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## **STUDENT LOANS FOR HIGHER EDUCATION IN NORTHERN IRELAND, FINANCIAL YEAR 2009-10**

### **INTRODUCTION**

This statistical first release provides statistics on loan outlay and repayments of loans and borrower activity during financial year 2009-10 for Northern Ireland domiciled students and EU students studying in Northern Ireland. It also shows comparable data for financial years 2007-08 and 2008-09. Figures are provided for publicly owned debt only.

### **POLICY CONTEXT**

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 £3,225 in academic year 2009/10. 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 new HE Maintenance Grant in 2009/10 have their maintenance loan entitlement reduced by up to £1,292 depending on the level of grant paid.

### **KEY POINTS**

- The amount lent to eligible HE students for Maintenance Loans during the financial year 2009-10 was £116.2m. This was an increase of 3.9% when compared to 2008-09, in which £111.8m was lent (2008-09 includes a £15.1m provision rolled forward from financial year 2007-08, in addition to the £96.7m provision for 2008-09). *Table 1.*
- The total amount lent to eligible HE students during financial year 2009-10 was £204.8m, of which £88.6m relates to Tuition Fee Loans. *Table 1.*
- Repayments posted to customer accounts amounted to £39.1m in the financial year 2009-10, of which £33.8m of these repayments relates to Income Contingent Loans. £7.4m was repaid earlier than was required of which £6.8m relates to Income Contingent Loans. *Table 1.*
- During the 2009-10 financial year almost 1,600 mortgage style borrowers repaid at least one of their loan accounts in full, and over 6,400 Income Contingent borrowers have fully repaid in the financial year or fully repaid with 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 2009-10 was £1.35bn of which £1.30bn relates to income contingent loans. *Table 1.*

## CONTENTS

Table 1 shows the amounts paid out in loans and repaid during financial year 2009-10 and makes comparisons to financial years 2007-08 and 2008-09.

Table 2(i) shows the change in the number of borrowers each year from 31/3/2007 to 31/3/2010 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 2009-10, and makes comparisons to financial years 2007-08 and 2008-09.

Table 2(iii) shows a detailed breakdown of Income Contingent Loan borrower repayment activity for 2009-10, and makes comparisons to financial years 2007-08 and 2008-09.

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 editors.

## 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.html](http://www.slc.co.uk/statistics/national_statistics.html)

## FACTORS AFFECTING TIME SERIES

- 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 change has caused a significant increase in the Table 1 category 'Amount repaid in respect of the Repayment of Teachers' Loans scheme during the financial year'.
- During 2009, SLC began to take action against those borrowers who moved overseas and did not provide SLC with adequate information to allow the processing of repayments. One of the measures was to place borrowers in arrears so that legal action may be brought against them. This necessary change in the process has led to an increase in the number of borrowers residing overseas who are in arrears at the end of the financial year.
- In financial year 2008-09, the reported payment of maintenance loan is significantly lower than that of financial year 2007-08 and 2009-10. This is because the third term maintenance loan payment for academic year 2007/08 (£15.1m) which would typically be paid at the start of the (2008-09) financial year, was actually paid early at the very end of the 2007-08 financial year. Payment of maintenance loan is scheduled in timing with the term start dates as stipulated by the higher education institutes. This has resulted in the amount paid for maintenance loan in 2007-08 to be higher than

expected. This has resulted in the amount paid for maintenance loan in 2007-08 to be higher than expected. This can be seen in Table 1 in category 'Amount lent in financial Year – of which Maintenance Loan'.

