Independent Health Check Review of Student Finance England

A review of the Student Loans Company preparedness to implement planned changes and improvements to support the 10/11 Academic year cycle and the Customer First programme.

22nd April 2010
Final Report

Prepared for the Department for Business, Innovation & Skills and the Student Loans Company

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1. Executive Summary

1.1   The Purpose of this Review

This report summarises the findings of an independent review of the Student Loans Company (SLC), commissioned by The Department for Business, Innovation and Skills (BIS) and undertaken by PricewaterhouseCoopers LLP (PwC).

The academic year (AY) 2009/10 was the first year of centralised service to deliver Higher Education student finance in England, implemented by SLC[1]. This centralisation was a principal goal of the Customer First Programme, established in 2006 to improve customer service (through faster processing and greater consistency); achieve financial savings; and improve governance.

There were significant operational and processing failures in this first year of centralised delivery. Students experienced difficulties in making applications and in contacting SLC for advice and support, with many not receiving payments in time for the start of their courses. Both Professor Sir Deian Hopkin (December 2009) and the National Audit Office (NAO) (March 2010) have reviewed what happened and recommended actions[2] that SLC and BIS should take, in order to minimise the risks of further problems in 2010/11.

The purpose[3] of this review is to provide BIS with an independent assessment of SLC's preparedness to deliver the 2010/11 processing cycle successfully. To provide this assessment, we have addressed the following questions:

- What is the status of SLC's plans to prepare for and undertake the bulk processing of applications for the 2010/11 academic year?

- What is the status of actions planned by SLC to introduce agreed technological and other changes for the 2010/11 academic year?

- What is the status of SLC's plans to address the specific recommendations of both the Hopkin and NAO reviews?

- What further actions are required in order to increase the likelihood of a successful processing season?

This report has been drafted for comment by SLC and BIS. It is the result of four weeks' work[4] conducted over the Easter holiday period.

1.2   A Summary of SLC's Challenge

SLC's key objective with respect to the centralised Student Finance England service is to assess

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[1] Whilst SLC provides services for all of the UK administrations, the scope of this review is limited to Student Finance England

[2] See appendix E for a summary of the recommendations of the Hopkin and NAO reviews

[3] The Terms of Reference for the review are at appendix A

[4] See Appendix C for a list of interviews conducted and documents reviewed

students' applications for financial support to ensure the right students receive the right amount of money at the right time. Eligible students pursuing higher education (HE) are then paid in a mix of grant and loan depending on household means. Where students take out tuition fee loans, the fees are paid by SLC directly to the relevant HE institution.

The challenge for AY10/11 is that circa 450,000 new applications and nearly 430,000 returner applications need to be processed by SLC, with those applications received (with the required evidence) before the deadlines to be paid following confirmation of the applicant's attendance at University (broadly by the end of September 2010). SLC has agreed three deadlines with BIS for this year, with the two key ones for new applications being 23rd April 2010 for non means-tested applications and 25th June 2010 for means-tested, although the broad public message is to apply 'by the end of June' in order to ensure payment at the start of term.

The bulk of application processing effort is for new students who are entering HE for the first time and may need to involve their families in establishing the entitlement to a means-tested grant. Three physical call centres (Glasgow, Darlington and an outsource provider) support the student/family contact and queries generated. Except where there are changes of circumstances, returner applications tend to be straightforward and require less work to process.

Given the cyclical nature of the business, the "window" for making changes to the operation that will have a real impact on the success of the 10/11 AY cycle runs from January to May/June 2010. At the time of this review – April 2010 – and with the rate of applications beginning to pick up, SLC has very limited time and capacity available to make new interventions that can improve performance this year.

Hence SLC's challenge this year is to deal successfully with around twice the number of applications that were received in 2009/10. Given the damage caused to stakeholder perceptions and public reputation caused by last year's problems, it is especially critical that this year's cycle runs smoothly. SLC needs not only to deliver successfully in 2010/11, but it must also satisfy the demands of BIS and its stakeholders for assurance that it is ready to succeed - including that the causes of last year's failures have been addressed.

1.3 Findings

What assurance can be drawn from SLC's improvement plans?

SLC has a number of projects underway. Some of these are planned developments of systems, some are designed to address the causes of last year's problems and some are responses to the recommendations made by Hopkin and the NAO. These add up to 50 distinct initiatives in flight, which are now being brought together and managed as a single Service Improvement Programme (SIP). The programme is in the process of being developed and is due to be approved by the SLC Board at the end of April. This will also be the plan from which BIS and other stakeholders gain assurance as to how the service will be managed for the remainder of this application cycle. The programme comprises projects intended to support success in this year's cycle as well as some longer-term improvements targeted at AY11/12 and beyond.

Of the SIP improvement items critical for this year, two were complete (as of 12th April) and good progress has been made in the following areas:

- The implementation and testing of scanning and workflow technology, which is now complete and operational

- The development of processes and systems to improve processing performance (e.g. the implementation of the new online application tool 'My Application and Offer', through which around 40,000 applications were completed and submitted for processing in the first week of live operation)

- The completion of an external review of SLC's risk management procedures by Oakleigh Consulting, with recommendations taken to the March 2010 Audit Committee

- The rollout of 'Excel' customer focus training to all contact centre staff

- Revised board meeting arrangements and the establishment of three new sub-committees have been

agreed, with meetings scheduled from April onwards. A pre-meeting of the proposed chair of the operational strategy committee and the COO has already taken place and agreed that the focus (monthly) will be on operational issues, as opposed to strategy.

- Securing an interim chief operating officer (COO)

However, given that many SIP initiatives which are critical for this year are still in progress, we have serious concerns about SLC's ability to implement these improvements in time to benefit this year's cycle fully (which in practice means completed by the end of May.) Significant work is still required in the following areas:

- arrangements for pro-actively managing the summer contact peak – including operational oversight and management information (MI) and demand management interventions

- stakeholder management and customer communications

- implementation of the changes to risk management procedures recommended by Oakleigh

- completing the SIP AY10/11 programme plan and contingency plans

- encouraging an effective service delivery culture which focuses on the customer experience

- establishing governance arrangements around the programme to ensure the right decisions are taken at the right time and the right people are consulted – including clarifying the role of BIS and engaging effectively with BIS officials

- detailed planning and prioritisation for service improvement initiatives

SLC also has more work to do to demonstrate to BIS' satisfaction that it has robust plans in place to manage the service – and relationships with key stakeholders – effectively.

What assurance can be drawn from SLC's progress to date with application processing?

As at the middle of April, 264k applications had been registered (around 30% of the expected total of 880k for the year). Of these 264k applications registered, 114k have been processed (approved for payment), 117k pended (waiting for information from the customer) and 25k are currently work in hand (with around 5k cancelled or ineligible). Hence SLC will need to complete a maximum of 760k applications in around 100 working days remaining to end September (assuming that all applications are received by the deadlines, whilst history suggests that a significant number will be submitted late).

SLC has prepared a detailed forecast of expected application volumes over the cycle. The number of applications received to date is currently slightly ahead of the most recent forecast. However, there remains a significant challenge in processing ahead:

- The forecast number of applications that will meet one of the three deadlines is expected to be circa 340k applications, which will need to be processed by the end of September

- There will be a significant number of applications submitted after the deadline which will need to be processed in line with service levels, to be agreed with BIS, which are validated with stakeholders and clearly articulated to customers

- Last year's experience provides only limited validation of SLC's forecasts for 10/11, because deadlines were not communicated in the same way and because the problems encountered resulted in contact volumes that were likely to have been extraordinary

- Call volumes are currently high against the forecast and SLC don't at this point know why, although this is currently under investigation (the factors at play could include the radio campaign and the timing of issue of offer letters by universities)

This processing workload will require pro-active management throughout the period. Issues to be

addressed to support this include:

- Reaching agreement with BIS on how to prioritise work on applications received after the application deadlines have passed, especially as the start of university term approaches. Agreement is needed both on the target service levels to be achieved and the associated customer promise for late applicants

- Having agreed priorities and performance targets for late applicants, determining how resource needs to be deployed across contact and processing activities to meet these targets

- improving the quality of performance reporting to management & BIS, to enable significant departures from the forecast to be identified quickly and appropriate interventions to be taken

- developing and agreeing a communications plan to manage customer and public expectations, particularly for late applicants

1.4   Recommendations for immediate action

We have identified a set of recommendations focussed on the short term that will help to minimise the risks to a successful outcome for 10/11 AY. The key recommendations are summarised below, with further detail in section 2 (including suggested time to complete). A cross-reference table linking the findings and additional recommendations to each of the Hopkin and NAO recommendations is provided in Appendix E.

Our recommendations for immediate action are as follows.

SLC should appoint an experienced Programme Director and establish a fully resourced Programme Management Office (PMO), reporting to the SLC Chief Operating Officer, who would be the SRO for the SLC 10/11 SFE Operation and Service Improvement Programme. The PMO will also be able to provide reports which SLC can present to the new BIS 10/11 Programme Assurance Board.

The SLC board would be accountable for ensuring that the PMO is operating effectively to deliver this year's cycle and the agreed improvement plans. Once the PMO is established, SLC will need to revisit the current leadership vacancies to assess what further capacity or capability is required ahead of the appointment of permanent executive directors.

The PMO should introduce a programme culture and generate a greater sense of urgency. It should be responsible both for managing processing operations over the busy period ("keeping the train on the track") and managing the implementation of critical improvement activities that support this year's cycle ("running ahead of the train to make sure that the track is as safe as possible").

The key roles and capabilities required within the PMO include:

- Management positions to support both operations and delivery of change

- A PMO manager, a planner, a risk / issue manager and an administrator

- A specialist in performance management and management information, quickly to establish effective reporting arrangements

- Subject matter experts to support key areas of the operation i.e. contact centre management, technology assurance, communications and stakeholder management, process design and demand management.

The key characteristics of the PMO should be:

- A "turnaround" mindset, with very active management and the executive team mobilised to deal with issues in real time, with the PMO team taking an active, driving role and steering the focus for executive decision-making

- Clear, visual reporting to focus on progress against the improvement plan and resolution of operational issues

- Regular update meetings/calls, to review progress and identify actions, at the start and end of each day

- Set up to work effectively across Glasgow and Darlington, and to link with BIS in London, with video/telephone conference facilities

We also recommend that SLC take immediate action to:

- Agree technical definitions of end-to-end service measures as success indicators and how these are communicated to customers

- Agree targets for those indicators, including indicators and targets for applications received after the deadlines

- Ensure that performance information is reported on a daily basis to track outturn and predicted performance against those indicators

- Agree the modelling of call and application volumes, including integration between the call and application components

- Finalise the Service Improvement Plan, clearly identifying priorities with the programme for actions that will improve success in this round, from amongst the 50 initiatives identified in the SIP, with detailed implementation plans for those priorities

- Appoint an interim director, with support team, on communications and stakeholder management (including to act on the recommendation in section 2.7.5)

- Investigate urgently the ability to put in place now additional contractor contact centre capacity. This would enable SLC staff to focus on application processing and more complex cases. We understand that there may be infrastructure constraints that limit SLC's ability to scale-up contact centre capacity – the position needs to be clarified.

- Put in place usability testing for all new system changes

- Review the information presented on the website to remove all information that users find confusing

- Deploy a contact centre subject matter expert (SME) to test and validate the assumptions underpinning the resourcing model and to help manage the process and demand and identify clear 'tipping points'

- Institute proactive reporting and management, to enable a clear and real-time management view of progress against forecast and how well work in progress is being progressed against targets. Importantly, this performance management activity needs to look 'end-to-end' across both contact and processing, so that dependencies between the two can be managed and resources allocated to where demand is higher

- Develop and implement a detailed customer communications and stakeholder management strategy and plan for the next 6 months

- Develop detailed scenarios and associated contingency plans for what needs to happen e.g. if there is a critical system failure (such as scanning) or if outturn deviates significantly from the forecast. These plans should on the shelf and ready to go, against clear criteria for activation

- Put in place effective arrangements for assurance and completion testing around the SIP initiatives that are critical for this year's cycle

We recommend that SLC and BIS hold an immediate workshop to assess these recommendations

against the plans and resources currently in place, in order to identify resource gaps and agree how to fill them.

1.5   Recommendations for consideration in the longer term

We also propose a number of longer term recommendations, designed to strengthen SLC for AY11/12 and beyond. These should be assessed for implementation after September.

In the course of our review work, we have identified weakness in a number of more fundamental business aspects. Developing the appropriate solutions in these areas will require more time than the 10/11 AY cycle allows and we have not dwelt on developing specific recommendations. However, it may be useful for the SLC Board and BIS to consider the following areas for further development;

- **For BIS and SLC board**: resolve differences about how to apply the Governance framework agreed with all devolved authorities and thereby securing a positive working dynamic between BIS and the SLC Board

- **For BIS and SLC (lead)**: redevelop the corporate balanced scorecard to rationalise measures - aligning with good practice and the underpinning management information that SLC needs to drive the operation effectively. In addition, SLC should rationalise and improve operational MI to ensure that performance indicators are aligned with the design of end to end processes

- **For SLC**: bring together reporting, monitoring and scenario modelling activity to create a single end to end performance management process with clear responsibilities and accountabilities to eliminate duplication and fragmentation of effort

- **For SLC (with help from BIS)**: develop a leadership culture which is more appropriate to the balance required in effective delivery of public services (e.g. protection of public purse vs. public service in a complex stakeholder environment)

- **For SLC**: focus organisation development on operational management to improve the framing and pace of interventions

- **For SLC**: develop monthly management accounting reports to support operational analysis of comparative performance across similar functions in the business (e.g. call centre services or application processing teams). This will strengthen the ability of SLC's management to understand relative efficiency and effectiveness across its in-house and outsourced teams and hence to identify opportunities to drive performance up.

- **For SLC**: Put more focus on usability and the customer experience and fully explore the potential for user-centric design of the application process. Work with stakeholders to improve customer insight and embed a focus on the customer experience in the SLC culture.

- **For SLC**: develop an effective demand management strategy which includes initiatives designed significantly to reduce call volumes.

1.6   Conclusion

Whilst a lot of work has been carried out by SLC we have been surprised by the lack of focus and urgency in addressing the recommendations from Hopkin that were reported in December 2009. Actions have been taken and capabilities introduced that address some of the lessons learned from 09/10.

SLC has constructed a forecast of application volumes and timings, resourced up against this forecast and are currently managing in line with this. However, a number of issues remain:

- Contact centre resources will be around 100 seats short of the capacity required to be confident of meeting call targets during the contact peak. There are potential infrastructure constraints that may limit SLC's ability to scale up to this level, which need urgent clarification. It is also critical that SLC manages expectations effectively during this period

- Whilst SLC has actively set resourcing levels for application processing to deal with the forecast peak,

there is limited flexibility to react if outturn departs a long way from the forecast. Weaknesses in current management reporting would hinder SLC's ability to identify and react to significant variances that would require significant resource shifts and engagement with BIS.

- Clear plans are not in place for all improvement required

- SLC has failed to provide BIS stakeholders with the necessary assurance to rebuild the relationship which was damaged by the events of last year

- The SLC Executive Team is under-resourced, stretched and unable to give the breadth of leadership and direction required through the next five months of this year's AY cycle

- The window of opportunity to complete the improvement activities is closing and some of our recommendations have had to be tempered by what is feasible given the time available rather than what should be in place (e.g. Business continuity testing for SLC and balanced scorecard for BIS and SLC).

The resilience of the organisation to deal with crisis and frame appropriate interventions – particularly in terms of governance, leadership and the progress still required on provision of operational management information - is still in a state that gives cause for concern. These aspects reduce the level of confidence that 10/11 would be successful if another significant incident occurred. If, for example, a significantly larger number of applications than expected come in before the deadline, SLC's agility and resource flexibility to deal with this and hit the end of September is limited.

Accordingly, in our view, the immediate recommendations must be implemented now, to be fully completed by the end of May to improve the chance of a successful cycle in the 10/11 AY.

2. Detailed Findings

2.1 Governance and Management Structures

2.1.1 Objective

In this section, we discuss our findings and recommendations about the governance and management structures in place which provide overall direction, management, reporting and decision making for SLC to meet its responsibilities.

This section is focused on board governance and executive leadership. This should be read along side our findings around programme governance in section 2 and operational management in section 4.

In this review, we have also made an assessment of Hopkin's recommendations regarding: stakeholder management, performance management and whether the cultural change necessary to deliver a front-line service focussed on the customer experience has been recognised sufficiently by SLC. Our assessment is summarised in the table shown in Appendix E. Our specific findings around stakeholder management and customer communications are discussed in section 2.7 (communication strategy), about performance management in section 2.6 (performance management and management information) and on cultural change in section 2.5.2 (improving customer focus).

2.1.2 What SLC are doing

We have seen evidence that, following last year's problems, SLC are taking steps to strengthen governance and management arrangements in a number of areas, summarised below:

Revision of the SLC scorecard

SLC are currently in the process of revising the balanced scorecard, due to be completed in April this year, which is the main tool for reporting to the board on performance and progress against objectives. The key changes are restructuring the scorecard into two sections, comprising a report on performance against the SLC's corporate key performance indicators and targets (as agreed with BIS) and a new 'operational spotlight'. Within this restructuring, changes are also being made with the intention of streamlining the scorecard and giving greater prominence to monitoring core business indicators (including new indicators and targets for case processing and contact).

The operational spotlight is designed to provide a more detailed report on application processing performance and will include new lead indicators, intended to give the board a forward-look of predicted performance and issues. These changes are being made, specifically to address the fact that the processing and contact problems experienced last year did not show up clearly on the scorecard for several weeks, and to address recommendations made by Hopkin and SLC's own lessons learned exercise. The first operational spotlight is being submitted to the April board meeting for comment as a pilot. The SLC Chair has commissioned this to be reviewed regularly by a new sub-committee of the board.

Oakleigh review of risk management procedures

SLC commissioned a comprehensive external review of risk management, including risk reporting to the board, which Oakleigh Consulting Ltd have recently completed. The report makes a number of recommendations to strengthen risk management in line with good practice. The recommendations were considered by the SLC audit committee at its March meeting and are due to go the board in April, with a

follow up report on progress to the risk committee in May. We understand that a draft action plan for implementation of the recommendations is currently undergoing internal SCL review, with the intention to make substantial progress on the key recommendations by the time of the meeting of the risk committee in May 2010.

Appointment of new non-executive directors

Three new non-executive directors (NEDs) were appointed to the SLC board on 1st April this year. These are replacements for the NEDs who stood down in September 2009 and February 2010. Importantly, the new NEDs have been recruited to bring specific skills and experience to the table, addressing skills gaps identified last year. These appointments will strengthen the capability of the board to gain assurance and hold the SLC executive to account, particularly in the areas of customer services, volume processing, finance, risk and corporate governance, and engagement with higher education stakeholders.

