National Audit Office

The Customer First Programme: Delivery of student finance

Detailed methodology

1   This document provides a detailed description of the methodology we used for our report, *The Customer First Programme: Delivery of student finance* (HC 296, Session 2009-2010). A summary of the methodology is in Appendix 1 of the main report.

Analysis of database information held by the Student Loans Company

2   The Company provided us with anonymous, application-level extracts from the Company's main processing and payments databases as at 15 November 2009 and as at 31 January 2010. We analysed these to assess the volume of applications processed, the Company's success in meeting agreed targets and the reasonableness and completeness of the targets chosen.

3   The data provided details on all applications for the 2008-09 academic year and the 2009-10 academic year covering tuition fee loans, maintenance loans and maintenance grants. We sorted this into four groups covering new applicants who applied to the Company in 2009-10, returning applicants who applied to the Company in 2009-10, returning applicants who applied to local authorities in 2009-10 and new applicants who applied in 2008-09. All other applications were excluded. We also excluded applications that were started online but were never submitted by applicants. Controls prevent an applicant from completing more than one application but the database may hold multiple applications where the applicant or the Company cancels one application in favour of another. We cleansed these data such that we only had one record per applicant.

4   We cleansed the following date fields:

● Date of receipt – This can differ from the date an application first appears on the system due to time taken by an applicant to complete and submit an online application or time taken by the Company to input the information on applications submitted on paper. We cleansed receipt data such that it could not be earlier than the system opened for processing. We also cleansed cases where it was missing or obviously erroneous so that it complied with the median performance of other applications. This resulted in around 9 per cent of the 2008-09 and 6 per cent of the 2009-10 data being altered.

● Term Start Date – This was blank in around 4 per cent of cases in 2009-10. In these circumstances we used the modal average term start date.

5   Data analysed for Figure 5 on performance against the Company's own targets used flags built into the Company's database. Data analysed for Figures 1, 6, 7, 8 and 9 used concepts we developed defined as follows:

a) Fully Processed

An application was considered to be fully processed if:

- It was marked as approved on the processing system and national insurance and bank detail checks were also complete and it was not flagged as either in provisional or interim status;

- It was marked as withdrawn, deleted, cancelled or ineligible on the processing system; or

- It had been more than four weeks since the applicant or sponsor had been asked for further information, a signature, or since the later of term starting or being asked to register their attendance at university and this information had not been forthcoming (a 'lapsed' application).

b) Provisional or interim assessment

An application was considered to have been assessed for provisional or interim payment if it was marked as approved on the processing system and national insurance and bank detail checks were also complete and it was flagged as being in either provisional or interim status.

c) Awaiting information from (applicant/sponsor)

An application was marked as this status if the last activity on the record was contacting the applicant for more information on their identity, household income or course, or asking them to complete the online declaration confirming their acceptance of the terms and conditions of a loan, or it was after term had started and the last activity on the record was asking them to register their attendance at university.

d) Awaiting assessment

An application was marked as this status if it was not awaiting information from an applicant or sponsor nor was considered to be fully processed or assessed for provisional or interim payment.

e) Fully processed and all payments due made

An application was considered to have this status in Figure 9 if:

- It was fully processed and a payment had been made;

- It was fully processed and no payment would ever be made due to the application having lapsed or been withdrawn, deleted, cancelled, found ineligible, or the applicant having not claimed maintenance loan, grant or tuition fee loan; or

- It was fully processed or at provisional or interim status and no payment was yet due as term had not started or the applicant had only applied for a tuition fee loan which is paid in the second and third terms.

f) Other applications on which a payment has been made

Applications were considered to have this status in Figure 9 if a payment had been made and the application was not fully processed.

Analysis of spreadsheet information held by the Student Loans Company

6   Disabled Students' Allowances and Childcare Grant are monitored by the Company using spreadsheets. We obtained anonymised copies of these and analysed them to calculate volumes, and to examine timeliness of processing against the Company's targets.

7   For Disabled Students' Allowances, the Company sent us two spreadsheets. The first we used to calculate i) average processing times, and ii) the percentage of applications processed within 15 working days, for both the "establishing eligibility"[1] stage and the "establishing entitlement"[2] stage over the period February-December 2009.

8   This spreadsheet contained records on 17,060 applications. Rather than being produced automatically from the Company's IT systems, it is input manually, and some records were incomplete or had been incorrectly entered. We corrected for these flaws by discarding records, for each stage, where the dates recorded were incomplete, or fell outside the period 1 February 2009 to 31 December 2009, or where the date recorded for the end of processing (i.e. for sending the applicant a letter confirming their eligibility or entitlement) preceded that of the start date (i.e. for receipt of an application form or needs assessment report). This resulted in a total of 8,216 applications with complete, verified data for the "establishing eligibility" stage, and 4,868 for the "establishing entitlement" stage.

