**Comptroller and Auditor General
Special Report**

Restructuring the Administration of Student Grants

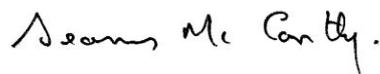# Report of the Comptroller and Auditor General

Restructuring the Administration of Student Grants

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act 1993, carried out an examination of the restructuring of the administration of student grants.

This report was prepared on the basis of information, documentation and explanations obtained from the bodies and persons referred to in the report. The Department of Education and Skills, City of Dublin Education and Training Board (CDETB) and the Department of Public Expenditure and Reform were asked to review and comment on the draft report. Abtran Limited was asked to review and comment on relevant parts of the draft report. Where appropriate, the comments received were incorporated in the final version of the report.

References to third parties (named or otherwise) are incidental to the purposes of assessing the performance by the Department of Education and Skills and CDETB of administrative functions including contract management systems. Consequently, the report should not be read as constituting any comment, opinion or judgement by me in respect of any third party.

I hereby submit my report for presentation to Dáil Éireann in accordance with Section 11 of the Act.

Seamus McCarthy
Comptroller and Auditor General

10 February 2015

Contents

Abbreviations

BTEA	Back to Education Allowance
CDETB	City of Dublin Education and Training Board
CDVEC	City of Dublin Vocational Education Committee
Department	Department of Education and Skills
DPER	Department of Public Expenditure and Reform
EU	European Union
FTE	Full time equivalent
HEA	Higher Education Authority
IT	Information Technology
OECD	Organisation for Economic Co-operation and Development
SUSI	Student Universal Support Ireland
VAT	Value Added Tax
VEC	Vocational Education Committee

Summary

Summary

The State, through the Department of Education and Skills, provides student grants which totalled €366 million in 2013 (€355 million in 2012). Grants are payable in respect of tuition and other fees, and for maintenance of students. The Department funds these student grants from the Vote for Education and Skills, and is responsible for ensuring that students receive the support to which they are entitled on a timely basis.

Reform of student support

Up to and including the academic year 2010/11, there were three means-tested grant schemes for third level students and a separate means-tested scheme for students attending post leaving certificate courses. The schemes dealt with different cohorts of students and were administered by 66 agencies – 33 local authorities and 33 Vocational Education Committees (VECs).

The Student Support Act 2011 enabled the consolidation of the four schemes into a single unified statutory scheme. The Act also enabled the Minister to designate one or more public bodies as a grant awarding authority for the statutory scheme.

In April 2011, City of Dublin Education and Training Board (CDETB) was recommended to be the single national awarding authority for student support.[1] Plans were made for CDETB to take on the administration of the scheme for all future new applicants for grants, commencing for the academic year 2012/13. CDETB established an internal unit named Student Universal Support Ireland (SUSI) to administer the scheme.

Project outturn

Significant operational issues emerged in 2012/13, resulting in delays in the processing of claims and in the payment of grant support, which caused serious difficulties for many students and their families.

It was envisaged that SUSI would deliver a better service to student grant applicants through streamlined processes, greater consistency in dealing with applications, faster processing due to economies of scale and implementation of an on-line applications system. Many of the expected benefits of the new centralised process did not materialise in 2012/13.

The performance by SUSI was much improved in the 2013/14 academic year. Compared to the previous year, there was a 70% increase in the number of awards paid by the end of December. The target level of performance set in a formal agreement with the Department was achieved.

1 At the time, CDETB was known as City of Dublin VEC.

Change management

The process of reform of student grants commenced as early as 2003. A reform bill was first presented in 2008. The Department recognised the scale of the challenge involved in restructuring the administration of student grants. As a result, it decoupled the administrative and legal aspects of the reform programme in 2011. Consolidation of the various grant schemes into a single statutory scheme was implemented in the 2011/12 academic year.

Projects involving a significant level of change management require clearly assigned responsibility for delivery, an appropriate structure to monitor and manage implementation, regular reporting and measurement of delivery of expected results.

At the planning stage, the Organisation Development Unit – part of the Department of Public Expenditure and Reform (DPER) – supported the Department in the student grants change process. The Unit helped to underpin the analysis of current processes and in formulating recommendations for the 2010/11 scheme and beyond. It was expected that the support of the Unit would continue, but it withdrew at a comparatively early stage. As a result, the Department had to re-assess its approach to the project.

The process of moving from 66 awarding authorities to one single authority for new entrants required detailed planning and commitments across a range of areas to ensure systems and processes were fit for purpose, that sufficient and experienced staff resources were in place, and that the new arrangements were adequately communicated to students.

The Department invited a number of public bodies to make proposals to become the single awarding authority. Based on a detailed proposal, including a plan for how the aims of the reform project could be achieved, CDETB was recommended as the awarding authority in April 2011 and it commenced preparation for the implementation of SUSI. The proposal aimed to have the system 'go live' by March 2012, to handle grant applications and payments for the 2012/13 academic year. While the onus was on CDETB and SUSI to operationalise the plan, there was regular reporting to the Department on the development and delivery of the project. CDETB was formally appointed as the statutory awarding authority in May 2012.

Certain elements necessary to ensure successful project delivery were not adequately planned. This resulted in key risks not being identified, key planning assumptions not being tested, and a final plan not being put in place until April 2012. There was no formal monitoring of delivery of milestones by the project implementation group, nor were there any formal escalation procedures in the event of adverse outcomes. These weaknesses in planning contributed to the serious operational issues that arose after the project went live in June 2012.

Some aspects of the system, such as on-line applications and electronic payments, had been introduced by some grant awarding authorities in 2010 and 2011, and so had been user tested. However, not enough testing of the 'end-to-end' process was done prior to the launch of SUSI. Better testing may have identified operational issues earlier, thus allowing alternatives – such as deferral of the launch until 2013/14 – to be considered.

Redeployment

Redeployment is a central feature of public sector reform. It offers the potential of increasing effectiveness across the sector through better utilisation of resources and knowledge transfer. In the case of SUSI, redeployment was a non-negotiable aspect of the DPER's sanction for the project. However, after six months of engaging in the process, only 13 positions from an expected 36 had been filled through redeployment. In the end, it took 17 months until an adequate level of redeployment happened.

Operational issues

The Department is responsible for ensuring there are adequate arrangements for the administration of the student grant scheme. However, when SUSI was launched, it did not put in place a formal service level agreement with CDETB incorporating key performance indicators. This was only done in February 2013, specifying performance indicators for 2013/14 grants.

Following a tender process, CDETB outsourced the provision of document management and contact call centre operations for SUSI in December 2011. However, it departed from good practice in a number of areas. Although the outsourced provider commenced service in January 2012, the contract with the service provider was not signed until February 2013 – 13 months later.   There is no penalty mechanism specified in the contract with the service provider, in the event of a failure to provide the contracted level of service.

Up to June 2013, there was an appeal rate of over 11% of initial grant decisions, with a rate of 74% turnover on appeal. This raises concerns about the quality of assessments and the level of quality control. The reallocation of quality control staff to front-line claims assessment in response to greater than expected demand may have reduced the overall quality of decision making about applications.

The funding mechanism for SUSI, coupled with the delays in processing applications and making payments, resulted in CDETB holding large bank balances at end 2012.

Costs and benefits

The administration costs[1] of SUSI for the year ended 31 December 2012 totalled €7.16 million.

However, because of the operational difficulties at various stages in the process, significant administration costs were also incurred in early 2013, which related to the first year of operation. These are primarily outsourcing costs. From commencement of SUSI up to March 2013, these totalled €5.9 million, compared to a budgeted amount of €1.8 million.

1 Figures are VAT inclusive unless otherwise stated.

The achievement of potential economies and efficiency gains was part of the business case underpinning the proposal to establish a single awarding authority. However, the projected benefits were not quantified, and the baseline cost and operational performance of the existing system had not been identified so it is not possible to evaluate whether the projected benefits have been fully realised. Both the level of staffing allocated to SUSI and the level of outsourced services are significantly higher than envisaged. While there have been reductions in the overall number of staff employed in VECs and local authorities, the extent to which this is attributable to SUSI is not known. Similarly, the expected improvement in service to applicants is not known.

Restructuring the Administration of Student Grants

1 Introduction

1.1 Student grants are payable, based on a grant eligibility assessment, to persons engaged in approved courses in certain educational institutions.[1] Maintenance and tuition fee grants are paid on a sliding scale, with the level of payment determined by the number of dependent children in the family and the income of the student and parents.

Reform of student support

1.2 Up to and including the academic year 2010/11, there were three means-tested grant schemes for third level students and a separate means-tested scheme for students attending post leaving certificate courses. The schemes dealt with different cohorts of students and were administered by 66 agencies – 33 local authorities and 33 Vocational Education Committees (VECs) (see Figure 1.1).

Figure 1.1 Student grant numbers and cost in 2011/12

Course level	Managed by	Basis of scheme	Number of students	Cost €m
Higher education levels 6 – 10 (mainly universities)	Local authorities	Statutory	35,947 [a]	170.8
Higher education levels 8 – 10 (mainly Institutes of Technology)	Local authorities	Administrative	16,271 [a]	70.7
Higher education levels 6 – 7 (mainly Institutes of Technology)	VECs	Administrative	15,432	65.0
Further education – post leaving certificate courses	VECs	Administrative	8,994	20.1
Total			**76,644**	**326.6**

Source: Department of Education and Skills

Note: a   Inclusive of postgraduate students (6,027 across both course levels).

1.3 In 2003, the Department of Education and Skills (the Department) issued a report entitled ***Supporting Equity in Higher Education.*** The report highlighted the need to simplify and consolidate existing student support structures, which had evolved to meet emerging needs and resulted in a system that was complex, confusing and fragmented. The Student Support Bill 2008 envisaged the consolidated grants scheme being administered by the 33 VECs.

1 Approved courses include designated undergraduate and postgraduate courses and post leaving certificate courses, of not less than one year.

1.4   Following the publication of an OECD report on the Irish public service[1], the Transforming Public Services report[2] and given the parliamentary response to the Student Support Bill, which called for consolidation of administration, the Department decided in 2009 to explore potentially more efficient and cost-effective administrative solutions. As a result, the Department recommended that all responsibility for grants administration be given to a single awarding authority, with provision for outsourcing appropriate aspects of its work. The key objectives of the proposed overhaul of the administrative structure were to

- bring greater simplicity and efficiency to the system

- make the system fully customer-focused

- ensure efficient and timely delivery of grants

- exploit the possibility of significant staff savings and other efficiencies

- generate economies of scale

- ensure greater consistency of application and payment

- allow the Department to more easily monitor and evaluate the effectiveness of the provision of the service, in terms of quantity, completeness, quality and timeliness.

1.5   In July 2010, the Department sought Government approval for a proposed change regarding the future administration of student grants, based on agreement in principle that the awarding of grants should be centralised under a single awarding authority, and on the need to provide a legislative basis for the existing administrative schemes in the interim.

1.6   It was recognised that resource constraints were likely to prevent the Department from progressing the administrative reform in the short to medium term, so a decision was taken to decouple the legislative and administrative strands of the reform programme and to advance the legislative reform on the basis of the existing (multiple) administrative structures.

1.7   The enactment of the Student Support Act 2011 enabled the consolidation of the four student grant schemes into a single unified statutory scheme and provided for the centralisation of administration of student grants. The Act also enabled the Minister to designate one or more public bodies as an awarding authority[3] but there continued to be 66 awarding authorities (i.e. 33 VECs and 33 local authorities) for the 2011/12 scheme.

1.8   Following a selection process, City of Dublin Education and Training Board (CDETB)[4] was recommended in April 2011 to be the single national awarding authority for student support. Plans were made for CDETB to take on the administration of the scheme for all new applicants, commencing for the academic year 2012/13. CDETB established a unit named Student Universal Support Ireland (SUSI) to administer the scheme.

1.9   In the event, significant operational issues emerged in 2012/13, resulting in delays in processing of claims and in the payment of support, which caused serious difficulties for many students and their families.

1.10   Figure 1.2 sets out the timeline of key milestones in the restructuring of the student grant scheme administration.

1 *Public Management Reviews – Ireland: Towards an Integrated Public Sector*, OECD 2008.

2 *Transforming Public Services – Report of the Task Force on the Public Service*, Department of the Taoiseach, 2008.

3 Either a VEC, a local authority or another public body or company with a remit in the area of administration of schemes of payment.

4 On 1 July 2013, City of Dublin VEC (CDVEC) changed its name to City of Dublin Education and Training Board (CDETB), in accordance with the Education and Training Boards Act 2013. The term CDETB used in this report applies to both CDVEC and CDETB, as appropriate.

Figure 1.2 Timeline in restructuring the administration of student grants

2005	Consultation with stakeholders, preparation of a proposal for the Minister on options for the future administration, preparation of the heads of bill and screening regulatory impact analysis
2006-2007	Review of resource requirements and business processes through joint Department/Irish Vocational Education Association (IVEA) steering group and joint technical working groups (including consultation with the existing awarding authorities, other Department/agencies and institutions)
2008	Student Support Bill 2008 published in February, providing for move from 66 to 33 awarding authorities – from local authorities to VECs only
2009	Pilot migration of student grant payments to electronic funds transfer with effect from October

2010

July
- Decision to centralise student grant administration

September
- Scalable on-line system went live in eleven awarding authorities, with further roll-out of electronic fund transfer pilot

2011

January
- Expression of interest for single awarding authority issued

February
- Student Support Act enacted

April
- CDETB recommended as single awarding authority
- Project implementation group established

June
- Recruitment initiated
- Single unified grant scheme and regulations replacing four existing schemes came into operation

August
- Implementation plan and summary proposal agreed by the group and submitted to DPER

September
- Further roll-out of on-line system to an additional 24 awarding authorities
- CDETB issued invitation to tender for outsourced work

October
- DPER approval received

December
- Selection of Abtran for outsourced work

2012

April
- Top-level implementation plan agreed

May
- Formal appointment of CDETB as single awarding authority

June
- On-line student grant application system went live for 2012/13

2013

February
- Outsourced services contract signed

April
- Virtually all grant applications processed

October
- Management framework agreement between Department and CDETB signed

Source: Department of Education and Skills and CDETB

Responsibility for project delivery

1.11   Prior to the selection of CDETB as the single awarding authority, the Department was responsible for management of all aspects of the proposed reform. Upon its selection, CDETB assumed responsibility for

- development of a project implementation plan, in consultation with the Department

- accommodation for the service administering the scheme

- assessing staffing needs and staff recruitment

- putting in place processes and procedures, including IT development

- arranging outsourcing of certain functions.

