![SLC - Student Loans Company]

Corporate and Business Plan
FY15-16 to FY17-18

01.

CHAIRMAN'S STATEMENT & CHIEF EXECUTIVE FOREWORD

TWENTY FIVE YEARS AGO THIS YEAR THE STUDENT LOANS COMPANY (SLC) PROCESSED ITS FIRST APPLICATION FOR STUDENT FINANCE.

We have come a long way since then when the total value of payments made for the academic year 1990/91 was £70 million, a fraction of the almost £16 billion in payments we anticipate making in FY2015-16.

Just as the first students who took out those loans in 1990 would look very different today, SLC itself is unrecognisable, having grown from a small office of people occupying just one floor of a building to an organisation employing around 2250 permanent and 570 temporary staff at four sites across the UK.

Similarly the scale and type of work we carry out has changed beyond all measure too, but the core principle behind student funding remains unchanged: to create a skilled and educated workforce that will help grow the economy of UK plc. Governments of all complexions recognise and understand the contribution that graduates make to growing the economy, with some recent estimates putting that in the region of 20%[1]

So while the "why" of our existence remains unchanged the "what" and the "how" have changed beyond all recognition, as well as tuition fees students can now apply for an array of other grants and loans to support them and their dependents while they study.

I AM CONFIDENT THAT SLC IS IN A STRONG POSITION TO DELIVER OUR MISSION OF PROVIDING SECURE, ACCURATE AND EFFICIENT ASSESSMENT, PAYMENT AND REPAYMENT SERVICES TO OUR CUSTOMERS

Over the last year, everyone at SLC has remained resilient in the face of increased requirements from our Government Administrations and managing a growing customer base.

This is due on no small part to the support and clear direction we receive from BIS and the UK's Devolved Administrations, coupled with our commitment to a shared agenda of SLC being a digital, customer-focused centre of excellence.

I am very much looking forward to the year ahead, my second year as Chairman of the Student Loans Company, as we move forward with our transformation journey. I am particularly keen to build on last year's successes and learn lessons along the way. I would also like to thank David Edelman who stands down from the Board this year for his commitment and dedication to SLC. I will be seeking to fill this vacancy and further strengthen the Board in FY2015-16.

Maintaining the momentum we built last year will be difficult at a time when our resources will be stretched, but over the course of my first year here, I have been encouraged by the dedication of SLC's employees and the strong relationships the organisation has built with the UK Government and the Devolved Administrations.

That is why I am confident that SLC is in a strong position to deliver our Mission of providing secure, accurate and efficient assessment, payment and repayment services to our customers while, at the same time, protecting the public purse by paying the right people the right amount at the right time and collecting every pound due. That was the goal for SLC in 1990 and it remains the case today, and will continue into the future.

[1]The relationship between graduates and economic growth across countries www.gov.uk/government/uploads/system/uploads/attachment_data/file/229492/bis-13-858-relationship-between-graduates-and-economic-growth-across-countries.pdf

Last year was our most successful year to date in relation to our core Mission activity with over 1.2m full time HE applications processed for both new and returning students, a 7% increase on last year. At the same time payments to students, Higher Education Institutions and Learning Providers topped £14.5 billion.

By the end of the last financial year, and following the launch of a new end to end modernised Student Finance service, SLC had taken responsibility for all new and returning student finance applications from all Welsh local authorities. This is an important milestone as it means that SLC is now responsible for the assessment and processing of all applications and payments of student finance for England and Wales, as well as for the payment of student finance for Scottish and Northern Irish students, and for repayments for all four administrations. As the Chairman says, we have come a long way since SLC opened its doors in 1990 and began processing payments for students in the UK.

In the last twelve months I have overseen the completion of the recruitment of what is effectively a new Executive Leadership Team (ELT) and the restructure of our business into four Directorates. The ELT is now more balanced in terms of directly supporting our customers and in providing robust, leading and enabling functions, underpinned by a strong digital and technology capability. As a team we are focused on delivering SLC's Vision of being a digital, customer-focused centre of excellence.

At the same time, we completed a fundamental reshaping of the makeup and remit of the Senior Management Team, which supports the ELT, with a blend of internal and external appointments. We now have in place a strong group of experienced senior managers whose priority is to work together to deliver our Mission of enabling our customers to invest in their futures by delivering secure, accurate

and efficient assessment, payment and repayment services, collect every pound due through a robust repayment strategy.

We made significant progress throughout FY2014-15 against our objectives, including improvements in stabilising our legacy systems while at the same time making progress with the work to replace them. We also launched a new Courses Management System, delivered our annual HE and FE services effectively and efficiently and paid out £7billion in loans and grants to students while ensuring payments totalling £17million were stopped as a result of our focus on fraud and error reduction. Over the last year we have also seen a significant increase in our customer satisfaction scores and associated increases in efficiencies as a consequence of our efforts to further digitise our customer portals.

NONE OF WHAT WE ARE TRYING TO ACHIEVE CAN BE DONE WITHOUT THE COMMITMENT AND SKILLS OF OUR PEOPLE

Despite all of the above, there is still much work to be done and significant opportunities during the coming year to make further progress towards all of the digital elements of our Vision.

This year will see the roll out of a new Target Operating Model and Process Management framework which will better align our people, activities and technologies to our key business processes. We have started examining our core delivery processes of assess, pay and repay and will follow this with a similar review of our leading and enabling process, such as Corporate and Business Planning, Medium Term Financial Planning and HR and Corporate Services. This is all part of a major review of how we can work better together in cross functional teams and therefore better support the delivery of our core business.

Our Corporate and Business Plans are constantly evolving in line with our digital and agile approach to change and while our four key business objectives are unchanged from the previous year's plan, the way we deliver against them has to be responsive to new and emerging priorities.

We have to built both capability and capacity to manage the increasing number and complexity of HE and FE loans and grants on behalf of Government and be able to develop new products, such as the new Postgraduate Loans faster and more efficiently and deliver a key Government priority to replace non repayable grants with loans. At the same time our ICT platforms have to be robust to deliver the Government's HE and FE policy priorities safely and securely. We must also ensure that the near £74 billion loan book is managed on a modern, efficient and resilient platform that is robust and secure from today's growing cyber threats.

While our top priority for FY2015-16 is the continued safe and secure delivery of student finance for HE and FE across the UK, we also need to continue our transformation journey and change programmes. By the end of FY2014-15, we had realised lifetime benefits of £94.2 million and it is important that we keep this up – driving inefficiencies and costs out of the business while ever improving the customer experience. These benefits are important as they help fund what is a significant programme of reinvestment in SLC's core systems and infrastructure. Despite these successes, we have not made the progress we had hoped to by now in terms of replacing our core banking platform and it became clear during FY2014-15 that we were being asked to do, and trying to do, too much concurrently.

For that reason, in the last quarter of last year I, along with the Board, the Executive Leadership Team, our sponsor department the Department for Business Innovation and Skills (BIS), the Devolved Administrations and Government Digital Services within the Cabinet Office (GDS), took the opportunity to reset and re-balance our priorities.

We have therefore decided to refocus our transformation priorities on three key areas:

- Replacing our core banking platform (CLASS) and associated pay and repay systems;
- Enhancing the security of our existing systems and processes and planning the security aspects of new systems - against a backdrop of an ever increasing threat of cyber attacks; and
- Network and Infrastructure upgrade including Disaster Recovery and Data Centre Consolidation

As we are increasingly being asked to deliver more and more for our stakeholders, its important that we have strong governance and the ability to prioritise scarce funding and skilled, knowledgeable resources. As such together with BIS, we have established a BIS chaired 'SLC Steering Board' to coordinate the wider Government and Devolved Administrations' requirements and ensure the appropriate mechanisms are in place to help prioritise new asks of the SLC. This is an important development and one that is welcomed given the priorities of the new Government and impending elections in each of the Devolved Administrations.

I hope you will agree that in this year's Corporate and Business Plan we have set out our priorities for the coming year and beyond. It's important to note that in the context of the transformation programme reset, we haven't lowered our ambitions in what we want to achieve, rather we recognise that these will now simply take a little longer than previously envisaged. I believe the Corporate and Business Plan sets a clear direction for the organisation that will help us plan our activities and maximise the effective use of our people and resources.

It will also support our objective to communicate more effectively with all of our key stakeholder groups, underlining our desire to be a proactive, outward-facing digital organisation with a commitment to doing all that we can to support and promote the Government's and the Devolved Administrations' skills agenda.
This is without question an ambitious plan but it is built on a solid foundation of hard work and commitment by everyone at SLC in previous years. I would like to thank all staff for their continued efforts and dedication and their critical contributions to SLC's ongoing success.

02.
EXECUTIVE SUMMARY

GOOD ORGANISATIONS HAVE A STRONG SENSE OF PURPOSE, SET OUT IN THEIR VISION AND MISSION - WHY THEY EXIST TODAY AND WHAT THEY WANT TO BE IN THE FUTURE, WITH EVERYONE IN THE ORGANISATION UNDERSTANDING THIS AND HOW THEY CONTRIBUTE.

It is important that effective mechanisms are in place throughout the organisation to support the Vision and Mission. These mechanisms ensure that plans are in place which align activity, provide clarity of direction, support decision making and prioritisation and ensure effective and efficient use of resources.
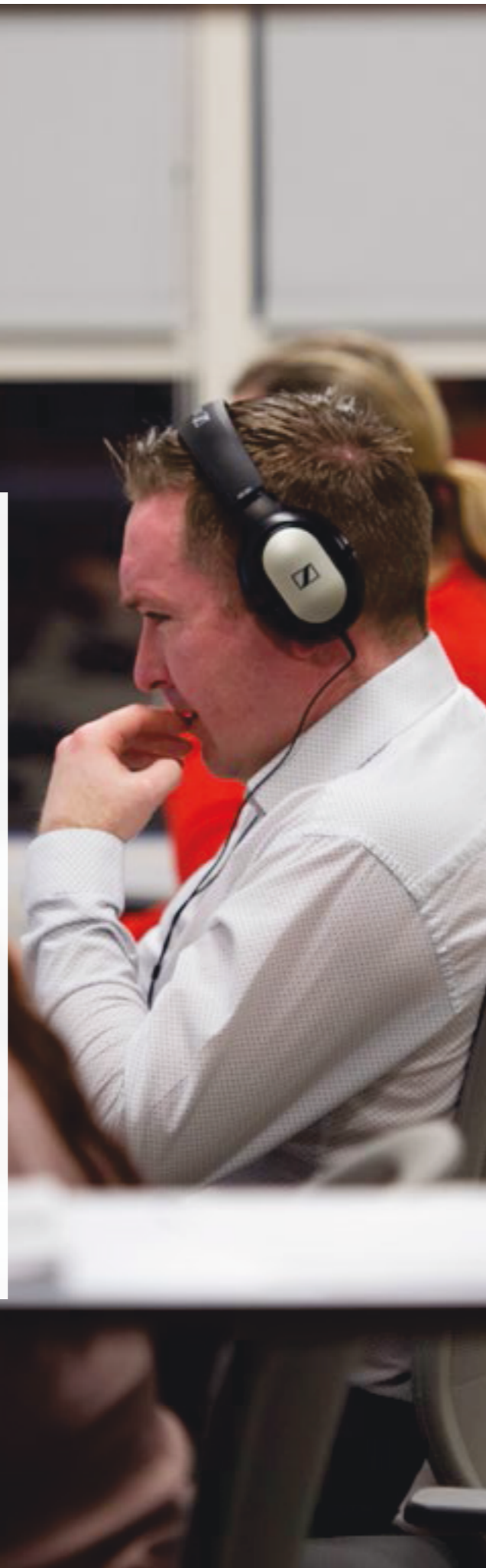
Underpinning all of this, is a set of Values which define the culture and shape the attitude, approach and positive ways of working that are threaded throughout the organisation.

In FY2014-15, we developed and launched our new rolling 3 year Corporate Plan and 1 year Business Plan. This year, we aim to refresh and update our plans and strengthen our planning processes further by embedding this as one of our core leading processes. We will further align the organisation behind its Vision and Mission and ensuring we focus on what is important and deliver against our priorities.

The Corporate Plan contains the medium term strategic objectives covering the period FY2015-16 to FY2017-18.

The plan:

- Sets out what we will do to achieve our Vision of being valued as a Digital, Customer Focused, Centre of Excellence;
- Places our transformation journey, change programmes and other supporting plans and strategies as the means by which we will achieve our Vision; and
- Contributes to the delivery of key strategic policy priorities and objectives of our Government stakeholders

The Business Plan contains the detailed objectives covering the period FY15-16.

