

Statistical
First Release



Department
for Education

08 February 2018

Correction Notice

Statistical First Release

“STUDENT LOANS FOR HIGHER EDUCATION IN ENGLAND, FINANCIAL YEAR 2016-17”

A production error has been corrected in this release.

Originally published on 15 June 2017, the figures in Table 1 for Advanced Learner Loans figure for Repayments included incorrect data. The amount for Voluntary Repayments should have been £1.9m instead of £0.6m.

This revision has no impact on the overall published totals.

The Student Loans Company and Department for Education (DfE) apologise for any inconvenience.

Issued by:
The Student Loans Company
100 Bothwell Street
Glasgow
G2 7JD
Telephone:
Press Office: 0141 306 2120
Public Enquiries: 0141 306 2000

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Issued by

The Student Loans Company
100 Bothwell Street
Glasgow
G2 7JD

Press Office

☎: 0141 306 2120
✉: press_office@slc.co.uk

Public Enquiries

☎: 0141 306 2000

Statistician

Dave Cartwright
☎: 0141 243 3209
✉:
information_office@slc.co.uk

Online:

www.slc.co.uk/statistics.aspx

Student Loans in England: Financial Year 2016-17

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) and Further Education (FE) in the United Kingdom (UK) and European Union (EU) students studying in England, and covers financial years up to 2016-17. Figures are provided for Income Contingent Repayment (ICR) Loans, which were introduced in 1998/99.

Key points (Higher Education)

- The amount lent in financial year 2016-17 was £13.4 billion, an increase of 13.9% when compared with 2015-16. *Table 1 and Chart 1.*
- The amount lent in financial year 2016-17 for Postgraduate Masters was £325 million which represents payments for the first two terms of the academic year 2016/17. *Table 1 and Chart 1.*
- Net repayments amounted to £2.0 billion in the financial year 2016-17, an increase of 12.8% compared with 2015-16 (including £317.1 million repaid earlier than required). *Table 1.*
- The balance outstanding (including loans not yet due for repayment) at the end of the financial year 2016-17 was £89.3 billion, an increase of 17.2% when compared with 2015-16. *Table 1 and Chart 2.*
- At the end of 2016-17 there were 5.3 million borrowers; of these, 3.2 million had accounts liable for repayment. These figures represent an increase of 7.2% and 13.0% respectively compared with the position at the end of 2015-16. *Table 2.*
- The average Loan Balance for the 2017 repayment cohort on entry to repayment was £32,220. Full time students completing three or four year courses since entry in 2012/13 are included in this average but the average balance is diluted by other borrower types in the same repayment cohort (e.g. borrowers who entered prior to 2012/13 and Part-time Tuition Fee Loan borrowers). *Table 5A(iii), Chart 5 and Paragraph 23.*
- 776,800 (17.8%) of the borrowers who had become liable to repay since ICR loans were introduced in 1998 have fully repaid their loan. *Tables 3A(i) and 3A(ii) and Chart 6.*

