

**Review of the delivery of financial support to students in
England by the Student Loans Company for the academic
year 2009/10 and plans for academic year 2010/11**

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Executive Summary

1. This is the first year of implementation in the Customer First Programme, designed to centralise and modernise the end-to-end delivery of student finance in England. The programme transfers responsibility for the majority of the processes leading to payment to the Student Loans Company, which has been asked by the Government to design, build and operate Student Finance England. As its title suggests, it was the firm and clear intention to put the student at the centre of this programme. While some aspects of the programme have been realised and good progress made on others, there has been a conspicuous failure in key areas of its delivery which has had a far-reaching impact on applicants and stakeholders.
2. We acknowledge that there have been some important achievements by the Company in implementing the programme and that good progress is being made in the next stage of implementation. It is also recognised that there has been an increase in applications to higher education this year and it is further acknowledged that more applications for financial support have been processed than last year. However, due to a combination of technical, management and service failures, the experience of many applicants and stakeholders this year has been poor. We appreciate the readiness of the Company to reflect on these failures and to engage with the review in seeking to find solutions.
3. At the time of publishing this report, some weeks after the beginning of the academic year, it appears that there are applicants who have yet to receive their full entitlements for support, particularly in the case of students seeking targeted support.
4. *It is our view that the highest priority should be given to ensuring that the processing of applications for the 2009/10 academic year is completed and that full payment is delivered to students; in particular, every effort must be made to ensure that students still seeking targeted support are provided with the funding they need.*
5. After reviewing the evidence available to us, we have identified a number of areas of concern which this report explores. Rather than follow precisely the structure of the report, this summary identifies what in our view are the key points of failure in the delivery of the 2009/10 applications cycle.

Scanning and workflow technology

6. The Company failed to recognise and mitigate the inherent risks of procuring an untried scanning and workflow technology, which was central to the Company's business model for applications processing and the assumptions underpinning staffing levels and processing times. This technology was intended to be used to manage the thousands of documents submitted to the Company to support applications, in particular for means-tested assessments. At a critical point, the technology failed and the Company had to resort to manual processing of documentary evidence, for which it was not fully prepared. The procurement of this technology and the project management of its implementation were, in our view, inadequate. Management indecision and over-optimism in the scanning technology meant that manual processing was not introduced quickly enough, the consequences of which were far-reaching.

Management of the contact peak

7. The Company's leadership chose, as it had in previous years, to resource the contact centre below peak demand in order to meet service level targets that were based upon an average performance level over the year. Answering telephone enquiries about the progress of applications forms a key part of the process and customer experience, with a large peak in contact volumes occurring after A-level results are confirmed. The Company provided a service that was, in its view, 'broadly acceptable' throughout much of the year and a poorer service with a higher number of unanswered calls during peak periods. However, the Company had available to it the infrastructure and tools required to more effectively manage contact volumes throughout the year, including during peak periods. In our view, the Company's resourcing model for the contact centre was inappropriate and inadequate use was made of the range of tools and resources available to proactively manage the contact peak.

Stakeholder management

8. The Company failed to engage effectively with its stakeholders in the higher education sector, particularly as problems emerged. Many people within the sector, as detailed in their response to our survey, found it difficult to contact the Company and felt there was insufficient information coming their way. By not developing an open dialogue with its stakeholders the Company denied itself access to an invaluable source of support and lost the trust and confidence of important partners. The Company will need to work hard to rebuild effective partnerships to support the delivery of the next application cycle.

Media relations and reputation management

9. The Company considers that adverse media coverage exacerbated the increase in contact volumes experienced this year. However, at key points the Company neglected to engage proactively with the media and the statements that were made by the Company's representatives did not clearly explain the situation or go far enough to manage concerns. The Company was at times forced to reveal the scale of the problem through requests under the Freedom of Information Act, giving the impression of defensiveness and undermining confidence in the Company. It appears the Company may well have suffered significant reputational damage as a result.

Risk management

10. The Company's risk management procedures did not fully identify and manage key corporate and strategic risks that, in the event, had a significant impact on service delivery this year. The management of the scanning and workflow technology, the deliberate under-resourcing of the contact centres and the absence of effective stakeholder and reputation management all posed risks to successful service delivery which were not properly identified. As a result, these risks were not visible to the Board of the Company, which was then unable to effectively manage them, leading to shortcomings in service delivery.

Culture

11. The Customer First Programme required the Student Loans Company to undertake a significant cultural shift in transforming from a very stable organisation, focussed primarily on payments and collections, into one responsible for providing information, advice and guidance directly to applicants in addition to assessing their applications. This required the Company to engage with a wider range of customers than it had previously. These customers have more complex and demanding enquiries; they are at an important stage in their lives and making very personal and emotional decisions. While the Company recognised that a cultural change was required, it is our view that its leadership underestimated the significant time and energy necessary to transform the organisation and its processes, and ultimately failed to deliver that change. As a result, the Company insufficiently prioritised the customer experience and remained inward-looking and process-driven. The impact of failing to achieve this cultural change lies behind the more specific and technical failures identified throughout this report.

Role of the Department for Business, Innovation and Skills

12. While the relationship and governance arrangements between the Company and the Department are well defined and documented, there remains a lack of clarity in the day-to-day relationship in a number of aspects, including around mutual responsibilities. This can be seen in relation to the governance of the Customer First Programme, for example around risk management and information sharing. The Department intends to achieve, over time, an arms-length relationship with the Student Loans Company; giving a greater degree of operational independence to the Company while retaining a strategic role for itself. However, as ultimate accountability for the Customer First Programme, service delivery and overall policy outcomes remain with the Department, it needs to assure itself that the Company is delivering what has been agreed. It is our view that at times the Department may have been too distanced from operational delivery and was therefore not able to effectively challenge to gain that assurance.

Preparing for the next cycle

13. The next cycle of applications for the academic year 2010/11 is imminent and requires the Company to manage an increased volume of activity, as it takes on a new year of students in addition to this year's students who will be returning for another year of study. While we cannot provide an easy solution for the Company, we make a number of recommendations for action that we consider the Company should adopt in order to be better placed to deliver an improved service and better customer experience and to manage potential challenges next year.

Recommendations

1. The Company should ensure that it has effective and robust contingency plans in place at a very early stage for the 2010/11 service as whole, covering people, processes and technology (in particular for the scanning and workflow solution). (3.1, paragraph 14)
2. The Company should reconsider its resourcing model for the contact centres and the incentives for managers to reduce avoidable contact, taking account of best practice in other public service delivery organisations. It should develop a robust and comprehensive plan to manage demand throughout the year, as well as a detailed plan for managing the peak period. The Company should make full use of the extensive tools and resources already available to it in order to proactively manage customer expectations and behaviour. (3.2, paragraph 13)
3. The Company should urgently improve the training of advisers on student finance policy and regulations in order to ensure that accurate information, advice and guidance is given consistently as a key part of improving the customer experience. The Company should also evaluate the effectiveness of its system of Regional Consultants. (3.3, paragraph 6)
4. The Company should make concerted efforts to manage customer expectations and behaviour. The Company should explain the application process to its customers in clear terms, so that they understand the likely timescales and what is required of them. In doing so, customers should be encouraged to apply as early as possible in order to help the Company to smooth its peaks in contact and processing demand. (3.3, paragraph 8)
5. The Company's support for targeted students should be urgently reviewed, in consultation with relevant organisations and special interest groups, including improvements in the training of specialist advisers, in the provision of dedicated services and in the review of procedures over applications. (3.4, paragraph 11)
6. The Company should give far greater attention to the messages it communicates internally and externally to ensure that they are correctly understood and their potential impact on customer behaviour effectively anticipated. The Company should consider how to develop a properly resourced capability to engage with the media and manage its reputation. (3.5, paragraph 15)
7. The Department and the Company should review their requirements for management information, including the composition and use of the Balanced Scorecard, to enable an accurate and timely analysis of the Company's operational performance. (3.6, paragraph 8)
8. The Department should gain a fuller understanding of the Company's operations and take account of best practice in other public service delivery organisations in order to more effectively scrutinise and challenge the Company. (3.7, paragraph 8)
9. The Department should work with the Company to clarify responsibilities and to agree risk ownership and management. (3.7, paragraph 9)

10. The Company's leadership must fully commit to delivering a cultural shift throughout the organisation and its business processes, in order to achieve the outcomes sought by the Government. (4.1, paragraph 12)
11. The Company's leadership must place the customer experience at the heart of the organisation, reflected in the personal objectives of all employees. Targets and performance measures should reflect the customer experience and ensure the delivery of a significantly improved level of customer service. (4.1, paragraph 13)
12. The Company should review its risk management procedures, drawing on external expertise, to ensure that corporate and strategic risks are effectively identified, escalated and managed. (4.2, paragraph 5)
13. The Board of the Student Loans Company should ensure it challenges the Company's leadership more effectively over both performance and risk. This should be accompanied by a review of the skill-set and role of Non-Executive Directors. (4.3, paragraph 16)
14. The Company should work closely with key stakeholders in the higher education sector to ensure they are well sighted on possible risks and emerging issues and are able to work together to overcome them. (4.4, paragraph 8)

Section 1: Introduction

1.1 The Purpose of this Review

1. I was asked by David Lammy, Minister of State for Higher Education, and John Goodfellow, Chair of the Student Loans Company on 14th October 2009 to undertake a review into the delivery of funding for English students this year following widespread concern over reported problems and difficulties. I have been supported in this review by Bernadette Kenny, Director-General for Personal Tax at HMRC, who provided expert advice.
2. This review considers the operation of the applications processing cycle undertaken by the Student Loans Company (SLC, sometimes referred to as ‘the Company’) for Student Finance England (SFE) for the academic year 2009/10 and plans for delivery of the service for academic year 2010/11.
3. The purpose of the review is to draw conclusions from this year’s experience, to identify the lessons to be learned and to make recommendations to help ensure that customers’ experiences are substantially improved and that the service is run efficiently and effectively in the academic year 2010/11 and beyond. The detailed terms of reference are provided at annex 1.
4. The review provides external scrutiny, expertise and challenge to the Student Loans Company’s review of lessons learned from this year and the Company’s preparedness to meet the challenges of next year. A large number of technical issues have been covered in the various audits and lessons learned reports commissioned by the Company and it is not the intention of this review to list and evaluate each of these. This report will draw on these reports, add to them as necessary and help to identify those areas that require priority attention.
5. The review will also examine whether the Company has the tools and resources to undertake its work and has the capacity to deal with the changes necessary to ensure that the experiences of this year are not repeated and that the Customer First Programme continues on schedule.
6. This report will first present the key specific issues that account for the problems that occurred this year. We will consider how these issues were managed and their overall impact on the experience this year. We will then identify four central concerns which in our view have contributed to these problems. Finally, we offer a set of recommendations which we believe require attention if the Company is to be better placed to deliver an improved and better customer experience and to manage potential challenges next year.

1.2 Evidence for this Review

7. We have drawn on evidence provided to this review by both the Student Loans Company and the Department for Business, Innovation and Skills, gathered from written submissions and interviews conducted with key personnel. We have visited the Company’s offices in both Glasgow and Darlington, as well as its outsourced contact

centre resource in Glasgow, and attended the Company's Stakeholder Conference in Leeds.