Revision of board sub-committee structures and board meeting arrangements

The company is in the process of establishing three new sub-committees of the board: a risk committee, an operational strategy committee and a policy insight committee. The terms of reference of the existing audit and remuneration committees have been revised accordingly. We understand that the new board schedule is now approved, with the first meetings of the operations strategy committee and risk committee arranged for April and May respectively. A preliminary meeting in advance of the first operational strategy committee has been held and it has been agreed that the committee will focus on operational issues rather than strategy.

Board meeting arrangements have recently been changed, so that sub-committee meetings take place on the afternoon before main board the following morning.

These changes are designed to create significantly more time and opportunity for scrutiny, challenge and assurance around SLC's risk management and operational performance. We understand that the focus of the operational strategy committee between strategy and operational performance has yet to be determined.

Appointment of an interim Chief Operating Officer

SLC appointed David Wallace in March to fill the vacant Chief Operating Officer post, which was created to strengthen the Company's operational leadership and create additional management capacity at the executive director level.

Lessons learned reports

In the wake of last summer's problems, the board commissioned and subsequently reviewed lesson learned reports which addressed the key areas of failure - contact, processing, scanning and relationship management.

2.1.3 Key findings and issues

Notwithstanding the positive actions which SLC has taken to date, we have identified a number of significant governance weaknesses that SLC has yet to address. Some of these issues, whilst fundamental to having robust governance arrangements, cannot now be addressed effectively in time for the imminent busy period of applications. We have therefore divided our findings and recommendations into two groups – those which we judge to be critical for successful operation over the next 6 months and those which can be addressed in the autumn, once the application processing peak has passed.

SLC leadership capacity

Four executive director posts have been vacant since end December 2009 – Human Resources Director, Information Communication & Technology Director, Marketing & Communications (Marcomms) Director and Chief Operating Officer, representing 50% of the SLC's executive management capacity[5]. SLC has recently engaged an interim COO and we understand that recruitment for the COO, HR and Marcomms posts has started, with the first adverts for these roles placed on 18th April, with an earliest date for

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[5] Based on the SLC Organisation Chart dated 22nd December 2009

appointments in June based on feedback from the search agency. A meeting is planned to take place in the week commencing 19th April for a potential interim director to take responsibility for Marketing and Communications. Similarly the consultant to drive forward organisational development work will commence on 21st April. Considering that it typically takes 6-12 weeks from appointment for a senior executive to become effective in the role, it is likely to be September at the earliest before SLC will have a fully resourced executive team in place, by which time the summer application peak will be passed.

The Company has told us that, for the new COO post at least, it would not have been responsible to appoint until the 2010/11 budget settlement had been agreed with BIS – although we understand that BIS do not see this as a reason not to have proceeded with recruitment sooner. We understand that BIS are providing an additional £16m to SLC for FY10-11, on top of the £70m already agreed for SLC's baseline funding. We also understand that the other vacant director posts were budgeted for 09/10 and beyond. In this context, it is difficult to understand why action to fill the vacant executive posts has not been taken sooner.

Whilst the appointment of the interim COO provides additional executive focus on SFE operations over last year, we consider that the continued gaps in senior management capacity represent a significant risk to SLC's ability to deliver – and provide assurance around the delivery of – the 2010/11 AY processing cycle, particularly if risks materialise as issues this summer and senior management intervention is required.

Board oversight of performance and risk

One of the main lessons learned from last year was that the arrangements in place for reporting performance and risk to the board did not give sufficient detailed, timely and clear information about what was going wrong to enable the board to act. From a governance point of view, this is the pressing issue to be addressed if the Company is to be better placed for the 10/11 cycle.

SLC's proposals in this area are appropriate – the new board operations and risk committees, together with the improved reporting provided by the operational spotlight and implementation of the short term recommendations from the Oakleigh review. (We understand that the Chair of the operational strategy committee intends that it meet monthly and we support this.) However, there is now very little time left for SLC to have these new arrangements implemented and working effectively in time for them to make a difference, in practice, for this summer. So urgent work to stand these committees up is required. The board also needs to ensure that it is providing timely and relevant challenge to the executive – a key aspect of fulfilling its responsibility to provide assurance to BIS.

Arrangements for issue escalation and intervention

Another lesson from last year was that arrangements for escalation, once the scale of SLC's difficulties came to light, were unclear. This contributed to a delay in working with BIS to identify and take corrective action.

We would expect to see that there is a defined escalation procedure in place, clearly understood by senior managers, directors, board members and BIS officials.

We understand that SLC have identified that this is a gap and have undertaken some initial thinking, with plans yet to be documented and agreed.

Oversight responsibilities and how they are exercised

The SLC framework document sets out in comprehensive terms how governance of the Company is to be performed, including the respective roles and responsibilities of the SLC board, the Secretary of State's Representative and the BIS Customer First Programme team. This describes a delineation of responsibilities, with the SLC board taking primary responsibility for the governance of the Company, in turn providing assurance, through BIS, to the accountable Minister. The revision of the framework document in 2009 (signed by all parties) was intended to make this delineation clearer.

Senior officials in both BIS and SLC have told us that the working arrangements described in the framework document, whilst appropriate in theory, have not yet been realised in practice. There are a number of interrelated reasons, the upshot of which is that the BIS team does not currently have the

comfort to enable it fully to step back and be assured that the board will fully satisfy its requirements for governance and assurance over the next six months. Hence BIS officials, for example, are seeking more detailed reporting around operational performance. There is a sense of disappointment and frustration on both sides.

2.1.4 Recommendations

Recommendations to be implemented immediately in support of this year's cycle

SLC leadership capacity

We recommend that SLC take urgent steps to create additional executive management capacity, align workload to capacity and ensure that there is sufficient bandwidth to deal with the occurrence of a significant adverse issue this year. Key actions would include:

- Undertake an assessment of projects and initiatives underway, identify those that are not mission-critical for delivery over the next 6 months and pause, de-prioritise or delegate in order to free up senior management time

- Create effective cover arrangements for the remaining vacant director positions – options are temporary promotion, use of interims or explicit delegation of key director responsibilities to two or more deputies. This will depend on freeing up some management capacity as described above. It is for SLC leadership to judge whether or not they have suitable people at tier 3 who can step up, or whether bringing in external capacity on an interim basis is the best solution. BIS have made offers since December 2009 to help find interim candidates for SLC to assess. The imminent arrival of a consultant to support organisation development will undoubtedly help, as would discussions now underway around an interim director for Marketing and Communications if they result in an appointment.

Board oversight of performance and risk

We support the work that SLC have underway in this area and recommend that SLC places the highest priority on having the new arrangements up and running effectively no later than the end of May. We would make the following specific recommendations:

- The proposed operational spotlight should be trialled (with real performance information) at the April board meeting, revised in line with feedback and implemented as a routine report by the May board meeting. SLC have advised that plans to do this were already in hand.

- Implementation of Oakleigh's short term recommendations should be started immediately, with a progress report presented to the April board meeting and a report showing how the short term recommendations have been implemented going to the May risk committee. SLC have advised that plans to do this were already in hand.

- SLC should provide intensive briefing and board development for the new risk and operations committees, to accelerate the process of getting up to speed and becoming effective. We understand that induction of the new NEDs is due to start on 26th April. We propose an intensive 'orientation day' for all members, which would include:

    – Briefing from the Chair, expectations for assurance, focus and reporting explicitly stated and agreed

    – A session to develop, agree and sign-up to committee priorities and ways of working for the first three months (to be reviewed for effectiveness at the end of the period)

    – Discussion and agreement of roles and responsibilities of executive and non-executive members, including the specific role of the Chair

    – Agreement of information and reports required by the committee

    – Intensive briefing on SLC business and operations, including the lessons learned from last year

– Walk through of the operational spotlight and revised risk management reporting

Arrangements for issue escalation and intervention

We recommend that SLC and BIS work together to define agree and document the arrangements by which significant issues are to be escalated, including where urgent issues need to be taken to the board and BIS out with the planned meeting cycle. This work should be completed to enable review and sign-off by the SLC board at the May meeting, with a verbal update on progress towards this at the April meeting. The arrangements should include:

– thresholds for escalation

– roles and responsibilities, including for the activation of contingency plans

– procedures for drawing down contingency funds

– escalation routes (i.e. who, when, how)

– arrangements for convening emergency executive team and board meetings

– arrangements for returning to business as usual

We recommend that SLC test the new performance, risk and escalation procedures by performing a simulation, which would include both a board discussion and the activation of the escalation procedures between scheduled board meetings.

Oversight responsibilities and how they are exercised

With the summer processing peak imminent, we judge that it is now unrealistic to turn the relationship between BIS and SLC around and live by the letter of the framework document – there is still significant disagreement between the board and BIS as to how governance should be structured and operate and too great an assurance gap to close in too few weeks. What is critical is to have in place a pragmatic protocol for operating through the summer period, which can be superseded by improved governance relationships in line with the framework document in the autumn. SLC and BIS should commit to working together constructively, as a joint team, to manage and oversee operations for the next six months.

We recommend that BIS and SLC jointly develop and implement an effective joint-working protocol for operational oversight and assurance for the short term. This should include establishing a joint SLC/BIS operational oversight group, meeting weekly, to monitor performance, support assurance to the Minister and the SLC board and enable rapid escalation of issues. We understand that BIS are also planning to set up an assurance board over the busy period, which will meet monthly at senior level.

Recommendations to be implemented over the next 12 months

In the longer term, SLC and BIS should work together to shift to working arrangements consistent with the spirit and the letter of the Framework Document. Key actions include:

• SLC and BIS should jointly agree how to implement the agreed framework effectively or use a third party to help identify and agree necessary revisions. Both should use this exercise as an opportunity to rebuild the relationship and mutual trust

• SLC should develop and execute a plan, specifically to address all the areas where BIS feels that assurance falls short of requirements. The plan should include 'recognition events' and progressive 'hands off' steps to get to the letter and spirit of the framework document. Over time, this should enable BIS to stand back (with SLC gaining earned autonomy),

• As planned by the Chairman, SLC should conduct a board development programme to address board role, dynamics, appropriate challenge, skills and improve board support processes even further

• BIS should review and revise the roles and ways of working of the strategic relationship (sponsor) team so that it is aligned with SLC board taking on its full governance responsibilities. In the longer

term, we would see the relationship team focusing primarily on articulating BIS' policy, operational requirements, performance standards and assurance needs, and working with SLC on managing stakeholders across the HE community (noting that SLC should lead on developing its own relationships across the sector). BIS should look to the SLC board for assurance that the SLC is fit for purpose to fulfil its responsibilities. We recognise however that past failures mean that BIS will need to see that a number of confidence-building measures have been taken by SLC and the SLC board before this can happen in full.

2.2 Plans in Place and Being Actively Managed

2.2.1 Objective

The objective is to establish that plans are in place; are being actively managed and adequately address the expected volumes of applications through the full lifecycle of initial customer contact, processing, payments, accounting and financial reporting.

As part of this review we sought to answer the questions raised by Professor Hopkin and through NAO on the preparedness of the SLC for delivering improvements for current academic year. We made the following observations regarding the status of service improvement plans.

2.2.2 What SLC are doing

A number of improvement initiatives were underway in January 2010 under the governance of the Student Finance England (SFE) Board. There was no single, collated plan of the different activities to support overall programme management.

An operational improvement plan was drafted and issued on 25th March 2010 which was an attempt to collate and structure all internal improvement initiatives, planned changes and the Hopkin review recommendations. NAO was deemed out of scope of this document as the final version was issued in mid March.

Since that time, and under direction by the Interim COO, the programme (now known as the Service Improvement Programme) has issued an initial draft of the high level scope/plan on 8th April 2010. The programme objective is to deliver all enablers to make the service effective for 10/11. The outline scope contains a summary of 50 separate initiatives that address the recommendations from the lessons learned, NAO and Hopkins reviews across the following seven work streams (some of which will not be critical for the 10/11 AY):

1. Governance
2. Capacity, Capability and Culture
3. Customer, Process and Technology Improvements
4. Demand Management
5. Resource Management
6. Stakeholder Management
7. Preparation for Future Change

The first six work stream areas consolidate a number of continuous improvement initiatives (i.e. conducted within the line as part of business as usual) and elements of the Customer First programme under SLC delivery control plus scheduled system improvements for the 10/11 cycle that are still to be implemented (e.g. Change of Circumstance). These latter elements have formal project management support in line with SLC change and project management disciplines.

The final work stream (Preparation for Future Change) includes proposed policy and technical changes for the 11/12 AY cycle.

A programme manager and programme office manager have been assigned to the work.

2.2.3 Key Findings and Issues

From a review of the document and interviews with Programme and Change management personnel at SLC, we have established the following:

The Service Improvement Plan initiatives have not yet been prioritised to identify those that are required to enable the 850,000 commitments to be made by the end of June 2010 and ensure the successful delivery of the 10/11 AY (although we understand that this prioritisation is now underway)

Implementation plans have been developed for the Oakleigh recommendations but there are no detailed plans for the other improvement initiatives – these are being worked on by the Programme Manager. The IT-related work that sits under the Customer First Programme is planned and governed under a SLC

delivery board (Customer First SLC sub-programme). The programme management function is in the process of defining the initiatives and working with business owners to capture progress to date, complete detailed planning and collate under the programme control and co-ordination.

A high-level milestone map has 63 milestones recorded across the 7 streams but even at this high level, further high-level definition work is underway in 3 of the streams.

A proposal for programme structure and governance has been drafted for consultation and the aim is to present to the SLC board on 27th April for formal approval to proceed.

The current proposals for governance and programme management follow SLC disciplines and it is proposed that the programme board (comprising the executive management team) meets weekly in the initial phase. This has recently been updated to include the initiation of 'war rooms' to manage the Service Improvement Programme. The programme board could be extended to include additional stakeholders.

This is a welcome initiative which we fully support. However, given the challenging timescale for completion, we cannot see a reason why this work was not started in January 2010.

2.2.4   Recommendations

Recommendations to be implemented immediately in support of this year's cycle

We would recommend that SLC take the following actions by end April to increase the urgency, focus and intensity of programme management effort:

- SLC should appoint an experienced Programme Director and establish a fully resourced Programme Management Office (PMO), reporting to the new SLC/BIS Assurance Board. The PMO should introduce a programme culture and generate a greater sense of urgency. It should be responsible both for managing processing operations over the busy period ("keeping the train on the track") and managing the implementation of critical improvement activities that support this year's cycle ("running ahead of the train to make sure that the track is as safe as possible"). This may mean increasing the level of project management/project team resource to accelerate completion. SLC should assess whether these roles can be filled with suitably skilled internal people, or whether external resources will be needed.

- The Programme Director will take responsibility for daily communication and liaison with the BIS Customer First Programme Manager as an appropriate single point of contact. SLC have advised that this recommendation has been progressed as they have identified a Programme Director and discussions are on-going.

- Accelerate and complete the planning/prioritisation of the service improvement portfolio. It is essential that SLC understands which of the 48 initiatives **must** be implemented and where there may be short term workarounds. We welcome that such conversations have been initiated by the COO.

- Establish the programme office as a "mission control" centre (or war-room) with the following characteristics;

  – Real time information update and decision making

  – Dual site – Darlington and Glasgow with video/telephone conference facilities

  – Beginning/end of day tasking and progress calls

  – Clear, visual reporting to focus on improvement plan progress and resolution of operational issues

  SLC have advised that this recommendation is underway with the initiation of a 'war room'.

  Establish the programme approach as a type of "turnaround programme" with very active management – e.g. executive team mobilised as required to respond to issues in real-time with programme management team taking active, driving role and steering focus for executive decisions

- Investigate joint-working opportunities with BIS. Establish whether there are appropriate roles across the programme where BIS skills and experience would help to accelerate progress. Develop terms of reference to support resource requests and help BIS to identify/allocate the right people.

Recommendations to be implemented over the next 12 months

Programme plans and active management is by nature focussed in the short term on improving the chance of success in the 10/11 AY cycle. In the longer term, SLC should work to develop its capability in this type of very active and intense programme management as a way of managing operations and key service improvements for the critical period between April and July such that it just becomes the way business is run for this short period.

2.3 Contingency Plans

In this section, we discuss our findings and recommendations about the adequacy of contingency plans.

A fundamental aspect of the issues experienced last year was the limitations of the plans in place that support the Company in the event of a system failure. Following an incident like this we would anticipate SLC to have engaged in a comprehensive review of the plans, procedures, testing and roles to identify what went wrong, identify improvements and the implementation of these enhancements. A benefit of this would be to provide BIS assurance that the appropriate contingency plans are in place for the current application year.

Subsequent to this review period, and as standard, we would expect SLC to have in place a set of documented plans that show the detailed procedures and actions to be taken in the event of business as usual activity being disrupted. These plans should be regularly maintained and tested, both individually and end-to-end. Critical to this planning will be the identification of a hierarchy of individuals responsible for specific areas of the business and the relevant development of the business continuity plans, testing and the activity in the event of failure.

2.3.1 What SLC are doing

We have seen evidence that SLC had contingency plans in place prior to last year and some efforts have been made to enhance these.

Investigation of issues

SLC have conducted comprehensive lessons learned exercises and a number of investigations into the root cause of last year's issues. Limitations in the business continuity plans in place were identified as a major contributing factor to the way in which last year's problems played out. Specifically due to the fact that the plan in place was to revert to the underlying manual process but this had not been tested. The main action that has resulted is for the Company to ensure that robust contingency plans are in place, signed off and regularly reviewed/maintained for implementations where there could be a business impact. Documented business continuity and business impact assessment plans were in place prior to last year but the level of testing was not comprehensive to ensure robust back up services were in place.

Contingency

SLC have actions that can be resorted to in the event that the volumes of calls or applications received are above what has been forecast.

An external supplier, (Response), has been engaged to provide outsourced call handling services including high volumes at peak periods (as part of the planned delivery model.)Steps are currently being taken to cross-skill the SLC call handling and processing resources in the Darlington contact centre so that they can be shared between the business areas with SLC "back-filling" the contact centre resources as required. The SLC business continuity covers four key areas that aim to allow the business to continue functioning in the event of any issues:

1. Disaster recovery

Disaster Recovery measures are in place for the key systems and infrastructure. These are in the form of Support Recovery Team Plans for the key sites that include the roles and responsibilities for ensuring effective management of the re-organisation of the business services at the specific site and the detailed procedures required to establish communications, initiate the ICT system recovery, maintain operations and provide information to key individuals.

The two major SLC sites are Washington Street in Glasgow and Hillington. The data centre is collocated across these sites; the majority of the computer and telephony systems are distributed across these. The network and Storage Area Network (SAN) have been prepared to provide the same services in both sites simultaneously. This allows contingency as either site can provide the full data centre requirements in the event of an incident where the other is lost.

2. Back up of key systems

To allow this fail-over it is necessary for the up-to-date data to be recovered for the core, business critical

systems. Consequently exact data copies are maintained at each site through SAN synchronous replication for the following systems:

- CLASS database

- CRM database

- LEA portal databases

- Customer portal databases

- FE portal databases

- HE portal databases

These databases require additional systems to function, the database and application servers for example. The system recovery for all the components for business operation is 48 hours. Therefore in the event of a loss of one site, the core systems could be recovered with no loss of data but this would be within 48 hours and not instantaneous. This level of recovery is a trade of cost versus impact on the customers. 48 hours appears acceptable for the services SLC provide.

