Letter ('Priorities and Funding for 2015-16'), the Secretary of State for Business, Innovation and Skills (BIS) outlines clearly his vision of what the SFA is asked to achieve, as well as notifying us of our budgets and the framework under which we operate.

Our five key objectives derive directly from this letter:

1. To deliver more high-quality **apprenticeship and traineeship opportunities** and to champion and encourage participation in apprenticeships and traineeships.
2. To use our **simplified funding arrangements** to fund the best-quality provision and deliver the government's policy imperatives (including the focus on **English and maths**).
3. To provide **financial assurance** that we can properly manage and account for over £3.7 billion of public money spent on FE and skills, including working with BIS to monitor and support the financial health of the sector.
4. To support employers and individuals to achieve outcomes related to employment and learning by **commissioning and managing services** that are based on customer needs and local priorities.
5. To deliver excellent business performance through **our people**.

1



Deliver high-quality apprenticeship and traineeship opportunities and to champion and encourage participation in apprenticeships and traineeships.

1.1

Continue the development and delivery of high-quality apprenticeships in line with government policy and ministerial direction. Leading on engagement with colleges, other training organisations, employers and learners to secure support.

1.2

Support the reform of apprenticeships, including delivery of Trailblazers, facilitating employers to design new apprenticeship standards, apprenticeship assessment plans and to drive greater readiness for apprenticeship reform among colleges, other training organisations and employers.

1.3

Support the development and delivery of high-quality traineeships, ensuring high standards of delivery from colleges, other training organisations and employers, and leading on engagement with these organisations and learners to secure support.

1.4

Refine and enhance the operations of the National Apprenticeship Service as a single enabling service to employers.

#2



Use our simplified funding arrangements to fund the best-quality training and skills provision and deliver the government's policy imperatives (including the focus on English and maths).

2.1

Simplify and implement funding systems that enable the SFA to deliver the government's skills priorities, focusing on apprenticeships, traineeships, English and maths, and the response to localities.

2.2

Design and develop the employer-routed funding system, in partnership with employers, as part of the apprenticeship reform.

2.3

Work with BIS and the Students Loan Company in the delivery and growth of 24+ Advanced Learning Loans through existing and new training providers.

2.4

Manage college and training organisation high-risk (including Structures and Prospects Appraisal) and intervention cases, supporting the FE Commissioner and working with Local Enterprise Partnerships (LEPs), BIS, the EFA and Ofsted.

2.5

Ensure that the information we collect and publish (in line with Open Data standards) supports improving learner and employer choice, the smooth delivery of government priorities, the operation of the FE sector and the strengthening of provider accountability.

2.6

Provide and operate the IT systems and services required by the SFA, the FE sector and the devolved administrations.

#3



Provide financial assurance that we can properly manage and account for over £3.7 billion of public money spent on FE and skills, including working with BIS to monitor and support the financial health of the sector.

3.1

Effective delivery of the SFA's budget to ensure that, unless agreed otherwise with BIS, we keep spending within the £3.7 billion control total - within a maximum 1% tolerance.

3.2

The SFA will seek to recover any funds identified as being at risk due to financial irregularity by employers, colleges and other training organisations.

3.3

Assess and monitor the financial sustainability of colleges and other training organisations to deliver SFA funding and support intervention where standards are not met.

3.4

Completion of planned assurance audits required to deliver the audit strategy and the National Audit Office's acceptance of the assurance provided in signing off the end-of-year accounts.

3.5

Ensure that the 2007 to 2013 European Social Fund (ESF) programme is closed down efficiently making maximum use of the available budget and minimising audit errors. Support the LEPs on the 2014 to 2020 programme, to be launched as soon as practicable after approval by the EU.

#4



Support employers and individuals to achieve outcomes related to employment and learning by commissioning and managing services based on customer needs and local priorities.