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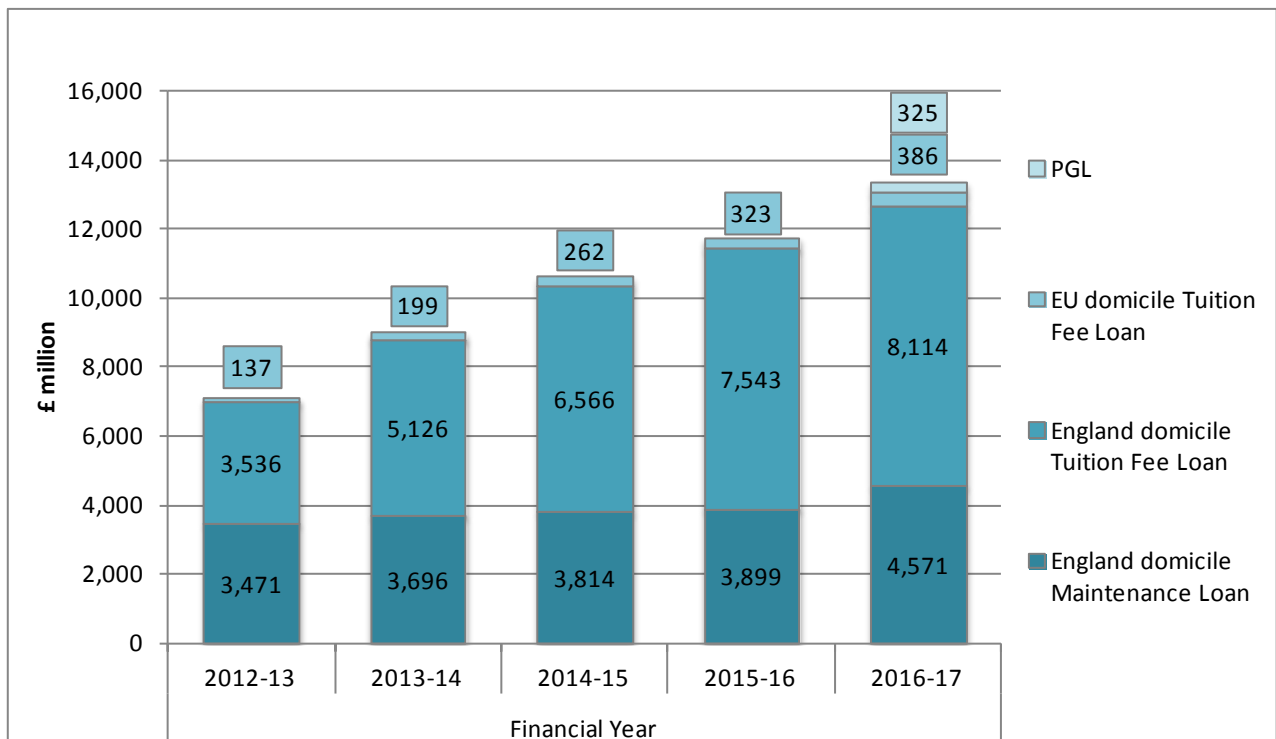
Definitions

Account paid in full	The borrower has repaid the account in full without it being cancelled or written off. This includes accounts with small balance write-offs and includes accounts closed under the Repayment of Teacher Loans (RTL) Scheme.
Advanced Learner Loan	A fee loan payable to Further Education (FE) providers on behalf of FE learners who meet the eligibility criteria and started a FE course on or after 1 August 2013.
Balance transfers	Transfers that can occur between different loans.
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, 60, 65 or after 25 years or 30 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.
Domicile	The habitual and normal residence of a student apart from temporary or occasional absences in the relevant period prior to commencement of study.
In arrears	Borrowers who have at least one loan on which repayments are overdue. Arrears also 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 Repayment (ICR) Loan	Introduced in 1998, repayment is 9.0% of income above the repayment threshold.
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.
Losses through phishing	Losses through phishing are write offs for loan payments re-directed by a fraudster that would otherwise have gone to a student. Phishing is a fraudulent attempt to obtain from customers information such as usernames, passwords and bank details by masquerading as a reliable entity in an electronic communication such as e-mail or instant messaging. If a student responds to the phishing email, payments that would otherwise go to that student may be redirected by the fraudster.
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 the statistics, therefore their latest employment status is given as "to be determined"
Non UK EU borrower	A borrower who was originally domiciled in an EU country prior to entering higher education in England. Such borrowers are eligible from academic year 2006/07 and for Tuition Fee Loan only.

Overdue Debt	That part of the Loan Balance that is overdue for those borrowers who are in arrears.
Part-Time Loans	New part-time students starting courses from September 2012 onwards at publicly funded universities and colleges are subject to tuition fees of up to £6,750 per year. This group of students are entitled to apply for an up-front fee loan to meet the full costs of their tuition (or up to £4,500 towards their tuition for courses at privately funded universities and colleges).
Refunds of income contingent repayments	Where over-repayment is identified, a refund is provided to the customer by SLC.
Repayment Cohort	A borrower is placed in a single repayment cohort. In some circumstances the repayment cohort may change i.e. withdrawal from course of study. The repayment cohort is based on the year of the earliest Statutory Repayment Due Date (SRDD). See definition of SRDD below.
Repayment Plan	The ICR Loan scheme has been separated into different repayment arrangements called Repayment Plan 1, 2 and 3. They differ in the earnings threshold used to trigger repayment and the interest rate applied to outstanding balances. See notes on policy section.
Study Mode	The mode of study (full-time or part-time) when the borrower took out their loan.
Statutory Repayment Due Date (SRDD)	The point a borrower becomes liable to begin repaying a loan, normally 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.
Tuition Fee Loan	Tuition Fee Loans are loans to cover all or part of the cost of tuition. They are paid directly to the Learning Provider.
Written off loan	The borrower remains liable to repay but recovery is deemed unlikely by the loan administrator or not possible by legal judgement. From April 2010, student loans are exempt from Individual Voluntary Arrangements (IVA).