8. We are particularly grateful to the Student Loans Company for the positive spirit with which it welcomed this review. The Company gave full access to people and documents and provided the review with its own analysis of the problems experienced this year through a series of 'lessons learned' exercises which we found valuable. We were also encouraged by the commitment and dedication we encountered from the members of staff within the Company whom we met during our fieldwork.
9. We have sought the views of the higher education stakeholder community. We met with and received written submissions from a number of representative bodies and the Association of Managers of Student Services in Higher Education (AMOSSHE) conducted, on our behalf, a short survey of Higher Education Institutions. In addition, we received a detailed submission from the National Union of Students (NUS) and a number of individual submissions from university staff with responsibility for student welfare. We have also spoken with representatives of Local Authorities, who remain involved in the processing of student finance applications for returning students.
10. Specific evidence was submitted to the review by the National Association of Disability Practitioners (NADP), the National Network of Assessment Centres (NNAC), Skill (the National Bureau for Students with Disabilities) and from some university-based specialist units and networks. There were also submissions from the Open University Assessment Centre and from Central London Assessment Services (CLASS). The qualitative responses from universities and colleges included in the AMOSSHE survey also contain a number of observations about the experiences of students seeking support through the Disabled Student Allowance and Childcare Grant.
11. A full list of contributory evidence can be found at annex 2.
12. The short time available for the review has limited the amount we could cover and the level of detail that we could achieve. We have not undertaken a comprehensive and detailed analysis of all possible evidence supported by formal interviews, and we have received only a limited amount of quantitative evidence. We have, however, delivered a rapid piece of work drawing on a wide range of key evidence and representations from stakeholders, supplemented by fieldwork in Glasgow and Darlington.
13. We welcome the review of the Customer First Programme being undertaken by the National Audit Office, which will have the time and resource to fully examine the data produced by the Student Loans Company and provide a view on the value for money element of the Customer First Programme.

Section 2: Contexts

2.1 The Customer First Programme

1. This year saw the first year of implementation of a phased programme of change in the delivery of financial support in England for students entering higher education during the 2009/10 academic year. Entitled the Customer First Programme, it was designed to centralise and modernise the end-to-end delivery of student finance in England into the hands of the Student Loans Company.
2. Student finance is a devolved area of policy and the Student Loans Company has a role in the delivery of student finance in all four Government Administrations. Indeed, it should be acknowledged that the Company's role has expanded considerably in the last three years, placing significant demand on the Company's capacity. It has created delivery services for Wales, Northern Ireland and bursary payments for some universities, in addition to its role in delivering the Customer First Programme. However, this review focuses solely on the delivery of student finance in England for English-domiciled students, through the Student Finance England service.
3. The Department for Education and Skills, responsible for higher education at the time, published its end-to-end Review of Higher Education Student Finance Delivery in England in January 2006. It concluded that the existing service as delivered by Local Authorities was unsatisfactory, with variable service standards, blurred accountability and poor value for money. As a result of these findings, and following further feasibility studies and stakeholder engagement, the decision was taken to launch a new centralised system of student finance delivery in England. This was to be called Student Finance England and would be delivered by the Student Loans Company, with the role of Local Authorities gradually being phased out.
4. This year, for the first time, all new English-domiciled students applying to enter higher education for the academic year 2009/10 submitted their applications to be assessed and paid by the Student Loans Company.
5. Under the Customer First Programme, it was decided that the service provided by the Student Loans Company would be gradually transformed, with changes introduced in stages over a number of years. This was partly to manage delivery and transition risks, and partly to fit the available funding profile. Therefore, while the new service was launched this year, transformational service improvements, including data sharing and technical improvements to transform the customer experience are not expected to be delivered until the second year of implementation.
6. It was, therefore, not intended that the full vision of the modernised student finance service that Customer First aims to achieve would be available in this first year of implementation. This first stage involved the centralisation of the assessment service for new students and significant progress has been made in a number of areas.

2.2 Achievements to date

7. We recognise that the Company has made some important achievements in the first three years of the Customer First Programme. These include:
 - a year-on-year increase in the number of applications approved and paid at the start of term;
 - successful delivery of the new contact and processing facility at Lingfield Point, Darlington;
 - a year-on-year increase in the number of applications submitted online;
 - successful introduction of data sharing arrangements with the UK Identity and Passport Service; and
 - an increase in the workforce to deal with the new system.

2.3 The Scale of the Problem

8. It is clear to us, from evidence drawn from a wide range of sources, that new students this year have experienced real and significant problems in applying for financial support and in contacting the Student Loans Company. There was widespread media coverage, reportage within the higher education sector, considerable Ministerial correspondence and questions in Parliament leading to interventions on the floor of both Houses. While we acknowledge that some media coverage may not have always been accurate or helpful, the problems cannot simply be attributed to media 'hype' or be explained as a few exceptional cases.
9. We recognise that while there were undoubtedly problems experienced in previous years, the distribution of applications processing across the country in Local Authorities meant that these were less apparent. Centralisation has inevitably magnified the scale of the problems; when the Student Loans Company handles over one million applications from people across the UK, if just one per cent experience difficulties that equals 10,000 individuals. As these applications are dealt with in one place, the numbers affected are more easily identified. However, this in itself does not necessarily explain this year's experiences and indeed this aspect of centralisation could have been anticipated.
10. Data from the Company shows that at the 20th September this year, ahead of large numbers of students starting their terms during the week commencing 21st September, they had registered 421,500 applications for financial support for new students in England. Of these, 61,900 applications had either not been completed by the student, had been cancelled or deemed ineligible, leaving 359,600 to be processed. It is worth noting, however, that more than 50 per cent of applications were received after the published deadlines. More than 96.5 per cent of eligible and complete applications received before the appropriate deadlines, had been fully or provisionally assessed by 20th September. Only 500 – less than 0.5 per cent - had not been processed at all and approximately 3 per cent had received a forced non means tested assessment by the 20th September. By 4th October all those that had applied by the deadline had either been fully assessed or received a provisional assessment.
11. However, it is clear that while the deadlines were published, they were not clearly stated or well publicised, and not well understood by applicants. Of the 359,600 applications

for support registered by 20th September to be processed, received both before and after the deadlines, the Company had fully processed 189,500. A further 62,500 applications had, however, received a provisional assessment of their full entitlement, suggesting that 70 per cent of applications had been processed in order for the student to receive what is likely to be their full entitlement by the 20th September. Yet this meant that 39,250 applications had not been assessed for their potential full entitlement and 68,350 applications for financial support for new students had yet to be processed at all.

12. There is further concern about the numbers of students whose applications were not fully assessed by the start of term and may have received an 'interim' payment. For some this was based on a 'forced non-means tested only' assessment. Data from the Company shows that at 20th September, 23,350 applications were in this category, 4,000 of which had been registered before the appropriate deadline. As one contributor explained to the review, this is entirely appropriate if used to ensure that students received some funding at the start of term, if the Company was still awaiting evidence of income in order to complete a full means tested assessment. While this was undoubtedly the case for some students this year, the measure has also been used where the Company was not able to deal with its own backlog of evidence. It is our view that where this measure has been used, it has not been effectively explained to customers. We acknowledge that customers were notified earlier in the year that a forced means-tested assessment would be undertaken, if they had not submitted their evidence. However, in the event customers receive a letter stating that their forced non-means-tested assessment is 'final' with no explanation that means-testing will occur at a later date. Evidence submitted to this review suggests that this has caused concern for students and that others may be unaware that they could be entitled to more support and may therefore make financial decisions based on this minimum funding.
13. The Student Loans Company has accepted that its backlog of evidence meant that it was unable to pay all students their full entitlement at the start of term where evidence had been submitted as requested. The Company committed to clear its backlog of evidence and to make any further payments to which students were entitled by the end of October; which for some students was already 6 weeks after the start of term.
14. We acknowledge that the Company has dealt with an increased number of applications for financial support this year and it is further acknowledged that more applications have been approved than at a comparable point last year. At 1st November this year, 996,000 applications for financial support for new and continuing students in England were registered in the system compared with 913,000 at the same point last year. Furthermore, at the same time in 2009, the Company had approved 865,000 applications compared with 828,000 at the same point in 2008. Also by 1st November, the Company had made payments to 746,000 students, compared with 727,000 the previous year.
15. We also recognise that the Company continued to receive significant numbers of applications after the published deadlines; data received from the Company states that 96,430 applications were received from new students in August and September alone. Indeed new applications are still being submitted, well after the beginning of term. In addition, it should be noted that not all registered applications will lead to a payment; the applicant may decide not to go to university and therefore will not draw down a payment or even in some cases complete the process. However, where the Company is not notified, it must still continue to process the application.

16. The Student Loans Company's own statistics (see annex 3) show the dramatic scale of the problems experienced by applicants attempting to contact them by telephone. At its worst, the Company were answering only 5 per cent of the calls attempted. The number of call attempts was substantially higher than in previous years; call volumes peaked in the first week of September when almost 1.5 million calls were attempted. While this can be attributed to some factors over which the Company may not have had control, there is strong evidence that the actions or inactions of the Company contributed to this volume. Moreover, there was undeniable anxiety, frustration and loss of confidence caused by the difficulties encountered by individuals seeking advice, information and answers.
17. Evidence submitted to the review by representative bodies, including the National Association of Student Money Advisers (NASMA), the Association of Managers of Student Services in Higher Education (AMOSSHE), Million+ and GuildHE, provide numerous examples of the poor service levels experienced this year. These include examples of students unable to get through to speak to contact centre advisers and of incorrect and inconsistent advice being given when they did get through; some applicants reported receiving a different answer each time they called.
18. There are many examples of customers being asked to submit multiple copies of forms and documentary evidence at their own time and expense, with the Company admitting that previously submitted copies had been lost. There are reports of problems experienced with the online application system, with reports of students being 'timed out' or being unable to progress past certain pages despite the correct information being input. There was also some frustration at not being able to download the 'online declaration form' to sign and return to the Company, which must be submitted before payment can be made, despite a downloadable version of the signature form for paper applications being readily available.
19. Higher Education Institutions experienced significant difficulties, dealing with an increased number of requests from students for information, support and emergency funding compared with previous years. Regrettably, these problems have continued well beyond the start of the academic year. At the invitation of this review, AMOSSHE conducted a short survey of Higher Education Institutions in order to determine the scale and nature of these problems. This online survey was open for eleven days in late October and early November. It received 221 responses from Advisers and Managers in Student Money Advice Services, Heads of Student Services, Directors of Finance, University Registrars and Deputy Vice Chancellors from over 100 institutions. Due to the time available, we recognise there were limitations in the way this survey was conducted and the way in which its findings may therefore be used. However, the response to this survey provides a clear indication of the problems experienced by Higher Education Institutions and we are grateful to AMOSSHE for this insight.
20. Virtually all respondents to the survey, 99.5 per cent, stated that their student body had experienced difficulties with Student Finance England during the 2009/10 application cycle, with 90 per cent saying that their student body had significant or very significant difficulties. Only one respondent indicated that their student body had experienced no difficulty with Student Finance England. The vast majority also declared that the experience for their service was worse than in 2008, with over three quarters declaring

this to be significantly worse. No respondent was prepared to declare that things were better this year.

21. The survey also gives an indication of the scale of financial support which universities have given students. While it must be stressed that this is a snapshot, it portrays a substantial group of students and their institutions facing considerable disruption and inconvenience. It also provides evidence of institutions distributing significant amounts to students in emergency loans through the Government's Access to Learning Fund, as well as taking on the risk of tuition fee non-payment and deferring accommodation payments for considerable numbers. It will not be possible at this point in the year to quantify, but examples have reached the review of universities paying out emergency funds well in excess of £100,000 and bearing additional un-costed administrative burdens.
22. Evidence submitted to this review also reveals particular problems for many students applying for targeted support, including Disabled Student Allowance and Childcare Grants. The stakeholder community around Disabled Student Allowance was particularly active in presenting views and experiences to this review. Comments by individual universities and evidence from the NUS suggest that many applicants seeking Childcare Grants also faced difficulties.
23. It is our view from this evidence that a significant number of students, sponsors, partners and institutions have this year experienced a range of difficulties in relation to applications for financial support and in contacting the Student Loans Company.