4.1

Enhance the impact of the National Careers Service on individuals' access to skills and employment through comprehensive and inspirational information, advice and guidance, and through a high-quality digital offer for citizens, teachers and employers.

4.2

Support LEPs' strategic economic plans and FE capital plans, through effective service delivery of the 2014 to 2020 ESF programme and other devolved budgets, and by reinforcing government's requirement that colleges and other training organisations take account of LEP priorities.

4.3

Drive our processes and systems further towards a more simplified, employer-led focus, including the Employer Ownership Fund (part of the Employer Ownership of Skills pilot) and apprenticeship reform.

4.4

Establish digital services for employers, citizens, colleges and other training organisations that facilitate self-service access to SFA functions, services and information.

#5



Deliver excellent business performance through our people.

5.1

Support, enable and empower our people through effective leadership and people management, providing professional HR advice, guidance and support on key people issues (for example, resourcing, employee engagement, learning and development, and performance management).

5.2

Deliver the SFA's People Plan in response to the Business Plan and the Civil Service People Survey to help us deliver sustainable improvement and a more engaged workforce.

5.3

Review and enhance employee relations in the SFA, delivered through engagement with the Public and Commercial Services Union, re-establishing the SFA Staff Consultative Committee and developing clear and best practice people policies. Ensure the health and safety wellbeing of a diverse and inclusive workforce.

5.4

Delivery of the SFA's pay system and implementation of revised pay and reward strategy in line with BIS and Civil Service requirements.

Budget: Financial Year 2015 to 2016

Budget Book
£'000

College-based Adult Learning	1,061,115
Training Organisations Adult Learning	192,413
Adult Apprenticeships	770,000
Adult Skills Budget	2,023,528
Employer Ownership	61,500
Community Learning	215,447
Offenders' Learning and Skills Service (OLASS)	145,958
Teaching and Learning Total Budget	2,446,433
Learner Support Funds	172,842
National Careers Service	90,878
Skills Infrastructure	26,523
BIS Programme Total	2,736,676
16 to 18 Apprenticeships	720,000
Other Department for Education (DfE)	104,345
DfE Programme Total	824,345
Capital	
FE Capital Buildings	10,000
Other Capital	30,000
Capital Total Budget	40,000

Administration	
Pay	34,588
Non-pay	38,412
Administration Near Cash	73,000

Depreciation/Impairment	25,850
Audit Costs	150

Administration Total Budget	99,000
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Annually Managed Expenditure	
Professional and Career Development Loans	800
Administrative Provisions	-4,700
Bad Debt Provision Movement	0
Bad Debt Write-off	3,000

GRAND TOTAL (BIS Budget)	3,699,121
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Memorandum Funding Statement	
24+ Advanced Learning Loans	498,000
(Nationally Managed: Budget held by Student Loans Company)	

European Social Funds Estimated	170,000
BICC Administration	988

GRAND TOTAL (All Budgets)	4,368,109
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Staffing

Executive Management Team	Deputy Director	Senior Manager	Manager	Advisor	Business Support and Apprentices	Total
4	23	95	352	355	96	925
Includes Chief Executive						

All staffing figures represent the numbers of posts in the new structure, announced in February 2014.

Organisational Structure

Chief Executive's Office:

- Leads on performance and risk management.
- Provides secretariat for the key governance meetings/groups that the SFA holds.
- Delivers on business continuity, requests under the Freedom of Information Act 2000, compliance and physical and digital security.
- Leads and delivers communication activities for the SFA.

Operations:

- Leads the SFA's financial management of £3.7 billion budget through budgeting, reporting and forecasting, processing transactions and accounting.
- Designs and delivers efficient and effective allocation, contracting and contract and performance management processes for all colleges and other training organisations that receive funds from the SFA.
- Delivers and maintains digital and information management systems for the business and the wider FE and skills sector.
- Provides the SFA with financial advice on colleges and other training organisations, and assurance over the funding they claim. A separate Internal Audit team provides assurance and advice on the SFA's systems of governance, internal controls and risk management.
- Designs and delivers an effective programme of ESF contract compliance assessments and corrective actions.
- Delivers first point of contact query handling and resolution through the Central Delivery Service centre.
- Provides support services for the SFA: legal, human resources, telecommunications, facilities management and digital and technology.

