Department for Business Innovation & Skills

Consultation on freezing the student loan repayment threshold

JULY 2015

Contents

Consultation on freezing the student loan repayment threshold

Introduction

1. The Government is committed to maintaining the UK's world class education system while living within its means and reducing the national debt. Further and higher education will remain accessible to students who have the ability to benefit from it, ensuring that no-one[1] needs to pay for higher education up-front. We know that higher education continues to be an excellent investment with graduates earning considerably more on average than those with lower levels of qualification. To keep higher education on a sustainable footing we must ask future graduates to meet more of the costs of their studies once they are earning.

2. As we enable more students than ever before to study, we must also reflect the challenge faced by the Government, to put debt on a declining path as part of fiscal consolidation plans. The Government has published a draft Charter for Budget Responsibility (the "Charter") which sets out a target for public sector debt to be falling as a percentage of GDP in every year from 2015-16 to 2019-20. We need to ensure that student finance meets our policy goals and remains financially sustainable.

3. Updated forecasts based on the OBR's latest projections for the macro-economy show the proportion of borrowers liable to repay when the £21,000 threshold takes effect in April 2016 is lower than was expected when the policy was initially introduced. The threshold is therefore higher in real terms than was originally intended, which increases the long-term costs of the higher education system to the tax payer.

4. The Budget on 8 July contained a number of announcements related to higher education, including an intention to consult on keeping the repayment threshold at the same level for five years. We recognise that this proposal represents a change from when the policy was first introduced. We are consulting to gather views on the new proposal to ensure higher education remains open and affordable to students, graduates and fair to all taxpayers in the long term.

Issued: **22 July 2015**

Respond by: **14 October 2015**

Enquiries to: Alaster Smith

Email: studentloanconsultation@bis.gsi.gov.uk

[1] Students at publicly funded institutions do not pay for tuition upfront.

1. Why consider freezing the repayment threshold?

5. The Government is committed to ensuring that higher education in England is affordable for students and the taxpayer. The number of students from disadvantaged backgrounds entering higher education has risen to the highest level ever. Making higher education courses available to all who are able and wish to study continues to be a priority. To ensure that the costs of the student loan book remain transparent and affordable in the long term, our preferred option within this consultation is to keep the loan repayment threshold at £21,000 for loans issued to entrants after September 2012 (Plan 2, or post-2012 loans).

6. Students eligible for support do not have to pay for higher education up-front. Loans to cover both tuition and living costs are available for all eligible first-degree students[2]. These need to be repaid only once borrowers are earning more than an annual earnings threshold, which will be £21,000 in 2016-17. Borrowers repay 9 per cent of their income above that threshold. Any outstanding balance will be written off after 30 years. Interest rates are applied using the Retail Price Index (RPI) and vary from RPI, for those on an income up to £21,000, increasing to RPI +3% for those at an income of £41,000 or more.

7. Under the progressive student loan repayment system introduced in England in 2012, there is a much stronger link between the benefit individuals derive from higher education and the overall contribution they make to the costs of their study. A similar loan system was introduced in April 2013 for further education learners. This applies to those aged 24 and above who were undertaking qualifications at Level 3 or Level 4. 24+ Advanced Learning Loans cover tuition costs, and are repayable on the same basis as higher education student loans.

8. The Government provides protection to those who earn relatively low wages or who have periods out of employment through the setting of a threshold for repayments. Those with the lowest lifetime earnings will pay much less than those who are better-off. Those earning below £21,000 repay nothing. Any amount not repaid after 30 years will be written-off.

9. To make sure the overall system continues to work well for students, Government also wants to improve the process of loan repayment, including preventing over-repayments. Government will set out detail on this in a Repayments Strategy to be published later this year.

10. As we enable more students to study, we must reflect the challenge faced by the Government, to put debt on a declining path as part of fiscal consolidation plans. The Government has published a draft Charter for Budget Responsibility (the “Charter”) which sets out a target for public sector net debt to be falling as a percentage of GDP in every year of the Parliament. We need to keep the overall student finance package under review to ensure it meets our policy goals and remains financially sustainable.

