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## STUDENT LOANS FOR HIGHER EDUCATION IN NORTHERN IRELAND, FINANCIAL YEAR 2012-13

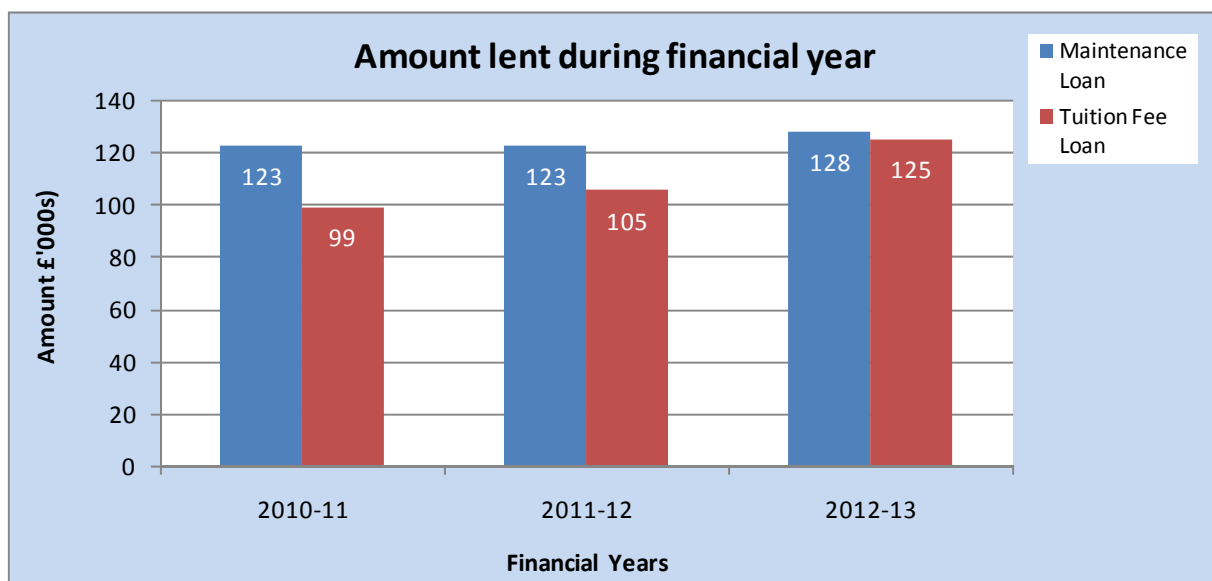
### INTRODUCTION

This statistical first release provides statistics on loan outlay and repayments of loans and borrower activity during financial year 2012-13 for Northern Ireland domiciled students and EU students studying in Northern Ireland. It also shows comparable data for financial years 2010-11 and 2011-12. Figures are provided for publicly owned debt only.

### KEY POINTS

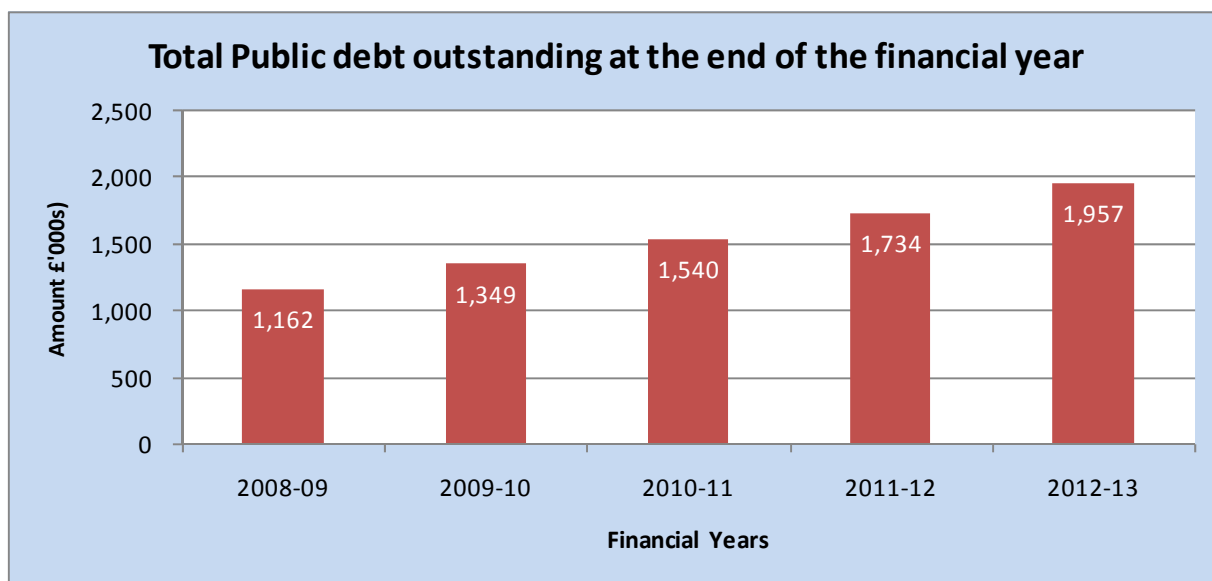
- The total amount lent to eligible HE students during financial year 2012-13 was £252.7m, of which £124.9m relates to Tuition Fee Loans. *Table 1.*
- The amount lent to eligible HE students for Maintenance Loans during the financial year 2012-13 was £127.8m. This figure represents an increase of 4% when compared to 2011-12. *Table 1.*
- Repayments posted to customer accounts amounted to £56.5m in the financial year 2012-13, of which £54.0m of these repayments relates to Income Contingent Loans. £5.8m was repaid earlier than was required of which £5.3m relates to Income Contingent Loans. *Table 1.*
- During the 2012-13 financial year 1,100 mortgage style borrowers repaid at least one of their loan accounts in full, as did 800 Income Contingent borrowers. By the end of financial year 2012-13 there were also 11,500 Income Contingent borrowers who had fully repaid with the account closure in progress. *Tables 2(ii), 2(iii).*
- The balance outstanding (including loans not yet due for repayment) at the end of financial year 2012-13 was £2.0bn of which £1.9bn relates to income contingent loans. *Table 1.*