- Cancellations due to Bankruptcy and Individual Voluntary Arrangement do not occur at the point the borrower has notified SLC of this action but at the point SLC has been able to process the cancellation. For IVA, this will be at the point the borrower has honoured the arrangement by repaying the agreed proportion of loan balance. For bankruptcy, this will be the point where SLC has obtained evidence of the concluded bankruptcy from the borrowers elected legal practitioner. For this reason it is not possible to assume a trend in these cancellation figures.
- In financial year 2008-09 SLC and HMRC implemented a monthly borrower re-matching process to constantly check for employment records at HMRC rather than relying on the initial match only. This now causes customers who have been initially matched and recorded in the category of "awaiting first year HMRC return" to be moved into the category of "below earnings threshold" if the re-match shows that there is no longer a live employment.

Table 1 : Student Loan outlay and repayments: financial years 2007-08 to 2009-10 [1][2] : amounts (£000)

This table shows the amounts paid out in loans and repaid during financial year 2009-10 and makes comparisons to financial years 2007-08 and 2008-09.

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

£000s

Financial years	2007-08			2008-09			2009-10		
	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>763,172</b>	<b>62,238</b>	<b>825,410</b>	<b>941,738</b>	<b>55,754</b>	<b>997,492</b>	<b>1,110,989</b>	<b>50,538</b>	<b>1,161,526</b>
Reversal of previous year end timing adjustments	-	-	-	-	-	-	27	4	26
<b>Opening balance after adjustments</b>	<b>763,172</b>	<b>62,238</b>	<b>825,410</b>	<b>941,738</b>	<b>55,754</b>	<b>997,492</b>	<b>1,110,962</b>	<b>50,538</b>	<b>1,161,500</b>
<b>PLUS</b>									
Amount lent during financial year	170,623	1	170,624	164,490	2	164,492	204,791	-	204,791
of which:									
Maintenance Loans	123,824	1	123,824	96,734	2	96,735	116,162	-	116,162
Tuition Fee Loans	46,291	-	46,291	67,021	-	67,021	87,655	-	87,655
Tuition Fee Loans to EU students	508	-	508	736	-	736	973	-	973
Amount of interest added to loans during the financial year [3]	24,381	2,320	26,701	31,957	2,096	34,054	22,149	661	22,810
Administration charges applied during the financial year	-	-	-	-	-	-	2	-	2
Balance transfers [4]	-	-	-	-	-	-	-	7	7
<b>MINUS</b>									
Amount repaid, including interest, during the financial year	16,370	8,579	24,948	26,576	7,046	33,621	33,811	5,259	39,070
of which:									
Repaid by customer to SLC	5,235	8,608	13,843	8,682	7,078	15,760	7,291	5,289	12,580
Reported by HMRC as collected via PAYE and Self Assessment	11,544	-	11,544	18,513	-	18,513	27,153	-	27,153
Refunded by SLC to customer	-409	-30	-439	-620	-32	-652	-633	-30	-664
of which:									
amount repaid earlier than required [5]	5,020	1,522	6,542	8,335	1,120	9,455	6,767	612	7,380
Amount repaid in respect of the Repayment of Teachers' Loans scheme during the financial year	-	81	81	-	57	57	-	63	63
Amount otherwise cancelled during the financial year	79	146	225	637	178	815	209	262	471
of which:									
Because of death[6]	79	17	97	566	34	600	132	76	208
Because of age	-	100	100	-	77	77	10	141	151
Because of disability[6]	-	4	4	21	8	29	43	10	53
Because of bankruptcy [7]	-	14	14	38	27	65	23	24	48
On completion of Individual Voluntary Arrangement (IVA) [7]	-	11	11	11	30	41	-	9	9
Trivial balances	-	-1	-1	-	-	-	-	-	-
Other	-	1	1	-	1	1	-	2	2
<b>GIVES</b>									
<b>Total amount outstanding at the end of the financial year, including loans not yet due for repayment [3][8]</b>	<b>941,728</b>	<b>55,754</b>	<b>997,482</b>	<b>1,110,974</b>	<b>50,538</b>	<b>1,161,513</b>	<b>1,303,884</b>	<b>45,622</b>	<b>1,349,506</b>
Year-end reconciling adjustments [9]	10	-	10	14	-	14	-28	-	-29
<b>Balance after adjustments</b>	<b>941,738</b>	<b>55,754</b>	<b>997,492</b>	<b>1,110,989</b>	<b>50,538</b>	<b>1,161,526</b>	<b>1,303,855</b>	<b>45,622</b>	<b>1,349,477</b>
of which:									
(a) balance of loans in deferment [10]	-	32,039	32,039	-	29,399	29,399	-	26,816	26,816
(b) balance of loans in arrears status [11]	966	10,453	11,419	1,134	10,629	11,764	3,149	10,583	13,732
of which: arrears value	35	7,216	7,251	58	7,491	7,549	241	7,734	7,976
(c) balance of loans deferred with arrears [12]	-	1,220	1,220	-	1,031	1,031	-	1,109	1,109
of which: arrears value	-	253	253	-	227	227	-	246	246
of which: debt held by EU students for Tuition Fee Loans	669	-	669	1,396	-	1,396	2,366	-	2,366
(d) balance of EU Fee loans liable for repayment [13]	6	-	6	32	-	32	172	-	172
(e) balance of EU Fee loans not yet liable for repayment [14]	663	-	663	1,364	-	1,364	2,194	-	2,194
Administration charges owed to SLC at the end of the financial year [15]	-	350	350	-	335	335	-	332	332
<b>Balance including debt to SLC</b>	<b>941,738</b>	<b>56,105</b>	<b>997,843</b>	<b>1,110,989</b>	<b>50,873</b>	<b>1,161,861</b>	<b>1,303,855</b>	<b>45,954</b>	<b>1,349,809</b>