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[2] Part-time students are only entitled to tuition fee loans if their courses meet the intensity requirement to be eligible for funding. Repayment terms operate in broadly the same way.

The £21,000 Threshold

11. It is right that a graduate's contribution to the cost of their education should be linked to ability to pay. The returns to individuals of a degree are high: the average male graduate will earn £170,000 more over his lifetime, and a female graduate £252,000 more than someone with A-levels[3].

12. For loans taken out before 2012, graduates started repaying when their income reached £15,000 (this has now risen to a little over £17,000). The Government set the repayment threshold to £21,000 for post-2012 borrowers, proposing that it would be up-rated annually in line with earnings from 2016, when the first graduates under the new system would start repayments.

13. When 24+ Advanced Learning Loans were introduced in April 2013, the repayment threshold was set at the same level as higher education student loans. As the driver for making these changes is to put higher education funding on a more sustainable footing, much of the discussion in this consultation document focuses on higher education learners. However, because the two systems share a repayment threshold, the proposals in this consultation equally affect learners who fund their study using a 24+ Advanced Learning Loan.

14. The proposed freeze will make an important contribution to the Government's debt reduction plan whilst also maintaining a fair balance between the taxpayer and graduates in funding Higher Education.

What is proposed?

15. Updated forecasts based on the OBR's latest projections for the macro-economy show the proportion of borrowers liable to repay when the £21,000 threshold takes effect in April 2016 will be lower than was expected when the policy was initially introduced. The threshold is therefore higher in real terms than was originally intended, which increases the long-term costs of the higher education system to the tax payer.

16. The Government recognises that learning continues to be an excellent investment and has therefore launched this public consultation on keeping the loan repayment threshold at £21,000 for all students from April 2016, or freezing it at the level it will have reached in 2020 only for new borrowers starting in academic year 2016-7 and repaying from April 2020. The OECD has said that the UK is the first European country to have found a sustainable approach to higher education funding. The Government wants to ensure that this sustainability is preserved. The preferred option is to freeze the threshold for all plan-2 (post-2012) loans. This would mean that a borrower following a median earnings trajectory (£27,000 per year in 2016/17) would pay around £6 more a week in 2021 (in nominal terms). For those who would have eventually paid off their loan in full otherwise, they will now do so more quickly, incurring less interest and hence less overall cost.

[3] BIS Research Paper, Walker and Zhu, the impact of university degrees on the lifecycle of earnings: some further analysis, Aug 2013

17. The Budget announced on 8 July contained a number of Higher Education related announcements:

    - From the academic year 2016/17 non-repayable student maintenance grants will be replaced with loans. This will not affect students starting courses in 2015/16 or already studying.
    - Maintenance support available in loans will increase to the highest level ever for students from low-income households – by £766 to £8,200 for those studying away from home outside London and for those in London to £10,702.
    - Grants for students who are carers, disabled or have dependants will still be available.
    - An intention to consult on freezing the loan repayment threshold for five years.
    - Tuition fee loans for 2016/17 will remain and we will link the student fee cap to inflation for those institutions that can show they offer high-quality teaching from 2017-18. The government will also consult on the mechanisms to do this as part of our proposed green paper in the autumn.

18. Together, these changes make an important contribution to the government deficit and debt reduction plans, give students from lower incomes more cash-in-hand and ensure we have a sustainable higher education system going forward.

19. This consultation considers options to make savings by freezing the repayment threshold for five years in England, **thereby changing the intention to raise thresholds annually in line with earnings.**

20. This consultation will be open for twelve weeks.

The Options

21. **Option 1**: **The Government's preferred option is to freeze the threshold for all Plan 2 loans**, existing and new. The first borrowers with Plan 2 loans start to repay under statutory terms in April 2016, when the threshold will be £21,000. Under this proposal the threshold will remain at this level for five years, for all English borrowers – new and existing. The threshold will be reviewed from April 2021. **This option will reduce government debt the most** whilst still ensuring those who do not earn high wages are protected. This is the option that makes the largest savings. It will still ensure that higher education is free at the point of use, and that repayments are affordable for all graduates.

