



Education & Skills
Funding Agency

Business plan for the financial year 2017 to 2018

August 2017

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Foreword from our Chief Executive

The Education and Skills Funding Agency (ESFA) is an executive agency of the Department for Education (the department).

Our business plan for the financial year 2017 to 2018 describes how we will deliver our key objectives and operational priorities to support the department. It is the first plan since the start of the new agency and merges the priorities of the former Education Funding Agency and Skills Funding Agency.

As well as funding, we will continue to deliver school capital projects and manage services which provide information, advice and guidance to citizens and businesses to support informed choices about apprenticeships, skills, learning, work and careers.

The plan will be updated annually and in line with the ESFA Framework Document agreed by the Secretary of State for Education.

The ESFA is committed to its staff, which is why we also have a people plan. Employees can expect to be valued, develop their skills and be challenged. There is a current focus on strategic resourcing; skills and development; and operations and inclusion in response to the Civil Service People Survey for our predecessor agencies.

Performance and risks against the business plan are reported on a monthly basis to the ESFA Executive Committee and also at the regular ESFA Management Board and Audit and Risk Committee meetings. We are also accountable for our performance to the Permanent Secretary and ministers throughout the year, and to Parliament and the public at the end of the year via our Annual Report and Accounts.



Peter Lauener
Chief Executive

Introduction to the Education and Skills Funding Agency

The ESFA brings together the former responsibilities of the Education Funding Agency (EFA) and Skills Funding Agency (SFA) to create a single agency accountable for funding education and skills for children, young people and adults (excluding higher education). It began operating on 1 April 2017.

The ESFA:

- is accountable for £63 billion of funding for the education and training sector, providing assurance that public funds are properly spent, achieves value for money for the tax payer and delivers the policies and priorities set by the Secretary of State
- regulates academies, further education and sixth-form colleges, and training providers, intervening where there is risk of failure or where there is evidence of mismanagement of public funds
- delivers major projects and operates key services in the education and skills sector, such as school capital programmes, the National Careers Service, the National Apprenticeship Service and the Learning Records Service

As a delivery agency, the ESFA plays a critical role in delivering the department's key objective of reforming the education system so that it raises standards, closes achievement gaps and supports the social mobility of children, young people and adults. Education and skills lie at the heart of the government's drive to extend opportunity, deliver real social justice and raise economic productivity.

We operate in the context of a significant number of reforms and challenges facing the education and skills sector. This includes most notably:

- the changes in the design, delivery and funding of apprenticeships
- the implementation of area review recommendations for the further education sector
- the technical education reforms
- the new national fair funding formula for schools
- the devolution of the adult education budget to a number of local areas

As a single funding agency of the department, we are better placed to help the schools, colleges, employers and independent providers we fund to focus on their effectiveness and on responding to these strategic changes. We will focus on developing a single culture, processes and timelines, removing duplication of effort for both external users and agency staff by bringing consistency to the services previously delivered by two separate agencies.

Working across the sector, we will join up our funding, regulation and delivery systems whilst at all times keeping learners, providers and employers at the centre of everything we do. We will make sure that we have the right skills, structure and the right kinds of data and systems that we need for the future.

Our vision

A system that delivers the resources to provide excellent education and skills

We recognise that education and skills lie at the heart of the government's drive to extend opportunity, deliver real social justice and raise economic productivity. To support this, we will get the best value for money for the taxpayer and the best opportunities for learners. We will keep our customers and users at the heart of what we do so that learners, employers and providers in England can respond to local and national education and skills priorities.

Our mission

Every pound matters

We want to deliver the best possible value for money for the taxpayer, and we want to be a great place to work and deliver. We will empower our staff and partners to find ways to improve what we do, delivering better, more efficient services.

Our core principles

How we work and what we set out to achieve will be driven by our intent to deliver to the highest possible standards. This means that our work and the way we develop the single agency is underpinned by three core principles:

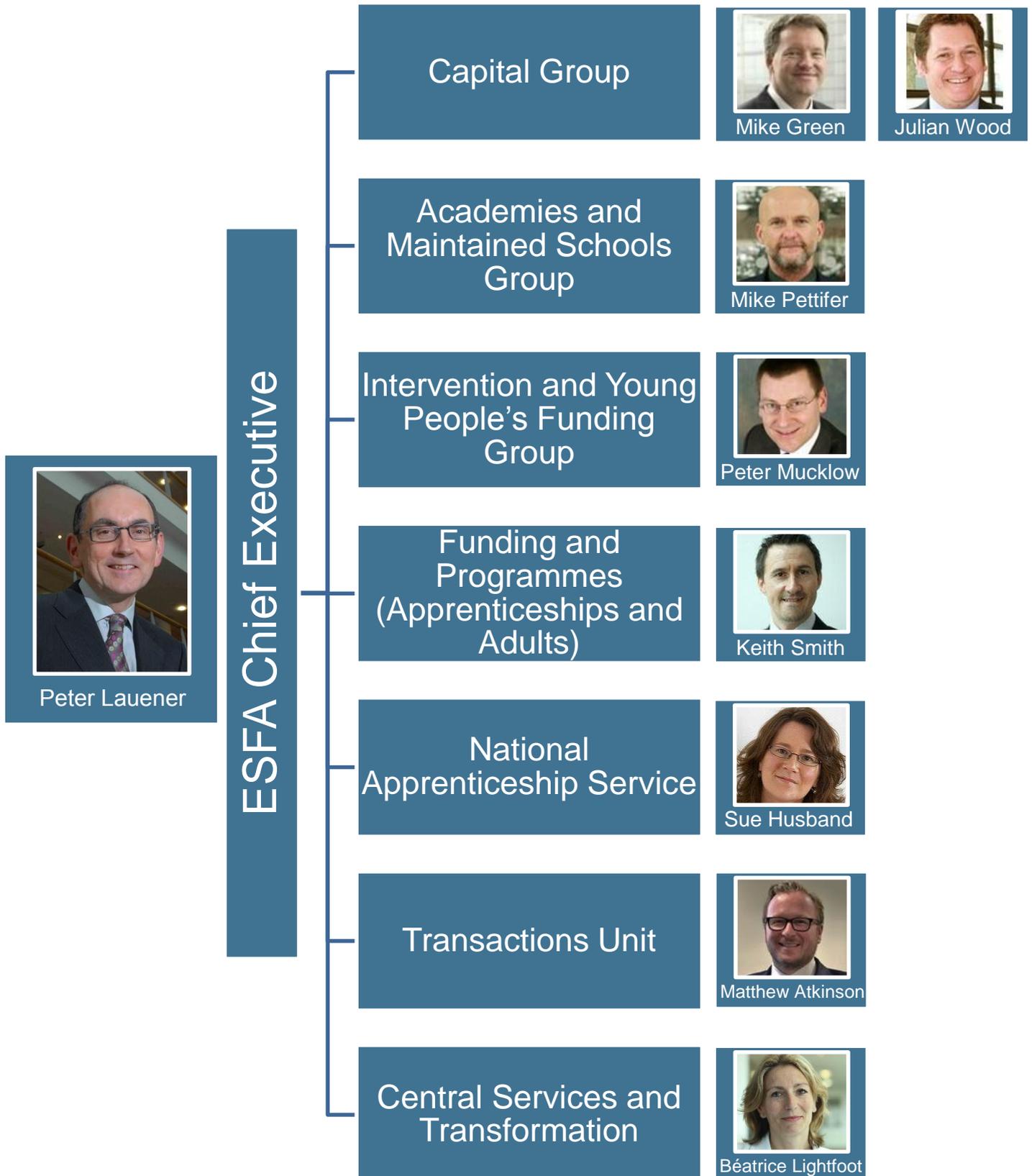
- putting customers and users at the heart of what we do
- improving and simplifying systems and services releasing benefits for the education and skills sector, for service users and for ourselves
- supporting our people to develop the skills they need to succeed

Our principles align with the four Civil Service Values.



Our structure

Peter Lauener reports directly to Jonathan Slater, the Permanent Secretary of the department. The ESFA is organised into seven groups:



Capital Group

This group is led by Mike Green, and Julian Wood is the group's Chief Operating Officer.

The Capital Group provides expert advice and delivery skills to help shape and implement the department's capital policy objectives, so that it achieves best value from limited capital budgets. Supporting the department to achieve its capital policy objectives, Capital Group:

- helps to ensure there are sufficient school places so that every child can access a good school place
- helps to ensure school buildings are kept useable, safe and effective by rebuilding and refurbishing existing schools
- delivers the government's reform priorities, by ensuring that approved free schools are able to open

Alongside managing construction projects, the Capital Group also sets standards for school buildings across the country and distributes funding through capital bidding rounds. Additionally, the group is collecting estate and building condition related data so that it better understands need and can target funding effectively.

Academies and Maintained Schools Group

This group is led by Mike Pettifer.