**Total amount lent during the financial year (2010-11 to 2012-13)**



*Chart 1: From Amount Lent in Table 1(i)*

**Total amount of public debt outstanding at the end of financial year (2008-09 to 2012-13)**



*Chart 2: From Balance after Adjustments in Table 1(i)*

## CONTENTS

- Table 1: Shows the amounts paid out in loans and repaid during financial year 2012-13 and makes comparisons to financial years 2010-11 and 2011-12.
- Table 2(i): Shows the change in the number of borrowers each year from 31/3/2010 to 31/3/2013 broken down between those with Mortgage Style loans and those with Income Contingent loans, and with the year end numbers further broken down between those liable to repay and those not yet liable to repay.
- Table 2(ii): Shows a detailed breakdown of Mortgage Style Loan borrower repayment activity and repayment status for 2012-13, and makes comparisons to financial years 2010-11 and 2011-12.
- Table 2(iii): Shows a detailed breakdown of Income Contingent Loan borrower repayment activity for 2011-12, and makes comparisons to financial years 2009-10 and 2010-11.
- Appendix A: Contains the footnotes for tables 1, 2(i), 2(ii) and 2(iii).
- Appendix B: Contains the definitions of terms which are used in this publication.
- Appendix C: Contains notes for users.

## RELATED STATISTICAL PUBLICATIONS

This statistical first release provides statistics on loan outlay and repayments of loans and borrower activity, for all Northern Ireland domiciled students and those EU students studying in Northern Ireland. Related statistics published by the Student Loans Company include: 'Income Contingent Repayments by Repayment Cohort and Tax Year'. This official statistic covers Income Contingent borrowers who are liable for repayment by tax year of repayment and by repayment cohort for which the borrower belongs. Publications can be found on SLC Web site:

<http://www.slc.co.uk/statistics/national-statistics>

## FACTORS AFFECTING TIME SERIES

- Regulations were changed in 2004 to exclude student loans debt from bankruptcy arrangements. The vast majority of loan written off due to bankruptcy prior to the regulation change were processed by financial year 2009-10. However, in 2011 a further review identified some pre-2005 bankruptcy cases which required student loan write off to be processed. This has led to a peak in write off due to bankruptcy in financial year 2011-12.
- Regulations were changed in 2010 to exclude Student Loans debt from Individual Voluntary Agreement (IVA) arrangements. A review of the IVA case list in 2011 identified a backlog of customers who have complied with their IVA arrangements i.e. completed reduced repayments over a 5 or 6 year period. This led to a peak in the student loan write off due to IVA arrangements in financial year 2011-12. There will continue to be further write off of loans for IVA customers who complete their IVA repayment schedules (set up before 2010) over future years.
- In financial year 2009-10 a new improved system for managing the repayment of Teachers Loans was implemented. The result was that some RTL loan accounts which could not previously be closed could now have repayments posted and closed. This resulted in a significant increase in the Table 1 category 'Amount repaid in respect of the Repayment of Teachers' Loans scheme' in 2009-10. From 2010-11 onward, repayments via RTL have reverted to the amounts expected for a single year without the backlog.
- The number of borrowers receiving refunds in 2011-12 was lower than in 2010-11 but the figure in 2010-11 was artificially high because a backlog relating to 2009-10 was processed in that year as well as the normal volume of refunds. The figures in 2011-12 provide a new baseline.
- The increase in the amount written off during the financial year under "Other" was due to a one-off exercise to write off the outstanding balance of Mortgage Style loans which had become uncollectable

Table 1(i) : Student Loan outlay and repayments: financial years 2010-11 to 2012-13 [1][2] : amounts (£000)

Key Points:

- Repayments posted to customers' accounts amounted to more than £56.5 million in the financial year 2012-13, including £5.8 million repaid earlier than required.
- The balance outstanding (including loans which are not yet due for repayment) at the end of financial year 2012-13 was £2 billion.

Northern Ireland domiciled students studying in the UK and Republic of Ireland and EU students studying in Northern Ireland

