

STUDENT LOANS FOR HIGHER EDUCATION IN SCOTLAND, FINANCIAL YEAR 2008-09 (PROVISIONAL) - ANNEX

INCOME CONTINGENT REPAYMENTS BY REPAYMENT COHORT AND TAX YEAR 2000/01 TO 2007/08 INCLUSIVE (PROVISIONAL)

INTRODUCTION

Official Statistics on repayment of income contingent student loans are today published jointly by Scotland's Chief Statistician and the Student Loans Company.

This annex follows the statistical first release (SFR) 'Student Loans for Higher Education in Scotland, Financial Year 2008-09' on loan outlays and repayments and borrowers' activities during financial year 2008-09 for Scottish domiciled students studying in Higher Education (HE) in the UK and EU students studying in HE in Scotland. The SFR was jointly published by the Student Loans Company and Scotland's Chief Statistician on 25th June 2009. Today's release provides new tables that show a detailed analysis of the repayment statistics for income contingent repayment (ICR) loans.

Tables 2(i), 2(ii) and 2(iii) in the original first release provided a high level picture of the number of borrowers and table 1 showed the amount of debt across all groups of borrowers. As a result they covered a wide range of borrowers from those who have just started on a course of higher education (and, hence, have no liability to repay as yet) to those who have been liable to repay for almost ten years. The purpose of the new tables in this annex is to break down the totals into repayment cohorts (based on the year in which the borrower became liable to repay their loan) and to show the repayment trends over time for each cohort.

The original first release used data as at 31st March 2009. However, the data held by the Student Loans Company (SLC) at that time for repayments via HM Revenue and Customs (HMRC), and the resultant status information, interest applied and outstanding balance, represent mostly the effect of repayments in tax year 2007/08. Backdated information can be received from HMRC causing the data posted by SLC in one financial year to cover multiple tax years. The purpose of the new tables is to show the data by tax year in order to represent the time series from the point of view of the borrowers themselves and their actual repayment history. The SLC has a provisional close for each tax year which is run at least 13 months after the tax year has ended. For tax year 2007/08 this provisional close was run in June 2009. Therefore, the data in this annex is taken as at 30th June 2009 in order to incorporate the effect of that provisional close of tax year 2007/08. The main effect of that provisional close is to bring balances up to date where there have been no repayments notified and, hence, the balance just changes by the effect of one year's interest and any

direct repayments received and any refunds paid out in that year.

KEY POINTS

- The percentage of borrowers who have fully repaid their loans at 30th June ranges from 3% for the latest entry cohort (2009) to 18% for the 2000 cohort (after 9 years of repayment liability)
- The average amount repaid by each borrower who made a repayment via HMRC in tax year 2007/08 ranged from £390 for the 2007 cohort in its first year of repayment to £610 for the 2003 cohort (after 5 years of recorded repayment history) and £610 for the 2004 cohort (after 4 years of recorded repayment history)
- The average debt for borrowers who still had a live account at the end of tax year 2007/08 ranged from £5,300 for the 2000 cohort (after 8 years of recorded repayment history) to £7,480 for the 2004 cohort (after 4 years of recorded repayment history)

TABLES

Table 3 shows the repayment status of the ICR borrowers after the provisional close of tax year 2007/08

Table 4 shows the repayments made by ICR borrowers via HMRC in tax years up to and including tax year 2007/08 as known by SLC at 30/06/2009

Table 5 shows the outstanding balances for ICR borrowers at the end of each tax year since their liability to repay began.

NOTES FOR EDITORS

1. The statistics on student loans in this annex were compiled by the Student Loans Company (SLC).
2. The original statistical first release for which this appendix is provided can be found at <http://www.slc.co.uk/pdf/slcsfr032009.pdf>
3. Repayments for income contingent repayment loans are deducted from earnings by employers at the rate of 9% of income above the income threshold (which has been £15,000 since April 2005 and was previously £10,000). SLC collects monies directly where the borrower lives overseas or has a small balance. SLC also receives voluntary repayments directly from borrowers where they wish to pay more than the regulatory amount.