The non-core systems, such as email and file servers, are also recoverable within 48 hours but there is a potential to lose 24 hours of data as these systems are backed up daily instead of in real time. The servers are distributed across the two key sites so that in the event of disaster recovery situation those used to provide development and test systems would be utilised for the key systems lost.

3. Back up of facilities

From 2008 an initiative has been underway to establish workplace recovery provisions for all the SLC sites to be provided by an external third party. Following a procurement process ICM has been selected to provide IT hardware back-up services and offsite back-up offices.

The service provided by ICM includes locally provided Work-area recovery services. ICM have a number of specialist buildings across the UK that SLC can use in the event that any of 4 key sites become unavailable. This service is currently in a testing stage to ensure the sites are ready to be used in the event of an incident and that the procedures involved are efficient. There have been some issues identified but we believe this is part of the process of setting up the services and should be resolved in next set of testing.

In addition to this, call cascading procedures are in place to ensure that the appropriate people are contacted in the event of an incident. This is also currently being testing, with some issues experienced that should be resolved going forward.

4. Contingency business processes

Business continuity plans and business impact assessments have been developed and maintained for the key business areas. Responsibility for ensuring that these are completed and updated falls under facilities management but responsibility for the procedures within the plans and subsequent testing of those falls to key individuals within the business areas. These plans were in place prior to the incident last year but it is not clear to what extent these have been updated in response to the investigations.

2.3.2   Key Findings and Issues

ICT and the business areas had to be contacted to provide information on the various arrangements.

Shortfall at peak period

The forecast peak period for call volumes is roughly around the 9th September. At this point SLC will be utilising circa 370 FTEs from Response, the maximum available based on current funding. In combination with the SLC contact centre the company will still be 100 FTEs short to be able to handle the predicted call volumes. Detailed analysis, plans and recommendations are currently being developed by SLC on what is required to handle this peak period (recommendations relating to this finding are covered in

section 2.5 under Demand Management). We understand that there may be infrastructure constraints which limit SLC's ability scale up contact centre resourcing. SLC needs to clarify these constraints and their implications as a matter of urgency. SLC should also investigate the option to bring the additional outsourced capacity on-line now, freeing up SLC people to focus on application processing – and whether this would enable forecast demand to be smoothed.

Disaster Recovery capability is untested

The disaster recovery measures in place are appropriate for the services SLC provide but these were last tested 3 years ago; there have been 2 significant tests of the DR provisions in the last 6 years. Many components of the provisions are tested as part of operational use, for example the data backups are used to build the development and testing system environments, but this does not provide evidence of the enterprise wide resilience of the measures or highlight any areas of weakness.

A full DR test would have significant impact on the business. The set up of the DR provisions mean that testing would involve halting live operations in that site so that they could be recovered in the other; effectively stopping the business. The 48 hour recovery timescales would mean that this would be for 2 to 3 days if no issues were experienced. The risk of conducting such a test is recognised but in light of the issues experienced last year we would expect SLC to have performed a DR test to demonstrate to the key stakeholders and the SLC board that the appropriate provisions are in place.

End to end manual business processes are untested

The fall-back manual business processes been tested individually but not as part of the end to end business continuity procedures. There is a view in the Company that the incident last year led to an extended period of testing of the manual business processes in a live environment and the organisation is in a much stronger position this year. It can be concluded that if the scanning/workflow system fails again then the Company will be able to resort to the manual processes but the same cannot be said for all areas of the business. For example, if the Agent Desktop and the current CRM system were to fail the manual back up process and the testing of it is not clear.

2.3.3 Recommendations to be implemented immediately in support of this year's cycle

Ownership of Business Continuity Planning

A key individual at board level should be identified who has responsibility for ensuring that sufficient business continuity measures are in place and these have been tested appropriately. This individual will also be responsible for engaging with BIS to provide comfort that there are tested plans in place in the event of any system or site being unavailable. SLC have advised that the Finance Director should have this responsibility.

End to end Scenario Testing

To provide assurance, both to BIS and internally, SLC should develop some scenarios that test the business continuity measures in place from end to end. At a minimum, this should be conducted in a workshop environment to run through the manual processes the would be reverted to and to demonstrate how the business would perform in the event of a system and/or business process failure similar to those experienced last year.

- These should look at the potential for multiple key systems, services and suppliers to fail, both individually and collectively.

- This should test plans and procedures as to how the business will function as a result including all key areas of the business and the management structure so that detailed procedures are in place for the Company functioning for whole application year with limited services and applications in place.

- Contingency plans should also be developed for scenarios in which outturn deviates significantly from forecast volumes such that SLC is unable to meet performance targets with available resources

- Testing should involve BIS and other key stakeholders.

2.3.4 Recommendations to be implemented over the next 12 months

Disaster Recovery Testing

SLC should conduct a test of the DR capabilities in place to provide resilience around the key systems. This is likely to involve shutting down key systems so the capability for them to be hosted at the alternative site can be demonstrated in a real-time. This will require significant preparation and management and therefore should be conducted when there will be minimum business impact. We recognise the difficulty of finding a quiet window during which a large-scale DR test could be conducted but, on balance, believe that with appropriate communication to customers and stakeholders, the negative impacts of shutting down for a couple of days could be managed.

Contingency management strategy

SLC should ensure that its overall approach to contingency management is aligned with its risk management arrangements (under development following Oakleigh) and consistent with the SLC's risk appetite and posture. The contingency management strategy should be reviewed by the board risk sub-committee and/or the main board.

2.4 Status of Systems and Processes

2.4.1 Objective

In this section we discuss our findings and recommendations about the status of systems and processes in place to support the annual cycle of applications including customer contact, application processing, payments and financial records. Particular focus on the status of planned technology changes regarding the electronic link to HMRC to verify household income, simplifying and enhancing the on-line offer, the new contact centre and the document scanning technology. Specifically this will examine the extent to which completion tests and user acceptance testing control procedures have been implemented.

2.4.2 What SLC are doing

Following the problems encountered last year we would expect a high-level of scrutiny and control from SLC around the development and testing of the systems and processes in place and under development. There are specific actions that should have taken place to ensure that the problems have been resolved and to provide assurance to BIS that they will not be repeated. It has become clear that many of the areas and actions identified by previous reports were already in place prior to last year and a range of positive initiatives have been under way across the organisation.

Investigation into root cause

Investigations into the issues experienced have been conducted and documented in Lessons Learned reports focusing on specific areas. These show an awareness of the underlying problems and define actions required to resolve them.

New document scanning technology

This investigation has involved the key supplier of the scanning and workflow application who have worked to understand the issues and develop the system configuration to mitigate the risks at their own expense. This has led to the functionality and configuration of the system being enhanced by the supplier.

The scanning solution has been re-developed by SLC, tested and is currently being implemented using a phased ramp-up of utilisation. This approach has been adopted elsewhere and indicates that a more controlled culture is in place. It is clear that resolving the issues with this system has been a case of personal pride for many individuals in the Systems Development, Project Management and Testing teams.

Flexible Application Architecture and IT Team Structure

The Systems team have adopted a strategy to move toward an application architecture that is a component based structure, which will allow the organisation to move towards service oriented architecture. This should allow the introduction of new services without significant impact on the existing applications. In parallel, the IT organisation is in the process of being re-structured to allow great flexibility and for resources to be cross-skilled and utilised in different areas depending on demand.

This is seen as good practice across the technology industry and a number of public sector agencies are aiming to move this type of architecture to allow for changing policies.

Management of Technology Changes

There are comprehensive processes involved in the specification, development, testing and implementation of systems. This process has been formally documented in the SLC Change Process Handbook and Project Managers Handbooks prior to last year, which has been subsequently updated.

Using My App and Offer as a case study we have been able to obtain evidence of a robust approach to the development of system and business processes.

The My App and Offer development was included in the original Blueprint response document – SLC's documented approach to meeting the Department's blueprint for SLC. This change has been developed by the Change Management team into a feasibility assessment of the options with input of a cross functional team, which is then approved by the business and stakeholders. This stage includes the development of the high level business requirements and business process maps which are maintained

in the Requisite Pro and Casewise systems respectively.

A Project Board is usually established to provide the governance structure for the change, except where a development is part of the original Customer First scope in which case it is governed by the Customer First Sub Programme Board unless it is deemed significant enough to warrant a specific project board.

The Project Manager is responsible for completing the required documentation including the Initiation Document, the Risk log, Consolidated Project Plans and the Contingency Plans. They then coordinate the design, build, testing and implementation of the change; bringing in the appropriate teams as required including ICT Integration Management, Technical Services and Security Management amongst others.

System and User Testing

The ICT Integration Manager is responsible for coordinating the system, end to end and performance testing for which test plans and subsequent completion reports are produced. User Acceptance Testing (UAT) is coordinated by key individuals in the Change Management team. This is managed using the Quality Centre system which facilitates the capture of business requirements and links them to user acceptance testing. Upon completion a UAT Conclusion Report is issued.

Following the successful completion of development and testing a Pre Release Sign-Off meeting is held with the Project Manager, Business Owners, Test Managers and ICT Integration Managers. The minutes of this meeting are captured and issued to all relevant parties.

The head of ICT and Systems Development have recently been added to the project board roles to provide an assurance role for the system testing conducted.

Links to HMRC, DWP, IPS and UCAS

The processing of student loan applications requires links with external bodies, referred to as delivery partners, to validate data received from the public. These delivery partners include HM Revenue & Customs (HMRC) to verify the household income of the application sponsors; the Department for Work and Pensions (DWP) to verify the National Insurance of the applicant; Identity and Passport Service (IPS) to verify the passport of applicants and the University and College Admissions Service (UCAS) to verify course details and offers. Electronic links between SLC and DWP and UCAS are already in place, improved links with IPS and HMRC have recently been implemented.

Implementation of income verification link with HMRC

The electronic link with HMRC that will allow the automated verification of household income will not be implemented for 10/11 AY. Accordingly, SLC have built their resource requirements based on the assumption that this will not be available.

2.4.3 Key Findings and Issues

Despite these good initiatives, that should benefit SLC and the services provided, there are a number of areas that are a cause for concern.

Usability Testing

Although User Acceptance Testing is robust usability testing is not a standard step in the development and testing of systems that will be public facing. This could offer significant benefit to the business overall as there is evidence that some aspects of the online services have resulted in additional calls to the contact centre, such as users requiring password resets as well as navigation problems.

All online services are hosted on Directgov, who require a certain minimum standard of usability testing to be met. The SLC commissioned usability testing for My Application and Offer (carried out by the company Uservision), and the results surpassed the standard required. The Department sought advice on this from Directgov before agreeing to launch.

Coordination of Changes to Single Specification

There appears to be a lack of an overall specification of the services SLC provide. The Customer First Blueprint response is available but this has not been updated for a number of years and does not provide the level of detail required to manage a major programme of this nature. Other strategic documents such as the IT Strategy and the Customer First business case have not been maintained. In this instance the My App and Offer change was part of this original business case and therefore specific benefits and measures have not been developed.

A consequence of not maintaining and communicating this level of documentation has been a lack of transparency for the BIS stakeholders as to the purpose and benefit of some implementations. This has led to a view that SLC have made key changes to the specification without notifying them appropriately.

We would expect to see a detailed specification and supporting programme plan that sets out how the vision captured in the Blueprint document will be implemented. This plan would allow BIS and other stakeholders to understand any decisions being made with regard to the implementation of changes and the impact of any delays.

Major system changes during peak periods

The strategy of deploying major system changes into the live environment during or leading up to peak periods appears to be high risk, particularly given the experience of last year, and this is likely to be the view of the key stakeholders. There may be clear justification in this approach to release management but the evidence of this strategy is not readily evident. Because processing is going on all year round (although at a lower level outside the summer peak) it is impossible for SLC to avoid this risk entirely, hence more effective arrangements for understanding and managing the risks are required.

Engagement between SLC and BIS

There is evidence that organised system and user testing is conducted by the SLC systems development teams and that the level of diligence around this area has advanced at an operational level.

Following the issues experienced last year it is clear that BIS have lost confidence in the testing completion documentation provided to them as they have requested that the SLC board provide assurance that the systems have been tested appropriately. BIS have stated that have the capability to test against the agreed design specification, consider the customer experience and the high level business processes. However, BIS does not have the capability to make judgements about the technical aspects of IT system testing or the capacity to look at detailed business processes and their interaction with existing systems and processes across the student finance service. It is clear that a gap has developed between the level of evidence and assurance BIS require and that provided by SLC.

This gap is unlikely to be resolved simply by SLC providing additional evidence as BIS do not have the capability required or remit to provide a detailed assessment of testing evidence. The completion test procedure and reporting provided, in our view, appear appropriate. However, BIS has told us that these are not providing the desired level of assurance. The underlying issue here appears to be a failure, on both sides, adequately to communicate in order to reach an agreement on the procedures, reports and engagement that will meet BIS' needs. Steps therefore need to be taken by both parties to improve the engagement around this area so that assurance can be reached that the systems being implemented will be successful.

The gap between SLC and BIS is also evident in the high-level decisions made. This lack of transparency means that there is minimal understanding or justification of how and why the original specification and implementation schedule has been deviated from and how this has impacted the services provided by SLC. Consequently there is concern from the key stakeholders that the systems and functionality that have been developed have focused on the latest technology at the expense of delivering a quality service that meets customer requirements.

2.4.4 Recommendations to be implemented immediately in support of this year's cycle

SLC engagement of BIS

SLC should take a proactive approach to providing BIS with assurance that the level of testing providing

is sufficient and that all implementations have been tested appropriately.

- We believe that SLC are in the process of identifying a test manager with the responsibility of engaging with BIS prior to each go live and ensuring their requirements are met. We fully support this action and recommend that it is accelerated. In commenting on our draft report, BIS officials have told us that the SLC Business Transition Team currently do this but they are not always empowered to get the information BIS needs and often find it difficult organise test walkthroughs. They are also not particularly close to the development work so are reliant on business owners to provide them with the info BIS needs. BIS does not feel that this works well and believe that it should be reviewed. We recommend therefore that BIS engage with SLC around these issues and agree a plan to improve the ability of this team to meet BIS' requirements.

- This could include explanation of the testing completed and open user acceptance testing with key BIS stakeholders to demonstrate how the development delivers the specifications and the required benefits.

BIS capability to perform assurance role

Where BIS are seeking assurance around SLC systems development and testing, they should ensure that they have the capability and skills required to provide this role. In the event that BIS are not satisfied with the development and testing conducted by SLC, BIS should take action to identify appropriately skilled resources (including potentially the use of third party technical reviews) and used to conduct additional testing assurance.

Deployment of major changes

For those systems changes that are to be deployed into the live environment during the busy period of the next 5 months, a full test of the installation and the back out plan should be tested on a simulation of the live environment to reduce the risk of impact on the business in the event of problems being found during deployment.

2.4.5 Recommendations to be implemented over next 12 months

Transparency of changes

Overall coordination of all the development work and implementations, and how it relates to the original business case is required. This would provide transparency to the SLC Board, BIS and other key stakeholders of the planned changes, any delays and the timing of proposed implementation.

- SLC should produce a programme plan that links directly to the Blueprint response document so that it is clear what areas of the service are being delivered by which system implementations and when.

- Both parties should work together to ensure that the services to be delivered and the expected benefits are well understood.

- Over the medium term SLC should produce a specification that details the services SLC are to provide as laid out in the Blueprint response. This would follow similar lines to the specification that a third party supplier would be expected to maintain for business process outsourcing arrangement and should also be supported by an IT strategy that is documented and maintained.

Usability Testing

- Usability testing should be introduced for any changes that will directly impact the public. This will involve the set up of a user group of students and parents / sponsors who are brought in to SLC to assess the ease of use of the systems to be implemented and to provide feedback. This assessment should be repeated following implementation so that any issues can be promptly identified and resolved. Directgov set the standards for usability testing, which is conducted by SLC. We understand that Directgov believe that further benefit could be gained by engaging students and sponsors directly.

2.5 Resource Forecast and Improving Customer Focus

This section has two objectives; each objective is addressed in a subsection:

In the first subsection we discuss our findings and recommendations about how the resourcing model for SLC has been updated and is supported by effective demand management to provide an effective level of response from the contact centres and application processing

The second subsection examines whether staff have had appropriate training to recognise the importance of greater customer focus and have the tools to support their interactions with applicants. We have also looked at the training on information, advice and guidance and culture change and how SLC has used other media to interact with applicants

Part 1: Demand Management

2.5.1 Objective

In this section, we discuss our findings and recommendations about how the resourcing model for SLC has been updated and is supported by effective demand management to provide effective level of response from the contact centres and application processing.

2.5.2 What SLC are doing

In order to accurately plan and manage the number of resources required to successfully complete the AY for 2010/2011 we would expect SLC to have developed a comprehensive model to forecast the resources required to handle the forecast level of demand in terms of call volumes and applications. We have seen evidence in the forecasting reports that this has been done using industry standard algorithms and the volumes experienced historically. We have seen evidence that SLC have taken steps to strengthen the capability and resilience of the contact centre and processing teams.

Increase in resources

SLC have developed a model to determine resources required to handle the forecast call and application volumes for the 2010/2011 AY cycle. This has been used to determine the personnel requirements in the call centre and additional funding has been provided as a consequence.

Resilience through an outsourcing arrangement

A third party supplier, Response, has been engaged to provide outsourced call handling services. This supplier will answer more than half of the SFE calls during the anticipated peak period. Work has also been initiated to transform the relationship with the outsourcer in order to focus on the quality of the service and information they provide.

Cross-skilling between resources

Steps have been taken by the contact centre and processing team managers to cross-skill the teams to provide a flexible workforce. This has involved temporarily transferring 50 individuals from the contact centre to processing so that they can add benefit with only minimal training and can then return to the contact centre with additional knowledge and skills. The contact centre has increased the services provided by the outsourcer to cover the gap.

Organisation Structure Changes

The organisation structure has been adapted to ensure that there is a direct focus on Student Finance England. This has included introducing a Contact Centre Manager dedicated to the SFE services.

Technical Changes to improve services

A large number of technical changes currently being implemented should improve the services provided and therefore have an impact on reducing the call volumes. These include:
- My App and Offer – this aims to enhance the online services by providing users with more flexibility around completing applications online. The provision of information by sponsors has also been simplified.

- Change of Circumstances – users will now be able to go online and change their personal information. Key aspect of this is students being able to change their course after getting their results which has previously been a primary reason for peak call volumes.

- Enhance Returner – returning students will be able to re-apply using a more straightforward process where they simply verify the information provided in the previous year.

- Directgov – work is on-going to enhance the information available to the public on the Directgov website.

