

SLC SFR 03/2015

18 June 2015

Coverage:
Northern Ireland

Theme:
Children, Education and
Skills

Issued by
The Student Loans
Company
100 Bothwell Street
GLASGOW
G2 7JD

Press Office
Telephone:
0141 306 2120
Email:
press_office@slc.co.uk

Public Enquiries
Telephone:
0141 306 2000

Lead Official for
Statistics:
Dave Cartwright

Telephone:
0141 243 3209

Email:
information_office@slc.co
.uk

Internet
[http://www.slc.co.uk/statistics/official-statistics-\(slc\).aspx](http://www.slc.co.uk/statistics/official-statistics-(slc).aspx)



INVESTOR IN PEOPLE

STUDENT LOANS FOR HIGHER EDUCATION IN NORTHERN IRELAND, FINANCIAL YEAR 2014-15

INTRODUCTION

This statistical first release provides statistics on loan outlays, repayments of loans and borrower activity for Northern Ireland domiciled students studying in Higher Education (HE) and European Union (EU) students studying in Northern Ireland, and covers financial years up to 2014-15. Figures are provided for Income Contingent Loans (ICR), which were introduced in 1998/99. All the figures cover publicly owned loans only.

KEY POINTS

- The total amount lent to HE students in financial year 2014-15 was £298.0m, an increase of 9% compared with 2013-14. *Table 1 and Chart 1.*
- Net repayments posted to customer accounts amounted to £62.8m in the financial year 2014-15, an increase of 10% compared with 2013-14. Repayments included £5.8m repaid earlier than required, an increase of 7% compared with 2013-14. *Table 1.*
- The Loan Balance (including loans not yet due for repayment) at the end of financial year 2014-15 was £2.4 billion, an increase of 12% when compared with 2013-14. *Table 1 and Chart 2.*
- At the end of 2014-15 there were 197,700 borrowers; of these, 126,500 had accounts liable for repayment. These figures represent an increase of 7% and 8% respectively compared to the position at the end of 2013-14. *Table 2.*
- The average loan balance for all borrowers who still had a live account at the end of tax year 2013-14 ranged from £7,370 for the 2000 repayment cohort (after 14 years of recorded repayment history) to £17,610 for the 2013 repayment cohort (after 1 year of recorded repayment history). The average loan balance for the 2015 repayment cohort which entered repayment at the end of tax year 2014-15 was £18,160 *Table 5A(iii) and Chart 5.*
- 20,500 (13%) of the borrowers who had become liable to repay had fully repaid their loan. *Tables 3A(i) and 3A(ii)* show how the number and percentage of borrowers who had fully repaid their loan varies by repayment cohort. *Chart 6.*

CONTENTS

Introduction	1
Key Points	1
Table of Contents	2
Definitions	3
Statistical Commentary	5
Data Sources	9
Data Quality	9
Data Uses	9
Revisions	9
Changes Included in this SFR	9
Notes on Policy	9
Related Statistical Publications	11
Factors Affecting Time Series	11
Notes for Users	12
User Consultations	13
National Statistics	13
Table Guide	14
Link to Tables	14