4. Borrowers become liable to repay their loans in the April after they graduate or otherwise leave the period of study for which they received loans. Many go on to further study e.g. postgraduate study but their liability to repay has begun and they will make repayments if they earn enough in the tax year alongside their study. Borrowers are grouped into repayment cohorts based on the year in which their liability to repay began.
5. The first two repayment cohorts (2000 and 2001) are atypical because they will comprise borrowers on one year courses (such as HNC and postgraduate Initial Teacher Training) or they will be students who dropped out before completing three years of study. The first repayment cohort containing graduates from three year courses is the 2002 cohort.
6. The average repayment amount dropped for all repayment cohorts between tax year 2004/05 and 2005/06 due to the increase in the income threshold from £10,000 to £15,000.
7. The average amount of debt outstanding for each repayment cohort has increased year on year. Interest added to the balance in the early years of repayment has tended to outweigh the repayments made and many of the borrowers have gone on to take out further loans after their initial loans became liable for repayment.
8. This publication was produced by the Student Loans Company in collaboration with statisticians from Education Analytical Services within the Scottish Government. It is an annex to the annual Student Loans Statistical First Release. Next year our intention is that these tables will form part of the Statistical First Release.

Table 3 : ICR Student Loans borrowers [1] liable to repay [2] by repayment cohort [3] and repayment status [4] as at 30/06/2009 [5]

Table 3 (i): Number of ICR Student Loans borrowers [1] liable to repay [2] by repayment cohort [3] and repayment status [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Number of borrowers in thousands[7]												
Repayment Status	Fully Repaid	Loan has been cancelled	Fully Repaid Account Closure in progress	Loan Cancelled - Account Closure in progress	Known to be in UK employment and made a repayment in the last tax year [8]	Known to be in UK employment but was below the earnings threshold in the last tax year [8]	Known to be in UK employment but awaiting first tax year return to determine if above earnings threshold [8]	Known to be in the UK and in a status that does not require repayment at this point	Known to be overseas, above the earnings threshold for that country and repaying	Known to be overseas and below the earnings threshold for that country	Known to be overseas, above the earnings threshold for that country and fallen into arrears	Known to be overseas, has not provided details of income and is now considered to be in arrears	Not repaying and current residence and/or employment status to be determined	Total
Repayment Cohort														
2000	0.1	0.1	1.6	-	2.4	2.4	0.1	0.5	-	-	-	-	2.1	9.4
2001	0.1	0.1	1.5	0.1	4.2	3.6	0.1	0.6	-	-	-	-	3.2	13.5
2002	0.2	0.1	2.0	0.1	7.1	5.9	0.1	1.0	-	0.1	-	-	4.7	21.3
2003	0.5	0.2	3.5	0.1	12.0	8.7	0.2	1.8	0.1	0.1	-	-	7.1	34.2
2004	0.5	0.2	3.2	0.1	12.5	9.0	0.3	1.5	0.1	0.1	-	-	7.3	34.7
2005	0.5	0.1	2.5	-	12.8	9.4	0.4	1.9	0.1	0.1	-	-	6.6	34.5
2006	0.4	0.1	1.7	-	11.7	9.6	0.6	2.0	0.1	0.2	-	-	6.5	33.0
2007	0.4	-	1.1	-	8.8	10.8	1.2	2.0	0.1	0.1	-	-	6.7	31.2
2008	0.4	-	0.8	-	0.5	0.2	17.6	2.1	-	0.2	-	-	6.8	28.7
2009	0.2	-	0.7	-	-	-	16.4	1.9	-	0.2	-	-	7.2	26.7
All ICR borrowers who have become liable to repay	3.2	1.0	18.5	0.4	72.0	59.7	36.9	15.5	0.6	1.1	0.1	-	58.3	267.3