The Academies and Maintained Schools Group oversees academies that are publicly funded independent schools, and maintained schools where funding is through the local authority. The group's vision is to be a trusted partner that helps schools realise financial health, supporting the provision of excellent education. The vision is underpinned by the following key delivery priorities:

- *Funding and the national fair funding formula*: ensure that local authorities, all open and opening academies and free schools receive the right revenue funding at the right time
- *Mitigating risks to school financial health*: support the whole sector by promoting robust financial forecasting and efficiency, taking a preventative approach with academy trusts and working closely with local authorities
- *Accountability and intervention*: support effective financial planning and robust governance working closely with the National and Regional Schools Commissioners, intervening swiftly and effectively where needed

Intervention and Young People's Funding Group

This group is led by Peter Mucklow.

The Intervention and Young People's Funding Group intervenes in colleges and other post-16 providers to prevent and address risks to the sustainability and quality of FE provision for students of all ages, and to public funding. It makes accurate, timely and fair funding allocations to over 3,000 schools, academies, colleges and

commercial and charitable providers to offer high quality education and training to over 1.2 million young people aged 16 to 19 in England so they can reach their potential regardless of background.

It is responsible for spending £6 billion of public funding including over £200 million of financial support for disadvantaged students, and leads on the maintenance of the 16 to 19 national fair funding formula. It operates a high-performing enquiries service to individuals and institutions covering the range of its business.

Funding and Programmes (Apprenticeships and Adults)

This group is led by Keith Smith and Kirsty Evans is the associate director.

The Funding and Programmes Group leads on over £3 billion of public funding, including programme budgets for colleges, commercial and charitable providers and employers, and is responsible for the design and delivery of allocations, funding and contracting systems. It is responsible for providing assurance that providers are fit to operate in the skills market, and leads the development and operation of the new apprenticeship service for employers.

National Apprenticeship Service

This group is led by Sue Husband.

The National Apprenticeship Service (NAS) supports the delivery of apprenticeships and traineeships in England. The group leads on employer engagement ensuring that increasing numbers of employers and individuals benefit from the reforms and higher quality apprenticeships. It supports the delivery of apprenticeships in England, offering free, impartial advice and support to employers of all sizes according to their needs. The NAS also leads on communications to raise the profile and prestige of apprenticeships including campaigns, awards, ambassador networks and National Apprenticeship Week.

Sue Husband also has the responsibility for the National Careers Service (NCS). The NCS provides impartial careers information, advice and guidance to adults and young people to support their decision-making about learning and work.

Transactions Unit

This group is led by Matthew Atkinson.

The Transactions Unit works with policy, intervention and finance teams across the ESFA to arrange restructuring support for further education and sixth-form colleges by providing funds to implement the recommendations of post-16 area reviews, and to ensure conditions for this support are met. The unit supports change to deliver a financially strong, stable and resilient provider network.

Central Services and Transformation

This group is led by Béatrice Lightfoot.

The Central Services and Transformation Group is responsible for shared business services, including Data Science and Provider Risk and Assurance. The group provides expert financial management and governance on our work with academies and post-16 institutions, such as reviews of the finance data provided to the ESFA to assess risk, investigation of potential failures in governance and financial management, and development of the financial framework in consultation with the sector. We provide a data, business intelligence and analytics service to the ESFA and wider department, developing analytical tools and modernising the way education data is captured, stored and used.

The group delivers central functions such as governance, communications, corporate planning, performance and risk monitoring, Chief Executive Office support, information security and the ESFA people plan. It also enables the agency to act as an intelligent customer for finance, digital, data and technology, estates and HR services provided by the department. The group will lead the transformation of the new agency to enable us to deliver better, more efficient services and to realise the benefits of combining the responsibilities of the former EFA and SFA.

Our ways of working

We are part of a customer-focused department that aims to deliver high quality services so we can support the organisations we fund to deliver the best services for children, young people and adults, and support employers and learners to access those services. The only way we can achieve this will be by making the most of the knowledge, skills and experience of our workforce, and by making sure we all continuously seek to improve what we do. Every member of staff has a role to play in making the ESFA a success.