The plan:

- Sets out our 4 Key Business Objectives and detailed supporting objectives under each of these;
- Supports the medium term objectives in the Corporate Plan by ensuring in year objectives and initiatives contribute toward these and move us forward towards achieving our Vision; and
- Ensures we remain focused on our core business functions by setting out in year objectives which support delivery of the Mission

The FY15-16 Key Business Objectives are:

1. **Progressing towards our Vision** - "Through our transformation journey and change programmes and our other supporting strategies, plans and initiatives, we will deliver business, technical and organisational change in our drive to become a digital, customer focused centre of excellence"

2. **Delivering the Mission** - "By delivering safe and accurate services for our customers and ensuring we keep our systems and processes running smoothly whilst we change SLC"

3. **Managing our People** - "By building a workforce where people have the right skills and capabilities to deliver a digital, customer-focused centre of excellence"

4. **Managing Public Money** - "By using our Government sponsor's money wisely and ensuring value for money in all that we do"

These objectives reflect what's important for us to deliver as an organisation throughout the next year. Our transformation journey, change programmes and our other supporting strategies, plans and initiatives, will assist us in moving towards our Vision and delivering in year priorities which support the 3 Year Corporate Plan. During FY2014-15, we reset our transformation programme, recognising we were being asked, and trying, to deliver too much concurrently. In FY2015-16 we will focus on a revised set of priorities which reflect a sensible balance of prioritised technical and business changes and other policy related priorities being set by our Government sponsors.

We will deliver our Mission, ensuring we support our core delivery functions of assess, pay and repay. Leading and enabling processes will provide strategic leadership, support and control to assist in the delivery of our core services to our customers and stakeholders.

Our People are critical to our success and underpin everything we do. Our priorities for Managing our People will be aligned to our leading and enabling processes. We will focus on developing and implementing resourcing and sourcing plans and strategies appropriate for SLC. We will build a workforce where the right skills and capabilities exist to deliver services for our customers now, and in the future.

Now more than ever it's important we manage Money responsibly. We will continually review and improve how we deliver services, ensuring we deliver value for money for our Government stakeholders. We will strive to become a more efficient and effective organisation through continuously improving all of our processes and services.

The detailed Corporate and Business Plan will be used to communicate our priorities and objectives externally, specifically to the Government and other stakeholders. A summary version will be used for internal communications to our staff.

Effective performance management allows us to track progress against our objectives. Performance will be measured and managed at various levels throughout the organisation. A line of sight will run from the Corporate and Business Plan through Directorate level plans through to our performance development processes and individual objectives. This will ensure that there is clear responsibility and accountability throughout the organisation for achieving our objectives and that every individual knows what is required, how they contribute and the values and behaviours expected of them.

The Balanced Scorecard will be the core method by which we measure, track and manage performance in achieving objectives set out in the plans. The scorecard will continue to develop and ultimately contain a set of relevant measures which align with the Vision and Mission, our transformation journey and change programme and our other supporting strategies and plans.

03.

OUR ENVIRONMENT

SLC IS A SIGNIFICANT DELIVERY PARTNER IN HIGHER AND FURTHER EDUCATION, PROVIDING STUDENT FINANCE SERVICES FOR ALL FOUR UK GOVERNMENT ADMINISTRATIONS AND WORKING IN PARTNERSHIP WITH A GROWING RANGE OF GOVERNMENT AND NON-GOVERNMENT STAKEHOLDERS.

For England, we are the sole provider of all aspects of the 'assess, pay and repay' process and in May 2014, we implemented a similar model for the Welsh Government.

The recommendations from the programme of HE Reforms mean that since 2012, we manage increasing customer and transaction volumes. The growth of alternative HE providers and the initial introduction of loans for Further Education in England have also increased the number and type of customers we serve.

Our customers and their demands are becoming more sophisticated, complex and varied. Over the past 25 years HE activity has moved from a minority to a mass system. Alongside this, customer needs are changing as the use of digital services, tablets and smart phones becomes more prevalent. Our student finance offering must keep pace with these changing customer needs.

Government Digital Services (GDS) are at the forefront of developing and delivering the Digital by Default strategy on behalf of Government. In essence, 'Digital by Default' states that Government itself needs to become digital in its thinking and deliver services that are suitable and relevant to their users.

Taken together, these changes present internal challenges for us. Historically, investment in our platforms, technologies and processes particularly in respect of security, network and infrastructure including disaster recovery, has not kept pace with the changing environment. Cyber threats are more prominent than ever. Our key ICT systems are end-of-life and there is a growing shortage of expertise – internal and external - to support these dated systems.

Because of this, our systems lack the flexibility to keep pace with the changing HE, FE and wider Government demands. We are constrained in our ability to develop new HE and FE products, deliver them to market

quickly and readily and without fuss, take on other Government assess, pay and repay services.

While our existing systems and processes are built to deliver Government Policy, they also need to do this in a way that recognises the needs of our customers. Our current operating environment and systems contribute to a number of issues and complaints related to the experience the customer has of our services. Not all of our services are offered digitally and even those which are still prompt a high level of customer calls. While we have made significant improvement to the customer experience over the last few years, we still experience issues with avoidable contact and unnecessary or incorrect evidence submissions.

OUR CUSTOMERS AND THEIR DEMANDS ARE BECOMING MORE SOPHISTICATED, COMPLEX AND VARIED

Looking to the future, Government and Devolved Administration policy continues to diverge, particularly in regard to tuition fee support and the replacement of non-repayable maintenance grants with loans in HE, but also in FE with the introduction of a loans product to replace grant funding. Student numbers are growing as a result of the removal of caps on student number controls and the announcement in the Chancellor's Autumn Statement in 2014 of the intention to introduce loans for Postgraduate Taught students, subsequently announced in the March 2015 Budget, will see SLC further expand its current product and customer base.

OUR TRANSFORMATION PROGRAMME AND OTHER SUPPORTING STRATEGIES AND PLANS WILL PLAY A CRITICAL ROLE IN ENSURING WE CAN ACHIEVE OUR OBJECTIVES

Political events such as the 2015 General Election brought further changes for SLC in terms of policy, product and service delivery, as will the elections in the Devolved Administrations in 2016. Other factors such as the potential introduction of Sharia compliant Alternative Finance Models for HE, the Diamond Review of Higher Education Funding in Wales, (due to report in 2016), and 'Big Conversation' Northern Ireland are likely to bring further change.

The size of the loan book is rightly driving a focus on Repayments and we can expect continued scrutiny in this area, especially as the loan book continues to grow, further ICR Loan sales are commissioned and the loan book itself being recognised as a significant national public asset. The management and administration of Alternative Providers will continue to come under public scrutiny following the recent National Audit Office (NAO) review of Alternative Providers and subsequent Public Accounts Committee

hearing.

There are continued constraints across the public sector spending and a relentless drive for efficiency and value for money across Government. As a result, SLC has to be more operationally efficient, delivering more for less and participating in strategic initiatives across Government which support these aims. The BIS Strategic Review of Partner Organisations and related Future Shape of BIS programme, along with BIS Shared Services will continue to shape SLC and we will contribute fully to these initiatives.

In response to these challenges we will ensure our decisions, priorities, plans and objectives are informed by the present and future environment to the extent it is known and we will be flexible in our response and re-prioritise appropriately to changes in our environment. Our plans and objectives will address current and future known challenges and deliver against existing and emerging priorities of our Government sponsors. Our transformation journey, change programme and other supporting strategies and plans will play a critical role in ensuring we can achieve our objectives and position SLC as a centre of excellence and an organisation that is able to meet the demands of a digitally enabled, customer driven and changing policy world.
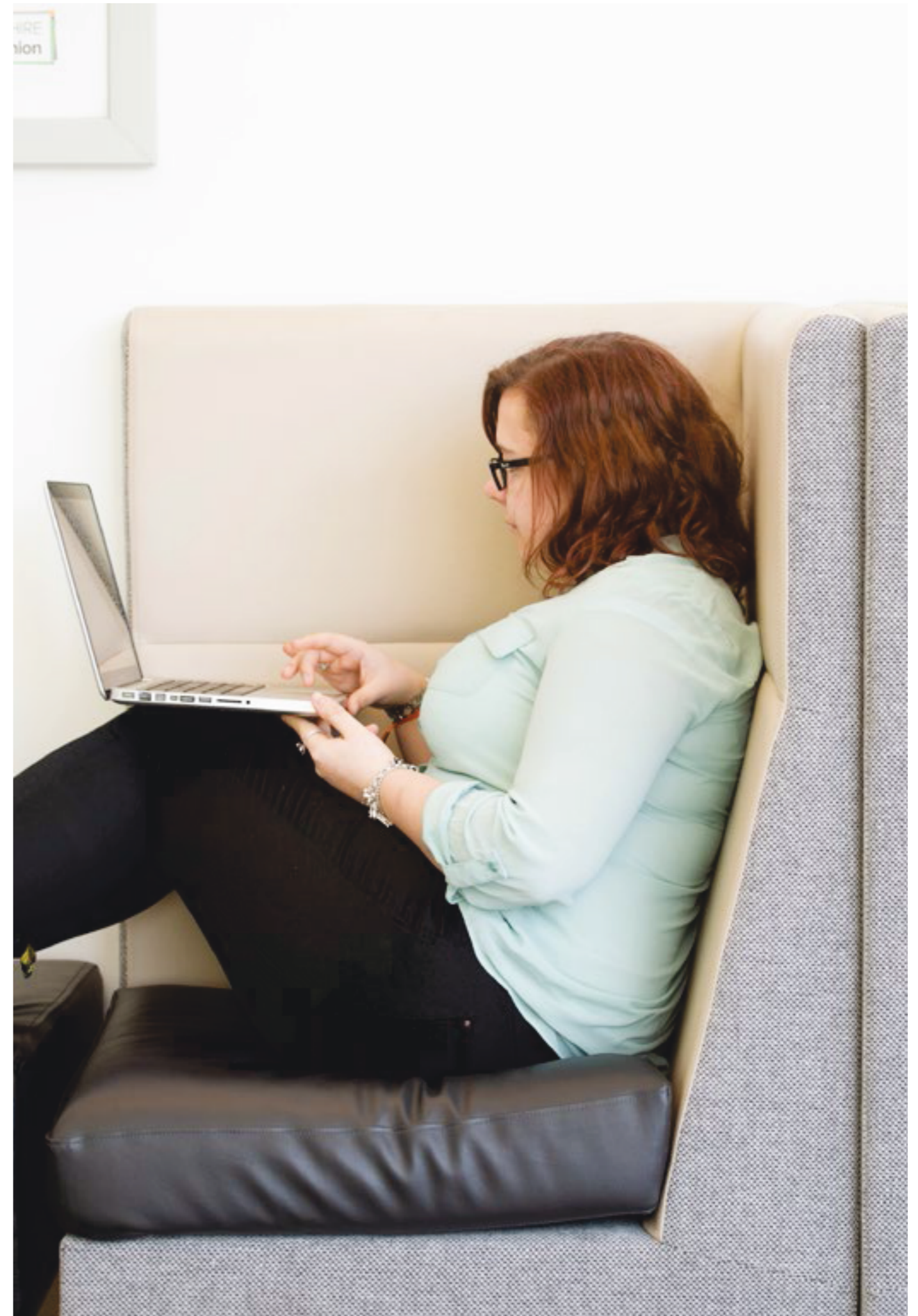
04.

OUR THREE YEAR CORPORATE PLAN

OUR CORPORATE PLAN
CONTAINS THE MEDIUM TERM
STRATEGIC OBJECTIVES
COVERING THE PERIOD FY2015-
16 TO FY2017-18. THE PLAN:

- Sets out what we will do to achieve our Vision of being valued as a Digital, Customer Focused Centre of Excellence;

- Places our transformation journey and supporting strategies and plans as the means by which we will achieve our Vision; and

- Contributes to the delivery of key strategic objectives of our Government sponsors

4.1 OUR TARGET OPERATING MODEL

A new outline SLC Target Operating Model (TOM) will set out the framework for describing how SLC will work and makes a number of commitments that will change how SLC operates as a company. These changes are driven by our Vision and will see SLC make further progress towards achieving this. The outline TOM will define how we manage our business and how we organise our People, Processes and Technology to operate effectively and deliver a better, more digital experience for our customers.

The diagram below illustrates the line of the sight from our Vision, Mission and Values and TOM, through our Corporate Plan and other supporting plans and strategies.

