



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Business, Innovation & Skills

Investigation into potential conflicts of interest in the award of Disabled Students' Allowance

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Department for Business, Innovation & Skills

Investigation into potential conflicts of interest in the award of Disabled Students' Allowance

Report by the Comptroller and Auditor General

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National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

11 March 2015

This report examines the oversight by the Department for Business, Innovation & Skills of the arrangements for the award of the Disabled Students' Allowance (DSA).

Investigations

We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.

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This report can be found on the National Audit Office website at www.nao.org.uk

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What this investigation is about

1 We examined the oversight by the Department for Business, Innovation & Skills (BIS) of the arrangements for the award of the Disabled Students' Allowance (DSA). Specifically, we examined the arrangements in respect of students whose support requirements were assessed by an assessment centre based on the main campus of Plymouth University.

2 In response to concerns raised with the Chair of the Committee of Public Accounts in 2013, we investigated three specific issues:

- whether there are potential conflicts of interest in the assessment of support requirements of disabled students by an assessment centre on the main campus of Plymouth University, and the provision of that support by Claro Learning Ltd, a support provider operating in the south-west;
- whether relationships between disability needs assessors, support providers and Plymouth University are costing the taxpayer money; and
- whether a larger than expected proportion of students at Plymouth University receive DSA.

3 Our investigation focuses on the financial controls in the process for awarding DSA and whether any risks arising are adequately mitigated. The issues put to us did not relate to the quality of provision. We have therefore not examined and do not comment on the quality of support provided.

4 Our methods are in Appendix One. As well as our enquiries, this report draws on the reported findings of an internal audit investigation on the subject carried out by BIS's internal audit function (provided by the Government Internal Audit Agency).¹

¹ Since 2014, BIS's internal audit function has been provided by the Government Internal Audit Agency, which is responsible for reviewing the functions and activities of a number of government departments including BIS, assessing efficiencies and risks, and making recommendations for improvement.

Summary

5 The Department for Business, Innovation & Skills (BIS) provides the Disabled Students' Allowance (DSA) to higher education students with disabilities. In 2012-13, the Student Loans Company estimated DSA payments for English students to be £128 million. DSA can be used to pay for specialist equipment or non-medical helper support. The support can include, for example, note-taking at lectures for students with learning difficulties.

6 An assessment centre assesses students with disabilities, to see what support they need to overcome challenges they may face because of their disabilities when accessing higher education. The Student Loans Company usually pays DSA directly to the support provider, rather than to the student. The DSA Quality Assurance Group is a non-profit making body with responsibility for auditing assessment centres and support providers.

7 The concerns raised with the Chair of the Committee of Public Accounts relate to Access South West (an assessment centre on Plymouth University campus), and Claro Learning Ltd (a support provider for adults with disabilities in the south-west).

Key findings

Potential conflicts of interest

8 **Initial concerns about a potential conflict of interest in the assessment of students with disabilities at Plymouth University were raised with the DSA Quality Assurance Group and the Student Loans Company in 2010.** Although the Student Loans Company requested clarification from BIS about how such conflicts of interest should be dealt with, no further action was taken by BIS to investigate the specific issue relating to assessment of Plymouth University students.

9 **Access South West, the assessment centre that assesses the support requirements of disabled students based at Plymouth University's main campus, and Claro Learning Ltd, a supplier of non-medical helper support to disabled students, are the same company.** In addition, a verbal agreement between Plymouth University and Claro Learning means that Claro Learning is the sole supplier of non-medical helper support to most students based on the Plymouth University campus.

10 **Access South West declared potential conflicts of interest in the appropriate register.** BIS's internal audit review provided confirmation that the activities of Access South West and Claro Learning are kept separate and are not reliant on information from the other business.

11 In our view, however, BIS has not taken sufficient action to fully mitigate the risk of a conflict of interest. Access South West's conflict of interest declaration states that it manages the potential conflict with Claro Learning by ensuring that its assessments always include two quotes for non-medical helper support. However, a verbal agreement between Plymouth University and Claro Learning means that, although some students may choose to source their support from another provider, the majority of students based on Plymouth University's main campus, who require non-medical helper support, will automatically be supported by Claro Learning. This verbal agreement is known to BIS and allowed under its rules. BIS concluded that its internal audit review had not identified any conflicts of interest that had impacted on the way in which Claro Learning operated as a provider of assessments and as a provider of support. In our view, BIS has not taken sufficient account of the fact that Access South West and Claro Learning are the same company and that the majority of students on the Plymouth University campus are automatically supported by Claro Learning.

Risks to public money

12 BIS's internal audit review confirmed that Claro Learning has provided the support it claimed public money for. It found that Claro Learning's systems for providing student support appeared to operate effectively and provided a level of assurance that what was being claimed for had actually been delivered.