1.12   Following the selection of CDETB, the main function of the Department was to monitor project delivery and to work with CDETB to ensure that it implemented the new arrangements effectively with a view to improving the service for grant applicants and educational institutions.

1.13   In addition, DPER had functions in relation to the approval of the overall proposal and resource requirements, setting conditions in relation to the appointment of staff and engaging with the Public Appointments Service in relation to the delivery of agreed resources to CDETB.

Focus of the examination

1.14   This examination reviews how the project was implemented, from initial planning through to the go-live date of the on-line application system. It considers the extent to which the serious operational issues in 2012/13 were consequences of the earlier planning process. The funding and administration costs of SUSI are also reviewed.

1.15   The operational issues that occurred in 2012/13 were comprehensively documented in a consultancy report commissioned by CDETB. That report, prepared by Accenture, reviewed

- the mobilisation and planning for introducing the new grants application process

- SUSI business processes including management information and supporting systems

- SUSI programme governance and organisation

- customer services and communications.

1.16   This examination does not revisit those issues. Where they are a consequence of an earlier decision, they are detailed and, where appropriate, supplemental information is provided.

1.17   The examination also considered financial audit work undertaken in respect of the 2012 financial statements for CDETB. The award and payment of grants by SUSI was reviewed by the audit team. This included testing of the application assessment and payment processes.

Report structure

1.18   The report is structured as follows

- Chapter 2 examines maintenance and tuition fee grant payments under SUSI, relative to prior and subsequent years where data is available.

- Chapter 3 examines how the project was managed from inception to the selection of SUSI as the single awarding authority.

- Chapter 4 reviews how the arrangements necessary to enable SUSI to become operational were delivered.

- Chapter 5 examines how grants were processed after SUSI went live, the factors contributing to its performance and the cost associated with outsourcing elements of the grant processing system.

- Chapter 6 reviews costs incurred by SUSI in its first year of operation and the level of funding provided by the Department to meet those costs.

- Chapter 7 sets out conclusions and recommendations, and the views of those responsible for implementing such recommendations.

2   Grant Payment Outturn

2.1   Timeliness of payments is a key performance measure for student grants. This is recognised by the inclusion of payment timeliness targets in the framework agreement between the Department and CDETB. However, the agreement was only signed in October 2013, in time to apply for the 2013/14 grants. No payment timeliness targets were set for the first year of operation of SUSI i.e. 2012/13.

2.2   Because of the dispersed administration of student grants in 2011/12 (and earlier years), there is no historic national benchmark against which to compare SUSI's first year of operations. One comparison which is available is against CDETB's grants payment in 2011/12. As Figure 2.1 indicates, grant payments under SUSI in 2012/13 lagged behind the profile of CDETB prior year payments until January, but were ahead of the prior year profile for the rest of the academic year.

Figure 2.1 Payment profile of CDETB 2011/12[a] and SUSI, 2012/13
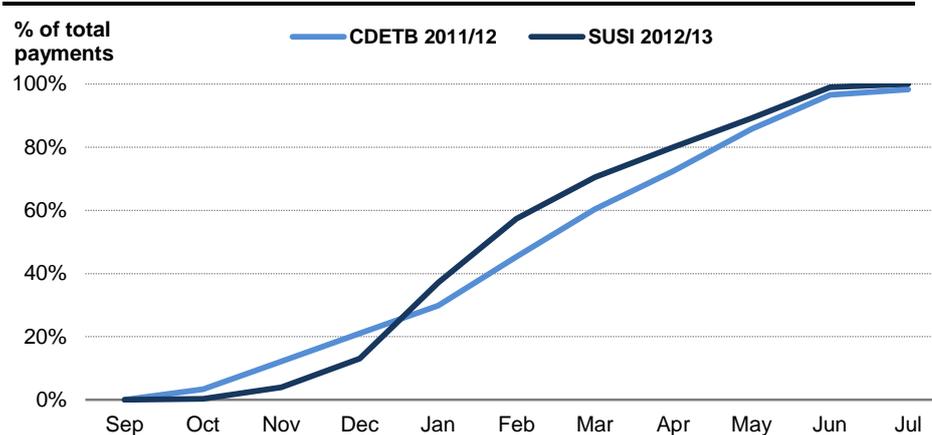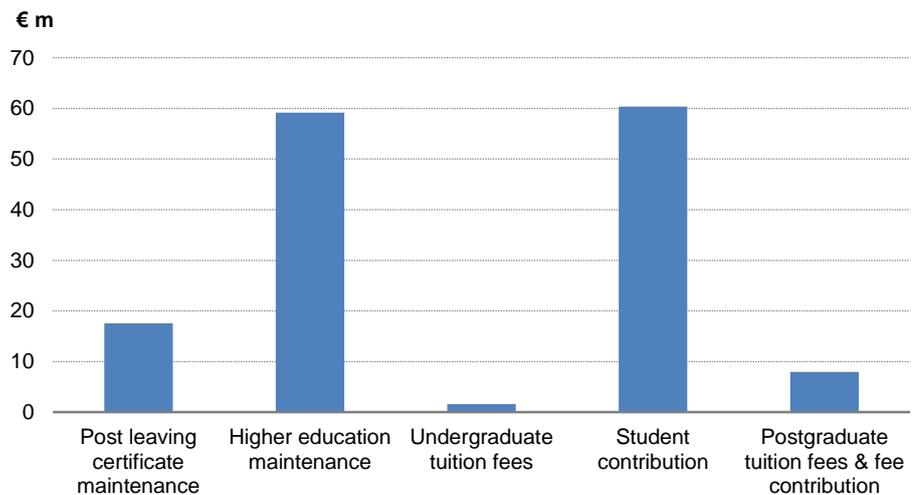

Source: CDETB

Note: a   CDETB paid €6.9 million to students in 2011/12.

2.3   The target for 2013/14 was for 40% of new awards to commence payment by 31 October, increasing to 65% by 30 November and 85% by 31 December.[1] While the framework does not set a target for all new awards to be paid, CDETB has indicated its expectation that all applications on hand that can be awarded by end of February will be paid by March.

2.4   Total payments to students or education institutions by SUSI amounted to €146.7 million to end July 2013, comprising €76.7 million in maintenance grants and €70 million in fee payments to institutions (see Figure 2.2).[2]

1 The payment target refers to the commencement of payment for all types of grant awards, which can include fees only, maintenance only or a combination of both.

2 SUSI 2012/13 data excludes payments to CDETB grantees from prior periods.

**Figure 2.2 Categorisation of payments by SUSI in 2012/13**

Source: CDETB

Maintenance grant payments

2.5   In addition to setting out the target profile for the commencement of payment of grants, the framework sets out the target profile for the completion of processing of new grant applications i.e. to award, refusal or cancellation stage. The target profile is 55% of new applications processed by 31 October, 75% by 30 November and 85% by 31 December. Figure 2.3 compares this target profile with the actual profile of new applications processed to completion for the 2012/13 and 2013/14 academic years. This indicates that the application process was significantly slower in 2012/13 than in 2013/14 when the framework target levels were achieved.

Figure 2.3 New applications processed to completion
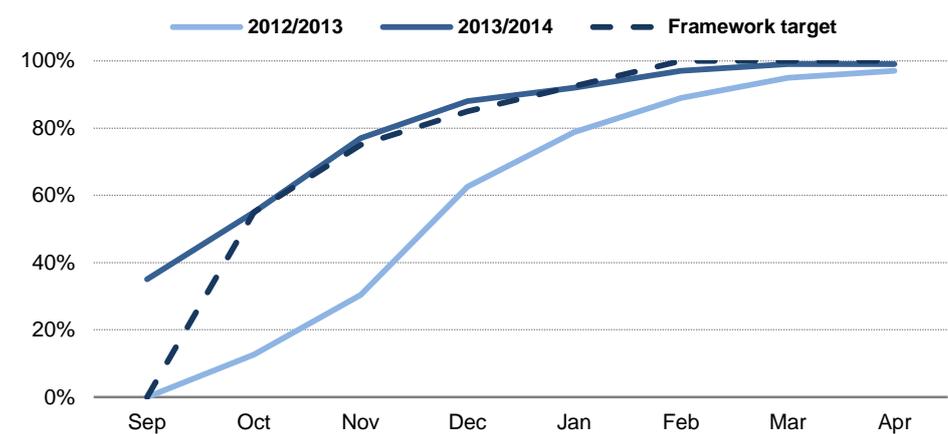
Source: Department of Education and Skills

1 As noted in Figure 1.1, VECs (including CDETB) were not responsible for the administration of the Higher Education Grants Scheme levels 6–10 (mainly universities). The 2011/12 data is for indicative purposes rather than a comparison of identical schemes over the two year period.

2.6   Maintenance payments to students are in nine monthly instalments commencing, at the earliest, in October each year. Where a grant award is made later than October, all payments due to that date are made together. The payment profile of maintenance grants is shown in Figure 2.4.[1]

Figure 2.4 Payment profile for maintenance grants by CDETB 2011/12 and SUSI 2012/13 and 2013/14
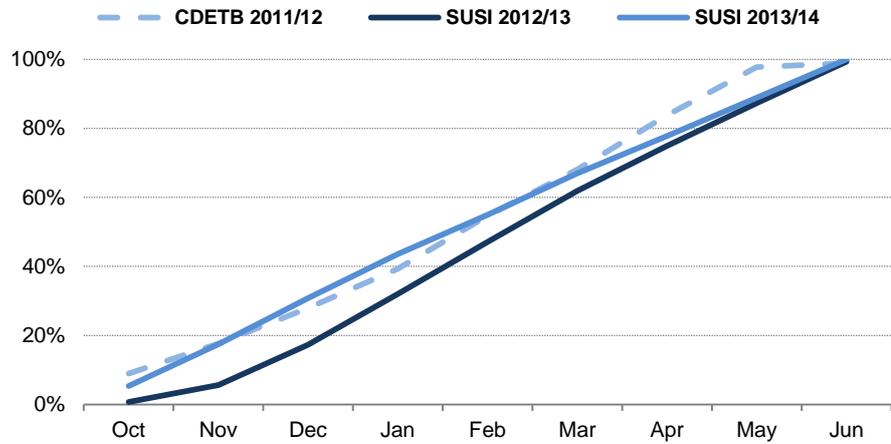
Source: CDETB

2.7   Payments of maintenance grants to students in 2012/13 lagged behind the rate achieved by CDETB in the prior year. However, payments were significantly earlier in 2013/14.

Tuition fee and student contribution payments

2.8   The payment profile of tuition fee and student contribution payments to third level institutions is set out in Figure 2.5 below. This indicates the very significant deterioration in the timing of student contribution and tuition fees following the introduction of SUSI. In comparison, the timing advanced very significantly in 2013/14, both compared to the first year of operation, and to CDETB's prior performance. The factors leading to delays in awarding grants, and the payment of grants to both students and third level institutions are discussed in Chapter 5.

Figure 2.5 Student contribution and tuition fee payments profile for CDETB and SUSI
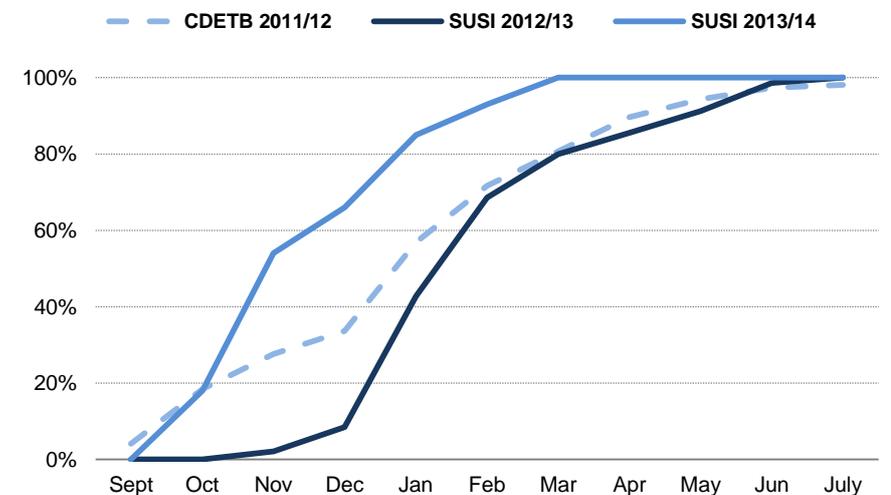
Source: CDETB

Grant payments under the Back-to-Education scheme

2.9   Recipients of the Department of Social Protection's Back to Education Allowance (BTEA) are not eligible to receive a student maintenance grant.[1] In order to take account of such payments, applicants for grants in 2012/13 had to submit a statement to CDETB setting out their social welfare income.

2.10   Under enhanced data-sharing arrangements in place for the 2013/14 academic year, an electronic file of data for all BTEA students was provided to SUSI by the Department of Social Protection in June 2013. A reconciliation of that file to the SUSI payment data identified that 1,200 students – 4.6% of the 26,000 students on the BTEA scheme – had received a maintenance grant for the 2012/13 academic year.