Vision

Mission

Values

Target Operating Model

Corporate Plan

Other plans & strategies

What
(describing the destination)

How
(describing how we get there)
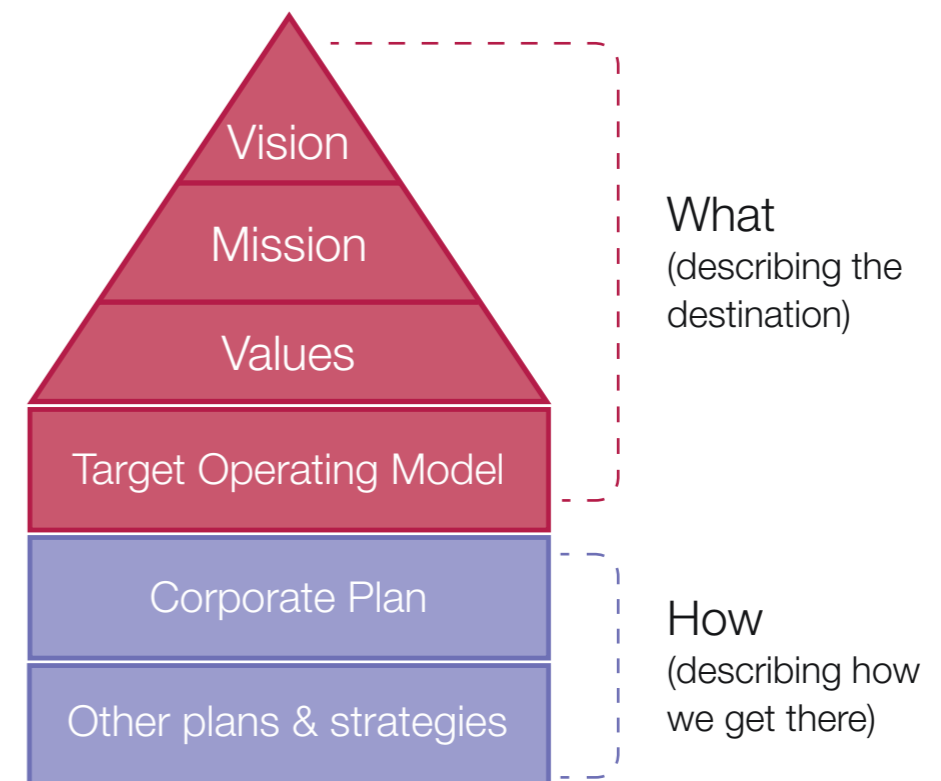
The key components of the TOM are shown in the diagram below.
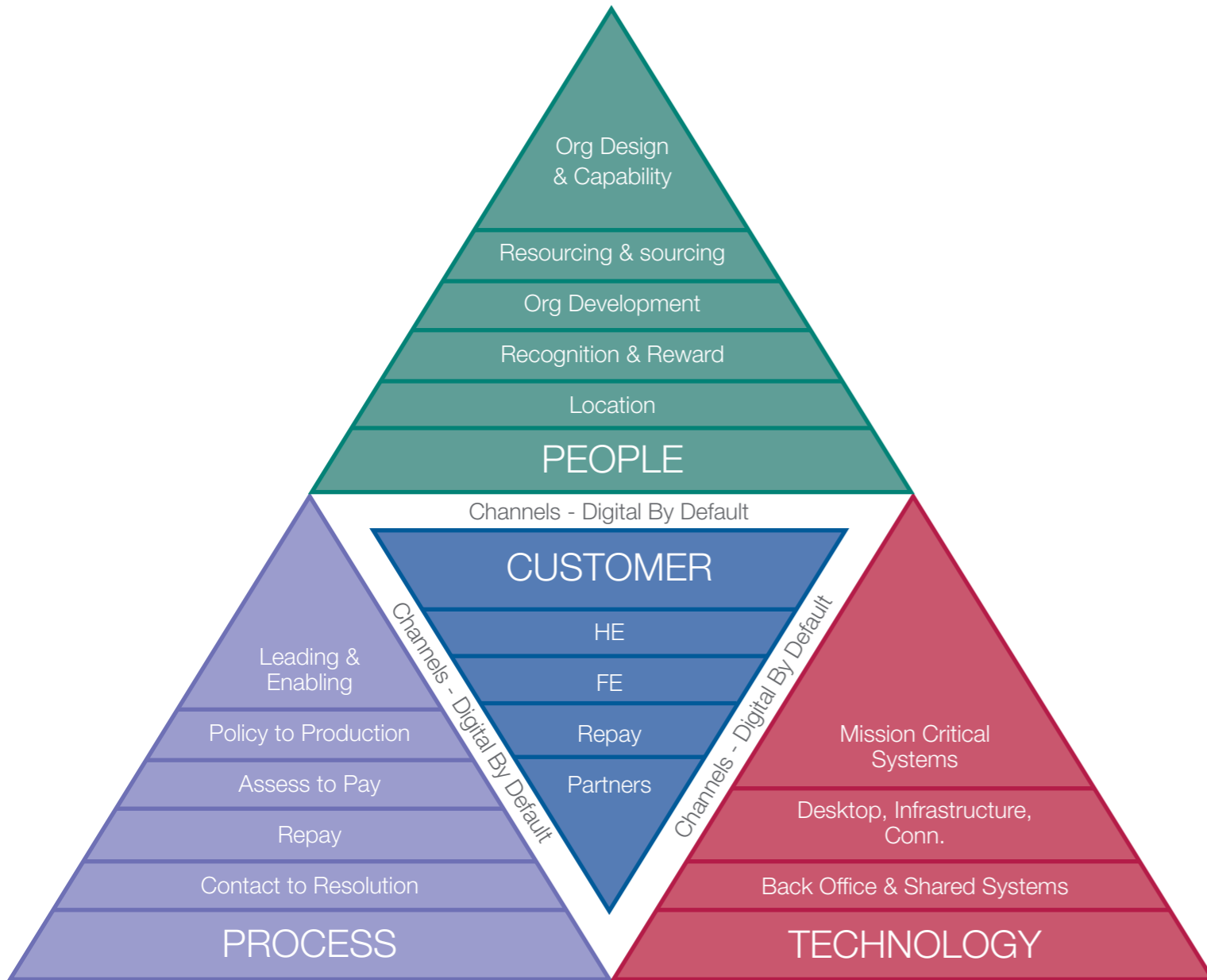
4.1.1 PEOPLE

SLC delivery teams will be organised according to customer focus – four services aligned to our customer groups, for example - HE, FE, Repay and HE / FE Partners. A new role of Service Manager is being created which will be responsible for running each service, improving that service and delivering changes.

The Service Manager will also be a Digital Champion, leading a customer focused and agile culture and approach to change, and ensuring the service meets the mandatory GDS Digital by Default Service Standard. Technical and other resources as required will be deployed in cross functional teams, called Digital Service Teams (DST), which will be directed by the Service Manager. This combined with a new change process (Policy to Production) will aim to fully exploit the benefits of digital and agile to establish a new, more effective way of working with Government Administrations to deliver policy and other changes.

Other commitments to support this include developing a highly skilled workforce in the core areas needed to manage our leading and enabling processes and operate our assess, pay and repay services, and to deliver changes and improvements to those services using digital solutions and an agile approach. Our organisation will be resourced with a balance of in-house and third party resources designed to provide more effective delivery of the Mission, while maximising opportunities for existing staff. The majority of people will report that their contributions are recognised, and understand how their participation is valuable in achieving the Vision, Mission and Corporate and Business objectives. Workspaces will be updated to enable agile ways of working, including the creation of more meeting areas and open spaces suitable where people can meet formally and informally to discuss projects.

4.1.2 PROCESS

SLC has established a Process Management Framework (PMF) which provides the basis for robust process management, across SLC leading, enabling and delivery processes within each service. The PMF aligns the management of performance, improvement and change around four end-to-end customer delivery processes - Policy to Production, Assess to Pay, Repay and Contact to Resolution.

We will measure performance and steer improvement using a new service dashboard derived from 4 'outside-in' process measures (looking at processes from the perspective of the customer who is using them): Right First Time, Elapsed Time, Customer Feedback, and Cost per Transaction. Once complete, SLC's Balanced Scorecard will reflect and roll-up these measures across SLC services to reflect their collective performance.

Leading and enabling processes provide strategic leadership, support and control to assist in the delivery of services to customers and stakeholders.

- Our leading processes set out how and when SLC makes decisions and commitments that set the direction for the company. Our enabling processes provide control, assurance and general management to ensure the necessary resources are in place for the core delivery processes and functions to deliver the desired customer experience.

All SLC processes are being mapped and understood from an end to end perspective. The PMF will foster a culture of continuous improvement and excellence where everyone is focused on end-to-end service delivery for the customer.

4.1.3 TECHNOLOGY

Our transformation journey and change programme will deliver secure and resilient systems that support an improved customer journey that reflects a self-service customer experience.

Our intention is to have zero touch automated processes which help our people deliver right first time. This will support the reduction in cost per transaction.

We aim to have a resilient, secure and highly performing platform for our mission critical systems that provides customer digital services, processing and management tools with a fit for purpose architecture that enables and lowers the cost of change.

Digital Transformation and Technology Services (DTTS) will be re-organised into the following areas:

- Key Platforms
    - Infrastructure
    - Banking Platform
    - Digital Platform
    - Shared Services

- End to End Functions
    - End to End (E2E) Design
    - Integration and Test

- Supporting Functions
    - Design Architecture
    - Programme Management
    - Information Security
    - Performance and Control

As part of this reorganisation, DTTS operations staff will be aligned to support Glasgow, Darlington and Llandudno.

Collectively, these commitments will result in a new way of working and operating for SLC and represents an important step towards the vision. This new structure also provides a clear template and approach to achieve recognition as a centre of excellence, and to take on other services should the SLC remit be expanded to deliver further for Government.
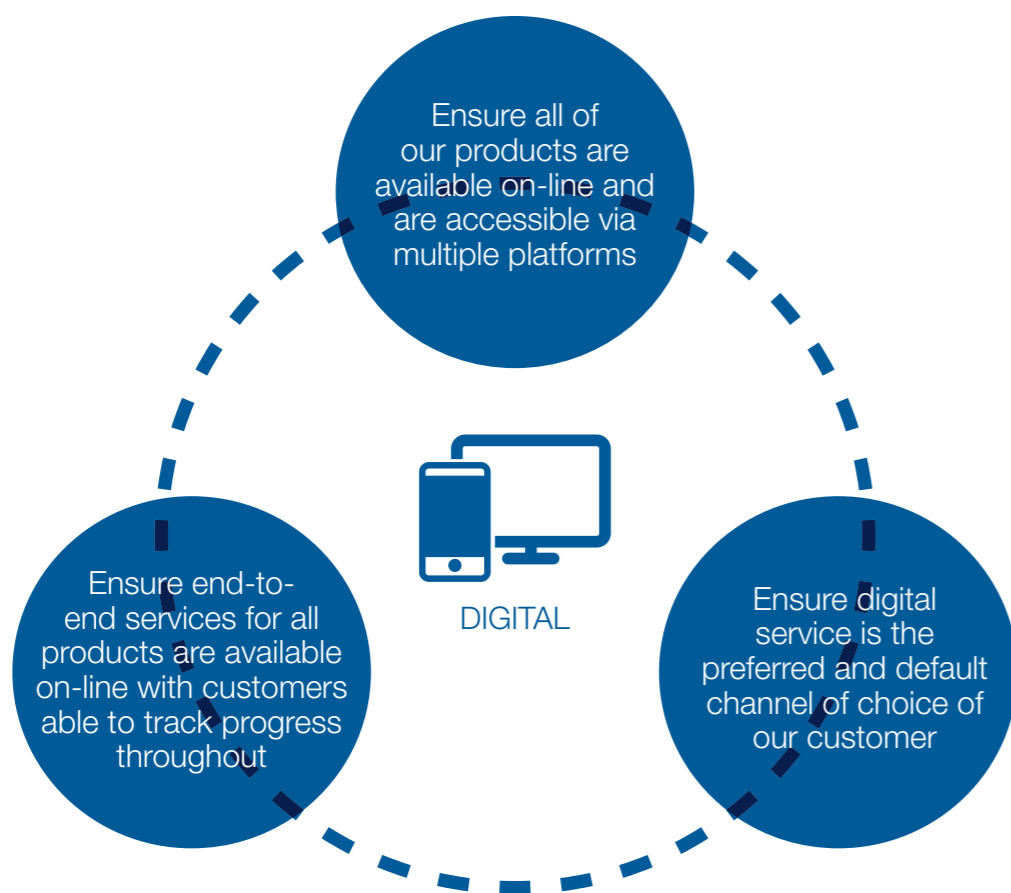
4.2.1 WHAT WE WILL DO TO BECOME 'DIGITAL'

We want to build on our success to date in delivering effective digital solutions for our customers. We will re-organise how we are structured and how we will work in future with dedicated Service Management Teams responsible for their own Digital Service Team.

