

AGENDA MANAGEMENT SHEET

Name of Committee

The Cabinet

Date of Committee

6th October 2005

Report Title

**Modernisation Of Higher Education
Student Finance**

Summary

This report updates Members on consultation on proposals to modernise Higher Education Student Finance.

**For further information
please contact:**

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**Would the recommended
decision be contrary to the
Budget and Policy
Framework? [please identify
relevant plan/budget provision]**

No

Background papers

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees

Local Member(s)

Other Elected Members

Cllr Grant, Chair, Children & Young People
Overview & Scrutiny Committee – *“Agree the
proposed action.”*
Cllr Dill-Russell

Cabinet Member

Cllr John Burton – *“Agreed”*
Cllr Izzi Seccombe – *“Fine. Approved for Cabinet”*
Cllr Peter Fowler

Chief Executive

- | | | |
|--------------------------|-------------------------------------|--------------------------------|
| Legal | <input checked="" type="checkbox"/> | Jane Pollard / Richard Freeth |
| Finance | <input checked="" type="checkbox"/> | David Clarke, County Treasurer |
| Other Chief Officers | <input type="checkbox"/> | |
| District Councils | <input type="checkbox"/> | |
| Health Authority | <input type="checkbox"/> | |
| Police | <input type="checkbox"/> | |
| Other Bodies/Individuals | <input type="checkbox"/> | |

FINAL DECISION **NO**

SUGGESTED NEXT STEPS:

Details to be specified

- | | | |
|---|-------------------------------------|--|
| Further consideration by this Committee | <input type="checkbox"/> | |
| To Council | <input type="checkbox"/> | |
| To Cabinet | <input checked="" type="checkbox"/> | Further report on outcome of consultation. |
| To an O & S Committee | <input type="checkbox"/> | |
| To an Area Committee | <input type="checkbox"/> | |
| Further Consultation | <input type="checkbox"/> | |

The Cabinet – 6th October 2005

Modernisation of Higher Education Student Finance

Report of the County Education Officer

Recommendation:

That:

- (1) Members note the request for an Service Level Agreement with the DfES and endorse the decision not to sign such an agreement at this stage.
- (2) A further report be submitted once the outcome of such an agreement of the pilot schemes is known.

1. Background

- 1.1 The Department for Education and Skills (DfES) announced in February 2005 that Ministers had asked for a Review of the administration of Higher Education Student Finance. This follows the Clarke Review of 2000 and the subsequent Modernisation of Higher Education Student Support which ran from October 2001 to March 2004.
- 1.2 The End-to-End Review will give consideration to further improvements to the administration of Student Finance, focussing on whether the partnership arrangements and systems put in place through Modernisation are fit for purpose.
- 1.3 Alongside this, the DfES have issued Service Level Agreements (SLA) to all Local Authorities with responsibility for the administration of Student Finance. Chief Education Officers were asked to sign up to the SLA by 19th August 2005.
- 1.4 The purpose of this report is to update Members on activities to date and implications for the future of Student Finance delivery in Warwickshire.