- OCS IVR – The OCS IVR will be used to share dynamic and relevant messages with calls in order to reduce the need for them to speak to call centre agents directly

- Contact Centre Technology – This will include: a single screen interface for the call centre staff so they can access the multiple source system promptly and provide customer with information; a move from touch tone to voice recognition options interface for callers; automatic authentication; capture of caller intent and requirements and an option for the individual to be called back. The full benefits of the Contact Centre Technology have not been factored into the resourcing planning model to ensure that a pessimistic scenario is budgeted for. Consequently this development is not considered to be on the critical path for the success of the 10/11 AY.

Call avoidance initiatives

An approach to reducing avoidable contact has been documented and specific actions have been developed, with some of the immediate actions underway as part of the enhanced technology referenced above. It has been too early to assess the impact of the initiatives implemented, such as My App and Offer, but the benefits these changes will provide is obvious.

2.5.3 Key Findings and Issues

The points raised above demonstrate a proactive approach to resolving the issues from last year and to improve the service levels for this year but there are some key areas that are a concern.

Information on the website

It is clear that there remains information on the website that the users find confusing and as a result feel it is necessary to call SLC directly. A key example is the fact that means tested applications and non-means tested applications are given two different times for applications but with only minimal explanation as to why. In addition, SLC have recently received call volumes higher than previously experienced, the root cause of this has not been identified (but is under investigation) but the following factors could have contributed: the My App and Offer implementation; universities across the UK sent out offer letters to students; SLC had recently launched a radio campaign advising students to apply early. Overall we can conclude that the information and services provide online are not necessarily meeting the needs of the students as required as they have to call directly.

Planned for low service levels

In AY09/10, SLC planned to allow contact centre performance to fall as demand increased during the contact peak. The rationale was, in essence, to over-achieve for most of the year, under-achieve during the busiest period, and, on average, hit the target over the year. This was intentional, and based on a view that staffing-up the contact centre for peak demand would represent poor value for money over the year.

As documented in previous reports, this approach had led to some poor performance, was very close to tipping point where call volumes could escalate out of control and, obviously, not able to cope with the much higher than forecast call volumes that were generated from the delays in processing applications.

Adopting this approach for the 10/11 AY is not advisable as the call volumes are likely to be high and the level of public scrutiny of the call centre performance even higher.

Strategic initiatives still to be implemented

Although the key initiatives from the paper on Reducing Avoidable Contact have been progressed, these were already part of the Customer First Blueprint, such as My Application and Offer. Other initiatives appear straightforward and beneficial and, as the paper was produced in September 2009 we would expect these to have been actioned. These included continuing to improve the level of online self-service with an application tracker, and developing call centre knowledge management tools to allow customer services teams to centralise information and therefore improve the level of consistency they provide. These initiatives will not be implemented in AY 10/11 due to funding constraints of the overall Customer First change programme.

Application of Resource Model

SLC utilise industry standard algorithms, systems and historic data to model their call forecasting and resourcing models. SLC believe that the BIS suggested headline target for the 2010/11 Contact Centre Budget Assumptions was flawed as it was not based on contact centre industry standard practice of modelling the level of resource required to answer calls within an agreed service level but instead on simply answering a percentage of calls regardless of the timescales.

BIS has lacked confidence in the models provided by SLC as it was not clear how the assumptions used were related. We believe that SLC have a clear understanding of their business and are developing forecasts based on an industry standard approach. We understand BIS has been working with SLC to understand the assumptions underpinning the model, how they relate to the model and how they have been arrived at.

SLC and BIS engagement

BIS believe that the targets set for the SLC contact centre should take into account the public sector nature of SLC's core business, the relative maturity of SLC's contact centre, taking into account its performance last year and the performance of other public sector call centres. BIS is keen that public expectation of the service is managed appropriately, regardless of the target, including promoting the use of other channels such as IVR and the website in order better to manage demand. Conversely, SLC have not highlighted to BIS effectively the issues with the call volume modelling or recommend constructively what should be used in line with industry standard practice so that their experienced views are adopted.

Managing public expectations should be focused on communications and stakeholder management rather than the contact centre targets.

Call forecast and application processing models not linked

Although comprehensive work has been done to model the call and application volumes throughout the year these two models have not been linked directly. There is likely to be a direct impact on the number of calls received if the target volumes of applications processed is not achieved and the intervention required could be initiated at an early stage.

No evidence of how the success of direct action is being measured

There is active marketing going on to encourage students to apply early and smooth demand, though it is not clear if this is part of an overall communications plan. As yet there is no evidence that the success of these marketing campaigns is evaluated or measured in management information. In addition, there is no evidence that any form of segmentation has been employed to target, for instance, returning students who could have been dealt with prior to the peak of new student applications.

2.5.4   Recommendation to be implemented immediately

The key area of focus for immediate attention is in the area of modelling demand to inform the design of operational interventions.

Agreement over modelling of call and application volumes

BIS and SLC should promptly initiate working sessions to understand the modelling of call and application volumes utilised by SLC. There should be appropriate integration between the call and application components to simulate the interrelation and feedback loops between application processes and call volumes. If necessary, this could include engaging a third party with demand management skills to support the collective understanding and use of industry standard approaches. The three parties should

also work together to:

- Reach an agreed approach to modelling that is understood and supported by SLC and BIS, based on the industry-standard approach being adopted

- Develop best, probable and worst case forecast scenarios that BIS and SLC agree and support

- Develop contingency plans and points for management intervention for each of the scenarios to handle the impact.

- Develop key metrics that will identify which of the cases is likely to be reflected in reality and where action plans should be initiated accordingly.

2.5.5 Recommendation to be implemented over the next 12 months

We suggest the following three areas would provide benefit in the longer term and should be looked at before the 11/12 AY cycle.

Reducing Avoidable Contact

The recommendations made in the Reducing Avoidable Contact paper should continue to be implemented. Focus should be placed upon measuring the success of these changes so that those with the most benefit can be enhanced accordingly.

Refined Workload Model

BIS and SLC should work together, using key metrics gathered during this AY and previous AY's to refine their forecasting model to model the end to end workload requirements from first contact to fulfilment and resolution using industry standard algorithms. The data and assumptions used in the model should be validated, fully documented and agreed by both parties. This workload model should then be used to forecast and plan resource requirements throughout the processing cycle within SLC.

Part 2: Improving Customer Focus

2.5.6 Objective

This sub section on resources examines whether staff have had appropriate training to recognise the importance of greater customer focus and have the tools to support their interactions with applicants to improve the customer focus. We have also looked at the training on information, advice and guidance and culture change and how SLC has used other media to interact with applicants to see if this has enhanced service to the customer.

2.5.7 What SLC are doing

SLC have introduced a number changes to improve the quality of customer service they provide to applicants, since November last year:

Customer focus training

SLC has recently completed the roll out of the Excel Programme a Customer Service improvement initiative for contact staff. The training provides contact staff with customer awareness and good practice in handling calls. It has also being used to redefine roles for managers as coaches and quality managers, in addition to being people and performance managers.

The programme was implemented with the support of Procter - an outside consulting firm that specialise in call centre staff training. All contact centre staff have received initial training.

Embedding customer focus

The other features of the Excel programme include side by side coaching, and listening in on calls of advisors to gauge call handling and customer service skills. There are also communication cascades and

buzz sessions, which are used to reinforce learning and continuous development. We reviewed material developed for the Excel programme and spoke to some of the contact staff and managers who had received the training. Feedback from those we spoke to reinforced the view that the customers focus initiative had been well received by staff and that key messages were on being more effective with people and providing an improved customer experience.

Our view is that the coverage of this training and its implementation is in line with good practice.

Information Advice and Guidance (IAG) training

New training is being developed for IAG and is being rolled out to contact centre staff.   IAG training is aimed at improving the quality of information and knowledge advisers are able to provide applicants on student finance policy and regulations. SLC recognised that their existing training did not equip their contact staff to respond to the full breadth and depth of queries asked by their customers, in particular in on the more complex case. As a result, all staff in contact roles took test to determine their knowledge in student finance in five areas:

- Standard Student Finance

- Student Finance Regulation,

- Courses that Attract Different Support,

- Dependants Grant

- Disabled Students Allowance

The tests were also extended to the Response team staff earmarked to support the Company the peak period. Those that scored less than 40% in each of the areas were identified as priority for the training. Staff who scored over high marks (over 80%) in tests did not have to do the training in the specific area where they had received a high mark. Once training has been completed it is being reinforced by team leaders in the live environment through coaching and development.

As part of our review we were presented with total numbers to be trained across the Company in each of the five areas. All staff received the Standard Student Finance training. Training is due to be completed in June 2010.

	Standard FTE	Student Finance Regulations	Courses that attract different support	Dependent grants	Disabled Students Allowance (DSA)
Bothwell St	162	151	157	151	148
Darlington	136	104	121	108	106
Response	70	63	69	64	68
Total	**368**	**318**	**347**	**323**	**322**
Percentage	**100%**	**86.4%**	**94.3%**	**87.7%**	**87.5%**

Second tier support

The new IAG training is aimed to at bringing up the knowledge and skills of first tier advisors to last year's standard for second tier support. Through the assessment process, SLC have identified a new group of specialist advisors (30 Staff) who will now be providing second tier support. Specialist advisors possess more in-depth knowledge on complex areas such as DSA cases.

Benchmarking and accreditation

The IAG training is based on staff understanding in-depth case study scenarios similar to live cases and

is aligned to the Students Financial Advisor's professional accreditation framework. Further training is being developed in conjunction with some stakeholders and with the Open University.

Physical Information and leaflets

We looked at changes in SLC had made in interacting with customers through other media. Since last year SLC have developed and launched a simplified student information pack that simplifies the application process in three easy steps, covering the life cycle of the customer journey from pre student – to repaying the loans after students leave higher education. SLC obtained feedback form the potential applicants on draft versions and took customer soundings on what the application experience meant to applicants – for example, applicants viewed the process as their biggest life change so far".

Over 500,000 information packs have been printed for issue and have been distributed. SLC have used the information packs to encourage customers to apply online. The recent booklet includes this year's deadlines for submitting application – the Company was not able to do this last year

Other media

SFE launched its Facebook and Twitter presence in March. At the time of interviews (end of March 2010) the sites still had fewer than 200 followers each. During our fieldwork SLC had used the sites to inform customers of increases in application volumes and to inform them on that where they were in processing applications, for example by letting applicants know that they there is no need to call if they had sent in their application after a certain date, as they would not have dealt with it. SLC also piloted the use of text messaging for keeping customers informed, to stimulate demand and to remind people to submit uncompleted applications.

SFE has recently been given the go ahead to launch a radio campaign – which was ongoing at the time of the review – to encourage applicants to apply early. As part our review, we were presented a schedule of planned pro active announcements to encourage early application via UCAS (email), Radio and social networking media. We believe that the radio campaign and other communications will encourage early application. The staff at Darlington has confirmed that calls and application volumes have increased following the first campaign (and we understand that SLC are investigating the reasons behind the current increase in call volumes.)

Organisational development

We were made aware of plans that the SLC have for organisational development and improving culture in the longer term. We reviewed a table setting out the initiatives that had completed in the last year and those that are planned for the coming year. These included the talent management strategy and the SLC Journey – a project aimed at improving culture and communications across the organisation. We were also made aware of that a consulting firm (Strategic Management Partnership) had been brought in to do an as-is analysis on current culture. SLC have notified PwC that an experienced Organisational Development professional will commence working with SLC from the end of April to drive this work forward.

Internal Communications

SLC are using a variety of media to support the change in customer focus. We looked at a sample internal communication briefings and internal media, in particular, SLC TV (web cast), The Exchange a quarterly cascade presentation to all managers (supported by audio briefing) and internal newsletters (The Pulse) and magazines (The Reporter). There were clear messages about Excel and customer focus.

2.5.8 Key issues and findings

We identified the following issues in relation this year's application process:

IAG training

SLC may not reap the full benefit of the IAG training in this cycle. IAG training is currently been rolled out to contact staff and training is scheduled be completed in June. In our view this leaves little time to embed the new learning in operations before this year's peak period. At the time of our fieldwork, the following training was still outstanding Student Finance Regulations – 258, Courses that attract different support -

287 Dependants Grants & DSA – 290.

IAG knowledge

Based on the research interviews we were able to conduct during the review, stakeholders in particular HEIs are of the view that overall IAG knowledge of SLC staff still fell short of what is required to provide a good service to their customers. Their view is SLC are able to cope with the vast majority of applications that require general IAG knowledge. However, a good proportion of calls will be more involved and require a deeper level of understanding and interpretation of the regulations and policy. At the time of our fieldwork, SLC were undertaking training needs assessment for specialist support advisors.

IAG benchmarking and validation

SLC had started working with NASMA to develop new training on IAG – the Student Finance Accreditation Programme for SLC. This training is being developed separately from IAG training currently being rolled out. The aim of joint working was that NASMA would be able to provide specialist input on IAG. This would help validate the quality of the training.

NASMA pulled out of the initiatives for two reasons: SLC had taken too long (over 18 months) to develop the training and as a result it would not have the positive impact on this year application process. In addition, NASMA said that they were not happy with the quality of training material that was being developed by SLC. We understand that around 10 of the 70-80 modules had been developed at this time.

Internal communications

We had expected to find an internal communication strategy to support the changes being planned to support key actions resulting from Hopkin's review. We reviewed the SLC Communication Strategy 2009 - 2012 developed in April 2009. This strategy is now out of date. Our view is that the internal communication strategy should be used to support the wider cultural change around the public service ethos and stakeholder engagement issues in raised both Hopkins and NAO reports.

2.5.9   Longer term issues

We identified the following longer term issues:

Customer service training

SLC have prioritised the contact centre staff for customer-centred training as they have the most contact with applicants. The customer service focus has not been extended to other parts of the operations in particular the processing teams.

Public service ethos and experience

Interviews with staff, management and stakeholders highlighted that one of the cultural challenges faced by SLC is developing a public service focus and ethos. This, in our opinion, is an essential part of longer term change and organisational development requirements of the organisation. Those we spoke to said that a good proportion of staff and management did not have a public sector background or experience. In our view is this is unusual for a Non Departmental Public Body (NDPB) that:

- is under the public spotlight

- has to work with other public sector organisations in the HE sector – some of which will have competing and conflicting priorities

- has to deliver its service in accordance with government policy, and regulations

- has direct contact with the public.

Our view is that the transfer of skills and knowledge that occurred from the BIS to SLC has not bridged the gaps in public sector experience within the Company. This lack of experience is affecting the Company's culture, its relationship with stakeholders and the Department and its ability to change to meet the needs of its customers.

The Company has obtained a lot of specialist advice on culture and change over the last year, including PwC's support on OD. We had expected to see these consolidated into a culture change programme aimed at bringing in longer term changes in culture and service delivery.

Given the experience last year and feedback from stakeholders on IAG knowledge, we had expected to see a longer term plan on training and sustainable knowledge development in IAG.

2.5.10 Recommendations

We recommend that the following should be carried out in the next six weeks:

- SLC should evaluate the effectiveness of the IAG training being rolled out to contact staff to assess whether the training has resulted in providing improved information to customers on Student Finance. In particular, the evaluation should cover the extent to which the current training enables contact centre staff to deal with a call without passing it on to specialist support team.

- SLC should seek external assessment of their IAG training from stakeholders to gauge where gaps or potential weaknesses in IAG knowledge are likely to exist. The Company should take action to bridge gaps in knowledge that may have an impact quality of service provided to applicants this year.

- SLC should assess whether all the training planned for this year can be absorbed alongside business as usual this year without having an impact on performance. Where training cannot be introduced it should examine what contingency measures would assist in supporting staff with IAG knowledge requirements for the year. At the time of our fieldwork, the following training was still outstanding Student Finance Regulations – 258, Courses that attract different support - 287 Dependants Grants & DSA - 290

We indentified the following longer term recommendations. SLC should:

- Assesses quality - competence, knowledge and accuracy of this year's performance across the operations - covering processing, contact and support for more specialist cases. This should be used to feed into new training for coming years.

- Work with sector specialist, such as NASMA, to obtain external validation of IAG knowledge development and IAG training design, development and delivery.

- Build its in house capability and knowledge IAG so that it is comparable with those across the wider sector.

- Extend customer service awareness and focus training across the rest of the organisation.

- Develop an effective external communications strategy, aligned to SLC's strategy for managing demand and reducing avoidable contact, which places the quality of the customer experience at its heart

- Develop an internal communication strategy as part of the OD work to focus particularly in the cultural gaps around public service ethos, stakeholder management and customer service. We recommend that this should be aligned with the press, media and external communication strategies being developed.

Embedding a public service ethos

Our view is that the culture change should go beyond interaction with customers (Excel Programme). Combine the culture, change and OD initiatives into a single programme. This should be delivered as formal change programme tracked and monitored using best practice tools. This programme should include change initiatives around developing a public service focus and ethos and what this means for staff and management, in working with delivery partners, stakeholders, customers as well as the Department and Ministers. In this context, when we refer to the public service ethos, we mean that striving to deliver outcomes for customers – whatever this takes – should be at the heart of SLC's culture.

As part of the process of developing a public service ethos, SLC should examine the impact this would

have on their operating model and draw on the experience of other public organisations such as the Department of Works and Pensions that have similar requirements to improve both efficiency and customer service.

We note that SLC had not yet appointed a Director with HR and OD responsibility at board level. Our view is that there should have been a senior Director supporting the board in delivering the change required at the SLC. We recommend that the OD programme should assess and address the gaps in public sector knowledge and experience. This may be achieved in the medium term through long term secondments from other public sector organisations.

2.6 Performance Management and Management Information (MI)

2.6.1 Objective

In this section, we discuss our findings and recommendations about the appropriateness of management information that is available to manage the processes pro-actively and respond to issues in a timely manner, i.e. indicators which can demonstrate quickly when processing is not going well; and to report to the Board and other stakeholders.

We also discuss the related issue of work underway to develop the SLC's scorecard, board reporting and escalation procedures in section 2.1 (Governance and Management Structures).

2.6.2 What SLC are doing

Development of corporate KPIs and targets

SLC and BIS have been working together to revise SLC's corporate performance indicators and associated performance targets for 10/11. This work is aiming to:

- Provide improved insight into the critical areas of SLC's operational performance

- Ensure that targets and performance expectations are realistic, by using data from last year's processing cycle

- Set out what customers can expect from SLC, and

- Enable resources to be aligned with performance targets, including through modelling a range of scenarios to understand the staffing levels required.

Development of the SLC balanced scorecard

As discussed in section 2.1 (Governance and Management Structures), BIS and SLC are in the process of revising the SLC scorecard, in line with the new corporate KPIs, to support improved board insight on SLC's current performance. We understand that SLC is also in the process of taking up the NAO's offer, following its recent report, to provide the support of a NAO scorecard expert to work with SLC.

Work on operational management information and tactical reporting

We understand that SLC have been working to develop the operational management information which sits beneath the corporate scorecard and supports the day to day management of the business. This includes a tactical reporting project, due to complete in April, to close gaps identified in management information (MI) and bring this information together in one place, to make performance reporting more effective and efficient.

