

Peter Lauener Esq
Accounting Officer and Interim CEO
Student Loans Company Ltd
100 Bothwell Street
Glasgow
G2 7JD

1st August 2018

Dear Peter

STUDENT LOANS COMPANY LIMITED (SLC): ANNUAL PERFORMANCE AND RESOURCE AGREEMENT (APRA) 2018-19

1. This letter confirms the resources delegated to you as the SLC Accounting Officer (AO) for the current financial year. It also sets out agreed performance measures and associated targets. This letter supersedes the Letter of Comfort addressed to the SLC Chair on 29 March 2018, and should be considered in conjunction with the separate Chair's letter dated 16th July 2018 which sets out his and the SLC Board's responsibilities regarding oversight of SLC's delivery of the shareholders' high level strategic objectives.
2. These resources are delegated to you with respect to SLC's core functions which are listed below in **Annex 1**.

FY 2018-19 Budget

3. I am grateful to your staff for working with my Department and the corresponding Departments in the Devolved Administrations (collectively referred to throughout this letter as "the Departments") to confirm SLC's budget for the current year. UK funding from the Departments for the delivery of core activities and change projects has been agreed as follows:
 - DEL Administration: £44.9m (comprising £34.7m non-ringfenced and £10.3m ringfenced)
 - DEL Programme: £157.5m m (comprising £126.7m non-ringfenced and £30.8m ringfenced)
 - DEL Capital: £59.4m
4. Full details of the agreed budget for the current financial year are set out in **Annex 2**, including the DEL control totals and any attached conditions.

5. You are expected to manage SLC's own finances, commitments and risks within the budgets set by this letter. Should any pressures emerge against these budgets which you consider may not be manageable within SLC, you should alert the Departments as soon as possible, enabling us to work together to identify solutions. Where appropriate, this may include the provision of additional funding but could also involve reviewing prioritisation of the current requirements and any new priorities identified during the year.
6. Your management of finance, commitments and risks will also continue to be subject to the spending controls and relevant approvals processes applied to Government spending, as set out in HM Treasury's *Managing Public Money*¹, *Consolidated Budgeting Guidance*², relevant Cabinet Office controls³ and other applicable central guidance.
7. You should keep the Departments updated monthly on forecast expenditure against the budgets set by this letter, via the Chief Financial Officer's Report to the Board and other monthly reporting direct to the Departments.
8. As mentioned in the Letter of Comfort, there is always the possibility of the Departments' overall funding being decreased. Under such circumstances the Departments may, within the framework set by Parliament and the courts, need to make in-year adjustments to allocations to our partner organisations in order to meet budget reductions. Should this occur we would naturally notify you at the earliest opportunity and agree any necessary amendments to performance targets and/or agreed Change budget deliverables.

Accounting Officer Financial Delegations

9. I wrote to you on 30 November 2017 with details of your delegated financial authority. A copy of this letter is attached as **Annex 3** for reference.
10. As set out in paragraph 6.1 of the SLC Framework Document (April 2009), you as Accounting Officer are personally responsible for safeguarding SLC's funds and assets (including funds administered by SLC on behalf of Departments). You are also responsible for ensuring propriety, regularity, affordability, value for money and feasibility in the handling of those funds, and for the day-to-day operations and management of SLC.
11. In addition, you should pay due regard to the NAO report published in May 2018 titled *Investigation into oversight of the Student Loans Company's governance, and management of its former chief executive*⁴ insofar as it has a bearing on your responsibilities as Accounting Officer. Similarly, you are aware of the UKGI review of DfE's governance of SLC which is currently underway, and I ask you to continue working closely with DfE and the other shareholding departments to consider and implement all agreed recommendations which emerge from this work.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MPM_2018.pdf

²<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2018-to-2019>

³<https://www.gov.uk/government/collections/cabinet-office-controls>

⁴<https://www.nao.org.uk/wp-content/uploads/2018/05/Investigation-into-oversight-of-the-Student-Loans-Companys-governance.pdf>

12. I would also like to note current work between all parties updating the SLC Framework Document. I am grateful for all the efforts that you and your team have put into this, and look forward to continuing to work with you to arrive at an updated version as soon as possible.
13. As Accounting Officer you are responsible to Parliament for signing SLC's Governance Statement and Statement of Financial Position, ensuring that proper records are kept relating to the these, and that they are properly prepared and presented in accordance with the Companies Acts and company law more generally. You are also responsible for ensuring that SLC's Annual Report and Accounts are prepared in accordance with any relevant provisions contained within the *Government Financial Reporting Manual*⁵, any other relevant Treasury guidance and any specific disclosures required by the Secretary of State.
14. You are also responsible to Parliament for ensuring that effective procedures for handling complaints about SLC are established and made widely known within SLC, acting in a timely manner in accordance with the terms of the Framework Document, *Managing Public Money* and other instructions and guidance issued from time to time by the Departments, the Treasury and the Cabinet Office.
15. As Accounting Officer you must also be prepared to give evidence about SLC's stewardship of public funds when summoned before the Public Accounts Committee or the appropriate committee of the Scottish Parliament, National Assembly for Wales or Northern Ireland Assembly.