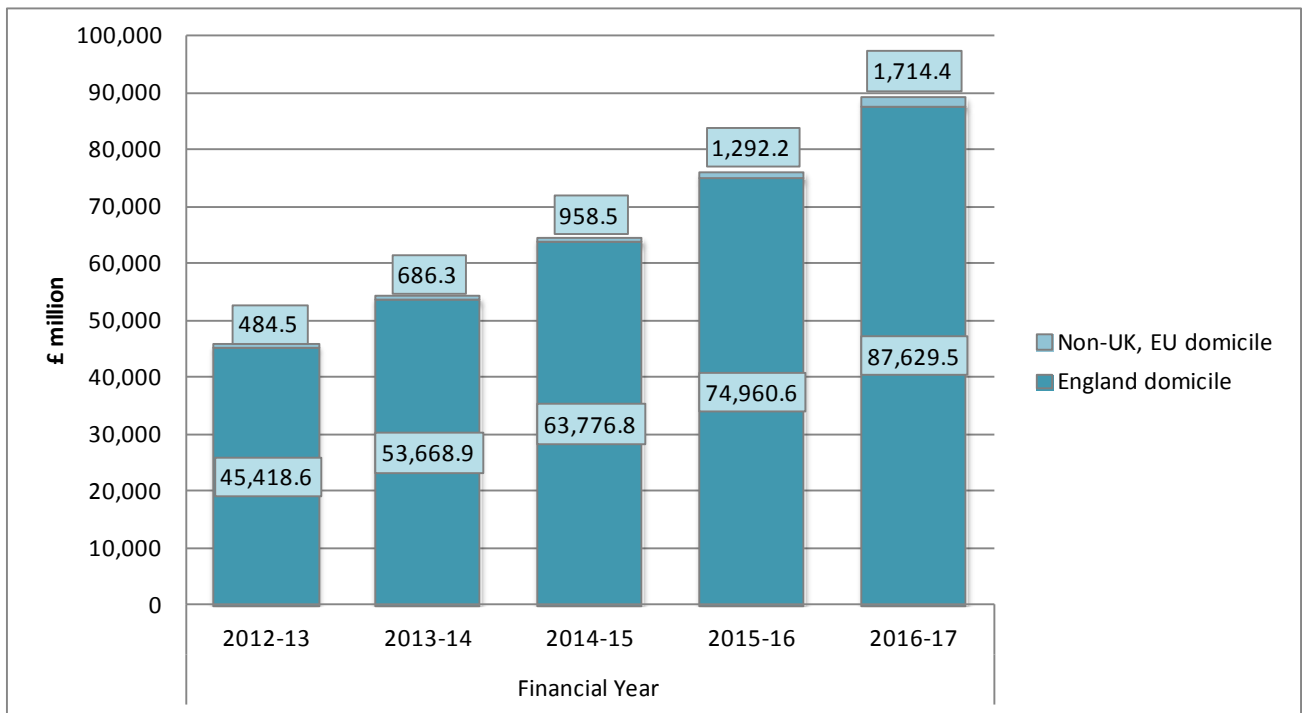
Statistical commentary

Chart 1: Total amount lent in financial years 2012-13 to 2016-17 (Higher Education)