13 The average payments made in 2012/13 for students assessed by Access South West's assessment centres were higher than the average payments for students assessed by any other assessment centre. Student Loans Company data indicates that the average total DSA payment per student for students assessed by Access South West's Plymouth assessment centre was £4,759 in 2012/13. The average total DSA payment per student across all assessment centres was £2,227.

14 Access South West's approach to making assessment recommendations before July 2013 was allowed under BIS's guidelines, but was out of step with the approach adopted by other assessors. In BIS's view, by recommending the maximum level of support a student might conceivably need, rather than the most likely level of support the student required, Access South West's approach was not in line with the spirit of BIS's guidelines. Access South West informed us that its approach was requested by Plymouth University but we have been unable to verify this. It stated that it changed its practice in July 2013.

15 BIS's weak oversight failed to detect that, by recommending the maximum amount of support they thought students might need, Access South West's assessors had, prior to July 2013, departed from assessment practice adopted elsewhere. Although the Student Loans Company is responsible for processing assessment reports, no work was undertaken routinely at the Student Loans Company or BIS to examine payment patterns. BIS therefore did not identify weaknesses in its guidelines until it first investigated the issues raised in 2013 and 2014, four years after concerns first emerged.

Proportion of Plymouth University students receiving DSA

16 The proportion of students at Plymouth University receiving DSA is 9.3% compared with a national average of 5.8%. We have not seen any evidence that would cause us to question the validity of the figures. Proof of disability is required from a student's GP or specialist. Additional proof is required from students with specific learning difficulties. Therefore it is not, as far as we are aware, a matter for Access South West or Claro Learning. The higher-than-average figure may be influenced by several factors, including the university's own marketing efforts and reputation.

BIS's future plans for monitoring conflicts of interest

17 BIS has a number of actions in train to strengthen its oversight of DSA. It has instructed Access South West that any future assessments it makes must provide at least two quotes for support provision. It has confirmed with Plymouth University that the verbal agreement it has with Claro Learning does not prevent other suppliers from providing support to Plymouth University students. BIS is also seeking assurance that Claro Learning has addressed issues raised by the internal audit review. More generally, BIS is setting up an oversight group for monitoring DSA, is developing new DSA guidance on conflicts of interest, and plans to carry out improved analysis to identify anomalies in DSA payments that require further investigation. From September 2015, all English and Welsh assessment centres will have to be accredited by the DSA Quality Assurance Group in order to carry out DSA assessments.

Background

Disabled Students' Allowance

1.1 The Department for Business, Innovation & Skills (BIS) provides Disabled Students' Allowance (DSA) to support higher education students with disabilities or special needs. DSA is not means-tested and students receive it to help them overcome barriers they may face because of their disabilities when accessing higher education. The aim is to support the development of independent learning.

1.2 Support paid for by DSA can be specialist equipment or non-medical helper support. It can include, for example, note taking at lectures for students with learning difficulties. DSA is not intended to meet the disability-related expenditure the student would incur if they were not attending a higher education course.

Roles and responsibilities in the DSA awards process

1.3 In 2012-13, DSA payments for English students were estimated to be £128 million. The process for awarding DSA follows a series of steps (**Figure 1**).²

1.4 BIS, as sponsor department, has responsibility for setting out the framework for the operation of the DSA awards process.

1.5 The Student Loans Company processes assessments and makes DSA payments to support providers. It should be noted that the Student Loans Company does not have any contractual arrangement with the support providers.

Figure 1

Disabled Students' Allowance awards process

Step 1: Students diagnosed as disabled by their GP or specialist, can apply to the Student Loans Company to receive DSA. Additionally, students with specific learning difficulties need to provide an up-to-date assessment of their disability.

Step 2: Once the Student Loans Company has confirmed eligibility, a student's support requirements are assessed by interview at a separate assessment centre. An assessment report is provided to the Student Loans Company.

Step 3: The Student Loans Company considers the report, seeking clarification where it judges it is necessary. It then processes the assessment report, calculates the student's entitlement and confirms the award. DSA is usually paid direct to the supplier, rather than to the student.

Step 4: The supplier provides support direct to the student and invoices the Student Loans Company for goods or services supplied. There is no contract or other formal agreement between the supplier and BIS or the Student Loans Company.

Note

¹ There are 182 accredited UK assessment centres. Students can choose one near to their home or university.

Source: National Audit Office

² The convention used throughout this report is that academic years are written as 2012/13 and financial years as 2012-13.

