

**STRATEGIC COMMISSION FOR SLC ON BEHALF OF DIUS AND THE  
ADMINISTRATIONS OF WALES, SCOTLAND AND NORTHERN IRELAND, APRIL 2008**

**UK wide vision for student finance**

We expect SLC's vision and mission to be aligned with the strategic, policy, and public service delivery objectives of each Administration. A strong Customer Service focus and effective relationships with delivery partners and each Administration are key and the SLC vision and mission statement should reflect this.

**Core functions of the SLC**

The Student Loans Company (SLC) administers government funded loans and, in some administrations, grants to HE and FE learners, on behalf of England, Wales, Scotland and Northern Ireland, in line with the policy aims of the relevant administrations. The primary roles of the company are to:

- Deliver financial support to eligible students pursuing higher education in accordance with the student support regulations and relevant public policy objectives. In Scotland, this is done in partnership with the Student Awards Agency for Scotland (SAAS);
- Deliver appropriate information, advice and guidance to all customer groups at the right time and in the right form;
- Pay to Higher Education Institutions the public contribution towards tuition fees for England, Wales and Northern Ireland;
- Work in partnership with HM Revenue & Customs (HMRC) to ensure repayments are collected on time from all those due to repay under the Income Contingent Repayment Loan Scheme, and to manage the direct collection of voluntary additional repayments in respect of these loans;
- Manage the direct collection of repayments for loans granted under the former Mortgage Style Loan Scheme;
- Use technology and improved business processes to streamline the student finance system, make service improvements and improve the customer experience;
- Undertake specific tasks for individual Devolved Administrations, such as payment of Education Maintenance Allowances, and administer on behalf of the private sector, any sold portfolios of Income Contingent Repayment loans.

**Operating context**

The SLC Delivery Strategy should include SLC's analysis of the operating context in which the Company performs these core functions, including trends and likely future states; the

challenges the SLC faces, risks, constraints and the degree of change and flexibility required over the next three years.

From time to time the Administrations may commission the Company to develop this analysis further and propose scenarios for the future direction of student finance delivery and policy and alter its Delivery Strategy accordingly. It is important that a close dialogue is maintained between SLC senior executives and senior officials of the Administrations at all times so that SLC can fulfil its role as “intelligent supplier” to advise Ministers and officials on the appropriate means of delivering policy objectives.

### **Shared UK requirements**

All of the Administrations require the SLC to reflect the following results in its strategy, showing how each will be achieved and the key milestones for delivery:

- Payment of the right amount of support, to the right people at the right time;
- (In conjunction with HMRC) Repayment of the right amount of Income Contingent Repayment loan balances at the right time, minimising the cost to the taxpayer by reducing collection “frictions” which impact on our respective Resource Accounting and Budgeting charges for loans;
- Provide a service designed to meet the needs of the customer, so that high levels of customer satisfaction are achieved for all customers at all stages of the customer journey;
- Provide an efficient and effective service that delivers value for money for funding organisations and strikes a balance between cost and other success measures;
- Provide expert advice to Administrations on operational delivery;
- Provide high quality data and information to support Administrations’ policy making and analysis;
- Implement policy and operational change smoothly;

We would also expect your Delivery Strategy to set out how you will ensure you:

- Operate within a clear corporate governance and accountability framework;
- Have robust risk management processes;
- Have secure data handling mechanisms in place;
- Have systems which minimise fraud;
- Have the capacity and capability to deliver stakeholders’ requirements and the flexibility to respond to their changing needs;
- Strive for continuous improvement;

- Embed public service values which foster openness and transparency and public accountability.

Each of the Administrations also has its own individual requirements and priorities for the next three years and these are set out at Annexes A-D.