2.6.3 Findings and issues

Corporate KPIs and targets

BIS and SLC have found it difficult to arrive at an agreed, coherent set of corporate KPIs and targets. At the time of writing, discussions are ongoing with the aim of reaching agreement before the end of April. The release of the Annual Performance and Resources Agreement (APRA) letter, which formally confirms SLC's budget and targets for the year, is dependent on this agreement.

Notwithstanding the research around public sector performance management that we understand BIS have undertaken (e.g. with HMRC and DWP), the scorecard proposals that we have seen fall short of best practice – for example in the sheer number of detailed indicators. Because BIS officials are not fully confident that SLC governance and operational management are fit for purpose, and feel that it is difficult to get management information from SLC, they are seeking to establish more assurance/control through more indicators, targets and reporting. Writing measures into the APRA letter at least guarantees that BIS will receive reporting against them. This is compounded by the apparent failure of SLC to bring compelling and constructive advice and proposals on KPIs to the table.

Whilst this is an understandable response given last year's experience, it risks confusing two goals – the

aim of having a clear and focused strategic scorecard and the need to be able to engage with SLC on performance, supported by a comprehensive set of operational MI that provides insight and assurance on a daily and weekly basis. This contributes to SLC's sense of being micromanaged from above.

We have reviewed the current proposal on corporate KPIs and targets[6] and make the following observations:

- The scorecard comprises 23 goals (measurement areas) and 79 measures (performance indicators), which is many more than we would expect to see, based on best practice, on a corporate-level strategic scorecard (no more than 8-12 goals and 20-25 indicators). In this respect the proposal fails the test of favouring a small number of measures which go the heart of what makes the business tick and provide real insight. We understand that, in recent discussion of the proposed scorecard, the SLC board requested that the top-level measures be reduced in number and that work is now underway looking at how to present the measures to the board to enable focus on the key areas. We also understand that BIS officials have been reluctant to reduce the number of indicators mandated in the APRA letter, because of the difficulty experienced in accessing underlying operational MI from SLC in the past. That said, progress is being made, through discussions underway as this report was being drafted, to rationalise the number of measures and associated targets on this year's scorecard.

- The scorecard contains lag (historical) measures exclusively and the measures chosen are more suitable for enabling an end-of-year assessment of achievement than for in year management of the business (e.g. measuring contact centre performance against '90% of calls answered' is a subtle but significant difference from standard practice of 'percentage of calls answered in x secs' with associated impacts on the ability of standard modelling techniques to provide reliable resource forecasts). This is an issue because these strategic measures set by BIS have not been supplemented with the comprehensive set of MI required to run SLC effectively – hence the strategic scorecard has also functioned as the operational oversight tool. We understand that the introduction of the operational spotlight is intended to help address this issue (at the time of writing, the detail of the operational spotlight proposals was not available to the review team).

- The scorecard is dominated by volume and timeliness measures, with relatively few measures around quality and error management – which include overall satisfaction, fraud and assessment accuracy. Good practice in managing these kinds of volume processes places equal emphasis on 'right first time' quality as on timeliness, based on the experience that, typically, a significant fraction of the workload is due to error and failure demand in the system - often driven by poor design of the customer interface. There is a wealth of experience and good practice in the lean and statistical process management worlds, on which SLC could draw to improve the efficiency and effectiveness of its application processing. We have not been able to see evidence to suggest that these standard practices (e.g. Lean process improvement and Six Sigma) have been applied, although we are advised that the recently appointed interim COO has identified this as an area for future action.

Whilst we understand that both SLC and BIS have agreed that the 09/10 scorecard measures were insufficient to allow proper oversight of current performance, we are still surprised that SLC had not supplemented the corporate scorecard with additional MI that did. This suggests a significant gap in operational management experience and capability within SLC. Regardless of the indicators that BIS had chosen to assess SLC's achievement at year-end, we would expect to see a robust, fit for purpose operational management scorecard and associated management process in place to run the Company.

We understand that BIS have made suggestions to SLC on the format of operational MI which would support a helpful presentation of where the application volumes are against the customer journey. This would provide evidence on how SLC are moving applications through the cycle. We agree that making this aspect of operational performance more visible would be a positive move.

Operational performance management

Operational management information

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[6] Based on information provided by Jo Murray at BIS and Chris Andrew at SLC

We have based our understanding of the MI which SLC is using to run the business on:

- Examples of weekly performance reports provided by SLC – the SFE management dashboard and the weekly business services operations report, and

- A visit to Darlington on 20th April 2010, during which the review team talked through operational performance management processes with SLC managers and saw examples of management information and reports produced.

Overall, SLC demonstrated that comprehensive and detailed operational management information, covering contact and application processing, is available and used by managers on a day-to-day basis to track performance and make management interventions in response to outturn.

In our view, the key gap is around the quality and presentation of performance reporting that goes up to senior managers and the SFE Management Board. At this level, we would expect to see reporting that enables a 'forward look' that enables interventions to be taken where outturn is predicted to vary significantly from forecasts – for example activating contingency plans for shifting resources between contact and application processing. It is reporting that supports this management action, around issues outwith the scope of team leaders to deal with on a day-to-day basis, where we see significant need for improvement. The issues are illustrated in the discussion below about two of the existing management reports.

SFE management dashboard

The SFE management dashboard is, we understand, the summary report covering SLC's operational performance. It is reviewed weekly at the SFE management board, where it provides the basis for identifying and taking management action to address gaps between desired performance and outturn.

The report comprises a one page dashboard view supported by a one page narrative on current risks and issues. The following is the dashboard from week commencing 5th April 2010:
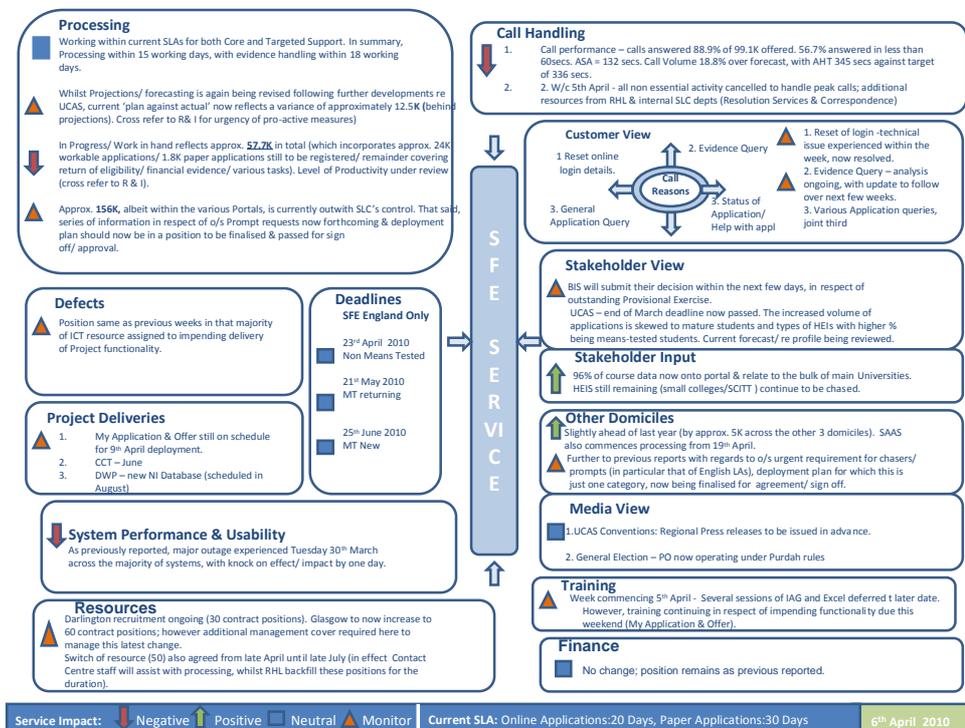
Risks & Issues

Open –

As previously reported, major outage experienced on Tuesday 30th March across the majority of systems. Performance was impacted by this downtime, with the knock on effect this had on demand for the remainder of the week.

For Contact Centre, this week is starting off very challenging as a result of pent-up demand from the bank holidays. Series of Training sessions now restricted this week, albeit main session will continue in respect of impending launch of 'My Application and Offer', which may further impact service. The extended downtime for the launch of My Application and Offer will also lead to a higher level of demand at the start of next week.

Significant increase from previous week with regards to Darlington's overall 'Work In Hand' (WIH), which includes workable applications, together with all other key activities that requires attention. Need to also sight Darlington 'plan of action' to ensure WIH is being managed & resources fully utilised. Productivity levels also part of Darlington Management ongoing reviews, with report on this, to Darlington HoS within next 10 days.

Further to previous updates, outstanding data now forthcoming & will be incorporated into overall deployment plan for approval, in respect of need for prompts/ chasers (for various categories either still to return their application/ or have missing/ incomplete information outstanding). As repeatedly highlighted, we must utilise this window of opportunity currently available, whilst finding balance/ compromise to ensure all domicile needs are met.

'My App & Offer'' functionality scheduled for 9th April . Signed off with few defects* & plans in place for LIVE testing this weekend (10th) across various Portals. Business & ICT staff covering duration to ensure smooth transition. **However, question arises again, to utilise potential window of opportunity for various areas on Sunday 11th, if testing successful on previous day.** Latest findings intimate normal services should be resumed, with systems being available on Sunday 11th.

Also need to ensure post implementation cover here, particularly that of ICT for any LIVE issues that may/ will arise following deployment (in light of Company redundancies & knock on impact by way of resource/ level of expertise).

Further to previous reports, clarification / final confirmation in respect of overall delivery date for CoC; latest date given is 28th July (transfer of resources from other teams to ensure delivery).

Ongoing - New contact centre technologies solution. Functionally will undertake be phased roll-out from the 28th of June to the 8th of October. This plan includes deployment during peak periods, but this can be mitigated against by careful assessment between phases. The plan is subject to appropriate assurances being received from ICT Infrastructure and Development, as regards the robustness of the system. These assurances are being developed now and will be shared with the Project Board in April.

New : DWP have confirmed their implementation date of their new NI database, scheduled for August 2010. We have written to obtain written details of their due-diligence activities (back-outs, contingency, regression testing etc). Verbal reports from DWP reflect assurances that there will be no service interruption.

| Service Impact: ⬇ Negative ⬆ Positive ⬜ Neutral ▲ Monitor | Current SLA: Online Applications:20 Days, Paper Applications:30 Days | 23 rd March 2010 |

Whilst the graphical presentation of service impact (negative, positive, neutral, monitor) provides some insight into trends, supported by narrative, it is not clear from this report whether or not current performance is on track to deal with the predicted workload within targets. For example, under processing, the dashboard indicates that current SLAs are being met and that work in hand has increased to 57.7k. The key management question is – are the resources available sufficient to turn around the work in hand within the target times in the next period? It is not clear how the dashboard addresses this. In terms of effectiveness and efficiency we note that there are no measures on the people or finance areas of measurement to inform management intervention.

The key requirement for an operational management dashboard is that it provides lead indicators (i.e. a prediction) of likely performance against target in the next period, as well as reporting on achievement to date. Without this forward look, management are unable to identify the need for intervention, or what intervention is required. Suitable indicators could include:

- 'rate of change of work in hand' rather than 'total work in hand' i.e. is the work in progress going up or down, and how fast. An alternative way to provide this would be to include figures for the last 3 weeks and a prediction for the next week

- resource utilisation at each stage of the processing 'pipeline' i.e. what is the prediction, for the next period, of how work in hand compares with resource available – and hence where are the bottlenecks likely to be

- productivity measure i.e. average X hours to complete an application or total applications processed by the team per week

Our other key observation is that the dashboard appears to provide only limited visibility of quality metrics, such as '% of first time resolution' (one and done) in the call centre or '% of applications approved first time'. These types of indicators would provide management with a sense of the amount of rework being generated and also of the effectiveness of staff training, (which was one of the key Hopkin recommendations).

Business service operations – operational summary reporting

We have also looked at the weekly operational summary report, which we understand is also provided to the SFE management board and shared with key stakeholders by CEO as basis for providing visibility on progress.

This report provides a narrative report on processing performance, covering broadly similar areas to those in the processing area of the SFE management dashboard. It also contains statistics about the applications received, together with some analysis of work in hand such as ageing and throughput.

We have reviewed the March 2010 analysis of call reasons, dated April 2010. This is a very extensive analysis into reasons for calls, trends, location and work code for the month of March 2010. However, there is no recommendation on intervention(s) to be made to improve the 2010/11 cycle.

Whilst the supplementary information in this report goes some way to providing insight into how work in hand is changing, it does not give clarity about whether or not, given the resource available, SLC is on track to meet its processing targets.

2.6.4 Recommendations

Corporate KPIs and targets

Notwithstanding the areas for improvement we have identified in the corporate scorecard, we judge that the most critical issue is to have in place operational MI that is fit for purpose for managing through the next few months. There is a risk that SLC focuses on hitting the corporate target and misses the point. We therefore recommend that agreement on the corporate scorecard, based on the current proposals, is reached as quickly as possible and that management attention is then turned to operational performance management.

For the AY11/12 cycle, we recommend that BIS and SLC establish a joint team, with expert support, to develop a streamlined corporate scorecard that more clearly articulates SLC's delivery strategy and is better aligned with the business' operational KPIs and is set within the context of BIS policy for HE funding.

Operational management information

We recommend that SLC:

- Streamline and integrate performance management structures and associated reports – one report going through one management process (i.e. include some of the data from the BSOPS report in an enhanced SFE management dashboard);

- Include new metrics on management reports which enable SLC to monitor WIP clearance against targets so that it is clear whether or not there is sufficient time & resource available to hit performance targets. This is the key lead measure that is required alongside the current focus on applications received (which is by itself is insufficient in terms of telling SLC whether or not they can hit the September deadlines);

- Establish processes that give daily visibility of not just call performance but what is going on with the calls to enable rapid tactical responses, and

- Improve the presentation of weekly operational reporting – choose one set of MI and include 4 week rolling figures to show trends, include clear presentation of outturn against prediction, shift from text-heavy to data-heavy and highlight insights.

2.7 Communication Strategy

2.7.1 Objective

Our objective was to determine the extent to which there was a communication strategy and plan in place that takes account of all key stakeholders including students, Higher Education Institutions (HEIs), HMRC, BIS and other recognised stakeholders. We address activities with stakeholders in relation to IAG and internal communications is addressed in Section 2.5.

2.7.2 What are SLC are doing

We found the following changes had occurred since the Hopkins Review in December 2009:

Structural changes

The Company has set up a new structure for engaging stakeholders, which replace the Validation Panels that were in operation previously. The new structure is designed to focus on operational issues with stakeholders as opposed to obtaining feedback on business systems design and requirements. The new structure involves six stakeholder engagement groups:

- The Student Finance England Stakeholder Forum – A strategic Forum to enable the HE sector to engage with SLC, its Board and BIS to provide advice and challenge and to and look at risks and issues affecting the delivery of SFE.

- The Student Finance Operations Group –-- To address issues related to the operation of the entire annual application cycle.

- The IAG and Customer Insight Group – To provide input to IAG strategic processes, messages and campaigns.

  - The Disabled Student Group – To monitor the operational delivery of specialist support to disabled students.

  - Vulnerable Student Group - To monitor the operational delivery of specialist support to vulnerable students.

- The HEI Services and Finance Group – To focus on the processes and procedures governing interactions between SLC and HEIs to support the application cycle and delivery of service.

At the time of our fieldwork the Stakeholder Forum had met twice – the first meeting was an introductory meeting in January followed by a full meeting in March. The chair of the Forum also attended part of an SLC board meeting by phone and a Disabled Student Advisors workshop was held in April.

Emphasis on improving engagement

We reviewed the terms of reference for the Stakeholder Forum and the SLC's Stakeholder Landscape Proposal, where the new structure and approach is documented. The new structure places emphasis on improving engagement through openness and challenge with stakeholders through the new established groups. To support this each group is to be chaired by a stakeholder to give independence and a balance of interest and a SLC Director is to be nominated as 'owner' of each Group to give a higher level of authority.

Stakeholder feedback

The SLC have also got results of a stakeholder survey which they commissioned in November 2009. The survey was carried out by an external consultancy firm. The results confirm that SLC have a good relationship with partners such as HMRC but also highlights needs to strengthen its relationships with key stakeholders in particular DSA practitioners.

Furthermore, stakeholders who were interviewed as part of this review said that they had been consulted about the new structure and supported the approach, agreed with the membership of the Main Forum and emphasis on operational focus.

During our fieldwork we asked a number of HEI advisors about their experience with SLC so far this year. There was a general view that the backlog from last year had cleared and that SLC was better at answering calls, in particular response times had improved.

Wider communications

We note that SLC has appointed an external consultancy to work on developing media relations and improve the SLC's reputation at a more strategic level.

Our view is that conducting the survey and setting up new stakeholder structures are in line with good practice in stakeholder management for an organisation such as SLC.

2.7.3   Key Findings and Issues

Despite the changes made so far, feedback from interviews highlighted that stakeholders are not confident that the SLC are prepared for this year's peak period. There are a number of issues that contribute to this view:

Stakeholder engagement

Our view is that SLC could have shown a greater urgency in engaging stakeholders. Stakeholders said that it had taken too long for the new Stakeholder Forum to be established, in their view this could have happened earlier. An initial meeting of the Forum took place in January, when SLC consulted on the terms of reference and membership. The first full meeting took place in March once SLC had been able to appoint Professor Andrew Wathey as Chair of the Forum. They were also concerned that Group meetings have not yet taken place; they are scheduled to start at the end of April – almost five months after the Hopkins review.

Sharing information with stakeholders

Members of the Stakeholder Forum said that the papers provided at the meeting in March in response to their concerns did not provide them with the information they needed. We saw a copy of the paper presented at the Forum titled "Implementation Plan Update to Stakeholder Forum". The two page document focused on updating stakeholders on ongoing activities, for example, when the DSA Forum will take place, the development of the Operating Plan and details of new training and organisational development plans. It did not contain information on risks to this year's operations or key issues that need resolution.

The accompanying project schedule listed completion dates for a list of activities, but did not give any indication on whether these would be achieved or not. The feedback we have obtained from stakeholders on the meeting has not been positive. Some said that they were left with the impression that SLC was not willing to engage on issues important to them, while others saw it as SLC being defensive.

We would have expected to see an external communications strategy and plan delivered to the stakeholder groups identifying what the key issues are – in particular, operational issues this year - and when the issues would be discussed and resolved.

Operational issues

 Stakeholders provided us with information they had collated on their perceptions of the service SLC have provided so far this year:

- Their view that staff at SLC are not always able to provide good advice and explanation or offer solutions.

- Staff at SLC when speaking to students or parents seems very keen to place the responsibility for slow payments very firmly with the HEI which is unhelpful.

- Stakeholders identified "consent to share" as an issue and that could have an impact during this year's peak period. SLC have introduced a process in compliance with the Data Protection Act, whereby they will only provide information to a HEI advisor, if the student was present in the room with the advisor or could verify the student's details over the phone. To address this students are required

to give consent that an advisor can ring the SLC on their behalf. The perception of stakeholders is that there has been an increase in incidents where SLC are saying that they do not have consent to share information, and therefore cannot respond to the HEI query.