1.6 The Student Loans Company directs students requiring assessments to the DSA Quality Assurance Group's list of accredited assessment centres. At present, BIS does not mandate that assessment centres should be accredited, but has informed us that, from September 2015, all assessment centres will require accreditation. The DSA Quality Assurance Group is a non-profit making body with charitable status, funded through membership fees from the bodies it accredits. It has responsibility for auditing and accrediting assessment centres and equipment support providers. It provides assurance that these organisations have appropriate quality assurance arrangements in place. The DSA Quality Assurance Group does not have responsibility for auditing the provision of non-medical helper support.

Questions relating to the payment of DSA

1.7 The following specific concerns were raised in correspondence to the Chair of the Committee of Public Accounts in 2013:

- **Conflict of interest**

That there are potential conflicts of interest in the assessment of support requirements of disabled students by an assessment centre on the main campus of Plymouth University, and the provision of that support by Claro Learning Ltd, a support provider operating in the south-west.
- **Risks to public money**

That relationships between disability needs assessors, support providers and Plymouth University are costing the taxpayer money.
- **Disabled students at Plymouth University**

That a larger than expected proportion of students at Plymouth University receive DSA.

Organisations involved

1.8 Access South West assesses disabled students' needs. It operates in the south-west of England and runs four assessment centres that are audited and have been accredited by the DSA Quality Assurance Group. In particular, in January 2012, it took over operation of the existing assessment centre on the campus of Plymouth University. Access South West also runs an assessment centre in Truro and two outreach centres at Barnstaple and Penryn.

1.9 Claro Learning Ltd provides specialist services to support adults with disabilities. Non-medical helper support includes learning support, mentoring, note taking and assistive technology training. The company is also based in the south-west (Tavistock). Claro's records show that it supported 2,066 BIS-funded students in 2012/13, and received payments of £7.3 million.

1.10 Plymouth University is the largest university in the south-west of England, with over 28,000 students. It is the 6th largest in the UK by total number of students. Around 19,000 of these students are based on its main campus in Plymouth. The remaining students are based at its partner colleges in the south-west. The majority of disabled students attending Plymouth University's main campus are assessed at the centre run by Access South West and, due to a verbal agreement between the provider and the University, are supported by Claro Learning. The University, however, advises students that they are under no obligation to be assessed by Access South West and can request support from other providers.

Findings on potential conflicts of interest

Potential conflicts of interest

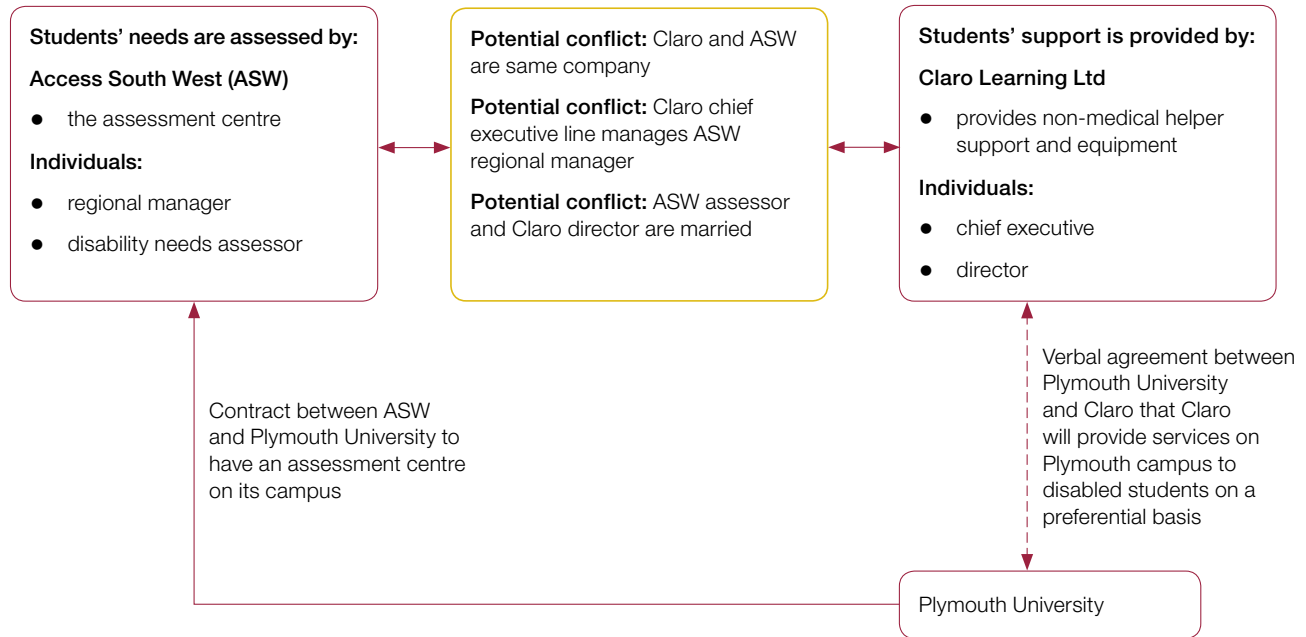
2.1 Anonymous allegations were initially raised with the Student Loans Company and the Disabled Students' Allowance (DSA) Quality Assurance Group in 2010 about the assessment of disabled students at Plymouth University. Prior to Access South West establishing an assessment centre on the Plymouth University campus in January 2012, Plymouth University carried out its own disability needs assessments. The issues raised focused on potential conflicts of interest in the assessments undertaken by a disability needs assessor who carried out assessments for both Plymouth University and Access South West.