Delegated Statutory Functions

16. You are responsible for undertaking the delegated statutory functions in relation to student loans and grants as set out in the Register of Approved Activities. I am grateful to all involved in the Departments and SLC for keeping this document up to date.
17. SLC's primary roles are specified in the Framework Document (paragraph 1.6), while the Chair's letter sets out the Shareholders' priorities for the SLC over the course of the current financial year. I am grateful for all the work which your team have undertaken over recent months to review and improve SLC's performance reporting, and am fully supportive of the new Corporate Performance Dashboard which was presented in an operational form for the first time to the SLC Board at its meeting on 23 May 2018.
18. SLC and the Departments should have regular and robust discussions about SLC's performance informed by this dashboard and other reports, both via the SLC Board and the monthly Performance Finance and Risk (PFR) sub-committee of the Quarterly Shareholder Meeting (QSM) which has recently been established. I expect that SLC and the Departments will continue to work together throughout the course of this year to align the dashboard indicators with last year's APRA measures and targets. This work will also need to link to the recommendation from Phase 1 of the UKGI/DfE governance review that shareholders should be reviewing the objectives of the SLC and then agreeing the measures and targets that support these.

⁵ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2018-to-2019>

OFFICIAL - SENSITIVE

19. As set out in paragraph 5.2 of the Framework Document, Departments will be undertaking regular assessments of how well SLC under your leadership is achieving their strategic objectives and delivering value for money. These assessments will primarily take place in the context of the PFR and QSM meetings.
20. As set out in paragraph 5.3 of the Framework Document, the Principal Accounting Officer of each shareholding Department has a number of responsibilities with respect to oversight of SLC which I would ask you to note and assist with the discharging of, as far as it is within your power.
21. The agreed performance targets against which SLC will report monthly to the SLC Main Board and PFR are listed in **Annex 4**.

SLC Planning, Forecasting, Reporting and Communications

22. As set out in paragraph 6.4 of the Framework Document, as Accounting Officer you have a number of responsibilities to the Departments with respect to planning, forecasting, reporting and communications.
23. These responsibilities include establishing, in agreement with the Departments, SLC's Corporate and Annual Business Plans in light of the Departments' wider strategic aims and agreed priorities. You are responsible for informing the Departments of progress towards achieving their policy and delivery objectives, and in demonstrating how resources are being used to achieve those objectives, including reporting to all Departments on SLC's performance against agreed targets.
24. You are responsible for providing timely and regular forecasts and monitoring information on performance and finance to the Departments. This reporting must include prompt notification of any likely over-spends or under-spends, along with details of the corrective action that has been taken. It must also include timely notification about any significant problems - whether financial or otherwise - which have been detected by internal audit or another means.
25. You are responsible for managing the day-to-day operations of SLC, ensuring that appropriate operational plans, decision-making structures and delegated authorities are in place fully to deliver the agreed objectives. You should manage resources, including SLC's grant-in-aid funding, in a way to achieve good value for money for the taxpayer. You should ensure compliance with standards for governance, financial management, decision making and risk management, escalating risks to the Departments when appropriate and in a timely manner.
26. You should support the Departments with timely, well-reasoned and impartial advice, demonstrating a thorough understanding of the policy context for student support and of the public perception of the student finance delivery service, rapidly escalating any emerging risks or issues to senior staff in the Departments with an assessment of the impact and possible solutions. You should represent the performance of SLC to the general public, and ensure that SLC discharges its responsibilities in cases where irregular activity with the potential to cause financial loss is suspected, in accordance with the relevant protocols agreed with DfE. You should also work with the Departments to ensure that SLC has the appropriate powers and permissions to investigate and act where irregular activity is suspected, both in England and the Devolved Administrations.