- Stakeholders are still not clear about the role of Regional Consultants. SLC is currently reviewing the role of Regional Consultants and with a view making sure that there is a better understanding of the role and a better fit with the needs of its stakeholders. We were presented with an early draft of a proposal for changing the role. SLC's view is that stakeholders thought that the Regional Consultants were going to take on some of the responsibilities that local authorities performed. However, SLC's view of the role was more geared towards promotion of the role SFE (similar to account managers) and providing stakeholders with greater access to SFE. The underlying issue around best use regional consultants is about local IAG delivery of which regional consultants are key element. This needs drive the discussion with stakeholders, so there is clarity on what level IAG service is being provided locally.

2.7.4 Longer term issues

Our view is that there is a lot of work that needs to done to rebuild the relationships between the SLC and its stakeholders after last year.

There was a general view across the stakeholders interviewed that SLC projected itself predominantly as a lending company and that staff and representatives of the organisation (at forums and events) presented themselves in this way. This left stakeholders with the perception that SLC did not see service provision from their customers' perspective. For example, stakeholders mentioned that SLC staff and management place emphasis on how many applications have been cleared, whilst HEIs are predominantly concerned with the volume of applications that are not cleared.

Stakeholders' view was that SLC did not readily show interests in issues affecting students outside application processing and payment. The SLC stakeholder survey found that "Few stakeholders state that they would speak positively of SLC at this time, and one quarter are extremely unlikely to do so. Disability Practitioners and NACs are especially negative in their views".

2.7.5 Recommendations

- We recommend that the SLC take the following action in the next six weeks: Produce a stakeholder engagement plan setting out key issues that need to be addressed in working with stakeholders in this peak period. The stakeholder engagement plan should identify key stakeholder issues and prioritise action on those issues that need resolution before peak processing activity commences. The engagement plan should be used to set the agendas for the Stakeholder Forum and the six operational groups. SLC should take advantage of opportunities presented by stakeholders such as UCAS to work together where there are joint benefits.

- Ensure that all stakeholder groups have started work and have agreed working agendas by May this year. In line with discussions from the last Forum meeting the establishment of the Student Finance Operations Group (which has the role to address issues related to the operation of the entire annual application cycle), should commence work as soon as possible.

- Improve the quality of information provided to stakeholders at formal meetings. For example, information on delivery plans and performance should be presented accurately to reduce perceptions that information provided is incomplete. The overall programme plan (see recommendation on plans in place in Section 2.2), operational performance updates and the engagement plan (highlighting progress against issues) should be provided at each of the meetings. Stakeholders should be provided information in good time in to allow them proper opportunity to comment on it and be engaged in discussion in so that they are able influence the programme of work.

- Develop clear protocols for running the new stakeholder groups: in particular around their frequency, level of resource commitments from stakeholders and be explicit about communications with stakeholders outside formal meetings. For example, an average of three meetings a year in the SLC stakeholder proposals will not be sufficient for all groups. In the run up to the peak period we would expect there to be ongoing dialogue with stakeholders on the engagement plan.

- SLC should appoint a senior stakeholder relations manager (outside the operations team) who is responsible for working with stakeholders and the operations team to strengthen the relationship. The stakeholder relations manager should be the day to day owner of the engagement plans responsible for driving the resolution of issues for this years plan and working with groups on an on going basis.

- SLC should engage stakeholders on the role of regional consultants so that there is a clear understanding between SLC and HEI of what value can be added by regional consultants this year.

Recommendations for the longer term

In the longer term SLC should develop an external communications and media strategy. The strategy should be aligned to planned changes in organisational development and customer focus so the messages that SLC delivers externally are congruent with its revised values and goals and the needs of stakeholders,

As part of this work the SLC should ensure that the skills and knowledge on press and media, that are currently being provided by an external consulting firm is developed internally. Also, that there a clear protocols for external communications (press and media) with the Department.

2.8 Supplier Management

2.8.1 Objectives

In this section, we discuss our findings and recommendations about the level of reliance and assessment of relationships with key third party suppliers of goods and services as well as the Department. For example SLC has a contract with its call centre outsource supplier that has sufficiently well specified *service levels and related clauses regarding service levels throughout periods of peak demand*

2.8.2 What SLC are doing

SLC do not utilise the services of a large number of external suppliers. Following the issues experienced last year where the failure of a key system provided by an external supplier was a contributing factor we would expect to see enhanced process around the procurement and governance of key suppliers.

Detailed investigation

SLC conducted a detailed investigation of the issues last year and identified the supplier of the scanning and workflow system is a contributing factor. This stated that actions were required so that future that Statement of Work (SOW) between SLC and suppliers should be formally signed off by all parties so that they cover the impact of not delivering to plan or cost, and expected deliverables of both parties.

SLC and supplier have worked together

SLC and the supplier have worked together to resolve the issues with system. This has involved considerable investment from the supplier. The system has been reconfigured, tested and is in the process of being implemented. The system has been reconfigured, tested and is being implemented using a phased approach of ramping up volumes.

Procurement processes have been enhanced

The Procurement function is currently undergoing a programme of changes following a review an external review in 2007. This programme will cover supplier management but not in the next 12 months.

A number of steps in the procurement function have been introduced to enhance the level of diligence and control in the process.

This has included: increases to the level of evidence a supplier is required to provide to prove the concept of their solution before awarding a contract; additional scrutiny around the use of sub-contractors by key suppliers.

In addition, procurement function has updated the Request for Proposal (RFP) to ensure that specific areas of supplier management are covered. This includes internal resource requirements, success criteria that the supplier should report on. Procurement then work with the business area that will take on the responsibility for supplier management to ensure they understand the requirement and have the appropriate tools, resources and processes in place.

Outsourced call handling

SLC have a third party supplier in place that provides call handling services to supplement the contact centre service in Darlington, Glasgow and Colwyn Bay. This supplier handles more than half of the calls at certain points in the year. The volume of resources the supplier can provide can be increased to 370 FTEs.

Delivery Partners

SLC engage HMRC, DWP, IPS and UCAS as delivery partners. A formal agreement is set up between SLC and the partner that defines the service level targets that they will aim to achieve. Representatives from the Third Party Services team will then meet with their equivalent from the partner on a regular basis to review progress and performance. Supplier management is also conducted at a higher level between the executives of the organisations.

The delivery partner is also measured against a target to contribute to the overall SFE delivery model. This will be specific for each of the delivery partners. For example, UCAS are measured on contributing to

the end to end student journey and IPS are measured on a specific percentage of passports will be verified at the point of application.

2.8.3 Key findings and issues

Supplier Management handled by business

The responsibility for supplier management is passed from procurement to specific individuals in the business once the contract has been agreed. There is a risk that the level of supplier management and governance is likely to be variable and dependent on the capability of the individual in question.

There are a number of key suppliers in place and, in addition, the engagement of an external supplier for call handling is an indication that SLC might increase their outsourcing arrangements in the future and therefore more control around supplier management will be required.

As SLC have a reasonable degree of dependence on these suppliers we would expect to see dedicated supplier management roles or functions. It is unlikely that this would have prevented the issues of the workflow system failing last year though but this could be an area of risk if the level of outsourcing increases. We note that the new interim COO has requested a supplier risk assessment be carried out against the outsource call centre provider as a matter of urgency. SLC could ask the Office of Government Commerce (OGC) for support in establishing strategic supplier management processes as they have a supplier management team who have developed relevant tools and processes over the past two years.

2.8.4 Recommendations

Recommendation to be implemented in the next 12 months

Dedicated supplier management

A dedicated supplier management team should be introduced who follow a formal approach to supplier management should be adopted. This should include documented processes, roles, responsibilities and reporting. They will work with the business to ensure that the specific requirements are being delivered with in the service level agreements and will have responsibility to take action as required.

Appendices

Appendix A: Terms of Reference

Terms of Reference: Independent Review of Student Loan Company

Following operational issues with the implementation by the Student Loans Company (SLC) of the Customer First programme in 2009/10 and the recent reports and recommendations regarding that episode (Hopkins, NAO) the Department have requested PricewaterhouseCoopers (PwC) to undertake an independent review. Specifically, the Department would like to understand how prepared the Company is to implement the planned changes and improvements for 2010/11 as well as the Hopkin and NAO recommendations.

Background

Student Loans Company ("SLC") administers government funded loans and grants to students throughout the United Kingdom. It is responsible, in partnership with Local Authorities in England and Wales, the Student Awards Agency for Scotland, the Education and Library Boards in Northern Ireland, the Higher Education Institutions and HM Revenue and Customs, for student support delivery in the UK.

SLC's primary roles are to:
- deliver financial support to eligible students pursuing higher education;
- pay to Higher Education Institutions the public contribution towards tuition fees for England, Wales and Northern Ireland;
- supply information needed by HM Revenue and Customs ("HMRC") to ensure repayments are collected on time from all those due to repay under the Income Contingent Repayment Loan Scheme and those collections are applied to loan accounts; and
- manage the direct collection of repayments for loans granted under the former Mortgage Style Local Scheme.

SLC also carries specific tasks for individual Devolved Administrations such as payment of Education Maintenance Allowances. In addition, they carry out the administration and payment of bursaries and scholarships to higher education institutions throughout the UK. This work will not look directly at tasks carried out for the Devolved Administrations but there may be commonalities in the outcomes.

The Academic year 2009/10 was the first year of implementation of the Customer First Programme, designed to centralise and modernise the end to end delivery of student finance in England. There were significant operational and processing failures in 2009/10 and a review of these was carried out by Professor Sir Deian Hopkin in December 2009. The Hopkin report identified a number of key points of failure in the delivery of the 2009/10 applications cycle, specifically:

- scanning and workflow technology;
- management of the contact peak;
- stakeholder management;
- media relations and reputation management;
- risk management;
- culture;
- role of Department for Business, Innovation and Skills ("BIS"); and
- preparing for the next cycle 2010/11.

The Hopkin report also listed a number of recommendations (See Annex A) that SLC should implement to address the failure. The NAO have also completed a review of SLC and issued their report on 19th March 2009 (See Annex B). One of the NAO's recommendations is that the Department 'should improve its oversight of operations, including by obtaining professional expertise to advise on service readiness'.

Given the above and recognising there will be an increase in the number of applications for student support this year, BIS have asked PwC to carry out a health check review to assess the preparedness of

SLC to manage the 2010/11 cycle, bearing in mind that the number of applications received by the SLC will increase markedly after Easter. The objectives for this review are set out below:

Objectives of Status Review

The overall objective of the health check will be to review the SLC's plans to prepare for and undertake the bulk processing of applications for financial support for living costs and tuition fees in the form of grants and loans in 2010/11 academic year. This will include both new applicants for 2010/11 and returning students from 2009/10 but exclude returning students assessed by local authorities that the SLC would be taking on between January and March 2011. Where appropriate, we will offer the Company advice on how to develop and strengthen the plans in order to increase the likelihood of a successful processing season. The review will also provide BIS with an assessment of the SLC's readiness based on the developed plans and activities and an assessment of how likely SLC are to process and pay applicants on time based on current processing performance.

The review will assess the status of actions taken by SLC to introduce agreed technological and other changes for 2010/11 academic year as well as to address the specific recommendations of both the Hopkin and NAO reports, identify issues and risks still outstanding and assist the Company in modifying its plans to address them. The review will focus on the following:

1. The **governance and management structures** in place which provide overall direction, management, reporting and decision making for SLC to meet its responsibilities. This will include an assessment of Hopkin's recommendations regarding: stakeholder management, performance management and whether the cultural change necessary has been recognised sufficiently by the Company.

2. The **plans that are in place** are being actively managed and adequately address the expected volumes of applications through the full lifecycle of initial customer contact, processing, payments, accounting and financial reporting. In addition we will assess the adequacy of contingency plans.

3. The **status of systems and processes** in place to support the annual cycle of applications including customer contact, application processing, payments and financial records. Particular focus on the status of planned technology changes regarding the electronic link to HMRC to verify household income, simplifying and enhancing the on-line offer, the new contact centre and the document scanning technology. Specifically this will examine the extent to which completion tests and user acceptance testing control procedures have been implemented.

4. The **resources** that SLC has to submit this year's cycle. Specifically the resourcing model for SLC has been updated and is supported by effective demand management to provide effective level of response from the contact centres. In addition, staff have had appropriate training to recognise the importance of greater customer focus and have the tools to support their interactions with applicants.

5. The appropriateness of **management information** that is available to manage the processes pro-actively and respond to issues in a timely manner, i.e. indicators which can demonstrate quickly when processing is not going well; and to report to the Board and other stakeholders.

6. A **communications strategy** and plan is in place which takes account of all key stakeholders including students, higher education institutions, HMRC, BIS, other recognised stakeholders and the media.

7. Level of reliance and assessment of relationships with **key third party suppliers** of goods and services as well as the Department. For example SLC has a contract with its call centre outsource supplier that has sufficiently well specified service levels and related clauses regarding service levels throughout periods of peak demand.

Deliverables

We will issue a draft report for discussion and agreement with BIS which provides an assessment of the current status of the seven areas outlined above along with outstanding issues and risks and recommendations to address these. Throughout the review we will discuss our emerging findings with SLC and give advice on how the Company's plans and activities can be developed in response. We will discuss and agree our draft report with SLC. Given the tight timeline of the review we recommend agreeing a high level plan for our work and a report format in the first week of the review. In addition we will keep you updated regularly as well as scheduling weekly update meetings with you and we will provide weekly update reports to these meetings.

Our approach is dependent on a number of sensible project and working assumptions:

- prompt access to key staff across SLC sites as required;

- prompt access to information and data as requested;

- administrative support from BIS and SLC to assist with the arrangement of site visits, meeting requests and management of day to day housekeeping and logistics;

- whilst reasonableness checks will be performed on data received from various sites, we will not be required to audit any data for accuracy or completeness; and

- we will not verify or take responsibility for data from other reviews.

Previous work completed by PwC for SLC

PwC has carried out three pieces of work for SLC over the past three years. We do not believe there is a conflict in us carrying out this review. Indeed, we believe there will be merit in utilising some team members who have knowledge of SLC. These pieces of work were:

- Benchmarking the activities of the SLC against industry comparators and assessing the value for money of Student Finance services - November 2007.
- Improving Programme Management - April 2008.
- Organisational Development and Design for both SLC and DIUS - May 2009.

Annex A - Recommendations of Hopkin Review

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 pro-actively 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 high 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)

Annex B - Recommendations of NAO Report – "The Customer First Programme: Delivery of Student Finance", 19th March 2010 (EXTRACT FROM REPORT).

Timing is critical to success. Our recommendations need to be implemented urgently and driven forward simultaneously where possible, with constant monitoring of a critical path leading to the successful delivery of student finance for the 2010-11 academic year.

a   The Department and Company must do everything possible to avoid a repeating the serious failings of 2009. In particular, the Department should:

- develop clear, customer-focused targets for all loans, grants and allowances covering the process from application to approval;
- improve its oversight of operations, including by obtaining professional expertise to advise on service readiness;
- strengthen the Programme Board to include the right skills; and
- ensure the Company is not overburdened with change requirements during 2010.

b   The Department and the Company's Board should actively monitor the Company's implementation of the following actions:

- deploy sufficient, flexible resources to process applications and handle customer contact to at least the standards agreed with the Department during 2010;
- activate robust contingency plans in the event that significant backlogs start to develop;
- reduce unnecessary calls, through proactive and frequent communications with customers and stakeholders, for example, by letting applicants know when they will receive their finance;
- establish an improved management information regime to track operational performance; and
- use the recruitment of new executives to drive through a real improvement in the Company's culture and quality of management throughout.

c   The Department and Company urgently need to strengthen their relationship so that there is mutual trust, open communication and shared understanding of how to deliver the service this year.

d   The Department must undertake an urgent options appraisal to determine how best to deliver the service from 2011 onwards if the service should fail to improve radically. Options should include:

- continuing with the Company;
- appointing an alternative provider to deliver part of the service, such as targeted support; and
- appointing an alternative provider to replace the Company in delivering the entire service.

e   The Department and Company should work together to simplify the Student Finance England service through streamlining processes and regulations, and pressing ahead with the planned improvements in technologies, prioritising those which offer the clearest value for money.

f   Government departments should learn from the problems encountered by the Company and the Department in 2009, focusing in particular on:

- the need for realistic programme risk assessments;
- designing programme implementation so that departments are not committed to a service delivery model before they can be sure that they will be successful;
- achieving the right balance between implementation costs, operating costs and service levels; and
- developing oversight mechanisms that involve sufficient skills and experience, robust information, and a willingness to challenge service providers effectively.

In addition, we fully endorse the recommendations of the Hopkin Review (www.bis.gov.uk/hopkin).