Funding and Programmes:

- Leads the SFA's work on policy implementation for the Adult Skills Budget, localism, apprenticeships, traineeships, ESF, 24+ Advanced Learning Loans and qualifications.
- Is the budget-holder for £3.7 billion of public funding.
- Leads the funding of colleges, other training organisations and employers, including capital and ESF.
- Designs and is responsible for all FE and apprenticeship funding systems.
- Leads the data collection and reporting functions for all FE programmes, including apprenticeships.
- Leads on risk management actions with colleges and other training organisations that require intervention, and supports the activities and outcomes of the FE Commissioner's work as needed.
- Leads on due diligence assurance of the colleges and other training organisations that we fund and the wider supply chain, including subcontracting and governance arrangements for procurement and change.
- Leads on co-ordinating counter-fraud strategy.

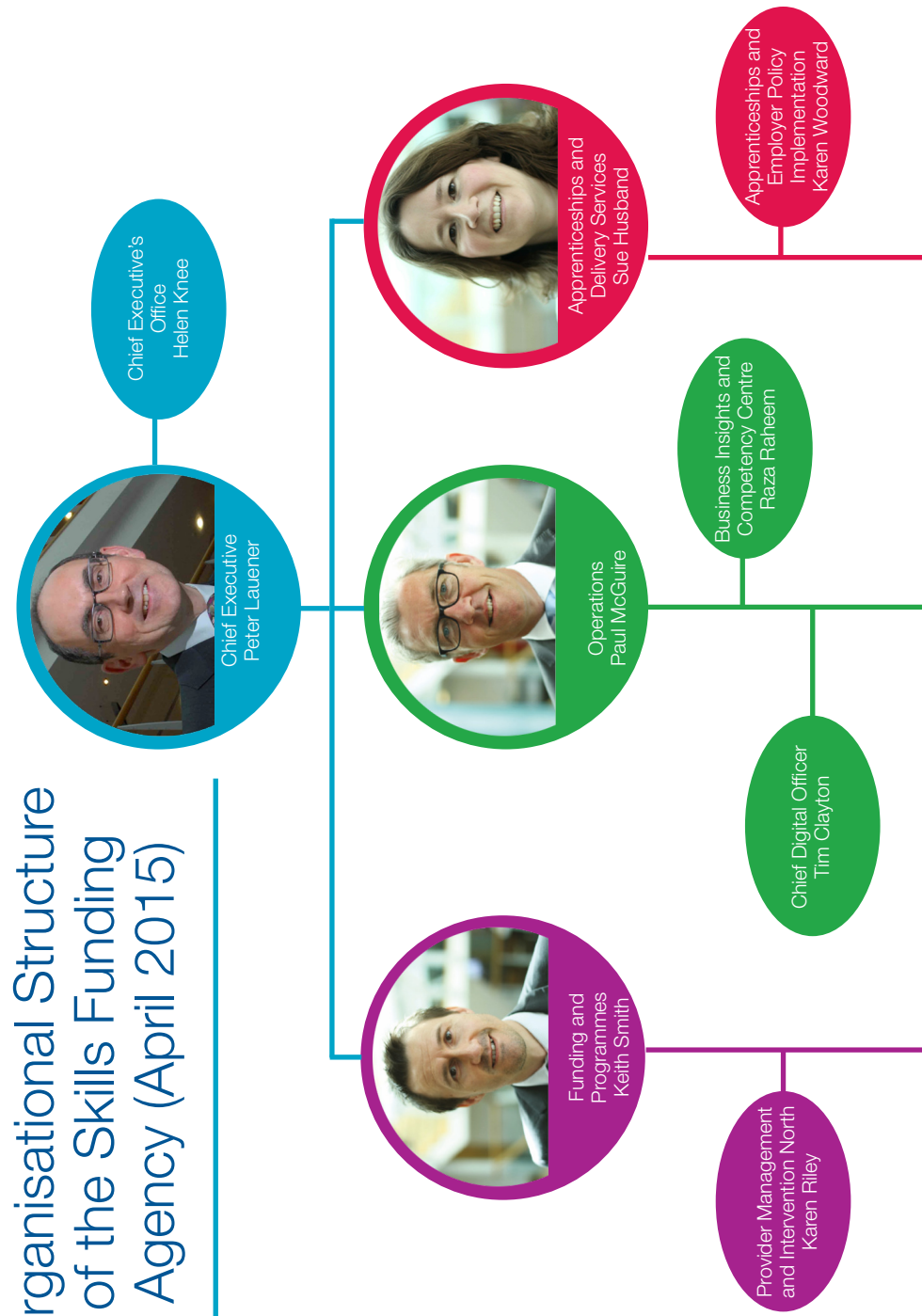


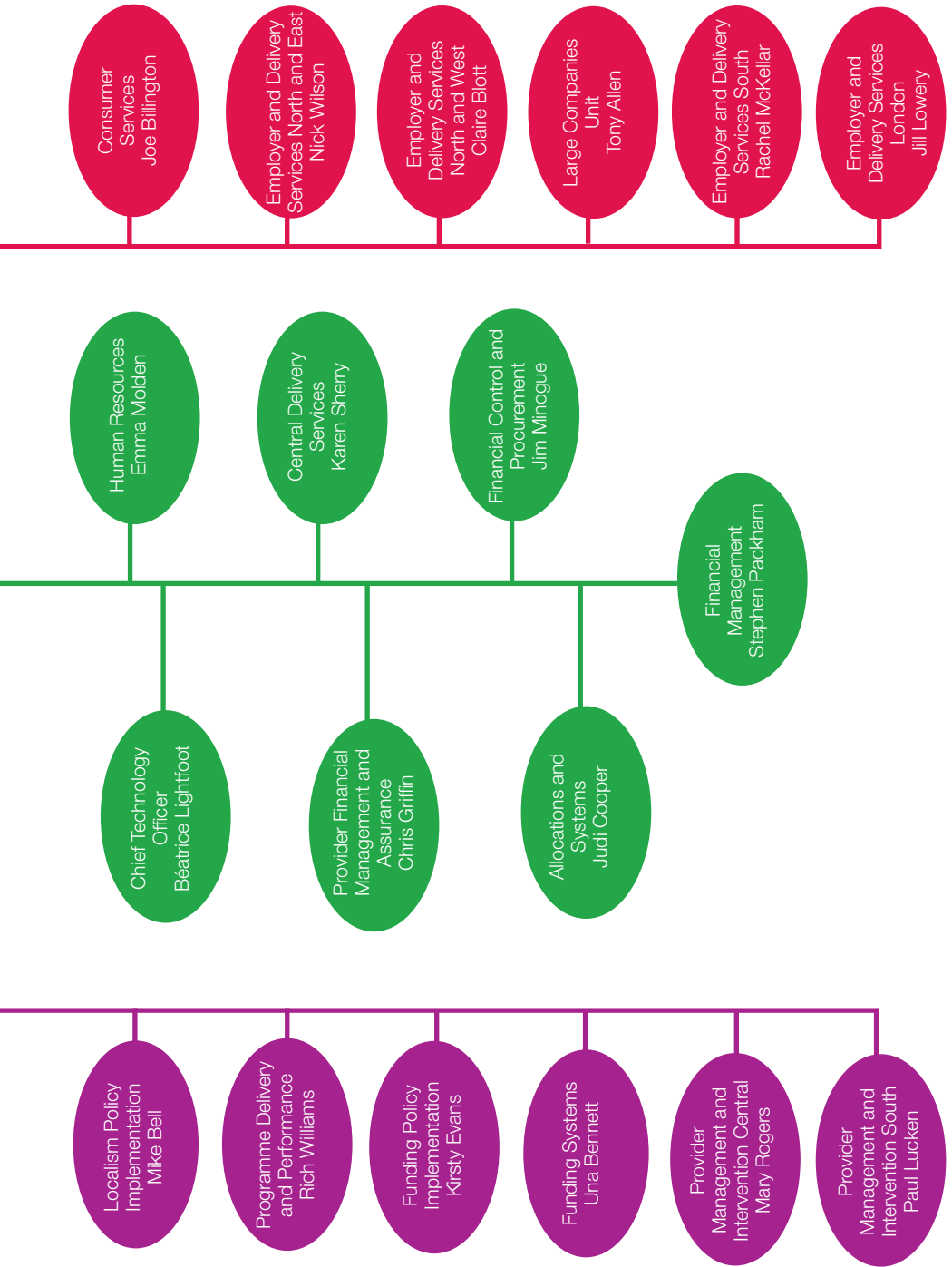
Apprenticeships and Delivery Services:

- Promotes employer engagement in apprenticeships and traineeships through marketing campaigns, promotional work and the National Apprenticeship Service.
- Leads on the SFA's work on implementing the transition from apprenticeship frameworks to new apprenticeship standards.
- Provides expert support to LEPs on the implementation of the local growth plans, especially the European Structural and Investment Fund (ESIF) and capital strategies.
- Focuses on delivery with our largest, national employers and top 40 private training organisations, targeting apprenticeship and traineeship growth, and will include the development of Industrial Partnerships and Employer Ownership.
- Commissions and manages information, advice and guidance (IAG) services based on customer needs and local priorities that support employers and citizens to achieve outcomes related to employment and learning.
- Runs the National Careers Service to give impartial, professional advice on careers, skills and training.

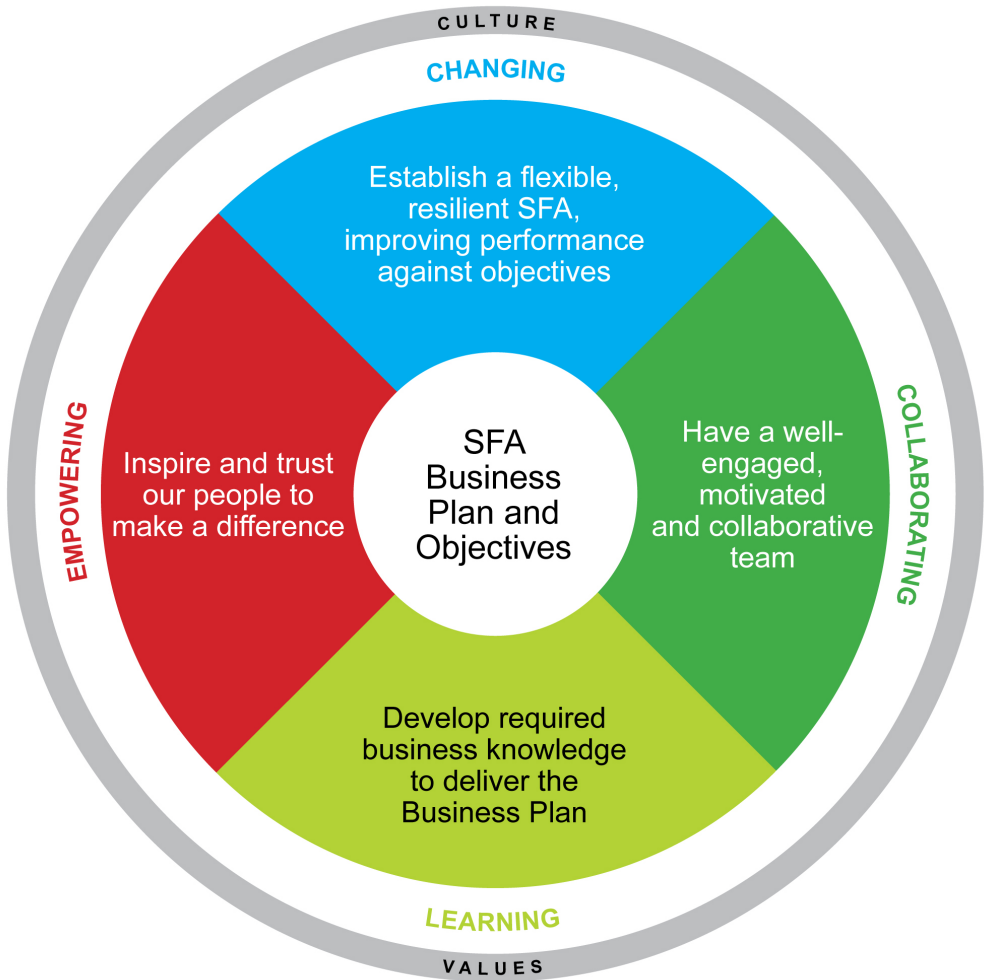


Organisational Structure of the Skills Funding Agency (April 2015)





Performance Through People



People Plan

Our Values



Strand	Outcomes	Actions
<p>Changing</p>	<p>I understand how I contribute to the delivery of our Business Plan.</p>	<ul style="list-style-type: none"> • EMT defines our vision and strategy, and communicates them so that our goals and objectives are clear. • Develop, deliver, embed and monitor our Business Plan.
	<p>Our leaders are high performing and manage change effectively.</p>	<ul style="list-style-type: none"> • Develop and deliver our Leadership Charter and embed the Civil Service Leadership Statement. • Develop and deliver our 'High-performing Teams' framework. • Develop a network of professionals to help build change management capability for the future.
<p>Collaborating</p>	<p>Our values, inclusion and respect for diversity together drive what I do and how I do it, so that I operate effectively with my colleagues as one organisation.</p>	<ul style="list-style-type: none"> • Embed our values. • Establish SFA baseline and continue to embed best practice. • Develop frameworks for more effective collaboration.