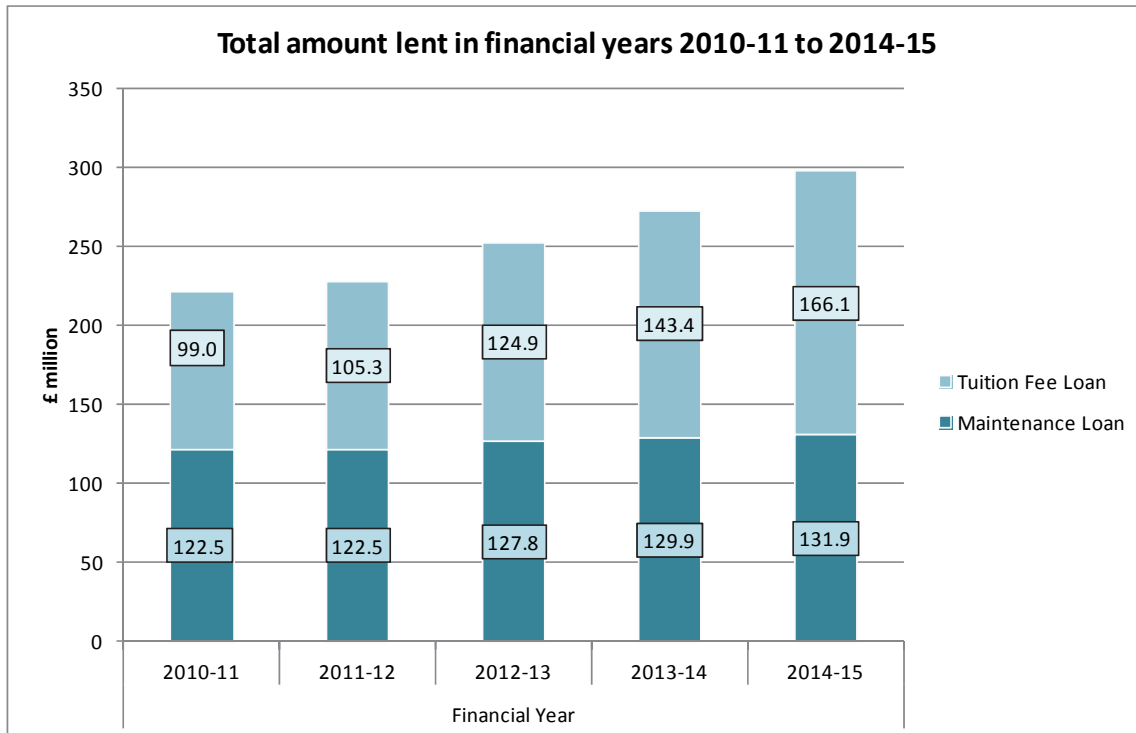
DEFINITIONS

Account repaid in full	The borrower has repaid the account in full without it being cancelled or written off. It includes accounts with trivial balance write-offs of less than or equal to £5.
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"> • On the death of the borrower; • 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); or • If borrower is in receipt of a disability related benefit and permanently unfit for work.
In arrears	Borrowers who have at least one loan on which repayments are overdue. Arrears arise when a borrower moves overseas and fails to repay SLC according to their repayment schedule. Additionally any borrower who moves overseas and fails to provide the information required to agree the appropriate repayment schedule will also be placed in arrears.
Income Contingent Loan	Also known as Income Contingent Repayment (ICR) Loan. Introduced in 1998, repayment is 9% of income above the income 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.
Income Threshold	The earnings level at which borrowers liable to repay will make repayments.
Liable to repay	The borrower has reached their Statutory Repayment Due Date (SRDD). See definition of SRDD.
Maintenance Loan	Maintenance loans are loans to cover living costs.
New borrowers	Borrowers who had no loans at the beginning of the financial year and took out new loans during the financial year.
No live employment at Her Majesty's Revenue & Customs (HMRC)	Borrowers in the UK tax system where HMRC does not have a record of any current employment when the data cut is taken for these statistics and SLC does not yet have information to determine an alternative status.
Non-UK EU Borrower	A borrower who was originally domiciled in an EU country prior to entering higher education in Northern Ireland. Such borrowers are eligible for Tuition Fee Loan only from academic year 2006/07. The first full repayment cohort for these borrowers is the 2010 cohort (after a typical three year undergraduate degree course). Tuition Fee Loans are paid directly to the institution of attendance.
Overdue Debt	That part of the Loan Balance that is overdue for those borrowers who are in arrears.
Refunds of income contingent repayments	Where over-repayment is identified, a refund is provided to the customer by SLC.
Repayment Cohort	The year of the earliest Statutory Repayment Due Date (SRDD). See definition of SRDD below. A borrower may only belong to one repayment cohort. It is possible for the repayment cohort to change e.g. If the student drops out of their course.
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	<p>The borrower remains liable to repay but recovery is deemed unlikely by the loan administrator or not possible by legal judgement.</p> <p>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 loan balance is written off once the customer completes the repayment schedule in the IVA.</p>

