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INVESTOR IN PEOPLE

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

### **INTRODUCTION**

This statistical first release provides statistics on loan outlays, repayments of loans and borrower activity for English domiciled students studying in Higher Education (HE). It covers English Domiciled students studying in the UK and EU students studying in England and shows figures for financial years 2007-08 to 2009-10. Figures are provided for two different student loan arrangements: mortgage style loans which were in place until academic year 1997/98 and income contingent loans that were introduced in 1998/99. The student support system changed significantly in 2006/07 with the introduction of variable tuition fees and tuition fee loans. All the figures cover publicly owned debt only.

### **KEY POINTS**

- Repayments posted to customer accounts amounted to over £1bn in the financial year 2009-10 (including £223.8m repaid earlier than required). £212.5m of the early repayments relates to Income Contingent Loans. (*Table 1*).
- The balance outstanding (including loans not yet due for repayment) at the end of the financial year 2009-10 was £30.49bn of which £29.7bn relates to Income Contingent Loans. (*Table 1*).
- At the end of 2009-10 there were 3.2 million borrowers; of these, 2.1 million had accounts liable for repayment. These figures represent an increase of 9% and 12% respectively compared to the position at the end of 2008-09. (*Table 2(i)*).

## FACTORS AFFECTING TIME SERIES

- 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 shown to be in arrears at the end of the financial year.
- In financial year 2008-09, improved automated system capabilities were introduced to enable loan balances to be cancelled for Income Contingent loan accounts where the borrower died or became permanently disabled and unable to work. This also allowed a backlog of cancellation to be processed. These changes contributed to an increase in these categories in table 2(iii) compared to the previous financial year. Cancellations for death and disability in future years are expected to be less than that in 2008-09 because they are expected to only cover a single year and not include a backlog.
- In financial year 2009-10 a new system for managing the Repayment of Teachers Loans was implemented. The result was that some Repayment of Teachers loan accounts which could not previously be closed could have repayments posted and closed. This has resulted in a significant increase in the Table 1 category 'Amount repaid in respect of the Repayment of Teachers' Loans scheme during 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 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.. 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'.
- 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 the borrower is currently not in employment.
- 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.

## **CONTENTS**

Table 1 shows the amounts paid out in loans and repaid during financial year 2009-10 and makes comparisons to figures for 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 figures for Mortgage Style Loan borrower repayment activity and repayment status for 2009-10, and makes comparisons to for financial years 2007-08 and 2008-09.

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

Appendix A contains footnotes for table 1, 2(i), 2(ii) and 2(iii).

Appendix B contains definitions of terms used in this publication

Appendix C contains notes to editors.

## **RELATED STATISTICAL PUBLICATIONS**

This statistical first release is accompanied by official statistics on 'Income Contingent Repayments by Repayment Cohort and Tax Year'. SLC also produces 'Student Support for Higher Education in England', which provides statistics on English Domiciled and EU Domiciled applicants studying in England, who have been approved for student support, by academic year of application. 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)

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

This table shows the amounts paid out in loans and repaid during financial years 2007-08 to 2009-10

Key Points:

- Repayments posted to customer accounts amounted to over £1bn in the financial year 2009-10 (including £223.8m repaid earlier than required). £212.5m of the early repayments relates to Income Contingent Loans.
- The balance outstanding (including loans not yet due for repayment) at the end of the financial year 2009-10 was £30.5bn of which £29.7bn relates to Income Contingent Loans.