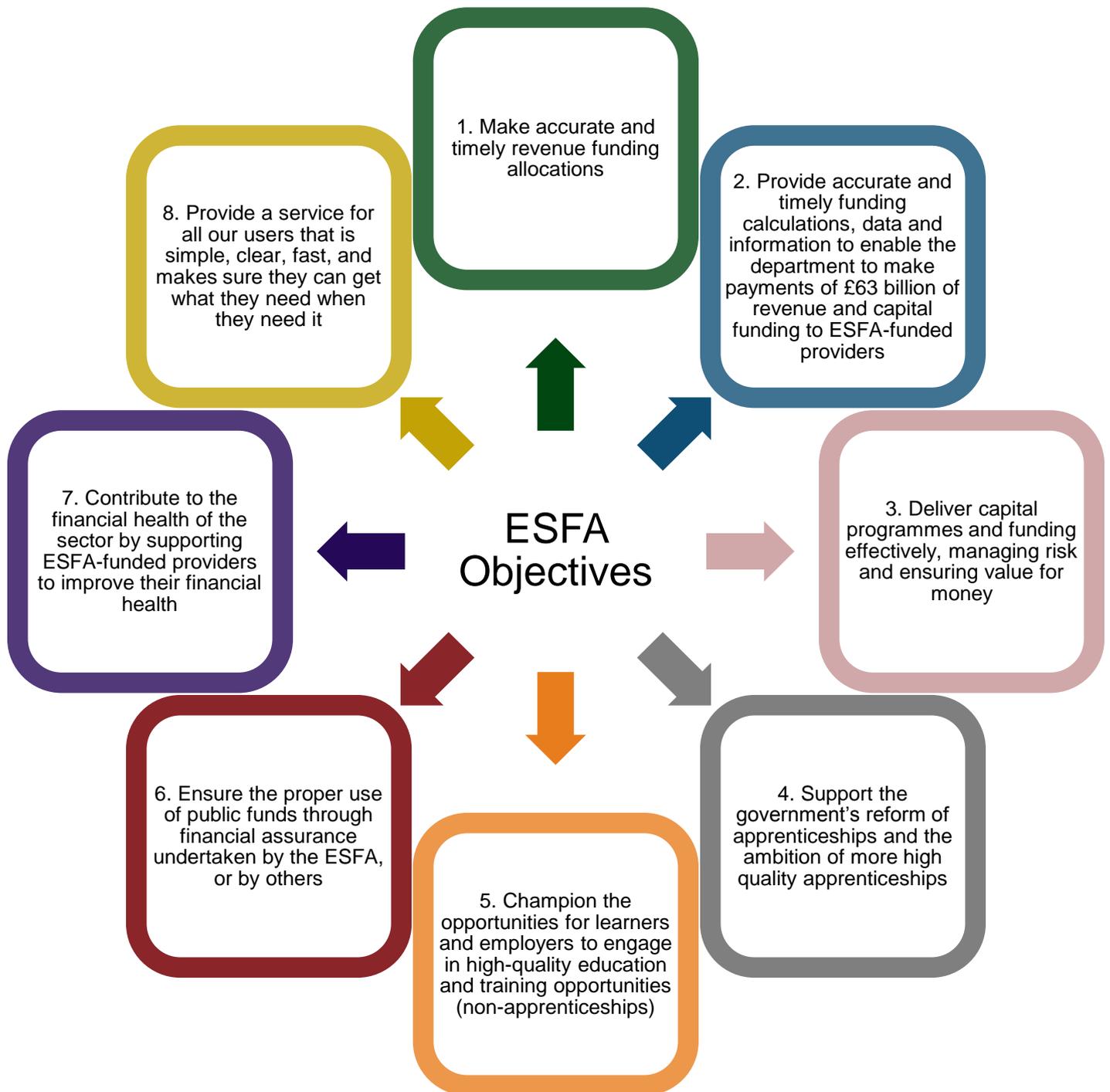
The department's transformation programme, 'Building our Department Together', has set out four key behaviours that underpin its 'Listen Think Do' strategy. As an executive agency of the department, the ESFA will adopt these themes. The four key behaviours are:

- customer focus
- empowered staff and decision making
- evidence and data driven
- focus on end-to-end delivery

We work closely with:

- policy colleagues in the department (particularly the Infrastructure and Funding Directorate on schools, and the Higher and Further Education Directorate on young people, adults, apprenticeships and skills)
- colleagues in the department's Insight, Resources and Transformation directorate, which provides services to us including accounting, payments, estates and IT support
- the Institute for Apprenticeships, which is responsible for ensuring that the apprenticeship system provides high quality outcomes for employers and apprentices
- LocatED, which has a focused role to acquire sites for free schools
- Regional Schools Commissioners, who work with school leaders to take action in underperforming schools
- the Further Education (FE) Commissioner, on area reviews of post-16 education and training, and on college intervention