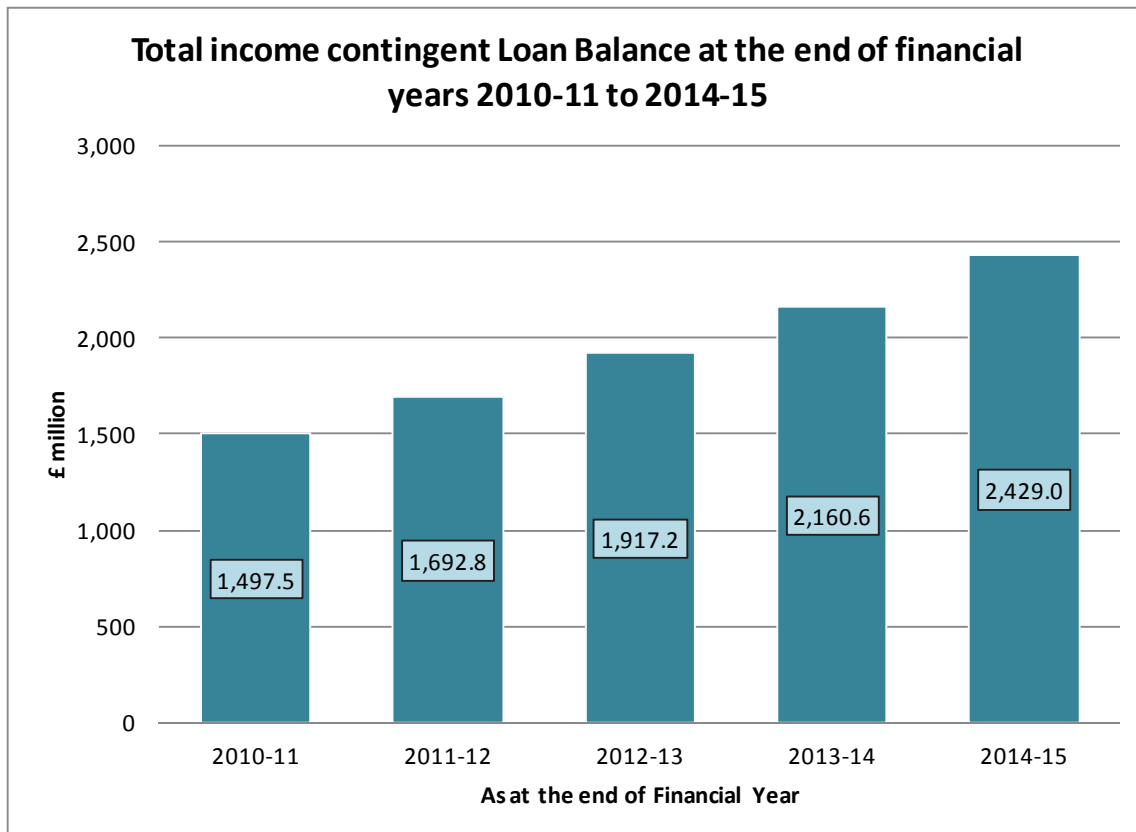
STATISTICAL COMMENTARY

Chart 1



The total amount lent in financial year 2014-15 was £298.0 million, which is an increase of 9% when compared with financial year 2013-14.