English domiciled students studying in the UK and EU students studying in England										£million
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>17,045.7</b>	<b>1,070.6</b>	<b>18,116.3</b>	<b>20,981.9</b>	<b>962.3</b>	<b>21,944.3</b>	<b>25,090.0</b>	<b>873.7</b>	<b>25,963.8</b>	
Start of year adjustments	-	-	-	-	-	-	-0.7	-	-0.7	
<b>Opening balance after adjustments</b>							<b>25,089.3</b>	<b>873.8</b>	<b>25,963.1</b>	
<b>PLUS</b>										
Amount lent during financial year	3,905.0	-	3,905.0	4,204.1	-	4,204.1	5,049.0	-	5,049.1	
of which:										
Maintenance Loans	2,835.5	-	2,835.5	2,496.9	-	2,496.9	2,875.0	-	2,875.0	
Tuition Fee Loans to English domiciled students	1,037.5	-	1,037.5	1,652.9	-	1,652.9	2,105.3	-	2,105.3	
Tuition Fee Loans to EU students	32.0	-	32.0	54.3	-	54.3	68.8	-	68.8	
Amount of interest added to loans-during the financial year	545.0	40.6	585.6	726.3	33.3	759.5	512.6	10.9	523.5	
Administration charges applied-during the financial year	-	-	-	-	-	-	-	-	-	
Balance transfers[3]	-0.8	0.1	-0.7	-	0.1	0.1	-	0.2	0.2	
<b>MINUS</b>										
Amount repaid, including interest, during the financial year	494.2	139.3	633.5	788.3	111.3	899.6	928.7	81.0	1,009.7	
of which:										
Repaid by customer to SLC	174.4	139.9	314.3	299.4	112.0	411.3	220.6	81.5	302.2	
Reported by HMRC as collected via PAYE and Self Assessment	332.7	-	332.7	510.1	-	510.1	726.4	-	726.4	
Refunded by SLC to customer	-12.9	-0.6	-13.4	-21.2	-0.7	-21.9	-18.3	-0.5	-18.8	
of which:										
amount repaid earlier than required [4]	172.5	21.9	194.4	294.0	18.6	312.6	212.5	11.4	223.8	
Amount repaid in respect of the Repayment of Teachers' Loans scheme during the financial year	17.7	3.2	20.9	15.1	1.7	16.7	22.5	2.4	24.9	
Amount otherwise cancelled or written off during the financial year	1.0	6.6	7.6	19.7	9.0	28.7	7.7	9.0	16.7	
of which:										
Because of death [5]	1.0	0.7	1.6	14.9	0.7	15.6	5.4	0.7	6.1	
Because of age	-	3.4	3.4	-	5.4	5.4	0.4	7.3	7.6	
Because of disability [5]	-	0.4	0.5	1.5	0.5	2.0	0.7	0.4	1.1	
Because of bankruptcy [6]	-	1.9	1.9	3.0	2.1	5.0	0.8	0.6	1.4	
On completion of Individual Voluntary Arrangement (IVA) [6]	-	0.2	0.2	0.3	0.2	0.5	0.4	0.1	0.5	
Trivial balances	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
<b>Total amount outstanding at the end of the financial year, including loans not yet due for repayment [7][8]</b>	<b>20,981.9</b>	<b>962.3</b>	<b>21,944.2</b>	<b>25,089.5</b>	<b>873.7</b>	<b>25,963.3</b>	<b>29,692.1</b>	<b>792.5</b>	<b>30,484.7</b>	
Year-end reconciling adjustments [9]	-	-	-	0.5	-	0.5	3.8	-	3.8	
<b>Balance after adjustments</b>	<b>20,981.9</b>	<b>962.3</b>	<b>21,944.3</b>	<b>25,090.0</b>	<b>873.7</b>	<b>25,963.8</b>	<b>29,696.0</b>	<b>792.5</b>	<b>30,488.5</b>	
of which:										
(a) balance of loans in deferment [10]	-	525.8	525.8	-	487.3	487.3	-	445.0	445.0	
(b) balance of loans in arrears status [11]	6.2	229.6	235.8	12.9	229.0	242.0	42.3	227.9	270.2	
of which: arrears value	0.2	174.6	174.8	0.4	176.5	177.0	4.0	180.1	184.0	
(c) balance of loans deferred with arrears [12]	-	24.9	24.9	-	23.5	23.5	-	21.1	21.1	
of which: arrears value	-	5.5	5.5	-	5.3	5.3	-	4.8	4.8	
of which: debt held by EU students for Tuition Fee Loans	42.1	-	42.1	96.8	-	96.8	167.1	-	167.1	
(d) balance of EU Fee loans liable for repayment [13]	0.2	-	0.2	4.9	-	4.9	12.2	-	12.2	
(e) balance of EU Fee loans not yet liable for repayment [14]	41.9	-	41.9	91.9	-	91.9	154.9	-	154.9	
Administration charges owed to SLC at the end of the financial year [15]	-	9.0	9.0	-	8.6	8.6	-	8.5	8.5	
<b>Balance including debt to SLC</b>	<b>20,981.9</b>	<b>971.3</b>	<b>21,953.2</b>	<b>25,090.0</b>	<b>882.4</b>	<b>25,972.4</b>	<b>29,696.0</b>	<b>801.0</b>	<b>30,496.9</b>	