22. **Option 2**: The second option is to **freeze the threshold for new borrowers only**. This will mean that only borrowers starting courses in academic year 2016-17 and subsequent years will be affected. These borrowers will generally expect to start repayment in April 2020. The threshold will be frozen from April 2020 for five years at the same level that the existing post-2012 borrowers' loan threshold has reached by then. **This option reduces government debt, but considerably less than option 1. It constitutes a new student loan plan, and therefore has operational demands and administrative costs associated with it.**

23. **If no changes are made** to the current policy, raising the threshold by earnings from April 2017 for all borrowers, there will be no impact on borrowers. **This does not**

contribute to debt reduction and will not help meet the current fiscal pressures. It will also mean taxpayers having to bear more of the burden for those benefitting from higher education.

2. How to respond

24. You can reply to this consultation online at https://bisgovuk.citizenspace.com/he-strategy/consultation-on-freezing-the-student-loan-repaymen. Alternatively, the consultation response form is available electronically on the following page: https://www.gov.uk/government/consultations/freezing-the-student-loan-repayment-threshold until the consultation closes on 14th October 2015.

25. The form can be submitted

- online
- by email to studentloanconsultation@bis.gsi.gov.uk
- by hard copy to

Alaster Smith, Higher Education Student Funding Policy, 5th Floor, Abbey 1, Department for Business, Innovation and Skills, 1 Victoria Street, London, SW1H 0ET

- by fax to 0207 215 6910 marked for the attention of Alaster Smith, Higher Education Student Funding Policy.

26. If you would like to provide evidence, further information, or a paper in support of your views you can do so by forwarding this to the email address given above.

27. When responding, please state whether you are responding as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents by selecting the appropriate type of interest group on the response form and, where applicable, how the views of members were assembled. If you are submitting the form via email please make it clear which organisation you represent by clearly marking this on the email.

28. Respondents may wish to answer some or all of the questions posed. Respondents are invited to provide as much information and evidence as possible in support of their views and to enable new ideas to be explored.

29. When making suggestions for alternative approaches or mitigating actions, respondents should indicate whether their suggestions apply to new and/or existing students, and further education of higher education level of study.

30. BIS consultations are digital by default but if required printed copies of the consultation document can be obtained from:

BIS Publications Orderline
ADMAIL 528
London SW1W 8YT

Tel: 0845-015 0010
Fax: 0845-015 0020
Minicom: 0845-015 0030
https://www.gov.uk/government/publications?departments%5B%5D=department-for-business-innovation-skills

31. Other versions of the document in Braille, other languages or audio-cassette are available on request.

3. Confidentiality & Data Protection

32. Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want information, including personal data that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

33. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

4. Help with queries

34. Questions about the policy issues raised in the document can be addressed to:

Alaster Smith
Higher Education Student Funding Policy
Department of Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET

Email: studentloanconsultation@bis.gsi.gov.uk

5. The proposals

The Options

35. **Option 1: The Government's preferred option is to hold the threshold for all Plan 2 loans at £21,000 for five years** – including both existing and new borrowers. The first borrowers with Plan 2 loans start to repay in April 2016 under statutory terms, when the threshold will be £21,000. Under this proposal the threshold will remain at this level for five years, until April 2021, for all English borrowers. From April 2021 the threshold will be reviewed again.

36. This option would apply to all people in repayment of Plan 2 (post-2012) loans. In 2017 this is estimated to be around 0.9 million borrowers, rising to 2.1 million in 2020[4].

37. **Option 2**: The second option is to **freeze the threshold only for new borrowers**. This will mean that only borrowers starting courses in September 2016 and subsequent years will be affected. These borrowers will generally expect to start repayment in April 2020. At that time the threshold will be frozen for five years, at the same level that the existing Plan 2 loan borrowers' threshold has reached, before being reviewed in 2025.

