



Christian Brodie
Chairman
Students Loans Company
100 Bothwell Street
Glasgow
G2 7DJ

Mr William Graham AM, Chair
National Assembly for Wales
Enterprise and Business Committee
Cardiff Bay
Cardiff
CF99 1NA

26th February 2016

Dear William,

The Student Loans Company and the Introduction of Postgraduate Loans in Wales

Thank you for your letter dated 3rd February regarding the above. Your letter refers to correspondence from last year between the Welsh Government Minister for Education and Skills and the BIS Minister for Universities and Science and I think it would be inappropriate to comment on these specific points as these are matters between the respective Ministers. I have, however, responded to the other specific points raised in your letter and I hope this is helpful.

General Assessment

Before dealing with the specific details of Postgraduate Loans (PGL), I thought it might be helpful, in terms of my general assessment, to set out how SLC delivers its annual change programme to address its customer's (BIS & Devolved Administrations) policy commissions.

In any normal period, i.e. where there are no Westminster elections or HMT fiscal events, SLC would expect to have confirmed funding and a locked down programme of change that is required to deliver policy requirements by the time of the March/April Ministerial Annual Performance and Resource Agreement (APRA) letter of the year preceding the Academic year for which changes are required. Specifically, changes would be signed off and commissioned (with funding agreed) by all relevant Ministers as part of the 2015 APRA process in March 2015 in respect of policy changes that require systems and other operational changes in advance of the 2016/17 academic year. The 2016/17 academic year activity starts with applications being received with effect from February 2016. This gives the SLC just under a year to analyse, build and test what are very complex systems ahead of deploying these into the live environment in support of the launch of the application processing cycle.

Student Loans Company Limited 100 Bothwell Street Glasgow G2 7JD
Tel: 0141 306 2000 Fax: 0141 306 2005 www.slc.co.uk

VAT Reg No. 556 4352 32 Registered in England No. 2401034 Registered office: 21 St. Thomas Street, Bristol BS1 6JS

The UK general election in May 2015 and subsequent HMT budgeting process and timetable meant that the APRA process for FY2015/16 and policy deliberations in respect of the next academic year (2016/17) were significantly later than usual. This resulted in delays in discussions with BIS and the Devolved Administrations in terms of their respective policy priorities. As a result, a later deadline of 1st July 2015 was agreed by all officials across all UK Administrations for that year in terms of agreed policy changes required for academic year 2016/17.

It is also worthwhile noting that notwithstanding the election year, BIS do not generally share details of high profile policy initiatives with Devolved Administrations until these have been announced. Like all Whitehall departments, BIS are subject to strict guidelines with regards to confidentiality of fiscal announcements. Furthermore, Devolved Administrations also report that they do not normally receive their full funding allocations until after such fiscal announcements and these factors in turn impact on their own policy deliberations and the timing of when these are shared with SLC as firm requirements.

All of the above has impacted the change programme required to support the 2016/17 policy changes and academic cycle.

Update on Postgraduate Loans

The situation in respect of PGL was impacted by the above events and this had an impact on decision making and timings. BIS were also still formally consulting on PGL and therefore, while much information was already in the public domain, they were unable to share all of the detail including their likely final policy position. Planning assumptions were provided to SLC but given the ongoing consultation, SLC were asked not to share the detail of these. As a result, Welsh officials advised that they were unable to determine their requirements of SLC in respect of PGL in advance of the agreed deadline of 1st July.

It is also worth noting that during the period around the deadline various discussions took place on the subject of PGL for Wales. These included whether Wales might not follow BIS's policy lead, whether Wales would want SLC to deliver PG loans, whether this would be for a later academic year and whether Wales may look to create their own capability re PG loans.

In summary, prior to the agreed deadline, Wales asserted that they were neither in a position to determine their definitive position nor, for the reasons mentioned above, able to provide detailed requirements to SLC.