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

Source: Student Loans Company

Footnotes in Appendix A

**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.

**English domiciled students studying in the UK and EU students studying in England**

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Financial years	2007-08			2008-09			2009-10		
	Income Contingent Loans	Mortgage Style Loans[16]	Total Number of [17]	Income Contingent Loans	Mortgage Style Loans[16]	Total Number of [17]	Income Contingent Loans	Mortgage Style Loans [16]	Total Number of Borrowers [17]
<b>Number of borrowers at the beginning of the financial year</b>	<b>2,089.6</b>	<b>394.7</b>	<b>2,458.0</b>	<b>2,359.8</b>	<b>341.3</b>	<b>2,676.1</b>	<b>2,641.9</b>	<b>298.2</b>	<b>2,916.5</b>
<b>Number of borrowers at the end of financial year</b>	<b>2,359.8</b>	<b>341.3</b>	<b>2,676.1</b>	<b>2,641.9</b>	<b>298.2</b>	<b>2,916.5</b>	<b>2,936.5</b>	<b>271.4</b>	<b>3,185.5</b>
Number of borrowers with accounts in repayment at the end of financial year[18]	1,347.5	341.1	1,667.7	1,572.6	298.0	1,849.9	1,816.4	271.2	2,067.2
Number of borrowers with accounts cancelled or written off in financial year [8]	0.3	4.3	4.6	2.5	3.9	6.3	1.2	3.7	4.9
of which:									
because of death [5]	0.1	0.2	0.4	1.7	0.2	2.0	0.6	0.2	0.8
because of age	-	1.2	1.2	-	1.6	1.6	-	2.1	2.1
because of disability [5]	-	0.1	0.2	-	0.2	0.2	-	0.2	0.1
because of bankruptcy [6]	-	0.5	0.5	0.3	0.6	0.9	0.1	0.2	0.3
on completion of Individual Voluntary Arrangement (IVA) [6]	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1
other	0.1	2.3	2.4	0.4	1.2	1.6	0.5	1.1	1.6
Number of borrowers with accounts not yet liable to repay at the end of financial year[18][19]	1,097.3	0.2	1,097.4	1,156.3	0.2	1,156.5	1,216.2	0.2	1,216.4

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

Source: Student Loans Company

Footnotes in Appendix A

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 figures for Mortgage Style Loan borrower repayment activity and repayment status for financial years 2007-08 to 2009-10.

**Key Points**

- During the 2009-10 financial year 29,600 borrowers with mortgage style loans repaid at least one of their loan accounts in full.

**Mortgage Style Loans  
England**

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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>394.7</b>	<b>341.3</b>	<b>298.2</b>
Number of borrowers with accounts paid in full in financial year[21]	51.4	39.7	29.6
Number of borrowers with accounts cancelled or written off in financial year [22]	4.3	3.9	3.7
of which:			
because of death[5]	0.2	0.2	0.2
because of age	1.2	1.6	2.1
because of disability[5]	0.1	0.2	0.2
because of bankruptcy [6]	0.5	0.6	0.2
on completion of Individual Voluntary Arrangement (IVA) [6]	0.1	0.1	0.1
other	2.3	1.2	1.1
<b>All borrowers at the end of financial year</b>	<b>341.3</b>	<b>298.2</b>	<b>271.4</b>
of which:			
(A) Borrowers with accounts liable for repayment [20]	341.1	298.0	271.2
of which			
(a) ahead with repayments	37.3	37.7	28.2
(b) up to date with repayments	87.1	59.6	55.5
(c) owing less than 2 months' repayments	2.2	2.3	3.7
(d) owing 2 or more months' repayments	23.9	18.3	16.1
(e) overdue with no repayment schedule owing <£100 [23]	2.2	2.1	1.8
(f) overdue with no repayment schedule owing >=£100 [24]	53.5	55.9	55.5
(g) deferring repayments	133.8	120.4	109.5
(h) deferring repayments with arrears	6.5	5.8	5.1
(B) Borrowers with accounts not yet in repayment status [20]	0.2	0.2	0.2
of which			
those who have made one or more repayments	0.1	0.1	0.2
those who have made no repayments	0.1	0.1	0.1

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

Source: Student Loans Company

Footnotes in Appendix A

**Table 2(iii) : Student Loan outlay and repayments: Financial years 2007-08 to 2009-10 [2][25]: borrower activity**

This table shows a detailed breakdown of figures for Income Contingent Loan borrower repayment activity for financial years 2007-08 to 2009-10