Section 3: Specific Issues

3.1 Applications Processing

1. By the 4th October 2009, the Student Loans Company had received 461,000 applications for financial support for new students in England entering university in the academic year 2009/10. Over 90% of applications were submitted online, and in many cases identity could be verified online, yet in this first year of the centralised service, financial evidence for all customers seeking means-tested financial support had to be submitted on paper. This evidence was intended to be scanned at the Company's Hillington site in Glasgow and the information sent electronically through 'workflows' to Darlington for assessment by the processing teams. This technology was central to the Company's business model for processing and its use underpinned the assumptions around required staffing levels, average processing times and contact volumes.
2. However, faults in the scanning system's workflow management component in April 2009 remained unresolved and led to an estimated 100,000 items of evidence being incorrectly indexed, requiring manual intervention. The decision to abandon the scanning technology and resort to an entirely manual system was eventually taken on 9th June, after several weeks of 'teething problems' that the Company hoped would be resolved. During this time, reassurances were made by the Executive Team to the Company's Board, and to the Department and its Ministers, that the issue would be resolved.
3. By that time, there were significant backlogs of unprocessed evidence which had been separated from the application forms with which they were submitted as part of the original planned processing system. Documents received by the Company were not logged into the system before being processed and contact staff had no visibility of the progress of a customer's applications; they could not confirm whether a customer's evidence had been received, the reason behind 31% of calls in September. This created significant difficulties in resolving customer enquiries which led to repeat calls. This was compounded by reminder notices being issued to applicants asking them to submit their financial evidence; these included many who would have already sent their evidence but due to the backlogs had not yet had it matched to their application. While we recognise that this was a risk-based decision, in July the Company acknowledged that this had led to an increase in call volumes and to customer dissatisfaction.
4. The backlog in processing paper application forms and documentary evidence to prove eligibility and household income led to delays in issuing assessments for students' entitlement to support, in particular the means-tested element of financial support. As a result, thousands of students either did not receive a payment or did not receive their full entitlement of support. Data from the Company shows that at 20th September, 23,350 applications, 4,000 of which had been registered before the appropriate deadline, were in this category. This provided only a proportion of their potential entitlement, until the backlog of evidence could be cleared in order to make a full assessment for those who had already submitted evidence. Those applying for targeted support were also significantly disadvantaged by this backlog since there was initially no means of separating their applications and evidence from others and the overall process is lengthier and requires greater amounts of correspondence between the Company and the applicant.

5. At the outset, the Company did not recognise and mitigate the inherent risks of procuring untried technology within a key business process. The Company's own internal audit report, as well as its Scanning and Processing lessons learned papers, acknowledge numerous basic failures in both procurement and project management in relation to the scanning technology. There was a significant lack of oversight and involvement by senior personnel, a considerable financial overspend and inadequate operational assurance testing prior to live implementation. The Company acknowledges these and wider failures, and identifies the actions arising from them, which we consider must be followed up. These include reviewing procurement arrangements for all technical solutions and implementing full project management arrangements over all key work streams within the Customer First Programme where expenditure is budgeted at £1million or over.
6. The Company also recognises in hindsight that the decision to proceed with the live implementation of the scanning solution prior to the completion of full operational assurance testing posed a high risk to successful service delivery. The Company states that it is now fully considering the business impact and technical implications in implementing all new systems. A formal risk assessment for operational assurance testing will be undertaken as part of the test strategy; the Company is also revisiting the escalation of risk from the Company to BIS. We welcome these developments, but given they are often regarded as basic good practice it raises the question why they were not already in place.
7. The Company also failed to identify and therefore mitigate the risk of the actual failure of the scanning technology. The Company did not fully consider the extent of the impact this would have on the timely processing of applications and on the overall customer experience, including the impact on its contact centres in terms of call volumes and the ability to provide customers with specific answers about their applications. The Company acknowledges that its contingency plans were insufficiently detailed to mitigate the failure of its key technology systems; these plans had to be revised after the scanning technology had failed, adding to the delays. Management indecision and over-optimism in the scanning technology meant that manual processing was not, in our view, introduced quickly enough.
8. This delay of around 6 weeks, during which the evidence backlog grew, lengthened the overall processing turnaround by 2-4 weeks and this was never fully recovered. In hindsight, the Company recognises that the allocation of staff to particular tasks was too rigid, leading to difficulties in addressing bottlenecks. To compound matters, arrangements for internal communications regarding application processing were not clear. Planned meetings and processing updates between Processing and Contact managers did not occur until relatively late in the cycle and monthly updates on progress were not shared throughout the Company. The Company acknowledges that this problem remains, and we welcome their intention to improve the flexibility of its staff through work shadowing and further training over the quieter winter months.
9. While acknowledging that the failure of the scanning technology generated significant problems, the Company also attributes processing problems to the fact that application volumes were higher than anticipated; there was an increase in new applications, managed at the Darlington site, of 12.6% at 4th October 2009 compared with the same point in 2008. This raises questions about the Company's forecasting, given that the higher education sector as a whole anticipated higher volumes of applications; UCAS, for

example recognised at the end of 2008 that there was higher demand this year for places in higher education and so increased staffing levels in response.

10. The Company argues that delays in launching the new service adversely impacted application processing. It is true that the new service, originally intended to be operational from September 2008 to coincide with the UCAS annual cycle for applications, was delayed because of decisions by the then Department for Innovation, Universities and Skills to alter the regulations governing student financial support. The requirement for Parliamentary approval meant a substantial delay in agreeing these new regulations and this, in turn, postponed the launch of the service until February 2009. This resulted in a compressed timetable for processing applications, including missing a valuable link to the UCAS application window and potential data sharing. In turn this affected the speed at which the processing staff and management were able to gear up to their required performance levels, having had several months of down-time when many staff were under-utilised between the intended service launch date in September 2008 and the eventual launch in February 2009.
11. While we accept that the late launch of the service caused a range of problems, the SLC had assured the Department that this was a risk that could be managed and that there was sufficient time to process applications received before the appropriate deadlines for students to be paid at the start of term. We believe, moreover, that the risk could have been mitigated through appropriate internal and external communications and further staff training, the absence of which are contributory factors to other problems experienced during the cycle.
12. While significant, the operational problems that occurred were in our view not insurmountable if they were managed effectively. The Company should ensure that it has fully identified the risks and prepared appropriate mitigations for the potential impact on both processing and on the customer experience of a failure of the scanning solution in the forthcoming application cycle for academic year 2010/11. At the time of writing, this review had not received any assurance that either the scanning problems had been resolved or that revisions to the contingency process were comprehensive or complete. The Company's Risk Management Report to the 29th September 2009 Audit Committee indicated that "the current contingency process [is] unlikely to be able to cope with the known increased volume of applications that will be received."
13. In addition to the scanning and workflow solution, the Company must be prepared for other potential points of failure that could have an impact on the successful service delivery of the next applications cycle.
14. **The Company must ensure that it has effective and robust contingency plans in place at a very early stage for the 2010/11 service as whole, covering people, processes and technology (in particular for the scanning and workflow solution).**

3.2 Contact

1. During the application cycle for the academic year 2009/10, the Student Loans Company did not effectively manage demand to deliver an acceptable level of service through its contact centres. In particular, the Company failed to proactively manage the period of peak demand experienced in August and September after the announcement of A-Level results. It is our view that the resource model and performance measures were inappropriate and did not take account of best practice in similar organisations. It is our view that with a revised approach and proactive management, the Company can deliver a much improved service in its contact centres.
2. A review of the Company's Annual Reports from the last decade shows that it had never made sufficient resources available to handle its peak volume of calls. As early as 1999-2000, the Company stated in its Annual report:
 "The capacity required to answer all telephone calls at the start of term was underestimated and unfortunately during this period, call waiting times were longer than our normal service standards. Steps have now been taken to ensure this does not recur." (Annual Report, p 9)
 Similar statements were made in 2001/2 (Annual Report, p.55), 2003/4 (Annual Report, p.52) and in 2007/8 (Annual Report, p.18).
3. While this may have been acceptable in previous years, the nature of the business had substantially changed in 2009. The new, centralised service delivered by the Company meant that it had a new and more complex relationship with a wider range of customers with different requirements and expectations. However, the Company did not change its approach. It continued to resource its contact centres well below peak demand, taking a conscious decision to provide a service that was, in its view, 'broadly acceptable' throughout much of the year and to accept a higher number of unanswered calls during peak periods.
4. By resourcing the contact centre well below the forecast peak demand, the Company ran a significant risk of reaching the tipping point in terms of manageable call volumes. This occurs when customers who cannot get through make additional call attempts; call volumes accumulate quickly leading to significant numbers of calls being disconnected at the network level. The Company did not identify the risk of passing this tipping point and the associated implications for customer service. There was no robust plan in place with clear Executive focus in order to pro-actively manage the peak in contact demand. It is clear from the graphs provided in annex 3 that the Company passed its tipping point and was faced with an unmanageable volume of calls.
5. The resourcing of the Company's contact centre and the service levels they were expected to deliver were agreed internally by the Company and monitored through the Balanced Scorecard. The service level targets for the contact centre were based on achieving an average performance level over the year. It is significant that despite severe performance problems, the Student Loans Company still expected to meet its year-end contact centre performance targets throughout the summer.
6. However, the key performance measures set by the Company for answering calls were not based on any recognised benchmark of customer service used in other public service delivery organisations. The Company set itself a minimum standard target of 55 per cent

of calls answered in 60 seconds, with no more than 14% of calls abandoned; this was seen as challenging but achievable. The evidence from other government departments suggests that these are not typical of the targets used in similar organisations. A much simpler and more widely used metric to measure contact centre performance is to set a target for answering 90 per cent of calls attempted at all times. This year, the Company was at times answering just 5 per cent of the calls attempted.

7. While the Company might not be in a position to answer 90 per cent of calls throughout the year, it is our considered view that the Company has the potential to make significant improvements to the number of calls that it answers during the period of peak demand, perhaps achieving between 50 and 60 per cent of calls answered, without additional cost.
8. In our view, resource should be understood in relation to the level of demand. By managing customer expectations, it is possible to manage contact demand and match resource against that demand. The Company did not, however, did not focus on managing demand or attempt to match its resource in the contact centre in relation to demand. The Company created no incentive for local contact centre management to attempt to manage contact demand to deliver a better service with the resource available. It was understood that a reduction in contact demand would result in resources being removed from the contact centre, rather than a better service for those customer that did need to speak with an adviser. This suggests that the Company had set the level of service that it thought it was acceptable to deliver, had matched resource against it and decided that it would continue to resource in that way. It is our view that by changing its model for resourcing the contact centre and managing demand, the Company has the potential to make significant improvements to the number of calls that it answers.
9. In order to deliver a better experience for customers overall the Company's focus should be on smoothing the peak in contact by proactively managing contact demand. Experience from other government departments shows that simply increasing staff resource has little impact on the ability to manage peak volumes if the demand itself is not managed in order to smooth the peak. It is our considered view that the Company has available the infrastructure and tools required to proactively manage the forecast peak in contact.
10. The Company has a good forecasting function and has the ability to undertake extensive call analysis to understand why customers call. By using this insight, the Company can attempt to reduce low-value, potentially avoidable contact by providing reassurance to customers through other means. Better use can be made, for example, of the Company's Interactive Voice Response (IVR) technology and online service to deliver messages to customer. This year, it is our view that these messages were not updated quickly enough or with detailed enough information on the latest position to answer the most common enquiries. Such messages can be used to respond quickly and proactively to media stories and to the Company's own analysis of call reasons. The Company has made a significant investment in contact centre infrastructure for staff and has good links to the back office processing teams which can be used to gather information to react to emerging issues.
11. The Company's outsourced contact centre could also provide it with the flexibility to respond to peaks in contact volumes. While the Company did make use of its outsourced contact centre resource this year, it did not fully investigate how potential additional capacity at the outsourced contact centre could have been used to manage down demand

due to historic financial and technical constraints. The Company should address the licensing and technical issues which have prevented the rapid deployment of additional lines this year. We also note that the outsourced contact centre is a very low cost operation and consider that the Executive should review whether the choice of outsourced contact centre should be driven by quality as much as by cost.