£000s

Financial years	2010-11			2011-12			2012-13		
	Income Contingent Loans	Mortgage Style Loans	Total Public Debt	Income Contingent Loans	Mortgage Style Loans	Total Public Debt	Income Contingent Loans	Mortgage Style Loans	Total Public Debt
<b>Total amount outstanding (including loans not yet due for repayment) at start of financial year, including interest</b>	<b>1,303,855</b>	<b>45,622</b>	<b>1,349,477</b>	<b>1,497,494</b>	<b>42,482</b>	<b>1,539,976</b>	<b>1,692,750</b>	<b>40,863</b>	<b>1,733,613</b>
Reversal of previous year end timing adjustments	86	-	86	5	-	5	-	-	-
<b>Opening balance after adjustments</b>	<b>1,303,941</b>	<b>45,622</b>	<b>1,349,563</b>	<b>1,497,500</b>	<b>42,482</b>	<b>1,539,981</b>	<b>1,692,750</b>	<b>40,863</b>	<b>1,733,613</b>
<b>PLUS</b>									
Amount lent during financial year	221,494	-	221,494	227,801	-	227,801	252,696	-	252,696
of which:									
Maintenance Loans	122,512	-	122,512	122,521	-	122,521	127,818	-	127,818
Tuition Fee Loans	97,809	-	97,809	104,052	-	104,052	123,660	-	123,660
Tuition Fee Loans to EU students	1,174	-	1,174	1,229	-	1,229	1,218	-	1,218
Amount of interest added to loans during the financial year [3]	12,602	996	13,598	16,439	1,981	18,420	26,175	1,688	27,863
Administration charges applied during the financial year	2	-	2	3	-	3	3	-	3
Balance transfers [4]	-	15	15	-	3	3	-	43	43
<b>MINUS</b>									
Amount repaid, including interest, during the financial year	40,213	4,030	44,243	48,768	3,336	52,104	53,972	2,485	56,457
of which:									
Repaid by customer to SLC	7,721	4,051	11,772	7,812	3,365	11,176	7,157	2,518	9,674
Reported by HMRC as collected via PAYE and Self Assessment	33,616	-	33,616	42,258	-	42,258	48,143	-	48,143
Refunded by SLC to customer	-1,123	-21	-1,145	-1,301	-29	-1,330	-1,328	-33	-1,361
of which:									
amount repaid earlier than required [5]	6,779	640	7,419	6,489	576	7,065	5,335	477	5,812
Amount repaid in respect of the Repayment of Teachers' Loans scheme during the financial year	-	14	14	-	7	7	-	14	14
Amount otherwise cancelled during the financial year	332	109	441	227	261	488	464	305	769
of which:									
Because of death [6]	317	10	327	119	34	153	420	16	436
Because of age	13	88	101	-	136	136	3	175	178
Because of disability [6]	2	2	4	4	6	10	13	11	24
Because of bankruptcy [7]	-	-	-	41	77	118	-	18	18
On completion of Individual Voluntary Arrangement (IVA) [7]	-	9	9	13	6	20	-	12	12
Trivial balances	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	2	2	28	73	101
<b>Total amount outstanding at the end of the financial year, including loans not yet due for repayment [3][8]</b>	<b>1,497,493</b>	<b>42,480</b>	<b>1,539,973</b>	<b>1,692,748</b>	<b>40,863</b>	<b>1,733,611</b>	<b>1,917,187</b>	<b>39,790</b>	<b>1,956,978</b>
Year-end reconciling adjustments [9]	1	1	3	2	-	2	6	1	7
<b>Balance after adjustments</b>	<b>1,497,494</b>	<b>42,482</b>	<b>1,539,976</b>	<b>1,692,750</b>	<b>40,863</b>	<b>1,733,613</b>	<b>1,917,193</b>	<b>39,792</b>	<b>1,956,985</b>
of which:									
(a) balance of loans in deferment [10]	-	25,402	25,402	-	24,247	24,247	-	23,723	23,723
(b) balance of loans in arrears status [11]	5,178	10,919	16,096	7,006	11,509	18,516	31,112	12,186	43,298
of which: arrears value UK Borrowers	635	8,028	8,662	1,165	8,315	9,480	2,093	12,186	14,280
of which: arrears value EU Borrowers	67	-	67	151	-	151	299	-	299
(c) balance of loans deferred with arrears [12]	-	1,026	1,026	-	991	991	-	880	880
of which: arrears value	-	202	202	-	181	181	-	156	156
of which: debt held by EU students for Tuition Fee Loans	3,534	-	3,534	4,746	-	4,746	5,974	-	5,974
(d) balance of EU Fee loans liable for repayment [13]	810	-	810	1,767	-	1,767	2,749	-	2,749
(e) balance of EU Fee loans not yet liable for repayment [14]	2,724	-	2,724	2,984	-	2,984	3,226	-	3,226
Administration charges owed to SLC at the end of the financial year [15]	-	331	331	-	333	333	-	332	332
<b>Balance including debt to SLC</b>	<b>1,497,494</b>	<b>42,813</b>	<b>1,540,307</b>	<b>1,692,750</b>	<b>41,197</b>	<b>1,733,946</b>	<b>1,917,193</b>	<b>40,124</b>	<b>1,957,317</b>

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

Source: Student Loans Company

See Appendix A for footnotes

This table represents the amount of student loans paid out to Northern Ireland domiciled students and non UK EU domiciled students in financial year 2010-11 to 2012-13. Students who are normally domiciled in the EU outside of the UK are eligible for Tuition Fee Loans only which are paid directly to the university or college which they attend.

This table also shows the amount of loans repaid in each of the financial years by former students who are now liable to repay their student loan debt. Students become liable to repay their loans from the April after graduation, or for those who do not graduate, the April following the date the student withdraws from the course.

**Table 2(i) : Student Loan outlay and repayments : Financial years 2010-11 to 2012-13 [2]: borrower activity**

**Key Points:**

- By the end of financial year 2012-13, there were 182,400 student loan borrowers, of which 129,500 were liable to repay.
- At the end of financial year 2012-13, there were almost 59,300 student loan borrowers (current students and those who will become liable to repay in April 2013) who were not yet liable to repay at 31/03/2013.