38. This option will affect a smaller number of borrowers. The number of people becoming liable for repayment in 2020, subject to their earnings, is estimated to be around 350,000 per year rising to 400,000 per year within a few years, and is expected to be at a similar level for the following years.

39. **If no changes are made** to the current policy, raising the threshold by earnings from April 2017 for all borrowers, as originally set out in 2010, there will be no impact on borrowers. This does not contribute to debt reduction and is unaffordable in the long term.

[4] Assuming that only a very small number fully repay early

6. Analysis of Impact

40. This section contains our current assessment of the impact of the measures set out in this consultation.

Current and new borrowers and their families

Option 1

41. **Option 1: The threshold remains at £21,000 for all borrowers from April 2016 to April 2021.** Using the assumption that repayment thresholds will be frozen at £21,000 for the next five years, a median borrower earning £27,000 per year will repay around £6 more a week in 2021 (nominal) than if the threshold was raised in accordance with earnings growth. People will repay their loans more quickly, with those would have paid off otherwise paying less interest and hence incurring less overall cost. **This option is the preferred option as it generates both immediate and long-term increases in loan repayment, contributing to meeting the Government's debt targets.**

42. The tables below illustrate the impact of freezing the repayment threshold at £21,000, from 2016 onwards compared with the threshold increasing in line with earnings growth for a set of hypothetical individuals. These impacts will be sensitive to the modelling approach and assumptions used.

Example 1: earnings start at £21k rising with average earnings, every year for 5 years

	2016-17	2017-18	2018-19	2019-20	2020-21
Earnings	£21,000	£21,755	£22,585	£23,460	£24,405
Annual repayments - Current position	£0	£0	£0	£0	£0
Annual repayments - Option 1	£0	£68	£143	£221	£306
Difference	£0	£68	£143	£221	£306
Under option 1, this person will make around £6,100 of repayments in net present value terms. This is £6,100 more than under the current policy. After 30 years they will have a write off of around £19,900 at net present value. The write off is around £1,900 less than under the current system.					

Example 2: earnings start at £30k and rise with average earnings, every year for 5 years

	2016-17	2017-18	2018-19	2019-20	2020-21
Earnings	£30,000	£31,080	£32,265	£33,515	£34,860
Annual repayments - Current position	£810	£839	£871	£905	£941
Annual repayments - Option 1	£810	£907	£1,014	£1,126	£1,247
Difference	£0	£68	£143	£221	£306
Under option 1, this person will make around £26,700 of repayments in net present value terms. This is £6,100 more than under the current policy. After 30 years they will have a write off of around £12,000 at net present value. The write off is around £1,500 less than under the current system.					

Example 3: earnings start at £40k and rise with average earnings, every year for 5 years

	2016-17	2017-18	2018-19	2019-20	2020-21
Earnings	£40,000	£41,440	£43,020	£44,685	£46,480
Annual repayments - Current position	£1,710	£1,772	£1,839	£1,910	£1,987
Annual repayments - Option 1	£1,710	£1,840	£1,982	£2,132	£2,293
Difference	£0	£68	£143	£221	£306
Under option 1, this person will make around £43,900 of repayments in net present value terms. This is £300 more than under the current policy. They will have no write off as they fully repay after 27 years. This compares to a write off of around £5 under the current system.					

Example 4: earnings start at £50k and rise with average earnings, every year for 5 years

	2016-17	2017-18	2018-19	2019-20	2020-21
Earnings	£50,000	£51,795	£53,765	£55,845	£58,085
Annual repayments - Current position	£2,610	£2,704	£2,806	£2,915	£3,031
Annual repayments - Option 1	£2,610	£2,772	£2,949	£3,136	£3,338
Difference	£0	£68	£143	£221	£306
Under option 1, this person will make around £42,700 of repayments in net present value terms. This is £200 less than under the current policy. They will have no write off under either policy, but under option 1 they repay after 17 years compared to 19 years under the current system.					