12. The Company should also make considerable effort to manage customer expectations and behaviour throughout the year through more effective use of information, advice and guidance, as will be discussed below in section 3.3.
13. **The Company should reconsider its resourcing model for the contact centres and the incentives for managers to reduce avoidable contact, taking account of best practice in other public service delivery organisations. It should develop a robust and comprehensive plan to manage demand throughout the year, as well as a detailed plan for managing the peak period. The Company should make full use of the extensive tools and resources already available to it in order to proactively manage customer expectations and behaviour.**

3.3 Information, Advice and Guidance

1. A significant change in the delivery of the student finance system in England under the Customer First Programme was the transfer of Information, Advice and Guidance (IAG) from Local Authorities to the Student Loans Company, supported by a network of regional consultants. A common theme throughout the responses to this review was the incomplete and inconsistent nature of the IAG being provided to applicants by the SLC.
2. In its review of lessons learned, the Company conceded that many of its staff were inexperienced, having been recently recruited for this first year of implementation. This, however, only touches on the actual problem. It is clear from evidence presented to the review that many of the contact centres advisers were either unable to provide specific answers to enquiries or, in many cases, were offering the wrong advice. For example, evidence has been presented of advisers giving incorrect answers to queries over the eligibility of NHS or ESOL courses for support and over the regulations regarding Equal or Lower Qualifications (ELQ).
3. This raises the question of the training provided to advisers. In its overarching summary of lessons learned, the Company argues that “the complex regulatory framework not only makes it more difficult for us to administer the student finance system, but also makes it more difficult for our staff to have the necessary knowledge and skills to clearly explain the rules surrounding entitlement to customers.” Yet, the regulatory framework has been complex for some time and was one reason for the introduction of the Customer First Programme. Indeed, the most recent regulatory changes were proposed in September 2008, a full five months before the 09/10 was belatedly launched and the question arises why this time was not used more effectively to increase and extend the training of staff.
4. We were informed that there was no official direct contact for advisers in student support services at Higher Education Institutions after the withdrawal of the pilot adviser line. A Practitioner helpline was established with access to student details, but it was unable to make decisions or make quick interventions to resolve problems.
5. Questions have also been raised about the role of the network of Regional Consultants established to provide additional IAG who, according to some respondents, could only offer limited support. One university, for example, reports that their consultant had no background or expertise in student finance and for this university it was the existing IAG practitioners outside of SFE that had provided the main source of support to 2009 entrants. Other respondents gave similar examples and there was a general sense that this aspect of the SLC’s service was not working as it should.
6. **The Company should urgently improve the training of advisers on student finance policy and regulations in order to ensure that accurate information, advice and guidance is given consistently as a key part of improving the customer experience. The Company should also evaluate the effectiveness of its system of Regional Consultants.**
7. It is also acknowledged by the SLC that the available online and other resources were not effectively used and that some customers found the DirectGov website difficult to navigate. There were confusing messages over deadlines for applications and payment, and inconsistent messages from different sources of IAG, printed and online. In addition,

many thousands of customers continued to submit passports despite there being no requirement to do so, which raises questions about the guidance given to applicants.

8. **The Company should make concerted efforts to manage customer expectations and behaviour. The Company should explain the application process to its customers in clear terms, so that they understand the likely timescales and what is required of them. In doing so, customers should be encouraged to apply as early as possible in order to help the Company to smooth its peaks in contact and processing demand.**

3.4 Targeted Support

1. All applications for targeted support, including Disabled Student Allowance (DSA) and Childcare Grants (CCG), for both new and returning students, were processed this year for the first time by the Student Loans Company. Removing the obstacles faced by students requiring additional support was at the heart of the Customer First Programme and applicants seeking targeted help were regarded as a particularly vulnerable group. It is acknowledged that this is a complex area and one which requires expertise and careful management.

Disabled Students

2. There is a congruence of opinion between many of the submissions addressing the problems faced by students applying for Disabled Student Allowance, which point to very slow progress in processing applications amongst a number of other difficulties. Many Assessment Centres refer to a significant reduction in the throughput of assessments throughout the summer and suppliers report an unusually slow flow of orders for equipment.
3. Of the 14300 applications for DSA received by the Company at the 3rd November, 88 per cent of these had been processed and 1 per cent had been deemed ineligible, leaving 11 per cent still to be processed. However, of those that had been processed, only 20 per cent had been fully approved and 70 per cent were with the student for further information or for an assessment to be undertaken. It has been suggested to us that application forms are unclear and that the letters sent to students authorising DSA Needs Assessments are confusing and have led to many students waiting until they reached university before requesting a Needs Assessment, thus prolonging the wait before approval. While this evidence is anecdotal and cannot be quantified, and we recognise the efforts made by the Company to address the delays, further consideration should be given to making the process as straightforward and streamlined as possible.
4. The Company states in its own lessons learned exercise that during the summer there was an insufficient number of trained Specialist Support Staff to assess and process DSA applications. There were initially 15 members of staff to deal with this work and, as the Company has acknowledged, at peak demand the processing of DSA application forms did not meet the Service Level Agreement. The Company recognised that more resource was required to deal with this work than was initially forecast and staff from core processing were transferred to the Specialist Support Team, requiring additional training.
5. Submissions received by the review also refer to problems common to other students, including an inability to make contact with the SLC, the loss of documents and the need to resubmit applications forms. However, it is suggested that the absence of a dedicated postal address or PO Box number, and the inability to speak to a specific team member and contact them directly proved a particular difficulty for students wanting information or guidance on DSA related issues. The process of applying for DSA is lengthy and complex, with multiple stages requiring correspondence between the SLC and the applicant. Concern has also been raised regarding the quality of advice offered by the SLC, the lack of consistency among the Specialist Support Team over what was acceptable verification of a student's disability or specific learning difficulty and confusion over the status of medical evidence.

6. We have received details of the three meetings of the Targeted Support Stakeholder Panel attended by key members of the stakeholder community. This Panel was set up by the Company to 'provide specialist advice and input to the design of the new Student Finance Service in terms of its functionality for applicants with disabilities, student parents, those with childcare needs and other special support requirements.' Meetings were held in June and October 2008 and in June 2009 and minutes from the meeting in June this year suggests that a number of the issues raised above were discussed.
7. A number of submissions to the review further suggested that the SLC introduced the requirement for two quotations for non-medical support without full consultation with stakeholders. Details of the changes to requirements for DSA applications were presented at the Panel meetings; however this specific change does not appear to have been fully captured.
8. We also received submissions welcoming the improvements that they felt the centralised system offered including greater choice for students and the increased attention given to value for money considerations. One assessor has stated that it has created a solid framework for quality assurance by standardising the format of the DSA Assessment of Needs Report and by defining quality in the context of students with disabilities as 'ability being used to its utmost' and 'creating a market whereby students, acting as customers, can use public funds in a manner which empowers them and affords the taxpayer value for money.' CLASS, Central London Assessment Services, believe that there has been a beneficial impact on the quality and cost-effectiveness of services, even if there have been concerns about processing.

Students with Children

9. The review did not receive any submissions from organisations specifically representing students applying for the support provided by Childcare Grants; however, the NUS and a number of universities commented on the difficulties experienced by students with children who were unable to receive timely and sufficient child-care support. For such students, any delay can pose particular problems because of the need to make appropriate provision in time for the beginning of the academic year; a very important requirement in areas where there is high demand for child-care places. Others pointed to the very limited amount of interim finance which was offered, approximately two weeks' worth, leaving some students unable to plan ahead and, in some cases, unable to retain their child-care place. This cannot be quantified, nor will it be possible in the short term, to determine whether these problems and difficulties have caused students to discontinue their studies; however, there is strong anecdotal evidence that individuals have been adversely affected and this may need to be explored further.
10. We recognise that there are strong contrary views held by different interest groups and associations regarding the best practice in dealing with students with disability. Furthermore, the need to reduce fraud and error will impact on the range of options available. Nonetheless, it is our view that the evidence of difficulties experienced by this particular cohort of students, especially the long delays in processing and approving applications, suggests that much more needs to be done to ensure an improvement in the quality of the service being offered.

11. **The Company's support for targeted students should be urgently reviewed, in consultation with relevant organisations and special interest groups, including improvements in the training of specialist advisers, in the provision of dedicated services and in the review of procedures over applications**

3.5 Communications

1. The Company's communications with applicants and external stakeholders have been poor, as acknowledged by the SLC itself and in the wider evidence submitted to this review. Communications have not been used effectively to manage customer behaviour and it is generally accepted that key messages often did not reach applicants, sponsors or the stakeholder community. This has been the case throughout the year and particularly as problems emerged.
2. The importance of establishing strong communications with partners and stakeholders as part of the Customer First Programme was clearly recognised in a variety of strategy documents prepared by the Department and by the Student Loans Company as part of the roll-out of the Programme. The Company's comprehensive Communications Strategy developed in 2007 contains a number of proposals for the creation of forums and networks. In its lessons learned exercise, the Company considers that over the past few years it has made some successful efforts to maintain contact with stakeholders. These include conducting regular surveys, organising regional forums and seminars as well as annual conferences; one for the HEI sector specifically and the other for the wider stakeholder community. The Company also established 'design groups' that were involved in the development of elements of the new Student Finance Service.
3. However, there is evidence that effective communication with key partners was absent when the need arose. Organisations who might have given valuable assistance were not contacted and important information was not relayed to them; sometimes, indeed, press reports became the main source of information. This was also true of non-executive members of the Board of Directors who, we are informed, only discovered the full extent of the problems from media reports or indirectly from others.
4. The question arises, therefore, whether the intentions of the Communications Strategy were ever fully realised and where responsibility lies for its conduct. Indeed, there is evidence of some confusion over how this would happen. An Operations Group, set up to assist Local Authority processing in particular, continues in that role and received processing data from the SLC. The SLC informed the review, however, that they assumed that communications would be cascaded by the Operations Group, which it regarded as a liaison between different stakeholders. However, the Operations Group had no specific remit to act as a liaison point between different stakeholder and members of the group did not recognise this as their role. Furthermore, the Operations Group were not actually informed about problems with the scanning technology until July 2009, some weeks after the problems first surfaced at the SLC, while the statistics presented to the Group on the progress of applications processed did not convey the potential problems ahead. We understand that a revised external Communications Strategy is currently being produced by the Company and we welcome this. It is our view that this should include detailed plans for consulting and sharing information with external stakeholders throughout the year, including how potential and emerging problems will be managed.
5. There was a lack of clear messages in the public domain to explain directly to concerned applicants what was actually happening, as media interest heightened, call volumes escalated and large numbers were unable to make contact with the SLC. The Company's review of the lessons learned around contact states that customer feedback throughout the year indicated that the information provided to students through the DirectGov website

was confusing, complex and difficult to navigate. The student pages on DirectGov were not updated regularly enough and the information posted was, in our view, not specific enough to offer customers reassurance and prevent them from calling. Although the number of visits to the site increased as the problems and media attention developed, customers continued to call, suggesting that they did not find the information they needed. We understand that the Company is in discussion with DirectGov and are seeking to develop a more intuitive site and we very much welcome this.