Northern Ireland domiciled students studying in the UK and Republic of Ireland and EU students

000s

Financial years	2010-11			2011-12			2012-13		
	Income Contingent Loans [16]	Mortgage Style Loans[17]	Total Public Debt [18]	Income Contingent Loans [16]	Mortgage Style Loans[17]	Total Public Debt [18]	Income Contingent Loans [16]	Mortgage Style Loans[17]	Total Public Debt [18]
<b>Number of borrowers at the beginning of the financial year</b>	135.8	14.9	149.7	147.6	13.4	160.1	160.3	12.3	171.8
<b>Number of borrowers at the end of financial year</b>	147.6	13.4	160.1	160.3	12.3	171.8	172.0	11.1	182.4
Number of borrowers with accounts liable for repayment at the end of financial year[19]	96.0	13.4	108.6	107.7	12.3	119.2	119.1	11.1	129.5
Number of borrowers with accounts cancelled in financial year [20]	-	0.1	0.1	-	0.1	0.2	0.1	0.3	0.4
of which:									
because of death [6]	-	-	-	-	-	-	0.1	-	0.1
because of age	-	-	-	-	-	-	-	-	0.1
because of disability [6]	-	-	-	-	-	-	-	-	-
because of bankruptcy [7]	-	-	-	-	-	-	-	-	-
on completion of Individual Voluntary Arrangement (IVA) [7]	-	-	-	-	-	-	-	-	-
other	-	-	-	-	0.1	0.1	-	0.2	0.2
Number of borrowers with accounts not yet liable for repayment at the end of financial year[19][21]	57.6	-	57.6	59.1	-	59.1	59.3	-	59.3

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

Source: Student Loans Company

See Appendix A for footnotes

This table shows the number of student loan borrowers in each financial year. It excludes those borrowers who have now fully repaid their loans. The number of borrowers at the beginning differs from the the number at the end of the financial year. This is because the number at the end of the financial year excludes borrowers who have fully repaid their loan during the financial year, and will also include new, first time borrowers during the financial year. It will also exclude those borrowers who had their loans cancelled during the financial year for reasons of death , disability etc.

Some borrowers have both a mortgage style (available to students until 1997/98) and Income Contingent loan ( available to students from 1998/99) therefore the total number of borrowers shown above is lower than the sum of the mortgage style and Income contingent borrower columns.

**Table 2(ii) : Student Loan outlay and repayments: Financial years 2010-11 to 2012-13 [2]: borrower activity**

**Key Points:**

- During the 2012-13 financial year, 1,100 mortgage style loan borrowers repaid at least one of their loan accounts in full.

Mortgage Style Loans

Northern Ireland

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Financial years	2010-11	2011-12	2012-13
	Mortgage Style Loans	Mortgage Style Loans	Mortgage Style Loans
<b>Number of borrowers at the beginning of the financial year</b>	<b>14.9</b>	<b>13.4</b>	<b>12.3</b>
Number of borrowers with accounts paid in full in financial year[22]	1.5	1.2	1.1
Number of borrowers with accounts cancelled in financial year [23] of which:	0.1	0.1	0.3
because of death	-	-	-
because of age	-	-	-
because of disability	-	-	-
because of bankruptcy [7]	-	-	-
on completion of Individual Voluntary Arrangement (IVA) [7]	-	-	-
other	-	0.1	0.2
<b>All borrowers at the end of financial year</b>	<b>13.4</b>	<b>12.3</b>	<b>11.1</b>
of which:			
(A) Borrowers with accounts liable for repayment [20]	13.4	12.3	11.1
of which			
(a) ahead with repayments	1.2	1.2	0.9
(b) up to date with repayments	2.7	2.1	1.6
(c) owing less than 2 months' repayments	0.3	0.1	0.1
(d) owing 2 or more months' repayments	0.8	0.8	0.7
(e) overdue with no repayment schedule owing <£100 [24]	0.1	0.1	0.1
(f) overdue with no repayment schedule owing >=£100 [25]	2.3	2.5	2.6
(g) deferring repayments	5.9	5.5	5.1
(h) deferring repayments with arrears	0.3	0.2	0.2

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

Source: Student Loans Company

See Appendix A for footnotes

**This table shows the repayment status of mortgage style loans borrowers at the end of the last three financial years. Mortgage style loans were available to UK domiciled borrowers until 1998/99 when Income Contingent loans became available for the first time. The number of borrowers is in decline due to a proportion becoming fully repaid every year and because this form of student support is no longer available to students.**

**Table 2(iii) : Student Loan outlay and repayments: Financial years 2010-11 to 2012-13[2]: borrower activity**

**Key Points:**

- **By the end of financial year 2012-13, there were 172,000 Income Contingent loan borrowers, of which 107,600 were liable to repay.**

Income Contingent Loans

Northern Ireland domiciled students studying in the UK and Republic of Ireland and EU students studying in Northern Ireland