2.2 The DSA Quality Assurance Group wrote to Access South West about the issues raised. The company rejected the allegations. The company also questioned the DSA Quality Assurance Group's remit to investigate complaints. The DSA Quality Assurance Group was advised by its solicitors to take no further action because it did not have the necessary regulatory powers. It passed the case to the Student Loans Company. The Student Loans Company approached the Department for Business, Innovation & Skills (BIS) to clarify how conflicts of interest relating to the award of DSA should be dealt with, but we have seen no evidence that BIS took action to investigate further.

2.3 There are a number of potential conflicts in the relationship between Access South West and Claro Learning Ltd. The specific organisational, business and personal relationships have been confirmed as follows, and set out in **Figure 2** overleaf:

- Companies House records confirm that Claro Learning Ltd and Access South West are the same company. Claro Learning told us that this arrangement is not unique, and that a number of universities and companies both assess needs and provide support for disabled students.
- The chief executive of the supplier company, Claro Learning, line manages the regional manager of the company carrying out assessments, Access South West.
- The individual named in the correspondence with the Chair of the Committee of Public Accounts is the main disability needs assessor for mental health issues at Access South West. Prior to Access South West establishing an assessment centre on the Plymouth University campus in January 2012, he also carried out disabled needs assessments on behalf of Plymouth University. His wife became director of Claro Learning in May 2013. We have been informed that she was also a director previously and has been an employee of Claro Learning for several years.

Figure 2
Potential conflicts of interest



Note

1 Although Access South West has an assessment centre based on Plymouth University campus, the University informed us that it ensures students are aware they are under no obligation to be assessed there or supported by Claro Learning. The University told us that in practice, most disabled students based at its main campus will be assessed by Access South West and supported by Claro Learning.

Declarations of potential conflicts

2.4 The DSA Quality Assurance Group requires assessment centres to keep and review annually an organisational register of interest. The register is to safeguard student interests, protect public funds from misuse and prevent self-promotion of services for personal or organisational gain. Assessment centres must state the steps or measures they take to ensure that the risk of conflict of interest is appropriately managed.

2.5 We examined Access South West's register of interest declarations dated May 2012 and May 2013. Access South West stated that Claro Learning Ltd was its 'parent company' and provided non-medical helper support. To explain what steps it takes to ensure that it gives no undue advantage to Claro Learning, Access South West stated:

"Claro Learning personnel are not involved in the decision-making processes regarding suppliers. Access South West has a strict policy of making recommendations based on the needs of students. We also liaise with Disability Advisers, at the relevant institution [this refers to disability advisers employed by the University], to ensure that we involve them in the decision on which two suppliers of Non-Medical Helper support are included within the Needs Assessment Reports. Our reports always include two quotes for Non-Medical Helper support, except for those students who are studying at Higher Education Institutions for whom only one quote is available and accepted by Student Finance England (as per Student Finance England guidance). [Student Finance England refers to the Student Loans Company]

"At Plymouth, there are two employed needs assessors, but they only conduct assessments for students studying at Higher Education Institutions that have an approved exclusive arrangement with one Non-Medical Helper supplier and where no supplier recommendation is therefore required. Where a supplier recommendation is required, assessments are conducted by independent freelance assessors."

2.6 Employees of assessment centres must also complete a register of interest annually. Employees must record if they know of any potential conflicts of interests that may affect the organisation's independence from providers or other parties involved in the DSA process. We examined the conflict of interest declarations made by the Access South West disability needs assessor (the individual named in the correspondence to the Chair of the Committee of Public Accounts) in 2011 and 2013. He stated:

"My wife is an employee of Claro Learning but makes no benefit from my work here. All reports are submitted to the Access Centre and 2/3 quotes are added. The Student Finance England chooses the supplier."