6. The role of the media has been cited in the lessons learned exercises prepared by the Company and in various contributions to public discussion of the 09/10 problems. Media coverage has been described by the SLC at times as 'misleading' and 'adverse.' However, at various times, statements from the Company's representatives did not clearly explain the situation or go far enough to manage concerns. In one interview with the BBC, the Chief Executive described the problems as a 'telephone issue' and concluded that while the situation was 'not perfect,' it was 'reasonable.'
7. In retrospect, the SLC accepts that its handling of the media message left much room for improvement. In particular, it was reactive to criticism rather than proactive in managing the emerging bad news. This gave the impression of defensiveness.
8. In the absence of official information, applicants who were having problems reaching the SLC often took to their own media, including dedicated Facebook sites, in order to communicate with each other. The SLC were not aware of these for some time and did not intervene to provide accurate and up to date information.
9. This also had a significant impact on individual Higher Education Institutions. On failing to reach the SLC, many applicants turned to their intended universities and colleges for advice, who in turn had difficulties in contacting the SLC. The loss of a dedicated adviser line with the ability to make decisions on individual cases meant informed advisers in student support services were unable to make helpful and timely interventions. Student support services and the NUS provided students with answers to the most frequently asked questions that they were unable to get directly from the SLC at an additional administrative cost to themselves.
10. The problems encountered by students in attempting to contact the SLC also impacted adversely on other organisations. UCAS made the SLC aware of their own difficulties when, from June, an unexpectedly large number of enquiries about the status of student support applications were addressed to UCAS because of an inability to reach the SLC. It is not clear what the Company did with this information which was relayed to them in early July. We suggest that the SLC review its internal communications to ensure that feedback received from external sources is shared effectively so that it can be acted upon.
15. **The Company should give far greater attention to the messages it communicates internally and externally to ensure that they are correctly understood and their potential impact on customer behaviour effectively anticipated. The Company should consider how to develop a properly resourced capability to engage with the media and manage its reputation.**

3.6 Performance Management

1. A key area of concern in this review has been the quality of the information available to the Company's Executive and Board, as well as to the Department, in order to effectively manage operational performance. The key tool for managing the performance of the Company is the Balanced Scorecard, introduced in April 2009. It is understood that a six-month evaluation of the Balanced Scorecard and its use has been undertaken during November in order to better understand the relationship between information and action. While we have not seen the outcome of this exercise, we welcome the on-going review of the effectiveness of the performance management tools.
2. The Balanced Scorecard is a well established strategic planning and management system used extensively in business and industry, government and non-profit organizations worldwide. While there are many examples of success in the use of Balanced Scorecards, it is acknowledged that there are a number of potential pitfalls in their use, two of which are an excessive internal focus and a surfeit of data. It is also an evolutionary process which requires careful and frequent review and modification.
3. It is clear from studying the scorecards which were prepared within the SLC between April and September 2009, and presented to the Executive Team and SLC Board, that the overall summary page often did not reflect the reality experienced on the ground. From April through to September 2009, the percentage of the components comprising the scorecard that were classed as either green ('outstanding') or green/amber ('satisfactory') did not fall below 78% throughout the cycle, despite the many problems that arose. A review of the Scorecard summary page alone might therefore lead the reader to suppose that all was well. Indeed, in the July meeting of the Board of Directors it was reported that 'it was pleasing to see that all of the strategic aims were either green or green/amber' while the component data relating to the contact centre indicated increasing problems.
4. In particular, neither the progress of means-tested assessments for financial support nor, initially at least, the number of calls disconnected at the network level appeared as elements within the Scorecard, while stakeholder management appears to have been given a very low priority.
5. More significantly, it could be argued that the Balanced Scorecard on its own could not provide a timely insight into current and rapidly developing problems of the kind which the SLC encountered. The cycle of updating the Balanced Scorecard, first for the Executive Team to review, before it is summarised and considered by the SLC Board, takes a full month. Furthermore, the main indicator of the level of customer satisfaction with the contact centre, for example, is provided through a retrospective survey. Since the number of calls disconnected at the network level did not initially appear on the Scorecard, it was limited in its ability to provide advance warning of emerging issues in customer service.
6. In general, it appears that the performance measures used by the SLC focussed disproportionately on discrete outputs, rather than overall outcomes such as the level of customer service provided. As a result, while the performance data might indicate that the Company was delivering its Service Level Agreements and targets, the overall customer experience was poor, as this was not being measured and was therefore not visible.

7. The Board's review of the lessons learned around governance recognises the limitations of the 'historic' view provided by the Scorecard. The Board intends to develop additional tools to provide a timelier summary of events as they happen. It is our view that these should form part of the overall suite of performance management tools, not separate from it, to ensure that information is not lost.
8. **The Department and the Company should review their requirements for management information, including the composition and use of the Balanced Scorecard, to enable an accurate and timely analysis of the Company's operational performance.**

3.7 The relationship between the Student Loans Company and the Department for Business, Innovation and Skills

1. The successful delivery of the Customer First Programme is inextricably linked to the success of the Government's overarching policy of widening participation in higher education and ensuring that finance is not a barrier to accessing higher education. If students and their sponsors have a poor experience during their application for financial support and in their interaction with Student Finance England, it is possible that they could be deterred from entering higher education. Inaccurate information or a lengthy wait may adversely influence their decision. Equally an interim assessment without sufficient guidance may be misleading, while delays in approving a Disabled Student Allowance or a Childcare Grant may discourage an applicant.
2. While the Student Loans Company is rightly responsible for delivering the student finance system in England, this delivery cannot be insulated from the political environment in which it exists. The Department must therefore have confidence in the service being delivered by the Company in order to reassure its Ministers that policy objectives are being met. This has implications for the nature of the relationship between the Department and the Company.
3. There have been considerable efforts to define the relationship and governance arrangements between the Department and the Company. However, in the day-to-day relationship it is our view from interviews with key staff that there remains a lack of clarity in a number of respects, including around mutual responsibilities. During the interviews we conducted, for example, officials in the Department reported that they often felt risks were not appropriately escalated by the Company and that they were not adequately informed of performance issues. Yet, within the Company it was reported that there was a feeling of being 'micro-managed.'
4. The components to deliver service improvements as part of the Customer First Programme were agreed between the Department and the Company. While much has been delivered, there are significant aspects which have either not been delivered or have been delayed. The reasons cited include late policy changes, resource and technical constraints, recruitment problems, and longer than anticipated design, procurement and delivery. This has ultimately had an impact on the service being delivered to the customer. The Department uses a 'Completion Test' process to assess whether the commitments made by the Company have been realised and to understand the implications of delayed delivery. However, in our view this process does not provide the Department with sufficient early sight of emerging problems and potential delays to service improvements. It is our view that the Department should consider whether the tools it uses enable it to maintain effective strategic control of programme delivery.
5. We understand that the Department has been seeking to achieve an arms-length relationship with the Company; giving a greater degree of operational independence to the Company while retaining a more strategic role for itself. This is illustrated in the Department giving the Company responsibility for setting its own standards for delivery in two key areas of performance: supply and demand in resourcing the contact centre and the overall level contact performance. As has been shown above in section 3.2, the Company's resourcing model for the contact centre and its inability to handle contact volumes had significant implications for the levels of customer service that were

provided. The Department suggests that it never intended to be involved in the micro-management of every aspect of the service and that it would use the customer satisfaction surveys to judge the Company's customer service performance. It is our view that the customer satisfaction surveys are a lag indicator, which provide only a retrospective view of customer service, and will not indicate emerging problems.

6. As ultimate accountability for the Customer First Programme, service delivery and overall policy outcomes remain with the Department, it will always need to have enough information of the right quality and clarity to ensure it has confidence that the Company is delivering its commitments as agreed. The Department must therefore be able to effectively challenge the Company where it does not have that confidence and play a more active role in determining and ensuring the standards of service delivery. The Department will also have a key role in ensuring that the recommendations of this report are acted upon.
7. While the Department may need to have a more active role than previously envisaged, the Company is nevertheless ultimately responsible for operational delivery. The Company has been greatly exposed to the political environment as a result of this year's problems and will need to build on this experience going forward with a better appreciation of the policy outcomes which the Government is ultimately trying to achieve.
8. **The Department should gain a fuller understanding of the Company's operations and take account of best practice in other public service delivery organisations in order to more effectively scrutinise and challenge the Company.**
9. **The Department should work with the Company to clarify responsibilities and to agree risk ownership and management.**

4. CENTRAL CONCERNS

4.1. Culture within the Student Loans Company and its Leadership

1. It is our view that the leadership of the Student Loans Company and its prevailing culture had a significant bearing on the problems that unfolded this year and the way that they were managed. The changed role of the Company under the Customer First Programme required a significant cultural shift within the organisation. We consider that while the need for cultural change was recognised, the Company's leadership did not sufficiently appreciate its importance and underestimated the significant time, energy and commitment required to transform the Company and its processes, and ultimately failed to deliver that change.
2. The Overarching Summary of lessons learned presented by the Company recognises three 'innate' cultural aspects that it considers to have had a bearing on this year's performance. These are the Company's overriding objective to pay students on time, with insufficient priority placed on the quality of service that customers could expect to receive; the tendency to 'always strive to live within our means'; and a 'can-do' attitude.
3. While the SLC's Overarching Summary does not refer to these specifically in relation to the Company's leadership, it is our view that these reflect attitudes demonstrated at the highest level of the organisation that had a significant impact on decisions and priorities, as well as on the management of this year's problems.
4. The Company's view is that its overriding objective to pay students on time meant that insufficient priority was placed on the quality of service customers could expect to receive. We agree with this conclusion, but suggest that this is something that was recognised by the Company long before this year. The end-to-end Review of Higher Education Student Finance Delivery, published in January 2006, stated that 'creating a service that is truly focused on customers requires a significant cultural shift for delivery partners.' The Customer First programme documentation makes extensive reference to the need for organisational change and reform by the Student Loans Company to deliver a transformed service. In its response to the Customer First Blueprint, the Company itself recognised that it would need to 'build a customer-focussed culture, while maintaining the emphasis on value for money and delivery of the other outcomes and benefits required for the new service.' We also note that the Company had launched a programme of organisational development designed to build capacity, capability and to improve culture and behaviours with a key objective to continuously develop a customer service based culture.
5. Yet, in its Overarching Summary, the SLC claims it sees itself primarily as a 'high volume processing factory,' a clear indication that, as yet, insufficient progress has been made in transforming the Company into the customer-focussed organisation it had agreed to become. In our view, decisions taken by the Company's leadership did not given enough priority to the customer experience. For example, when the workflow management system of the scanning solution failed to deliver, decisions on how to respond were based primarily on the processing workflows, without fully considering the potential impact on customer service and contact levels.