OFFICIAL - SENSITIVE

27. SLC should contribute as commissioned to Spending Review 2019 (SR19) and to Departmental forecasting exercises. SR19 will set budgets from FY2020-21; Departments will provide further detail about their requirements in due course. Departments' forecasting exercises will include annual business planning (during quarter 3) and will potentially require further quarterly reviews. Departments will provide further detail as necessary.

The SLC Change Programme

28. As has been the case in recent years, drawdown and spend in respect of new projects will be subject to agreement of relevant business cases or Expenditure Authority Requests (EARs). Further details on these approvals processes for the Change Programme are set out in **Annex 5**.

29. You are authorised to incur up to 15% of a new Change project's forecast lifetime implementation cost on the Discovery and Inception phases of the new project's development. If SLC needs to commit additional funding ahead of business case approval, the relevant SLC lead should contact the relevant Department(s) for specific approval at least two weeks before the 15% spend point is reached.

30. SLC should keep Departments regularly updated via the PFR of forecast expenditure against the Change portfolio, including expenditure on Discovery and Inception, by Parliamentary control total (Admin/Programme/Capital).

Tailored Review of SLC

31. Phase 1 of the UKGI/DfE governance review has now concluded and the implementation plan has been agreed by all parties. I expect that the SLC will continue to work with shareholders on the implementation of the recommendations.

32. The Department is also due to conduct a Tailored Review of SLC during this year, as per Cabinet Office guidelines. This will review SLC to ensure it remains fit-for-purpose, well governed and properly accountable. As part of this, the review will consider the future form and function of SLC and the best operating model to achieve this. I would be grateful for SLC's full engagement in this process.

SLC Audit Functions

33. Paragraphs 10 and 11 of the Framework Document set out the Departments' expectations of SLC with respect of the internal and external audit arrangements.

34. You are in the process of transferring your internal audit function to the GIAA in line with government policy. The Departments will still require that SLC's lead internal auditor from GIAA has unrestricted access to the AO and the PAO.

35. KPMG's contract as SLC's external auditors expires at the end of the 2017-18 Annual Report and Accounts cycle. It is the Departments' intent, as shareholders, to appoint the National Audit Office as SLC's auditors from 2018-19 onwards.

SLC Pay and Reward Strategy

36. I recognise that one of the key risks in the SLC Corporate Risk register is that SLC is a poor payer relative to the local public and private sector markets in Glasgow, Llandudno Junction and Darlington. This has increasingly serious consequences over time for the sustainability of the Assess to Pay and Repayments services you are responsible for. Within the weaknesses of SLC's overall reward structure, the problem is particularly acute at the lower grades amongst the frontline staff in Operations and Repayments. These frontline staff lower-graded represent two thirds of total employees.
37. Whilst a number of mitigations have been put in place to get SLC through the seasonal loads for this year, the attrition and attraction rates are expected to continue to worsen and there is a risk that this will cause a service failure of some sort. As a consequence, I note that you have submitted a Strategic Outline Case (under HMT Green Book rules) to the SLC Remuneration Committee setting out the problem in more detail and suggesting a solution. I ask that you now work this up into an Outline Business Case for submission to DfE/DAs and then to HM Treasury as part of a broader Pay and Reward Strategy.

The General Data Protection Regulation (GDPR)

38. As reflected in the FY18-19 policy commission (New Demand 698 "EU GDPR Phase 2"), the shareholders acknowledge and appreciate the work which SLC have done to prepare for the GDPR coming into force on 25 May this year. I would like to take this opportunity to confirm our expectation that SLC will make every reasonable effort within its power to comply with all relevant aspects of GDPR in respect of the data they receive, retain and share.

Pensions

39. I am aware that good progress has been made by SLC and DfE officials towards developing a potential solution which will address issues around the long-term sustainability of SLC's Pension Scheme. I look forward to receiving final advice in the summer on the proposed changes which, subject to staff consultation and approval from all interested parties (Departments, SLC Board, SLC Pension Trustees, HMT, CO) I would hope to see implemented by the end of the financial year - and ideally by the start of SLC's pension year on 6 November 2018.

SLC Strategy

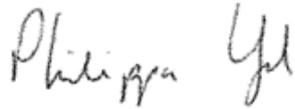
40. I am pleased to note progress with implementing the SLC Strategy. The Phase 1 budget for FY18-19 has now been signed off, though the Technology (formerly Digital Architecture) and Digital Customer budgets have been reduced in light of prioritisation discussions at the recent Quadrilateral meetings. Therefore we are expecting SLC to spend £20.1m on the Strategy in FY18-19. The conditions with which this funding is granted are detailed below in **Annex 6**.
41. We expect the robust governance arrangements which have been put in place to oversee the Strategy to be maintained throughout its lifetime. In particular we expect the SLC Strategy Portfolio Board (reporting to the SLC Board) and the Whitehall SLC Strategy Programme Board (reporting to the QSM) to act as key forums for managing risk, tracking spend and monitoring benefits realisation.