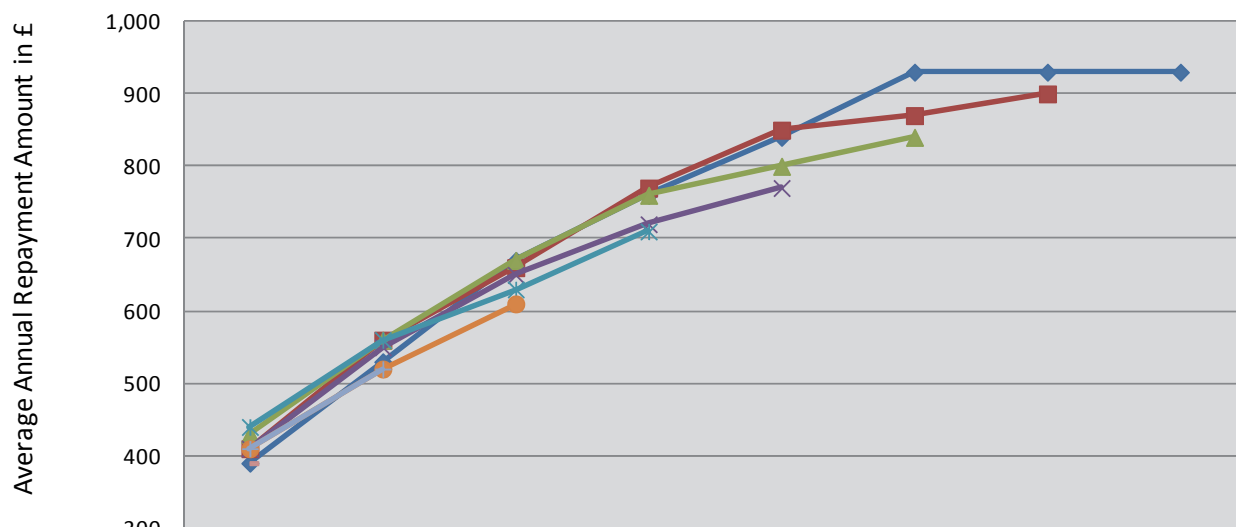
Chart 2



The loan balance at the end of financial year 2014-15 is £2.4 billion which is 12% higher than the debt at the end of 2013-14. At this point in time the new lending and the interest added outweighs the repayments being made by those borrowers who are now liable to repay.

Chart 3

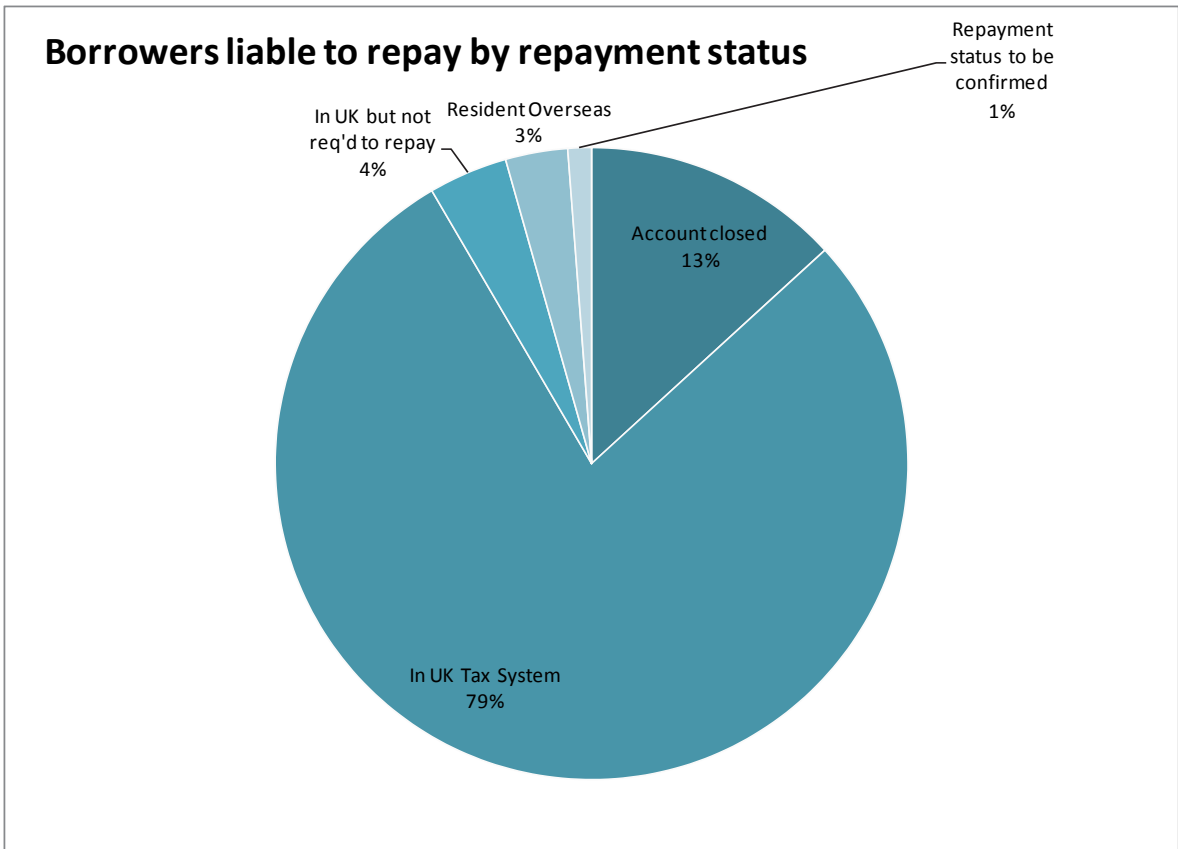
Average annual amount repaid by ICR Student Loan borrowers making repayments via HMRC (repayment cohorts 2006 to 2013)



