Dear Mr Halfon

Thank you for the opportunity for SLC’s Chair Christian Brodie and me to appear before the Education Select Committee on Tuesday 30 October. It was a valuable opportunity for us to be able to set out some key issues facing the company and I do hope that we were able to give you a useful overview of our overall positive performance as well as describing some of the challenges we face.

During the session I said I would write with some more information about certain aspects of the audit of the eligibility of estranged students that we undertook earlier this year. I have set out these points below.

**SLC’s audit of the eligibility of estranged students**

As an organisation that distributes public funds, it is vital that we take action to identify and prevent fraud, and this includes sample checking of our customer base.

Accordingly, in January 2018 we commenced an audit of a random sample of 150 first year estranged students. This particular group of students was selected because we had implemented a recent change in the application process for estranged students, and the audit was designed to check if the amended process was susceptible to fraud.

Following concerns raised with my predecessor, SLC’s former interim CEO, Peter Lauener, we conducted a comprehensive review / lessons learned exercise relating to this audit and concluded that while the audit had uncovered a small number of cases where ‘estranged’ status was not justified, we hadn’t been sufficiently sensitive to the particular needs of estranged students in the way we conducted the audit.

Peter wrote to those students whose funding was reduced or delayed as part of this audit where no fraud was proven to apologise for any hardship caused and to invite them to make a formal complaint to us. I too would like to offer my apology for any hardship or distress that we may have caused as a result of this audit and provide my assurance that we will learn from this and carefully implement the recommendations of our review.
We have worked with our Vulnerable Students’ Stakeholder Group to better understand the needs of estranged students, and as a result of this we are also currently reviewing the student finance application process for estranged students to ensure it is fit for the needs of this group. We are including relevant stakeholders in this review to ensure the needs of estranged students are represented. I would be happy to report back to the Committee on this at a future date.

**Recommendations of the review of our audit of estranged students**

I committed to sharing with the Committee the recommendations of our review of the estrangement audit. Please find these below:

1. *Taking into consideration the results of the audit and subsequent review, SLC to conduct a process review of its application and assessment process for estranged students, utilising the ‘empathy mapping’ tool and incorporating feedback from stakeholders including VSSG members, Stand Alone and DfE.*

2. *SLC to implement a formal escalation process to set out a clear route of escalation from SLC’s various stakeholder groups to its Executive Leadership Team, to ensure prompt and appropriate escalation when concerns are formally raised by stakeholders.*

3. *SLC to formally consider the specific needs of particular student groups in designing audit processes.*

4. *For any future audits of this nature, students accounts to be checked for existing evidence of vulnerability (such as mental health issues or court orders) before the audit commences.*

5. *Following the implementation of GDPR on 25 May, SLC to undertake a Data Protection Impact Assessment (DPIA) ahead of any similar audit.*

6. *In any future audit, SLC to use additional methods for contacting students, including email and SMS.*

7. *In any future audit, first contact letter to clearly explain that the student has been selected as part of a random sample and care should be taken to ensure the letters do not mislead students to believing they have been accused or suspected of fraud.*

8. *SLC to review in full the template letters used in this audit, taking particular consideration of the inclusion of information about appeals/complaint processes in their final audit letters; and making clear in final audit letters that evidence can still be accepted beyond this point.*

9. *In any future audit, consideration to be given to the specific needs of that customer group in determining timescales for supplying evidence.*
10. **In any future audit (where no fraud is suspected)** students to be ‘non-means tested’ (deemed to be eligible for non-means tested maintenance support) rather than ‘zero assessed’ (made ineligible) at the point of no response.

11. **SLC to consider including other parts of the business in the management of future sample audits of this nature.**

12. **SLC to work with Higher Education Institutes (HEIs) to review existing Service Level Agreements (SLAs) around the provision of timely and accurate withdrawal notifications, including consideration of where and how often HEI performance against SLAs is reported.**

**Privacy controls and measures**

Marion Fellows MP asked how we assessed students’ right to privacy ahead of our audit of estranged students.