	<p>My working environment is healthy and supports my well-being.</p>	<ul style="list-style-type: none"> • Deputy Director sponsorship at every office location and launch 'healthy working' awareness campaign. • Benchmark and develop appropriate continuous improvement solutions.
<p>Learning</p>	<p>I am empowered to develop the knowledge and skills to meet my objectives.</p>	<ul style="list-style-type: none"> • Embed best practice performance management. • Promote development tools to help embed key learning and a broader skill set, using the Civil Service competency framework and Civil Service Reform Plan. • Embed evaluation for all learning and development activities.
	<p>Our leadership and management frameworks help me become effective.</p>	<ul style="list-style-type: none"> • Staff access and use appropriate tools to benchmark and improve their leadership and management skills. • Talented and high-performing staff access appropriate and challenging development.

Strand	Outcomes	Actions
Empowering	I am engaged and empowered with my work to make a difference.	<ul style="list-style-type: none"> • Develop frameworks and guidance aimed at increasing the effectiveness of 1:1s and team meetings. • Improve staff coaching and mentoring skills and embed feedback culture. • Develop and deliver tools for identifying subject matter experts.
	I improve my communications and relationships with people continuously, so that I manage change better and increase innovation.	<ul style="list-style-type: none"> • Use Lean Six Sigma techniques to continuously improve key processes. • Regular and effective meetings with the Public and Commercial Services Union and Staff Consultative Committee. • Clear and regular corporate messages that reflect our progress and achievements against the above.

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