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1   This covers the period from the Company's receipt of the application form (with accompanying written medical evidence) to its sending the applicant a letter, confirming whether they are eligible for the Allowances.
2   This covers the period from the Company's receipt of a needs assessment report (from an assessment centre, following an assessment, in-person, of the applicant's needs) to its decision on funding.

9 The method we used to calculate processing times measures same-day processing as processing as taking one day. That is, if the "start date" is 1 October, and the "sent date" is also recorded as 1 October, our method will return a result of one day. Equally, if the "start date" is 1 October and the "sent date" is 2 October, our method will return a result of two days. Our results should therefore be treated as measuring processing times **within** x days.

10 In the second Disabled Students' Allowances spreadsheet, the Company matched records of applications for the Allowances to data within their payments database, to provide figures on when payments began to be made, for both the 2008-09 and 2009-10 academic years. We analysed these matched records to identify average times to process from receipt to payment and volumes of payments made.

Analysis of other quantified information held by the Company

11 The Company provided us with a range of other quantified information covering contact services, customer satisfaction, human and financial resources. We analysed this to inform our view on the inputs and outputs of the service being provided by the Company in the period being reviewed.

Benchmarking of Company processes

12 We undertook a benchmarking exercise with the following components:

- A walk through of the Company's processes.

- A three-hour workshop with a mix of personnel from the Company to identify what works well and what could be improved.

- A walk through of the processes at the Student Awards Agency for Scotland and three structured interviews with senior staff at the Agency to identify how they deal with similar issues to those faced by the Company.

- A walk through of the processes at the Universities and Colleges Admissions Service followed by a one-hour workshop structured around the issues identified at the Company.

- Analysis of quantified data on performance and cost provided by the Student Awards Agency for Scotland to compare with the Company's performance.

Document review

13 We reviewed a wide range of documentation on the Programme, the Company, events during the summer of 2009 and wider lessons learned including:

- Published and unpublished documents on the origins and planning of the Programme including the January 2006 end to end review, the feasibility report, the business case, the financial model for the Programme and Programme plan. These informed our view on the robustness of the formulation and planning of the Programme.

- Minutes and papers presented to the Company's Board and Programme Board during 2008 and 2009. These informed our view on the quality of oversight.

- The final report of Professor Sir Deian Hopkin on the *Review of the Delivery of financial support to students in England by the Student Loans Company for the academic year 2009/10 and plans for the academic year 2010/11* and lessons learned reports prepared within the Company and submissions from the Department and a range of third parties presented to the Hopkin Review. These informed our view on the operations of the Company in the 2009/10 academic year.

- Reports by the Comptroller & Auditor General, including: *HM Revenue and Customs: Handling Telephone Enquiries* (HC 211, 2009-2010); *Department for Environment, Food and Rural Affairs and Rural Payments Agency: the delays in administering the 2005 Single Payment Scheme in England* (HC 1631, 2005-2006); *A second progress update on the administration of the Single Payment Scheme by the Rural Payments Agency* (HC 880, 2008-2009); and, *The United Kingdom Passport Agency: The Passport Delays of Summer 1999* (HC 812, 1998-99). These informed our view on performance in similar services in other parts of the public sector.

Semi structured interviews

14 We interviewed a range of people from within the Department, the Company and third parties including:

- From within the Department, the Director for Student Finance Services, the Senior Responsible Officer for the Customer First Programme, members of the Programme team, members of the Company's sponsorship team, members of the internal audit function and corporate functions responsible for the Department's approach to sponsorship. This informed our view on the quality of planning and oversight from within the Department.

- From within the Company, the Chair of the Company and Chair of the Audit Committee, all members of the executive team and heads of service for contact, processing, programme management, human resources and finance. This informed our view on the quality of planning and management within the Company, the operation of the service in the 2009/10 academic year and the oversight provided by the Company's Board.

- Professor Sir Deian Hopkin and Bernadette Kenny, Director General for Personal Tax at HM Revenue and Customs, from the Hopkin review to inform our view on the operation of the service in the 2009/10 academic year.

- The member of the Programme board from Her Majesty's Revenue and Customs to inform our view on the quality of planning and management.

- Stakeholders from the National Union of Students, local government and various higher education representative bodies to inform our view on the operation of the service in 2009/10.

Survey of students

15   We commissioned Opinionpanel Research, a research company which specialises in the views of students in higher education, to carry out an online survey of new students whose finance applications would have been processed by the Company in 2009. The fieldwork for the survey took place between 7 and 15 December 2009 and responses were received from 1,004 English-domiciled first-year undergraduates, attending 119 higher education institutions. The sample was drawn from an existing panel of students assembled by Opinionpanel Research for the purposes of carrying out surveys of students for a variety of clients. The sample achieved was representative of the UK first-year student population in terms of gender, age, and university type. The overall response rate was 38 per cent (questionnaires were sent to 2,652 students; 1,004 complete responses were received).

16   All analysis of the data received was carried out by the National Audit Office. A summary of key findings from this analysis is in the separate survey results document, published online at www.nao.org.uk.