6. The second cultural aspect identified by the Student Loans Company refers to its tendency to ‘always strive to live within our means and regard the budget allocation... as a strict constraint.’ The Company suggests that this explains the inability to manage the peak volumes of contact and state that they just ‘did [their] best’. While it is right that the Company should live within its budget allocation, it is our view that the Company did in fact have sufficient tools and resources to better manage the peak demand period. Rather, the resourcing model chosen by the Company did not aim to deliver the standards of customer service achieved by other public service delivery organisations and provided no incentive to proactively manage customer demand to deliver a better service.
7. The third cultural aspect identified by the Company is what it refers to as its ‘can-do attitude,’ which results in a tendency to put the Company under ‘undue pressure to meet the expectations of BIS.’ The reality is that the Company ‘understood the need’ for changes in regulation in the autumn of 2008/09 and, while recognising the increased risk, assured the Department that a February launch left sufficient time to ensure that those that applied on time would have the applications processed for payment at the start of term.
8. Our view is that the Company has been at times over-optimistic and not sufficiently risk averse. This can be seen in the management of the procurement and implementation of the scanning technology, where the SLC’s leadership did not identify and effectively mitigate the risk of failure and did not act quickly enough when that failure occurred. Our view of the Company’s risk management is considered more fully in 4.2 below.
9. This is closely connected with a further cultural aspect of the Company’s leadership, not explicitly recognised in its exercise to review the lessons learned. We believe that the Executive team of the Student Loans Company is not sufficiently open or transparent, both within the organisation and with its Non-Executive Directors, or externally with stakeholders in the sector. This has been apparent in the way that the Company’s leadership dealt with the problems this year.
10. For example, we understand, through interviews with the SLC’s Non-Executive Directors, that they were not made aware of the true extent of the performance issues or the increasing media interest; no Board meeting was held in August, despite concerns expressed about the deteriorating situation in July, and the Non-Executive Directors were not contacted directly by the Executive team to inform them of the scale of the problems. Evidence of the Company’s failure to develop an open and effective dialogue with its stakeholders in the sector will be discussed in section 4.4. below.
11. A recurring feature of the internal reviews conducted by the SLC is the number of actions which, in retrospect, should have been taken well ahead of the 2009/10 cycle. We consider this to be directly related to the leadership’s failure to achieve the required change in culture throughout the organisation. As a result, the Company struggled to deal with the scale of the changes required by the Customer First programme, including the new, direct relationships with a wide range of stakeholders, the change in its relationship with applicants and the demands of centralising the work of many Local Authorities.
12. **The Company’s leadership must fully commit to delivering a cultural shift throughout the organisation and its business processes, in order to achieve the outcomes sought by the Government.**

13. The Company's leadership must place the customer experience at the heart of the organisation, reflected in the personal objectives of all employees. Targets and performance measures should reflect the customer experience and ensure the delivery of a significantly improved level of customer service.

4.2 Management of risk

1. It is our view that risk management within the Student Loans Company has been inadequate and a key point failure in relation to this year's problems. Risks and issues that were central to the problems that emerged were not identified and therefore not visible to the Company's leadership. As a result they were not effectively managed through appropriate mitigating actions.
2. Within the Company, the Executive Board are responsible for identifying and managing corporate and strategic risks and issues, ensuring that appropriate mitigating actions are taken in line with the risk appetite agreed between the Company and Government Administrations. In practice, these responsibilities are delegated to the Student Finance Delivery Board, which makes decisions on risks and issues escalated from the scorecard or programme reports. The Finance and Governance Board is responsible for ensuring proper procedures are in place for Risk Management and Corporate Governance, and also for identifying and escalating risks within its sphere of responsibility.
3. While these arrangements appear comprehensive, in practice, we have significant concerns regarding the identification and timely escalation of key corporate and strategic risks. It should be noted that Risk Reports are submitted to the Main Board only bi-annually and to the Audit Committee quarterly. The specific risks and issues related to the problems that emerged this year were not identified and included on the Company Risk Register and, as a result, they were not visible and not managed by the leadership of the Company. This includes the risks and issues posed to processing, operations, contact and reputation by the failed implementation of the scanning software. These were not escalated to the Audit Committee until the end of September 2009 despite the failure of the scanning and imaging technology being elevated as a corporate risk by the relevant Sub Board in June, by which time the risks had progressed to issues as the problems had crystallised. It is recognised that in the intervening months the SLC Board was provided with updates on the issues surrounding the scanning solution and the contingencies being put in place. The inherent risk to customer service, and to the reputation of the Company, which was implicit in the decision to under-resource the contact centre during a time of peak demand was also not recognised and proactively managed by the Company's leadership.
4. The risk posed by operational failure in the first year of operation was identified in the Customer First Programme Risk Register. Risk 13 in that register recognises the risk that: 'Teething problems with the new service lead to loss of credibility and expensive work arounds.' The associated implications for reputation were acknowledged and countermeasures included a contingency strategy and stakeholder management. This register was held by the Department. In its review of the lessons learned around governance, the SLC Board states its view that, due to the governance arrangements in the Customer First Programme, where overarching risks were reported in the Risk Register for the Department, they were not reported in the Company's Risk Register. The Company's own Corporate Risk Register does not identify overarching risks of service failures and their potential impact on customer service or the Company's reputation.
5. **The Company should review its risk management procedures, drawing on external expertise, to ensure that corporate and strategic risks are effectively identified, escalated and managed.**

4.3 Governance

1. A lack of effective governance in the Student Loans Company and the Customer First Programme more generally is of central importance to the experiences this year. This is recognised in the SLC Board's review of the lessons learned in this area. This demonstrates that the Board is taking these issues seriously and we welcome a number of the suggestions they have made on how improvements could be made in the future.
2. The relationship between the Department and the Company, including with regard to the governance and implementation of the Customer First programme, has been well defined and documented. In our view, however, it is not clear how this has translated into practice. The Senior Responsible Owner for the overarching Programme sits within the Department, while the Company has delegated authority for the activities it leads on within the Programme. Although the Company has taken on increasing independence for its own governance and operational performance, overall responsibility for the Programme and key decisions associated with it, such as the decision to launch the service, remain with the Department. This has led to tension in the relationship and a degree of uncertainty about mutual responsibilities, including the information to be shared. Thus while from the Department's point of view, every attempt was being made to allow the Company to develop its own delivery mechanisms and operational practices, some members of the Board held the view that the Department actually had greater operational involvement.
3. This raises a more fundamental question about the relationship between the Company and the Department as discussed above in section 2.6. Given that the Company is an agent for delivering government policy for which the Department is accountable, albeit with a degree of freedom in its methods of delivery, it seems clear that the Department cannot entirely relinquish its oversight. The Department must therefore have the information and expertise to have confidence that the Company will deliver as required. The governance of the Programme should be reviewed, to ensure that information is shared in a timely manner and that the Board and the Department are involved in key decisions regarding the delivery of the service.
4. It is our view that the leadership and accountability for operational performance within the Company was not sufficiently clear. A management restructure in the summer left the Darlington centre without a visible and permanent leader on-site holding overarching responsibility for the performance of the whole centre. Furthermore, there was no one Director accountable for the overall operational performance of the Darlington site. Rather, this was shared between the Deputy Chief-Executive, accountable for processing performance, and the Director for Customer Services, responsible for contact performance. It is our view that this issue should be resolved to ensure that there is clear accountability at Board level for operational performance within the Company.
5. The role of the Company's Board, its Non-Executive Directors and their relationship with the Executive Team are also of particular concern. As has been discussed, many of the key risks and issues that contributed to this year's problems were not identified and were therefore not sufficiently visible to the Board. As a result, the Non-Executive Directors were not able to effectively challenge the Executive Team and hold them to account. It is also our view, however, that the Non-Executive Directors did not challenge the Executive Team sufficiently, or ask for further evidence where it was not provided, in order to

satisfy themselves that the issues that were brought to their attention were indeed being effectively managed.

6. It has been pointed out in section 3.6 above that the Company's Non-Executive Directors were not made aware of the full extent of the problems and the heightened media interest by the Company's Executive Team. While communication with the Non-Executive Directors should be addressed, the cycle of Board meetings may also not have allowed for some of the critical issues over the summer to be escalated at the right time. There was, for example, no meeting of the Board in August, at a time when problems were certainly accumulating. The Audit Committee meets quarterly and therefore meetings are held in June and September, missing an opportunity to review key issues at a critical point in the delivery cycle.
7. The Company should address how it will ensure that risk and performance are effectively managed at Board level, with sufficient opportunity for the Non-Executives to challenge what is presented to them. This includes the tools that they use and the frequency and timing of meetings. As the Company's own review suggests, this should involve a reconsideration of the cycle of meetings, keeping the Non-Executive Directors updated between meetings, and therefore a review of the time required of Non-Executive Directors and their remuneration.
8. It is our view that the higher education sector should be represented at the highest levels of the Company. While members of the Board have excellent experience in various commercial and organisational fields, there is no member with direct experience of higher education management or the particular issue of student finance. The Company recognises in its Overarching Summary of the lessons learned that the area of student finance is "extremely complex".
16. **The Board of the Student Loans Company should ensure it challenges the Company's leadership more effectively over both performance and risk. This should be accompanied by a review of the skill-set and role of Non-Executive Directors.**

4.4 Managing relationships

1. The Company's engagement with external stakeholders within the higher education sector has proved to be one of the main weaknesses in the 2009/10 applications cycle. From the outset, it was recognised that the success of the Customer First Programme depended on the effective involvement of HEIs, professional groups with a particular expertise in student finance and other external organisations and bodies. The Customer First Programme Business Case stresses the importance of fostering and developing relationships with stakeholders. A Stakeholder Engagement Strategy was developed by the Company with the Department's assistance in 2007 and goes into some detail about working with the sector. However, this does not appear to have been updated and is not referred to in the Company's own lessons learned of HE Relationship Management.
2. By engaging effectively with its external stakeholders, the SLC has the opportunity to create partnerships that will facilitate the delivery of financial support to students. Through regular and open consultation, the Company can design an effective service that meets the needs of its customers and ensure that it is in touch with the sector and is aware of and can react to the current issues being faced. A network of stakeholders can also provide an effective means of communicating messages to customers in a timely manner if needed.
3. In its lessons learned around HE Relationship Management, the Company outline some successful efforts of their engagement with external stakeholders over the past few years. These include regular surveys, regional forums and seminars and annual conferences, one each for the HEI sector and the wider stakeholder community. The Company also established "design groups" that were involved in the development of elements of the new Student Finance Service.
4. Despite this good foundation, however, when operational problems emerged during the cycle the Company did not effectively manage its relationships with external stakeholders or with the media. The Company did not engage in an open dialogue with its stakeholders in the sector who, if contacted at any early stage, could have assisted the Company in managing the impact of its performance. The Company missed an important opportunity to engage with its stakeholders and build a degree of trust and confidence in the way that it was dealt with problems. Much of the information entered the public domain via requests under the Freedom of Information Act and the Company has since suffered significant reputational damage throughout the sector, something it now acknowledges.
5. The Company's key stakeholders suggest that the Company and its leadership have still to fully engage with them over the problems experienced this year, and it appears that there continues to be little direct communication. The messages delivered at the Company's Stakeholder Conference were mixed, and at regional information events conducted by the SLC's Regional Consultants as late as November, we understand the Company's regional consultants informed external stakeholders that there had been no significant delivery problems this year. Rather, they suggested, most of what had been heard was media hype. This is deeply frustrating for those stakeholders that have been dealing first-hand with the fall-out from the Company's problems. This is evidence both of poor internal communications within the Company and of inadequate management of

its stakeholder relations. Despite the review sharing this particular feedback with the Company, the prevailing message was not altered in subsequent regional events.

