



Skills Funding  
Agency

# Business Plan for the Financial Year 2016 to 2017



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# Introduction from our Chief Executive

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Our Business Plan for the financial year 2016 to 2017 describes how we will deliver our key objectives and operational priorities. It flows from the [skills funding letter](#) which is published annually and sets out the government's funding priorities for the skills system. It includes information for the SFA to set provider allocations for 2016 to 2017, and indicative budgets through to 2020.

The skills funding letter sets out an ambitious programme of reforms to the technical and professional education system, putting more power in the hands of employers. The government wants to transfer control of the Adult Education Budget (AEB) to local government areas through devolution agreements. Transferring the AEB will enable local areas and

colleges and other training organisations to reshape their local adult education provision.

We have simplified our funding rules, by reducing the number of anomalies and exceptions, and by streamlining funding eligibility.

We will continue to develop the funding system so that providers have the flexibility to determine what is right for their learners, whether that is regulated qualifications, accredited programmes, or non-regulated learning. This will allow providers to focus on outcomes, and is in line with the increasing importance of outcomes in success measures.

**Apprenticeships  
already deliver real  
benefits to business  
and young people in  
terms of service and  
productivity.**

Government reforms aim to boost these benefits even further. The SFA's role is to support DfE and HMRC, to deliver the digital apprenticeship service - the digital interface to services designed to support employers becoming informed customers of apprenticeships. The service is aimed primarily at employers, with information coming from a range of different sources including learning providers and apprenticeship

assessment organisations. The aim of the service is to make recruitment and access to funding and training of apprentices simpler for all employers. From April 2017 it will enable employers to use their levy funds for apprenticeship training and assessment.

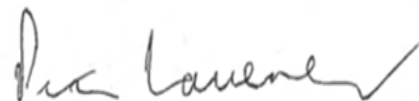
**The SFA will work with intermediaries and employers to increase apprenticeship starts by increasing the number of businesses offering apprenticeships, the number of vacancies offered and the number of citizens applying for apprenticeships, in support of the government's 3 million ambition.**

We will continue to manage services providing information, advice and guidance to citizens and businesses to support informed choices about apprenticeships, skills, learning, work and careers.

With the continued pressure on the financial health of the sector that will be delivering the provision we fund, the SFA will continue to identify institutions at risk through analytical tools and local intelligence. We will implement a range of early and formal intervention strategies to prevent or remedy institutions' poor performance. Alongside this work we will, with the Education Funding Agency (EFA), support the delivery of the national programme of area reviews and ensure implementation of agreed recommendations for college restructuring and joint working with Joint Area Review Delivery Unit (JARDU) and the Transaction Unit.

All of this activity will be supported by the newly created Funding Agencies Shared Services Team (FAS<sup>2</sup>T) which brings together common functions

from within the EFA and the SFA. Combining functions to provide secure payments, financial assurance, digital services and data analysis services, will bring efficiencies and simplification.

A handwritten signature in black ink, appearing to read 'Peter Lauener', with a checkmark at the end.

Peter Lauener

Chief Executive



**Our vision:**

**To enable learners, employers  
and providers in England to  
respond to local and national  
skills priorities.**

# Our mission:

As an executive agency of the Department for Education (DfE) we will contribute to the government's priorities of driving economic productivity through high-quality technical skills and achieving 3 million apprenticeship starts.

# Our ways of working

We will:



operate a funding system that ensures the adult education budget for 2016 to 2017, and in subsequent years, is allocated using the three core principles of effectiveness, simplicity and localisation.



provide strong financial management by focusing funding on provision rather than administration; delivering through a shared service function and against our annual funding letter and business plan.



champion strong commercial skills by giving employers purchasing power for apprenticeships through employer and provider readiness.



ensure that digital services are at the heart of everything that we do and that the digital apprenticeship service is fully integrated into our systems.



make effective use of management information, using data to inform our own decisions and to assist the decision-making of learners and providers.