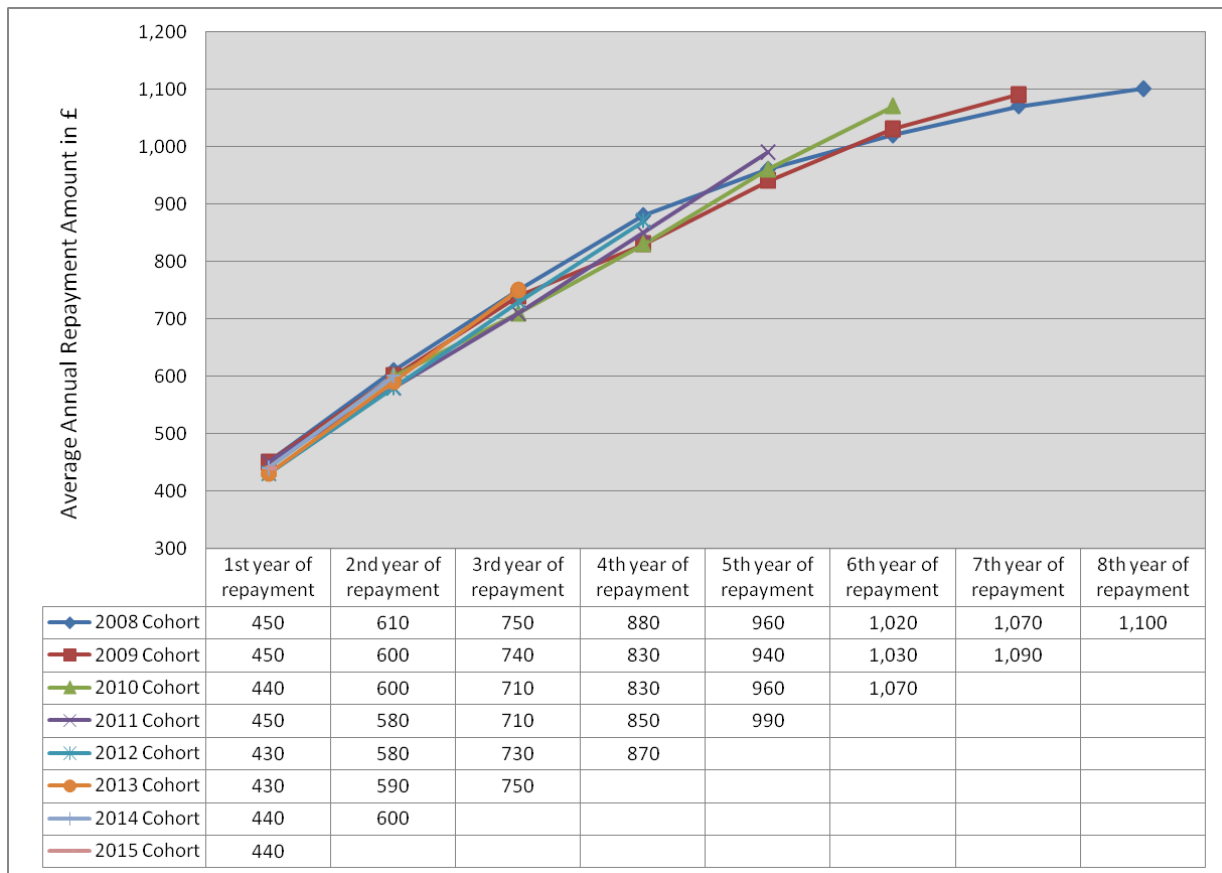
The total amount lent in financial year 2016-17 was £13.4 billion, which is an increase of 13.9% when compared with financial year 2015-16. The amount lent in financial year 2016-17 for Postgraduate Masters was £325 million which represents payments for the first two terms of the academic year 2016/17. *Table 1 and Chart 1.*

Chart 2: Total balance of income contingent student loans at the end of financial years 2012-13 to 2016-17 (Higher Education)



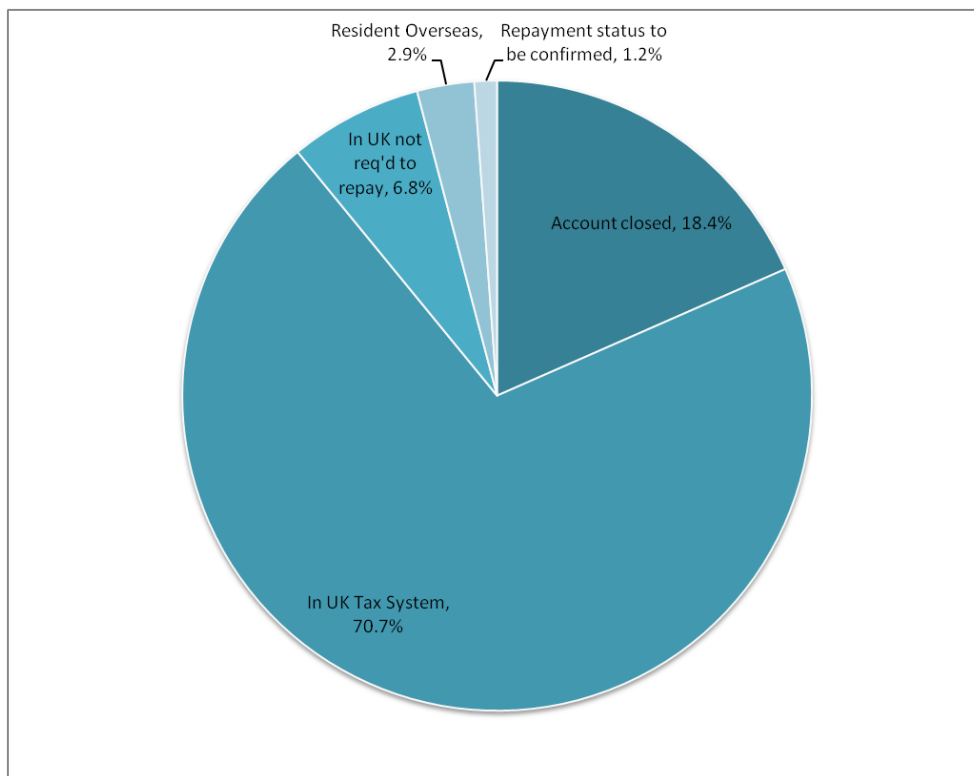
The total Loan Balance at the end of financial year 2016-17 is £89.3 billion, which is an increase of 17.2% when compared with 2015-16. The loan balance is increasing each year as new lending and the interest added to the existing balance outweighs the repayments and write-offs from borrowers' accounts.