	1st year of repayment	2nd year of repayment	3rd year of repayment	4th year of repayment	5th year of repayment	6th year of repayment	7th year of repayment	8th year of repayment
2006 Cohort	390	530	670	760	840	930	930	930
2007 Cohort	410	560	660	770	850	870	900	
2008 Cohort	430	560	670	760	800	840		
2009 Cohort	410	550	650	720	770			
2010 Cohort	440	560	630	710				
2011 Cohort	410	520	610					
2012 Cohort	410	520						
2013 Cohort	390							

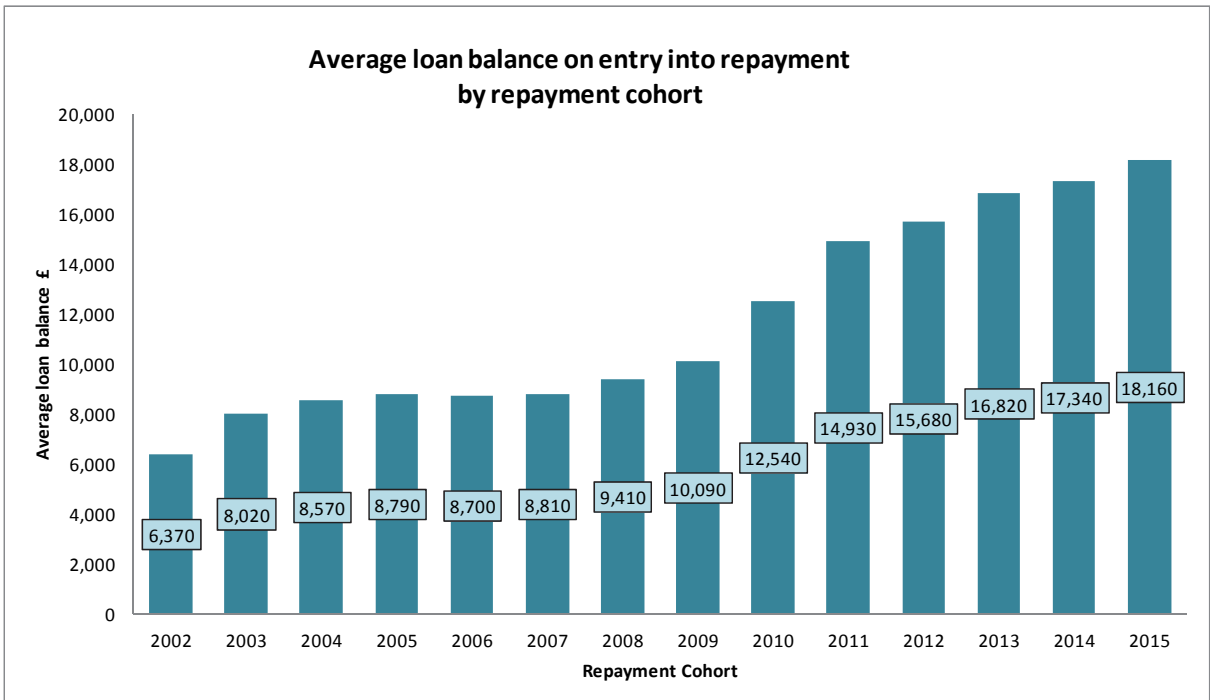
The average amount repaid increases sharply in the first and second years of repayment, followed by a more gradual increase over the following years. The increasing repayments are caused by income growth in the years after leaving higher education. The average repayment in the first year of repayment increased gradually until the 2008 cohort after which it has fallen back except for the 2010 cohort. The income threshold was raised at the start of tax year 2012-13 and then again for 2013-14 which leads to lower repayments than would have been the case if the previous threshold had been retained. For later years of repayment there will be downward pressure on the average repayment as borrowers start to fully repay. At the point they fully repay they are more likely to be repaying at a level above the average of those left in the cohort at that point.