. = not applicable - = nil or negligible .. = not available

Table 3 (ii): Percentage of ICR Student Loans borrowers [1] liable to repay [2] by repayment cohort [3] and repayment status [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Number of borrowers as a percentage of the cohort total [7]												
Repayment Status	Fully Repaid	Loan has been cancelled	Fully Repaid Account Closure in progress	Loan Cancelled - Account Closure in progress	Known to be in UK employment and made a repayment in the last tax year [8]	Known to be in UK employment but was below the earnings threshold in the last tax year [8]	Known to be in UK employment but awaiting first tax year return to determine if above earnings threshold [8]	Known to be in the UK and in a status that does not require repayment at this point	Known to be overseas, above the earnings threshold for that country and repaying	Known to be overseas and below the earnings threshold for that country	Known to be overseas, above the earnings threshold for that country and fallen into arrears	Known to be overseas, has not provided details of income and is now considered to be in arrears	Not repaying and current residence and/or employment status to be determined	Total
Repayment Cohort														
2000	1%	1%	17%	-	26%	26%	1%	6%	-	-	-	-	23%	100%
2001	1%	1%	11%	-	31%	27%	1%	4%	-	-	-	-	24%	100%
2002	1%	1%	9%	-	33%	28%	1%	5%	-	-	-	-	22%	100%
2003	1%	1%	10%	-	35%	25%	1%	5%	-	-	-	-	21%	100%
2004	1%	-	9%	-	36%	26%	1%	4%	-	-	-	-	21%	100%
2005	1%	-	7%	-	37%	27%	1%	6%	-	-	-	-	19%	100%
2006	1%	-	5%	-	36%	29%	2%	6%	-	-	-	-	20%	100%
2007	1%	-	3%	-	28%	35%	4%	6%	-	-	-	-	21%	100%
2008	1%	-	3%	-	2%	1%	61%	7%	-	1%	-	-	24%	100%
2009	1%	-	3%	-	-	-	61%	7%	-	1%	-	-	27%	100%
All ICR borrowers who have become liable to repay	1%	-	7%	-	27%	22%	14%	6%	-	-	-	-	22%	100%

. = not applicable - = nil or negligible .. = not available

[1] ICR loans (Income Contingent Repayment loans) are those taken out by students who started in HE in academic year 1998/99 or afterwards

[2] Liable to repay means graduated or withdrawn from course for which loan was paid and now reached the following April where repayment begins if the debtor meets the earnings criteria

[3] A borrower is placed in a repayment cohort based on the year in which their first ICR loan becomes liable for repayment

[4] The repayment status is based on the information received from HMRC relating to a past tax year or later information collected by SLC directly from the borrower

[5] The status as at the end of June 2009 incorporates the effect of an assumption for tax year 2007/08 of zero repayments where no HMRC tax information has been received for that tax year. Subsequent receipt of information will change the known repayment status as at the end of that tax year.

[6] EU students were not entitled to maintenance loans. They were, however, eligible for Graduate Endowment loans and are, therefore, included.

The Graduate Endowment was abolished for all students who would have become liable on 1 April 2008 or later, with the exception of postgraduate students who had previously deferred repayment.

[7] Number of borrowers less than 50 and percentage of borrowers less than 0.5% is negligible.

[8] Those borrowers who are known to be in UK employment at the end of June 2009 are allocated into earnings categories based on the 2007/08 tax returns.

Table 4 : ICR Student Loans borrowers [1] making repayments via HMRC [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Table 4 (i): Number of ICR Student Loans borrowers [1] making repayments via HMRC [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Number of borrowers repaying in thousands[7]							
Tax Year of repayment	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 [8]	2006/07	2007/08	
Repayment Cohort									
2000	2.7	3.3	3.6	4.1	4.1	3.3	3.4	3.4	
2001		4.1	4.8	5.8	6.2	5.2	5.4	5.5	
2002			6.6	8.7	9.6	7.9	8.5	9.0	
2003				13.5	15.8	13.7	14.9	15.6	
2004					15.0	13.1	14.7	16.1	
2005						11.8	14.5	16.2	
2006							11.7	14.6	
2007								10.9	
2008									
2009									
All ICR borrowers who made a repayment via HMRC	2.7	7.4	15.0	32.1	50.6	55.1	73.0	91.3	