All our products will be offered as a fully end-to-end digital service, across a range of multiple platforms, making student finance easily accessible for our customers and easy to manage for our stakeholders. Customers will be able to track what stage their application is at through each interaction with us and access any help or information they need about their application or account, using highly intuitive, simple and user friendly services which benchmark against 'best in class' for online services.

OUR MEDIUM TERM OBJECTIVES WHICH SUPPORT THIS ELEMENT OF THE VISION ARE:

Ensure all of our products are available on-line and are accessible via multiple platforms

DIGITAL

Ensure end-to-end services for all products are available on-line with customers able to track progress throughout

Ensure digital service is the preferred and default channel of choice of our customer

4.2.2 WHAT WE WILL DO TO BECOME 'CUSTOMER FOCUSED'

We will put customers at the heart of what we do, fully involving them in service design and using customer feedback to continuously improve the quality of service we provide. We will significantly improve the efficiency and ease of use of the service for HE and FE providers, recognising our expanding role in delivering student finance.

Our intention is to deliver a highly responsive service which is continually monitored and refined against clear performance targets and designed so it can be rapidly improved in line with ongoing customer insight and engagement. We will focus on developing and building a workforce with the right skills and capabilities to enable them to become a more efficient and effective customer focused organisation.

OUR MEDIUM TERM OBJECTIVES WHICH SUPPORT THIS ELEMENT OF THE VISION ARE:

Improve customer satisfaction and experience for students, sponsors and graduates

CUSTOMER FOCUSED

Fully embed user experience customer involvement in continuous improvement and development of our services, products and systems

Develop and build a workforce with the right skills and capabilities to enable them to deliver customer focused services
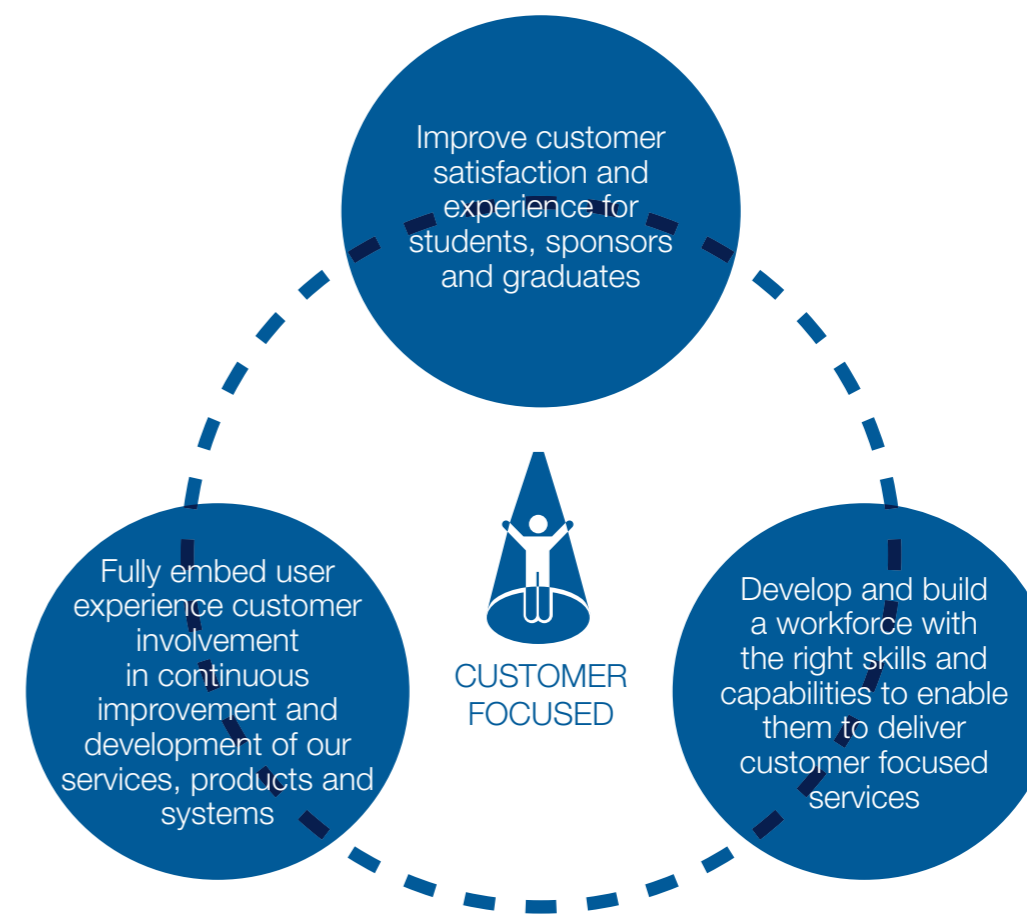
4.2.3 WHAT WE WILL DO TO BECOME A 'CENTRE OF EXCELLENCE'

As a centre of excellence, SLC will be well-known for designing, building and operating assess, pay and repay services extremely well, underpinned by efficient and effective leading and enabling processes. We will be an organisation which delivers operational service excellence that is scalable and can react quickly to requests and take advantage of opportunities as they arise. This will allow us to explore future growth in assess, pay and repay services outwith our current remit through close dialogue with

BIS, Cabinet Office and other Government departments as and when appropriate. We will deliver consistently to time, cost and quality targets and measures, guaranteeing reliability in service provision throughout. We will comply with Government standards in our security information management systems and processes. Our services will be easily benchmarked and we will continually innovate and improve to build our status as 'best in class'.

OUR MEDIUM TERM OBJECTIVES WHICH SUPPORT THIS ELEMENT OF THE VISION ARE:

4.3.1 TRANSFORMATION PROGRAMME

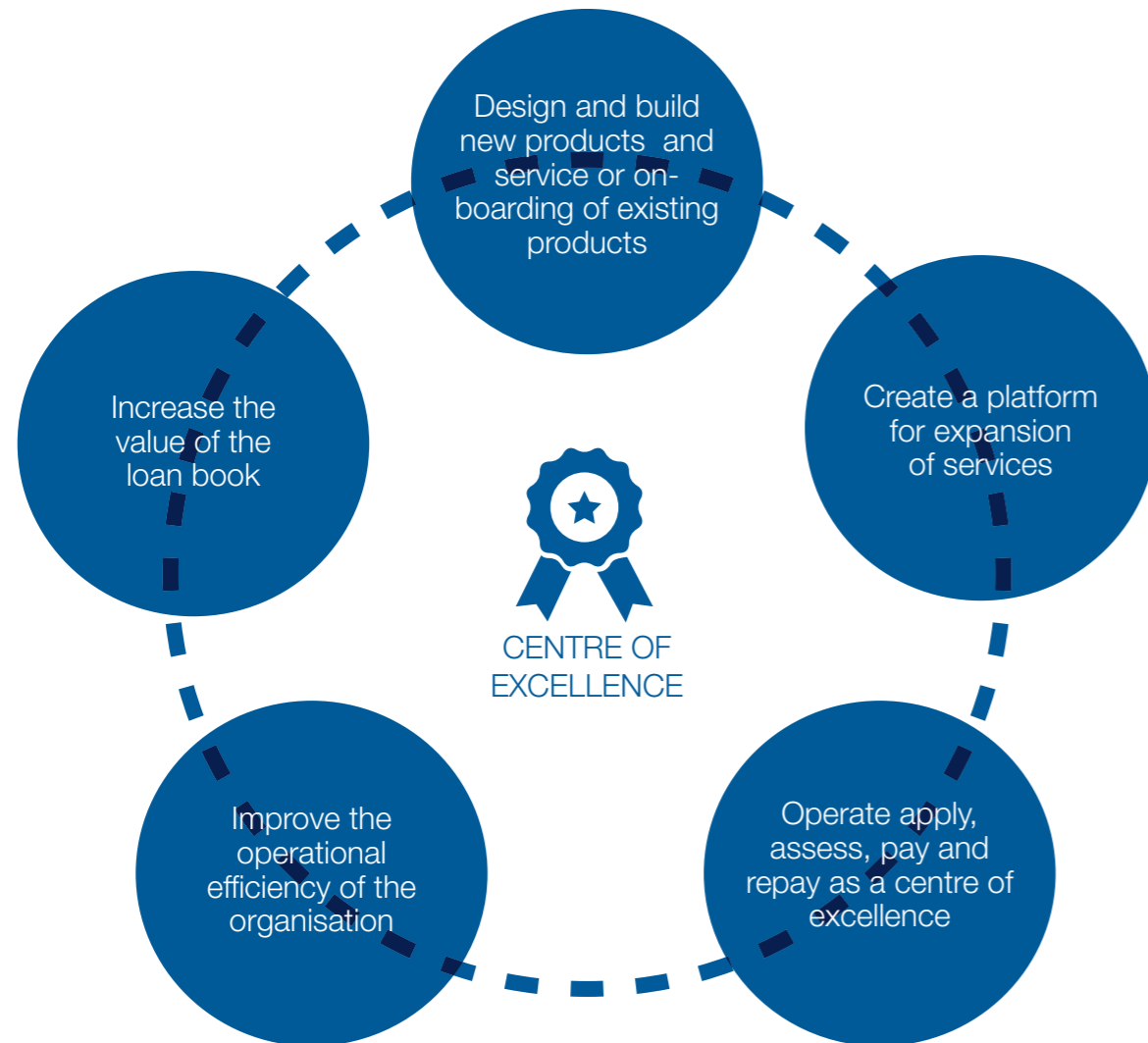In September 2013, the Student Loans Company (SLC) received Treasury approval to progress its Business Transformation Programme (BTP). Since then progress has been made on a number of fronts. This has included:

- the appointment of a strategic partner to deliver SLC's new banking platform or, as it's known, Customer Loan Account Management (CLAM) and the associated Security and Access Management (SAM) components

- a significantly improved customer application front end system

- the delivery of the first Digital Course database within UK Government

- the restructure of SLC's senior management team

- the implementation of the first stage of SLC's Organisation Design and Process Management Framework including advanced work on a new Target Operating Model

In addition to the above, we anticipate that up to one third of the programme lifecycle (12 years) benefits and cost savings will have been secured by the start of FY15-16. This is ahead of plan and demonstrates focus and progress on areas which deliver both customer and stakeholder value.

During the latter half of FY14-15 it was becoming more and more apparent that SLC was being asked to, and trying to do too much concurrently with resources being stretched across a number of initiatives including the servicing of an unexpected and unplanned for increase in policy related initiatives.

It was also clear that our time and efforts on planning for the future security aspects had resulted in a lack of resources and lack of focus on the on-going security of our existing legacy systems. As a consequence, a formal Programme review was initiated which resulted in a revised scope and reprioritisation.

CENTRE OF EXCELLENCE

- Design and build new products and service or on-boarding of existing products
- Create a platform for expansion of services
- Operate apply, assess, pay and repay as a centre of excellence
- Improve the operational efficiency of the organisation
- Increase the value of the loan book

Following this, BIS, Cabinet Office (GDS) and SLC agree that SLC should refocus its activities on:

Replacing our core banking platform (CLASS) and associated pay and repay systems

This constitutes a wider end to end programme which incorporates our CLAM activities with the full Pay and Repay functionality required to replace our end of life student finance systems. The programme review referred to above confirmed that scope was far larger and the programme far more complicated than first envisaged during the early stages of the programme.

The increased scope and complexity also encouraged us to reconsider our approach to contingency planning and we are now also considering how best we can (concurrently) extend the life of our core legacy systems. This will provide the functionality and capacity to deal with variable interest rate income contingent loans, the repayment of which will come into force over the next 12 to 18 months.

Security

A package of security initiatives following the review of our current estate and future needs. This is a significant £20m programme of scale and complexity in its own right and demonstrates how seriously the SLC is taking the security of its systems.

Network and Infrastructure upgrade including Disaster Recovery and Data Centre Consolidation

As part of this, SLC will invest in creating a new IT network together with associated infrastructure for all core services and mission critical systems. This will ensure that all out of support and/or legacy systems are either replaced or upgraded.

A process of reprioritisation was required following the Transformation Programme review. This was particularly important given the evolving (and largely unplanned) policy landscape which included the build and implementation and subsequent delivery of a new loans product for Postgraduate study. This product has unique repayment characteristics and, as a result of the size and complexity of this initiative, coupled with the increased scope of the new CLASS Replacement, IT and Security programme resulted in the need to de-prioritise certain initiatives. This resulted in a change to the profiling, timing and scale of benefits that had been included in the original Transformation business case. While some cost saving benefits will be delayed, the impact of this is largely mitigated by the benefits realised to date being ahead of target.