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

Source: Student Loans Company

See Appendix A for footnotes

**Table 2(i) : Student Loan outlay and repayments : Financial years 2007-08 to 2009-10 [2]: borrower activity**

This table shows the change in the number of borrowers each year from 31/3/2007 to 31/3/2010 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.

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

000s

Financial years	2007-08			2008-09			2009-10		
	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>	<b>100.3</b>	<b>21.5</b>	<b>120.5</b>	<b>112.1</b>	<b>18.6</b>	<b>129.6</b>	<b>123.6</b>	<b>16.2</b>	<b>138.8</b>
<b>Number of borrowers at the end of financial year</b>	<b>112.1</b>	<b>18.6</b>	<b>129.6</b>	<b>123.6</b>	<b>16.2</b>	<b>138.8</b>	<b>135.8</b>	<b>14.9</b>	<b>149.7</b>
Number of borrowers with accounts liable for repayment at the end of financial year[19]	61.8	18.6	79.4	73.0	16.2	88.2	84.6	14.9	98.6
Number of borrowers with accounts cancelled in financial year [20]	-	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.2
of which:									
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	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1
Number of borrowers with accounts not yet liable for repayment at the end of financial year[19][21]	54.9	-	54.9	55.5	-	55.5	56.6	-	56.6

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

Source: Student Loans Company

See Appendix A for footnotes

**Table 2(ii) : Student Loan outlay and repayments: Financial years 2007-08 to 2009-10[2]: borrower activity**

This table shows a detailed breakdown of Mortgage Style Loan borrower repayment activity and repayment status for 2009-10, and makes comparisons to financial years 2007-08 and 2008-09.