000s

Financial years	2010-11					2011-12					2012-13				
	Maintenance Loans [26]	Fee Loans (Northern Ireland Domiciled)	Total Northern Ireland Loans	Fee Loans (EU in Northern Ireland)	Total IC Loans [19]	Maintenance Loans [26]	Fee Loans (Northern Ireland Domiciled)	Total Northern Ireland Loans	Fee Loans (EU in Northern Ireland)	Total IC Loans [19]	Maintenance Loans [26]	Fee Loans (Northern Ireland Domiciled)	Total Northern Ireland Loans	Fee Loans (EU in Northern Ireland)	Total IC Loans [19]
<b>Number of borrowers at beginning of the financial year</b>	<b>133.0</b>	<b>54.5</b>	<b>135.2</b>	<b>0.6</b>	<b>135.8</b>	<b>144.1</b>	<b>66.1</b>	<b>146.7</b>	<b>0.8</b>	<b>147.6</b>	<b>156.3</b>	<b>78.2</b>	<b>159.3</b>	<b>1.0</b>	<b>160.3</b>
Number of borrowers with accounts closed due to full repayment in financial year [22] of which:	0.9	0.1	0.9	-	0.9	0.7	0.1	0.7	-	0.7	0.7	0.1	0.8	-	0.8
paid off before liability for repayment had arisen [27]	0.1	0.1	0.2	-	0.2	0.1	-	0.1	-	0.1	0.1	-	0.1	-	0.1
Number of borrowers receiving refunds of repayments in financial year	1.8	-	1.8	-	1.8	1.7	0.1	1.7	-	1.7	2.0	0.1	2.0	1.3	3.4
Number of borrowers with accounts cancelled in financial year of which:	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
because of death[6]	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1
because of age	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
because of disability[6]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
because of bankruptcy [7]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
on completion of Individual Voluntary Arrangement (IVA) [7]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New borrowers in financial year [28]	11.9	12.0	12.3	0.2	12.5	12.6	12.3	13.0	0.2	13.2	12.1	12.3	12.4	0.1	12.6
<b>All borrowers at the end of financial year [19][20]</b>	<b>144.1</b>	<b>66.1</b>	<b>146.7</b>	<b>0.8</b>	<b>147.6</b>	<b>156.3</b>	<b>78.2</b>	<b>159.3</b>	<b>1.0</b>	<b>160.3</b>	<b>167.5</b>	<b>90.4</b>	<b>170.9</b>	<b>1.2</b>	<b>172.0</b>
of which:															
(A) Borrowers with accounts not yet liable for repayment of which	54.6	49.5	56.9	0.6	57.6	56.1	51.9	58.4	0.7	59.1	56.4	53.3	58.7	0.6	59.3
who have made one or more repayments	0.8	0.5	0.9	-	0.9	0.9	0.6	1.0	-	1.0	0.6	0.5	0.7	-	0.7
who have made no repayments	53.9	48.9	56.0	0.6	56.7	55.2	51.2	57.4	0.7	58.0	55.8	52.8	57.9	0.6	58.6
(B) Borrowers with accounts being closed of which	7.1	0.2	7.2	0.6	7.2	9.2	0.4	9.3	-	9.3	11.4	0.6	11.4	-	11.5
who have fully repaid [29]	7.1	0.2	7.1	-	7.1	9.1	0.3	9.2	-	9.2	11.3	0.5	11.4	-	11.4
who are having their account cancelled [30]	0.1	-	0.1	-	0.1	0.1	-	0.1	-	0.1	0.1	-	0.1	-	0.1
(C) Borrowers with accounts liable for repayment	88.2	19.8	88.7	0.2	88.9	97.3	30.3	98.1	0.4	98.4	106.0	41.1	107.1	0.5	107.6

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

Source: Student Loans Company

See Appendix A for footnotes

This table shows the repayment status of Income Contingent loan borrowers at the end of the last three financial years. Income Contingent loans have been available to UK domiciled borrowers from 1998/99. The table shows the numbers of Northern Ireland domiciled borrowers with a maintenance loan, a fee loan and the total with either or both types of loan. The table also shows the number of borrowers who are normally domiciled in the EU (outwith UK) who have borrowed a Fee Loan paid directly to the university or college attended to cover the cost of tuition.

The number of borrowers at the beginning differs from the the number at the end of the financial year. This is because the numbers at the end of the financial year excludes borrowers who have fully repaid their loan during the financial year, and will also include new, first time borrowers during the financial year. It will also exclude those borrowers who had their loans cancelled during the financial year for reasons of death, disability etc.



## APPENDIX A

### FOOTNOTES FOR TABLES 1, 2(i), 2(ii) AND 2(iii)

[1] Repayments of Income Contingent Loans are shown in the financial year when they are posted to customer accounts. The SLC are notified of repayments by HMRC usually within one year of the end of the tax year to which they relate. Hence, the repayments shown in 2012-13 are mainly for tax year 2011/12. The interest added for customers in repayment in 2012-13 is mainly for tax year 2011/12. The interest added for customers not yet in repayment in 2012-13 will be for tax year 2012/13.

[2] Refer to definitions section of this publication in Appendix B.

[3] For PAYE or self employed repayers, interest is not applied to income contingent loan accounts until the SLC have received notification of the amounts collected by HMRC, which is usually within one year of the tax year the repayments relate to. Interest is then applied retrospectively to individuals' accounts by the SLC.

[4] Balance transfers can occur between the private debt portfolios and the Government portfolios, between the Government administrations and as a one off in 2005-06 with the SLC.

[5] Early repayments include those which do not necessarily settle the account in full.

[6] System capabilities introduced in financial year 2008-09 to improve the processing of loan cancellations for the reason of death and disability resulted in the backlog of those loans waiting to be processed from previous years to be processed in financial year 2008-09. The time between the notification of the death or disability and the actual application of the cancellation is now just dependent on the time required to check the details.

[7] The functionality for processing write-offs due to bankruptcy and on completion of an IVA were put in place in financial year 2007-08. A number of such write-offs dating back to previous financial years were processed and included in the 2008-09 figures. Clarification of the applicability of insolvency rules has led to the release of cancellations for a further batch of historic bankruptcy and IVA cases in 2011-12.

[8] Constituent parts may not add to totals due to rounding.

[9] The adjustments indicate transactions in the year affecting customer balances that has not been accounted for in the transaction lines above.

[10] The cumulative balance of loans in deferment with no arrears at end of financial year (i.e. the amount of deferment and the sum not yet due for repayment but excluding any amount repaid).