2.11   SUSI conducted an internal quality review[2] of grants awarded in the 2012/13 academic year and found that

- 850 students were awarded and paid maintenance grants for which they were not eligible amounting to €1.9 million

- 100 students were awarded, but not paid, a maintenance grant

- 250 students on the BTEA scheme were paid a maintenance grant for which they were eligible as they had commenced their studies in advance of the Budget 2010 amendment.

2.12   CDETB is currently in discussion with the Department regarding the treatment of €1.9 million made to the 850 students who were not eligible for the grant and the other overpayments of €2.16 million identified.

1 The exclusion was introduced in Budget 2010. It did not apply to a student already in receipt of this grant, for the duration of their current courses.

2 The review also identified additional overpayments by CDETB totalling €2.16 million categorised as – €653,000 paid to postgraduate students, €1.2 million paid to non-Irish / non-EU nationals resident in the State, and €310,000 paid to students not attending courses or who had withdrawn from courses.

3   Change Management

3.1   The student grants scheme was identified as a priority area for business process improvement under the ***Transforming Public Services*** programme of 2008. It was one of a limited number of areas which received assistance from the Organisation Development Unit of DPER to assess ways in which current processes could be improved by using formal business process improvement techniques.

3.2   The business process re-engineering review commenced in December 2009, with an anticipated completion date of December 2010. The review mapped the existing grant processes and made recommendations for improvement, including phased implementation of on-line functionality, with electronic submission of grant applications implemented initially, followed by electronic case handling.

3.3   It had been agreed that further phases would be required to implement on-line functionality and to support the transition to the new administrative arrangements. However, in March 2010, the Organisation Development Unit ceased involvement with the student grants reform project, citing resource issues given the scale of its commitments under the ***Transforming Public Services*** programme.

3.4   The Department stated that at this time, stringent budgetary controls arising from the impact of the economic crisis meant that there was little scope within the Department to put in place the kind of dedicated additional resource that would subsequently be recommended for a project of this size and scale. Therefore, the challenge for the management and staff team in the student grants area was to continue to manage the extensive existing system across 66 awarding authorities while at the same time developing and implementing the reform and innovation project.

Competition to appoint a single awarding authority

3.5   In January 2011 on foot of a Government decision to centralise the student grant function, the Department issued an invitation for expressions of interest to the VECs, local authorities and other public bodies who might be interested in taking on administrative responsibility for the centralised student grant awarding and payment function.[1] The invitation stated that while the designated awarding body would be a local authority, VEC or other public body, it was expected that the opportunity for outsourcing significant elements of the process would be addressed as an important part of the new arrangements.

3.6   The evaluation criteria for the selection of the single awarding authority are shown in Figure 3.1.

1 A policy decision was made to centralise the awarding of grants in July 2010.

Figure 3.1 Criteria for evaluation of expressions of interest for single awarding authority

Evaluation criteria		Points available
A	Organisational capacity to perform the function	200
B	Experience in dealing with comparable schemes/services	100
C	Existing core management, expertise and resources available to be deployed to the function	200
D	Capacity to deliver strong cost and efficiency benefits	300
E	Overall quality of the proposal for delivery of a central student grants function	200
Maximum possible points		**1000**

Source: Department of Education and Skills

3.7   The invitation for expressions of interest stated that the body designated under the process would in time become the sole agency dealing with student grants but, to ease the transition and avoid initial overload, existing grant holders would stay with their current grant awarding authorities. For 2012/13, the single awarding authority would accept new applications only. The projected transfer of responsibility from the pre-existing grant authorities to the single awarding authority is shown in Figure 3.2 below.

Figure 3.2 Projected transfer of responsibility to the single awarding authority from local authorities and VECs
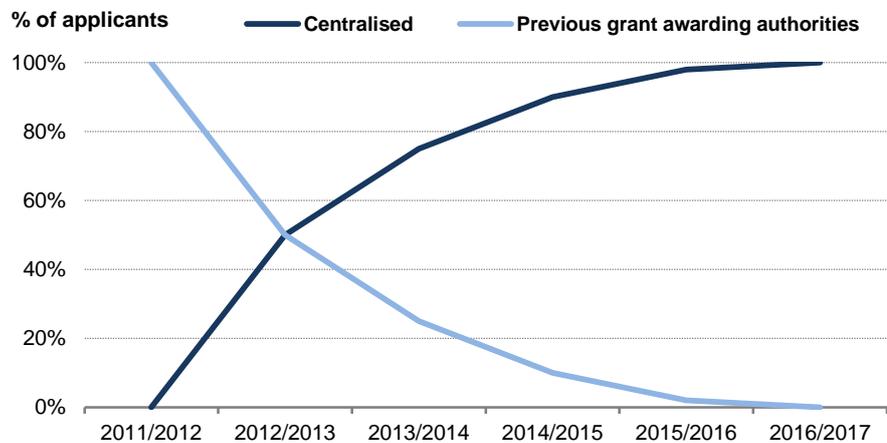
Source: Department of Education and Skills

3.8   Ten proposals were received, four of which were short-listed. The independent expert selection panel recommended that CDETB should be the awarding authority, subject to the agreement of an implementation plan with CDETB, a recommendation that was accepted by the Minister in April 2011. In the evaluation, CDETB received 675 marks out of 1000, as against 585 for the next best. It was assessed as best in each of the five categories of evaluation.

Project management structure

3.9 Past experience with public sector projects indicates that all projects require clearly assigned responsibility for delivery, an appropriate structure to manage and monitor the implementation phase, regular reporting and a means of measuring the delivery of expected results by the project.

3.10 Following selection of CDETB as the single awarding authority, it set up an internal dedicated team – Student Universal Support Ireland, or SUSI – to manage the grants process. A project structure for the restructuring was also put in place and planning for the implementation phase commenced.

3.11 A project implementation group was established to monitor the implementation planning and operational phases of the project. The initial project implementation group comprising representatives of CDETB, the Department and DPER was involved in the development of the implementation plan. A subsequent implementation group involving CDETB and the Department monitored the implementation of the project as well as planning for renewals and new applicants in 2013/14. A project team comprising three CDETB staff was put in place. The project development timeline is set out in Figure 3.3.

Figure 3.3 Project development timeline

Period	Phase	Outcome
April to August 2011	Development of implementation plan	The project implementation group had an introductory meeting in April 2011 and met on five further occasions to mid-July 2011, with an Assistant Secretary of the Department acting as Chair of the group. A draft implementation plan was produced in May 2011 followed by a final summary proposal for the single awarding authority in August 2011.
September to October 2011	Engagement with DPER on the proposal	Sanction for the project was obtained on 26 October 2011 following a number of interactions with DPER on staffing issues.
November 2011 to April 2012	Operationalising the sanctioned proposal	The steering group of Department officials and CDETB representatives engaged with DPER as required, to resolve issues relating to staff appointments, the outsourcing tenders, systems development, a communications plan, training and accommodation procurement, and fit-out. The final implementation plan was agreed in April 2012.
28 May 2012	Go-live	SUSI planned to accept new applications for student maintenance and tuition fee grants.

Source: Department of Education and Skills

3.12 The final top-level implementation plan for SUSI was not agreed until April 2012 – a year after the project implementation group was established and a month before the proposed go-live date of 28 May 2012. The Department stated that much of the time-lag in agreeing the plan was due to the inability of the redeployment process to source staff for SUSI.

3.13   Key assumptions made during the planning process had a major bearing on SUSI's capacity to operate effectively.

- First, it was assumed that SUSI's staff resourcing needs would be met through redeployment. The project documentation does not include any record prior to January 2012 indicating that the group considered how to deal with the risk that redeployed staff would not be available in a timely way. By that time, this was no longer a risk but an occurring event.

- Second, assumptions made about the level of demand for SUSI's services were substantially different from the outcomes, as set out in Figure 3.4. There was limited baseline information to support these assumptions, as there had been no central database tracking of key operational metrics in the previous system. Despite the absence of benchmarks, no scenario testing of these assumptions took place at planning stage.

Figure 3.4 Key operational metrics: projected and actual figures

	Projected	Outcome
Number of applications	60,000	69,719
Successful grant applications[a]	75%	61%
Incomplete applications	50%	55%
Rate of appeals[b]	1%	11%

Source: CDETB and the Department of Education and Skills

Notes: a   The projected 75% success rate was based on the invitation for expression of interest.

b   1% rate of appeal was based on CDETB appeal rate for 2012 as there were no national baseline figures available.

Formal appointment of CDETB as the single awarding authority

3.14   Following the agreement of the implementation plan, the Minister, with the consent of the Minister for Public Expenditure and Reform, appointed CDETB on 22 May 2012 as the awarding authority for student grants.[1] The effect is that from 2012 onward, CDETB became the awarding authority for all new third level and post leaving certificate grants.

1 S.I. 161/2012-Student Support Act (Appointment of Awarding Authority) Order 2012.

4 Securing Key Inputs

4.1 In its expression of interest, CDETB had originally proposed a go-live date of 1 March 2012. Following discussions at the project implementation group, this was extended to 28 May 2012 – effectively three months later than originally proposed by CDETB.

4.2 The four key project inputs identified to enable SUSI to become operational were

- staffing

- outsourcing

- IT systems

- accommodation.

Staffing of SUSI

4.3 The staffing level anticipated in the SUSI draft implementation plan of May 2011 was a full-time employee (FTE) complement of 65, comprising core staff augmented by 27 FTE temporary staff. The temporary staff were to be selected from the Public Appointments Service's seasonal panel. The core staff were to be sourced from CDETB and the redeployment panel under the Croke Park agreement. Two internal appeals officers were to be provided by City of Cork VEC.

4.4 At the first meeting of the project implementation group in April 2011, the Department's concerns were noted in relation to the potential of the Croke Park agreement to provide the required staff, particularly for the first year of operations. A meeting on 5 May 2011 recognised the lack of staff available for redeployment. It was suggested that other authorities be approached on a bi-lateral basis in order to identify possible sources for redeployment. It was also agreed that the Department would consult with the Public Appointments Service on the availability of staff.

4.5 The project implementation group discussed (on 18 May 2011) the importance of filling ten positions as soon as possible because of substantial changes that would be required to the systems in preparation for go-live. CDETB highlighted the risks involved in delaying the appointments.

4.6 At the meeting of 1 June 2011, the project implementation group agreed that CDETB would plot its staffing requirements over a three to four year period to establish the overall level of staff needed and to show clearly how many would be needed at each stage of the process and for how long. The Department would do a similar exercise for grants staffing in the VEC sector as a whole to establish the corresponding staff decreases that would accrue to potentially offset against the CDETB needs.

4.7 Staffing requirements and timescales were outlined at the meeting of 15 June 2011. Figure 4.1 summarises the position.

Figure 4.1 Staffing plan as at June 2011

Date required	Core full-time positions	Temporary assessment staff
Jul 2011	3 key leadership roles	
Sep 2011	2 IT positions	
Oct 2011	1 communication position	
Jan 2012	10 user acceptance testing posts (deferred from 2011)	
Jan 2012	11 posts to assist in preparation and training	
Feb 2012	11 posts to assist in preparation and training	9 staff for eleven month period (Feb to Dec)
Feb 2012		16 staff for nine month period (Feb to Oct)
Jul 2012		27 staff for three month period (Jul to Sep)
Total	**38 full-time positions**	**52 staff (27 whole-time equivalents)**

Source: CDETB

4.8 At its meeting of 6 July 2011, the project implementation group again discussed staffing requirements. Consideration of outsourcing was ruled out as the Croke Park agreement required consultation on a development plan, which would evaluate the existing in-house service, the outsourcing option and compare both. The view was taken that there was insufficient time to complete the evaluation and then to carry out the tendering.

4.9 The recruitment campaign was initiated in June 2011. While the process of filling the posts commenced in November 2011, the actual filling of posts did not commence until January 2012.

4.10 A number of problems were encountered in the planned filling of posts by redeployment because

- the existing redeployment panel did not include senior management or IT staff, so it was not possible to fill these roles in that way

- there were no exact grade matches on the redeployment panels in November 2011 primarily because the posts were non-civil service posts.

4.11 As Figure 4.2 shows, resourcing was significantly behind the schedule envisaged from late 2011. Staffing was 60 below the level planned in February 2012. However, after six months of engaging in the process, only 13 positions from an expected 36 had been filled through redeployment. In the end, it took 17 months until an adequate level of redeployment happened. This led to problems in training and systems testing which severely impacted the capacity of SUSI to operate effectively during the 2012/13 academic year.

Figure 4.2 Planned v actual staff SUSI, 2012/13 and 2013/14
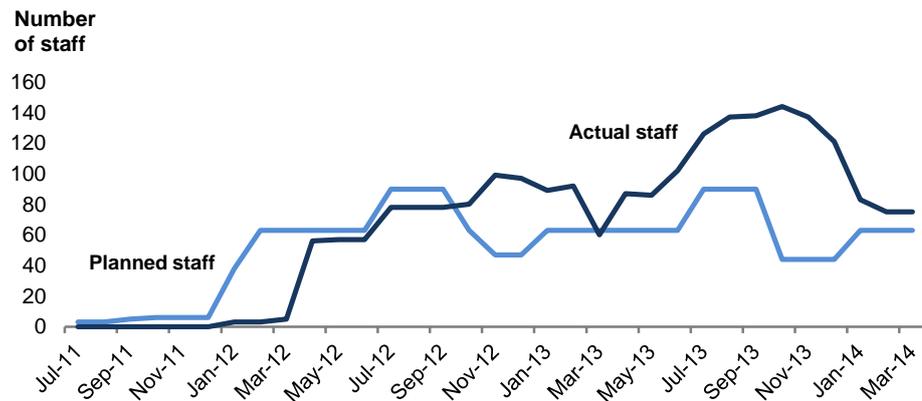
Source: CDETB

Actions taken to address the issues arising

4.12   The Department has stated that staffing through redeployment was a condition of the sanction received from DPER for the project, and that this condition was not negotiable.