The strategic outcomes and wider economic savings to UK Government as set out in the original business case remain unchanged:

- Secure the delivery of the HE Reform changes to enable Government to realise savings of £3bn;

- Increase the repayment yield of the current loan book;

- Delivery of components which will have a re-use value across Government;

- Reduced fraud in lending activity across SLC's portfolio, together with steadily improving yields in the payment of interest and repayment of capital sums. The actual realisable values against these have yet to be quantified but these are expected to be significant; and

- Securing the value of the loan book in order that the market value of any future debt sale is maximised.

The programme review and subsequent reset has clearly defined the key priorities and allows the company to focus on the more critical technical aspects of the programme, while we pursue our plans to deliver on our Target Operating Model, Process Management Framework and Service Management approach over a slightly elongated timeframe.

## 4.3.2 SUPPORTING STRATEGIES, PLANS AND INITIATIVES

Other supporting strategies, plans and initiatives will also contribute to the achievement of our objectives and hence Vision over the next three years. The Corporate Plan objectives will form the basis of more detailed planning across the organisation. All supporting plans and strategies will align with these, including any financial commitments and performance measures underpinning them.

Critical to this is our one year Business Plan which contains both the detailed objectives which will support in year delivery of our medium term Corporate Plan and core business activity to deliver our Mission. Directorate level plans will set out how each Directorate will deliver the priorities and objectives.

These plans will then inform planning at service/ team level throughout the Directorates, ensuring a clear line of sight through our Corporate, Business and Financial plans and across supporting strategies and plans.

A number of key, detailed supporting plans and strategies will contribute to in year deliver against our 3 year Corporate Plan objectives. These include:

- Medium Term Financial Plan
- Repayment Strategy
- Counter Fraud and Error Reduction Strategy
- Commercial Strategy
- People Strategy
- Accommodation Strategy
- Operational Services Plan
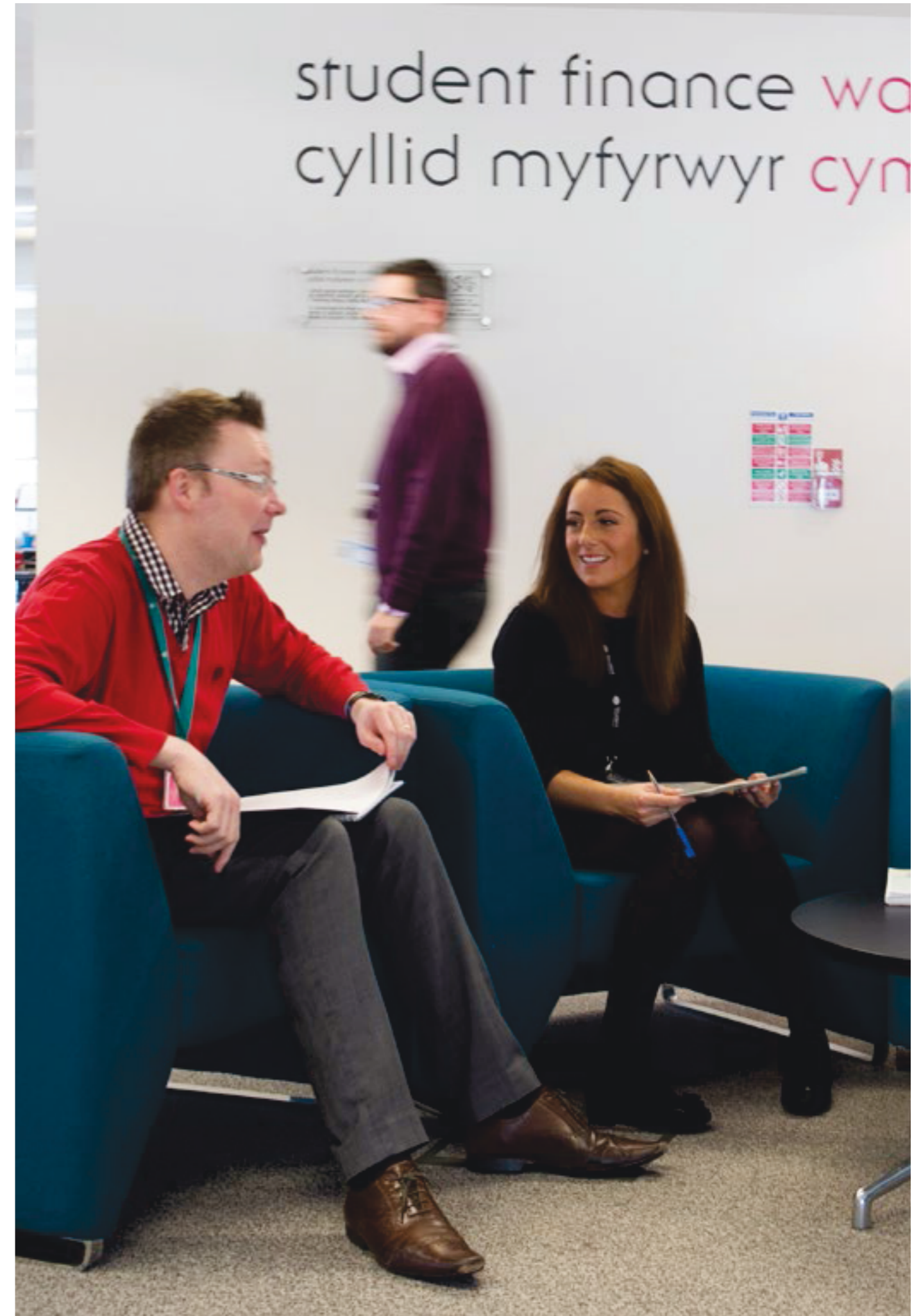
05.

OUR ONE YEAR BUSINESS PLAN

OUR ONE YEAR BUSINESS PLAN CONTAINS OUR OBJECTIVES COVERING THE PERIOD FY15-16. THE PLAN:

- Sets out our 4 Key Business Objectives and detailed supporting objectives under each of these;

- Supports the medium term objectives in the Corporate Plan by ensuring in year objectives and initiatives contribute toward these and take us forward towards achieving our Vision; and

- Ensures we remain focused on our core business and functions by setting out in year objectives which support delivery of the Mission

The successful delivery of our plan relies on ensuring alignment of the organisation and resources behind our objectives, Vision and Mission.

KEY BUSINESS OBJECTIVE 1 - PROGRESSING TOWARDS OUR VISION

PROGRESSING TOWARDS OUR VISION

Through our transformation journey, change programmes and other supporting strategies, plans and initiatives, we will deliver business, technical and organisational change in our drive to become a digital, customer focused, centre of excellence

Through our transformation journey, change programme and supporting strategies, plans and initiatives by which we will achieve our Vision. We will develop and build the necessary capabilities to replace our current CLASS system. Security of our current and future systems is a key priority and we will continue to deliver a series of initiatives as part of our Security Programme. Delivery of a new Postgraduate Loan product is a key BIS priority as is continuing to improve our digital offering within our existing services.

A new outline framework for an SLC Target Operating Model (TOM) has been developed and we will make substantial progress towards full implementation of this in FY2015-16. The TOM will set out the framework for describing how SLC will work and makes a number of commitments that will significantly change how SLC operates as a company. These changes are driven by our Vision and will see SLC make further progress towards achievement of this.

PROGRESSING TOWARDS OUR VISION

WHAT WE WILL DO IN FY 15-16 WHICH SUPPORTS THE KEY BUSINESS OBJECTIVE:

OBJECTIVE

1.1	Develop and build the necessary capabilities to replace CLASS by replacing the core banking platform and the pay and repay functionality
1.2	Deliver in year priorities of our Security Programme
1.3	Continue to realise benefits and further embed benefits realisation within the organisation
1.4	Complete and implement SLC's Target Operating Model and Process Management Framework to support a fit for purpose future business model
1.5	Develop and build the new Post Graduate Loans product
1.6	Continue to develop digital solutions which meet the needs of customers

KEY BUSINESS OBJECTIVE 2 - DELIVERING THE MISSION

DELIVERING THE MISSION

By delivering safe and accurate services for our customers and ensuring we keep our systems and processes running smoothly whilst we change

Our Mission is that we enable our customers to invest in their futures by delivering secure, accurate and efficient assessment, payment and repayment services.

As the organisation and our services change in the coming years, it is important that we don't lose sight of our core purpose and function and work to deliver our Mission. We will continue to ensure we maintain the correct balance within the organisation between our front office and back office, ensuring the right resources are in the right places. Development and implementation of a new Process Management Framework will ensure further improvement of our core processes which support delivery of the Mission: Assess to Pay, Repay, Contact to Resolution and Policy to Production, the process used to deliver any external or internal changes to our services and processes. Leading and enabling processes will provide strategic leadership, support and control to these processes and functions which deliver services to customers and stakeholders.

Building on last year's activities, we will continue to work to improve customer experience for students, sponsors and repayers. Our assess-to-pay processes will be run within agreed service levels, ensuring timely payments of loans and grants to students and providers. When our customers have to contact us, we will ensure we

respond and resolve their queries in a timely, efficient and effective manner. This will be supported by improvements to our contact to resolution processes – the processes used to resolve customer any queries or issues our customers may have.

We will continue to place significant focus on our Repayments Service, ensuring we work towards improving process management, making improvements for our customers and maximising the amount we collect through our repayment channels – Collecting Every Pound Due. In the context of the increasing size of the loan book and further loan sales, we can expect continued scrutiny in this area. We will deliver initiatives as part of a refreshed Repayments Strategy, ensuring we increase Repayment yield. Key areas of focus will be customers who are overseas, recovery of any overpayments, targeting unresolved debt, extending the use of debt collection agencies and participating in key cross Government initiatives such as the Debt Market Integrator (DMI), to maximise the amount collected. We will also seek to address recommendations and actions from the NAO review of Repayments and Public Accounts Committee and will help contribute to improving the overall value of the loan book.

To enable us to continue to deliver mission critical services, we must continue to undertake work on our existing infrastructure

and network, ensuring that all out of support and / or legacy systems are replaced or upgraded and that we have sufficient disaster recovery capabilities.

Our Mission isn't just about our services for the current academic year cycle, each year we develop and build services for new and returning customers across our HE, FE and Repayment Services for the following academic year. This year, our

annual delivery programme for HE will see delivery of one of the key priorities of the new Government in replacing non repayable student maintenance grants with repayable loans. The changes are designed to ensure the higher education funding system remains sustainable and affordable for students, graduates and the taxpayer and again, demonstrates SLC key role within Government.

DELIVERING THE MISSION

WHAT WE WILL DO IN FY15-16 WHICH SUPPORTS THE KEY BUSINESS OBJECTIVE:

OBJECTIVE

2.1	Improve customer satisfaction with our services
2.2	Run our Assess to Pay processes within agreed service levels
2.3	Run an effective Repayment Service, collecting every pound due
2.4	Resolve customer contacts in a timely and effective manner
2.5	Create a robust new IT network and associated infrastructure ensuring that all out of support and/or legacy systems are either replaced or remedied and that appropriate disaster recovery capability exists
2.6	Develop, build and launch services for the forthcoming Academic Years across our HE, FE and Repayment Services including in year delivery of our Repayment Strategy to increase yield

KEY BUSINESS OBJECTIVE 3 - MANAGING OUR PEOPLE

MANAGING OUR PEOPLE

By building a workforce where people have the right skills and capabilities to deliver a digital, customer focused centre of excellence

Our People are critical to our success and underpin everything we do. Our priorities for Managing our People will be aligned to our leading and enabling processes as defined in the TOM. We will focus on developing and implementing resourcing and sourcing plans and strategies for SLC which will improve SLC's ability to support delivery of key priorities of BIS and the Devolved Administrations. The needs and demands of our customers and stakeholders have changed considerably and we must change too, delivering services in a more efficient and effective way. We will organise ourselves to ensure we have the right skills and capabilities to deliver services for our customers now, and in the future.

It's clear from the recent People Insight results that we need to re-double our efforts on engaging our colleagues across the business. We will develop and implement initiatives to improve employee engagement. Our people and our customers are both diverse in themselves and their needs and we will work to continue to ensure that we further develop and embed equality, diversity and inclusion in all that we do. In order to support the delivery and achievement of these objectives, we will develop and implement a People Strategy to underpin our commitments.