By the time SLC was asked to deliver a PGL product for Wales in August, this was to be based on the English version. While this request may have seemed straightforward, it is actually quite complicated as SLC would have to develop a processing portal for Wales and databases and controls to segregate PGL applications by domicile (providing the requisite domicile based access control to those applications). Furthermore, a separate suite of correspondence and forms suitably branded and in dual language would also have been required. It is also relevant to note that at this time no Welsh consultation had been undertaken.



Student Loans Company

Despite the lack of clarity on PGL, it is true that, by this time, and at the time where SLC were asked to make changes to the undergraduate student support package, SLC's change capacity had been fully committed to the known and detailed requirements of all of the UK Administrations. For Wales this had been confirmed and defined as:

- Higher and Further Education policy rollover for the next academic year
- A new online part-time customer portal
- Changes to Disabled Students' Allowance (DSAs)
- Part-time Exemptions to UK Honours Policy
- Automating Verification of Household Income for returning students in Further Education

It was clearly communicated at this point to all and discussed in Board meetings etc (attended by Wales) that SLC had no further change capacity and any additional requirements would need all four Administrations to reprioritise and collectively agree their new 'ask' of the SLC.

The above Welsh priorities were committed to and are being delivered except for the DSA changes and Part-time Exemptions to UK Honours policy. These were subsequently removed from scope at the request of the Welsh Government who decided to move implementation to a later year.

It is also important that although the Welsh Government has still not consulted on PGL, we are actively working with them to factor this into the emerging AY2017/18 portfolio of change. We will however need the support of the Welsh Government to confirm the details of the policy to allow us to progress planning for the delivery of this.

SLC Change Capacity, Improvements to the Commissioning Process and Allocation of Change Resource

The complexity and devolved nature of Higher Education policy and the necessary interdependencies of the systems mean that delivering change is always time consuming and requires early sight of detailed policy initiatives. Together with officials from all of the UK Administrations, SLC have been working on a new commissioning process with fixed stage gates for key stages, including submission of priorities and a time for SLC to assess deliverability of the portfolio. The new approach allows for all Administrations to individually prioritise their requirements and an approach is being discussed on allocating SLC's finite change capacity based on how SLC is funded. While not yet formally agreed, this involves apportioning capacity according to the relevant customer share (85%/5%/5%/5%). Each Administration would prioritise within their share. While change capacity is always finite and subject to constraint, if approved, there will be a mechanism for allowing this finite capacity to be allocated equitably. Delivery will still require early sharing of policy details, rigorous prioritisation and confirmation of finalised commissions in a timely manner.



Student Loans Company

For Wales, for the 2017/18 academic year, we have received a list of potential changes required but, these are without detail, and we are advised they may be subject to amendment as officials are unable to confirm requirements until after the National Assembly for Wales election and the outcome of the Diamond Review. While SLC can keep a placeholder for the outline provisional requirements, there is always the possibility that if confirmed too late then SLC will be unable to undertake the work required to have these changes ready for the following academic year.

In terms of SLC's ability to deliver for Wales more generally, there is always a risk that the timing of Welsh officials' thinking is constrained by funding decisions which follow HMT fiscal announcements. The risk is that Wales could, in theory, time out each year if following BIS policy announcements as by the time funding decisions are made and BIS are able to share detailed policy information, there may not be adequate time left to deliver changes in time for the launch of the service. Irrespective of the above, SLC will always use best endeavours to accommodate the needs of all of its shareholders and will continue to do everything possible to deliver the excellent operational service and change programme that all UK Government Administrations have been used to.

I hope that the above has been useful, and that it demonstrates the general complexities faced and also the specifics around the implementation of the PGL product. David and I would be happy to discuss this further with you in private if that would be helpful.

Yours sincerely,

Christian Brodie
Chairman

Cc David Wallace, Chief Executive Officer, Student Loans Company
Neil Surman, Deputy Director, Higher Education Division, Welsh Government