[11] The cumulative balance of loans which are in arrears status at the end of financial year. The arrears value is the overdue amount and does not include administration charges; the balance is the outstanding amount of the account on which there are arrears (including the overdue amount).

[12] The cumulative balance of loans in deferment with arrears at end of financial year. The arrears value is the overdue amount: the balance is the outstanding amount of the account on which there are arrears (including the overdue amount).

[13] The debt for those EU borrowers who have reached their Statutory Repayment due date and are now liable to repay their debt.

[14] The debt for those EU borrowers who are yet to reach their statutory repayment due date (i.e. those who are still in study or those due to commence repayment in April 2013).

[15] All movements in the Mortgage Style Loans Administration Charges balances from the beginning of 2005-06 onwards belong to the SLC. This results in a new outstanding balance to be carried forward to the next FY.

[16] The number of borrowers with Income Contingent Loans represents those with one or more open loan accounts of the following type: ICR maintenance loans; hardship loans; part time loans; and Fee Loans. The SLC are notified of borrowers' repayments by HMRC usually within one year of the end of the tax year they relate to, e.g. there will be some borrowers who have repaid their accounts in full in financial year 2010-11 but this will not be reported until the reconciliation has been made with SLC records. Hence, they remain in the borrower numbers until the HMRC return is processed and any resultant refund is returned to the borrower.

[17] The number of borrowers with Mortgage Style Loans represents those with one or more open loan accounts awarded under the pre 1998/99 arrangements. The status of these borrowers is "real time" because all the repayments are made directly to SLC.

[18] The total number of borrowers is not simply the sum of the ICR borrowers and the Mortgage Style Loan borrowers because some borrowers have both loan types.

[19] Each borrower has a loan account for each academic year of study in which they take out a loan. The repayment status may be different for each loan account. Hence, a borrower may be counted in more than one repayment status and the total of the breakdown by repayment status will be higher than the total number of borrowers.

[20] Constituent parts may not sum to the totals because individual borrowers may be counted in more than one category if they have loan accounts in more than one status.

[21] Borrowers with at least one open loan account that has not yet passed into repayment because the Statutory Repayment Due Date has not yet been reached. This number includes a whole cohort of borrowers who are just about to go into repayment in the following April.

[22] Borrowers who have repaid at least one loan account in full during the financial year. This covers those accounts that have a status of fully paid; and those accounts with small balance write-offs of less than or equal to £5. Includes accounts closed under the Repayment of Teacher Loans (RTL) scheme.

[23] Borrowers who have at least one loan account cancelled during the financial year. Note that small balance write-offs are included in accounts paid in full. Excludes borrowers with accounts closed under the RTL scheme.

[24] Borrowers who have no current repayment schedule but an amount less than £100 is still due. This often indicates that the last few repayments only have been missed and will be collected in the short term.

[25] Borrowers who have no current repayment schedule and an amount equal to or greater than £100 is still due. This group generally comprises those in a long term arrears position, many of whom are in litigation.

[26] Borrowers with income contingent loans are shown in the table by their known status at the end of the financial year. The SLC are notified of borrowers' repayments by HMRC usually within one year of the end of the tax year they relate to, e.g. there will be some borrowers who have repaid their accounts in full in financial year 2011-12 but this will not be reported until the latest repayment notification is received from HMRC. Income contingent loans include hardship loans and part-time loans.

[27] Borrowers in payment status who have repaid at least one loan account in full in the financial year prior to the loan's statutory repayment due date.

[28] Borrowers who had no loans at the beginning of the financial year and who took out new loans during the financial year.

[29] Borrowers who have fully repaid their loans but the account cannot be closed until the final HMRC return is received and/or the final refund is paid.

[30] Borrowers who have had their loans cancelled but the account cannot be closed until the final HMRC return is received and/or the final refund is paid.

## APPENDIX B

### DEFINITIONS

Accounts paid in full	The borrower has repaid the account in full without it being cancelled or written off. It includes accounts with small balance write-offs of less than or equal to £5. Also includes accounts closed under the Repayment of Teacher Loans (RTL) Scheme.
Administration charges	A non-interest bearing penalty imposed on accounts where extra administration is required (e.g. in cases of arrears or default).
Cancelled loan	The borrower no longer has any liability to repay as provided for in the loans regulations. A borrower's liability shall be cancelled: <ul style="list-style-type: none"> <li>• On the death of the borrower;</li> <li>• On reaching the age cancellation criteria for their loan (age 50, age 60 or after 25 years depending on the type of loan and year taken out);</li> <li>or</li> <li>• If borrower is in receipt of a disability related benefit and permanently unfit for work.</li> </ul>
Deferred with arrears	For Mortgage Style Loans only, borrowers who have at least one loan in deferment status with arrears of repayment.
Entered repayment status / in repayment status	The borrower has reached the point where repayment is scheduled to commence, that is, the April after he/she graduates or leaves his/her studies.
In arrears	Borrowers who have at least one loan on which repayments are owed.
In deferment	For Mortgage Style Loans only, the borrower's gross income is 85% or less of the National Average Earnings. The borrower's obligation to make repayments is deferred for one year at a time. Borrowers must re-apply for deferment each year.
Income Contingent Loan	Also known as Income Contingent Repayment (ICR) Loan. Introduced in 1998, repayment is 9% of income above the repayment threshold. Includes ICR maintenance loans, tuition fee loans, hardship loans and part-time loans. Hardship loans and part-time loans ceased to be issued after 2003/04.
Mortgage Style Loans	Also known as fixed term loans, repayment in 60 monthly instalments for up to 4 loans, 84 months for 5 or more loans.
New borrowers	Borrowers who had no loans at the beginning of the financial year and took out new loans during the financial year.
Refunds of income contingent repayments	Where over-repayment is identified, a refund is provided to the customer by SLC.
Statutory Repayment Due Date	The point a borrower becomes liable to begin repaying a loan, the April after graduating or otherwise leaving their course. After SRDD borrowers are required to make repayments if their income is above the threshold.
Written off loan	The borrower remains liable to repay but recovery is deemed unlikely by the loan administrator or not possible by legal judgement.  Up until July 2004 for Mortgage Style and September 2004 for ICR, Student Loans could be written off as a result of the customer becoming bankrupt. After these dates Student Loans are no longer covered by bankruptcy. Student Loans continue to be subject to Individual Voluntary Arrangements whereby part of the debt is written off once the customer completes the repayment schedule in the IVA.