MANAGING OUR PEOPLE

WHAT WE WILL DO IN FY15-16 WHICH SUPPORTS THE KEY BUSINESS OBJECTIVE:

OBJECTIVE

3.1	Develop and manage resourcing and sourcing plans to support delivery of the SLC wide portfolio
3.2	Build or acquire the necessary skills and capabilities to meet the organisation's future needs
3.3	Further develop and embed effective employee recognition and reward practices
3.4	Review, further develop and digitise our current internal policies and practices
3.5	Re-double our efforts to improve employee engagement using People Insight to track and monitor progress
3.6	Continue to mainstream and embed Equality, Diversity and Inclusion in all that we do

KEY BUSINESS OBJECTIVE 4 - MANAGING PUBLIC MONEY

MANAGING PUBLIC MONEY

By using our Government sponsors money wisely and ensuring value for money in all that we do

We will continually review and improve how we deliver services, ensuring we deliver value for money for our Government sponsors. We will work to become a more efficient and effective organisation by making improvements not only to what we do, but how we do it. Delivery of our Commercial Strategy will help improve SLC's procurement and value for money capabilities, driving greater value and innovation through our relationships with suppliers and achieving more for the money available to us. Continued focus on further improvements to our corporate governance will ensure we remain a safe, stable and compliant organisation. Effective counter-fraud and error-reduction activities are critical aspects of our business as a publicly funded organisation.

We will focus on reducing fraud and error throughout our services and protecting public funds by delivering initiatives as part of our Fraud and Error Reduction Strategy. Repayments will rightly continue as a key focus of managing public money and ensuring we collect every pound due through our repayment strategy and annual delivery of initiatives to support that strategy is captured within Key Business Objective 2.

We will support BIS in its initiatives to address governance issues in certain segments with the Alternative Provider sector.

During 2014 SLC has been looking into pension scheme funding after the pension scheme trustees raised issues following on from discussions that they had held with the Pensions Regulator around ensuring the future viability of the SLC Pension Scheme. Subject to final HMT approval, plans are in place to join the Civil Service Pension Scheme (CSPS). The Company, in conjunction with BIS our sponsor Department, has spent considerable time preparing a Business Case to support our application to join CSPS.

Whilst much of the detail has still to be worked through we have been given an initial indication from Cabinet Office that our application has been approved in principle. We now need to obtain approval from HM Treasury.

Once further detail has been established and necessary approvals are in place the plan is to involve pension trustees, union representatives and staff in a consultation process with a view to a changeover date to the new pension scheme around Spring/Summer in 2016.

MANAGING PUBLIC MONEY

WHAT WE WILL DO IN FY 14-15 WHICH SUPPORTS THE KEY BUSINESS OBJECTIVE:

OBJECTIVE

4.1	Deliver agreed services within budgets
4.2	Deliver against our in-year savings targets, achieving value for money, as set out in our Medium Term Financial Plan
4.3	Deliver in year initiatives to reduce fraud and error across our services as part of the Fraud and Error Reduction Strategy
4.4	Deliver in year initiatives against our Commercial Strategy, improving our commercial capabilities
4.5	Implement and further embed the recommendations and plans resulting from our recent Corporate Governance review
4.6	Assist BIS and HMT in sale of the loan book
4.7	Continue take action to ensure the future sustainability of the company Pension

06.

HOW WE WILL MEASURE OUR PERFORMANCE AND PROGRESS

EFFECTIVE PERFORMANCE MANAGEMENT ALLOWS US TO TRACK PROGRESS AGAINST THE OBJECTIVES WITHIN OUR PLANS. PERFORMANCE WILL BE MEASURED AND MANAGED AT VARIOUS LEVELS THROUGHOUT THE ORGANISATION.

A line of sight will run from our Vision, Mission, TOM, Corporate and Business Plans, Directorate level plans, through to our performance development processes and individual objectives. This will ensure that there is clear responsibility and accountability throughout the organisation for achieving our objectives and that every individual knows what is required of them and how they contribute.

The Balanced Scorecard is the core method by which we measure, track and manage performance in achieving objectives set out in the plans. The scorecard comprises of the measures and targets that will be confirmed in the Ministerial Annual Performance and Resource Agreement (APRA), together with internal activity based measures, all aligned to the objectives set out in this plan. The detailed list of measures can be found in Appendix 3.

THE BUSINESS PLAN SETS OUT HOW WE DELIVER AGAINST OUR MISSION AND OUR PERFORMANCE MEASURES WILL BE CENTRED ON OUR CORE ACTIVITY OF "ASSESS", "PAY" AND "REPAY"

The Corporate Plan sets out how we will achieve our Vision and allows us to track our progress. The Business Plan sets out how we deliver against our Mission and our agreed performance measures as confirmed in our APRA will allow us to track performance against our core activities of "assess", "pay" and "repay".

Supporting this, each Directorate will deliver against the detailed initiatives and milestones to be undertaken to deliver the priorities and objectives set out in the Business Plan.

A key requirement of a robust performance management system is ensuring that the right things are measured in the right way. Development and Implementation of the Process Management Framework will align all SLC management, performance, improvement and change around four end to end customer processes (Assess to Pay, Contact to Resolution, Repay and Policy to Production). Each process within the Service will be measured by four key measurement areas of Elapsed Time, Right First Time, Customer Feedback and Cost per Transaction. A roll-up of these measures will gradually replace current ways of measuring our processes and form a new Balanced Scorecard for SLC.

Development of these measures is currently in progress as part of the development and implementation of the Process Management Framework.

07.

FINANCIAL PLANS

PLANNING IS ESSENTIAL IN ANY ORGANISATION. IT IS EVEN MORE CRUCIAL IN AN ENVIRONMENT THAT IS SUBJECT TO ONGOING CHANGE. SLC HAS HISTORICALLY FOCUSED ON SHORT TERM PLANNING. WE NEED TO ENSURE WE TAKE A MORE MEDIUM TO LONG TERM APPROACH FOR A NUMBER OF REASONS:

- SLC is undergoing a period of significant change as a result of both internal and external drivers

- There are likely to be significant further cost pressures ahead and we need to plan accordingly. If we plan early enough then we will make better decisions in the shorter term

- It is likely that next Spending Review will bring further reductions and pressures to public sector organisations

- SLC will need to look at what we do and how we do it and fundamental changes will be required
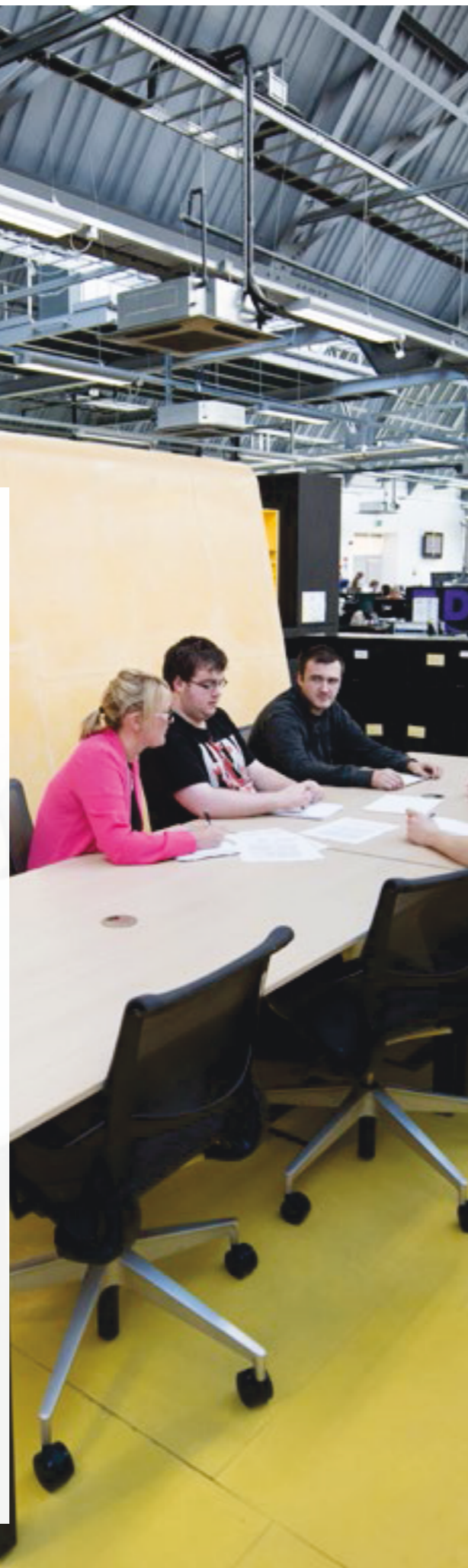
7.1 MEDIUM TERM FINANCIAL PLAN

The Medium Term Financial Plan (MTFP) begins to articulate how our financial resources will be deployed to support the realisation of our Vision over the next 3 years (FY2015-16 – FY2017-18) as reflected in our Corporate and Business Plans.

This is a period of substantial change and complexity for SLC, successful navigation of which requires rigorous and disciplined financial planning processes which extends beyond the traditional annual view.

The concept of a MTFP was first introduced in last year's plan. It represents new ways of working, however successful completion, implementation and rolling annual iteration of this plan is dependent on a continued shift in SLC culture, positive change in the behaviours of our people and significant improvements to our processes, including how we engage with our Government stakeholders.

The MTFP considers the financial implications of the three major cost drivers (our transformation journey, the annual programme of policy and related 'change'

and the ongoing business as usual operational activity) and presents these as a consolidated financial position.

All change is managed as a single portfolio recognising the importance of dependences and implications on resource management. While the finer details are not included here, the MTFP sets out the following:

- Savings estimates for FY2015-16, FY2016-17, FY2017-18

- An outline of anticipated growth in volumes as a result of the recent changing external policy environment

- The impact on costs and headcount, over the period, as a result of internal changes, Welsh Modernisation, Investment in Repayments, Postgraduate Loans and the additional ongoing running costs of other projects

- An illustration of future unit costs

The table below outlines the movement in the Net Operating Budget over the five year period FY2013-14 to FY2017-18

FIVE YEAR TREND	FINANCIAL YEAR (£M)				
	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Net Operating Budget	106.1	114.5	128.7	139.2	144.7

Savings will be delivered by a combination of the key initiatives as part of transforming SLC and by driving continuous improvement throughout the wider organisation. This will include improving business efficiency and process management and improving our commercial capabilities. Initiatives underpinning these will include a critical review of non core activities.

We will consider whether we can stop them, reduce their scale or even outsource them, if appropriate.

The graph below illustrates the movement of the Operating Budget and the Change Programme from FY2015-16 to FY2017-18.

The graph below illustrates the movement of the Operating Budget and the Delivery Programme from FY2014-15 to FY2016-17 including the factors outlined above.

Medium Term Financial Plan

The MTFP is intended to represent a sensible path towards our overall objectives, given known factors and realistic assumptions. It does not represent a detailed budget for the period. We will use the MTFP as the backdrop to create a more detailed budget each year. We will seek to ensure that short-term decisions in the budget are taken in the context of the medium-term financial projections, rather than taking decisions that only have a one-year impact.

Key movements in the Operating Budget detailed above can be attributed to the following:

- Customer Volumes - £6m over 2 years. This figure of £3m each year is in line with the typical projected % increase in growth previously agreed with stakeholders

- Postgraduate Loans – This figure relates to the cost of processing 80,000 applications, the contact centre costs associated with similar volumes and latterly the cost of 2 new collections teams

- Repayments and Fraud – Ongoing costs based on the assumption that all successful repayments' pilots which increase yield will continue to be funded in future years

- All other small movements are in relation to the ongoing costs associated with the impact of the change programme from prior years

Our in year Financial Plan sets out the Company's funding position as discussed and agreed in principle as part of the Annual Performance and Resource Agreement (APRA) process and will deliver the next year of our Medium Term Financial Plan.

We recognise the continued funding restrictions our Government sponsors face and as an organisation we will commit to delivering services afforded in accordance with our agreed budgets.

We will work closely with our Government sponsors to monitor budgets and forecasts throughout the year. We will conduct quarterly formal reviews with each Government administration, reviewing assumptions and risks underpinning their expenditure.

The company level budget for FY2015-16 that supports the agreed APRA targets is outlined below.

FUNDING CATEGORY (£'000s)		TOTAL
Non-Ringfenced Resource (DEL and Capital DEL available for FY 2015-16)	Administration	37,225
	Programme	84,274
	Capital	0
	Sub Total	121,499
Ringfenced Resource	Administration	1,285
	Programme	3,946
Annually Managed Expenditure		1,942
TOTAL OPERATING BUDGET		128,672

To deliver a balanced in-year budget, SLC needs to save £7m. We are projecting that £3m will be facilitated by transformational change and the balance will be delivered by Directorates via in-year efficiency targets

Our overall Single Change Portfolio includes all change including process efficiency, enhancements, renewals and policy change from each of our Government Sponsors.