Chart 3: Average annual amount repaid by ICR Student Loan borrowers making repayments via HMRC (Repayment cohorts 2008 to 2015)



The average amount repaid increases sharply in the early years of repayment, followed by a more gradual increase. The increasing repayments are caused by income growth in the years after leaving higher education.

Chart 4: Borrowers liable to repay by repayment status as at the beginning of the FY 2017-18 (Higher Education)



This chart covers all borrowers in all repayment cohorts liable to repay as at 30 April 2017. 18.4% no longer retain any Loan Balance mainly due to full repayment and 70.7% are in the UK Tax system. Table 3A shows how the number and percentage of borrowers in each repayment status varies by cohort.

Chart 5: Average Loan Balance on entry into repayment by repayment cohort as at the beginning of the FY 2017-18 (Higher Education)

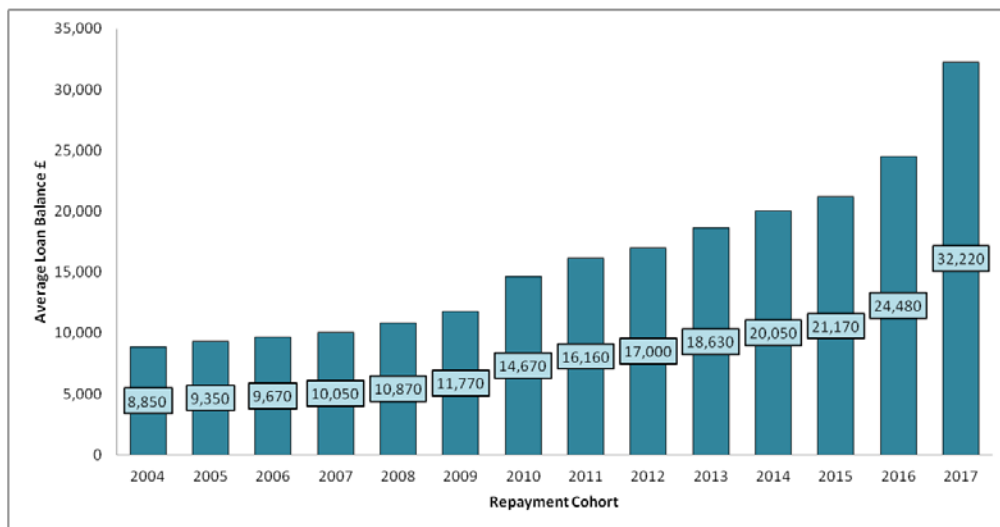
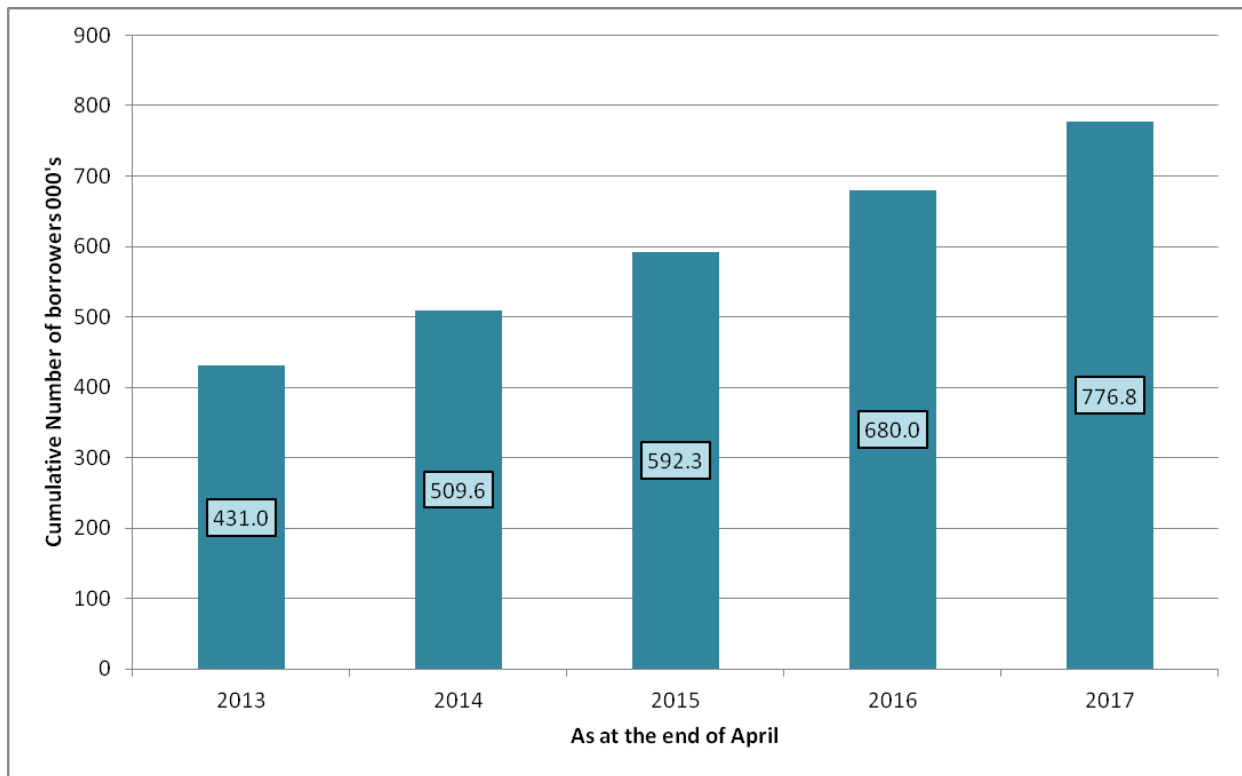