43. In making these calculations, and those quoted elsewhere in this consultation document, we have used the following assumptions:

   a. 3 years of study for a first degree, starting in 2012 and going into repayment in 2016, taking out £12,000 of student loans (tuition and maintenance) for each of the three years.

   b. They will be in repayment for up to 30 years and will not have a write off due to death or disability.

   c. They do not leave the country or drop out of their course, have no periods of non-employment, no voluntary repayments and no other sources of income other than wages.

   d. The figures in the tables show nominal earnings and repayments per year. Net present values discount future repayments and write offs by RPI+2.2%. This represents the long-term cost to borrowing to government. This rate is kept under review by HM Treasury.

   e. Earnings have been inflated according to average earnings forecasts from the Office of Budget Responsibility.

   f. For further detail on the modelling approach the Department for Business, Innovation and Skills has recently published an explanation and simplified version of its student loan and repayment model. This can be found here: http://tinyurl.com/stepmodel

44. Across all ages we expect that an extra 9% of graduates will start to repay under option 1, compared to making no change. By 2020 there will be around 2.1 million Plan 2

graduates in repayment, and of these around an extra 190,000 are expected to move above the earnings threshold under option 1.Individuals' loans will be repaid more quickly, with the result that less interest will be charged and the overall cost reduced.

Option 2

45. **Option 2**: **The threshold for borrowers starting HE courses in September 2016 would be frozen from April 2020 for five years**. When the September 2016 borrowers become liable to repay in April 2020, the threshold may be kept at the level that the existing post-2012 threshold has reached. It will then remain at this level until April 2025, when it will be reviewed.

46. The people affected by this option are those going into repayment each year from 2020. This is expected to be around 350,000 in 2020 rising to 400,000 in 2025. The impact on the repayments of different types of borrowers will depend upon the level the threshold has reached when it is frozen. It is expected to be small and follow a similar shape to that set out under option 1.

47. This option defers the freeze to four years later than option 1, which would not contribute to the Government's fiscal objective of bringing down debt in this Parliament.

No Change

48. **If no changes are made** to the current policy, raising the threshold by earnings from April 2017 for all borrowers, there will be no impact on borrowers. **This does not help to meet the current fiscal pressures that the government faces and will cost the taxpayer more.**

FE Learners

49. The median borrower in FE has a lower income, earning around £19,000 in 2016/17 terms. The two options will not have an impact on the median FE learners but will have an impact on borrowers whose income is near the threshold. The scale of the impact on repayments is the same as for HE loans illustrated above.

Q1: Please could you provide your views, stating reasons and providing supporting evidence, on;

a. Keeping the threshold of £21,000 the same for all post-2012 borrowers until April 2021
b. For borrowers starting in September 2016 (and subsequent intakes), from April 2020 keeping the threshold at the same level as existing borrowers for a further five years
c. Allowing the threshold to rise by earnings

Employers

50. The student loan relationship primarily exists between Government and the individual borrower; ultimately borrowers are liable for repaying their student loans. However, employers collect statutory repayment on behalf of Government. Some employers also offer additional financial assistance with the costs of student loans following graduation to attract graduate talent. BIS welcomes such schemes, as they recognise the value that highly skilled graduates can bring to their future employers.

51. The Government is keen to ensure that a freeze on the repayment threshold does not unduly increase the administrative burden for employers or discourage them from recognising the value of highly skilled graduates through assistance with student loan costs. A policy that that affects all post-2012 borrowers in the same way will have little impact on employer administrative burden, but options that create different thresholds for different set of employees is likely to increase the complexity of borrower pay management, increasing the resource requirements. A separate system of loans for Post Graduate courses is currently subject to consultation.

52. Freezing the threshold for new borrowers only will require the creation of another new repayment plan type, meaning that potentially there would be four in operation for English borrowers; 1. Pre-2012 loans (Plan 1); 2. Post-2012 to 2016 (Plan 2); Post-2016 (potential Plan 3); Post Graduate (Potential Plan 4).

53. A new plan would have different Terms and Conditions to the existing post-2012 loans. There may be knock-on consequences for borrowers and tax payers if the added complexity of the repayment system leads to errors being made. Further, having multiple rates of repayment across different loan plans may cause confusion in understanding repayments due and total outstanding balances.