## **APPENDIX C**

### **NOTES FOR USERS**

1. The statistics on student loans in this release were compiled by the Student Loans Company (SLC). They include public sector loans only, which are made and repaid on both an income contingent basis and a mortgage style basis.
2. Statistics in this publication do not include the mortgage style loans sold to the private sector in 1998 and 1999.
3. At the beginning of financial year 2005-06, the administration charges balance (otherwise known as the non interest bearing balance) on mortgage style loans was transferred to SLC on the advice of DfES (now known as BIS). In order to provide a complete picture of the outstanding customer debt for comparison with previous years, the administration charges debt outstanding to SLC is also shown in the statistics.
3. Sub sections of Section C of table 2 (iii) has been removed from this publication as this has now been superseded by Table 1 of related official statistics: 'Income Contingent Repayments by Repayment Cohort and Tax Year'.
4. Revisions within the data are denoted with an [r]. Some of these revisions are carried over from the previous year's publication and are, therefore, not revisions to this year's publication.

### **NEW STATISTICS**

5. Balance after adjustments of which balance of loans in arrears status were broken down to arrears value for UK and EU borrowers.

### **PRE- 1998/99 STUDENT SUPPORT ARRANGEMENTS (FOR STUDENTS ENTERING HIGHER EDUCATION UP TO AND INCLUDING 1997/98)**

6. The financial support arrangements for students on courses which began before 1 August 1998 also applied to some new students who entered higher education in 1998/99 but were treated exceptionally as existing award holders for the purposes of the Mandatory Awards Regulations (e.g. gap year students). Tuition fees were paid in full by Education and Library Boards where the student was eligible for a mandatory award and such students also received a grant towards their maintenance, depending on income, for the duration of their course. Eligible students were able to apply for loans repayable on a mortgage-style basis.
7. Mortgage-style loans were available to most 'home' students in full-time non-postgraduate higher education (and students on full-time and part-time postgraduate courses of initial teacher training) who were aged less than 50 when their course started. They were available to eligible students whether or not they received a mandatory award, although their course had to be designated for mandatory awards purposes. These loans were not income-assessed.
8. Borrowers start to repay their loans in the April after they complete, or otherwise cease to attend, their course, unless they qualify for deferment because of low income. Borrowers are able to apply for deferment of repayments for a year at a time if their gross income is less than 85 per cent of national average earnings, i.e. less than £2,318 per month from 1 September 2012. The amount owed by each student is adjusted annually in line with the annual inflation rate.

## STUDENT SUPPORT ARRANGEMENTS FROM 1998/99

9. New student support arrangements came into effect from the start of the 1998/99 academic year. Students are, with certain specified exceptions, expected to contribute towards the cost of their tuition up to £1,000 a year in 1998/99 (£1,380 in 2012/13). The amount depended on their own and, if appropriate, their parents' or spouse's income.

10. Students receive support for living costs through loans which are partly income-assessed. Most students in the final year of a course receive a lower rate of loan because the loan does not cover the summer vacation following the end of the course. There are different rates of loan based on whether the student is living at home, and, if not, on whether the student is studying in London or elsewhere. Repayment of these loans is linked to income after leaving university or college so that leavers only repay as and when they can afford to. From 1999/2000 student loans have been made available to those aged 50 to 54 who plan to return to work after studying. From 2006/07 the age limit has been raised to 60 for all students. Students aged 50 and over no longer have to prove that they intend to return to work following their course.

11. For new entrants to higher education, 1998/99 was a transitional year. For the first year of the new scheme eligible new entrants received support for living costs through both grants and loans. Grants, which were assessed against family income, on average formed about a quarter of the support available. Students were entitled to apply for a non income assessed loan, which comprised the remaining three quarters of support available, and which is repayable on an income contingent basis. Those borrowers who took out income contingent loans in 1998/99 who left their studies before April 1999 and who would normally enter repayment status at the start of the 1999-00 financial year were granted a repayment holiday until April 2000.

12. Following the Farren Review of student finance arrangements in 2000, the Higher Education Bursary was introduced for new entrants into Higher Education in Northern Ireland in academic year 2001/02. This means-tested grant was aimed at increasing access by providing additional help towards the cost of participating in HE by students from lower income households.

13. Students with additional costs such as those with dependants, or who have a disability, may be eligible for specific grants on top of other student support. Grants for students with dependants and single parent students are income assessed but the care leaver's grants, school meals allowances and disabled students allowances are not.

14. Discretionary Hardship Loans introduced in 1998/99 as part of the new arrangements and available to students in financial difficulty were increased to a maximum of £500 in 1999/00. From 2000/01 students on low incomes and on certain benefits in part-time higher education, provided they were studying at 50% of an equivalent full-time course, were eligible for a loan of £500, repayable on an income contingent basis, to cover the additional expenses of studying. Hardship Loans and Part Time Loans have now been discontinued and replaced by other forms of support.