Chart 4



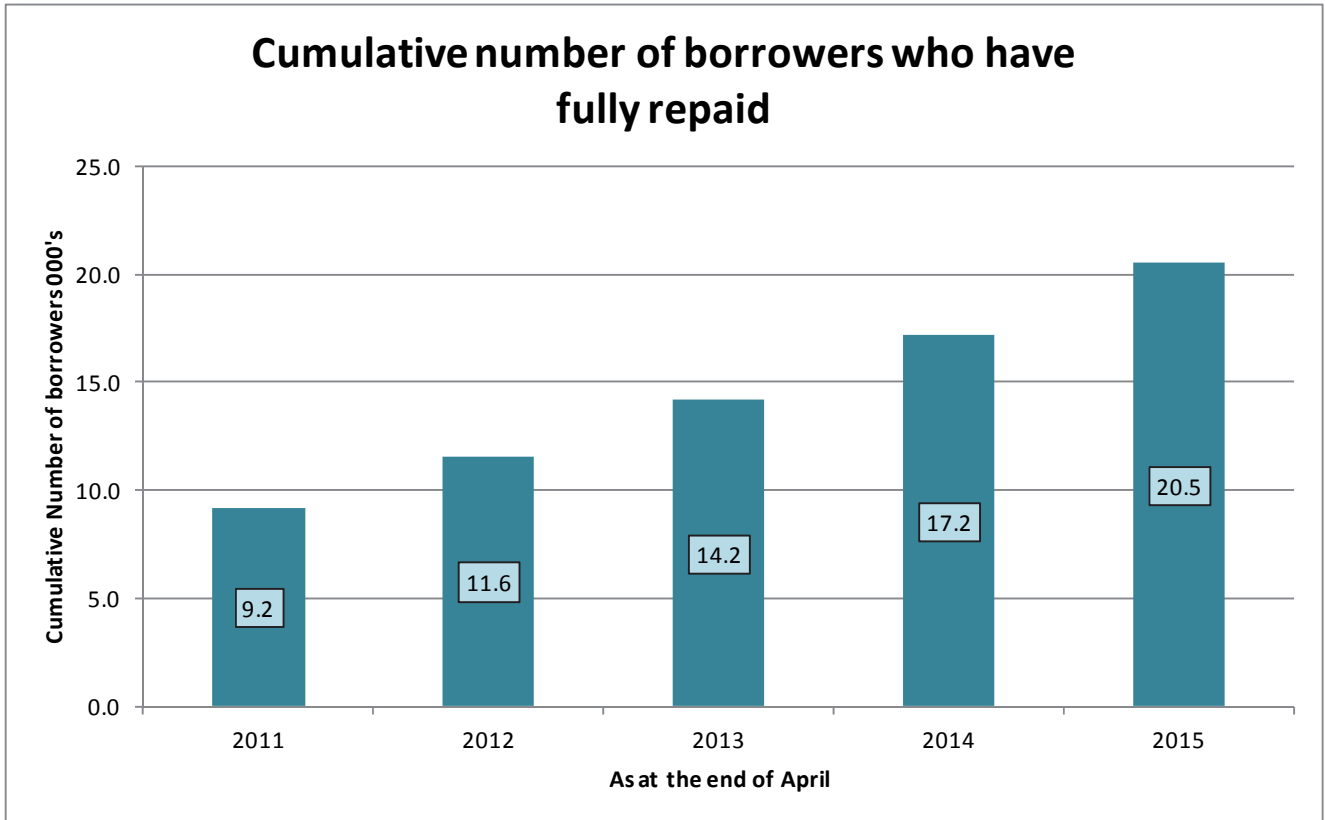
This chart covers all borrowers in all repayment cohorts as at 30/04/2015. 13% no longer retain any Loan Balance mainly due to full repayment. 79% are in the UK Tax system. Tables 3A(i) and 3A(ii) show how the number and percentage of borrowers in each repayment status varies by cohort.

Chart 5



This chart shows the average Loan Balance for borrowers at the point where their liability to repay first began. The average Loan Balance reflects the amount of loan available whilst studying and the number of years that the borrower chose to take loans for.

Chart 6



As at 30/04/2015 there are 20,500 borrowers who have entered repayment and have fully repaid. See Table 3A(i). The figures at the end of the previous years are taken from the equivalent table in the previous year's publications.

DATA SOURCES

1. This publication uses data from a single source: administrative data from the SLC Customer Ledger Account Servicing System (CLASS). For details of the administrative sources see the published Statement of administrative sources published on the SLC website using the following link

http://www.slc.co.uk/media/520778/slc_statistics_-_statement_of_administrative_sources.pdf