Chart 5 shows the average Loan Balance for borrowers at the point where their liability to repay first began. The average Loan Balance reflects the amount paid to borrowers, plus interest added whilst they were studying, minus any voluntary repayments made by borrowers prior to them becoming liable to repay.

The average Loan Balance for the 2017 repayment cohort on entry to repayment was £32,220. Full time students completing three or four year courses since entry in 2012/13 are included in this average but the average balance is diluted by other borrower types in the same repayment cohort (e.g. borrowers who entered prior to 2012/13 and Part-time Tuition Fee Loan borrowers). See Table 5(iii).

Chart 6: Cumulative number of borrowers who have fully repaid (Higher Education)



As at 30 April 2017 there are 776,800 borrowers who have entered repayment since ICR loans were introduced in 1998 and have fully repaid. See Table 3A(i). Please note, the figures at the end of previous financial 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/5450/slc_statistics - statement of administrative sources.pdf](http://www.slc.co.uk/media/5450/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/5403/slc_statistics - quality guidelines.pdf](http://www.slc.co.uk/media/5403/slc_statistics_-_quality_guidelines.pdf)

Data uses

3. SLC has published a Uses Made document for Official statistics. Further details can be found by following the link below [http://www.slc.co.uk/media/5454/slc_official_statistics - use made.pdf](http://www.slc.co.uk/media/5454/slc_official_statistics_-_use_made.pdf)

Revisions

4. Revisions within the data are denoted with an [r]. Some of these revisions may be 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/5449/slc_statistics - _revisions_policy.pdf](http://www.slc.co.uk/media/5449/slc_statistics_-_revisions_policy.pdf)

Changes included in this SFR

5. There have been no changes to the scope of the content of the publication this year, except that the statistic in Table 1 previously called "Repaid earlier than Required" has been replaced with "Voluntary Repayments" and is slightly lower because it now excludes "Offset Cash Receipt" repayments which although repaid early, are scheduled repayments rather than voluntary repayments.
6. An Additional breakdown for Plan 3 postgraduate loans has been added to Tables 1 and 2, as Master's loan payments have been made to borrowers from September 2016

Notes on policy

Eligibility for Loans

7. ICR student loans for living costs (maintenance) have been available to new English domiciled students since the academic year 1998/99. There have since been various changes to student loan support available:
 - a. Since 2006/07, tuition fee loans have been available to new English and EU domiciled students on full-time undergraduate funded courses, and since 2012/13 also been available to new students on part-time undergraduate funded courses.
 - b. From 2013/14, eligible Further Education learners who were aged 24 or over on the first day of their course qualified for an Advanced Learner Loan, and from 2016/17 this was extended to also cover those aged 19-23.
 - c. Since 2016/17, a postgraduate loan has been made available to new English and EU domiciled students on master's courses.