Our objectives



Objective 1

Make accurate and timely revenue funding allocations

To achieve this, we will:

- advise on the implementation timetable and delivery for any changes to the funding system for the 2018 to 2019 academic year, and ensure that systems are updated to reflect these changes to take account of the introduction of the national fair funding formula and policy decisions on: early years funding; 16 to 19 funding; and adult education and skills funding
- allocate annual revenue funding for: academies; free schools; institutions for the education of 16- to 19-year-olds; and high needs students up to age 25
- allocate funding for apprenticeships delivered to small and medium-sized enterprises (SME) and to support existing apprentices
- allocate the adult education budget and continue to work with policy colleagues and other stakeholders on the proposals to devolve adult education funding from the 2018 to 2019 academic year
- allocate funding for financial support to disadvantaged post-16 students outside higher education
- allocate funding facilities for advanced learner loans
- allocate dedicated schools grant to local authorities

We will publish outcomes against the following performance indicators:

- proportion of allocations made accurately
- proportion of allocations made on time

Objective 2

Provide accurate and timely funding calculations, data and information to enable the department to make payments of £63 billion of revenue and capital funding to ESFA-funded providers

To achieve this, we will:

- make sure that we put in place funding agreements
- share funding data and information with the department to enable it to make payments accurately and on time

We will publish outcomes against the following performance indicators:

- proportion of payments commissioned accurately
- proportion of payments commissioned on time

Objective 3

Deliver capital programmes and funding effectively, managing risk and ensuring value for money

To achieve this, we will:

- continue work under the two phases of the Priority School Building Programme (PSBP) addressing the condition need of the at 537 schools across the country most in need of urgent repair
- continue to open new free schools, working with LocatED to secure and transform sites and ensure value for money
- support effective capital funding and risk management through the data collected in the Schools Capacity Survey and the Condition Data Collection
- deliver value for money through continuously reviewing opportunities for efficiencies in procurement, programme delivery and by working with interested parties across the sector

We will publish outcomes against the following performance indicators:

- number of PSBP schools completed and expenditure
- number of free schools opened and expenditure

Objective 4

Support the government's reform of apprenticeships and the ambition of more high quality apprenticeships

To achieve this, we will:

- ensure that increasing numbers of employers benefit from the reforms to apprenticeships
- maintain the former apprenticeship funding system
- enhance the apprenticeship service, providing seamless, easy-to-use services for employers, apprentices, citizens, providers and other users
- enable employers to control funding and recruit high-quality apprentices
- raise the profile and prestige of apprenticeships through a wide range of channels, including ambassadors and intermediaries
- support the transitioning from apprenticeship frameworks to new apprenticeship standards
- drive greater readiness for apprenticeship reform among colleges, other training organisations, apprentice assessment organisations and employers
- work with stakeholders to realise the benefits of the apprenticeship programme, as part of the business change activity
- support the growth of high-quality apprenticeships by providing citizens who wish to become apprentices the information and support they need to realise their goals
- involve teachers, parents, employers and intermediaries to increase the volume of apprenticeships, the number of vacancies offered and the number of citizens applying for apprenticeships

We will publish outcomes against the following performance indicators:

- number of levy and non-levy employers offering apprenticeships
- number of apprenticeship starts
- number of opportunities or vacancies available
- funding flow through new apprenticeship service
- quality measures for provision

Objective 5

Champion the opportunities for learners and employers to engage in high-quality education and training opportunities (non-apprenticeships)

To achieve this, we will:

- maintain the high-quality digital offer of the National Careers Service for citizens, teachers and employers and work closely with departmental officials to develop a new blueprint for the National Careers Service to be implemented once the current contractual arrangements expire
- 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
- make traineeships, the statutory entitlement to fully-funded English and maths, entitlements for 19- to 23-year-olds and support English for Speakers of Other Languages (ESOL) priorities within the adult education budget
- support Local Enterprise Partnerships' (LEP) strategic economic plans and further education capital plans, through effective service delivery of the 2014 to 2020 European Social Fund programme and other devolved budgets, and by reinforcing government's requirement that colleges and other training organisations take account of LEP priorities
- encourage providers to continue to work closely with the Jobcentre Plus network to enable Youth Obligation opportunities at no cost to the young person
- support the reform of technical education across young people and adults

We will publish outcomes against the following performance indicators:

- customer feedback for National Careers Service
- numbers and satisfaction levels of website users for the National Careers Service pages on GOV.UK
- Ofsted inspections for National Careers Service providers

Objective 6

Ensure the proper use of public funds through financial assurance undertaken by the ESFA, or by others