**Income Contingent Loans  
English domiciled students studying in UK and EU students studying in England**

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Financial years	2007-08					2008-09					2009-10				
	Maintenance Loans	Fee Loans (English domiciled)	Total England Loans	Fee Loans (EU in England)	Total IC Loans[26]	Maintenance Loans	Fee Loans (English domiciled)	Total England Loans	Fee Loans (EU in England)	Total IC Loans[26]	Maintenance Loans	Fee Loans (English domiciled)	Total England Loans	Fee Loans (EU in England)	Total IC Loans[26]
<b>Number of borrowers at beginning of the financial year</b>	<b>2,065.5</b>	<b>366.7</b>	<b>2,082.6</b>	<b>7.1</b>	<b>2,089.6</b>	<b>2,312.2</b>	<b>645.8</b>	<b>2,343.3</b>	<b>16.9</b>	<b>2,359.8</b>	<b>2,568.1</b>	<b>934.1</b>	<b>2,614.9</b>	<b>28.2</b>	<b>2,641.9</b>
Number of borrowers with accounts paid in full in financial year [21]	8.8	0.4	9.1	-	9.1	12.1	2.5	12.9	0.2	13.1	18.1	3.7	19.0	0.3	19.4
of which:															
paid off before liability for repayment had arisen [27]	3.2	0.4	3.4	-	3.4	5.3	2.0	5.9	0.1	6.0	5.9	3.1	6.8	0.2	6.9
Number of borrowers receiving refunds of repayments in financial year [2]	19.0	0.2	19.2	-	19.3	37.5	0.7	38.2	-	38.3	26.9	0.9	27.7	-	27.8
Number of borrowers with accounts cancelled or written off in financial year	0.3	0.1	0.3	-	0.3	2.4	0.2	2.5	-	2.5	1.2	0.2	1.2	-	1.2
of which:															
because of death [5]	0.1	0.1	0.1	-	0.1	1.7	0.1	1.7	-	1.7	0.6	0.1	0.6	-	0.6
because of age	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
because of disability [5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
because of bankruptcy [6]	-	-	-	-	-	0.3	-	0.3	-	0.3	0.1	-	0.1	-	0.1
on completion of Individual Voluntary Arrangement (IVA) [6]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other	0.1	-	0.1	-	0.1	0.4	-	0.4	-	0.4	0.5	-	0.5	-	0.5
New borrowers in financial year [28]	250.8	278.9	264.3	9.7	273.8	268.7	292.6	283.1	11.6	293.9	285.3	295.6	296.9	11.4	307.4
<b>All borrowers at the end of financial year [26][20]</b>	<b>2,312.2</b>	<b>645.8</b>	<b>2,343.3</b>	<b>16.9</b>	<b>2,359.8</b>	<b>2,568.1</b>	<b>934.1</b>	<b>2,614.9</b>	<b>28.2</b>	<b>2,641.9</b>	<b>2,840.9</b>	<b>1,217.2</b>	<b>2,899.6</b>	<b>39.0</b>	<b>2,936.5</b>
of which:															
(A) Borrowers with accounts not yet liable for repayment	1,046.2	638.5	1,080.9	16.8	1,097.3	1,083.6	846.6	1,131.2	26.3	1,156.3	1,128.2	1,012.8	1,183.5	34.6	1,216.2
of which															
who have made one or more repayments	21.2	6.0	22.7	0.2	22.9	27.7	13.6	30.4	0.4	30.9	20.4	14.0	23.3	0.4	23.7
who have made no repayments	1,025.0	632.4	1,058.2	16.6	1,074.4	1,055.9	833.0	1,100.8	25.8	1,125.4	1,107.8	998.9	1,160.2	34.1	1,192.5
(B) Borrowers with accounts being closed	113.1	1.3	113.2	-	113.2	147.2	2.9	147.5	0.1	147.6	192.8	7.0	193.8	0.4	194.2
of which															
who have fully repaid [29]	111.3	1.3	111.4	-	111.4	145.9	2.9	146.2	0.1	146.3	191.1	6.9	192.1	0.4	192.5
who are having their account cancelled [30]	1.8	-	1.8	-	1.8	1.3	0.1	1.3	-	1.3	1.7	0.1	1.8	-	1.8
(C) Borrowers with accounts liable for repayment	1,236.9	25.2	1,237.2	0.1	1,237.3	1,424.0	116.9	1,426.4	1.9	1,428.3	1,614.6	244.3	1,620.9	4.3	1,625.2

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

Source: Student Loans Company

Footnotes in Appendix A

## APPENDIX A

### FOOTNOTES FOR TABLES 1, 2i, 2ii, and 2iii

[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 document.

[3] Balance transfers can occur between the private debt portfolios and the Government portfolios as well as between the Government administrations. In 2007-08 the negative movement for ICR is caused by adjustments in the Suspense account.