### **Shared measures**

The SLC will be expected to measure progress against its strategic objectives through an SLC Balanced Scorecard that it will use to demonstrate performance to stakeholders and the SLC Board. All of the Administrations require that the SLC measures performance and proposes stretching improvements targets in the following areas:

- **Improvements in getting money paid to customers**  
This is a core measure of SLC performance and we expect the Company to set challenging targets to achieve a high quality payment service that pays the right amount, to the right people, at the right time.
- **Improved collection performance**  
Annex E outlines in further detail the agreed requirements that all the Administrations share for repayment services. We expect the SLC to set measures and targets which will drive improved collection performance for both the mortgage style and income contingent loans portfolios.
- **Improved customer satisfaction**  
We expect the SLC to develop an in-depth understanding of the needs and expectations of all types of customer and to set targets for improved satisfaction for all groups at all stages of the customer journey.
- **Improved VfM in operating costs**  
Following the findings of the PwC Benchmarking Report (2007), we expect the SLC to propose value for money measures and to use these to drive efficiency beyond the benefits we already expect to realise from investment in the Customer First Programme, to deliver efficiency savings of at least £4.5m across the CSR07 period. However, value for money considerations must be balanced against the impact on customer service and the Administrations should be consulted about options for change which could raise delivery and presentational risks.
- **Capacity, capability and culture**  
The SLC should outline how it will measure whether it has the capacity and capability

(including skills) and culture to deliver the business as usual service, implement change smoothly, and the flexibility to adjust to changing priorities.

The Administrations will agree with SLC, the targets and trajectories for each of the measures on the SLC Balanced Scorecard. Following a pilot year in FY08-09, when the SLC Balanced Scorecard will be run in parallel with existing accountability arrangements, these measures will replace the current Key Performance Indicators as the method of assessing SLC performance from 09-10 onwards.

## **ANNEX A**

### **Student Finance England – priorities for SLC to 2011**

#### **Business as usual**

- Efficient and effective payment and collection each year
- Promotion of student finance support and delivery of appropriate IAG to all customer groups at all stages of the customer journey

#### **Planned changes and improvements**

- Successful delivery and roll out of Customer First Programme for each Academic Year in line with the requirements in Blueprint and Blueprint response and “scenario 2” cost model; realisation of benefits as set out in the benefits model (AY **2009/10-10/11**)
- 5th July 2007 policy changes and smooth delivery of all other annual policy changes
- Debt sale programme - SLC will need to develop the capability to take responsibility for servicing sold loans and ensuring the satisfaction of debt owners, supporting the Government in being ready to make sales of student loans when market conditions allow
- Simplification of systems and processes
- Strengthening of systems to combat fraud

#### **Value for money / efficiency**

- 5% year-on-year reduction on agreed efficiency baseline
- VfM drivers and performance measures in place

#### **Opportunities for further improvement**

- The SLC Executive Directors will be required to support DIUS, to help it evaluate opportunities for strategy and policy development and propose options for operational improvement by contributing advice, relevant data and analysis to support this activity (**from April 2008**).

## **ANNEX B**

### **Scottish Government – priorities for SLC to 2011**

#### **Business as usual**

- Work closely with the Student Awards Agency for Scotland on issues relating to higher education student support in Scotland.
- Efficient and effective loan payment and collection each year

#### **Planned changes and improvements**

- Consequences of the abolition of the Graduate Endowment Fee in terms of loans required for those students still eligible (primarily postgraduate deferrers).
- Consequences of the abolition of the Part-time loan
- As required, support the Scottish Government consultation on plans to reintroduce grants in Scotland and to relieve the burden of student debt repayment.
- Applying forthcoming secondary legislation on Scottish students who have been sequestrated.
- Work closely with SAAS to share information that will help to minimise fraud and take action on identified fraud.

#### **Value for money / efficiency**

- 5% year-on-year reduction on baseline
- VfM drivers and mechanisms in place

#### **Opportunities for further improvement**

- The Scottish Government may require development of new products arising from new policies. Such changes would be identified and commissioned through the Higher Education and Learner Support division and/or SAAS who will involve the Company to help evaluate opportunities for strategy and policy and propose options for operational improvement.