Approach – 4 Week Review
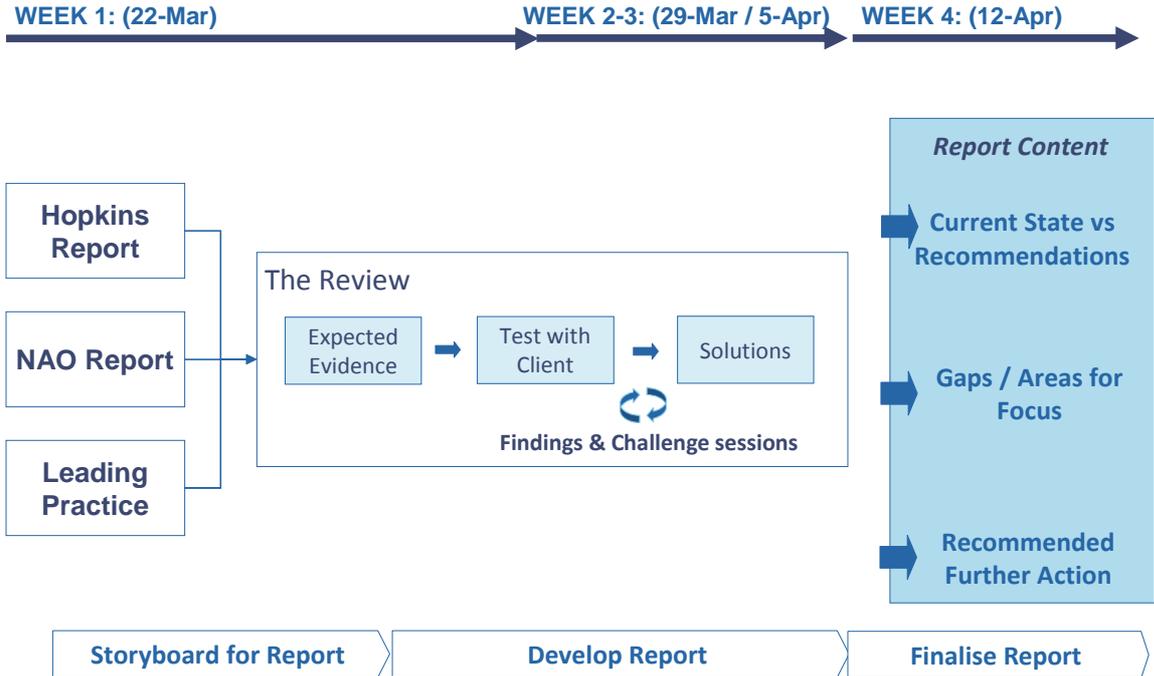
Appendix C: Interviews

Student Loans Company

Name	Title	Date
John Goodfellow	Chairman	29/03/2010 30/03/2010
Ralph Seymour-Jackson	Chief Executive	22/03/2010 29/03/2010 30/03/2010 13/04/2010 15/04/2010
David Wallace	Chief Operating Officer	08/04/2010 12/04/2010 13/04/2010
Chris Andrew	Company Secretary	26/03/2010
Derek Ross	Director of Operations	01/04/2010
Les Campbell	Director of Finance	13/04/2010
Alan McLellan	Head of Business Services	29/03/2010
David Thomson	Head of Contact Services	29/03/2010
Stephen O'Connor	Head of ICT Infrastructure	29/03/2010 14/04/2010
Christine Aitken	Head of Change Management	30/03/2010 13/04/2010
Peter Robertson	Head of Systems Development	30/03/2010
Mark Cassidy	Head of Processing	01/04/2010
Elaine Dyer	Senior Manager - Information, Advice & Guidance	31/03/2010
Iain Steele	Senior Manager – Procurement	15/04/2010
Jacque Smith	Organisational Design & Development Manager	30/03/2010 08/04/2010
Craig Urie	Test Consultant for Technical Services	07/04/2010
Torsten Meier	Change Management – Head of UAT	08/04/2010
Mary Edmiston	HEI & LA Support, Performance Reporting	09/04/2010
Mark Evans	Darlington Contact	16/04/2010
Paul Smith	Business Development	08/04/2010
Mark Brennan	Business Facilities	08/04/2010
Tracey Phillips	Project Manager for Service Improvement Plan	14/04/2010
Elaine Sweeney	Senior Project Manager	12/04/2010

Name	Title	Date
Contact Centre Staff	Team Leaders / Call advisors	14/04/2010

Department for Business, Innovation and Skills

Name	Title	Date
Stephen Marston	Director General	
Jon Whitfield	Head of Internal Audit	16/03/2010
Michael Hipkins	Director, Financial Support for Learners	16/03/2010 23/03/2010 26/03/2010 30/03/2010 09/04/2010
Marion Maddox	Customer First Programme Manager	26/03/2010 09/04/2010 16/04/2010
Miles Simpson	Customer First Business Architect Team Leader	26/03/2010 07/04/2010
Charlotte O'Connor	Customer First Business Architect Team Leader	26/03/2010
Jo Murray	SLC Strategic Relationship Team	12/04/2010

Stakeholders

Name	Title	Date
Professor Wathey	Vice Chancellor of Northumbria University	30/03/2010
Mary Curnok Cook	UCAS	07/04/2010
Wes Streeting	NUS	09/04/2010
Alice Hynes	Guildhe	12/04/2010
Lynne Condell	NASMA	12/04/2010
Jane Aldridge	Kingston University	13/04/2010
Fiona Way	UUK	14/04/2010

Appendix D: Documentation Provided and Reviewed

Student Loans Company: Information Received

Area of focus	Documentation Received	Source	Date Received
Board governance	Minutes from Board meetings between Jan 09 - Jan 10	SLC	24/03/2010
	Programme Report for SFD Board and SLC Main Board for Nov 09 - Feb 10		
	Minutes of SFE Management Board dated 24th Mar 2010		
	SFE Board Rolling Action Plan dated Mar 10		
	Service Level Agreements in place dated Mar 10		
	Governance Review (one-pager by John Goodfellow)		
	SLC Delivery Strategy 2008-11	Jo Murray	12/04/2010
	Governance Note Mar 2009	Jo Murray	12/04/2010
	Delivery Strategy Reference on Capacity, Capability & Culture Mar 10		
Risk management	Customer First Programme Risk Register	Miles Simpson	25/03/2010
	Contacting SLC -Lessons Learned AY0910	Miles Simpson	25/03/2010
	Processing Review Lessons Learned AY0910	Miles Simpson	25/03/2010
	Scanning Lessons Learned AY0910	Miles Simpson	25/03/2010
	SLC Risk Management Final Report April 2010	Chris Andrew	31/03/2010
	Oakleigh Implementation Plan (final draft) April 2010 31/03/2010	Chris Andrew	31/03/2010
	Relationship Management Lessons Learned AY0910	Miles Simpson	25/03/2010
Organisation structure	Organisation Charts	Ralph Seymour-Jackson	23/03/2010
	Management Structure 09/10 & 10/11		
	Resource Planning Graph 09/10		
Performance management	Scorecard Reports Nov 09- Feb 10	Miles Simpson	25/03/2010
	SLC Balanced Scorecard April 2009	Jo Murray	12/04/2010
	SLC Balanced Scorecard FY10-11 Appendixes 1-4 and Progress Report	Miles Simpson	25/03/2010
Corporate Plans	Financial Plan 2009 - 2010	Jo Murray	12/04/2010
	Corporate Plan 09-10	Jo Murray	12/04/2010
	SLC Operating Plan AY 10/11	Miles Simpson	23/03/2010
Relationship with BIS	SLC Framework document including Annexes A-F	Miles Simpson	25/03/2010
	A SMAF guide for SLC Board Members June 2009	Miles Simpson	25/03/2010
	Governence Review document	Miles Simpson	25/03/2010
Stakeholders	Papers in relation to Open Day for disabled stakeholder group		
	Proposals for SFE's stakeholder group		
	Minutes of meeting with stakeholders on Student Service Design Nov 09		
	Stakeholder issues logs for AY 09/10, AY10/11 & AY11/12		
	Stakeholder Engagement Strategy for CFP: Phase 1 dated 21/11/2007		
	Completion Test for 09/10 Service Design - Stakeholder Engagement		
	CSP060 V1.0 Mar-10 HE Seminar 2010.PPT	David Thomson	29/03/2010
	Q&A Document reflecting Hopkin Recommendation 14 - Stakeholder Engagement		
Information, Advice & Guidance	Draft paper on role of regional consultants		
Targeted Support	Disabled Student Support AY10/11 - DSA Service Improvements		
	AY10/11 Service Improvements - Review of DSA Feb 10		
Solution	Customer First Blueprint v1_1	Miles Simpson	23/03/2010
	Blueprint response final version Nov 07 v1.1	Miles Simpson	23/03/2010
Change & Comms	Change Programme Report - Pre-project work for Aug 09 & Nov 09		
	Change Programme Report - New Analysis Work for Nov 09 & Mar 10		
	Change Programme Report - Pipeline work for Aug 09		
	Customer & Application Services - changes Mar 10		
	Change of Circumstances Checkpoint Report Mar 10		
	AY 10/11 Tactical Changes v.1.0 dated 29th Jan 10		
	AY10/11 Service Sustainability - Tactical Processing		
	Changes: Baselined Analysis 24th Dec 09		
	Tactical Changes: AY10/11 Conceptual View		
	Catalogue of Evidence for readiness of company		
	Editorial Design & Review doc dated April 2010 from DirectGov website		
	Managing the SLC's role in the Student Finance Delivery system	Jo Murray	12/04/2010
	SLC Change Process Handbook Mar 10		

Customer First Programme	CFP Programme Brief	Charlotte O'Connor	23/03/2010
	CF Programme Delivery Plan	Charlotte O'Connor	23/03/2010
	CF Business Case	Charlotte O'Connor	23/03/2010
	CFPB ToR	Charlotte O'Connor	23/03/2010
	CFPB Organogram	Charlotte O'Connor	23/03/2010
	CFPB November Board Minutes, highlight reports from Dec 09 - Mar 10 and	Charlotte O'Connor	23/03/2010
	CF Programme Governance	Charlotte O'Connor	23/03/2010
	SLC sub-programme reports for Dec 09 - Mar 10.	Charlotte O'Connor	23/03/2010
	SFE Workshop slides January 2010	Jo Murray	12/04/2010
	Student Finance Service Models 2010/11	Jo Murray	12/04/2010
	Final Submission agreeing portfolio of SFE changes	Charlotte O'Connor	23/03/2010

Business Continuity Planning	Business Impact Assessment darl contact 10 11.doc	Mark Brennan	08/04/2010
	Admin BIA.doc	Mark Brennan	08/04/2010
	BIA - Assessing.doc	Mark Brennan	08/04/2010
	BIA - Special Support.doc	Mark Brennan	08/04/2010
	BIA EU Team 2009.doc	Mark Brennan	08/04/2010
	Contact Services Mark Evans March 09.doc	Mark Brennan	08/04/2010
	SS BIA v 1.1.doc	Mark Brennan	08/04/2010
	Resolution Services BIA.doc	Mark Brennan	08/04/2010
	Call Cascading Emails.doc	Mark Brennan	08/04/2010
	SMS Text Test Received Sheet.xls	Mark Brennan	08/04/2010
	Business Recovery Team Procedures v2.3 20.9.07.doc	Mark Brennan	08/04/2010
	Crisis Management Team v2.5 Final 18.9.07.doc	Mark Brennan	08/04/2010
	Site Emergency Recovery Team Procedures v2.1 20.9.07.doc	Mark Brennan	08/04/2010
	Darlington Sub Committee BC Workgroup Meeting 23th of Feb 2010 Minutes.doc	Mark Brennan	08/04/2010
	ICT Infrastructure Department Recovery Plan v1.10.doc	Mark Brennan	08/04/2010
	CDS Dept Plan v0.8 annual 07 -Final.doc	Mark Brennan	08/04/2010
	Business Services Dept Business Continuity Plan 0.5 Final Doc Oct 07.doc	Mark Brennan	08/04/2010
	MRE Business Continuity Plan 0.3 Rvwd 02.10.07.doc	Mark Brennan	08/04/2010
	Correspondence v0.7 Final Hillington 27.8.07.doc	Mark Brennan	08/04/2010
	Customer Services Department Plan v3.1 27.8.07.doc	Mark Brennan	08/04/2010
	Business Continuity Collections 2.9 250707.doc	Mark Brennan	08/04/2010
	Facilities v3.1 final 31.7.07.doc	Mark Brennan	08/04/2010
	Human Resources v2.5 final 5.6.07.doc	Mark Brennan	08/04/2010
	Client Services Business Continuity Plan v2.8 Final.doc	Mark Brennan	08/04/2010
	Financial Services Department Recovery Plan v0.2.doc	Mark Brennan	08/04/2010
	ICT Development v1.15 Issued 24.5.07.doc	Mark Brennan	08/04/2010
	Assurance Srvcs Department Recovery Plan v3.1 final.doc	Mark Brennan	08/04/2010
	Procurement Department Recovery Plan v2.6 final.doc	Mark Brennan	08/04/2010
	Marketing & Communcations Department Recovery Plan v2.6.doc	Mark Brennan	08/04/2010
	Information Office Department Recovery Plan v1.6 Final.doc	Mark Brennan	08/04/2010
	Changes Management Department Recovery Plan v0.5.doc	Mark Brennan	08/04/2010
	Business Development Department Recovery Plan v 0.3 final.doc	Mark Brennan	08/04/2010
	ICT Business Continuity Strategy May 05.doc	Mark Brennan	08/04/2010
	Top Level template SQA.doc	Mark Brennan	08/04/2010
	Escalation Procedure Power Oct 06 updated.xls	Mark Brennan	08/04/2010
	HR Contact List - Bus Con.xls	Mark Brennan	08/04/2010
	SRT plan - DR invocation Bothwell St to Hillington 0.11.doc	Mark Brennan	08/04/2010
	SRT plan - DR invocation Hillington to Bothwell St.doc	Mark Brennan	08/04/2010
	SRT plan - DR invocation Bothwell St to Hillington 0.10.doc	Mark Brennan	08/04/2010
	Old - SRT plan - DR invocation Both to Hill v0.9 final.doc	Mark Brennan	08/04/2010
	SRT Marketing and Communciations Plan v1.3 final.doc	Mark Brennan	08/04/2010
	SRT Procurement Plan 1.5 final.doc	Mark Brennan	08/04/2010
	Support Recovery Team Plan Darlington v0.3 final 27.8.07.doc	Mark Brennan	08/04/2010
	Gateshead Directions.doc	Mark Brennan	08/04/2010
	SunGard UK Addresses.xls	Mark Brennan	08/04/2010
	Work Place Recovery PID 0.1.doc	Mark Brennan	08/04/2010
	Work Place Recovery Review Oct09.xls	Mark Brennan	08/04/2010
	BCM original structure.ppt	Mark Brennan	08/04/2010
	BCM Overview May 09.PPT	Mark Brennan	08/04/2010
	Comm_HOS.doc	Mark Brennan	08/04/2010
	WPR Handover Notes.doc	Mark Brennan	08/04/2010
	ICM WPR proposal.doc	Mark Brennan	08/04/2010
	Work Place Recovery Contact List.doc	Mark Brennan	08/04/2010
	Work Place Recovery Terms of Reference v0.2.doc	Mark Brennan	08/04/2010
	Work Place Recovery project progress updates	Mark Brennan	08/04/2010
	Work Place Recovery project plan	Mark Brennan	08/04/2010
	Work Place Recovery project recommendation papers	Mark Brennan	08/04/2010
	Work Place Recovery Kit List	Mark Brennan	08/04/2010
	WPR Post Test Document SLC 16032010.pdf	Mark Brennan	08/04/2010

Technology	Operational Planning Submission FY09/10 - ICT Systems Development Division	Peter Robertson	31/03/2010
	SLC Programme Office Project Manager Handbook v1.0 IM.doc	Tracy Phillips	07/04/2010
	MAO 20100409 - Release Sign Off Minutes.doc	Elaine Sweeney	21/04/2010
	MAO Requirements Catalogue Report part 1 V0.1.doc	Elaine Sweeney	22/04/2010
	MAO requirements Part 2 0.2.doc	Elaine Sweeney	23/04/2010
	My Application and Offer_Change Proposal v1.0.doc	Elaine Sweeney	24/04/2010
	MAO - Capture Voluntary Data DLS v1.0.doc	Chris Tames	08/04/2010
	MAO - Evidence DLS v3.1.doc	Chris Tames	08/04/2010
	Create Correspondence Design Layout Spec.doc	Chris Tames	08/04/2010
	Customer Summary Design Layout Spec.doc	Chris Tames	08/04/2010
	1011 FT - LEA Sponsors Financial Information Data Entry DLS.doc	Chris Tames	08/04/2010
	Amend Renewal Report Design Layout.doc	Chris Tames	08/04/2010
	MAO - About you DLS v1.0.doc	Chris Tames	08/04/2010
	MAO - Initiate Online Application DLS v1.2.doc	Chris Tames	08/04/2010
	MAO - Initiate Online Application DLS.doc	Chris Tames	08/04/2010
	MAO - MyCourse DLS v0.3.doc	Chris Tames	08/04/2010
	MAO - Sponsor FI Data Capture DLS.doc	Chris Tames	08/04/2010
	MAO - Your Family DLS v0.3.doc	Chris Tames	08/04/2010
	MAO - Returner Landing Pages DLS.doc	Chris Tames	08/04/2010
	MAO - Your Loan DLS v1.3.doc	Chris Tames	08/04/2010
	MAO - Your Sponsors DLS.doc	Chris Tames	08/04/2010
	MAO - YourCourse DLSv1.0.doc	Chris Tames	08/04/2010
	MAO - YourIncome DLSv0.2.doc	Chris Tames	08/04/2010
	MAO Sponsor Landing Page and Pre-amble DLS.doc	Chris Tames	08/04/2010
	Landing Page - Post Submission 1.2.doc	Chris Tames	08/04/2010
	MAO - Landing Pages v1.0.doc	Chris Tames	08/04/2010
	Data sheets that support specs	Chris Tames	08/04/2010
	MAO Functional Specifications (SFD1 - Register Customer to SSS317 Functional	Chris Tames	08/04/2010
	View Renewal Design Layout.doc	Chris Tames	08/04/2010
	MAO go-live plan 09042010.doc	Chris Tames	08/04/2010
	IRP_MyAppAndOffer_Confirmed.mpp	Chris Tames	08/04/2010
	Go Live deployment resource.xls	Chris Tames	08/04/2010
	Post go live testing.xls	Chris Tames	08/04/2010
	AY1011_ MyApp&Offer_ OfferLetter_System Requirements Spec.doc	Chris Tames	08/04/2010
	AY1011_ MyApp&Offer_System Requirements Spec.doc	Chris Tames	08/04/2010
	MAO Paper Offer Technical Approach v0.3.doc	Chris Tames	08/04/2010
	290 My Application and Offer Plan	Chris Tames	08/04/2010
	420 1011 Enhanced Returner Phase 2.mpp	Chris Tames	08/04/2010
	CLASS Ops - My App and Offer 300310.mpp	Chris Tames	08/04/2010
	CST 1011 MAO 20100406.mpp	Chris Tames	08/04/2010
	DW 1011 Enhanced Returner v0.2.mpp	Chris Tames	08/04/2010
	MAO&ER plan v2.2.mpp	Chris Tames	08/04/2010
	My Application and Offer 220310.mpp	Chris Tames	08/04/2010
	SLC Application Architecture	Peter Robertson	31/03/2010
	MAO & Enhanced Returner Checkpoint Report for Oct 09 - Mar 10	Miles Simpson	30/03/2010
	Testing Assurance Emails for MAO	Miles Simpson	30/03/2010
	ICT Strategy Apr 04	Peter Robertson	31/03/2010
	Scanning Status Reports	Stuart Whyle	08/04/2010
	Scanning risk analysis v2.xls	Stuart Whyle	08/04/2010
	Scanning Go - No Go for Pilot - Meeting Minutes V0.3.doc	Stuart Whyle	08/04/2010
	Divisional Operating Plan ICT Systems Development FY 09-10.doc	Peter Robertson	31/03/2010
	Linking the ICT Strategy to the SLC Aims.doc	Peter Robertson	31/03/2010
	ICT Integration Highlight Report form Dec 09 - Mar 10	Stuart Whyle	08/04/2010