To achieve this, we will:

- operate a system to identify provider risk so we can balance the autonomy of providers with the need to provide assurance - we will do this through actively monitoring ESFA-funded providers, working with the FE Commissioner and the department on formal intervention, intervening quickly and decisively where there is a risk to public funds, ensuring remedial action is timely
- be proactive in managing the risk of fraud through identifying sector risks, sharing best practice to manage the risk and prevent fraud, and identifying data sharing opportunities to detect potential fraudulent behaviour
- deliver high quality assurance work that enables our key stakeholders, including the National Audit Office, to rely upon our work
- develop and maintain accountability and regularity frameworks for educational providers, working closely with others in the department and the sector itself
- act on behalf of the Secretary of State to ensure that our providers are complying with their funding agreements and relevant statutory legislation
- deliver assurance on funds expended through the Apprenticeship Levy

We will publish outcomes against the following performance indicators:

- delivery of the annual assurance statement to the Chief Executive as Accounting Officer, in accordance with the annual assurance plan
- key messages from our assurance work shared with stakeholders and the sector to raise awareness of good practice and areas of concern
- number of intervention notices issued

Objective 7

Contribute to the financial health of the sector by supporting ESFA-funded providers to improve their financial health

To achieve this, we will:

- assess and monitor the financial health and plans of providers, supporting the effective evaluation of our funding and contracting decisions, and feeding into the overall financial health assessment of the sectors to support the department's future policy and planning
- have a preventative approach including further development of our data analytics capability to predict the future financial position of institutions in order to provide more effective and efficient risk assessment
- assess the financial challenges ESFA-funded institutions face and support them to manage the risks to their financial health by making guidance, information and benchmarking data available, and promote good financial management in schools and colleges making sure we don't put unnecessary barriers in the way
- monitor and support the implementation of the recommendations from post-16 area reviews including providing financial support for restructuring of institutions where other funding sources are not available
- assess the impact of current and future devolution deals on provider financial health
- use data analytics to inform the assessment of the future financial health of providers and identify those that may be at risk

We will publish outcomes against the following performance indicators:

- number of successful implementations of the recommendations of the post-16 area reviews
- of those colleges meeting the triggers for early intervention on financial health grounds: a reduction in the proportion that subsequently meet the triggers for formal intervention on financial health grounds within 2 years of commencing the early intervention activity
- the average time spent in formal intervention for all colleges which have been in formal intervention for more than 24 months

Objective 8

Provide a service for all our users that is simple, clear, fast, and makes sure they can get what they need when they need it

To achieve this, we will:

- publish an ESFA customer charter, and ensure our service is easy for all to use and work with
- provide an efficient enquiry service to all ESFA-funded institutions and parents, with continued improvements in timeliness and quality
- respond to all correspondence within the timescales set out in our customer charter
- publish a complaints policy for complaints about the service ESFA provides
- act on behalf of the Secretary of State in handling complaints about ESFA-funded education and training providers
- provide a high quality data, business intelligence and analytics service, to enable the sector to self-serve
- develop innovative analytical tools to improve the way education data is captured, stored and used across government to benefit our internal and external customers and users

We will publish outcomes against the following performance indicators:

- percentage of enquiries resolved within 3 days
- correspondence responses sent within published timescales
- number of complaints received and responses sent within published timescales
- satisfaction levels of ESFA-funded institutions and parents

Our people plan

The ESFA is serious about people, and about giving them the chance to learn new skills, develop networks and capabilities, and to progress. Our overarching vision for ESFA is of a great place to work where everyone can have a diverse, satisfying career and aim as high as their talents will take them; and where opportunities are available to all, regardless of age, background, health, religion, sexuality or gender identity.

We will create a high performing workforce equipped with the skills and capabilities needed to deliver our business plan and departmental priorities.

Staff that work in the ESFA can expect:

- *to be valued*: we listen to all views and suggestions and implement good ideas
- *to develop*: we encourage all employees to develop their skills through learning and development programmes and commitment to continuous professional development
- *to be challenged*: we continuously review what we do and how we do it

We have a dedicated People Board, which oversees a varied work programme that delivers everything from the ESFA culture and behaviours, apprenticeships strategy to well-being and mental health.

The ESFA's people plan will focus on:

- improving staff engagement further in response to the Civil Service People Survey
- developing capability and skills to support delivery of the ESFA business Plan
- undertaking workforce planning to ensure we have the right resource at the right time
- attracting, developing and retaining a diverse and high-performing workforce



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