## **ANNEX C**

### **Wales – priorities for SLC to 2011**

#### **Business as usual**

- Efficient and effective payment and collection each year
- Support promotion and delivery of Student Finance Wales services and products for further and higher education

#### **Planned changes and improvements**

- Implement changes to part-time support in response to Graham Review .
- Successful delivery and roll out of the required elements of the new Student Finance Service from **AY 2009/10**
- Enable a seamless transfer of customers from Further to Higher Education
- Support the 'Consultation and Implementation Programme' of work which is managing the Welsh Assembly Government's policy change proposals in response to Phase 1 of the Review of Higher Education in Wales, including planning and implementation of any agreed policy changes for new students from AY 2010/11.
- Successful delivery and roll out of AY 2010/11 services in line with agreed timescales on UCAS alignment
- Support the review of Student Support Policy (FE) in Wales and ensure smooth implementation (remit and timetable to be confirmed)
- Support the review of Student Finance Delivery in Wales and ensure smooth transition to the preferred option as appropriate.
- Extension of the bilingual services across all products, including repayment services, offered to Welsh domicile customers to place SLC as model organisation in the delivery of bilingual (Welsh/English) services

#### **Value for money / efficiency**

- 5% year-on-year reduction on baseline
- VfM drivers and mechanisms in place
- Implementation of any changes emerging from the planned reviews

#### **Opportunities for further improvement**

- The Welsh Assembly Government may require development of new products arising from any policy changes, particularly arising from Policy and Delivery Reviews. Such changes would be identified and commissioned by the Department for Children, Education, Lifelong Learning and Skills who will involve the SLC to help evaluate opportunities for strategy and policy and propose options for operational improvement.



## **ANNEX D**

### **Northern Ireland – priorities for SLC to 2011**

#### **Business as usual**

- Efficient and effective payments and collections each year

#### **Planned changes and improvements**

- Successful development and roll-out of enhanced student finance service, including simplification agenda, with year on year increased on-line uptake
- Development of on-line service for data validation with relevant stakeholders enabling seamless transition from secondary and further education (EMA) to higher education student finance
- Implementation of the outcome of the review of variable tuition fees and wider student finance arrangements due to commence in **AY 2008/09**
- Implementation of the review of the Education Maintenance Allowance (EMA) scheme provisionally planned for **AY 2009/10**
- Creation of the new education authority by **1 January 2010**, following the Review of Public Administration, and implications of the transfer of student finance “Apply and Assess” functions from the 5 Education and Library Boards

#### **Value for money / efficiency**

- VfM drivers and mechanisms in place
- Implementation of any changes emerging from the planned reviews

#### **Opportunities for further improvement**

- The Department for Employment and Learning may require development of new products arising from any policy changes, particularly arising from the aforementioned reviews.

## **ANNEX E**

### **Shared UK requirements for repayment services**

#### **Business as usual**

SLC are expected to continue to work in partnership with HMRC on the collection of Income Contingent Repayment student loans and to continue to work to reduce outstanding Mortgage Style loans. The Delivery Strategy should set out how the Company will deliver the existing collection objective: *to maximise the collection rate of student loans and so minimise the cost to the taxpayer by: ensuring those who should pay do pay and minimising delays in repayment.*

#### **Planned changes and proposed improvements**

The Delivery Strategy should set out the Company's objectives for improving the collection process, including how the Company will deliver those initiatives already planned, as part of Customer First, to enhance the existing customer journey and to improve the collection success rate. It should also set out any further improvements the Company propose to make and how these will improve the customer experience and any impact these will have on the DIUS debt sale programme.

#### **Key measures**

After a pilot year in 08-09, the SLC Balanced Scorecard will replace the current Key Performance Indicators as the method of assessing SLC performance. We therefore expect the Company to measure the collection of income contingent and mortgage style loans on its corporate Balanced Scorecard and to propose any new measures which will drive improved collection performance.