DATA QUALITY

2. SLC has published the Quality Guidelines that it follows. As per those guidelines a Quality Plan is produced for each publication. The Quality Plan stipulates two stages of Quality Assurance. Data is extracted from the administrative systems then reviewed using a standard Quality Assurance checklist. The statistical tables created using that data are quality assured using the Statistical Quality guidelines. Further details can be found by following the link below

http://www.slc.co.uk/media/653716/slc_statistics_-_quality_guidelines.pdf

DATA USES

3. SLC has published a Uses Made document for National and Official statistics. Further details can be found by following the link below

http://www.slc.co.uk/media/756631/slc_official_statistics_-_use_made.pdf

REVISIONS

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. Further details can be found by following the link below

http://www.slc.co.uk/media/520775/slc_statistics_-_revisions_policy.pdf

CHANGES INCLUDED IN THIS SFR

5. There have been no changes to the scope or content of the publication this year. However, to make a distinction between the loan balance and monies due to have been repaid, the previous generic use of the term "Debt" has been replaced by "Loan Balance" and "Overdue Debt". See the Definitions, Table 1 and Table 5.

NOTES ON POLICY

6. The statistics on student loans in this release were compiled by the Student Loans Company. They include public sector loans only, which are repaid on an income contingent 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 four academic years from 2000/01 onwards some other part-time students were able to take out loans, but these were then replaced by part-time course grants and part-time fee grants.

7. 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.

TUITION FEE LOANS

8. 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. 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 students from Northern Ireland who are studying in England, Wales or Scotland in AY 13/14 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 £3,685.

9. 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

10. 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

11. Borrowers become liable to repay their loans in the April after they graduate or otherwise leave the period of study for which they received loans. Many go on to further study e.g. postgraduate study but their liability to repay has begun and they will make repayments if they earn enough in the tax year alongside their study. Borrowers are grouped into repayment cohorts based on the year in which their liability to repay began.

12. 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.

13. 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 periods but the total earnings over the tax year are less than the earnings threshold.

14. 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.

15. The data held by the Student Loans Company (SLC) at 31st March 2014 for repayments via HM Revenue and Customs (HMRC), and the resultant status information, interest applied and outstanding balance, represent mostly the effect of repayments in tax year 2012/13. Backdated information can be received from HMRC causing the data posted by SLC in one financial year to cover multiple tax years. The purpose of this publication is to show the data by tax year in order to represent the time series from the point of view of the borrowers themselves and their actual repayment history.

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. The interest rate on Income Contingent loans was 1.5% from 1 September 2012 to the end of August 2013. From 1st September 2013, until further notice, the interest rate will continue to be 1.5%. The interest rate does not affect the monthly repayment amount of Income Contingent Loans; it will affect the time taken to repay.

RELATED STATISTICAL PUBLICATIONS

18. SLC also produces the Official Statistics: 'Student Support for Higher Education in Northern Ireland'. This publication provides statistics on Northern Irish domiciled and EU domiciled applicants studying in Northern Ireland, which have been approved for student support by academic year of application.

The latest publication can be found at: <http://www.slc.co.uk/media/694176/slcsfr072013.pdf>

FACTORS AFFECTING TIME SERIES

19. The first two repayment cohorts (2000 and 2001) are atypical because they will comprise borrowers on one year courses (such as HNC and postgraduate Initial Teacher Training) or they will be students who dropped out before completing three years of study. The first repayment cohort containing graduates from three year courses is the 2002 cohort.

20. 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.

21. From April 2005 the income contingent repayment threshold changed from £10,000 to £15,000. Those borrowers prior to April 2005, who were earning more than £10,000 and less than £15,000, would cease repaying until their income reached the new threshold, and those earning over £15,000 would repay less. The threshold increased in April 2013 to £16,365. The effect of the latest threshold change will not be seen until the repayment statistics for tax year 2013/14 are published in June 2015.

22. From 2009, SLC took 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 led to an increase in the number of borrowers residing overseas and in arrears. It should be noted that the figure will also include UK borrowers who have moved overseas after completing their studies.

23. The 2010 cohort of EU borrowers is the first significant group of EU borrowers who have come into repayment, comprising of 2006/07 entrants on three year courses. The 2011 cohort includes some 2006/07 entrants on four year courses and those who have repeated a year. Academic Year 2006/07 was the first year that European Union domiciled students could be awarded tuition fee student loans. Therefore EU borrowers in earlier repayment cohorts will mostly comprise of those borrowers on one or two year courses or those who have dropped out of their course.

24. 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.