Managing potential conflicts of interest

2.7 In response to the concerns raised with the Chair of the Committee of Public Accounts, BIS's internal audit function (provided by the Government Internal Audit Agency) examined in more detail Access South West's arrangements for managing its conflict of interest with Claro Learning. Access South West informed the internal auditors that information barriers between Access South West and Claro Learning ensured there was no conflict. The internal auditors informed us that interviews with key staff at Access South West and Claro Learning, and examination of in-house systems confirmed that the activities of each side of the business were separate and did not rely on information from the other business.

2.8 The internal auditors interviewed the Access South West disability needs assessor about how the potential conflict of interest from his marital relationship was managed. He stated that he was not allowed to choose which suppliers were included in the assessments. The internal auditors concluded there was no evidence to suggest that the individual's relationship led to Access South West or Claro Learning benefiting from any bias in the assessment process. Overall, the internal auditors concluded that the review had not identified any conflicts of interest that had, in their view, impacted on the way in which Claro Learning operated as a provider of assessments and as a support provider.

2.9 However, the specific supplier arrangement for supporting disabled students based on the Plymouth University campus means that the risk of a conflict of interest is not fully mitigated. BIS normally requires assessment reports prepared by assessment centres and sent to the Student Loans Company to include quotes from two suppliers. Plymouth University has, however, entered into a preferential arrangement with Claro Learning for the supply of non-medical helper support on its campus. Although Plymouth University told us that students can opt out of this arrangement if they wish to source their support from other providers, the arrangement means that the majority of students on Plymouth University campus requiring non-medical helper support will automatically be supported by Claro Learning, regardless of which assessment centre assesses them. So, when Access South West performs assessments for Plymouth University students, its report will not include two quotes and, in the majority of cases, the work automatically goes to Claro Learning.

2.10 The arrangement, which is in the form of a verbal agreement rather than a formal contract, is known to BIS. BIS informed us that it is not unusual for universities to enter into agreements or contractual arrangements with suppliers and, in fact, over 200 institutions across the UK offering higher education have a single supplier arrangement with a supplier of disabled student support.

Findings on risks to public money

The level of payments for students assessed by Access South West

3.1 We analysed Student Loans Company data for Disabled Students' Allowance (DSA) payments to English students in 2011/12 and 2012/13. In particular, we analysed average total DSA payments per student by assessment centre, and average amounts of non-medical helper support payments per student by assessment centre.³ We also analysed payments made to Claro Learning. The issues put to us did not relate to the quality of provision. We have therefore analysed payments but have not examined and do not comment on the quality of support provided. Our key findings are below.

3.2 There are limitations on the data that the Student Loans Company records centrally, particularly with the way that certain information such as support provider and disability type is recorded. Claro Learning informed us that it did not recognise all of the data provided to us by the Student Loans Company. However, Student Loans Company data allows us to analyse payments across all students and Assessment Centres in a comparable way. While there is a level of uncertainty due to the limitations in the data, in our view it is unlikely to lead to systematic or substantial changes in our findings. An explanation of these limitations and how we conducted our analysis is in Appendix One.