4.13   In view of the emerging difficulties, at the project implementation meeting in January 2012, the Department requested CDETB to draw up a contingency plan for staffing. This contingency proposal was submitted to the Department in February 2012. In March 2012, agreement was reached with DPER on the urgent contracting in of staff for SUSI.[1]

4.14   Staff resources were subsequently made available in a number of ways

- in April 2012, emergency procurement procedures were used to contract in 24 staff on temporary contracts for a maximum of seven months from Abtran, pending additional staff being made available from redeployment

- a large number of Public Appointments Service temporary seasonal staff were taken on in November and December 2012

- staff were also loaned from the Department and from other VECs, in the latter part of 2012, to help deal with the situation.

4.15   The deployment across functions and business areas was also different to what was set out in the top-level implementation plan (set out in Figure 4.3). Staffing of the assessment team increased by 40%, while staffing in most other areas fell. The largest decreases were in assessment quality control and the payments and education institutions team, both of which reduced by 60%.

1 Urgent need is a criterion that allows procurement without tendering, as outlined in DPER circular 40/2002 on procedures for approval of contracts.

Figure 4.3 SUSI staff breakdown by role/business area, 2012

	Plan FTE	Actual FTE
Unit manager	1	1
Appeals	2	1.5
Communications and training	6	4.8
Fraud and enquiry unit	3	1
Assessment and control manager	1	1
Assessment team	27	37.9
Assessment quality control	7	2.7
Payments and education institutions team	10	4
Project support/ IT	8	3.8
Total	**65**	**57.7**

Source: CDETB

Outsourcing of documentation management and contact call centre

4.16 Following its recommendation as the single awarding authority in April 2011, CDETB proceeded to tender to outsource the processes for scanning/data entry of supporting documentation and the operation of the client contact call centre.

Procurement of services

4.17 In September 2011, CDETB issued an invitation to tender under a competitive dialogue procedure for document management and contact call centre services, in the Official Journal of the EU.[1] The contract period was four years. CDETB engaged external experts to assist in the procurement process.

4.18 The tender was split into two lots – documentation management services and contact call centre services. A total of eleven companies submitted tenders with seven companies applying for both lots.

4.19 In addition to two senior officials from CDETB, the evaluation board comprised external experts in procurement, data protection, outsourcing and IT consultancy. A prequalification questionnaire was used to evaluate and select the top six scoring companies and invite them to dialogue meetings as part of the second phase of the process. Dialogue meetings were held in August and September 2011. All six shortlisted companies were invited to submit final tenders by the closing date of 3 October 2011. The criteria applied were

- fitness for purpose – 40%

- technical merit of human resources proposed – 25%

- reliability and continuity of supply points – 5%

- ultimate cost – 30%.

The scoring matrix is presented in Appendix A.

1 A competitive dialogue process is allowed under Article 29 of the EU Directive 2004/18/EC, for particularly complex contracts. Under this process, CDETB could open dialogue with prospective suppliers. All aspects of the contract may be discussed.

4.20   Abtran was the highest scoring tenderer for the contact call centre services and second highest for document management.

4.21   Abtran received maximum points for each of the tender criteria, except for ultimate cost which was significantly higher in both tenders than the next best candidate. However, Abtran indicated in its submission that it would be willing to apply a discount if it received both contracts. Abtran ultimate cost proposal for the contact call centre was 43% higher than the second placed candidate and 84% higher for document management than the second placed candidate.[1]

4.22   The discount included in Abtran tender submission was applied to document management, as a result of which it became the highest scoring tenderer for document management. A procurement advisor to CDETB approved this approach and the contract for both services was awarded to Abtran.

Finalisation of contract

4.23   DPER guidance for the engagement of consultants and other external support states that a contract must be put in place before the contract holder can start work on a project.[2]

4.24   While Abtran was identified as the successful tenderer for both contracts on 5 December 2011, the contract was not finalised and signed until 22 February 2013 – more than 14 months later. In the interim period, Abtran provided services without a signed contract being in place. By allowing part performance of a contract by a tenderer, a contract may be deemed to be in place. In such a case there is no certainty of contract terms in the event that a dispute arises. Figure 4.4 shows the timeline for the outsourced contracts.

Figure 4.4 Outsourced contracts timeline

Date	Description
September 2011	Tender issued for outsourced contracts
December 2011	Abtran selected as the outsourced service provider
January 2012	Abtran commences service provision
June 2012	Payments commence for services provided by Abtran
February 2013	Contract signed with Abtran

Source: CDETB

4.25   CDETB has stated that detailed legal discussions were ongoing through the period from selection to contract signing. It believes that the length of time that elapsed is not unusual, as it considers that this was a large and complex contract. It also asserts that a service level agreement was in place during the contract discussion period, and further asserts that a *de facto* contract effectively existed on the basis of the request for proposals issued and the tender proposal document received. However, this examination found that the payments made during this period varied from the basis set out in both these documents as noted below.

Scope of contracts

4.26   DPER guidance states that a contract must make clear the subject, scope and duration of the contract with no room for ambiguities. It further states that under no

1 This comparison is after application of the discount offered by Abtran for a joint contract i.e. 18% on contact call centre costs or 13% on document management costs.

2 The Office of Government Procurement (OGP), part of DPER, has been tasked with centralising public sector procurement arrangements for common goods and services. It also publishes guidance on public sector procurement.

circumstances may any external support personnel be assigned to work outside of the strict terms of reference of the relevant contract.

4.27   The invitation to tender developed by CDETB included core services and associated support services for each contract.

▪   The document management services invitation to tender specified that management of documents submitted, scanning of documents and storage and shredding of documents were core services.

▪   The invitation to tender for provision of contact call centre services specified that e-mail and telephone communication handling were core services.

4.28   There was an expansion of the scope of services provided in respect of document management. The invitation to tender included a requirement to scan each application and forward it to SUSI. Due to resource constraints, CDETB expanded the role of the service provider. The additional service, which was provided at the agreed hourly rate, involved cataloguing of applications, requiring 20 staff for 12 weeks and resulting in costs of €315,000 (inclusive of VAT) in 2012/13.

4.29   The procurement of the cataloguing of documents was allowed for under Article 31.4(a) of Directive 2004/18/EC which facilitates the procuring of additional services which are not technically feasible to separate from the performance of the original contract but which have through unforeseen circumstances become necessary for the performance of the service. The aggregate value of such contracts awarded for additional services cannot exceed 50% of the amount of the original contract.

4.30   CDETB stated that the additional services were procured using the single supplier framework agreement of the original contract.[1] It has also stated that attended hours are reported through a full activity report of time spent by each agent on calls, emails, documents handled, etc. Monitoring visits are undertaken by CDETB on site in Abtran.

Amendment of tender contract terms

4.31   EU Directive 2004/18/EC permits clarification of aspects and commitments of the successful tender in a competitive dialogue procedure, provided this does not have the effect of modifying substantial aspects of the tender or risk distorting competition.

1 The impact of these amendments on costs of outsourcing is examined in Chapter 5.

4.32   Following the selection of Abtran, a number of contract terms were amended. The invitation to tender stated that payments due under the contract would be based on a unit cost and the actual number of units dealt with. CDETB stated that following the identification of a preferred tenderer, negotiations between CDETB and Abtran led to an amendment of the cost model from a unit cost basis to an hourly rate for both the document management and contact call centre service contracts. A further discount was negotiated for these changes. Given the high level of uncertainty for activity levels, both parties agreed to switch from the 'transaction payment model' proposed in the tender to a 'resource based payment'. Industry practice suggests that transactional payments (as per tender) are appropriate where processes and demand levels are predictable and well defined, whereas resource based payments are more appropriate at early-stage service operations, where there is a high level of uncertainty on process handling time and overall levels of demand.

4.33   CDETB also reduced the service level requirement for calls answered in the contact call centre, from 100% of calls within 30 seconds to 80% of calls within 20 seconds, with no requirement specified for the remaining 20% of calls. CDETB stated that these amendments permitted a greater degree of Abtran staff flexibility, in exchange for an additional discount of 9.9% in rate per call for contact call centre services.

Absence of penalty clauses in the contract

4.34   The contracts with Abtran do not contain penalty clauses for failure to meet performance targets set out in the tender documents. CDETB asserts that it would not have been possible, in the absence of a baseline for national-scale processing levels, to set or agree penalty terms or to do so without providing the corresponding reward or incentive terms that can accompany such provisions.[1]

4.35   The examination notes that the expression of interest contained indicative processing data. Furthermore, the contract was not signed until February 2013, when the first year of processing was substantially completed. In addition, the examination found that other public sector contracts with comparable outsourced services have performance related clauses.

Additional resources provided by the outsourced service provider

4.36   As noted above, the availability of staff through redeployment was less than had been anticipated. To alleviate the staff resource issues, a request for quotation issued to three companies – including Abtran – under an accelerated procurement procedure in March 2012. The competition sought 25 agency staff to work at the SUSI headquarters in Dublin for a period of five to seven months.

4.37   Two of the three companies that were requested to quote did so. The quotes received were evaluated to identify the most economically advantageous tender. Abtran was selected to provide 24 agency staff from April 2012. Abtran was the more expensive tender, but scored highly on the assessment of service quality.

4.38   The requirement for agency staff subsequently proved to be an ongoing requirement. The contract was extended pending the completion of a full tender process.[2]

1 A contract that imposed penalties for low performance and no incentives for high performance would generally be regarded as one-sided by a commercial service provider.

2 Payment of these resources is outlined in Chapter 5.

4.39   In February 2013, CDETB commenced a full tender process for the provision of agency staff, for a period of four years. Six companies passed a pre-qualification process and three companies tendered for the contract, one of whom was not considered as they did not meet the minimum requirements. Abtran was the successful tenderer.

IT systems

On-line application for grants

4.40   A new system providing students with an on-line student grant application facility for the 2010/11 academic year went live on a pilot basis in September 2010. The Department-led initiative was project managed by CDETB. Eleven grant awarding authorities collaborated with the Department on the project and used the new on-line system. The on-line system was rolled out to a further 24 grant awarding authorities in the 2011/12 academic year. CDETB's involvement in this regard gave it valuable experience in its bid to become the single awarding authority.

4.41   The system was developed to incrementally automate a process which, prior to this development, was largely a manual process operated by 66 different local authorities and VECs. It was developed as a scalable on-line facility in conjunction with the VEC and local authority sectors. On-line application became the normal mechanism for all new grant applications when the system, operated by CDETB, went live on 11 June 2012.[1]

4.42   The system provided the facility for users to upload application data, print and re-direct applications, post comments and generate reports.

Electronic payments

4.43   A pilot scheme for electronic funds transfer payment, incorporating information exchange with higher education institutions, was introduced for 2010/11 and extended for 2011/12.

Other IT applications

4.44   In addition to the on-line application system, other important IT applications are

- the grants assessment system, owned by CDETB

- the document management system, owned by Abtran

- a customer relationship management system called Right Now, owned by a third party company and used under licence by CDETB/Abtran

- Sun Financial System, which supports the payments process.

1 The process flow diagram for the system is shown in Figure 5.2.

Links between systems

4.45 When the application system went live in June 2012, there were a number of limitations. In particular

- there was no provision for electronic data sharing in place with third parties such as the Revenue Commissioners, the Department of Social Protection and the General Registrar's Office[1]

- there was no dedicated SUSI website – the initial presentation was a link on both CDETB's website and *studentfinance.ie*.[2] A standalone SUSI site was launched for the 2013/14 academic year.

- there was no on-line tracking facility for documents submitted.

4.46 Electronic data sharing arrangements with other State agencies was envisaged from the outset as part of the centralised administration of the student grants scheme. Provision was made in the Student Support Act 2011 (enacted in February 2011) to allow other bodies to provide relevant data to the grant awarding authority, which would have reduced the requirement for students to submit documentation. CDETB has stated that while plans for data sharing were commenced with several agencies in 2011, it did not consider that it could commit to any such arrangements until it was formally designated as the awarding authority in May 2012. Since this was just one month before SUSI was launched, the lead time required to develop effective data sharing arrangements meant that they were not implemented until the 2013/14 academic year. The data sharing arrangements for 2013/14 onwards are set out in Appendix B of this report.

4.47 Overall, IT systems and interfaces were not sufficiently developed to minimise the amount of documentation to be provided by students and others, or to reduce the number of contacts by applicants. These limitations meant that from the student's perspective, following the initial on-line application, the system effectively functioned as a manual system in 2012/13.

4.48 In addition, the Accenture report notes that sufficient end-to-end process testing had not been completed prior to launch. This had a knock-on effect on the timeliness of provisional assessments due to a backlog of 17,000 applications caused by unanticipated delays in grant assessment. CDETB has indicated that sufficient testing was not possible due to the short development time-frame but that full process testing was completed within three weeks of go-live.

Accommodation

4.49 Various accommodation options were reviewed by CDETB and the project implementation group. It was estimated that SUSI would require 930 square meters of office space to house up to 95 staff and there would not be a requirement for a public office.

4.50 A number of accommodation options were considered. Shelbourne House in Ballsbridge was identified as the preferred option.

1 Section 28 of the Student Support Act 2011 provided a legislative basis for such data-sharing.

2 *studentfinance.ie* is a website, supported by the Higher Education Authority, providing information on financial support available to those in higher or further education.

4.51   The accommodation in Shelbourne House had a number of advantages. It was close to CDETB head office, had good internet connectivity, was a modern building in good condition and was immediately available. A further advantage of this location, noted in the minutes of the project implementation group meeting of 1 June 2011, was that set up costs were thought to be relatively low as the building was previously occupied by DPER's Centre for Management and Organisation Development. The building was already wired for a local area network and had shared services, such as a receptionist.

4.52   The meeting of the project implementation group of 6 July 2011 noted that the business case for Shelbourne House had been completed, and it was chosen as the location for SUSI.

