

**Select Committee on Lifelong Learning – 7 September 2005**

**Report of the Director of Children’s Services**

**DfES Review of Higher Education Student Finance Delivery: Consultation**

**Purpose of Report**

1. The purposes of the report are to inform the Committee about the review and to seek approval to a consultation response. The report also proposes an alternative method of service delivery for student finance.

**Background**

2. On 7 June 2005, the Department for Education and Skills (DfES) announced to Parliament the terms of reference for a review of higher education student finance delivery.
3. A national Review Team has been established which will have regard to the Government’s principles for improving public service delivery, including:
  - a focus on customer needs, including advice provision and under-represented student groups;
  - an efficient and effective delivery process with appropriate use of technology to improve customer service;
  - clear objectives and challenging performance measures, benchmarked against comparable services;
  - the need for a strategic relationship between the DfES and any delivery organisations, with clear responsibility and accountability lines and effective management of delivery risks; and
  - the service demonstrates value-for-money and is sufficiently flexible to deal with possible future changes in the higher education environment.
4. The review will also consider the future role of the Student Loans Company (SLC) in improved delivery arrangements.

5. There is no mention of local authorities in the remit for the Review Team. However, the consultation responses from delivery partners (including local authorities), users of the service and other interested partners will be considered by the Review Team.
6. The review will recommend options for change to the service and delivery system for Ministers to consider, rather than a single recommendation, and is due for completion by November 2005. Responses are due to be returned by 5 October 2005.
7. It is clear that the DfES wish to move the agenda forward whilst awaiting the recommendations of the review. In February 2005 the DfES announced it was planning to trial two possible alternative delivery models for student finance delivery during the 2006/07 application cycle.
8. The first pilot will be of a fully-centralised service (except for pre-application information and advice), whereby all responsibilities currently discharged by participating local authorities will be transferred to the SLC for the 2006/07 cycle.
9. The second pilot will test a partially-centralised model, under which basic administrative tasks – such as data entry – will be handled centrally, while the assessment of students' entitlement and other more complex tasks would still be performed by local authority staff.
10. The pilots will be evaluated against a control group of local authorities operating under the current arrangements, which has over 170 local authorities working on the national IT system.
11. Any change in the delivery mode will have a local impact. The proposed response is based on the following principles:
  - the need to keep services 'local' for local people;
  - the need for local access to complex service provision for under-represented and vulnerable student groups such as disabled students and single parents;
  - the need for continuous improvement and standardisation of service delivery;
  - a corporate need to seek efficiency improvements;
  - a need to rationalise the number of providers, giving economies of scale and promoting cross-authority working; and

- a need to realise benefits of ICT investment but recognising the need for multiple access channels.
12. One possibility which could be explored locally would be to develop an integrated sub-regional Student Finance Service with local outposts. This could lead to economies of scale while maintaining local access to support.

### **Finance**

13. An integrated sub-regional Student Finance Service could lead to economies of scale.
14. If the DfES decide on a single agency approach, local authorities would no doubt be subjected to commensurate reductions in Government funding.

### **Law**

15. Local authorities currently administer the Higher Education Student Support system under transferred functions on behalf of the Secretary of State for Education and Skills.

### **Equality Impact**

16. In order to address local access issues it would be desirable to enable the handling of complex cases at 'satellite' centres, such as Dudley Council Plus, whilst maintaining a single central office.
17. The use of video links could also help to address customer access issues.

### **Recommendation**

18. It is recommended that the Committee consider and comment on the following proposals:
- The response should set out the case for the continued local provision of a student finance service.

- The response should outline the possibility for a rationalisation of provision, based on a sub-regional Student Finance Service with local outposts.



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**List of Background Papers**

1. DfES 'Review of Higher Education Student Finance Delivery : Consultation', 13 July 2005.
2. Independent Review of Public Sector Efficiency, July 2004 (Gershon Report).