. = not applicable - = nil or negligible .. = not available

Table 4 (ii): Amount repaid by ICR Student Loans borrowers [1] making repayments via HMRC [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Amount of repayment in £ millions[7]							
Tax Year of repayment	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 [8]	2006/07	2007/08	
Repayment Cohort									
2000	0.5	0.8	1.1	1.4	1.8	1.0	1.2	1.5	
2001		0.8	1.3	2.0	2.7	1.6	2.0	2.5	
2002			1.6	2.8	3.9	2.6	3.4	4.3	
2003				4.3	7.0	5.5	7.5	9.5	
2004					5.9	5.1	7.3	9.7	
2005						3.9	6.6	9.5	
2006							4.2	7.3	
2007								4.2	
2008									
2009									
All ICR borrowers who made a repayment via HMRC	0.5	1.6	4.0	10.5	21.2	19.6	32.2	48.5	

. = not applicable - = nil or negligible .. = not available

Table 4 (iii): Average amount repaid by ICR Student Loans borrowers [1] making repayments via HMRC [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Average amount of repayment per borrower in £							
Tax Year of repayment	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 [8]	2006/07	2007/08	
Repayment Cohort									
2000	170	250	310	350	430	300	370	440	
2001		190	270	340	430	310	380	450	
2002			240	320	400	320	400	480	
2003				320	440	400	500	610	
2004					390	390	500	610	
2005						330	460	590	
2006							360	500	
2007								390	
2008									
2009									
All ICR borrowers who made a repayment via HMRC	170	220	270	330	420	360	440	530	

. = not applicable - = nil or negligible .. = not available

[1] ICR loans (Income Contingent Repayment loans) are those taken out by students who started in HE in academic year 1998/99 or afterwards

[2] ICR loan repayments are deducted from pay by employers who send the monies to HMRC as part of tax and National Insurance returns. Figures also include repayments via Self Assessment. HMRC pass on monies to the Department for Business Innovation & Skills (BIS) based on estimates of what portion of the employer returns they believe constitute Student Loans deductions. BIS pass on the estimated Scotland portion of those estimated Student Loans deductions to the Scottish Government.

[3] A borrower is placed in a repayment cohort based on the year in which their first ICR loan becomes liable for repayment

[4] After the tax year is over the employers pass details of repayments per borrower to HMRC in P14 returns. HMRC pass this information on to SLC when they have validated it. SLC receives this information at various times after the tax year is over.

[5] The status as at the end of June 2009 incorporates the effect of an assumption for tax year 2007/08 of zero repayments where no HMRC tax information has been received for that tax year. Subsequent receipt of information will change the known repayment amount for that tax year.

[6] EU students were not entitled to maintenance loans. They were, however, eligible for Graduate Endowment loans and are, therefore, included.

The Graduate Endowment was abolished for all students who would have become liable on 1 April 2008 or later, with the exception of postgraduate students who had previously deferred repayment.

[7] Number of borrowers less than 50 and amount borrowed less than £50,000 is negligible.

[8] The earnings threshold was raised from £10,000 to £15,000 at the start of tax year 2005/06

Table 5 : ICR Student Loans borrowers [1] with outstanding debt [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Table 5 (i): Number of ICR Student Loans borrowers [1] with outstanding debt [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Number of borrowers with outstanding debt in thousands [7]									
As at end of tax year		1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 [8]	2006/07	2007/08	2008/09 [9]
Repayment Cohort											
	2000	9.4	9.3	9.3	9.1	8.9	8.7	8.5	8.3	7.0	..
	2001		13.4	13.4	13.3	13.2	13.0	12.8	12.5	12.0	..
	2002			21.2	21.1	20.9	20.6	20.4	20.0	19.2	..
	2003				33.9	33.6	33.2	32.7	31.9	28.9	..
	2004					34.3	33.8	33.4	32.7	31.2	..
	2005						33.9	33.5	33.1	30.8	..
	2006							31.9	32.0	30.4	..
	2007								30.1	29.9	..
	2008									28.1	..
	2009										26.1
All ICR borrowers with outstanding debt		9.4	22.7	43.9	77.5	111.0	143.2	173.2	200.6	217.7	