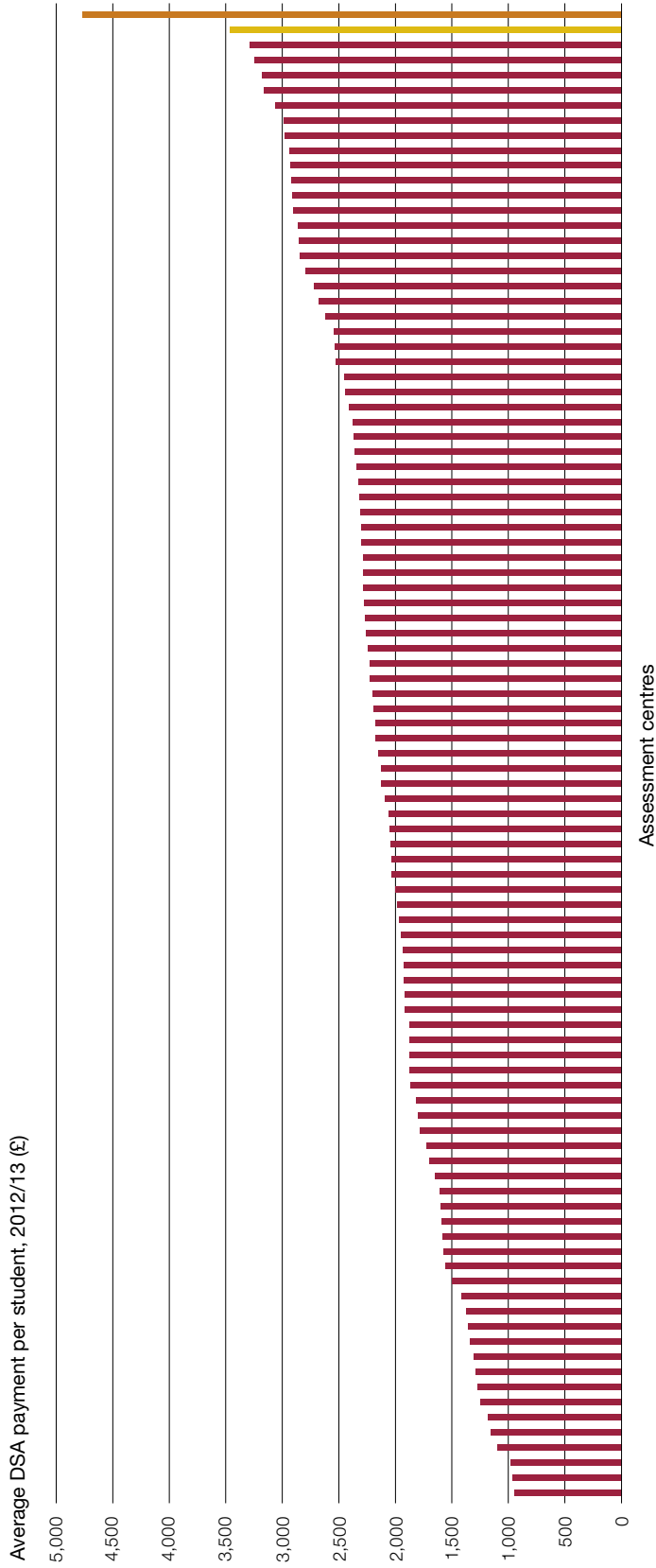
3.3 Amounts of DSA paid for students assessed by Access South West's assessment centres are higher than average, with the Plymouth centre having the highest average payments in England. In 2012/13, the national average total DSA payment per student was £2,227, while the average total payment for students assessed by the assessment centre at the 75th percentile was £2,612.⁴ The average total DSA payment per student for students assessed by Access South West Plymouth was £4,759 and the average total payment per student for students being assessed by Access South West's other centres was £3,459 (**Figure 3** overleaf). Not all students assessed by Access South West will have been supported by Claro Learning. We found a similar, but less pronounced, trend in 2011/12.

3.4 Student Loans Company data indicate that in 2012/13 it paid Claro Learning at least £4.8 million for non-medical helper support (including for students assessed by centres other than Access South West). We estimate that, if these payments had on average matched the average of those assessed by the assessment centre at the 75th percentile, the total DSA payment to Claro Learning for non-medical helper support would have been £1.7 million.

³ Total DSA payments cover all forms of DSA, including non-medical helper support, equipment and general allowances.

⁴ For a dataset arranged in order of increasing magnitude, the 75th percentile is the point at which 75% or three quarters of the data lies below.

Figure 3
Average total DSA payments made in 2012/13, by assessment centre



Notes

- 1 Amounts in this graph cover all DSA payments, which will include equipment support and general allowances as well as non-medical helper support.
- 2 This analysis excludes students who had nothing recorded for their assessment centre in the Student Loans Company's central data. It also excludes the ten assessment centres that, according to the Student Loans Company data, assessed fewer than ten students who accessed DSA in 2012/13.

Source: National Audit Office analysis of Student Loans Company data

3.5 Using Student Loans Company data for 2012/13, we examined the level of DSA payments for students who were both assessed by Access South West and supported by Claro Learning. We found that DSA payments are highest on average when Access South West assesses a student and Claro Learning provides the non-medical helper support. Student Loans Company data showed that the average DSA payment for non-medical helper support for students assessed by Access South West but supported by any provider is £2,919. In cases where the student is both assessed by Access South West and supported by Claro Learning, the average non-medical helper support payment per student is £4,430. Claro Learning informed us that the data held by the Student Loans Company appeared to be inconsistent with its own records.

3.6 Building on our analysis, the internal auditors also analysed DSA payments and found similar trends. The internal auditors found that recommendations for particularly high levels of student support (60 hours or more) are more likely to be the result of assessments that Access South West made, than from assessments made by other assessment centres. The internal auditors' analysis showed that the DSA payments received by Claro Learning are higher per student assessment than for other providers. The internal audit review also found that students who get their support from Claro Learning draw down a greater proportion of the total allocated student support than students who get their support from other providers.

Explanation for higher-than-average payments

3.7 We asked BIS to further examine why payments to students assessed by Access South West were higher than average. Access South West informed the internal auditors that until July 2013, its assessors based their recommendations on their assessment of the maximum amount of non-medical helper time a student might conceivably need, rather than recommending the most likely level of support the student required.