SLC’s Data Protection Office carried out an investigation into the data processing and privacy aspects of this audit and this included reviewing the methods and techniques currently utilised by our counter fraud team in fulfilling our public task of administering student finance in the UK and ensuring that public funds are used appropriately. Our investigation confirmed that privacy issues were considered at the outset of the process in question in accordance with our obligations under the then applicable legislation. I have set out below a brief summary of some key findings for your reference.

At this time of this audit (January 2018) it was not required under the Data Protection Act 1998 for a formal Privacy Impact Assessment (“PIA”) to be carried out prior to launching such an exercise and as such, a PIA was not carried out prior to the exercise.

Although a PIA was not completed for this particular exercise, best endeavours were made by SLC to build in the necessary rights and protections to allow SLC to perform its duties and fulfil the applicable obligations. This included by way of example:

- the Customer Privacy Notice (pre- 25 May 2018), which explained that a student’s information may be used to detect and prevent fraud and/or money laundering; and
- the Customer’s 2017/18 Student Finance Declaration explaining the student’s obligations and the conditions that may trigger withdrawal of funding.

Since 25 May 2018 under GDPR it is a legislative requirement for Data a Protection Impact Assessment (“DPIA”) to be carried out in certain circumstances, and in compliance with this legislation we have now included a DPIA in our process for future audits and other counter fraud exercises.

As part of our investigation we have further identified that a DPIA carried for any similar exercise in future should take consideration of the Information Commissioner’s Office (ICO) current code of practice regarding collecting information from the internet.
Social media

You asked about SLC accessing customers’ publicly available information, including publicly available information on social media, and I committed to look into this further and respond in writing.

The SLC does not access our customers’ social media profile as part of our standard application processes. However, from time to time, and specifically as part of sample checking activity our counter fraud team does access customers’ publicly available information, including information that may be publicly available on social media, as part of its investigations.

It is important to note that we only access information that is in the public domain, we have no access to our customers’ private social media profiles and we do not attempt to access these in any way.

In the case of the audit of estranged students, we did not view or attempt to view the publicly available social media profile of all 150 students involved in the sample. However, in cases where further verification of evidence was required, we did access students’ publicly available information including publicly available information on social media as part of this verification.

In this audit, as in all investigations by our counter fraud team, any evidence we did access through social media was not used in isolation to inform a determination on a case. Rather, this was used in combination with other information gathered as part of the investigation including conversations with the relevant customer. We will always provide a customer with the opportunity to explain or provide further context to any publicly available information we have accessed.

Whilst I cannot discuss individual cases without customer consent, I can confirm that no customer had their status as an estranged student revoked or otherwise changed based solely on information from their publicly available social media profile.

The SLC’s counter fraud team works closely with counter fraud services from across Government. We were founding members of the Government Counter Fraud Profession, which works to set consistent counter fraud standards across the government. We also adhere to the Counter Fraud Functional Standards set by the Cabinet Office. I am therefore confident that the practices of our counter fraud team are aligned to those of rest of Government.

Having considered the above information, I am content that our action in accessing publicly available information as a part of counter fraud investigations and audits is a proportionate and effective way of detecting and preventing certain types of fraud, and is in keeping with our responsibilities to protect public funds.

Once again, I thank you and the Committee for providing us with the opportunity to appear and I look forward to working closely with you on student finance issues in the future. I would also like to take this opportunity to extend an open invitation to the Committee and its staff or indeed any individual member of the Committee to visit the SLC at our sites in Glasgow, Darlington or Llandudno Junction. I would be delighted to welcome you and to provide a detailed overview of how we enable
our customers to invest in their futures by delivering secure, accurate and efficient assessment, payment and repayment services for student finance. If the Committee or any individual member is interested in visiting any of our sites, please do not hesitate to contact me directly in order to arrange.

Yours sincerely

Paula Sussex  
Chief Executive