OFFICIAL - SENSITIVE

42. In addition we note that each of the four programmes within the Strategy has a named Executive Leadership Team (ELT) Senior Responsible Owner (SRO). We welcome the individual accountability for the performance of the SLC Strategy which flows from these arrangements, and will continue to discuss with you and your team the potential need for a nominated SLC ELT SRO for the overarching Strategy portfolio as a whole.

43. I am copying this letter to Gareth Allen (Scottish Government), Chris Jones (Welsh Government) and Jonny O'Callaghan (Department for the Economy, Northern Ireland).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philippa Lloyd'.

PHILIPPA LLOYD

Director General, Higher & Further Education

ANNEX 1: SLC'S CORE FUNCTIONS

SLC administers government-funded loans and grants to a range of educational Learners, on behalf of England, Wales, Scotland and Northern Ireland, in line with the policy aims of the relevant Department. The primary roles of SLC are to:

1. Ensure the payment of the right amount of support to the right person at the right time.
2. Pay loans and grants to eligible Learners in accordance with the relevant Regulations and public policy objectives. In Scotland, this is done in partnership with the Student Awards Agency for Scotland (SAAS).
3. Where applicable, pay the Learners' tuition fees loans to relevant Providers in England, Wales and Northern Ireland.
4. Pay bursaries and scholarships on behalf of those Providers who take this service.
5. Calculate interest in accordance with Regulations and add to the right customer's account.
6. 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.
7. Manage the direct collection of voluntary additional repayments, repayments from those living overseas, and recovery of overpaid loans or grants.
8. Deliver appropriate information to all customer groups at the right time and in the right form.
9. Provide expert operational advice and high quality information to support Departments' policy making and analysis.
10. Undertake specific tasks for individual Departments, such as the payment of the Education Maintenance Allowances in Wales and Northern Ireland.
11. Put in place measures to minimise, detect and deter fraud.
12. Administer any sold portfolios of Income Contingent Repayment loans on behalf of the private sector.
13. Use technology and improved business processes to strengthen and streamline the student finance system, make service improvements and improve the customer experience.
14. Deliver changes to student support policy.

ANNEX 2: SLC 2018-19 DFE AND DEVOLVED ADMINISTRATIONS BUDGETS

Table A: SLC Budget

FY18-19 Total APRA Bid (DEL Cash)	England	NI	Scotland	Wales	FE England	Bursaries	Total
Resource DEL Admin							
Operating Budget	18.6	0.5	0.4	1.6	0.7	0.0	21.9
Continuous Improvements	3.4	0.1	0.1	0.3	0.1	0.0	4.1
Change Programme	7.6	0.2	0.2	0.7	0.0	0.0	8.7
Resource DEL Admin Total	29.6	0.9	0.7	2.6	0.8	0.0	34.7
Resource DEL Programme							
Operating Budget	87.9	2.7	2.4	8.3	3.4	(0.2)	104.6
Continuous Improvements	3.0	0.1	0.1	0.3	0.1	0.0	3.5
Change Programme	15.9	0.4	0.3	2.0	0.0	0.0	18.6
Resource DEL Programme Total	106.8	3.2	2.8	10.6	3.5	(0.2)	126.7
Capital DEL							
Operating Budget	2.7	0.1	0.1	0.2	0.1	0.0	3.1
Continuous Improvements	3.4	0.1	0.1	0.3	0.1	0.0	4.1
Change Programme	40.4	1.5	0.7	9.5	0.2	0.0	52.2
Capital DEL Total	46.5	1.6	0.8	10.1	0.4	0.0	59.4
DEL Cash Grand Total	182.9	5.7	4.3	23.3	4.7	(0.1)	220.8

FY18-19 Total APRA Bid (Non Cash)	England	NI	Scotland	Wales	FE England	Bursaries	Total
Admin Ringfenced DEL	10.3	0.0	0.0	0.0	0.0	0.0	10.3
Programme Ringfenced DEL	30.8	0.0	0.0	0.0	0.0	0.0	30.8
DEL Non-Cash Total	41.0	0.0	0.0	0.0	0.0	0.0	41.0

AME	(1.0)	0.0	0.0	0.0	0.0	0.0	(1.0)
------------	--------------	------------	------------	------------	------------	------------	--------------