3.8 Since July 2013, Access South West has changed its approach and has told assessors to make recommendations based on students' needs at the point of assessment. Any later extra requests for support from the student are considered case-by-case. Access South West informed the internal auditors that its pre-July 2013 assessment policy had sought to reduce the need for such repeat assessments if the student's requirements changed. It believed students would only take up the support they needed within the maximum allowed. Access South West also informed us that Plymouth University had asked it to avoid the need for repeat assessments. We have not been able to verify that this was the case. Access South West provided us with data showing that students it assesses do not always take up the full amount of support that its assessors have recommended. Our analysis, however, is of the actual payments made to students and support providers.

3.9 The Department for Business, Innovation & Skills (BIS's) guidance does not specifically state that the number of support hours recommended should reflect the level of support that assessment centres judge are needed. However, BIS informed us that, in line with the spirit of its DSA guidance, it expected assessment centres to base recommendations on number of support hours with its assessment of need. Access South West's pre-2013 policy was not, in BIS's view, in line with the spirit of the DSA guidance.

3.10 The internal audit review found that the level of support recommended by Access South West did not reflect students' differing circumstances and disabilities. While assessment reports indicated that Access South West had carried out assessments on an individual basis, the internal audit review found that Student Loans Company records suggest that the level of recommended support did not reflect differing disabilities. This was at odds with the assessments completed by other assessment centres where the support they recommended was more varied. The internal auditors also found that, in particular, Access South West's recommendations for IT support did not appear to reflect variations in students' disabilities. However, Claro Learning informed us that Access South West's own records were inconsistent with the internal audit findings.

3.11 Access South West has informed us that the payments it recommends may be higher than average because there are higher than average proportions of students with mental health disabilities or with multiple disabilities, and these students require high levels of support. Our analysis supports the suggestion that Access South West's high average payments are driven by these types of disability. However, when we examine the data for these two groups of students alone, we find that payments for students assessed by Access South West are still higher than the national average, with similar trends to those in our overall analysis.

3.12 Access South West is also concerned that some of the students included in our analysis that received payments during the 2012/13 academic year may have originally been assessed prior to Access South West establishing its centre on the Plymouth University campus in January 2012. However, the disability needs assessor who was the subject of correspondence to the Chair of the Committee of Public Accounts about potential conflicts of interest, assessed students based on the Plymouth University campus both prior to January 2012, and subsequently.

3.13 The Student Loans Company has not routinely analysed DSA payments to identify patterns and trends. Claro Learning expressed concerns to us that, before we began our enquires, it had not been made aware that its payments were above average so was not able to respond or consider why its approach was out of line. BIS recognises the need for further analysis of payments to identify abnormal payment patterns. It has now asked the Student Loans Company to collect comparative management information on a six-monthly basis.

Confirmation that services were provided

3.14 The internal audit review examined Claro Learning's systems for providing student support and claiming costs from the Student Loans Company. It found that the systems operated effectively and gave assurance that Claro Learning had provided the support it claimed public money for.

Findings on proportion of students at Plymouth University receiving DSA

4.1 The Department for Business, Innovation & Skills (BIS) told us that 9.3% of students at Plymouth University receive Disabled Students' Allowance (DSA) against a national average of 5.8%.

4.2 We have not seen any evidence that would lead us to question these numbers. The initial disability diagnosis is made by the student's GP or specialist. For students with specific learning difficulties, additional proof of disability is required. Disability diagnoses are therefore made before the student applies to the Student Loans Company for DSA and before the student's support requirements are assessed by an assessment centre such as Access South West.

BIS's future plans for monitoring conflicts of interest

5.1 BIS has informed us that in recognition of the need for wider oversight, it is setting up an oversight group for monitoring DSA. One of the group's responsibilities will be to address concerns raised over potential conflicts of interest. It will also review and action the findings of the DSA Quality Assurance Group's audit of Assessment Centres. BIS has invited the Student Loans Company, the Welsh Government, the Higher Education Funding Council for England, Universities UK, the National Union of Students and the Department of Health to join the group. It intends that this group will be operational in 2015.

5.2 BIS is also developing new DSA guidance on conflicts of interest, drawing on the findings of the NAO's wider work in the area.⁵ BIS has informed us that it intends the guidance to clarify BIS's expectations of the relationship between assessment centres and support providers. BIS intends to issue the guidance in April 2015. BIS also intends to review its approach to enforcement and sanctions. Additionally, from September 2015, all assessment centres in England and Wales will be required to be accredited by the DSA Quality Assurance Group. An assessment centre without accreditation or one that loses its accreditation will no longer be able to assess students for DSA from this date.