. = not applicable - = nil or negligible .. = not available

Table 5 (ii): Amount owed by ICR Student Loans borrowers [1] with outstanding debt [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Amount of outstanding debt in £ millions [7]									
As at end of tax year		1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 [8]	2006/07	2007/08	2008/09 [9]
Repayment Cohort											
	2000	24.8	29.5	32.9	35.2	36.7	37.5	38.7	39.9	37.2	..
	2001		52.7	59.6	64.1	67.1	68.6	70.9	72.5	73.8	..
	2002			104.9	118.5	127.0	132.0	137.0	140.1	141.0	..
	2003				189.2	204.2	212.2	219.4	222.9	211.3	..
	2004					207.2	219.7	229.5	234.6	233.4	..
	2005						216.0	230.3	236.9	230.0	..
	2006							201.9	223.4	223.4	..
	2007								182.9	204.9	..
	2008									168.8	..
	2009										161.0
All ICR borrowers with outstanding debt		24.8	82.2	197.4	407.1	642.2	886.0	1,127.6	1,353.2	1,523.9	

. = not applicable - = nil or negligible .. = not available

Table 5 (iii): Average amount owed by ICR Student Loans borrowers [1] with outstanding debt [2] by repayment cohort [3] and tax year [4] as at 30/06/2009 [5]

Debtors who received loans as Scottish domiciled students studying in the UK or as EU students studying in Scotland [6]

		Average amount of debt outstanding in £									
As at end of tax year		1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 [8]	2006/07	2007/08	2008/09 [9]
Repayment Cohort											
	2000	2,640	3,170	3,550	3,860	4,110	4,310	4,550	4,840	5,300	..
	2001		3,930	4,450	4,810	5,080	5,280	5,530	5,790	6,150	..
	2002			4,950	5,620	6,060	6,400	6,730	7,010	7,340	..
	2003				5,580	6,070	6,390	6,710	6,980	7,300	..
	2004					6,040	6,500	6,880	7,160	7,480	..
	2005						6,370	6,860	7,160	7,470	..
	2006							6,320	6,980	7,340	..
	2007								6,080	6,850	..
	2008									6,000	..
	2009										6,170
All ICR borrowers with outstanding debt		2,640	3,610	4,500	5,250	5,790	6,190	6,510	6,740	7,000	

. = not applicable - = nil or negligible .. = not available

[1] ICR loans (Income Contingent Repayment loans) are those taken out by students who started in HE in academic year 1998/99 or afterwards

[2] The outstanding debt is reduced by repayments and cancellations. It is increased by the effect of interest and further loans taken out.

[3] A borrower is placed in a repayment cohort based on the year in which their first ICR loan becomes liable for repayment

[4] After the tax year is over the employers pass details of repayments per borrower to HMRC in P14 returns. HMRC pass this information on to SLC when they have validated it. SLC receives this information at various times after the tax year is over.

[5] The status as at the end of June 2009 incorporates the effect of an assumption for tax year 2007/08 of zero repayments where no HMRC tax information has been received for that tax year. Subsequent receipt of information will change the known repayment amount for that tax year.

[6] EU students were not entitled to maintenance loans. They were, however, eligible for Graduate Endowment loans and are, therefore, included.

The Graduate Endowment was abolished for all students who would have become liable on 1 April 2008 or later, with the exception of postgraduate students who had previously deferred repayment.

[7] Number of borrowers less than 50 and amount owed less than £50,000 is negligible.

[8] The earnings threshold was raised from £10,000 to £15,000 at the start of tax year 2005/06

[9] Outstanding debt for the 2009 cohort is known for end of tax year 2008/09 at 30/06/2009 as this cohort are not yet liable to repay. Balances for earlier cohorts will be known when the majority of 2008/09 repayments are received, and the 2008/09 tax year is provisionally closed off in April 2010.