54. Minimising the number of loan thresholds will reduce the burden on employers administering the loan deductions through PAYE as they will not have to consider as many different rule sets as they make pay deductions. We must avoid implementing an over-complicated system that is not readily understood by customers and their employers. That is why we want to hear employers' views on the implications of freezing the threshold for either all post-2012 borrowers or only new borrowers, and how we can ensure that we minimise burden on employers.

Learning Providers

55. As a key element of the Higher and Further Education reforms, providers now gain a significant proportion of their funding from students attracted to their courses. We therefore also welcome views on any potential challenges associated with these proposals. .

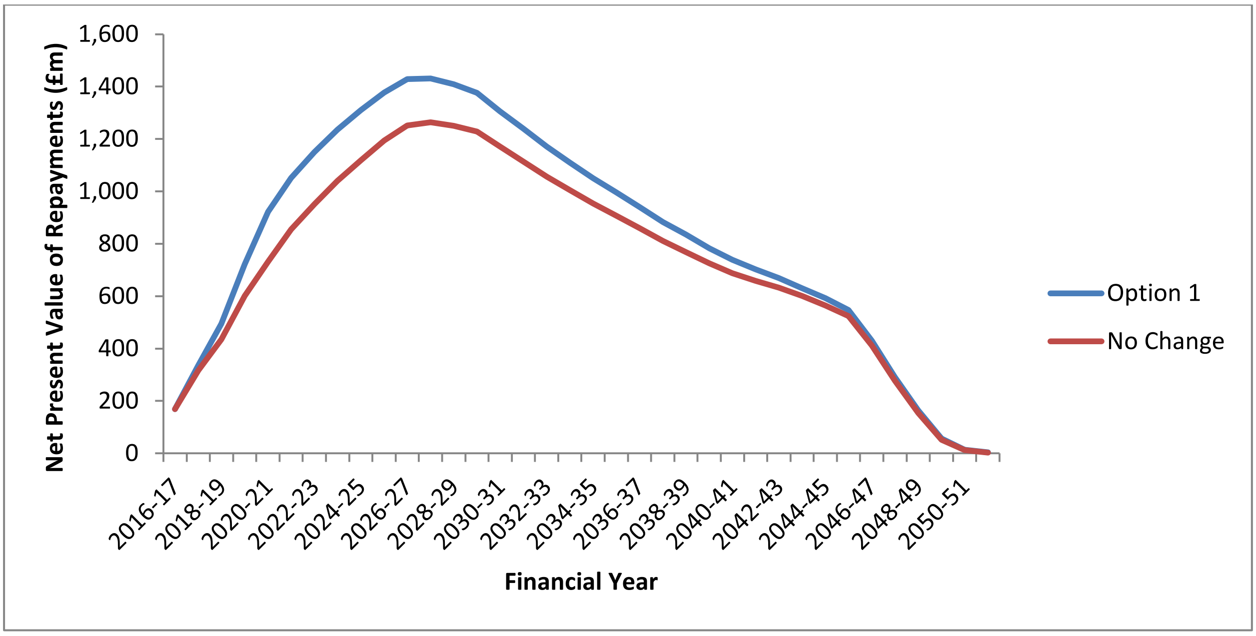
For Government

56. The impact on Government, and on the tax payer, is shown through estimating the impact on future repayments over the lifetime of the loans. For option 1, freezing the threshold for five years at its 2016 level for new and existing Plan 2 students, is

estimated to result in an additional £0.9 billion of repayments for every £15 billion of loans issued in NPV terms. For loans issued to existing students, additional repayments of £3.2 billion in NPV terms are estimated as more borrowers are brought into repayment.