2. End-to-End Review 2005

- 2.1 The Minister of State for Lifelong Learning, Further and Higher Education announced the terms of reference for the review of higher education student finance delivery on 7th June 2005. He declared that the review must have regard to the Government's principles for improving public service delivery, including:
- a focus on the needs of customers, including the provision of advice and the particular needs of under-represented student groups;
 - an efficient and effective delivery process with appropriate use of technology to improve customer service;
 - clear objectives and challenging performance measures, benchmarked against comparable services;
 - the need for a strategic relationship between the Department and any delivery organisations, with clearly allocated responsibility and accountability and effective management of risks; and
 - that the service demonstrates value for money and is sufficiently flexible to deal with possible future changes in the higher education environment.
- 2.2 The Review will also consider the future role of the Student Loans Company (SLC) in improved delivery arrangements.
- 2.3 The Review is being led by the DfES, supported by a team of secondees from Local Authorities, the SLC and Deloitte Consulting. It consists of consultation visits to some Local Authorities (none from the West Midlands) and two consultation papers for completion by all Local Authorities. The main consultation paper is due for return by 5th October and focuses on improvements that could be made to the overall process.
- 2.4 It is anticipated that the review will present Ministers with options and alternative models for the future delivery of Student Finance by the end of November. It is expected that the review will recommend at least two models which will be given further consideration. One of these is full centralisation of the process driven by the SLC (except for the provision of local advice and guidance) and the other is partial centralisation with data-entry carried out centrally and assessment and promotion retained by Local Authorities.
- 2.5 In line with the recommendations of the Consultants' report, it is intended that the models emerging from the review will be piloted during the 2006/07 application cycle and the evaluation will inform future service delivery. Local Authorities have been asked to volunteer to pilot the models (DfES state a requirement of 50,000 students to be covered by each pilot from a range of Local Authorities) and reports suggest that 20 Authorities have done this but remain unnamed. Warwickshire has not volunteered to be a pilot Authority.

- 2.6 The decision to run pilots of service models during 2006/07 means that there will be three (or more) variations of the application process in a year that sees the implementation of variable tuition fees, loans for tuition fees, increased Higher Education Grants and varying levels of bursaries available from Universities brought about by the Higher Education Act 2004.
- 2.7 The Review brings further instability for Student Finance staff and could have serious implications for the future of the Student Finance function in Local Authorities. It is anticipated that, should the transfer of the Student Finance function from Local Authorities to the SLC proceed, it will bring with it a certain amount of media and political interest. All Local Authorities will face the difficulty of staff retention during the period of transition, and the maintenance of the service to students in Warwickshire in the transitional period to the introduction of a centralised system.

3. Service Level Agreements 2005/06

- 3.1 Alongside the Review, the DfES have introduced SLAs in an attempt to clarify the roles and responsibilities of partners since the Modernisation Programme described above.
- 3.2 A SLA has been drawn up between the DfES and Local Authorities and between the DfES and the SLC. This was initially to be issued in April 2005, but major delays in the issuing of software to Local Authorities by the SLC resulted in backlogs of work which needed to be cleared before the SLA could be put in place. Chief Officers were then requested to sign up to the SLA by 19th August 2005. To date following consultation with the Portfolio holder and group spokespersons, Warwickshire has not done this and further reassurances are being sought on a number of areas, including:
- The SLA states that the Local Authority is responsible for “*Provision of adequate resources to allow applications to be processed in line with agreed SLA targets*”. This effectively requires the Local Authority to issue a blank cheque to its Student Finance function and was something that has been vehemently opposed during rollout of the single system in 2003. The attempt to stay within the then proposed targets during 2004 created a £14,000 budget pressure, only rectified by staff movement and other budget savings. It is suggested that in agreeing to meet any targets in the SLA in future this would have to be achieved within existing resources.
 - The service levels and measurements in the SLA for Local Authorities have been set at 100% against targets for the SLC of around 90%. Although Warwickshire have consistently outperformed national targets in recent years, in 2005 there have already been delays in the issue of some forms, significant delays to the implementation of full software to enable processing and the national IT system (Protocol) implemented in late 2003 remains unacceptably slow and unreliable.

- The DfES have delegated responsibility for the monitoring of the performance of SLAs to the SLC, so although CEOs would be signing a document issued by the DfES, Warwickshire would be monitored by the supplier of the software system who is supposedly an equal partner in the process.

4. Summary

- 4.1 The Student Finance Section in Warwickshire faces a further turbulent period of external decision-making, compounded by the complexities of the policy changes being introduced in 2006/07. This is already affecting the quality of service to students as officers are unable to deliver presentations to schools during the Autumn Term due to lack of information and clarity.
- 4.2 The overall effect of the uncertainty and changes on the staff and management may affect the delivery of the service to students in Warwickshire and will necessitate an element of sensitivity in dealings with the Section over the coming months.

ERIC WOOD
County Education Officer

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Warwick

22 September 2005