5.3 Regarding the specific case in question, BIS shared the internal audit report with Claro Learning in summer 2014. In November 2014, BIS also wrote to Claro Learning expressing concerns that the evidence in the internal audit report suggested that a significant proportion of the Needs Assessment Reports produced by Access South West did not make the required link between personalised assessment and a similarly personalised recommendation of support. BIS requested assurance from Claro Learning that it had successfully addressed this issue and that the required practice was now embedded in Access South West's procedures. BIS warned Claro Learning that any failure to meet the required standards in future may lead to the eligibility of Access South West to carry out DSA funded assessments being reviewed.

5.4 Claro Learning responded to BIS's letter noting that the internal audit report did not identify any conflicts of interest and that it had not operated outside of the DSA guidance. Claro Learning stated that it continued to operate its assessment centres and support services separately and has strengthened governance to ensure continuous improvement. Access South West provided a report setting out the actions it has taken to address the issues raised by BIS. BIS has informed us that it will be following up with Claro and Access South West to ensure the measures they have put in place are robust enough to mitigate the potential conflicts.

5.5 In addition, on 9 March 2015, BIS instructed Access South West that any future assessments it makes must provide at least two quotes for the provision of non-medical helper support services. BIS has confirmed with Plymouth University that the preferential supplier arrangement the university has with Claro Learning does not prevent another supplier providing support to students on the Plymouth University campus. BIS has informed us that where it identifies similar conflicts across the sector, it will require assessment centres to take similar action.

Appendix One

Our investigative approach

Scope

- 1 We investigated three specific concerns:
 - whether there are potential conflicts of interest in the assessment of support requirements of disabled students by an assessment centre on the main campus of Plymouth University and the provision of that support by Claro Learning Ltd, a support provider operating in the south-west;
 - whether relationships between disability needs assessors, support providers and Plymouth University are costing the taxpayer money; and
 - whether a larger than expected proportion of students at Plymouth University receive DSA.

Methodology

- 2 In examining these issues, we drew on several evidence sources.
- 3 **We interviewed officials at the Department for Business, Innovation & Skills (BIS), the Student Loans Company and the DSA Quality Assurance Group.** These interviews were to:
 - understand the Disabled Students' Allowance (DSA) award and payment process, and controls to mitigate the risk of conflicts of interest;
 - establish how far BIS, the Student Loans Company and the DSA Quality Assurance Group knew of potential conflicts of interest; and
 - understand the circumstances and outcome of previous communications between BIS, the Student Loans Company and the DSA Quality Assurance Group with Access South West and Claro Learning.

4 We examined documentation including:

- BIS's guidance on the DSA award process;
- DSA Quality Assurance Group guidance;
- correspondence between BIS, the Student Loans Company, the DSA Quality Assurance Group, Access South West, Claro Learning and Plymouth University about this specific case;
- declarations that Access South West and its employees made in the register of interest held by the DSA Quality Assurance Group;
- details BIS held on the verbal agreement between Claro Learning and Plymouth University;
- Companies House records; and
- Data provided to us by Claro Learning on Access South West's assessment records. We reviewed but did not audit this data.

5 We calculated average DSA payments by assessment centre and support provider in 2011/12 and 2012/13. We analysed anonymous Student Loans Company data showing the amount of non-medical helper support and total DSA support paid to each student receiving DSA in 2011/12 and 2012/13. For each student, the Student Loans Company records their disability type; higher education institution; assessment centre; and support providers for non-medical help, specialist equipment, or both.

6 The analysis in this report does not in itself constitute proof that the system has operated in a way that BIS did not intend. It should also be noted that we did not test the data for its accuracy, and it contained gaps arising from manual recording of information. In particular:

- **Incomplete data**

Some information, such as payment amounts, is recorded directly into the Student Loans Company's central data systems. We therefore had a complete set of data for payments made. However, other information is entered manually and may have been omitted or entered incorrectly in some cases. Students' individual records contain full information, but the data that the Student Loans Company records centrally is not complete. This particularly applies to disability types, assessment centres and support providers. For each of these data fields, up to 1 in 4 students had no record in the data that we were given. The national average DSA payment of £2,227 includes all students accessing DSA. However, the other amounts we have estimated exclude students whose data does not record which assessment centre carried out the assessment.

- **Variation in needs**

There is a substantial variation in disabilities, subjects and individuals' needs. Presenting a single mean average payment for each assessment centre, for example, does not reflect the full range of levels of payments made.

7 This report draws on and assesses the findings of an internal audit investigation carried out on behalf of BIS by the Government Internal Audit Agency. BIS provided the report on the investigation to us. The investigation included:

- interviews with key staff at Access South West including the regional manager and the main disability needs assessor;
- an examination of Access South West's in-house systems and processes to assess whether the activities of Access South West and Claro Learning were separate; and
- a further analysis of DSA payments.

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