Testing	Testing Assurance Emails for MAO	Torsten Meier	07/04/2010
	UAT Conclusion Report Feb 10	Torsten Meier	07/04/2010
	My Application & Offer 1011 - Test conclusion report v0.1.doc	Torsten Meier	07/04/2010
	Script 17 - Under 25, single with dependant - BREQ 684, 685.doc	Torsten Meier	07/04/2010
	Script 22 - Under 25, 2 Sponsors, HI £44,000 - BREQ687.doc	Torsten Meier	07/04/2010
	Script 26 - Under 25 with partner no dependants Sponsor already registered £4000(	Torsten Meier	07/04/2010
	UAT Strategy vsn 0.5.doc	Torsten Meier	07/04/2010
	2010 - 04 -01 Editorial Design UX review.doc	Torsten Meier	07/04/2010
	MAO E2E Test Plan v0.3.doc	Chris Tames	08/04/2010
	MAO E2E Test Summary Report v0.1.doc	Chris Tames	08/04/2010
	MAO System Test Summary Report v0.1.doc	Chris Tames	08/04/2010
	SFD 1011 MAO 420 1011 Enhanced Returner Phase 2 - Product System Test Pla	Chris Tames	08/04/2010
	System Test Plan - MAO Core_v0.2.doc	Chris Tames	08/04/2010
	CLASS Ops System Test Summary Report v0.1.doc	Chris Tames	08/04/2010
	DocM - 1011 Enhanced Returners - System Test Summary Report v1.0.doc	Chris Tames	08/04/2010
	eBus MAO Volume Tests 01032010 v0.1.xls	Chris Tames	08/04/2010
	INS - My App & Offer 1011 - System Test Summary Report v0.1.doc	Chris Tames	08/04/2010
	MAO E2E Test Summary Report v0.1.doc	Chris Tames	08/04/2010
	MAO System Test Summary Report v0.1.doc	Chris Tames	08/04/2010
	MAO OAT MT Summary Report v0.1.doc	Chris Tames	08/04/2010
	SFD MAO Volume Tesrs 240310 v0.2.xls	Chris Tames	08/04/2010
	SFD March Deliveries Test Summary Report v0.1.doc	Chris Tames	08/04/2010
	Completion Test Catalogue v2 DEC09.xls	Miles Simpson	30/03/2010
	Completion Tests Summary Jan 10 v2.doc	Miles Simpson	30/03/2010
	CSP052 V1.1 Nov-09 Customer Journey Completion Test Ails Amends.PPT	Miles Simpson	30/03/2010
	Customer 1st Delivery Timeline 010310.vsd	Miles Simpson	30/03/2010
	Feb 2009 - Completion test results 1011 Design P2 Prog Board Summary FINAL v	Miles Simpson	30/03/2010
	Jan 2008 - Completion Tests Scope - Programme Board Paper - FINAL.doc	Miles Simpson	30/03/2010
	July 2009 - Completion test results 1011 Design P1 & 0910 Later Readiness Prog	Miles Simpson	30/03/2010
	July 2009 - Completion test results Prog Board Summary ANNEX A.doc	Miles Simpson	30/03/2010
	Scanning & Imaging UAT Scenarios created Nov 09	Stuart Whyle	08/04/2010
Supplier Management	Audit Presentation 16-12-08.ppt	Iain Steel	15/04/2010
	Cultural Approach RFP - Final v2.doc	Iain Steel	15/04/2010
	Licence Agreement - Draft.doc	Paul Smith	15/04/2010
	Service Agreement Template.doc	Paul Smith	15/04/2010
	Example contract and SLA reports for Verizon	Stephen O'Connor	30/03/2010
	Example contract and SLA reports for Sabio	Stephen O'Connor	30/03/2010
Operations	Business Service Operations - Operational Summary Report for Mar 10		
	Operational Structure 09/10		
Completion Tests	AY10/11 Core SF Service & IT Design Completion Test Phase 1 & Phase 2		
	Completion Test Summary Nov/Dec 09		
	Completion Test Catalogue		
	CFP Completion Test Readiness Evidence Summary July 09		
	Completion Tests Scope - Programme Board Paper Jan 08		
Contact Centre	Contact Services - Contact Centre Budget Assumptions 10/11 v1.4 dated Mar 10	David Thomson	29/03/2010
	Contact Resource Modelling for FY10/11 v.0.2 Feb 10	David Thomson	29/03/2010
	Call reasons weekly update dated Mar 2010	David Thomson	29/03/2010
	CSB025 V0.7 Reducing Avoidable Contact.doc	David Thomson	29/03/2010
	Application Payment Timeliness Mar 2010	Jo Murray	12/04/2010
	Customer Support Model 10/11	Jo Murray	12/04/2010
	Contact Performance		
	Review of Complaints & Appeals Process Mar 10		
Training	Excel - Update dated 21st Jan 2010	David Thomson	29/03/2010
	CSP0xx V0.1 Excel Update Main Board Mar-10.PPT	David Thomson	29/03/2010
	[DT 12-08-09] SOI Summary.doc	David Thomson	29/03/2010
	SLC scenesetter slide deck Nov-09.ppt	David Thomson	29/03/2010
	Full Procter Report [Complete].pdf	David Thomson	29/03/2010
	Training Plan Cycle Nov 09		
Management Information	BIS MI Proposals April 2010	Jo Murray	12/04/2010
	SLC Mock-up case processing profile MI chart	Jo Murray	12/04/2010
	BIS MI Proposals - draft Customer View April 2010	Jo Murray	12/04/2010
	Proposed definitions for AY2010 processing April 2010	Jo Murray	12/04/2010
	Case Processing and contact performance measure extract Feb 2010	Jo Murray	12/04/2010
	Service objectives and performance metrics 2010/11	Jo Murray	12/04/2010
	Contact Centre Budget Assumptions 2010-11	Jo Murray	12/04/2010
	Comments on contact centre budget assumptions	Jo Murray	12/04/2010
	Steps from data to assumptions on abandonment rate	Jo Murray	12/04/2010
	Annual performance and resource agreement	Jo Murray	12/04/2010
	Annexe 1 - Abandonment	Jo Murray	12/04/2010
	Score cared progress 2010-11	Jo Murray	12/04/2010

Appendix E: Progress against Hopkins & NAO Recommendations

This appendix provides a brief summary of the findings against each of the Hopkin and NAO recommendations as a reference guide. Relevant detail is contained within the main report.

Source: Hopkin Report			
Recommendation	**SLC Progress Against Recommendation**	**PwC Findings**	**PwC recommended next steps**
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)	Contingency plans have been created for key components that support the processing cycle. This includes a manual workaround if scanning fails and appropriate business continuity.	Full DR/business continuity testing (including business process) has not taken place since before the start of the 09/10 AY cycle. "Failure" scenarios are being created to establish integrated contingency arrangements that might have to be invoked.	Design appropriate approach (desk-based on workshop) to enable end-to-end walkthrough and testing of plans. Establish overall responsibility for contingency execution.
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)	The company has developed a resource model for the contact centre which aligns with industry standards. Elements of demand management are being addressed in new IT releases (e.g. My Application and Offer, Change of Circumstances). The company manages demand against forecast on a weekly basis with interventions identified and implemented (e.g. Radio advert in March).	The review has not been provided with evidence of a robust and comprehensive plan to manage strategic resources (People, Comms, IT). There is no detailed plan for the peak period of mid August to early October at present – acknowledged as a requirement to address.	In the short-term, develop a detailed and integrated plan (contact and apps) to manage the operation and implement critical business improvements to end Sept 10. Identify key business risks (e.g. significant increase in total means-tested applications submitted by end June) which would have significant impact on workload. Identify all appropriate interventions which will help to manage the 10-11 AY cycle at different stages of the application cycle with a view to enabling agile response to changing business circumstance.
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	New training is being developed and rolled out to 85-95% of contact centre staff. Specialist advisors (30 staff) identified to	Training roll out will complete in June 2010. Stakeholders are still not clear on the	Consider actions to increase effectiveness and degree to which training is embedded as part of the

Source: Hopkin Report

Recommendation	SLC Progress Against Recommendation	PwC Findings	PwC recommended next steps
experience. The Company should also evaluate the effectiveness of its system of Regional Consultants. (3.3, paragraph 6)	provide detailed advice as 2nd tier resource. SLC is reviewing the role of Regional Consultants.	role of Regional Consultants.	integrated plan to end Sept 10.
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)	The company has published deadline dates for non-means tested and means-tested applications from first-year students and means-tested returning students. Actual applications vs. predicted levels are reviewed on a weekly basis. SLC have rolled out new IAG training to contact centre staff with the aim of improving the quality of IAG provided to customers.	As at 9th April 2010, the company is running at above forecast both new student (11%) and returning student (53%) applications in the 10/11 AY cycle. In response to a shortfall in expected new student applications in January 2010, the company initiated a radio advert campaign in March.	Complete the communications strategy and plan as part of the integrated short-term plan that will help to identify potential interventions in the next 5 months. Make appropriate preparations that will enable an agile response to changing business circumstances.
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)	Resource is organised around specific target groups and progress is reported on a daily basis. The company has established two specific stakeholder groups for disabled and vulnerable students to monitor operational delivery.	A Disabled Student Advisors workshop was held in April as a pre-cursor to establishing the focus for the group.	As a matter of urgency, the company should address the consultation of relevant organisations as part of the communications and stakeholder management planning exercise.
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)	The company has implemented a number of internal communication channels and replaced the Validation Panels with a new structure of stakeholder forums. A marketing/comms agency has been contracted to support media engagement and improve the company's reputation.	A limited number of forum meetings have been held. Group meetings are due to take place at end of April 2010 There is no communications strategy or detailed plan. Stakeholders are concerned at the apparent lack of progress. The first draft of the plan to improve	Complete a communications strategy and plan to inform activity over the next 5 months.

Source: Hopkin Report			
Recommendation	**SLC Progress Against Recommendation**	**PwC Findings**	**PwC recommended next steps**
		reputation has been drafted.	
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)	Discussions are in progress to agree the scorecard measures and enable timely analysis of operational performance	The scorecard comprises 23 goals (measurement areas) and 79 measures (performance indicators). Operational management information for application processing and contact centre is in place. The process for operational management reporting to be consolidated through one performance process to top level reporting and presentation is not effective.	Establish clear progress reporting to support BIS and SLC Board assurance. There needs to be additional work carried out to improve clarity and weekly operational reporting to allow better monitoring and intervention throughout the AY cycle.
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)	BIS and SLC have continuous working level dialogue across a range of service delivery aspects. BIS have identified public sector comparators (e.g. HMRC) to inform view on scrutiny.	Given the experience of 09/10 AY cycle, BIS require a greater level of assurance. In some areas (system dev't/testing and contact centre operations), BIS do not have the subject matter expertise to make informed and effective scrutiny.	BIS to contract for appropriate subject matter expertise in specific operational areas where deeper levels of assurance required.
9. The Department should work with the Company to clarify responsibilities and to agree risk ownership and management. (3.7, paragraph 9)	Framework Agreement document in place and agreed between company and administrations. Proposal from BIS on revised scope of Customer First programme.	Relationship at Board not working as designed in the Framework Agreement. Tensions in Board dynamics and responsibility for intervention. Proposal to set up BIS Assurance Board to agree risk ownership across	Company to establish focussed programme of activity for next 5 months with active PMO to maintain risk register and support assurance reporting to the SLC Board and BIS Assurance Board In longer term, work is required to make the Framework Agreement

Source: Hopkin Report			
Recommendation	**SLC Progress Against Recommendation**	**PwC Findings**	**PwC recommended next steps**
		the peak for 10/11 AY cycle.	work or agree to implement changes.
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)	Company has rolled out customer service training to contact centre agents. Work on agreeing targets is in progress between SLC and BIS.	Evidence of tension at the top of the company regarding nature of public service vs. a private sector contracting model for service delivery.	Leadership needs to agree required values to support cultural shift and align behaviour. This needs to be consistent with the governance framework (i.e. Framework Document) and supported by BIS.
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)	Customer service training being rolled out to contact centre staff. BIS and SLC nearing final agreement on targets and performance measures.	Training has been well received. Operational metrics do include service quality measures (e.g. first call resolution)	Measure effectiveness of training and identify any necessary follow up actions. Extend customer service training across company. For key IT initiatives (e.g. Change of Circumstance), include usability testing as part of the development lifecycle.
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)	The company procured external expertise to review risk management.	The report covered appropriate aspects of risk management and has generated an action plan.	Execute the action plan.
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)	The Chair has initiated two new sub-committees – Operational Strategy and Risk – to enable more effective challenge.	The sub-committees will meet at the end of April a day before the April Board meeting. Early meetings have taken place to establish working arrangements and early focus.	Take action to help the sub-committees maximise their effectiveness in the first 3 months.
14. The Company should work closely with key	The company has established a strategic	The forum has met twice in January	As a matter of urgency, the

Source: Hopkin Report

Recommendation	SLC Progress Against Recommendation	PwC Findings	PwC recommended next steps
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)	stakeholder forum to enable the HE sector to engage with SLC, provide challenge and look at the risks/issues affecting the delivery of Student Finance England. The forum is chaired by Prof Wathey (VC Northumbria University).	and March.	company should create a strategy and detailed plan to include communications and stakeholder management activities.

Source: NAO Report

Recommendation	SLC Progress Against Recommendation	PwC Findings	PwC recommended next steps
The Department and Company must do everything possible to avoid a repeating the serious failings of 2009. In particular, the Department should: • develop clear, customer-focused targets for all loans, grants and allowances covering the process from application to approval; • improve its oversight of operations, including by obtaining professional expertise to advise on service readiness; • strengthen the Programme Board to include the right skills; and • ensure the Company is not overburdened with change requirements during 2010	1) BIS and SLC are finalising agreement on the balanced scorecard targets and measures. 2) BIS commissioned an independent health check review of SLC preparedness for the 10/11 AY cycle 3) Proposal for Customer First Programme to be revised / reduce scope. BIS Assurance Board being brought into being to improve oversight of 10/11 AY cycle. Company implementing Service Improvement Programme (SIP) to drive critical business improvement for 10/11	1) Scorecard includes 23 goals and 79 measures. Scorecard dominated by volume and timeliness measures. 2) Review completed within 5 weeks. 3) BIS Assurance Board will include SLC Chair and CEO as members. Proposal that SIP Board includes SLC executive management team and chaired by CEO.	1) Conclude agreement on measures for now. In longer term, revisit the scorecard and align with standard industry practice. 2) Implement key recommendations by end May 2010. 3) Company assign experienced Programme Director to drive essential service improvements, operational oversight and clear reporting to BIS and SLC Board for the next 5 months (through critical period for 10/11 AY). 4) Complete prioritisation as a matter of urgency and include key items within the

Source: NAO Report			
Recommendation	**SLC Progress Against Recommendation**	**PwC Findings**	**PwC recommended next steps**
	AY cycle. 4) SIP consolidates 50 change requirements and business improvements.	4) The SIP requirements are not all critical for peak processing in the 10/11 AY cycle. Prioritisation has been initiated by the interim COO but not completed. Detailed planning has been initiated but not completed.	focussed programme for delivering the peak period.
The Department and the Company's Board should actively monitor the Company's implementation of the following actions: • deploy sufficient, flexible resources to process applications and handle customer contact to at least the standards agreed with the Department during 2010; • activate robust contingency plans in the event that significant backlogs start to develop; • reduce unnecessary calls, through proactive and frequent communications with customers and stakeholders, for example, by letting applicants know when they will receive their finance; • establish an improved management information regime to track operational performance; and • use the recruitment of new executives to drive through a real improvement in the Company's culture and quality of management throughout.	1) Company has cross-trained 50 call centre agents in application processing to provide flexible capacity. Outsource call centre provider can flex to provide back-fill. Model for contact centre demand based on historical data (including local authority experience) and industry standards. 2) Contingency plans based on business demand factors are under development. 3) Approach to avoidable contact documented and specific actions developed	1) Resource has flexed in response to unexpected operational demand. Given forecast demand for peak period (mid Sept), call centre is under-resourced by 100 fte (was 250 fte in 09/10). Integrated plan (applications and contact) for dealing with the peak period has yet to be developed. 2) Some thinking on appropriate levers for managing backlogs has been done. Operational contingencies have still to be documented. 3) Some immediate actions implemented (e.g. as part of My Application and Offer). Additional measures being planned (e.g. Change of Circumstance on line). Evidence that information on-line is confusing and creates calls (e.g. Qualification criteria for Means Tested). 4) Evidence of tactical management interventions on a daily and weekly basis. Different sets of weekly reports	1) Plan management of peak across the whole operation – including agreement of communications plan for students and stakeholders – to manage the 10/11 AY cycle peak. 2) Plan for range of operational interventions against reasonable business scenarios as part of a focussed plan to manage the 10/11 AY cycle peak. 3) Plan to prioritise changes that have greatest impact as part of next 5 months activity. Include usability testing for system deliverables. Longer term, put more focus on customer experience in developing the service delivery model. 4) Set up programme management office to focus on the 10/11 AY cycle peak and produce clear MI on progress

Recommendation	SLC Progress Against Recommendation	PwC Findings	PwC recommended next steps
		(3 or more) to inform management.	against operational targets and business improvement to provide assurance to SLC Board and BIS Assurance Board.
	4) Number of daily and weekly MI reports developed over the last 3 months to track operational performance.		
		5) Interim COO in place from late March 2010. Part-time OD consultant on board from late April to support CEO. No permanent appointments made. Decision on appointment of IT Director subject to decision of permanent COO once in post.	5) Deploy interims/contractors now to fulfil vacant executive management team positions. Include consideration of ability and track record in driving cultural change in public sector as part of selection criteria.
	5) Company has engaged search firm to recruit Organisational Development (OD), Customer Service and Chief Operating Officer (COO) positions.		
The Department and Company urgently need to strengthen their relationship so that there is mutual trust, open communication and shared understanding of how to deliver the service this year.	BIS and SLC maintain professional relationships at working levels.	Tension evident at Board level and events of last year coupled with lack of effective reporting to support increased level of assurance required by BIS has undermined degree of mutual trust.	Company needs to establish visible sense of urgency in planning to manage the 10/11 AY cycle (including operational oversight, intervention planning and critical business improvements). This programme needs to engage BIS appropriately (e.g. role on Programme Board). Adequate and skilled resources need to be deployed urgently in the following areas: - Proactive programme management of an integrated plan through to end Oct 2010 - Programme Management Office to support risk/issue management and clear assurance reporting. Establish as "mission control" from now to end

Source: NAO Report			
Recommendation	**SLC Progress Against Recommendation**	**PwC Findings**	**PwC recommended next steps**
			October 2010. - Monitoring assumptions for contact centre and application processing - Communications and stakeholder management - Business scenario planning; developing a range of potential interventions and making business preparations - Identify and complete appropriate assurance activity.
The Department must undertake an urgent options appraisal to determine how best to deliver the service from 2011 onwards if the service should fail to improve radically. Options should include: • continuing with the Company; • appointing an alternative provider to deliver part of the service, such as targeted support; and • appointing an alternative provider to replace the Company in delivering the entire service.	NOT IN SCOPE		
The Department and Company should work together to simplify the Student Finance England service through streamlining processes and regulations, and pressing ahead with the planned improvements in technologies, prioritising those which offer	NOT IN SCOPE		

Source: NAO Report			
Recommendation	**SLC Progress Against Recommendation**	**PwC Findings**	**PwC recommended next steps**
the clearest value for money.			
Government departments should learn from the problems encountered by the Company and the Department in 2009, focusing in particular on: • the need for realistic programme risk assessments; • designing programme implementation so that departments are not committed to a service delivery model before they can be sure that they will be successful; • achieving the right balance between implementation costs, operating costs and service levels; and • developing oversight mechanisms that involve sufficient skills and experience, robust information, and a willingness to challenge service providers effectively.	NOT IN SCOPE		