Repayment of Income Contingent Loans

8. Full time Higher Education borrowers become liable to repay their loans in the April after they leave their course. In this publication, borrowers are grouped into repayment cohorts based on the year in which they first became liable to repay.
9. Borrowers in the UK predominantly repay their loans through the UK tax system. Repayments through the tax system (either PAYE or Self-Assessment) begin once the borrower becomes liable to repay and is earning over the relevant repayment threshold.
10. Borrowers who move overseas must inform SLC of their total income and if that is above the relevant threshold for the country they live in, they then make monthly repayments directly to SLC. Arrears can accrue on these accounts where a borrower fails to make the required repayments, or fails to provide the required information to the SLC.
11. SLC also collects monies directly from borrowers when they make a voluntary repayment or switch to direct debit repayments (because they are nearing the end of repayment).
12. The data held by SLC at 30 April 2017 for repayments via HMRC, and the resultant status information, interest applied and outstanding balance, represent mostly the effect of repayments in tax year 2015-16. Each financial year, backdated information can be received from HMRC, effecting multiple tax years. Tables 4 and 5 of this publication present the data by tax year in order to represent a time series from the point of view of the borrowers.

Repayment Plan 1

13. Students who began their course prior to 1 September 2012 are on Repayment Plan 1. Repayments for Repayment Plan 1 loans are at the rate of 9.0% of income above the income threshold. The income threshold was £10,000 until April 2005 and then £15,000 until April 2012. It has since increased

14. Incrementally each year and from April 2016 it was £17,495. The interest rate applied to Repayment Plan 1 loans is the lower of the inflation rate (measured by the Retail Price Index - RPI) or the UK base rate plus 1.0%.

Repayment Plan 2

15. Students who began their course on or after 1 September 2012 are on Repayment Plan 2, and their repayment threshold is set at £21,000. They will make repayments at 9.0% of their income above the threshold. Borrowers normally become liable to make repayments from the April after they leave their course, however borrowers with Repayment Plan 2 loans did not first become liable to repay until April 2016 as repayments could not be taken through the tax system.

16. The Repayment Plan 2 interest rate whilst studying is RPI +3.0% and remains so up until the borrower becomes liable to repay. The interest rate then varies depending on the borrower's income. Those earning £21,000 or less are charged at the rate of inflation (RPI), interest rates for those earning between £21,000 and £41,000 are on a sliding scale from RPI to RPI +3.0%; and those earning £41,000 or more accrue interest at RPI +3.0%.

Repayment Plan 3

17. Students who have taken out a postgraduate master's loan are on Repayment Plan 3. The Repayment Plan 3 interest rate is the inflation rate (RPI) +3.0% throughout the term of the loan. The repayment threshold is set at £21,000, with borrowers repaying 6.0% of earnings above this threshold. Where borrowers also have an outstanding Plan 1 or Plan 2 loan, repayment of the two loans will be made concurrently, totalling 15.0% of earnings above the threshold (9.0% for the Plan 1 or Plan 2 loan, plus 6.0% for the Plan 3 loan).

18. Repayment of Plan 3 loans via the tax system is scheduled to commence in April 2019 for students who have left their course before this date and whose earnings exceed the repayment threshold. Thereafter, borrowers will normally be liable to commence repayments from the April after they leave their course.

Related statistical publications

19. SLC also produces the Official Statistics: 'Student Support for Higher Education in England'. This publication provides statistics on English domiciled and EU domiciled applicants studying in England, which have been approved for student support by academic year of application. The latest publication can be found at <http://www.slc.co.uk/official-statistics/financial-support-awarded/england-higher-education.aspx>

20. Statistics on 24+ Advanced Learning Loans paid to FE learners (since renamed to Advanced Learner Loans) covering the period August 2015 to January 2016 were published in SLC OSP 02/2016 on 23 March 2016. These can be found at <http://www.slc.co.uk/media/7097/slcosp022016.pdf>

21. For information on student support arrangements in place for England domiciled HE students and non UK European Union students who study in England, visit: <https://www.gov.uk/browse/education/student-finance>

Factors affecting time series

22. The 2016 repayment cohort had an average loan balance on entry into repayment that was lower than the 2015 cohort a year earlier. The key causes of this drop were; a) Those students who started after 1 September 2012 who were on short courses or who withdrew, who are part of the 2016 cohort rather than the cohort directly after they finished study; and b) those part-time students who took out Tuition Fee Loans and have now finished their studies or withdrawn from study. The average for the 2017 repayment cohort resumes the upward trend because it only includes one year's worth of students on short courses or withdrew from study.

