



National Audit Office

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## **Report**

by the Comptroller  
and Auditor General

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**Department for Business, Innovation & Skills**

# Investigation into potential conflicts of interest in the award of Disabled Students' Allowance

## What this investigation is about

**1** We examined the oversight by the Department for Business, Innovation & Skills (BIS) of the arrangements for the award of the Disabled Students' Allowance (DSA). Specifically, we examined the arrangements in respect of students whose support requirements were assessed by an assessment centre based on the main campus of Plymouth University.

**2** In response to concerns raised with the Chair of the Committee of Public Accounts in 2013, we investigated three specific issues:

- whether there are potential conflicts of interest in the assessment of support requirements of disabled students by an assessment centre on the main campus of Plymouth University, and the provision of that support by Claro Learning Ltd, a support provider operating in the south-west;
- whether relationships between disability needs assessors, support providers and Plymouth University are costing the taxpayer money; and
- whether a larger than expected proportion of students at Plymouth University receive DSA.

**3** Our investigation focuses on the financial controls in the process for awarding DSA and whether any risks arising are adequately mitigated. The issues put to us did not relate to the quality of provision. We have therefore not examined and do not comment on the quality of support provided.

**4** Our methods are in Appendix One. As well as our enquiries, this report draws on the reported findings of an internal audit investigation on the subject carried out by BIS's internal audit function (provided by the Government Internal Audit Agency).<sup>1</sup>

<sup>1</sup> Since 2014, BIS's internal audit function has been provided by the Government Internal Audit Agency, which is responsible for reviewing the functions and activities of a number of government departments including BIS, assessing efficiencies and risks, and making recommendations for improvement.

## Summary

5 The Department for Business, Innovation & Skills (BIS) provides the Disabled Students' Allowance (DSA) to higher education students with disabilities. In 2012-13, the Student Loans Company estimated DSA payments for English students to be £128 million. DSA can be used to pay for specialist equipment or non-medical helper support. The support can include, for example, note-taking at lectures for students with learning difficulties.

6 An assessment centre assesses students with disabilities, to see what support they need to overcome challenges they may face because of their disabilities when accessing higher education. The Student Loans Company usually pays DSA directly to the support provider, rather than to the student. The DSA Quality Assurance Group is a non-profit making body with responsibility for auditing assessment centres and support providers.

7 The concerns raised with the Chair of the Committee of Public Accounts relate to Access South West (an assessment centre on Plymouth University campus), and Claro Learning Ltd (a support provider for adults with disabilities in the south-west).

### Key findings

#### Potential conflicts of interest

8 **Initial concerns about a potential conflict of interest in the assessment of students with disabilities at Plymouth University were raised with the DSA Quality Assurance Group and the Student Loans Company in 2010.** Although the Student Loans Company requested clarification from BIS about how such conflicts of interest should be dealt with, no further action was taken by BIS to investigate the specific issue relating to assessment of Plymouth University students.

9 **Access South West, the assessment centre that assesses the support requirements of disabled students based at Plymouth University's main campus, and Claro Learning Ltd, a supplier of non-medical helper support to disabled students, are the same company.** In addition, a verbal agreement between Plymouth University and Claro Learning means that Claro Learning is the sole supplier of non-medical helper support to most students based on the Plymouth University campus.

10 **Access South West declared potential conflicts of interest in the appropriate register.** BIS's internal audit review provided confirmation that the activities of Access South West and Claro Learning are kept separate and are not reliant on information from the other business.

**11 In our view, however, BIS has not taken sufficient action to fully mitigate the risk of a conflict of interest.** Access South West's conflict of interest declaration states that it manages the potential conflict with Claro Learning by ensuring that its assessments always include two quotes for non-medical helper support. However, a verbal agreement between Plymouth University and Claro Learning means that, although some students may choose to source their support from another provider, the majority of students based on Plymouth University's main campus, who require non-medical helper support, will automatically be supported by Claro Learning. This verbal agreement is known to BIS and allowed under its rules. BIS concluded that its internal audit review had not identified any conflicts of interest that had impacted on the way in which Claro Learning operated as a provider of assessments and as a provider of support. In our view, BIS has not taken sufficient account of the fact that Access South West and Claro Learning are the same company and that the majority of students on the Plymouth University campus are automatically supported by Claro Learning.

#### Risks to public money

**12 BIS's internal audit review confirmed that Claro Learning has provided the support it claimed public money for.** It found that Claro Learning's systems for providing student support appeared to operate effectively and provided a level of assurance that what was being claimed for had actually been delivered.

**13 The average payments made in 2012/13 for students assessed by Access South West's assessment centres were higher than the average payments for students assessed by any other assessment centre.** Student Loans Company data indicates that the average total DSA payment per student for students assessed by Access South West's Plymouth assessment centre was £4,759 in 2012/13. The average total DSA payment per student across all assessment centres was £2,227.

**14 Access South West's approach to making assessment recommendations before July 2013 was allowed under BIS's guidelines, but was out of step with the approach adopted by other assessors.** In BIS's view, by recommending the maximum level of support a student might conceivably need, rather than the most likely level of support the student required, Access South West's approach was not in line with the spirit of BIS's guidelines. Access South West informed us that its approach was requested by Plymouth University but we have been unable to verify this. It stated that it changed its practice in July 2013.

**15 BIS's weak oversight failed to detect that, by recommending the maximum amount of support they thought students might need, Access South West's assessors had, prior to July 2013, departed from assessment practice adopted elsewhere.** Although the Student Loans Company is responsible for processing assessment reports, no work was undertaken routinely at the Student Loans Company or BIS to examine payment patterns. BIS therefore did not identify weaknesses in its guidelines until it first investigated the issues raised in 2013 and 2014, four years after concerns first emerged.

## Proportion of Plymouth University students receiving DSA

**16 The proportion of students at Plymouth University receiving DSA is 9.3% compared with a national average of 5.8%.** We have not seen any evidence that would cause us to question the validity of the figures. Proof of disability is required from a student's GP or specialist. Additional proof is required from students with specific learning difficulties. Therefore it is not, as far as we are aware, a matter for Access South West or Claro Learning. The higher-than-average figure may be influenced by several factors, including the university's own marketing efforts and reputation.

## BIS's future plans for monitoring conflicts of interest

**17 BIS has a number of actions in train to strengthen its oversight of DSA.** It has instructed Access South West that any future assessments it makes must provide at least two quotes for support provision. It has confirmed with Plymouth University that the verbal agreement it has with Claro Learning does not prevent other suppliers from providing support to Plymouth University students. BIS is also seeking assurance that Claro Learning has addressed issues raised by the internal audit review. More generally, BIS is setting up an oversight group for monitoring DSA, is developing new DSA guidance on conflicts of interest, and plans to carry out improved analysis to identify anomalies in DSA payments that require further investigation. From September 2015, all English and Welsh assessment centres will have to be accredited by the DSA Quality Assurance Group in order to carry out DSA assessments.