The agreed change budget for FY2015-16 is just over £80m. This is an unprecedented level of change expenditure and is representative of the significant volume of work that SLC is undertaking on behalf of our Government sponsors and the sizeable programme of projects designed to maintain and preserve our core systems. Similar to the operating budget, funding is held against specific activities and is monitored accordingly.

A high-level breakdown of SLC's operating expenditure is shown below.

PEOPLE COSTS (62%)

Our people costs as the salaries and associated costs of our permanent employees delivering the core business functions and objectives, as well as the cost of the temporary staff we have supporting us during peak periods of the academic year driven operating cycle.

OUTSOURCED CONTACT HANDLING (10%)

We use outsourced third-party partners to help us to deliver a quality service to our customers who need to contact us. This supplements our in-house contact centre offering and helps us to manage calls at peak times.

IT SYSTEMS (8%)

The maintenance, lease, license and telephony costs associated with both our internal and external IT systems and infrastructure.

CUSTOMER COMMUNICATIONS (8%)

The 'non-people costs' associated with our customer engagement – postage and printing costs related to our customer correspondence and literature, telephone charges arising from customer contact, print and mailing equipment costs and customer IAG (Information, Advice and Guidance).

PREMISES COSTS (6%)

The spend associated with renting and maintaining the buildings at our four sites in Glasgow city centre, Glasgow Hillington, Darlington and Llandudno.

OTHER (6%)

Depreciation on company assets, professional services, pension scheme administration, etc.

- People
- Outsorced Contact Handling
- IT Systems
- Customer ommunications
- Premises Costs
- Other
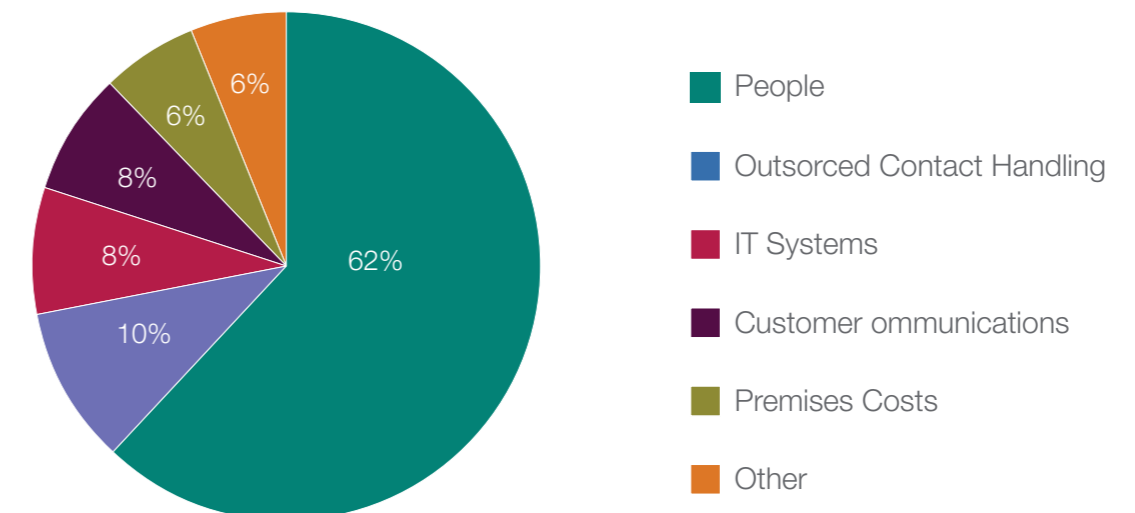
08.
RISK MANAGEMENT

AS NEW RISKS EMERGE OR EXISTING RISKS CHANGE, APPROPRIATE MITIGATION STRATEGIES MUST BE DEVELOPED AND CONTINGENCY ARRANGEMENTS CONSIDERED.

Arrangements are in place to ensure the efficient escalation of risks, so that appropriate stakeholders have the visibility required to take decisive action at the earliest opportunity. Corporate initiatives such as Process Management Framework will be supported by the Risk Management process and aligned to and/or adopted under direction of the Executive Leadership Team.

Detailed below are some key thematic risks which the Company faces thoughout the currency of this plan. It is by no means an exhaustive list; the process of identification, mitigation and management of risk is an on-going activity, embedded within SLC.

Due to the nature of SLC's legacy systems, efforts to improve security and stability may fail to adequately address the growing threat of cyber attacks and may create risks to SLC's payment systems and customer data.

An Information Security Programme, bringing together existing streams of security and compliance activity, is now well underway. This is supported by an improved governance model, with technical security and assurance resources largely in place and plans being rolled out to increase resilience, advance the technical control environment and promote awareness of security principles across the organisation. An ICT Infrastructure Programme has been established to progress the Company's Data Centre and Disaster Recovery strategies, upgrading system reliability whilst improving the capability to restore operations in the event of major outage.

The lateness of the AY16/17 commission and interdependencies across other priorities, such as replacing our core banking platform, may cause resource contention across programmes and allow little room to accommodate any unplanned or unforeseen work. Any delays to the approval of Business Cases may increase the impact of these contentions and place unmanageable pressure on delivery timescales.

Close working with BIS and the other Devolved Administrations is required in order to effectively manage any changes to planned work and secure clarity of detailed requirements of the commissioned pieces of work. Timely approvals from BIS, Treasury and Cabinet Office of Business Cases, together with support to appoint a strategic delivery partner and the flexibility for SLC to manage its recruitment and resourcing needs will provide further mitigations.

The Company's response to challenges regarding its efficiency and the controls placed around repayment, recovery and the protection of public funds may be inadequate and not aligned to Government and tax payer expectations.

▼

Implementing the principles of SLC and sector-wide repayment strategies, as well as the Counter Fraud Strategy will help to maximise repayment, whilst minimising losses. Efficiencies have already begun to deliver and are evidenced in the AY15/16 service launch. Work continues to identify value for money initiatives as part of the continued drive for all business areas to deliver more for less.

We know from the People Insight survey that staff are less engaged than previously. While this is normal during periods of change and uncertainty, they also cite pay as the most significant issue in terms of morale. The position with public sector pay over last four years, together with increased competitiveness of the external market have resulted in increased attrition and the loss of valuable, knowledgeable members of staff. Whilst managed thus far, any further attrition in key areas leaves the organisation exposed to lack of knowledge and skills.

▼

SLC's Executive Leadership Team and Senior Management Team are currently reviewing the People Insight survey and will be consulting with staff members to agree what measurable changes can be made to influence the way people feel about their working environments and the Company as a whole. There is very limited scope to deal with the pay issue but other considerations in terms of total reward could potentially be better explained/sold.

09.

APPENDIX 1- ABOUT SLC

SLC IS A NON-PROFIT-MAKING GOVERNMENT-OWNED ORGANISATION SET UP IN 1989 TO PROVIDE LOANS AND GRANTS TO STUDENTS AT UNIVERSITIES AND COLLEGES ACROSS THE UK.

In doing so, we support a key priority of our Government Sponsors – ensuring sustained growth and higher skills across the economy.

We work closely with the Departments for Business, Innovation & Skills (BIS), Education and Lifelong Learning (DELL, Scotland), the Department for Education and Skills (DfES, Wales) and the Department for Employment and Learning (DEL, Northern Ireland). We also work with the Student Awards Agency for Scotland (SAAS), Education Authority in Northern Ireland(EANI), Higher Education (HE) and Further Education (FE) providers, HM Revenue & Customs (HMRC), Identity and Passport Service (IPS) Department of Work and Pensions (DWP), Government Digital Services (GDS) and other delivery partners.

9.1 WHAT WE DO

OUR CORE FUNCTIONS ARE TO:

ASSESS:

provide information, advice and guidance (IAG) on student finance

process applications for students and learners in higher and further education

PAY:

pay loans and grants to students in higher education

pay tuition fees to higher and further education providers

make educational maintenance payments to students aged over 16 in Northern Ireland and Wales

pay bursaries and scholarships on behalf of higher and further education providers

REPAY:

work with HMRC to collect loan repayments

manage direct collection from customers making voluntary additional payments, living overseas or repaying grant and loan overpayments

We also provide expert operational advice and high quality data and information to support Government Administrations' policy-making and analysis.

SLC CURRENTLY HAS AROUND

2250 STAFF
ON PERMANENT CONTRACTS

LOCATED ACROSS FOUR SITES

GLASGOW (CITY)　GLASGOW (HILLINGTON)　LLANDUDNO JUNCTION　DARLINGTON

WE ALSO HAVE **UP TO 1,500** **ADDITIONAL STAFF** SUPPORTING US AT PEAK TIMES OF THE ACADEMIC YEAR THROUGH OUTSOURCED SERVICE PROVIDERS AND TEMPORARY OR FIXED TERM CONTRACTS.

We provide the core transaction processing function for the administration of student finance for the UK (except for applications in Scotland which are administered by SAAS). We are one of the largest Financial Services providers in the UK. We currently:

Process around 1.7 million student finance applications per annum

Pay around £7 billion in maintenance loans and grants and around £7.5 billion to learning providers in further and higher education in respect of tuition fee loans

Work closely with 825 Higher Education Institutions (HEIs), 570 Learning Providers and 650 Learning Centres

Manage a loan book with a total gross value of £74 billion

Collect £2 billion in repayments

Hold and manage the personal details of 6.9 million customers - therefore have an important relationship with 9.3% of the population of the UK

10.

APPENDIX 2 - OUR VISION, MISSION AND VALUES

OUR VISION, MISSION AND VALUES UNDERPIN THE STRATEGIC DIRECTION FOR SLC, OUR CORE PURPOSE AND THE WAY IN WHICH WE SHAPE OUR ORGANISATIONAL CULTURE AND PRIORITIES.

Our Target Operating Model, Process Management Framework Corporate and Business Plans together with other supporting plans and strategies underpin our Vision, Mission and Values and ensures that everything we do contribute towards achieving these.

10.1 OUR VISION

Our Target Operating Model, Process Management Framework Corporate and Business Plans together with other supporting plans and strategies underpin our Vision, Mission and Values and ensures that everything we do contribute towards achieving these

OUR VISION IS TO BE VALUED AS A DIGITAL, CUSTOMER-FOCUSED CENTRE OF EXCELLENCE

DIGITAL

Captures the transition we're making from being an organisation that still relies heavily on manual processes to one that will, for most customers, be wholly automated and accessed via the internet or mobile device of their choice

CUSTOMER FOCUSED

Reflects our aspiration to provide a high-quality service to our customers, whatever their needs and preferences, allowing them to transact their business with us – whether it's accessing funding, making repayments or tracking their account – quickly, easily and conveniently. User experience and customer feedback will shape the design of our systems and processes.

It also marks our determination to get things right first time, so that we compare favourably with other public sector best-in-class customer service organisations.

CENTRE OF EXCELLENCE

Looks to the future. We already have a wide range of expertise across the Company in assessment, payment and repayment services and replacing our core systems will give us the capacity to further develop and expand this expertise, enhancing the Company's growing reputation as a centre of excellence in these areas.

This will enable us to provide services outside student finance and we will look to explore opportunities across Government and potentially beyond.

10.2 OUR MISSION

Our Mission sets out what we do, how we do it and why we do it.

It describes our current remit – why we exist and what we're doing today, tomorrow and in the months ahead:

WE ENABLE OUR CUSTOMERS TO INVEST IN THEIR FUTURES BY DELIVERING SECURE, ACCURATE AND EFFICIENT ASSESSMENT, PAYMENT AND REPAYMENT SERVICES.

WHAT
WE DO

Has three main components: we assess eligibility, we make payments and we provide repayment services for student finance. Everyone in the Company – whatever their role – is supporting these activities, even if they aren't directly involved in providing them.

HOW
WE DO IT

Stresses both the need to do things right first time with minimum fuss, so that customers get what they need from us easily and we don't waste time and money. Part of this is ensuring that we have the right balance between our back office support functions and our front office functions which directly deliver services to customers.

'How we do it' also highlights the very real need to deal with personal information carefully and sensitively.

WHY
WE DO IT

We're here to provide finance to our customers to enable them to invest in their futures. We help them access funding to enhance their knowledge, improve their skills and increase their opportunities, contributing to economic growth.

10.3 OUR VALUES

Our Leading the Way Framework sets out the Values which shape the attitude, approach and positive ways of working we seek to embed in our organisational culture. We want to build a workforce with the right skills and capabilities to deliver the best possible, customer focused services.

As an organisation we strive to achieve performance excellence. We can only do this if each individual sets out to achieve this in everything they do and we'll ensure we recognise success for those who excel through our performance development process and performance related pay.