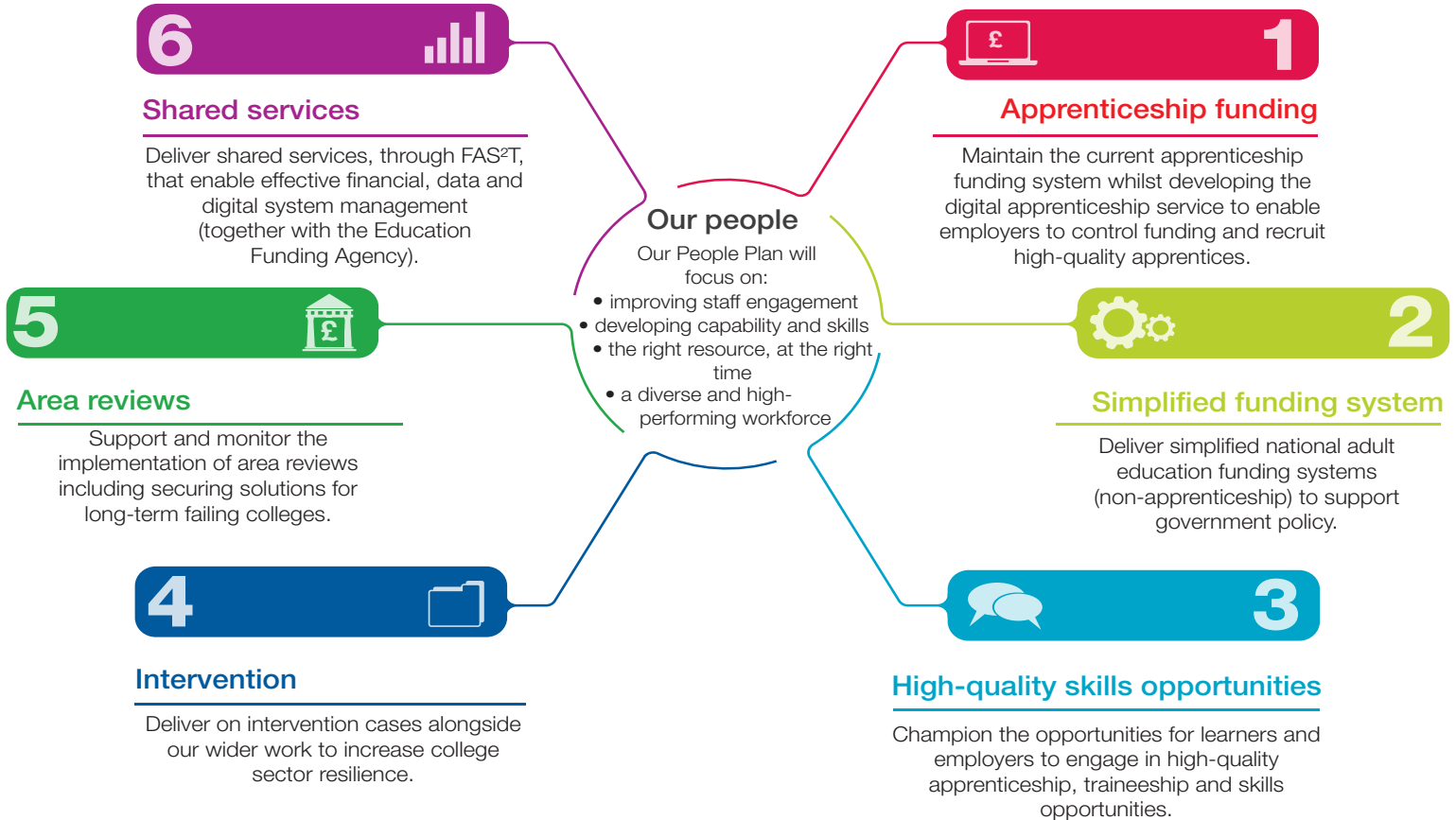


deliver our organisational objectives through ensuring that individually, collectively and corporately, we have a professional and high-performing workforce.

## Our values:



# What we will do in 2016 to 2017



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# Our key objectives

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Our key objectives come from the skills funding letter.