5   Grant Processing

5.1   The on-line application system for SUSI went live on 11 June 2012 – about two weeks later than the target date of 28 May envisaged in the top-level implementation plan of April 2012, but considerably later than the date of 1 March 2012 envisaged by CDETB in its original expression of interest.

5.2   The published annual closing date for student grant applications set by the Department was 31 August 2012. In line with discretion available to awarding authorities in student grant schemes, provision was made for acceptance of late applications until 31 January 2013.[1] VECs had, in previous years, accepted late applications until a date of their own choosing which varied from November to March.

5.3   Figure 5.1 summarises activity on the 2012/13 student grants scheme as at June 2013.

**Figure 5.1 Status of 2012/13 student grant applications as at June 2013**

Description	Number	%
Applications received	69,719	100
Awarded	42,316	61
Refused/cancelled/withdrawn	27,403	39

Source: CDETB

5.4   Figure 5.2 depicts key interactions involved in processing claims. The vast bulk of applications were received on-line. However, the system had large elements of manual intervention after the initial on-line application was made.

1 A limited number of applications (373) were accepted after 31 January 2013, where the personal circumstances of the student had changed or students who had made incorrect applications were allowed to make manual applications with the errors corrected.

Figure 5.2 SUSI core process diagram
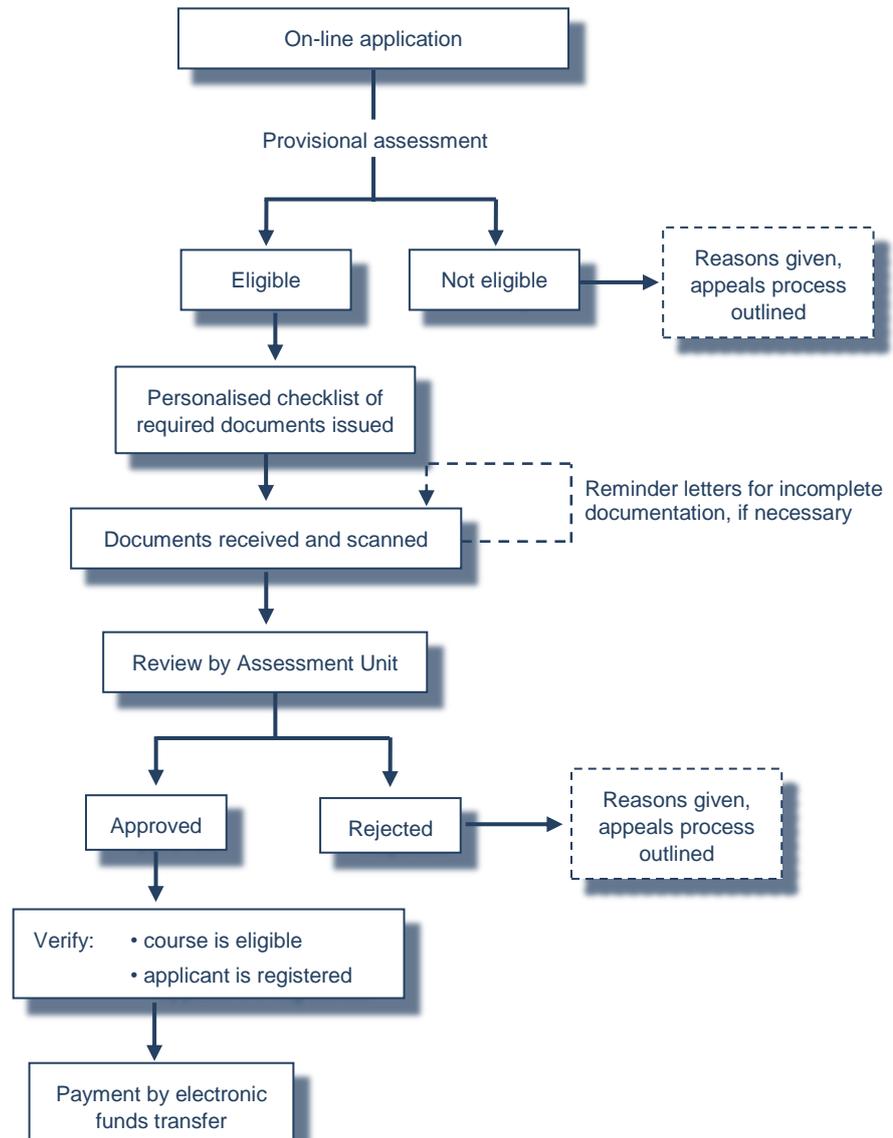
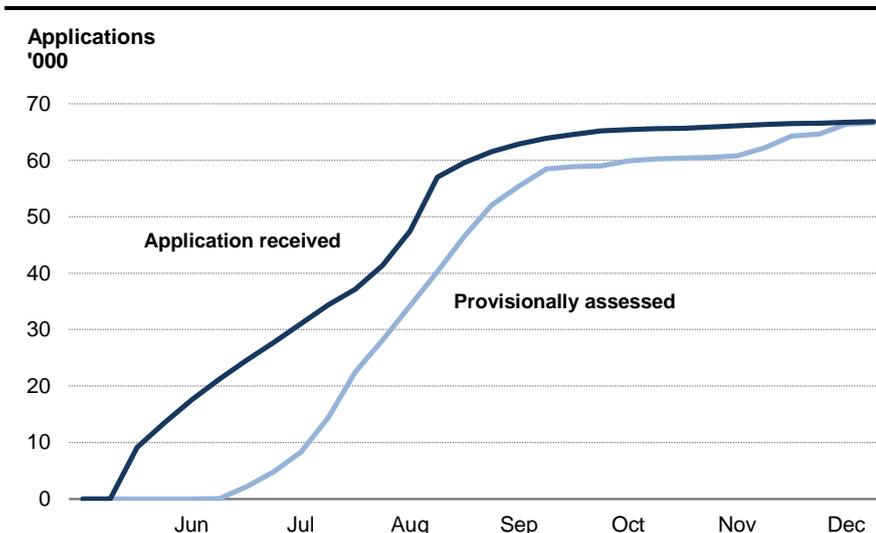

Source: CDETB

Benefits of restructuring

5.5   It was envisaged that the restructuring of the grant schemes would improve both customer service and administrative efficiencies. However, certain expected benefits cannot be measured transparently as there are no clear baseline figures against which to quantify improvement.

5.6   The main benefits expected when the business process re-engineering review commenced in December 2009 were

- a simplified application process, with only one scheme and redesigned forms

- an on-line application facility

- electronic verification of certain details to speed up processing times

- use of electronic funds transfer to ensure timely payment and eliminate manual processing of payment cheques

- an application process that opened sufficiently early in the academic year to ensure application decisions are made in advance of students' start dates in their chosen educational institutions

- reduced processing time for applications with a regularised appeals process

- a reduction in the number of ineligible or incomplete applications

- automation of the verification process with third level institutions

- reduced staffing requirements and overtime.

5.7   However, there were operational difficulties at various stages in the process which impacted on the expected improvements in customer service and administrative efficiencies.

Provisional assessment

5.8   There was a significant delay in making provisional assessments. No provisional assessments were made in the first three weeks after the scheme opened on 11 June 2012. By 16 July 2012, 27,716 applications had been received but 22,934 (83%) awaited provisional assessment. Applications received by the published closing date of 31 August 2012 had been provisionally assessed by the end of September 2012. All applications received after the closing date were provisionally assessed by the end of December 2012 as shown in Figure 5.3.

Figure 5.3 Provisional assessment of applications received, June to December 2012

Source: CDETB

Submission of documents by students

5.9   Students had to send documentation in support of their applications in hard copy to Abtran, who scanned them to the IT system. The Accenture report notes that there were very lengthy delays in submission of all required documentation by students. The average time to completion was 84 days from notification of provisional assessment of eligibility.

Scanning of documents

5.10   The Accenture report notes that during the initial processing peak in October 2012 there was approximately a one week backlog to scan documentation forwarded by applicants. This delayed the subsequent review for completeness and the start of the detailed eligibility assessment.

Incorrect/incomplete applications

5.11   There were ongoing problems with incomplete applications. The invitation to tender issued by CDETB provided guidance that approximately 67% of applications would initially be complete; 22% of applicants would require one letter to be sent; and 11% of applicants would require two or more letters to be sent. In comparison, for the 2010/11 academic year, only 45% of applications received by CDETB were initially complete and consequently did not require a letter to be sent.[1] The assumption that there would be significantly higher completion rates under SUSI's on-line application systems was based on applicants being provided with a personalised document checklist, in 2012/13.

5.12   For the 2012/13 academic year, 52% of applications (see Figure 5.4) received by SUSI were initially complete and did not require a letter to be sent. Almost 36,000 letters were issued to applicants requesting additional information. Pro rata, there was less requirement for follow-up correspondence under SUSI than had been the case with CDETB's manual application system. (The change relative to previous national patterns is not known.)

5.13   Direct access to relevant data held by State agencies could reduce processing delays, as this minimises the requirement for applicants to submit documentation. However, no such arrangements had been put in place for the 2012/13 academic year.

Figure 5.4 Letters issued in response to incomplete documentation, 2010/11 and 2012/13[2]

2010/11 (CDETB)

2012/13 (SUSI)

Documentation complete
1 letter
2 letters
3+ letters
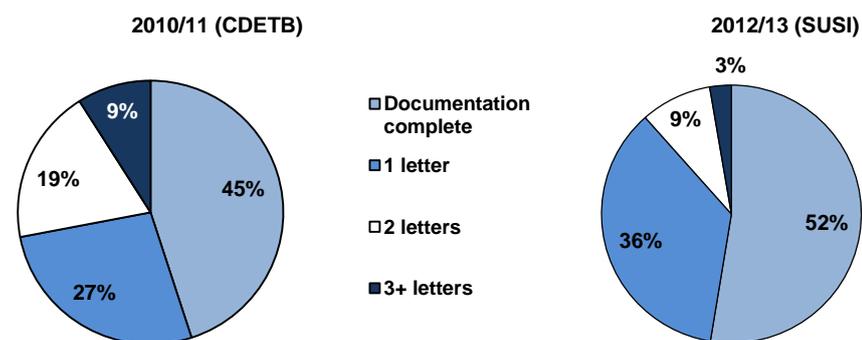
1 CDETB expression of interest of February 2011.

2 As at 30 April 2013.

Source: CDETB

Response to queries at contact call centre

5.14 The invitation to tender for contact call centre services set the minimum service requirement as

- 80% of all calls to be answered within 20 seconds, with the remaining 20% of calls answered within 30 seconds

- a monthly dropped call rate of less than 5%

- a 24-hour turnaround for all email.

The service provider was also required to have the capacity to scale up operations at peak times.

5.15 The evaluation reports on the Abtran tenders gave the company top marks in both contracts for its ability to scale up at peak times. The report on the contact call centre described Abtran ability to scale up as excellent. This is important in a situation where the level of expected demand is uncertain. However, schedule 5 of the subsequently agreed contract indicates that the service level agreement does not apply where the agreed forecasted level of demand is exceeded.

5.16 In the period from June 2012 to March 2013, more than 320,000 calls (on average 4.6 calls per actual application) were received, while only 128,500 (on average 2.14 calls per projected application) had been expected (see Figure 5.5). The impact of significantly more calls being received than had been planned for had two consequences – many calls went unanswered and there was an extended response time for calls that were answered.

**Figure 5.5 Telephone calls received, June 2012 to March 2013**
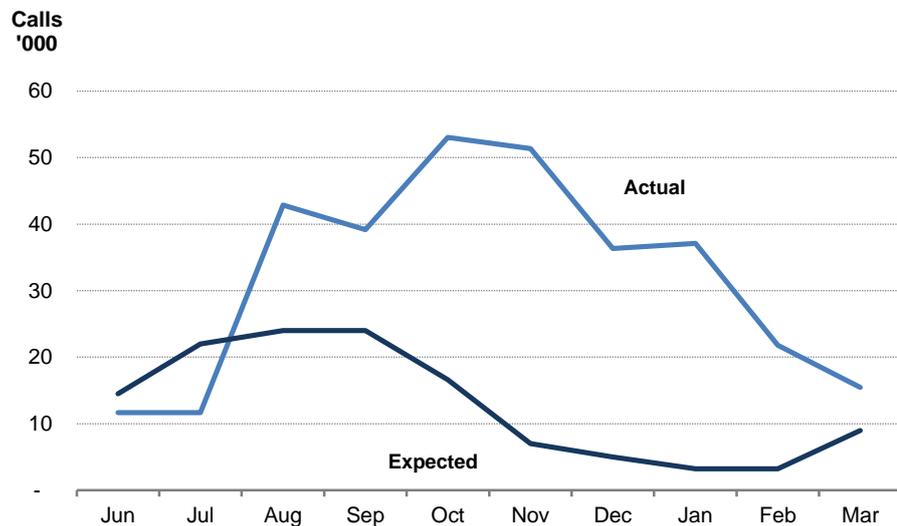
Source: CDETB

Note: The number of calls expected was based on a comparison with the Scottish Grants Authority.

Call answering time

5.17   The number of calls received, categorised by whether the call was answered or abandoned, is set out in Figure 5.6 below.[1] The data, on a calendar month basis, indicates that up to 37% of calls were abandoned during November 2012. In the period from June 2012 to late March 2013, 257,000 calls were answered and 44,000 calls (14.6% of all calls received) were not answered. CDETB notes that the rate of calls not answered fell from 14.6% in 2012/13 to 2.4% in 2013/14.