Total DEL	223.9	5.7	4.3	23.3	4.7	(0.1)	261.8
------------------	--------------	------------	------------	-------------	------------	--------------	--------------

Table B: SLC DEL-only view showing Operating Expenditure, Continuous Improvement and Change budgets

	Operating Expenditure	Continuous Improvements	Change	Total
DEL Administration				
Non-ring fenced (Cash)	21.9	4.1	8.7	34.7
Ringfenced (Non-Cash)	10.3	0.0	0.0	10.3
Total Administration	32.2	4.1	8.7	44.9
DEL Programme				
Non-ring fenced (Cash)	104.6	3.5	18.6	126.7
Ringfenced (Non-Cash)	30.8	0.0	0.0	30.8
Total Programme	135.4	3.5	18.6	157.5
DEL Capital				
Cash	3.1	4.1	52.2	59.4
Total DEL	170.6	11.7	79.5	261.8
split by:				
Cash	129.6	11.7	79.5	220.8
Non-Cash	41.0	0.0	0.0	41.0
Total DEL	170.6	11.7	79.5	261.8

Notes to the tables

1. SLC must manage within the individual control totals set by each Department for DEL Administration, DEL Programme and DEL Capital as well as within the ringfences specified. Funds may be switched from Cash to Non-Cash but not vice versa. Any proposal to switch budgets outside of these controls must be agreed in advance in writing with the relevant Department(s).
2. SLC has discretion to manage funding between OpEx and the Change so long as individual business case approvals (as may be amended by approved project change control arrangements) are not exceeded and the criteria above are met.
3. The Grant-in-Aid required to fund the net cash movement within SLC's budget at the start of the year was set at £229,000,000 by the DfE Parliamentary Main Estimate. This will be updated by the DfE Supplementary Estimate later in the year to reflect the current budget position, as set in this APRA and as updated in the Q2 Review.
4. This letter confirms SLC's budget for the current year only - budgets for future years will be agreed following business planning discussions between SLC and the Departments and will be formally confirmed in future APRA letters.
5. As SLC is aware, we are operating within a dynamic environment and if any of the Departments' available budgets fall due to wider events or in order to cover other unavoidable financial pressures, in-year adjustments to SLC's budgets may be required. Departments are committed to ensuring timely and adequate notice is provided for any such 'claw-back' and to discussing with SLC the wider implications of any such action. SLC should therefore ensure that the profile of monthly expenditure is regularly reviewed.

ANNEX 3: SLC ACCOUNTING OFFICER LETTER OF FINANCIAL DELEGATION (attached separately)

ANNEX 4: SLC PERFORMANCE TARGETS 2018-19

SLC has a suite of metrics which are reported on monthly to the SLC Board and Departments. However the following six headline performance measures have been agreed between SLC and the Departments as priority measures which will be subject to particular attention.

Financial Management

1. Year-end outturn to be within the approved budgets, subject to the tolerances below. This applies to the individual totals in Annex 2 Table A for ring-fenced and non-ringfenced Administration, Programme and Capital DEL as well as Total DEL. Accurate forecasting: Year-end outturn to be +0% / -10% for Administration DEL and +/- 5% for each of Programme and Capital DEL.

Customer Satisfaction

2. Aggregated Apply-To-Pay customer satisfaction score for HE applicants in England (SFE) and Wales (SFW) to be $\geq 85\%$.

Assessment

3. All assessments completed by their agreed deadline.

Payments

4. $\geq 99\%$ of all HE and FE tuition fees, all maintenance payments and postgraduate loans to be paid by due date.

Repayments

5. $\geq 96\%$ of new ICR borrowers matched to the correct repayment channel by their Statutory Repayment Due Date (SRDD).

Customer contact

6. All customer contact metrics met by their agreed deadline.

Full set of Performance Measures to be reported

1) Customer Satisfaction

a. Aggregated Apply-To-Pay customer satisfaction score for HE applicants in England (SFE) and Wales (SFW) to be $\geq 85\%$.

b. Repayer customer satisfaction score to be $\geq 72\%$.

2) Assess to Pay

OFFICIAL - SENSITIVE

HE (England and Wales) applications

- a. All HE SFE and SFW applications received before the published deadline, $\geq 99\%$ to be assessed by the start of term.
- b. Full-time HE SFE and SFW loan and grant applications, $\geq 70\%$ to be assessed within 20 working days.
- c. All HE SFE and SFW loan and grant applications, $\geq 95\%$ to be assessed within 30 working days of receipt.