NOTES FOR USERS

REPAYMENT STATUS (Table 3)

25. Some of the repayment status categories in Table 3 are the result of information received from HMRC. This information is received on a monthly basis, giving the up to date employment status of borrowers. Borrowers are grouped as follows:

- a. If HMRC cannot identify the borrower in their records from the information provided by SLC the borrower will be in the category of "Not Currently Repaying - Further Information Being Sought".
- b. If it shows they are currently on Job Seekers Allowance then they will be in the category of "does not require repayment at this point".
- c. If they are in their first year of liability and it shows they are in employment then they will be in the category of "awaiting first tax year return to determine if earnings above threshold".
- d. If HMRC have found the borrower but there is no employment record at the end of the latest month they are in the category of "In UK tax system – No Live Employment at HMRC".
- e. Once the borrower has been in the tax system for one tax year HMRC will be able to pass on returns from the borrower's employer(s) to show if the borrower is above or below the earnings threshold for repayment. HMRC notify SLC of repayments deducted by employers during a year once employers provide those details to HMRC on their annual returns after the end of each financial year. So it is only when that happens, that SLC will know if a borrower has been above or below the earnings threshold. The borrower will then be shown in the appropriate category.
- f. However, if the borrower has ceased to have an employment record they will revert to being in "In UK tax system – No Live Employment at HMRC".

26. The profile of EU borrowers is different to that of UK national borrowers for a number of reasons: firstly only those who have worked in the UK will have a National Insurance Number. Secondly it is assumed that they are more likely to go overseas after HE than are UK national borrowers. Although the profiles are different it should be noted that the majority of borrowers who are known to be resident overseas are UK national.

27. The 2010 repayment cohort contains the first significant group of EU tuition fee loan borrowers. The group will predominantly comprise of the 2006/07 entrants who have completed three year courses. EU borrowers in earlier repayment cohorts will mostly comprise of those borrowers on one or two year courses or those who left their courses early.

Repayments via HMRC (Table 4A – 4B)

28. The average repayment amount dropped for all repayment cohorts except the 2004 cohort between tax year 2004/05 and 2005/06 due to the increase in the income threshold from £10,000 to £15,000. The growth in earnings in year 2 of repayment for the 2004 cohort was enough to outweigh the effect of the income threshold change.

Repayments via direct repayment channel to SLC (Table 4C)

29. The average repayment is significantly higher than repayments made via HMRC (Table 4C). This is because some EU borrowers have chosen to make direct repayments to repay their balance in full or make large lump sum repayments to reduce the balance. Direct repayments to SLC include voluntary repayments which can be made by borrowers who are not yet due to repay, and additional voluntary repayments from borrowers who are also making repayments via HMRC. Direct repayments also include repayments from EU tuition loan borrowers who are living overseas, who are liable to repay, and are doing so via a repayment schedule. Details of repayment rates per country of residence can be found at:

<http://www.studentloanrepayment.co.uk>

Loan Balances (Table 5)

30. The average Loan Balance for each repayment cohort has increased year on year. Interest added to the balance in the early years of repayment has tended to outweigh the repayments made and many of the borrowers have gone on to take out further loans after their initial loans became liable for repayment. Table 5 excludes those who have fully repaid their loans; therefore figures on average amount owed cover those who have outstanding debt only.

USER CONSULTATION

31. Consultation exercises are conducted by SLC on the Official Statistics it produces in order to understand who uses the publications, for what purpose, and to find out how they can be made more useful in terms of content, methodology, timeliness and presentation. As part of the consultation process SLC runs surveys. See the User Consultation Survey section of the SLC website at

<http://www.slc.co.uk/statistics/statistics-user-consultation.aspx>

NATIONAL STATISTICS

32. 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.

TABLE GUIDE

- Table 1 The amounts paid out in Income Contingent Loans and repayments applied to individual loan accounts during financial years 2012-13 to 2014-15 broken down by repayment plan and study mode.
- Table 2 Detailed breakdown of figures for Income Contingent Loan borrower repayment activity for 2014-15 and comparisons to figures for financial years 2012-13 and 2013-14.
- Table 3: ICR Student Loans borrowers liable to repay by repayment cohort and repayment status as at 30/04/2015.
- Table 4: ICR Student Loans borrowers making repayments via HMRC by repayment cohort and tax year as at 30/04/2015. Table 4C details repayments made by non-UK EU borrowers making repayments directly to SLC.
- Table 5: ICR Student Loans borrowers with a Loan Balance by repayment cohort and tax year as at 30/04/2015.

LINK TO TABLES

The tables are available at:

<http://www.slc.co.uk/official-statistics/student-loans-debt-and-repayment/northern-ireland.aspx>