1. Maintain the current apprenticeship funding system whilst developing the digital apprenticeship service to enable employers to control funding and recruit high-quality apprentices.
2. Deliver simplified national adult education funding systems (non-apprenticeship) to support government policy.
3. Champion the opportunities for learners and employers to engage in high-quality apprenticeship, traineeship and skills opportunities.
4. Deliver on intervention cases alongside our wider work to increase college sector resilience.
5. Support and monitor the implementation of area reviews including securing solutions for long-term failing colleges.
6. Deliver shared services, through FAS<sup>2</sup>T, that enable effective financial, data and digital system management, (together with with the Education Funding Agency).

# #1

Maintain the current apprenticeship funding system whilst developing the digital apprenticeship service to enable employers to control funding and recruit high-quality apprentices.

- 1.1 Maintain the current apprenticeship funding system.
- 1.2 Develop and enhance the digital apprenticeship service, providing seamless, easy-to-use services for employers, apprentices and citizens, providers and other users.
- 1.3 Ensure that processes and systems are in place to distribute the levy and manage and assure the apprenticeship budget.
- 1.4 Put in place systems which build up the SFA's ability to engage with employers at scale.
- 1.5 Implementing systems and influencing behaviour change for employers, ensuring that employers and providers are fully briefed on how the new apprenticeship funding systems will work.
- 1.6 Deliver the SFA aspects of the business case and benefits realisation for the digital apprenticeship service, including: ensuring that the digital apprenticeship service system is properly integrated with other non-digital systems; delivering the end-to-end funding system; working with DfE on the design and build of the digital apprenticeship system.
- 1.7 Run the procurement for the new apprenticeship training register.

# #2

Deliver simplified national adult education funding systems (non-apprenticeship) to support government policy - allocate the adult education budget consistently with three core principles, effectiveness; simplicity; and localisation.

- 2.1 Continue to remove disproportionate compliance costs, both in providers and in the SFA, and incentives which cancel each other out.
- 2.2 Continue to make traineeships, the statutory entitlement to fully-funded English and maths, and support English for Speakers of Other Languages (ESOL) priorities.
- 2.3 Ensure that subcontracting practices are consistent with the need to achieve value for money in the sector, and to continue to take action against providers who are either operating unacceptable practices, or failing to provide clear and timely information.
- 2.4 Take account of Lord Sainsbury's findings on clear high-quality technical education to provide the skills most needed for the 21st-century economy in future funding decisions.
- 2.5 Determine the qualifications eligible for financing with a loan and the associated maximum loan values, as well as ensuring high-quality providers are operating in the market and a sufficient offer is available to learners.
- 2.6 Consult with local commissioners and providers to agree how to get the most from the integration of the Community Learning Budget, in order to best meet local adult education needs.
- 2.7 Continue to procure skills provision funded through the European Social Fund (ESF) under the 'opt-in' arrangement until 2018, and work with DfE and external stakeholders, where appropriate, in designing alternative arrangements to ensure ESF provision can continue to be matched to provision funded through the AEB.
- 2.8 Develop robust contractual documentation and implement an end-to-end contracting and performance-management cycle to ensure effective use of budgets, with minimal risk to SFA funds and reputation.

# #3

Champion the opportunities for learners and employers to engage in high-quality apprenticeship, traineeship and skills opportunities.

- 3.1 Support the reform of apprenticeships, 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.
- 3.2 Support the growth of high-quality apprenticeships in support of the government's 3 million ambition through working directly with employers and intermediaries to increase the volume of apprenticeships, the number of vacancies offered and the number of citizens applying for apprenticeships.
- 3.3 Maintain the high-quality digital offer of the National Careers Service for citizens, teachers and employers and work closely with DfE officials to develop a new blueprint for the National Careers Service to be implemented once the current contractual arrangements expire.
- 3.4 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.
- 3.5 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.
- 3.6 Encourage providers to continue to work closely with the Jobcentre Plus network to enable Youth Obligation opportunities at no cost to the young person.

# #4

Deliver on  
intervention  
cases alongside  
our wider work  
to increase  
college sector  
resilience.