Postgraduate Loans applications

- a. PGL applications, $\geq 70\%$ to be assessed within 20 working days of receipt.
- b. PGL applications, $\geq 95\%$ to be assessed within 30 working days of receipt.

DSA and CCG (England & Wales) applications and Needs Assessment reports

- a. $\geq 95\%$ of DSA1 applications to be assessed within 10 working days of receipt.
- b. $\geq 95\%$ of Needs Assessment reports to be assessed within 10 working days of receipt.
- c. $\geq 95\%$ of Childcare Grant 1 (CCG1) applications to be assessed within 20 working days of receipt.
- d. $\geq 95\%$ of Childcare Grant 2 (CCG2) applications to be assessed within 20 working days of receipt.

FE (England, Wales & NI) applications and evidence return

- a. $\geq 95\%$ of "straight through" Advanced Learner Loan applications to be assessed within 5 working days.
- b. $\geq 95\%$ of all other Advanced Learner Loans applications to be assessed within 20 working days.
- c. 100% of non-peak EMA NI/WGLG applications to be processed in 7 working days.
- d. $\geq 90\%$ of peak EMA NI/WGLG applications to be processed in 14 days.
- e. 100% of EMA NI/WGLG applications to be assessed in 21 working days.
- f. 100% of EMA/WGLG evidence items to be returned within 15 working days.

HE Maintenance and Postgraduate Loans payments

- a. $\geq 99\%$ of full-time maintenance payments and postgraduate loans to be made by the due date, both overall and individually.

HE Tuition Fees payments

- a. $\geq 99\%$ of full-time and part-time HE tuition fees to be paid on their weekly Wednesday deadline.

FE payments (Advanced Learner Loans, EMA etc.)

- a. $\geq 96\%$ of FE payments to be paid on their weekly or fortnightly deadline. (This covers Advanced Learner Loans for England, WGLG for Wales, and EMA for both Wales and Northern Ireland).

3) Repayments and Recoveries

Repayment of Income Contingent Repayment (ICR) Loans

- a. $\geq 96\%$ of new ICR borrowers matched to the correct repayment channel by their Statutory Repayment Due Date (SRDD).
- b. $\geq 90\%$ of existing UK-resident ICR borrowers post SRDD matched to the correct repayment channel.
- c. $\geq 73\%$ of UK borrowers resident overseas matched to the correct repayment channel post SRDD.
- d. $\geq 57\%$ of EU borrowers resident overseas matched to the correct repayment channel post SRDD.
- e. Number of found and unmatched borrowers not in the correct repayment status (past cohorts) is to be reported (but no target set).

4) Customer Contact

- a. $\geq 90\%$ of SFE calls answered.
- b. $\geq 90\%$ of SFW calls answered.
- c. $\geq 90\%$ of ICR calls answered.
- d. $\geq 87\%$ of SFNI calls to be answered within 60 seconds.
- e. $\geq 90\%$ of Wales calls on EMA/WGLG to be answered within 180 seconds.
- f. $\geq 90\%$ of NI EMA to be answered within 180 seconds.

N.B. PGL is included in the relevant SFE, SFW or SFNI target.

5) Assessment Accuracy

OFFICIAL - SENSITIVE

- a. SLC Internal Audit's quarterly re-assessment of a sample of applications shows no more than a 0.5% overall net variance compared to the sum of the actual assessments.

6) Change Programme

- a. Change Programme to be fully on track to meet agreed milestones (subject to formal change control).

7) Fraud Detection and Reduction

- a. Return on Investment (ROI) from fraud prevention activity to be at least 10:1.

8) Loans and Grants Forecasting

- a. At year-end, the amount paid out in loans is to out-turn within $\pm 1.5\%$ of the mid-year forecast and within $\pm 0.75\%$ of the 10-month* forecast.
- b. The amount paid out in grants is to out-turn within $\pm 2.00\%$ of the mid-year forecast and within $\pm 1.00\%$ of the 10-month* forecast.

*The second in-year forecast may actually be at either Month 9 or Month 10

9) Financial Management

- a. Year-end outturn to be within the approved budgets, subject to the tolerances below. This applies to the individual totals in Annex 2 Table A for ring-fenced and non-ringfenced Administration, Programme and Capital DEL as well as Total DEL. Accurate forecasting: Year-end outturn to be +0% / -10% for Administration DEL and +/- 5% for each of Programme and Capital DEL.