Figure 5.6 Rate of response to calls, June 2012 to March 2013, by week
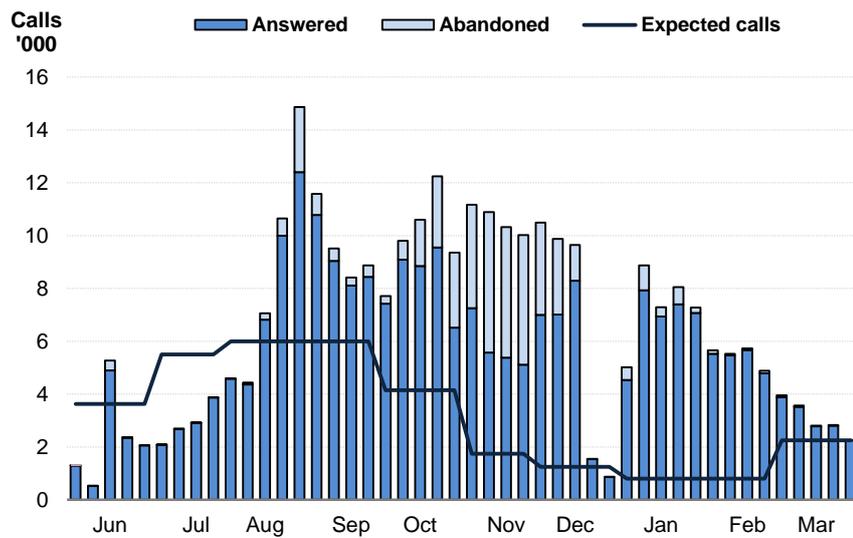
Source: CDETB

5.18   The peak in call answering time was in late November 2012 when the weekly average response time was more than twelve minutes (see Figure 5.7).[2] The weekly average call answer time in November 2013 was 1.09 minutes.

Figure 5.7 Average waiting time for answered calls, June 2012 to March 2013
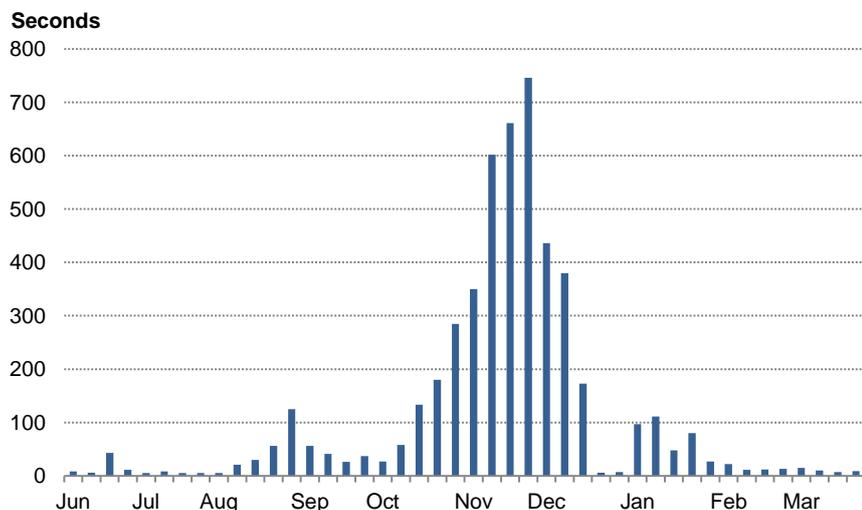
Source: CDETB

1 A call is categorised as abandoned if the caller hangs up before the call is answered. CDETB have pointed out that some calls may be abandoned when the caller is provided with the information they required by the Interactive Voice Response system.

2 The contract signed in February 2013 set a target of 80% of calls to be answered within 20 seconds, with no target for the remaining 20% of calls.

Email responses

5.19   In the period from June 2012 to March 2013, more than 73,500 emails were received, while only 25,000 had been expected. Figure 5.8 shows the number of emails expected, received and those remaining unresolved (i.e. carried over to the following week) at the end of each week in the period from June 2012 to March 2013.

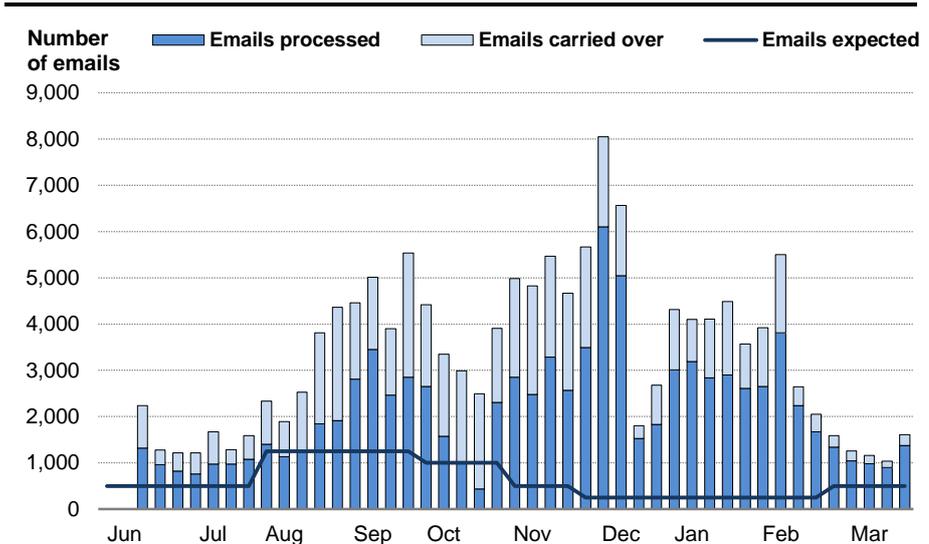**Figure 5.8 Email response statistics, June 2012 to March 2013**

Source: CDETB

Note: An email may be processed more than once, where it is transferred between departments, for example where specialist skills are required.

Costs of outsourcing[1]

5.20   Abtran received payments of €5.9 million for services provided to March 2013, which was over three times the originally budgeted amount for outsourced services of €1.8 million. These costs comprised the following

- document management – €3.12 million, being core services of €2.12 million and associated support services of €1 million

- contact call centre services – €1.8 million, being core services of €1.58 million and associated support services of €0.22 million

- contracted-in staffing – €0.98 million.

5.21   At the time of tender evaluation, the cost of core document management services was projected to be €0.55 million for a full year. Costs to end March 2013 were €2.12 million. The increased cost was due to a significantly higher than expected number of documents being submitted, and to the level of incomplete documentation received.

1 All figures are VAT inclusive
unless otherwise stated.

5.22   At the time of tender evaluation, the cost of core contact call centre services was estimated at €0.49 million for a full year. Costs to end March 2013 were €1.58 million. Drivers of increased cost on the contact call services contract were

- a higher volume of contact (telephone call and email volume was 247% of the volume set out in the invitation to tender) and

- the average handling time of each call being longer (141% of the estimated call duration).

Associated support services

5.23   Both document management and contact call centre tender documentation provided for set-up and establishment support services such as training, IT development and IT integration.

5.24   At tender evaluation stage in November 2011, support services costs in the first year of €29,000 were projected for contact call centre services and €90,000 for document management services, split between systems development costs of €69,000 and recruitment and training costs of €50,000.

Systems development costs

5.25   In the invitation to tender, SUSI requested a daily rate for the provision of development work by four specialist analysts/developers required for the project. SUSI was not obliged under the terms of the tender to avail of these services. The comparison of costs at tender evaluation stage was based on a minimal input at the proposed daily rate for the four specialists. Abtran's quote amounted to around €3,000. There was no overall estimation of likely system development costs. CDETB has stated that it could not accurately predict the number of days of development work that would be required, because this was dependent on the types of systems proposed by different tendering parties.

5.26   The draft implementation plan budgeted €246,000 for systems development, scripting, project support/IT and user acceptance testing. In December 2011, following selection of the successful tenderer, the cost of IT system development to be carried out by Abtran was estimated to be €140,600. In February 2012, the projected cost was increased to €221,500, as an additional letter module was required. In April 2012, the projected cost was increased to €357,440. SUSI subsequently paid €448,000 to March 2013 for system development services under this section of the tender.

5.27   In addition to the payment of €448,000, €307,000 for IT software licence fees were incurred, which will be a significant ongoing cost.

5.28   Notwithstanding payments by CDETB for the integration of the Abtran document management system, CDETB may bear the cost of integrating or developing another document management system if Abtran ceases its provision of services to SUSI. The customer relationship management system may also have to be developed to integrate with the systems of a new provider.

Recruitment and training costs

5.29   Following Abtran selection, a detailed estimation of costs was carried out. The draft implementation plan budgeted €72,570 for recruitment and training for existing and new staff and ongoing coaching and development, based on the development of an internal training infrastructure. To March 2013, training costs of €306,000 were incurred and payable to Abtran for training provided, in addition to €10,000 incurred by SUSI directly for training its own staff, resulting in training costs that were almost five times higher than budgeted.

Actual support services

5.30   Figure 5.9 shows the support services costs which were actually incurred.

Figure 5.9 Cost of support services to March 2013

Description	Contact call centre	Document management	Total
	€000	€000	€000
Systems development	59	389	448
IT software licence fees	55	252	307
Recruitment and training	103	203	306
Programme management	–	70	70
Additional costs- stationary and printing	–	81	81
Total	**217**	**995**	**1,212**

Source: CDETB

Note: Figures are VAT inclusive.

Ongoing performance monitoring

5.31   A clear intention was expressed by both CDETB and the Department that they would put in place a service level agreement between them. However, the top-level implementation plan did not include any key performance indicators, which might be used to assess how SUSI was doing.

5.32   The Department has indicated that, while the intention was to enter into a formal service level agreement, it was considered that in year one of the development, the original detailed proposal and subsequent refinements put forward by CDETB, together with the agreed implementation plan for the delivery of the proposals constituted the basis for the agreed delivery of service for 2012/13. The Department indicated that the experience gained in year one would provide relevant metrics and timelines against which to more accurately benchmark service delivery. On this basis, a more formal memorandum detailing agreement on the levels of service to be provided would be put in place for year two.

5.33   Correspondence in relation to the 2013/14 campaign commenced in April 2013. The Department and CDETB formally signed a management framework agreement on 10 October 2013.

5.34   In total, 92,218 grants applications were received by SUSI in 2013/14, of which 68,570 were new applications (slightly lower than 2012/13). The remaining 23,648 were students continuing on courses previously funded through SUSI.

Ongoing resourcing needs

5.35   In the summary proposal in August 2011, it was anticipated that SUSI would require a staff of 65 and further spending of €1.3 million for the outsourcing of document scanning and the contact call centre.[1] Based on an estimated requirement for 178 full-time equivalents under the previous grants administration structures, it was predicted that SUSI would result in savings in the region of €5 million a year when the transition was complete.[2]

5.36   DPER has sanctioned 26 additional staff resources for SUSI, including three additional management posts and some 23 FTE additional processing posts. This brings its normal staff complement to 91. As a result, anticipated savings of the new system have reduced by €0.81 million per annum.

5.37   The higher than expected cost of outsourced services will also erode the potential saving. Furthermore, it will not be possible to verify savings on staff. The VECs and local authorities did not have staff dedicated solely to student grant administration, and therefore no identifiable specific staff positions were extinguished on foot of the establishment of SUSI.

5.38   The Department has advised that

- while it is not possible to link particular staff reductions in the VEC sector to the diminution of the student grant function, the staff reduction in that sector as a whole for 2012 is within the target for the Employment Control Framework approved by DPER

- DPER is addressing the staff reductions in the local authority sector following the centralisation of the student grants function and the savings arising from these staff reductions are not being made available to the Department of Education and Skills.

Appeals

5.39   The student grants appeals process includes both an internal appeal (within SUSI) and, if the applicant is unhappy with the outcome of the internal appeal, an external appeal, to an independent appeals board.[3]

5.40   An applicant may appeal a SUSI eligibility determination to a SUSI appeals officer within 30 days, with possible extension of the time period by a further 30 days for due cause. The appeals officer must make a determination within 30 days, which can affirm, vary or set aside the original determination.

5.41   The appeals officer notifies both the applicant and SUSI of the determination and the reasons underpinning the decision. In the case of a negative determination, the applicant is informed of the right to appeal the determination to the independent appeals board. Appeals to the appeals board must be made within 30 days of notification of determination by the appeals officer and the appeals board is required to make a determination within 60 days of the appeal to it.

1 In 2012/13, the actual cost for these outsourced services was €4.9 million.

2 Estimate recorded in the SUSI Summary Proposal of August 2011. The estimate used statistics from the Department of Education and Skills.

3 In addition, SUSI was added to the Ombudsman's remit with effect from 1 May 2013 (along with about 180 other public bodies) under the Ombudsman (Amendment) Act 2012.

5.42   The appeal rate was over 11% of applications received, with 7,695 students appealing a refusal of a grant, or the amount awarded for the 2012/13 academic year. Some students appealed more than one decision, leading to a total of 8,892 appeals being received. In its expression of interest, CDETB had estimated appeals of around 1% of applications. Given the lack of baseline information, it is not possible to conclude whether the appeal rate was higher or lower than previous years.

