



House of Commons Education Committee Accountability Hearings: Summary

House of Commons - Committee Summary

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House of Commons Education Committee Accountability Hearings 30 October 2018

Witnesses

- Paula Sussex, chief executive officer, Student Loans Company
- Christian Brodie, non-executive chair, Student Loans Company

Overview

During a session focussing on the operations of the Student Loans Company, the House of Commons Education Committee asked a panel of experts about the leadership and governance of the organisation, the work of the former chief executive, the new strategy, fraudulent claims, overpayments and a variety of other issues.

Leadership and governance

Thelma Walker (Lab, Colne Valley) asked the panel what steps had been taken to improve the leadership and governance of the Student Loans Company (SLC).

Paula Sussex, chief executive officer of the SLC, said that governance and communications has improved significantly since she had taken over. Leadership was an area of particular focus for her, Sussex explained, and outlined how she hoped to improve leadership throughout the organisation.

Christian Brodie, non-executive chair of the SLC, told the committee how approaches to recruitment had changed and provided more detail behind the recruitment of the new chief executive. He believed progress on the culture of the organisation had been made under the interim chief executive and that progress had continued under Paula Sussex.

Staff morale was being addressed with clear and concise action he told the committee. There would also be a programme of evaluation of interventions both Brodie and Sussex agreed, following another question from Thelma Walker.

Sussex had been to visit the three locations of SLC offices, Glasgow, Darlington and Llandudno, and had met with and spoken to staff at all sites to get a better understanding of what changes were needed.

Steve Lamey

Chair of the committee, Rob Halfon (Con, Harlow) asked why the organisation had been such a 'shambles' in the first place and who was responsible for it.

Brodie said he regretted the recruitment of Steve Lamey and what had happened under his tenure. He disagreed that the organisation was a 'shambles' and pointed out how, of 41 performance indicators, 36 were on course to be met. 'The organisation was performing well' he added and pointed out how customer complaints were at a very low level and operationally, the organisation was doing very well.

Halfon asked why whistle-blowers were needed to come forward, rather than other indicators of poor performance and individual behaviour.

Brodie explained how he had been in contact with those wishing to make complaints about practices under Steve Lamey before Lamey was suspended and pointed out how the board had moved quickly to suspend him once further evidence had been uncovered.

Halfon asked what changes had been introduced to ensure this never happened again.

Considerable changes had been made to recruitment practices, Brodie explained, to prevent such events reoccurring. Formal whistleblowing procedures had also been revised as a result of the events, he explained.

Ian Mearns (Lab, Gateshead) said the subsequent NAO report into the hiring and firing of Steve Lamey had been critical of the SLC's recruitment and lack of consideration of concerns from employees and previous colleagues.

Brodie explained that the concerns were about Steve Lamey's management style in his previous role at HMRC.

Mearns asked if the SLC had or were to review every decision Lamey had introduced or undertaken within the SLC, especially over concern with the Nolan principles.

Brodie confirmed that such a review had taken place and a significant reorganisation of the responsibilities of the leadership team had occurred subsequently. A number of significant adjustments had occurred across the organisation as a result of the examination of the previous decision making, he added.

Strategy

Following criticism from Halfon about a large amount of jargon in the strategy document, Sussex accepted criticism and explained how their customer needed to come first. She noted how levels of satisfaction amongst students were high and she added emphasis on improved customer service within the strategy.

She explained how the SLC was looking to become more 'paperless' and would use Facebook more to make engagement with students much easier.

The strategy would be 'reframed' Paula Sussex told the committee.

Improvements

Ian Mearns asked the panel whether they were confident that the required improvements would be made to the operation of the SLC.

Sussex was confident that improvements could and would be made and asked for 'breathing space' to allow the organisation to make the changes that it needed to make. New IT systems needed 'time to be straightened out' she explained, which would lead to an increase in customer satisfaction.

Lucy Powell (Lab, Manchester Central) asked, given the complexity of the organisation, whether greater clarity was needed about the terminology used in the student loan system. She wondered whether the panel would advocate a graduate tax system.

Christian Brodie said the current system held a number of advantages over a graduate tax, including the fact that taxes were not enforceable overseas, and it was very difficult to 'sell taxes forward'. There was agreement from the panel that the language used by Government and the SLC needed updating and the terms 'debt' and 'loan' did not represent the products the SLC offered.

'The terminology we use it not as helpful as it could be' Brodie added.

When asked whether changes to language could help with some of the administrative problems the SLC faced, the panel hoped this would be an area that would be addressed. He suggested changing the name of the company to the 'Student Finance Company' to more accurately demonstrate what the organisation did.

Fraudulent claims

Marion Fellows (SNP, Motherwell and Wishaw) asked the panel about the number of fraudulent claims brought forward, especially those from international students.

Paula Sussex said the organisation's handling of the issue could have been better and those affected by the problem were contacted immediately. The process of auditing for fraud would always be carried out, she explained. The sample size was not the problem, she went on to say, but it was how the investigation was carried out.

Fellows asked whether the excessive amount of information required to prove fraud was not taking place indicated a lack of trust in the system.

Sussex said the requirements were onerous and the SLC were always looking at ways to lighten the administrative burden and move towards more digital practices.

Ian Mearns suggested that this should be one part of the organisation leadership should look to 'humanise' and Rob Halfon highlighted cases of where social media accounts had been accessed to disprove a claim.

Brodie said the SLC had a duty to guarantee value for money for the taxpayer and would look at publicly available information to support claims but would not be drawn on whether he approved of 'trawling through Facebook' which Rob Halfon described as 'creepy' and 'KGB like'.

Halfon called on the SLC to look into this practise and consider whether more appropriate measures could be adopted.

Government functions

Lucy Powell asked whether fraudulent claims aspects of the application, such as assessing family income, could be handled better in other Government departments.

Paula Sussex suggested that this could be one area where government could look to streamline the application process.

Powell suggested maintenance loans could be taken out of the remit of the SLC and handled by the Department for Work and Pensions.

Sussex said such decisions would need to be taken by Government.

Other students

Marion Fellows asked the panel what they did to ensure the SLC did not discriminate against students for whom standard loans, practices and policies were not appropriate.

Sussex said she was 'enormously familiar' with the types of individuals concerned and how incredibly stressful the process could be for some. Her focus would be on communications with those individuals and within the SLC as well to ensure those messages were effective and helpful.

Overpayments

Ian Mearns asked the panel about overpayments and payment penalties. He noted how, in 2018, 40 individuals overpaid by more than £10,000 and asked how the SLC could prevent this in future.

Brodie pointed out how 34 per cent of individuals in the last two years of their repayment had switched to a direct debit system, which was more accurate. He acknowledged that more needed to be done to switch individuals over onto this system. The issue was being worked on and in a few years, Brodie explained, the problem would be reduced significantly in the 2019/20 financial year.

Compensation to students had increased in the last year, Mearns noted.

146 students had been paid compensation last year Brodie answered. He didn't believe firm conclusions could be drawn from 146 compensation claims against more than eight million customers.

Mearns suggested there could be a number of hidden cases of customer dissatisfaction.

Investment in the SLC

'Do you think the organisation needs investment to improve' Mearns asked the panel.

'Definitely' Sussex replied quickly.

When asked about the cost of an IT service that would be 'fit for purpose' by Rob Halfon, Sussex said it would cost 'tens of millions'.

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