ANNEX 5: CHANGE PROGRAMME DETAIL FY2018-19 (Table C)

Summary	In-Flight	New Demand c/fwd	New Demand FY18-19	Total
Higher Education Programme	13.6	1.9	13.9	29.3
Further Education Programme	0.3	0.0	0.2	0.5
Repayments Programme	4.8	3.5	4.0	12.3
Security Programme	3.5	0.9	0.6	5.1
Core Systems	1.6	8.0	0.0	9.6
ICT Infrastructure Remediation	1.0	0.0	0.0	1.0
ICT Ops Programme	0.0	3.0	0.0	3.1
Technology Upgrade	0.0	0.0	7.3	7.3
Operations	0.3	1.0	1.2	2.5
ERP Replacement	6.4	0.0	0.0	6.4
Other	0.3	0.0	1.1	1.3
Strategy	0.7	4.0	17.5	22.1
High Level Adjustment	(7.2)	(5.6)	(8.1)	(20.9)
Grand Total	25.2	16.8	37.6	79.5

Notes to the table:

1. Drawdown and spend in respect of New Demand projects in the Change Portfolio will be subject to agreement of relevant business cases by Departments, via the Sponsorship Team, and in compliance with any relevant Cabinet Office Controls.
2. Discovery and Inception work should not exceed 15% of the total Change budget, though if SLC needs to commit additional funding to scale up resources ahead of business cases it should contact DfE in the first instance for specific approval at least 2 weeks before the 15% spend point is reached.
3. Change Requests should be submitted for approval at least 2 weeks prior to the expiry of the approved spend threshold.
4. The Departments acknowledge that deliverability of the project portfolio is contingent on the provision of timely, sufficiently detailed and stable policy requirements and timely approval of individual business cases and Change Requests.
5. SLC should abide by any specific agreements reached with the Administrations in association with these budgets. SLC should closely monitor expenditure and outputs for each individual project and provide early warning to the appropriate Administration of any emerging delivery issues. Any new Change requirements not covered by this list will require further funding discussions with the relevant Administrations.
6. A detailed listing of individual projects supporting Table C is held by SLC and will be updated with revised forecasts monthly and submitted to DfE.
7. Further specific arrangements for the financial management of Change Programme are as set out in Table D that follows.

Financial Decision	Arrangement/Authority
In-flight change to spend profile within whole life value of an approved business case	SLC may vary the timing of spend without seeking approval from DfE so long as SLC can manage the cost pressure within the annual budget control totals detailed in the APRA (or equivalent) and there is no change to policy delivery dates.
In-flight spend in excess of the business case whole-life value	If SLC can manage the cost pressure within its overall budget control totals, then it may overspend by up to 25% against the annual budget profile of project that has already been approved.

OFFICIAL - SENSITIVE

	<p>SLC should seek approval from DfE if there is a risk of overspend beyond 25% in any given year and/or any material change in a policy delivery date</p>
<p>Projects which roll-over to support existing policies</p>	<p>Should be treated as In-flight, as detailed above, and not 'new demand' unless there has been a significant change to the policy costing more than 25% of the total project cost. Changes costing more than 25% of the total project cost should be treated separately as 'New Demand' (see below).</p>
<p>New Demand at the beginning of the year or arising during the year – spend on Discovery and Inception work</p>	<p>15% of the total Change budget is already approved for Discovery & Inception work in the APRA. 15% is allocated against each New Demand line in the APRA at the start of the year. The resulting unallocated Change budget can be used to fund new discovery and inception work. Any such allocation should follow SLC's own New Demand process and have sign off from the CFO.</p>
<p>New Demand in advance of an approved business case – spend on Delivery work.</p>	<p>No DfE approval is required for projects with whole life costs under £1m.</p> <p>For other projects, where a new policy demand has been raised by DfE but the Expenditure Authority Request (EAR) is yet to be approved, SLC may overcommit by up to 15% on the existing budget for 3rd party spend on Delivery work. Spend on existing internal staff can be authorised by the SLC CFO as the costs would still otherwise be incurred by SLC so delivery work will represent better value..</p>

ANNEX 6: SLC STRATEGY FUNDING CONDITIONS

1. The aim of the SLC Strategy is to modernise the SLC by realising the following objectives:
 - Transform the customer experience through increased digitisation of SLC’s services.
 - Create a more engaged and more highly skilled workforce.
 - Make SLC’s operations more efficient through implementing “lean” manufacturing processes.
 - Create modular, flexible IT systems to enable faster and cheaper implementation of policy.
 - Manage systems and applications into the cloud, improving data security and Disaster Recovery capability while enabling a future platform approach.
 - Significantly increase our Repayment yield by improving SLC’s capability to trace borrowers not currently in repayment, verify their identity and collect the debts owed.