Figure 5.10 Lifecycle of 2012/13 applications to SUSI, as at June 2013
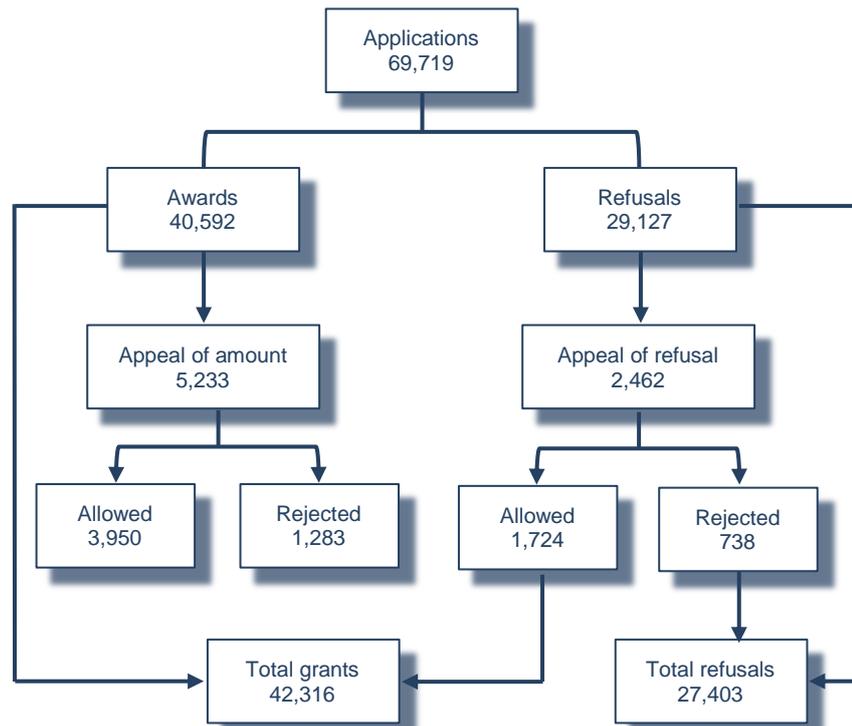
Source: CDETB

5.43   Classification of the reasons that appeals were upheld is not available for the entire 2012/13 academic year.

5.44   The level of original decisions overturned on appeal is high (5,674 cases overturned or 74% of appeal cases at June 2013). Because there is no pre-SUSI baseline information, it is not possible to conclude whether this overturn rate was higher or lower than previous years. However, it does indicate that the process did not operate as effectively as it should have in 2012/2013.

6 Funding and Administration Costs

SUSI student grant payment

6.1 Exchequer funding for student grants is provided through the Vote for Education and Skills. Grant funding issued to CDETB in 2012 was significantly in excess of its immediate requirement for funding as indicated in Figure 6.1. By end December 2012, CDETB had received a total of €72.1 million, while its expenditure was just €19.1 million. As a result, CDETB was holding some €53 million in respect of student grants.[1]

6.2 There was still €17.7 million in SUSI's bank account at the end of January 2013 but this had fallen to €2.4 million by the end of July 2013.

Figure 6.1 Cumulative funding and expenditure grant scheme 2012/13
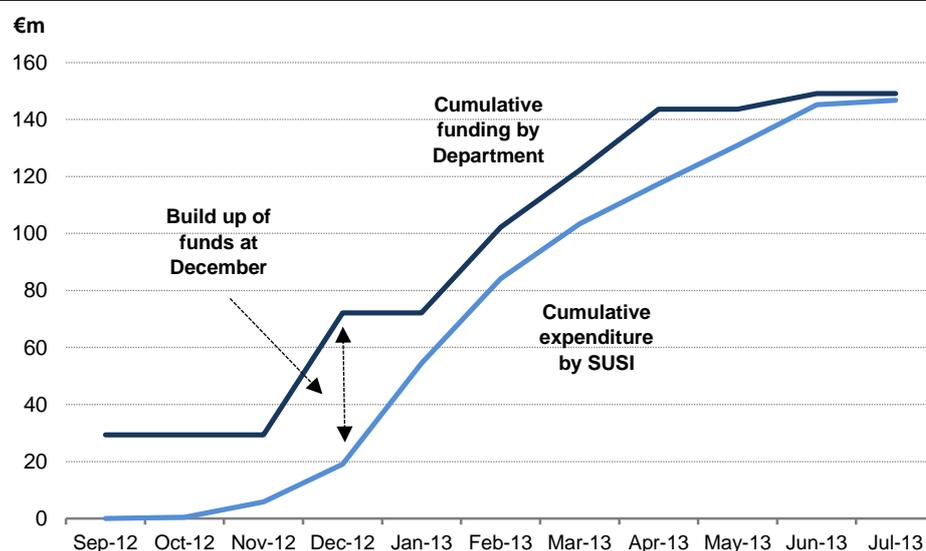
Source: CDETB

6.3 Appendix C gives further information on the timing of payments made by SUSI by way of student grants, broken down by category of grant and covering the 2012/13 scheme from first payments to July 2013.

6.4 At end 2013, CDETB had bank balances of €39.6 million of which €22.3 million related to 2013/14 SUSI grants and was expended in January 2014.

1 CDETB also held €1.1 million in relation to corporate expenditure of SUSI.

SUSI operating costs

6.5   SUSI incurs administration expenses in the payment of student grants and in pay and non-pay costs related to the setting up and operations of SUSI. These are recouped from the Department. The process of recoupment of administration costs involves the submission of claims monthly in arrears by CDETB in respect of SUSI expenditure to the Department. The claims are broken down by project set up costs, staff costs and operational costs.

6.6   Figure 6.2 shows a summary of the outturn costs for SUSI – a detailed outturn of costs on a calendar year basis is given in Appendix D. However, because of the operational difficulties at various stages in the process, there were also significant amounts expended in early 2013, which related to the first year of operation. These are primarily outsourcing costs, details of which are given in Chapter 5.

Figure 6.2 Expenditure by CDETB on SUSI administration costs up to December 2012

| Item	Outturn costs[a]
	€000
Project set up costs	1,488
Operational costs	408
Outsourced document management and contact call centre	3,043
Staffing	2,218
Total	**7,157**

Source: CDETB

Note: a   Figures are VAT inclusive.

6.7   DPER sanctioned the overall proposal to establish the single awarding authority, initial staffing plan and the proposed structures and pay levels of SUSI staff by letter of 26 October 2011.

6.8   The letter noted that the sanction was conditional on a review of the operation of the new agency to be carried out by end-June 2014 in an effort to identify how, through greater efficiency, the agency could operate with reduced funding and staffing. The review was brought forward to 2013 in light of the experience in the first year of operation. The review was carried out by external consultants (Accenture) and formed the basis of an additional staffing request submitted to, and subsequently sanctioned by, DPER.

Analysis of set up and operating costs[1]

6.9   CDETB provided indicative estimates for SUSI costs and outsourced costs in its expression of interest. Estimates were refined in the top-level implementation plan produced by CDETB and the Department. CDETB supplied a detailed table showing final estimated implementation costs and actual costs for 2012 (see Appendix D). The estimated total expenditure of €8.1 million included a 20% provision for contingencies. The outturn costs for 2012 of SUSI was €7.2 million.

1 All figures are VAT inclusive unless otherwise stated.

6.10   There are some notable variances between anticipated and actual costs for 2012. Figure 6.3 below highlights some of these.

Figure 6.3 Significant variances in operational costs of SUSI 2012
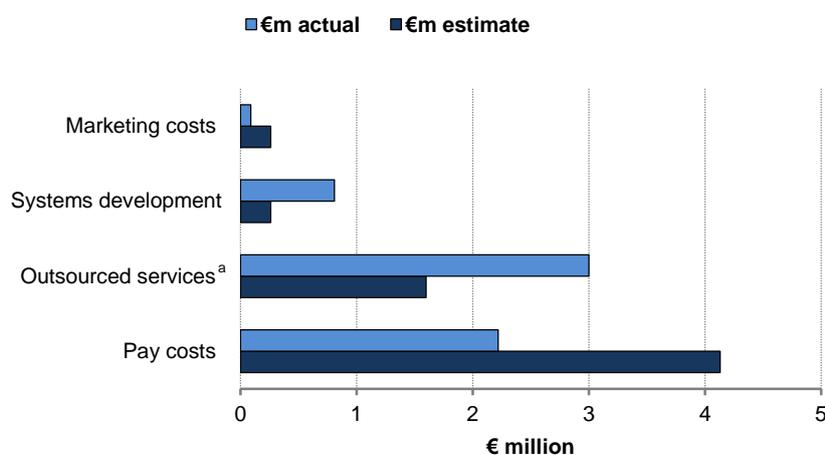
Source: CDETB
Note: a   Document management and contact call centre.

6.11   Pay costs had been anticipated to be €4.1 million – the outturn was only €2.2 million. The main reason pay costs were €1.9 million lower than budget was that staff were assigned late to SUSI. However, contracted-in pay costs during 2012 amounted to an additional €0.77 million.

6.12   The budget for the document management and contact call centre outsourced to Abtran was €1.6 million but actual cost in 2012 was €3.0 million, an 87.5% overrun. Chapter 5 notes the circumstances that led to this overrun.

6.13   Systems development had been estimated to cost €258,300 but outturn cost in 2012 was €808,592.[1] CDETB states that systems development includes the set up of the document management system and contact call centre and the linking of CDETB grant system, on-line system and Abtran systems.

6.14   According to CDETB, marketing costs are lower than budgeted due to the nature of its advertising campaigns. All radio advertisements were placed directly, resulting in a saving on commission costs. Social media was also used where possible. This underspend is of note, considering Accenture's conclusion that there was insufficient clarity and understanding by applicants of the key dates, deadlines and documentary evidence required to support applications.

1 This costing preceded the
formal costing of the project.

7   Conclusions and Recommendations

7.1   The Department is ultimately responsible for the provision of student grants, and for ensuring that students receive the support to which they are entitled, on a timely basis.

7.2   It was envisaged that SUSI would deliver a better service to student grant applicants through streamlined processes, greater consistency in dealing with applications, faster processing due to economies of scale and implementation of an on-line applications system. It is clear that the expected benefits of the new centralised process did not materialise in the 2012/13 scheme as major problems were encountered which led to delays in processing claims and consequent significant difficulties for many applicants.

7.3   The comparative performance by SUSI in the 2013/14 academic year was much improved. Further on-line integration that was not part of the CDETB expression of interest document and that was not planned for 2012/13 has since been implemented for 2013/14 through the development of

- a dedicated SUSI website

- an on-line facility for students to track progress on their applications and documents, and

- on-line submission of final course details.

There was a 70% increase in the number of awards paid by the end of December 2013, and the planned/target performance was achieved.

Change management

7.4   The Department recognised the scale of the challenge involved in restructuring the administration of student grants, when it decoupled the administrative and legal aspects of the reform programme in 2011.

7.5   Projects involving a significant level of change management require assigned responsibility for delivery, an appropriate structure to monitor and manage implementation, regular reporting and measurement of delivery of expected results. The *Public Spending Code* states that a project manager should be assigned personal responsibility for monitoring progress against requirements and for reporting progress and issues to the project board.

7.6   At the planning stage, the Organisation Development Unit of DPER supported the Department in the students' grants change process. It was expected that this support would continue, underpinning the analysis of current processes and making recommendations for the 2010/11 scheme and beyond. In the event, this support was withdrawn at a comparatively early stage. The Department had to re-assess its approach to bringing the project to completion without this support. Detailed expressions of interest were invited which incorporated how the aim of the reform project could be achieved. Proposals submitted were assessed by an independent expert panel and CDETB's detailed proposal was selected. This proposal formed the basis of the implementation plan which was developed and delivered by CDETB in consultation with the project implementation group. While the onus was on SUSI to operationalise the approved plan, there was regular reporting to the Department on the development and delivery of the project.

Recommendation 1

> For key change management projects, the Department should ensure that an appropriately qualified and experienced project manager is involved throughout, so that there is clear ownership and accountability.

> **Accounting Officer's response**

> Agreed. Although a formal system of governance in line with the Public Spending Code was not in place for this project, a qualified and experienced senior manager and staff team was responsible for the planning and implementation of all aspects of the legislative and administrative reform programme for student grants and was accountable in the normal way through the management structures of the Department. In relation to the transition to a single agency, this element of the programme was overseen by a project implementation group from April 2011, which included the relevant senior manager and representation from the sanctioning authority.

> The project was closely monitored throughout the implementation planning and operational phases through regular meetings of the project implementation group and corrective action was taken as soon as issues were brought to its attention. In the matter of planning for the implementation of the project, it should be noted that a draft implementation plan was agreed in May 2011, which enabled negotiations on resources to commence with DPER. However, the ongoing failure of the (then nascent) redeployment system to deliver on staffing for SUSI meant that the implementation plan had to continue to be revised until April 2012, when the outsourcing option was agreed with DPER.

> The Department has taken significant steps to address its approach to key change management projects. To support the implementation of the Public Service Reform Plan, a Programme Office has been established within the Department. The role of this office is to co-ordinate and manage the implementation of the public sector reform programme and to introduce and embed a programme/project management approach to complex and large-scale initiatives.

7.7   The process of moving from 66 awarding authorities to one single authority for new entrants required detailed planning and commitments across a range of areas to ensure systems and processes were fit for purpose, sufficient and experienced staff resources were in place, and that the new arrangements were adequately communicated to students. Certain aspects of the system, such as the on-line application platform and the scheme for electronic payments, had been introduced into some grant awarding authorities in 2010 and 2011, and so had been user tested.

7.8   However, other elements necessary to ensure successful project delivery were not as well planned. This resulted in key risks not being identified, key assumptions not being tested, and a final plan not being put in place until April 2012. There was no formal monitoring of delivery of milestones by the project implementation group. While the group did monitor progress on an ongoing basis, there were no formal escalation procedures.

7.9   In addition, insufficient end-to-end process testing was done prior to the launch of SUSI. Such testing may have identified operational issues earlier, thus allowing alternatives, such as deferral of the launch until 2013/14, to be explored.

Recommendation 2

The Department should revise its approach to change management planning, particularly for complex and large scale projects such as SUSI. A clearly documented plan should be in place at an early stage, with sufficient lead time to commencement of operations. This should contain expected costs and benefits, which should be measurable, and should detail key project milestones. It should also incorporate identification and assessment of key assumptions and attendant risks. Contingency plans in respect of these should be developed. There should be a clear framework for project monitoring and for escalating serious issues.

Accounting Officer's response

Agreed. The Public Sector Reform Programme Office includes key project stages including: project scope, project plan (including risk register and issue log), progress updates and project close. This process is designed to ensure an appropriately tailored project management approach to key change initiatives including the identification of purpose, deliverables, milestones, interdependencies, risks, resource requirements and a project schedule.