- 4.1 Continue to improve risk identification in the providers we fund.
- 4.2 Maintain a robust and responsive complaints and whistleblowing procedure.
- 4.3 Share information with DfE and Ofsted where appropriate, in particular if complaints concern extremism and the Prevent Duty.
- 4.4 Develop our early intervention approach, which commenced in 2015, and for the first time will be applied to our assessment of the impact on institutions of funding allocations.
- 4.5 Working with the FE Commissioner and DfE, on formal intervention and intervene to prevent and remedy failure, where necessary, ensuring remedial action is timely.
- 4.6 Support the progress of current and future devolution deals.
- 4.7 Deliver area reviews successfully through the Joint Area Review Delivery Unit (JARDU).

# #5

Support and monitor the implementation of area reviews including securing solutions for long-term failing colleges.

- 5.1 Promote good financial management and financially resilient institutions. Seek to recover any funds identified as being at risk due to financial irregularity by employers, colleges and other training organisations.
- 5.2 Ensure providers have in place a safeguarding policy; that this is also a requirement on their subcontractors; and that this is applied to apprentices.
- 5.3 Through the Transaction Unit assess restructuring facility and exceptional financial support (except in year reprofiling) cases; managing those cases through the governance and approval process.

# #6

Deliver shared services, through FAS<sup>2</sup>T, that enable effective financial, data and digital system management (together with the Education Funding Agency).

- 6.1 Use data and analytics intelligently to underpin the services provided by FAS<sup>2</sup>T to the SFA and to external customers to help them self-serve their data and information needs.
- 6.2 Continue to reduce IT costs across SFA activity.
- 6.3 Ensure that accounts are well-managed to allow accurate and timely payments and to identify emerging pressures early to redistribute efficiently and maximise value for money.
- 6.4 Provide audit and assurance on the proper use of public funds to the Accounting Officer, to satisfy the reporting requirements of the SFA's stakeholders.
- 6.5 Provide expertise to support our customers with the delivery of their significant business change priorities, including ensuring that the SFA's technology and digital services are meeting the SFA users' needs, continually improving and increasing efficiencies.

# Our budget and planned staffing

	Baseline 2015 to 2016 £'000	Funding 2016 to 2017* £'000	Indicative		
			2017 to 2018 £'000	2018 to 2019 £'000	2019 to 2020 £'000
<b>Core Training and Learning</b>					
19+ Apprenticeships	740,000	926,019	1,076,004	1,246,996	1,422,999
Adult Education Budget	1,494,000	1,494,000	1,503,000	1,511,000	1,512,000
<b>TOTAL: Core Training and Learning</b>	<b>2,234,000</b>	<b>2,420,019</b>	<b>2,579,004</b>	<b>2,757,996</b>	<b>2,934,999</b>
Advanced Learner Loans	202,000	260,000	325,000	440,000	480,000
<b>TOTAL: Adult Teaching and Learning</b>	<b>2,436,000</b>	<b>2,680,019</b>	<b>2,904,004</b>	<b>3,197,996</b>	<b>3,414,999</b>
Offenders' Learning and Skills Service	130,350	130,350	130,350	130,350	130,350
<b>Funding to Support</b>					
19+ Apprenticeships	30,000	79,000	80,000	74,000	62,000
Adult Education Budget	343,113	311,324	259,921	192,809	177,427
<b>TOTAL: Funding to Support</b>	<b>373,113</b>	<b>390,324</b>	<b>339,921</b>	<b>266,809</b>	<b>239,427</b>
<b>GRAND TOTAL</b>	<b>2,939,463</b>	<b>3,200,693</b>	<b>3,374,275</b>	<b>3,595,155</b>	<b>3,784,776</b>

\* The figures from this table are from the [skills funding letter: April 2016 to March 2017](#).