23. The number of HE borrowers becoming liable to repay for the first time in April 2016 (the 2016 repayment cohort) was uncharacteristically large at 473,000, an increase of 71.0% compared with April 2015. This increase was explained by many post-2012 entrants to HE, who would ordinarily have entered repayment earlier (with loans for fewer years of study), entering repayment later than is normally the case in April 2016. The 2017 repayment cohort is more reflective of the full- and part-time Repayment Plan 2 loans (paid out under the post-2012 fee regime).

24. The first two repayment cohorts (2000 and 2001) are atypical because they will comprise borrowers on one year courses (such as Higher National Certificate (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.

25. 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. The threshold remained at £15,000 until April 2012 when it increased to £15,795 and it has been increased every year since in line with inflation.

26. From 2009, SLC have been taking 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 is 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.

27. The 2010 cohort of EU borrowers is the first significant group of EU borrowers who have come into repayment, comprising mainly of 2006/07 entrants on three year courses. The 2011 and 2012 cohorts include some 2006/07 entrants on longer courses, as well as those who started their 3 year degree courses in 2007/08 and 2008/09 respectively. Academic Year 2006/07 was the first year that non-UK EU domiciled students could be awarded tuition fee student loans, therefore EU borrowers in repayment cohorts prior to 2010 will mostly comprise of those borrowers on one or two year courses or those who have dropped out of their course.

Notes for users

Repayments via Self Assessment (Table 1)

28. It has been necessary to estimate some of the repayments made via self-assessment in the financial years 2015-16 and 2016-17 in order to maintain a comparable time series with earlier years. This is due to some information not being received until after the usual capture date for table 1. The estimates are based on actual data for self-assessment repayments posted in the first weeks of the next financial year. Where figures have been impacted they are clearly marked with an 'e' for estimate.

Repayment Status (Table 3)

29. 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 the tax 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".

30. 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 they are more likely to go overseas after HE than 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 nationals.

31. 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 direct repayment channel to SLC (Table 4C)

32. The average repayment made directly to SLC by EU borrowers is significantly higher than repayments made via HMRC by EU borrowers (Table 4B). 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 borrowers who are living overseas, who are liable to repay, and are doing so via a repayment schedule. Direct repayments from borrowers before they become liable to repay (typically voluntary repayments) have been much larger for the 2016 and 2017 repayment cohorts, than for previous cohorts. Repayment cohorts prior to 2016 were predominantly borrowers with Repayment Plan 1 loans, whereas repayment cohorts 2016 and 2017 are predominantly made up of Repayment Plan 2 borrowers (who have larger loan balances and are charged a higher interest rate whilst studying). Details of repayment thresholds for each country of residence can be found at : <http://www.studentloanrepayment.co.uk>

Loan Balances (Table 5)

33. The average loan balance for each repayment cohort at the point they become liable to repay has always been higher than for the preceding cohort. The 2016 cohort continues that trend but the increase is lower than might be expected given that it is the first repayment cohort affected by the higher fees of up to £9,000 per year - see 'Factors Affecting Time Series'. Thereafter, for each cohort the average balance tends to go up before coming back down. 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 a remaining balance only.

Rounding (all tables)

34. All borrower numbers and amounts have been presented rounded to the nearest 100 and £100,000 unless specified otherwise. All totals and averages are calculated from un-rounded numbers. Where numbers equal zero or rounded figures result in zero, this is presented as null or negligible " - " on the tables.

User Consultations

35. 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

36. 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 2016-17 broken down by repayment plan and study mode.
- Table 2** Detailed breakdown of figures for Income Contingent Loan borrower repayment activity for 2016-17 and comparisons to figures for financial years 2012-13 and 2015-16.
- Table 3:** ICR Student Loans borrowers liable to repay by repayment cohort and repayment status as at 30 April 2017.
- Table 4:** ICR Student Loans borrowers making repayments via HMRC by repayment cohort and tax year as at 30 April 2017. 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 April 2017.

Tables

The tables are available at:

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