6. The engagement of stakeholders was a key enabler in the Balanced Scorecard and stakeholder satisfaction was a recognised measure. The Balanced Scorecard report for September 2009 gives the overall status for this measure as Green while the detailed reports on elements in the Scorecard makes no further reference to it, indicating that this was not seen as an issue for attention or discussion. In the light of reactions from HEIs and others, this appears to have been a major omission.
7. Rebuilding trust and confidence in the Student Loans Company amongst external stakeholders will be a challenging but essential task for the next application cycle.
8. The Company should work closely with key stakeholders in the higher education sector to ensure they are well sighted on possible risks and emerging issues and are able to work together to overcome them.

Section 5: Preparing for the next application cycle

1. Following our analysis of this year's problems, and their underlying causes, we make a number of recommendations. While there are no easy solutions, in adopting these recommendations we believe the Company will be better placed to deliver an improved and better customer experience and to manage potential challenges as they emerge in the next application cycle, which is imminent.
2. We believe that the Company must act quickly to avoid a repeat of the difficulties experienced this year. First and foremost, customer expectations must be managed and the message about the importance of early application must be emphasised at every opportunity. At the same time, improvements in call centre management, in timely information about the status of applications, in the accessibility, quality and consistency of advice and in the treatment of applicants seeking targeted support are essential. Robust and decisive contingency plans must also be in place and much more effective stakeholder management developed.
3. Our key recommendations are as follows:
 - The Company should ensure that it has effective and robust contingency plans in place at a very early stage for the 2010/11 service as whole, covering people, processes and technology (in particular for the scanning and workflow solution). (3.1, paragraph 14)
 - The Company should reconsider its resourcing model for the contact centres and the incentives for managers to reduce avoidable contact, taking account of best practice in other public service delivery organisations. It should develop a robust and comprehensive plan to manage demand throughout the year, as well as a detailed plan for managing the peak period. The Company should make full use of the extensive tools and resources already available to it in order to proactively manage customer expectations and behaviour. (3.2, paragraph 13)
 - The Company should urgently improve the training of advisers on student finance policy and regulations in order to ensure that accurate information, advice and guidance is given consistently as a key part of improving the customer experience. The Company should also evaluate the effectiveness of its system of Regional Consultants. (3.3, paragraph 6)
 - The Company should make concerted efforts to manage customer expectations and behaviour. The Company should explain the application process to its customers in clear terms, so that they understand the likely timescales and what is required of them. In doing so, customers should be encouraged to apply as early as possible in order to help the Company to smooth its peaks in contact and processing demand. (3.3, paragraph 8)
 - The Company's support for targeted students should be urgently reviewed, in consultation with relevant organisations and special interest groups, including improvements in the training of specialist advisers, in the provision of dedicated services and in the review of procedures over applications. (3.4, paragraph 11)
 - The Company should give far greater attention to the messages it communicates internally and externally to ensure that they are correctly understood and their potential

impact on customer behaviour effectively anticipated. The Company should consider how to develop a properly resourced capability to engage with the media and manage its reputation. (3.5, paragraph 15)

- The Department and the Company should review their requirements for management information, including the composition and use of the Balanced Scorecard, to enable an accurate and timely analysis of the Company's operational performance. (3.6, paragraph 8)
 - The Department should gain a fuller understanding of the Company's operations and take account of best practice in other public service delivery organisations in order to more effectively scrutinise and challenge the Company. (3.7, paragraph 8)
 - The Department should work with the Company to clarify responsibilities and to agree risk ownership and management. (3.7, paragraph 9)
 - The Company's leadership must fully commit to delivering a cultural shift throughout the organisation and its business processes, in order to achieve the outcomes sought by the Government. (4.1, paragraph 12)
 - The Company's leadership must place the customer experience at the heart of the organisation, reflected in the personal objectives of all employees. Targets and performance measures should reflect the customer experience and ensure the delivery of a significantly improved level of customer service. (4.1, paragraph 13)
 - The Company should review its risk management procedures, drawing on external expertise, to ensure that corporate and strategic risks are effectively identified, escalated and managed. (4.2, paragraph 5)
 - The Board of the Student Loans Company should ensure it challenges the Company's leadership more effectively over both performance and risk. This should be accompanied by a review of the skill-set and role of Non-Executive Directors. (4.3, paragraph 16)
 - The Company should work closely with key stakeholders in the higher education sector to ensure they are well sighted on possible risks and emerging issues and are able to work together to overcome them. (4.4, paragraph 8)
4. The issue of confidence in the Company's ability to deliver an improved service next year will inevitably be questioned. The action plans we have received from the Company so far, for example through their Lessons Learned exercise and preparation for completion tests in some elements of the service, suggest that the Company is beginning to address some of the problems which have arisen. However, these plans are as yet not complete or comprehensive and therefore, in our view, the overall outcome remains uncertain, especially if there are delays in implementing some of the more technical aspects of our recommendations.

List of Abbreviations

AMOSSHE	The Association of Managers of Student Services in Higher Education
BBC	British Broadcasting Corporation
BIS	The Department for Business, Innovation, and Skills (The Department)
CCG	Childcare Grants
CLASS	Central London Assessment Service
DSA	Disabled Student Allowance
ESOL	English for Speakers of Other Languages
ELQ	Equal and Lower Qualifications.
GuildHE	One of the two representative bodies for higher education colleges and smaller universities, formerly the Standing Conference of Principals
HEIs	Higher Education Institutions
HMRC	Her Majesty's Revenue & Customs
IAG	Information, advice, and guidance
IVR	Interactive Voice Response
Million+	A think-tank and member association of 28 universities; one of the "mission groups" within UUK.
NAPD	National Association of Disability Practitioners
NASMA	National Association of Student Money Advisers
NHS	National Health Service
NNAC	National Network of Assessment Centres
NUS	National Union of Students
OU	Open University
SFE	Student Finance England
Skill	National Bureau for Students with Disabilities
SLC	Student Loans Company (The Company)
UUK	UniversitiesUK, one of the two representative bodies for universities and colleges in the UK
UCAS	Universities & Colleges Admissions Service

Annexes

Annex 1: Terms of Reference

TERMS OF REFERENCE FOR A REVIEW OF DELIVERY BY THE STUDENT LOANS COMPANY OF FINANCIAL SUPPORT TO STUDENTS STUDYING IN ENGLAND FOR ACADEMIC YEAR 2009/10 AND PLANS FOR ACADEMIC YEAR 2010/11

To review the operation of the AY2009/10 applications processing cycle for Student Finance England and plans for delivery of the service for Academic Year 2010/11, to identify the lessons to be learned, so that customers' experiences are substantially improved and that the service is run efficiently and effectively in AY2010/11 and beyond.

Specifically the Review is to:

- assess how the process is working, what has gone well and what has gone less well, in the first year of implementing the Service Transformation Programme, in particular:
 - how the service delivered this year compares with that of previous years;
 - how well Student Finance England worked with its stakeholders and communicated with its customers;
 - the demands placed on customer contact, including phone calls;
 - the circumstances that have led to problems with students and their parents being unable to get through to Student Finance England; and
 - the circumstances that have led to delays in assessing evidence, carrying out full means tested assessments and delivering targeted support to students.
- Identify the SLC's service improvement proposals and delivery plans for AY2010/11 including its plans to manage risks;
- Assess how far the plans for improving the new service are based on sound customer insight research about the ways in which customers will want to engage with different channels and be communicated with and how these plans could be enhanced, to deliver the service for customers more effectively and efficiently within available funding, drawing on expert advice across Government on best practice in delivery of multi channel customer services and the efficient functioning of contact centres;
- Take into account findings from the SLC Board's internal lessons learned review of the experience of delivering the AY2009/10 service including its views on governance arrangements.

The report should be delivered to the Minister of State for Higher Education and the Chair of the Student Loans Company. Interim findings should be presented by the end of November with a final report to follow.

Out of scope

Northern Ireland, Wales and Scotland student support processing to be excluded.

Policy that determines the amount of student support paid to students studying in England

Background

The Student Loans Company has this year introduced a new service Student Finance England, as part of a Service Transformation Programme commissioned by the Department for Business Innovation and Skills. The aim for the first year was to establish an integrated service to deal with the new students entering Higher Education for the first time, while English Local Authorities continue to assess applications from students returning to university for their second and third years. In the next phase of the programme, Student Finance England will progressively take over remaining work from English Local Authorities and introduce more process improvements, including data-links with HM Revenue and Customs to validate household income without the need for most applicants and their parents to submit paper evidence.

The Student Loans Company's ambition for the new service is to build and deliver a primarily on-line system which joins up processes for the customer and is simple and straightforward to use.

While record numbers of payments have been made for students' living costs, tuition fees and other support there have been real problems of customer service in the first year of operation, particularly the Student Finance England contact centre has been unable to deal with the volume of phone calls received and this has led to significant frustration and numbers of complaints from students and their parents trying to establish the status of their applications, at what can be a stressful time. There have also been some processing problems which led to some students being given interim assessments.

It is appropriate that an external perspective should be used to assess the findings of the SLC Board, to ensure that the lessons to be learned from the AY09/10 processing cycle lead to sustainable plans for AY10/11 to deliver the service improvements required.

Annex 2: List of evidence submitted to this review

Written submissions have been received from the following organisations and individuals:

- Department for Business, Innovation, and Skills
- Student Loans Company
- GuildHE
- National Association of Student Money Advisers
- Association of Managers of Student Services in Higher Education
- National Union of Students
- Million +
- Teesside University
- Plymouth University
- National Association of Disability Practitioners Ltd
- Skill: National Bureau for Students with Disabilities
- South West Disabled Student Allowance and Widening Participation Network
- National Network of Assessment Centres
- Ian Litterick, Executive Chairman of Iansyst Ltd
- Pat Mulcahy, Disabled Students Allowance Needs Assessor
- Paul Dilley, CLASS Manager, University of Westminster
- Bryan Jones, Disability Support Services Manager, Middlesex University
- Malcolm Dixon, Manager, Open University Access Centre
- Jon Richards, Unison
- Jacqueline Royston, Student Support, West Sussex County Council

Interviews, meetings and conversations have also been held with individuals from the following organisations:

- Student Loans Company:
- Department for Business, Innovation and Skills
- AMOSSHE
- GuildHE
- Iansyst Ltd
- NASMA
- National Association of Disability Practitioners Ltd
- National Union of Students
- Open University Access Centre
- Skill: National Bureau for Students with Disabilities
- Student Support, Tower Hamlets
- Student Support, West Sussex County Council
- UUK

Annex 3 – Call volumes March 2009 to October 2009

Date	WC 02-Mar	WC 09-Mar	WC 16-Mar	WC 23-Mar	WC 30-Mar	WC 06-Apr	WC 13-Apr	WC 20-Apr	WC 27-Apr	WC 04-May	WC 11-May	WC 18-May
Call Attempts	81,114	79,541	76,296	84,205	83,198	78,820	109,149	132,065	119,767	108,482	109,084	129,357
Disconnected Calls*	6,306	5,212	4,913	7,564	5,612	5,113	17,152	14,558	7,108	10,917	5,005	12,066
Completed in IVR	19,415	19,705	19,745	21,100	21,351	23,781	25,794	33,149	29,952	29,302	27,674	31,005
Calls Answered	42,832	46,637	49,264	50,963	52,537	42,360	48,979	64,190	64,586	54,695	65,932	71,637
Calls Abandoned	12,561	7,987	2,374	4,578	3,698	7,566	17,224	20,168	18,121	13,568	10,473	14,649