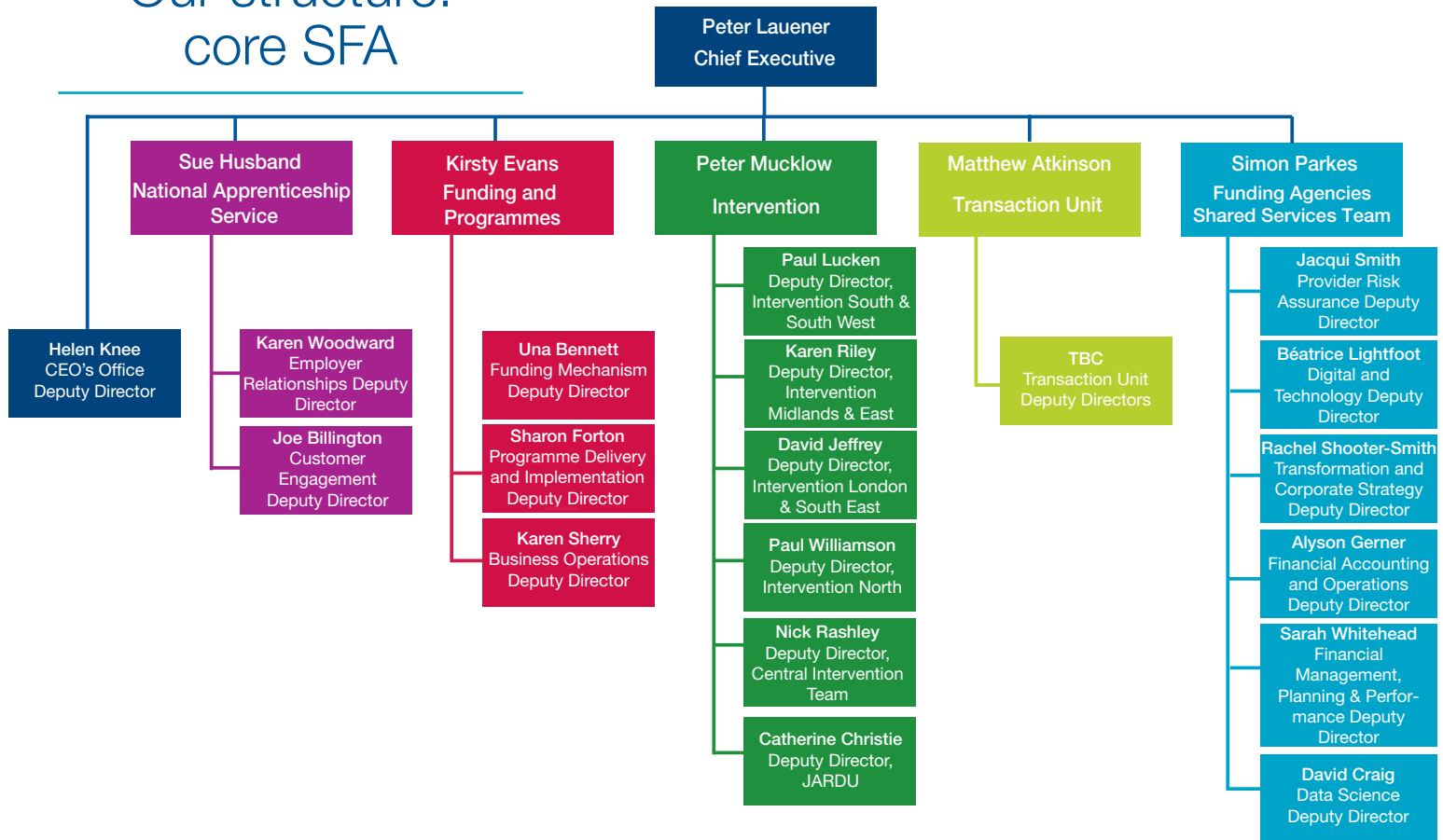
The finance table shows the funding available for the 2016 to 2017 financial year and indicative projections for 2017 to 2018 financial year to the 2019 to 2020 financial year (actual budgets will be set out in each year's funding letter).

# Staffing

Executive Management Team	Deputy Director	Grade 6	Grade 7	SEO	HEO	EO/EA/AA	Total
5 (includes Chief Executive)	9 (plus four EFA staff on our structure diagram.)	51	119	96	106	52	438

All staffing figures represent the numbers of posts in the new structure, announced in April 2016, and does not include FAS<sup>2</sup>T. FAS<sup>2</sup>T have 172 SFA employees as at April 2016.

# Our structure: core SFA



## Our people plan



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