**Mortgage Style Loans  
Northern Ireland**

000s

Financial years	2007-08	2008-09	2009-10
	Mortgage Style Loans	Mortgage Style Loans	Mortgage Style Loans
<b>Number of borrowers at the beginning of the financial year</b>	<b>21.5</b>	<b>18.6</b>	<b>16.2</b>
Number of borrowers with accounts paid in full in financial year[22]	2.9	2.2	1.6
Number of borrowers with accounts cancelled in financial year [23]	0.1	0.1	-
of which:			
because of death	-	-	-
because of age	-	-	-
because of disability	-	-	-
because of bankruptcy [7]	-	-	-
on completion of Individual Voluntary Arrangement (IVA) [7]	-	-	-
other	0.1	0.1	-
<b>All borrowers at the end of financial year</b>	<b>18.6</b>	<b>16.2</b>	<b>14.9</b>
of which:			
(A) Borrowers with accounts liable for repayment [20]	18.6	16.2	14.9
of which			
(a) ahead with repayments	1.9	1.9	1.5
(b) up to date with repayments	5.4	3.9	3.6
(c) owing less than 2 months' repayments	0.1	0.2	0.3
(d) owing 2 or more months' repayments	1.3	1.1	0.9
(e) overdue with no repayment schedule owing <£100 [24]	0.1	0.1	0.1
(f) overdue with no repayment schedule owing >=£100 [25]	2.0	2.1	2.2
(g) deferring repayments	7.8	7.0	6.4
(h) deferring repayments with arrears	0.3	0.3	0.3
(B) Borrowers with accounts not yet liable for repayment	-	-	-
of which			
who have made one or more repayments	-	-	-
who have made no repayments	-	-	-

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

Source: Student Loans Company

See Appendix A for footnotes

**Table 2(iii) : Student Loan outlay and repayments: Financial years 2007-08 to 2009-10[2]: borrower activity**

This table shows a detailed breakdown of Income Contingent Loan borrower repayment activity for 2009-10, and makes comparisons to financial years 2007-08 and 2008-09.

**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	2007-08					2008-09					2009-10				
	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>99.4</b>	<b>17.2</b>	<b>100.2</b>	<b>0.1</b>	<b>100.3</b>	<b>110.5</b>	<b>30.4</b>	<b>111.8</b>	<b>0.3</b>	<b>112.1</b>	<b>121.3</b>	<b>42.2</b>	<b>123.2</b>	<b>0.5</b>	<b>123.6</b>
Number of borrowers with accounts paid in full in financial year [22]	0.3	-	0.3	-	0.3	0.4	-	0.4	-	0.4	0.7	0.1	0.7	-	0.7
of which:															
paid off before liability for repayment had arisen [27]	0.1	-	0.1	-	0.1	0.2	-	0.2	-	0.2	0.2	0.1	0.2	-	0.2
Number of borrowers receiving refunds of repayments in financial year	0.6	-	0.6	-	0.6	1.3	-	1.3	-	1.3	1.0	-	1.0	-	1.0
Number of borrowers with accounts cancelled in financial year	-	-	-	-	-	0.1	-	0.1	-	0.1	0.1	-	0.1	-	0.1
of which:															
because of death[6]	-	-	-	-	-	0.1	-	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]	11.2	13.3	11.8	0.2	12.0	11.4	12.1	11.9	0.2	12.0	12.2	13.0	12.6	0.2	12.7
<b>All borrowers at the end of financial year [19][20]</b>	<b>110.5</b>	<b>30.4</b>	<b>111.8</b>	<b>0.3</b>	<b>112.1</b>	<b>121.3</b>	<b>42.2</b>	<b>123.2</b>	<b>0.5</b>	<b>123.6</b>	<b>133.0</b>	<b>54.5</b>	<b>135.2</b>	<b>0.6</b>	<b>135.8</b>
of which:															
(A) Borrowers with accounts not yet liable for repayment	53.1	30.1	54.6	0.3	54.9	53.2	38.3	55.1	0.4	55.5	54.0	45.5	56.1	0.5	56.6
of which															
who have made one or more repayments	0.8	0.2	0.8	-	0.8	1.1	0.5	1.2	-	1.2	0.9	0.5	1.0	-	1.0
who have made no repayments	52.4	29.9	53.7	0.3	54.0	52.1	37.8	53.9	0.4	54.3	53.0	45.0	55.0	0.5	55.6
(B) Borrowers with accounts being closed	2.8	0.1	2.8	-	2.8	4.0	0.1	4.0	-	4.0	5.7	0.2	5.8	-	5.8
of which															
who have fully repaid [29]	2.8	0.1	2.8	-	2.8	3.9	0.1	3.9	-	3.9	5.7	0.1	5.7	-	5.7
who are having their account cancelled [30]	0.1	-	0.1	-	0.1	-	-	-	-	-	0.1	-	0.1	-	0.1
(C) Borrowers with accounts liable for repayment	59.0	1.3	59.0	-	59.1	68.9	5.5	69.0	-	69.0	84.3	10.6	84.6	0.1	84.6