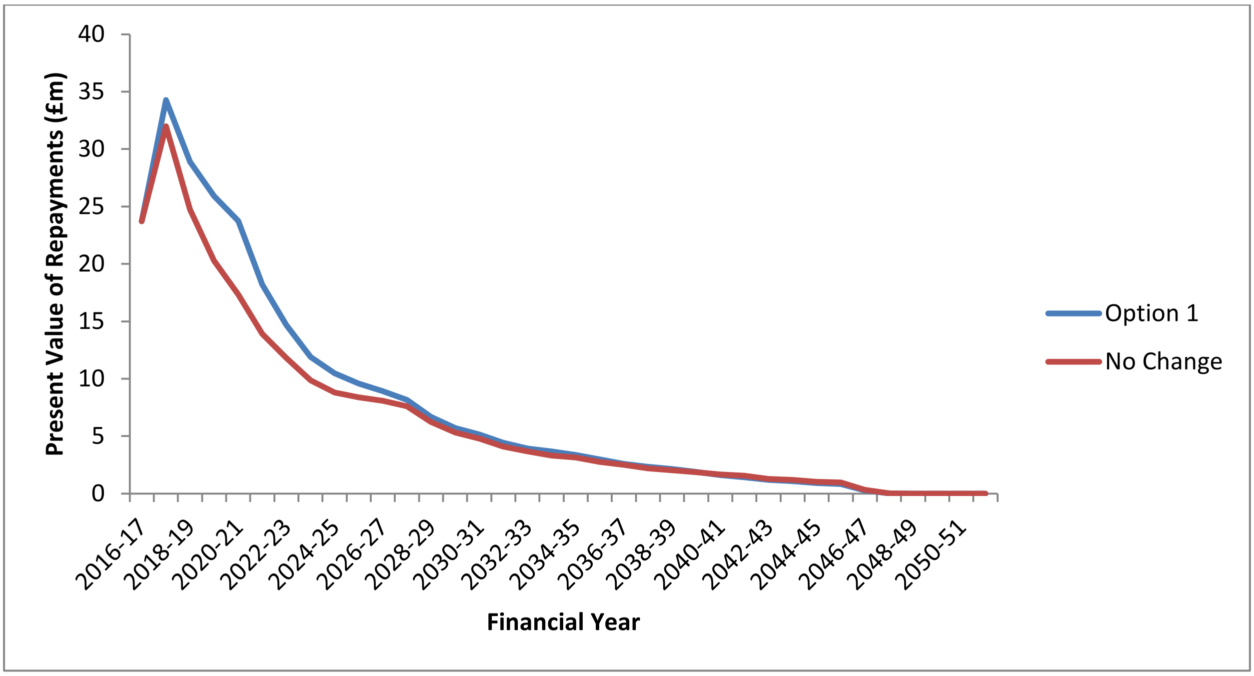
57. Option 2 would require the Student Loans Company (SLC) and HMRC to introduce additional borrower plan-types to reflect the different repayment terms. Freezing the threshold for five years, from 2020 for new Plan 2 students, is estimated to result in an additional £1 billion of repayments for every £15 billion of loans issued to these new students. However, the impact on government finances will be considerably less as this will only affect new students from 2016, the majority of whom would not be expected to begin repayments until 2020 onwards. The £3.2 billion additional repayments from existing borrowers are not made in this option.

HE Loans



58. The chart above shows the profile of additional repayments under option 1 and the ‘do nothing’ option. It only focuses on existing students in the system which would be affected by the changes (cohorts starting in 2015-16 or earlier). These repayment amounts would be greater if we were to include the effect on new students.

FE loans



59. The above chart shows the present value of FE loan repayments for options 1 and 3 in the same way as the chart for HE loans does. For FE the saving to government is around £35m. The same assumptions have been made as for HE loan repayments:

- The analysis is based on the existing cohorts of students for the period 2013-14 to 2015-16.
- The present value of the repayments is given in 2016-17 terms using the HMT discount rate (RPI+2.2%)

Q2: What impact do you think that holding the threshold at the same level for five years would have on;

a. Current students/ borrowers?
b. Prospective students/ new borrowers?
c. Employers of borrowers with loans?
d. The Student Loans Company (SLC) and HM Revenue and Customs (HMRC)?
e. Learning providers?
f. The Tax-payer?