Project progress will be monitored through the Project Management Office governance process and these governance arrangements ensure that key risks and issues can be managed carefully and project and programme level risks escalated from project manager (and key executive) to steering group (and senior responsible office) to programme board and ultimately to the Education and Training Reform Board (and Secretary General).

7.10   The key expected benefits of establishing a single awarding authority were that economies would be gained by utilising significantly fewer staff than previously in administering the scheme, and that it would be administered more efficiently. The baseline cost and operational performance of the existing system have not been identified so it is not possible to evaluate whether the project benefits have been (or will be) fully realised. Both the level of staffing allocated to SUSI and the level of outsourced services are significantly higher than envisaged. While there have been reductions in the number of staff employed in VECs and local authorities, the extent to which this is attributable to SUSI is not known. Similarly, the expected improvement in service to applicants is not known.

Recommendation 3

Where efficiency and economy claims are put forward as part of a benefits case for a project, they should be expressed in quantitative terms with relevant baseline comparators.

Accounting Officer's response

Agreed. There was limited baseline information available to SUSI to establish meaningful targets and operational key performance indicators against which to ensure its performance, because the students grants function had been delivered by 66 awarding agencies without a central database tracking key operational metrics. Under the circumstances, it was decided that the most reasonable approach to take was to use the CDETB's detailed service proposal as the basis on which the service would be operated and that this would be further built on and consolidated with the implementation plan agreed with the Department.

Under the Public Sector Reform Programme Office, benefits mapping and identification is being introduced at the programme and project level as appropriate. The planned approach will include the implementation of a system of continuous improvement by the service provider, where appropriate governed by detailed service level agreements with the Department.

Operational issues

7.11   The Department is responsible for putting in place adequate arrangements for the administration of the student grant scheme, for which it provides annual funding of the order of €366 million, €146.7 million of which was paid by SUSI to end-July 2013. However, it did not have in place a formal service level agreement incorporating key performance indicators with CDETB when SUSI was launched. This would have formally established the relationship, set out expectations on service levels and formalised performance monitoring.

Recommendation 4

The Department should ensure that formal service level agreements, with appropriate key performance metrics, are in place with service providers, before service provision commences.

Accounting Officer's response

Agreed. There was a significant level of monitoring of service delivery and governance in place over the course of the first year of the project. An initial implementation group involving CDETB, the Department and DPER met on a number of occasions on the development of the implementation plan and a subsequent implementation group involving CDETB and the Department met regularly to monitor all aspects of implementation including setting weekly targets for grant processing and awards, reporting on such targets, analysis of staff needs, review of telephone, email, post and media activity and financial reporting as well as planning for renewals and new applications in 2013/14. A technical sub-group also assisted the implementation group on a number of issues.

The Department accepts that a more formal management framework, including agreement on service levels, would be both essential and feasible in year two of the project and a management framework agreement was concluded between the CDETB and the Department in 2013 which now forms the basis of the system's operation and ongoing oversight. The management framework agreement outlines the governance arrangements and responsibilities for monitoring and delivery of the project on an ongoing basis. It also includes specific performance metrics and targets which underpin the monitoring and evaluation of the project by the Department. SUSI has met its targets for processing and payment of student grants to end-December 2013 in line with the management framework agreement. The comparative processing position for new applications in 2012/13 compared with 2013/14 clearly shows the significant service improvements achieved in the areas of processing, payment and documentary evidence.

7.12   The Office of Government Procurement has issued guidance in relation to the business case, tender process, and contracts and contract management, for the engagement of consultants and other external support.

7.13   Following a tender process, CDETB selected an outsourced service provider of document management and contact call centre operations in December 2011. However, it departed from guidance and good practice in a number of areas.

- The contract with the service provider was not signed until February 2013, despite service provision commencing in January 2012.

- There were no penalties for failure to provide the contracted level of service.

Complying with guidelines would ensure that the terms of each contract are agreed prior to the provision of any goods or services, with a signed contract in place to document these terms. The receipt of, and payment for, services without having a signed contract in place exposes CDETB to legal and financial risks, particularly where the cost model applied was amended following the tender competition but before the contract was signed.

Recommendation 5

CDETB should take steps to strengthen its procurement and contracting process to ensure compliance with all relevant guidance and good practice.

CDETB Chief Executive Officer's response

Agreed. CDETB has reviewed its procurement process in light of the commentary of the report. CDETB will also endeavour to implement DPER guidance in relation to the signing of contracts. Penalty clauses will be included in tenders issued for any future contracts for this service.

7.14   There was an appeal rate of over 11% of initial grant decisions, with a high rate of turnover on appeal. This raises issues regarding the quality of assessments and the level of quality control. The reallocation of staff from the quality control team to the assessment team in response to greater than expected demand may have reduced the overall quality of its decision making about applications.

Recommendation 6

CDETB should review the quality of training and suitability of staff engaged in assessment to ensure that, as far as possible, correct decisions are made with regard to student grant applications. CDETB should also review its staffing levels in quality control.

CDETB Chief Executive Officer's response

Agreed. CDETB accepts that appropriate staff selection and training strategies and adequate staffing levels in the area of quality control are critical to the timely and accurate assessment of student grant applications and it has reviewed its policies in these areas as recommended. SUSI now has direct input to the selection of temporary seasonal staff and seeks to retain or re-engage skilled and experienced staff from one season to the next. Enhanced supervisory structures and performance management measures have also been implemented.

The core training programme for assessment staff has been substantially revised with a greater emphasis on hands-on learning, reduced class sizes, on the job mentoring and refresher training provided where required. Work flows and assignments have also been revised to facilitate progressive learning on the job.

A new quality framework has been implemented with an experienced dedicated team reviewing assessment outputs across all areas of assessment activity. Quality review outputs are reported and reviewed daily and any identified quality issues are addressed through direct feedback and training.

Following these changes, fewer appeals (8% of all decisions) were received in 2013/14. 40% of assessment decisions were upheld on appeal. Of those that were overturned, 33% were overturned as a result of new information and 27% were overturned for other reasons.

7.15   The funding mechanism for SUSI resulted in CDETB holding large bank balances.

Recommendation 7

The single awarding authority model allows greater visibility of grant payment. The Department should review its funding process, in order to minimise unnecessary build up of funds by CDETB.

Accounting Officer Response

Agreed. As part of the transition arrangements associated with the move from 66 grant awarding authorities to a single agency, the Department is keeping the funding model under continuous review. It is essential that SUSI has sufficient cash-flow to allow payments to be made in a timely fashion to students and institutions while simultaneously ensuring that there is no unnecessary build-up of funds in CDETB.

Although there were significant funds on hand in CDETB at the end of the 2012 financial year relating to student grants (some €53 million), this was a consequence of the late processing and payment of significant numbers of grants in the first year of operation. The amount claimed by SUSI was on the basis of the projected number of grants which still remained to be processed to award stage and while this did not result in payment of the anticipated number by year-end, the amount claimed represented a funding commitment in the financial year 2012 which was realised early in 2013. The Department was anxious to ensure that sufficient money was available to SUSI to pay students as soon as they were awarded and that funding arrangements did not add further to delays.

During the 2013/14 academic year, more frequent payments are being made. This revision allows SUSI to meet its cash-flow requirements as needed (on a monthly basis if necessary) and reconcile expenditure in the normal manner.

The Department is in the process of reviewing the payment arrangements and anticipates that this process will be complete once the final transition is effected for the 2015/16 academic year.

Redeployment

7.16   Redeployment is a central feature of public sector reform. It offers the potential of increasing effectiveness across the sector through higher utilisation of resources and knowledge transfer. Staffing through redeployment was a non-negotiable aspect of the sanction for the SUSI project, but after six months of engaging in the process, only 13 positions from an expected 36 had been filled through redeployment. It took 17 months until an adequate level of redeployment happened.

Recommendation 8

DPER should critically review the design of the redeployment process to ensure that it is efficient and more responsive to operational demands. In particular, issues around mobility between the public and civil service and the unavailability of specific expertise should be addressed.

Where redeployment of staff is relied upon in critical change management projects, realistic provision should be made in project planning to take account of the timescales involved.

Response of Secretary General, DPER

Agreed. DPER has optimised the process for making assignments under the redeployment protocols and enhanced management flexibility in that regard by securing the agreement of the unions to revised redeployment protocols under the Haddington Road agreement (paragraphs 3.6 to 3.9). That agreement has been underpinned by the development, and sign-off with the unions in December 2013, of a 'Redeployment Toolkit' (available at *http://hr.per.gov.ie/redeployment/*) which sets out the operational detail of the optimised processes. It is open to the staff or the official side to suggest amendments to the processes agreed if the need arises in the future. DPER and the unions are currently reviewing how effectively they are operating.

The day-to-day management of the redeployment arrangements has been fully transferred to the Public Appointments Service since April 2012. DPER liaises with it on an ongoing basis, and with personnel officers and the staff unions where necessary, to address any issues arising. The improvements to the redeployment processes permit both the Department and the organisations involved to establish relatively quickly via the Public Appointments Service whether the staff required in terms of grade, location and skills, experience/ qualifications are likely to be available. The process for sanctioning posts by DPER, in turn, takes that fully into account.

Permanent cross-sectoral assignments are now fully feasible, facilitated by the enactment in December 2013 of the Public Service Management (Recruitment and Appointments) (Amendment) Act 2013.

Appendices

Appendix A

Outsourced services scoring evaluation

Criteria	Assessment	Score
Fitness for purpose	Poor	800
	Mediocre	1600
	Acceptable	2400
	Good	2800
	Very good	3200
	Excellent	3600
	Outstanding	4000
Technical merit of human resources proposed	Poor	500
	Mediocre	1000
	Acceptable	1500
	Good	1750
	Very good	2000
	Excellent	2250
	Outstanding	2500
Reliability and continuity of supply points	Poor	100
	Mediocre	200
	Acceptable	300
	Good	350
	Very good	400
	Excellent	450
	Outstanding	500
Ultimate cost	Lowest tender cost	3000
	Pro rata reductions for other tenders[a]	

Source: CDETB

Note: a   For example, if the lowest tender cost was €500,000, then it attracts 3000 points and an €800,000 tender would get 1875 points based on the following formula: (€500,000/€800,000)*3000

Appendix B

Proposed and implemented data sharing arrangements

Documentary evidence	Organisation	Relevant data	Year data sharing operational
Income	Revenue Commissioners	Income – P21, notice of assessment and any other type of income declared to Revenue.	2013/14
Final course acceptance form for the students that have agreed to data sharing	Central Applications Office	Leaving certificate year or years and information on the course the applicant accepts.	2013/14
Nationality – birth certificate	General Registration Office	Birth certificate for applicants born in Republic of Ireland.	2013/14
Residency – 3 out of the last 5 years	DES – post primary database	Department of Education (DES) pupil database records to establish that residency requirements are met.	2013/14
Income – proof of social welfare income	Department of Social Protection	Access to appropriate Department of Social Protection (DSP) records.	2013/14
Previous qualifications	Higher Education Authority (HEA)	HEA Student Graduate Record System.	2014/15

Source: CDETB

Appendix C

2012/13 SUSI expenditure on student grants

| Expenditure | 2012 | | | | | | 2013 | | | | | | | | 2012/13 Total |
	Sept €000	Oct €000	Nov €000	Dec €000	Total €000	Jan €000	Feb €000	Mar €000	Apr €000	May €000	June €000	July €000	Total €000		€000
Post leaving certificate ordinary	–	72	511	1,338	1,921	1,932	1,900	1,686	1,622	1,400	1,541	93	10,174		**12,095**
Post leaving certificate special	–	37	270	649	956	825	817	798	724	597	686	44	4,491		**5,447**
Higher education ordinary	–	308	2,231	5,324	7,863	6,780	6,978	6,922	6,032	5,878	5,411	289	38,290		**46,153**
Higher education special	–	117	770	1,599	2,486	1,763	1,877	1,944	1,732	1,607	1,535	99	10,557		**13,043**
Undergraduate tuition fees	–	–	19	32	51	355	483	256	101	60	162	127	1,544		**1,595**
Student contribution	–	–	1,177	3,550	4,727	20,920	16,156	6,930	3,090	3,253	4,758	527	55,634		**60,361**
Post graduate tuition fees & fee contribution	–	–	272	837	1,109	2,737	1,442	780	743	651	234	291	6,878		**7,987**
Total	**–**	**534**	**5,250**	**13,329**	**19,113**	**35,312**	**29,653**	**19,316**	**14,044**	**13,446**	**14,327**	**1,470**	**127,568**		**146,681**

Source: Department of Education and Skills

Appendix D

SUSI costs:– implementation plan March 2012, vs outturn for 2012

Item list	Budgeted	Outturn	Variance
	€000	€000	€000
Transitional support costs	118	–	-118
Buildings and accommodation (including IT infrastructure)	509	497	-12
Compliance with Official Languages Act and data protection	51	1	-50
Programme management and consultancy	133	170	37
Systems development	258	809	551
Recruitment	37	–	-37
Training	50	11	-39
Scripting contact call centre	15	–	-15
Total set up costs	**1,171**	**1,488**	**317**
Building maintenance/consumables	74	39	-35
Cleaning of building	15	25	10
Electricity	118	9	-109
Gas	37	–	-37
Telephone	74	2	-72
Postage	96	78	-18
Stationery	89	18	-71
Insurances	32	25	-7
Connectivity	59	33	-26
Software support	103	79	-24
SMS texting	30	–	-30
Training	22	–	-22
Printing	148	–	-148
Travel and subsistence	15	6	-9
Legal/data protection	22	7	-15
Marketing costs	258	87	-171
Total operational costs	**1,192**	**408**	**-784**
Document management and contact call centre	1,608	3,043	1,435
Pay cost	4,127	2,218	-1,909
Totals	**8,098**[1]	**7,157**	**-941**

Source: CDETB

Note: Figures are VAT inclusive.

       1   The budgeted total includes a contingency of 20%.

Appendix E SUSI organisation chart, February 2015