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

Source: Student Loans Company

See Appendix A for footnotes

## 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 2009-10 are mainly for tax year 2008/09. Also the interest added for customers in repayment in 2009-10 is mainly for tax year 2008/09.

[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 have resulted in the backlog.

[7] The functionality for processing write-offs due to bankruptcy and on completion of an IVA has been put in place in 2007-08. A number of such write-offs dating back to previous financial years have been processed and are included in the 2007-08 and 2008-09 figures.

[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 2011).

[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 2009-10 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 2009-10 but this will not be reported until the reconciliation has been made with SLC records. 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 excluding those granted time and indulgence (which is in single figures).
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 excluding those granted time and indulgence (which is in single figures).
In deferment	For Mortgage Style Loans only, the borrowers gross income is 85% or less of the National Average Earnings or he or she has taken out a further mortgage style student loan in relation to a subsequent course. The borrower's obligation to make repayments is therefore deferred for one year at a time, or until the end of the course if granted on grounds of continuing study. Borrowers must apply for deferment.
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 EDITORS**

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.
4. 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'.

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

7. 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.
8. 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.
9. 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 £2,254 per month from 1 September 2009. The amount owed by each student is adjusted annually in line with the annual inflation rate.

### **STUDENT SUPPORT ARRANGEMENTS FROM 1998/99**

11. 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 (£1,285 in 2009/10). The amount depended on their own and, if appropriate, their parents' or spouse's income.
12. 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.

13. 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.

14 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.

15 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.

16 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.

17 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 31/3/2010 there are approximately 16,000 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**

18 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 2009/10 the maximum amount of support available is £3,406 a year, and how much a student receives depends on their income and that of their household. Students with a household income up to £18,820 will receive the full £3,406 grant; students with household incomes above £18,820 receive a partial grant, with a minimum grant of £50 payable once household income reaches £40,238. No grant is payable where household income is above £40,238. The Maintenance Grant is non-repayable. The equivalent Special Support Grant (of up to £3,406) ensures that students in the 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 £1,792.

## **TUITION FEE LOANS**

19 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

20 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**

21 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.

22. 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 £15,000.

## **ANNUAL INTEREST RATE**

23. The annual Retail Price Index from March to March is used as the basis for the interest rate for all types of student loan from the following September to August. There is an extra clause in the regulations for ICR loans which states that the interest rate cannot be more than 1% higher than the base rate of major banks. In financial year 2009-10 the interest rates used to adjust the outstanding balances on Mortgage-style loans were 3.8% (as measured by the March 2008 RPI) up to the end of August and minus 0.4% (as measured by the March 2009 RPI) from the beginning of September. The interest rates used to adjust the outstanding balances on Income Contingent loans were 1.5% (the March 2008 RPI reduced so that the interest rate was 1% above the base rate of 0.5%) up to the end of August and 0.0% (the March 2009 RPI of minus 0.4% increased so that it is not negative) from the beginning of September. The interest rate directly affects the current repayment rate of Mortgage-style loans borrowers. It does not affect the repayment rate of Income Contingent loans borrowers; it just affects the time taken to repay.

## **NATIONAL STATISTICS**

24. This is a National Statistics publication. National Statistics are produced to high professional standards set out in the code of practice for Official Statistics. They undergo regular quality assurance reviews to ensure they meet customer needs. They are produced free from any political interference.