Period 2 25-May to 16-Aug

Date	WC 25-May	WC 01-Jun	WC 08-Jun	WC 15-Jun	WC 22-Jun	WC 29-Jun	WC 06-Jul	WC 13-Jul	WC 20-Jul	WC 27-Jul	WC 03-Aug	WC 10-Aug
Call Attempts	138,758	134,299	128,948	124,624	218,579	167,038	170,676	145,986	144,311	169,364	195,867	194,922
Disconnected Calls*	32,757	14,904	11,231	8,712	59,528	31,452	38,225	21,157	17,176	37,360	71,071	72,304
Completed in IVR	28,908	31,118	30,208	30,560	42,464	34,878	30,637	29,045	29,393	29,539	24,752	25,304
Calls Answered	59,170	77,209	80,671	81,527	90,408	83,841	83,363	77,792	82,918	79,137	78,897	82,517
Calls Abandoned	17,923	11,068	6,838	3,825	26,179	16,867	18,451	17,992	14,824	23,328	21,147	14,797

Period 3 17-Aug to 08-Nov

Date	WC 17-Aug	WC 24-Aug	WC 31-Aug	WC 07-Sep	WC 14-Sep	WC 21-Sep	WC 28-Sep	WC 05-Oct	WC 12-Oct	WC 19-Oct	WC 26-Oct	WC 02-Nov
Call Attempts	324,162	1,010,586	1,379,869	1,485,671	791,548	502,458	359,281	245,699	163,869	144,399	128,404	129,185
Disconnected Calls*	189,351	865,904	1,252,926	1,338,941	627,993	326,595	183,483	84,988	23,543	19,662	12,151	16,308
Completed in IVR	29,919	34,643	35,938	39,002	39,808	44,023	45,437	38,587	33,473	29,369	26,204	25,752
Calls Answered	87,990	86,997	72,422	85,098	96,419	99,393	97,704	95,821	90,752	82,985	76,348	72,285
Calls Abandoned	16,902	23,042	18,583	22,630	27,328	32,447	32,657	26,303	16,101	12,383	13,701	14,840

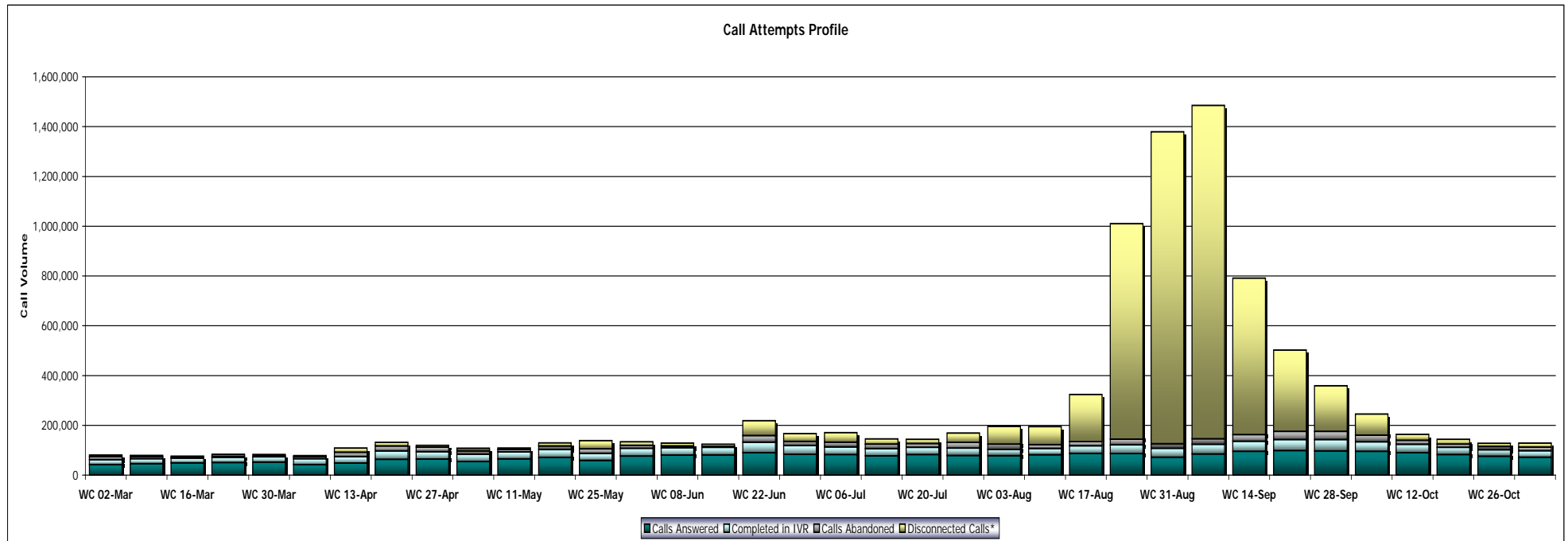
* Based on Terminated on Announcement and Engaged Calls (Data Source Cable & Wireless - Vision Platform - Customer Service Report)

Contact Centre Analysis

Call Summary - Weekly Trend Report

Reporting Period 02-Mar to 08-Nov

Disconnected Calls 5,459,248 Completed in IVR 1,090,934 Calls Answered 2,656,276 Calls Abandoned 583,123

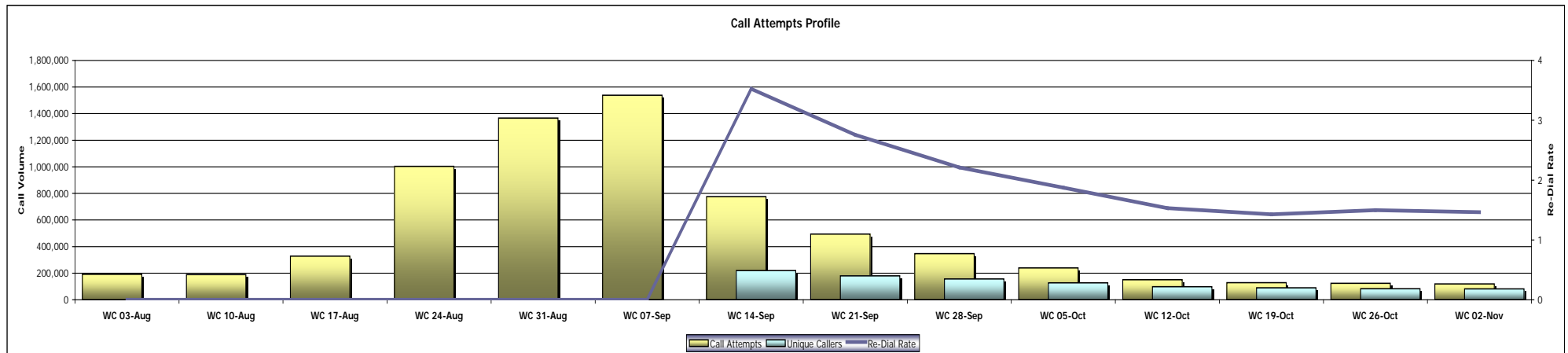


Contact Centre Analysis

Network Volumes - Weekly Trend Summary

Reporting Period 03-Aug to 08-Nov

Call Attempts 6,994,446 Unique Callers 1,036,308



Date	WC 03-Aug	WC 10-Aug	WC 17-Aug	WC 24-Aug	WC 31-Aug	WC 07-Sep	WC 14-Sep	WC 21-Sep	WC 28-Sep	WC 05-Oct	WC 12-Oct	WC 19-Oct	WC 26-Oct	WC 02-Nov
Re-Dial Rate	---	---	---	---	---	---	3.52	2.76	2.21	1.87	1.53	1.43	1.50	1.46
Call Attempts	192,037	189,053	328,204	1,003,015	1,366,260	1,538,324	775,281	494,148	346,491	238,953	150,348	128,691	124,348	119,293
Unique Callers	0	0	0	0	0	0	219,939	179,330	156,750	127,448	98,160	90,150	83,061	81,470

Notes:

- Information extracted from C&W Contact Lite WebView Reports
- Call Attempts - "Calls by Call Type by Dialed Number"
- Unique CLI - "Unique CLI Count"
- Data consolidated from Daily Figures

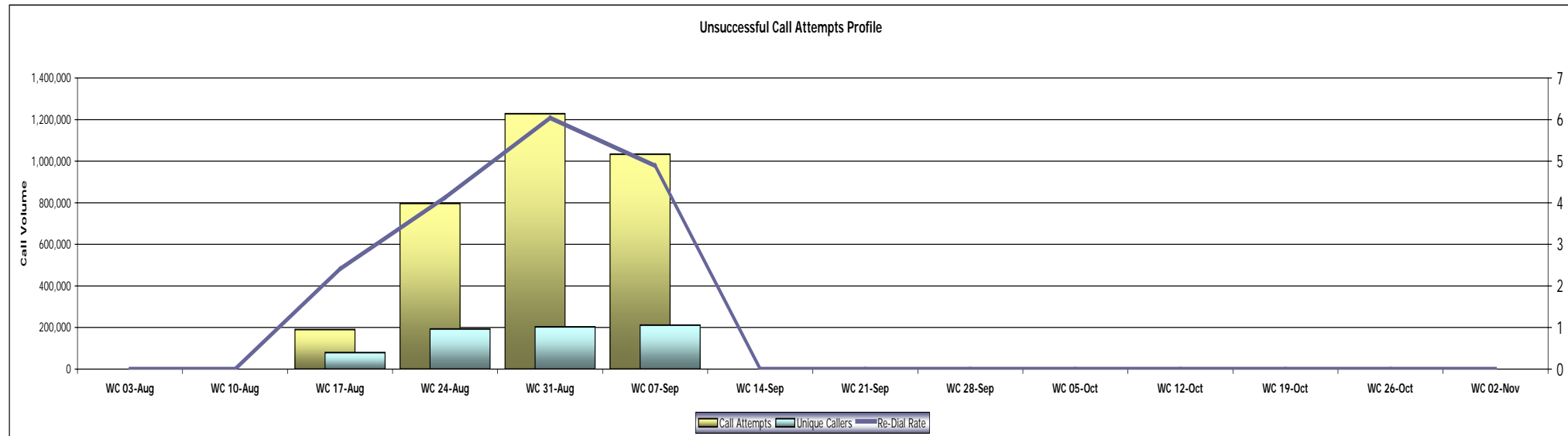
Reporting Period 17-Aug to 13-Sep

Call Attempts

3,248,770

Unique Callers

686,662



Period 1

03-Aug to 08-Nov

Date	WC 03-Aug	WC 10-Aug	WC 17-Aug	WC 24-Aug	WC 31-Aug	WC 07-Sep	WC 14-Sep	WC 21-Sep	WC 28-Sep	WC 05-Oct	WC 12-Oct	WC 19-Oct	WC 26-Oct	WC 02-Nov
Re-Dial Rate	---	---	2.41	4.13	6.04	4.89	---	---	---	---	---	---	---	---
Call Attempts	---	---	190,328	797,145	1,228,306	1,032,991	---	---	---	---	---	---	---	---
Unique Callers	---	---	78,997	193,113	203,397	211,155	---	---	---	---	---	---	---	---

Notes:

Information extracted from C&W Vision Reports

Data extracted from "Unsuccessful Call Report"

Analysis is based on unsuccessful calls at the network level only, it does not capture calls reaching the contact centre

Data consolidated from Daily Figures

WC 07-September is impacted by reporting issues experienced on the C&W platform, this understates the overall volumes