2. DfE will provide the SLC with a budget of up to £20.1m to deliver Year One of Phase 1 of the SLC Strategy during the course of the current financial year (2018-19). The programmes to be delivered with this funding are set out in Table E below. The funding is subject to the conditions set out in paragraphs 6 - 8 below being either fulfilled or waived by the relevant Department(s). Spending on the SLC Strategy is ring-fenced.

	Administration	Programme	Capital	Total
Digital Customer	0.0	0.9	3.2	4.2
Operational Excellence	0.0	2.9	0.0	2.9
Repayments	0.0	0.9	3.2	4.1
Strategic Outline Programme	0.0	0.5	0.0	0.5
Technology (Digital Architecture)	0.8	1.6	7.9	10.4
High Level Adjustment	(0.1)	(0.6)	(1.3)	(2.0)
Total	0.7	6.3	13.1	20.1

3. Progress with implementing Year One of Phase 1 of the SLC Strategy will be monitored by the SLC’s SROs for each of the respective Strategy programmes, reporting to the SLC Strategy Portfolio Board. Progress will be reviewed by the Whitehall SLC Strategy Programme Board (WSSPB), the Quarterly Shareholder Meeting (QSM), and through correspondence between DfE and SLC’s Head of Strategic Portfolio on an ongoing basis.

4. The forecast lifetime benefits and costs of Phase 1 of the SLC Strategy are set out in Table F below.

OFFICIAL - SENSITIVE

SLC Strategy Phase 1 Programmes	Recurring Forecast Benefits £m	One off Non Cash Benefits £m	Lifetime Forecast Costs £m
Digital Customer	1.6	0.0	6.6
Operational Excellence	8.3	0.0	6.8
Repayments	TBC	TBC	4.4
Strategic Outline Programme	0.0	0.0	4.0
Technology	1.4	91.0	11.3
Total	11.3	91.0	33.1

Notes to the table:

- I. The Repayments Benefits information within Table F is currently To Be Confirmed as this element of the Strategy is being reviewed. Updates will be provided through the SLC Strategy Board and the Whitehall SLC Strategy Programme Board.
 - II. The costs and benefits will be ratified through Discovery and Inception for each of the Projects within the Strategy and submitted for approval via the Expenditure Authorisation Request process.
5. The benefits to have been achieved by the end of Year 1 of Phase 1, 2018-19, are set out in Table G below. Progress towards achieving these will be reviewed during the financial year.

SLC Strategy Programmes Year 1 Benefits	Cashable	Non-Cashable
Digital Customer	0.4	Improved customer service (e.g. e-signature functionality, automatic password reset). Reduced manual processing of student loan applications.
Operational Excellence	0.3	Improved staff engagement. More efficient operations and processing.
Repayments	0.0	Increased loan repayment yields.
Technology	0.0	Reduced risk of successful cyber attack. Reduced number of systems out of support. Simplified and modernised digital architecture.

6. The Departments may, acting reasonably, vary the payment of funds for the Strategy if the funding conditions set out in paragraphs 6 - 8 are not fulfilled.
7. SLC should report to the Departments as follows:
- a) An up-to-date programme delivery plan, showing key milestones, to each meeting of the WSSPB;
 - b) An up-to-date risk register agreed with DfE ahead of each WSSPB meeting. This will include mention of any slippage within each Strategy programme. Risks and issues should be escalated as required to the SLC QSM.
 - c) A monthly financial report (to DfE Finance and to the WSSPB), showing actual spend-to-date and forecast year-end spend against Admin, Programme and Capital within the Strategy portfolio.

OFFICIAL - SENSITIVE

- d) A monthly benefits report to the WSSPB, showing progress towards realising both cashable and non-cashable benefits in each programme within the Strategy
- e) Regular KPI reporting to the WSSPB covering the following metrics:
- Percentage of actual spend-to-date against budget-to-date
 - Percentage of actual benefits realised against budget benefits-to-date
 - Percentage of probability of data theft resulting from a cyber-attack (reported quarterly)
 - Percentage of customers who can start and complete an entire application journey digitally, including any follow up requests for information and evidence from SLC
 - Percentage of SLC employees who rate themselves as engaged or highly engaged across the SLC employee engagement survey question set.
 - KPI on repayments TBC following revision of the Repayments strategy.

We may agree further KPIs with you over the course of the year as implementation progresses.

- f) Any significant delivery issues which come to SLC's attention between WSSPB meetings should be reported directly to the Departments.