We will work together to deliver the best outcomes for our customers, stakeholders and Government Sponsors in the most professional and efficient way, challenging each other to continually improve and innovate. We will recognise and celebrate success at individual, team and company level.

THE EXECUTIVE LEADERSHIP TEAM ARE COMMITTED TO DEMONSTRATING SLC'S VALUES AND EMBEDDING THEM FURTHER WITHIN OUR CULTURE.

The new Executive Leadership team are committed to demonstrating SLC's Values and embedding them further within our culture. This commitment is underpinned by actions and initiatives contained within the People Insight Survey Corporate Action Plan – which will set out the Executive Leadership team response to the company wide "Your Voice" People Insight survey. In addition, our performance management and development process is being reviewed to strengthen how we manage the performance of our people. There will be a renewed focus on not just what each individual does to achieve their objectives, but how they do this by demonstrating how they live our Values and build a culture which will support the delivery of our Vision and Mission.

11.

APPENDIX 3 - PERFORMANCE MEASURES

PERFORMANCE MEASURES AGAINST EACH OBJECTIVE CAN BE FOUND IN THE FOLLOWING TABLES.

1.1	Develop and build the necessary capabilities to replace CLASS by replacing the core banking platform and the pay and repay functionality
	Programme RAG status: (Green = fully on track to meet FY2015-16 milestones)

1.2	Deliver in year priorities of our Security Programme
	Programme RAG status: (Green = fully on track to meet FY2015-16 milestones)

1.3	Continue to realise benefits and further embed benefits realisation within the organisation
	Provide the Board with timely and relevant information relating to financial benefits achieved as a result of transformation and other change initiatives. (No target for FY2015-16)

1.4	Complete and implement SLC's Target Operating Model and Process Management Framework to support a fit for purpose future business model
	Programme RAG status: (Green = fully on track to meet FY2015-16 milestones)

1.5	Develop, build and launch the new Post Graduate Loans product
	Programme RAG status: (Green = on track to launch on the agreed date)

1.6	Continue to develop digital solutions which meet our customer needs
a)	Combined weighted online customer experience for SFE applicants is to be ≥ 78.2% (which equals FY14-15 outturn + 1% points)
b)	Combined weighted online customer experience for SFW applicants is to be ≥ 72.1% (which equals FY14-15 outturn + 1% points)

2.1	Improve customer satisfaction with our services
a)	Aggregated Apply-To-Pay Customer Satisfaction (applicants & sponsors, SFE & SFW) to be ≥ 83.8% (which equals FY2014-15 outturn + 0.5% points)
b)	Repayer Customer Satisfaction (all HE & FE loan products) to be ≥ 77.2% (which equals FY14-15 outturn)
c)	Number of Complaints per 1,000 customers to be ≤ 2.1
d)	Number of Accepted Complaints per 1,000 customers ≤ 0.66 (c and d are new measures, but the targets represent an improvement on FY2014-15 performance)

2.2	Run our Assess to Pay processes within agreed service levels

a) HE Assessed By Start Of Term: (Full Time HE only, loans and grants, England & Wales) ≥ 99% of applications that were received before the published deadlines are to be processed before the start of term;

b) HE Assessed in 20 working days: (Full Time HE only, loans and grants, England & Wales) ≥ 70% to be processed within 20 working days;

c) HE Assessed in 30 working days: (Full Time and Part Time HE, loans and grants, England & Wales) ≥ 95% to be processed within 30 working days;

d) DSA and CCG (England & Wales): ≥ 95% of applications and Needs Assessments reports to be processed within 10 working days of receipt and ≥ 95% of Childcare Grant applications (CCG1s and CCG2s) to be processed within 20 working days of receipt

e) FE (England, Wales & NI): ≥ 95% of "straight through" 24+ applications to be processed within 5 working days; ≥ 95% of all other 24+ applications to be processed within 20 working days; 100% of non-peak EMA/WGLG applications to be processed in 7 working days; ≥ 90% of peak EMA/WGLG applications to be processed in 14 days; 100% of peak EMA/WGLG applications to be processed in 21 working days; 100% of EMA/WGLG evidence items to be returned within 15 working days.

f) HE Maintenance Payments: ≥ 95% of Higher Education (HE) Full-Time (FT) maintenance payments are to be made within 1 working day, and ≥ 99% within 2 working-days of their due-date.

g) HE Tuition Fees Payments: ≥ 99% of HE tuition fees (FT & PT) are to be paid on their weekly Wednesday deadline.

h) FE Payments (24+, EMA etc): ≥ 96% of FE payments are to be paid on their weekly or fortnightly deadline. (This covers 24+ALL for England, WGLG for Wales, and EMA for both Wales and Northern Ireland).

i) Bursary Payments: ≥ 99% of Bursary payments are to be made by their due date.

2.3	Run an effective Repayment Service, collecting every pound due

Repayment of Income Contingent Repayment (ICR) Loans

a) Percentage of ICR borrowers in a repayment channel or fully repaid by the time they enter repayment to be ≥ 96.5% (which is 1% point higher than the FY2014-15 out-turn).

b) Percentage of UK-resident ICR borrowers starting the year with remaining debt who are in a repayment channel or fully repaid by the end of the year to be ≥ 89.6%, (which is 1% point higher than the FY 2014-15 out-turn).

c) ≥ 73% of borrowers from past ICR cohorts who are UK citizens resident overseas to be in a repayment channel. (Target increased mid-year through MoU).

d) ≥ 56.5% of borrowers from past ICR cohorts who are EU citizens (non-UK) resident overseas to be in a repayment channel. (Target increased mid-year through MoU.)

e) Report the number of "found" and "unmatched" borrowers not making payments (new measure with no target in FY 2015-16).

Recovery of Grant Overpayments (RGO)

f) Average monthly Recovery of Grant Overpayment amount to be at least £44.24

g) Percentage of Grant Overpayment accounts to be making a repayment to be at least 27.4% at year-end.

2.4	Resolve customer contacts in a timely and effective manner

a) For SFE, the Percentage of Calls Answered (PCA) is to be ≥ 90% and should never fall below 70% for any two consecutive weeks;

b) For ICR, the Percentage of Calls Answered (PCA) is to be ≥ 90% and should never fall below 70% for any two consecutive weeks;

c) For SFW, ≥ 87% calls should be answered within 60 seconds.

d) For SFNI, ≥ 87% calls should be answered within 60 seconds.

e) For FE services for NI and Wales, ≥ 90% calls are to be answered within 180 seconds.

2.5	Create a robust new IT network and associated infrastructure ensuring that all out of support and/or legacy systems are either replaced or remedied and that appropriate disaster recovery capability exists
	RAG status against project milestones in the following four categories is to be adjudged green: (Green = fully on track to meet FY2015-16 milestones)
a)	Disaster Recovery and Data Centre Consolidation
b)	Infrastructure Remediation
c)	Network Remediation
d)	Storage and Backup Capability;
	and
e)	The overall availability, usability, stability and performance of SLC's network and infrastructure is to be rated green.

2.6	Develop, build and launch services for the forthcoming Academic Years across our HE, FE and Repayment Services including in year delivery of our Repayment Strategy to increase yield
	Programme RAG status for a) HE, b) FE and c) Repayments (including Yield) (Green = fully on track to meet AY15/16 and AY16/17 deliverables)

3.1	Develop and manage resourcing and sourcing plans to support delivery of the SLC wide portfolio
a)	For five key roles, namely Java Developer, BA/BSA, QA Tester, Oracle Developer and Project/Programme Manager, Permanent and Fixed-Term staff should on average comprise ≥ 54% of the headcount by year-end (individual targets exist for each role);
b)	The headcount for Operations and Customer Services Directorate should cover ≥ 90% of demand;
c)	Sickness Absence should be ≤ FY2014-15 outturn, i.e. ≤ 4.5%
d)	Turnover should be ≥ 10% and < 14%

3.2	Build or acquire the necessary skills and capabilities to meet the organisation's future needs
a)	Leadership Development Programme milestones – progress is to be rated green
b)	Digital Delivery capability – SLC should have sufficient resources in place (whether internal or 3rd party) to meet our delivery requirement.
c)	L&D Programme milestones – progress is to be rated green

3.3	Build or acquire the necessary skills and capabilities to meet the organisation's future needs
a)	The management of initiatives aimed at improving employee recognition is to be rated "green"
b)	Progress in launching new reward initiatives is to be rated "green".

3.4	Review, further develop and digitalise our current internal policies and practices
	Schedule of policies and practices are to be refreshed in line with quarterly milestones

3.5	Re-double our efforts to improve employee engagement using People Insight to track and monitor progress
a)	The engagement score in the annual People Insight Survey is to be an improvement over FY2014-15 (i.e. ≥ 59%).
b)	Milestones in the Corporate Action Plan are to be met, and other available indicators of employee engagement are to improve.

3.6	Continue to mainstream and embed Equality, Diversity and Inclusion in all that we do
	EDI actions (including those arising from the FY14-15 Equal Opportunities & Diversity Monitoring reports), are to be completed in line with specified quarterly milestones.

4.1	Deliver agreed services within budgets
a)	Budget Variance Year-end Department Expenditure Level (DEL) is to outturn between +1% (underspend) and -0% (overspend) against the approved budget, for each of the four administrations, (BIS, SAAS, DfES and DELNI), with a further split of BIS budget between Higher Education and Further Education.
b)	Forecasting Accuracy At year-end, the amount paid out in loans is to turn out within ±2.25% of the mid-year forecast and within ±1% of the 10-month* forecast; the amount paid out in grants is to turn out within ±1.75% of the mid-year forecast and within ±0.75% of the 10-month* forecast. *The second in-year forecast may actually be at either Month 9 or Month 10

4.2 Deliver against our in-year savings targets, achieving value for money, as set out in our Medium Term Financial Plan

In-year savings of £4.01 million are to be achieved in FY2015-16

4.3 Deliver in year initiatives to reduce fraud and error across our services as part of the Fraud and Error Reduction Strategy

Fraud:

a) Return on Investment (ROI) from Fraud Prevention activity to be at least 17:1

Assessment Accuracy

b) The net financial variance arising from errors in assessments will be ≤ 0.5%.

4.4 Deliver in year initiatives against our Commercial Strategy, improving our commercial capabilities

a) Validated in-year savings of £856,280 are to be achieved as a result of Commercial initiatives.

b) Improvement in SLC's commercial capability is to be rated green

4.5 Implement and further embed the recommendations and plans resulting from our recent Corporate Governance review

Programme RAG status: (Green = fully on track to meet FY2015-16 milestones)

4.6 Assist BIS and HMT in future sales of the loan book

Overall RAG status of the programme (Green= SLC should have in place a robust, repeatable reconciliation process that will allow any future debt sale activity to proceed smoothly.)

4.7 Continue to take action to ensure the future sustainability of the company Pension

Our plan to ensure the future sustainability of pension provision is to be adjudged GREEN, i.e. fully on track to deliver successfully against our strategy to transfer active members into the Civil Service Pension Scheme.

12.

APPENDIX 4 -
OUR ORGANISATION
STRUCTURE

Our organisation structure is shown below.

Mick Laverty
Chief Executive

David Wallace
Deputy CEO &
Exec Director Finance,
Strategy & Corp
Services

Jacqueline Young
Finance Director

Christine McAllister
Head of
Communications

Jim Maguire
Head of Corporate
Services

John Brown
Company Secretary &
SIRO

Kerry Kirk
Head of HR

Paul Smith
Head of Partner
Services

Maggie Wightman
Head of Planning &
Policy

Derek Ross
Executive Director
Customer Services
and Operations

Mark Cassidy
Head of Processing
Services

Christine Nunn
Head of Customer
Services

Claire McGhee
Head of Marketing

David Thomson
Head of Product &
Service Management

Angela Donaldson
Head of Ops
Performance
/ Finance Business
Partner*

Paul Mason
Executive Director
Repayments, Counter
Fraud & Commercial

Kevin O'Connor
Head of Repayments

Heather Laing
Head of Counter
Fraud Services

David McGonigle
Head of Commercial

Alan Dickson
Head of Loan Assets
& Sales / Finance
Business Partner*

Jacqueline Steed
Chief Digital Officer

Tom Fitzpatrick
Chief Technical Officer

Dwayne Pascal
Head of Digital
Delivery & Customer
Solutions

Brian Morris
Head of Programme
Management

Suzanne Borland
Interim Head of
Design Authority

Norman MacLeod
Head of Banking
Platform Solution

Pat Brady
Interim Information
Technology Security
Officer

Stephen Neilson
Head of Benefits
Realisation / Finance
Business Partner*

As of Sept 2015

*Additional reporting line to Finance