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

[5] The functionality for processing cancellations on ICR loans due to death and disability was put in place in 2008-09. A number of such write-offs dating back to previous financial years have been processed and are included in the 2008-09 figures.

[6] The functionality for processing write-offs due to bankruptcy and on completion of an IVA was 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.

[7] 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.

[8] All amounts have been rounded to the nearest £100,000 unless specified otherwise. All student numbers have been rounded to the nearest 100 unless specified otherwise. All totals are calculated from the raw numbers and then rounded. Totals may therefore differ from adding up rounded components.

[9] The adjustments indicate transactions in the year affecting customer balances that have 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 2010).



[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 status of these borrowers is "real time" because all the repayments are made directly to SLC.

[17] 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.

[18] The total number of borrowers at the end of the financial year in Table 2(i) is not simply the addition of those with accounts in repayment, those not liable to repayment, those not liable to repay and those who had their accounts cancelled. 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.

[19] 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.

[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 who have repaid at least one loan account in full during the financial year.

[22] Borrowers who have at least one loan account cancelled during the financial year.

[23] 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.

[24] 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.

[25] 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.

[26] Each borrower has a loan account for each academic year of study in which they take out a loan. The repayment activity may be different for each loan account. Numbers in the Total IC loans column count each borrower once only, even where borrowers have loan accounts belonging to more than one product type, therefore the totals in the total debt column will not necessarily reconcile to the total of the component parts.

[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, 60, 65 or after 25 years depending on the type of loan and year taken out);</li> </ul> or <ul style="list-style-type: none"> <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. This category includes the very small number (less than 10) who have been granted time and indulgence.
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 the very small number (less than 10) who have been granted time and indulgence and fall within "Deferred with arrears".
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 academic year 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 (SRDD)	The point a borrower becomes liable to begin repaying a loan, the April after graduating or otherwise leaving their course. After the 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. From April 2010, student loans are exempt from Individual Voluntary Arrangements (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. Student loans are available to eligible full-time undergraduate students and those taking full-time or part-time postgraduate initial teacher training courses. In the past some other part-time students were able to take out loans, but these have been replaced by other forms of support.
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. 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 given in previous years to Section C of table 2 (iii) have been removed from this publication as this has now been superseded by Table 3 of the related publication 'Income Contingent Repayments by Repayment Cohort and Tax Year'.

### **STUDENT SUPPORT ARRANGEMENTS FOR STUDENTS ENTERING HIGHER EDUCATION UP TO AND INCLUDING ACADEMIC YEAR 1997/98**

5. 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 academic year 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 Local Authorities 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.
6. 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.
7. Mortgage-style 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 FOR STUDENT ENTERING HIGHER EDUCATION FROM ACADEMIC YEAR 1998/99**

### **FEES SUPPORT**

8. 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.

### **STUDENT LOANS**

9. 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 academic year 1999/2000 student loans have been made available to those aged 50 to 54 who plan to return to work after studying. From academic year 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.

### **MAINTENANCE SUPPORT**

10. For new entrants to higher education, academic year 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 academic year 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.

### **DISCRETIONARY AWARDS**

11. 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 academic year 1999/00. From academic year 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.

### **REPAYMENT OF TEACHERS LOANS**

12. The Repayment of Teachers Loans (RTL) 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 on behalf of the borrower by the Department for Education over 10 years. 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 ICR Student Loans borrowers on the RTL scheme. SLC administers the RTL scheme on behalf of Department for Education.

## **TUITION FEE LOANS**

13. Tuition Fee Loans became available to EU students studying in England 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**

14. 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.

15. 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. Over repayment has been addressed by introduction of a direct debit option for those borrowers who are expected to repay their loan in less than 2 years.

## **ANNUAL INTEREST RATE**

16. 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%).

17. 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 2009, and minus 0.4% (as measured by the March 2009 RPI) from the 1 September 2009. The interest rate directly affects the monthly repayment amount of Mortgage-style loans.

18. The interest rate used to adjust the outstanding balances on Income Contingent loans was 1.5% (based on the bank base rate plus 1%) up to the end of August 2009, and an interest rate was not set from 1 September 2009.. The interest rate does not affect the monthly repayment amount of Income Contingent loans; it may affect the time

taken to repay.

## **START OF YEAR ADJUSTMENTS**

19. Adjustments are made at the start of each financial year to account for transactions that occurred the previous year. This is standard accounting practice and is reflected in table 1.

## **NATIONAL STATISTICS**

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