15. The Repayment of Teachers Loans scheme was introduced in September 2002. It was open to newly qualified teachers, teaching one of the priority subjects for at least half of their time in a state school or Further Education establishment in England and Wales. Priority subjects include Mathematics, Science, English (including drama), ICT, Modern Languages (including Welsh), Technology and Basic skills. The RTL scheme was closed to new entrants in 2005. Those already in the scheme are unaffected. For mortgage style loans the debt is repaid on behalf of the borrower by the Department for Education (formerly DCSF) over 5 or 7 years, depending on the original credit agreement. For income contingent loans the debt is repaid by DCSF over 10 years in the form of an annual RTL payment directed via SLC. Those who leave teaching before this period expires become responsible for the remaining debt. As at 31/3/2012 there are approximately 13,000 UK Income Contingent Student Loans borrowers on the RTL scheme. SLC administers the RTL scheme on behalf of the Department for Education.

## **STUDENT SUPPORT ARRANGEMENTS FROM 2006/07**

16. A new Maintenance Grant has been introduced for 'new system' students who started their course in September 2006. The new Maintenance Grant replaces the HE Bursary. In academic year 2012/13 the maximum amount of support available is £3,475 a year, and how much a student receives depends on their income and that of their household. Students with a household income up to £19,203 will receive the full £3,475 grant; students with household incomes above £19,203 receive a partial grant, with a minimum grant of £50 payable once household income reaches £41,065. No grant is payable where household income is above £41,065. The Maintenance Grant is non-repayable. The equivalent Special Support Grant (of up to £3,475) ensures that students in the Department for Social Development (DSD) vulnerable groups have their grant disregarded when entitlement to benefits is calculated. Since students from lower-income households will have part of their maintenance met through the new Maintenance Grant, their entitlement to repayable support through a maintenance loan will be reduced up to a maximum of £1,887.

### **TUITION FEE LOANS**

17. Northern Ireland domiciled students and EU students entering Higher Education in Northern Ireland from academic year 2006/07 are known as new system students and are subject to tuition fees of up to £3,375 in academic year 2011/12. They can take out loans to cover the cost of their fees which are not repayable until they have left Higher Education (HE) and are earning over the earnings threshold which remains at £15,000 per year. New system students in receipt of the HE Maintenance Grant in 2011/12 have their maintenance loan entitlement reduced by up to £1,887 depending on the level of grant paid. New students from Northern Ireland who are studying in England, Wales or Scotland in AY 12/13 are entitled to a tuition fee loan of up to £9,000 where they are subject to the new tuition fee charges, but where they are studying in Northern Ireland, they are entitled to the variable tuition fee loan of £3,465.

18. From 2006/07 students can defer payment of tuition fees by taking out a Tuition Fee loan. As well as being available to new system students, this option is also available to pre-2006/07 entrants if they make a full or partial contribution to their fixed fees. Students can take out as much or as little fee loan as they choose, up to the maximum amount of fees being charged. The repayment of Tuition Fee Loans debt is no different to that for Maintenance loans debt. When the borrower goes into repayment they effectively have a single combined debt balance to be repaid according to the Income Contingent repayment regulations

19. Tuition Fee Loans became available to EU students studying in Northern Ireland in academic year 2006/07. Prior to this year EU students were not entitled to any form of Student Loan.

### **REPAYMENT OF INCOME CONTINGENT LOANS**

20. Repayments are at the rate of 9% of income above the income threshold (which has been £15,000 since April 2005 and was previously £10,000). Apart from a few exceptions, where borrowers live overseas or have small balances, SLC does not collect monies from borrowers with income contingent loans – this is done through the taxation system.

21. Over-repayments can occur due to the fact that the employer does not know the loan balance and simply makes the 9% deduction in the pay period. The employer is instructed to stop deductions once the SLC knows that the customer has fully repaid. Hence, with this process there is always a residual over-repayment by the customer which is refunded by the SLC. Another type of refund is where deductions were made in one or more pay period but the total earnings over the tax year are less than the earnings threshold.

22. From December 2009 a new repayment option was introduced which would allow those borrowers who were nearing end of repayment to switch to direct debit repayments. In doing so, borrowers avoid the possibility of over repaying their loan.

## **ANNUAL INTEREST RATE**

23. The annual Retail Price Index from March to March is normally used as the basis for the interest rate for both types of student loan from the following September to August. However, additionally for ICR loans, the interest rate cannot be more than 1% higher than the base rate of major banks, or alternatively the Government may choose not to set an interest rate (effectively 0%).

24. In financial year 2012-13 the interest rate used to adjust the outstanding balances on Mortgage-style loans was 5.3% (as measured by the March 2011 RPI) up to the end of August 2012, and 3.6% (as measured by the March 2012 RPI) from the 1 September 2012. The interest rate directly affects the monthly repayment amount of Mortgage-style loans.

25. The interest rate on Income Contingent loans was 1.5% from 1 September 2010 to the end of August 2011 (the March 2010 RPI capped at the bank base rate +1%). It was the same again from 1 September 2011 until the end of August 2012 unless the bank base rate changes before then. The interest rate does not affect the monthly repayment amount of Income Contingent loans; it will affect the time taken to repay.

## **NATIONAL AND OFFICIAL STATISTICS**

26. This is an Official Statistics publication. National and Official Statistics are produced to high professional standards set out in The Code for Official Statistics. They undergo regular quality assurance reviews to ensure they meet customer needs. They are produced free from any political interference.