Equality Impact implications

60. In developing policy proposals full **Public Sector Equality Duty** analysis will be carried out in regard of protected characteristics. Section 149(1) of the Equality Act 2010 requires public bodies, including the Department for Business, Innovation and Skills, when exercising their functions, to have due regard to the need to;

a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

61. The relevant protected characteristics for this purpose are; age, gender, gender reassignment, disability, race, marriage and civil partnerships, pregnancy and maternity, sexual orientation, religion and belief. As part of this consultation the Government is interested in gathering evidence in relation to the protected characteristics and would welcome views on possible impacts, supported by evidence.

Q3: Can you identify any equality issues introduced by these possible changes?

Q4: Do you think the Government could mitigate the impact of the proposed changes for borrowers?

If so, what do you consider those actions might be? (Please indicate all that you consider to be relevant)

7. Summary of all consultation questions

Q1: Please could you provide your views, stating reasons and providing supporting evidence, on;

a. Keeping the threshold of £21,000 the same for all post-2012 borrowers until April 2021
b. For borrowers starting in September 2016 (and subsequent intakes), from April 2020 keeping the threshold at the same level as existing borrowers for a further five years
c. Allowing the threshold to rise by earnings.

Q2: What risks and impacts do you think that holding the threshold at the same level for five years would have for;

a. Current students/ borrowers?
b. Prospective students/ new borrowers?
c. Employers of borrowers with loans?
d. The Student Loans Company (SLC) and HM Revenue and Customs (HMRC)?
e. Learning providers?
f. The Tax-payer?

Q3: Can you identify any equality issues introduced by these possible changes?

Q4: Do you think the Government could mitigate the impact of the proposed changes for borrowers?

If so, what do you consider those actions might be? (Please indicate all that you consider to be relevant)

8. What happens next?

62. Responses made to this consultation will inform decisions regarding how and when a threshold may be frozen. They will also be taken into account in the ongoing Equality Analysis being carried out as part of the Public Sector Equality Duty. If changes result from this consultation, the earliest the Government would expect to implement them would be from the Academic Year 2016/17, which would affect students from April 2017.

63. We understand the need to give clarity to stakeholders. We will issue information concerning any decisions made as a result of the consultation as soon as possible and within 3 months of the consultation closing. Any decisions made will publicised and posted to the BIS website.

Annex A: Consultation principles

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf

Comments or complaints on the conduct of this consultation

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

Angela Rabess
BIS Consultation Co-ordinator,
1 Victoria Street,
London
SW1H 0ET

Telephone Angela on 020 7215 1661
or e-mail to: angela.rabess@bis.gsi.gov.uk

However if you wish to comment on the specific policy proposals you should contact the policy lead (see section 5).

Annex B: Response form

Department for Business, Innovation & Skills

Consultation on freezing the student loan repayment threshold

RESPONSE FORM

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is **14 October 2015**

Your Details

Name:
Organisation (if applicable):
Address:

Please return completed forms to:

Alaster Smith
Higher Educational Student Funding
1 Victoria Street
London
SW1H 0ET

Fax: 0207 215 6910
email: studentloanconsultation@bis.gsi.gov.uk

Please tick the box below that best describes you as a respondent to this consultation.

	Business representative organisation/trade body
	Central government
	Charity or social enterprise
	Individual
	Large business (over 250 staff)
	Legal representative
	Local Government

	Medium business (50 to 250 staff)
	Micro business (up to 9 staff)
	Small business (10 to 49 staff)
	Trade union or staff association
	Other (please describe)

Question 1: Please could you provide your views, stating reasons and providing supporting evidence, on;

Keeping the threshold of £21,000 the same for all post-2012 borrowers until April 2021

For borrowers starting in September 2016 (and subsequent intakes), from April 2020 keeping the threshold at the same level as existing borrowers for a further five years

Allowing the threshold to rise by earnings

Question 2: What risks and impacts do you think that holding the threshold at the same level for five years would have for;

a. Current students/ borrowers?

b. Prospective students/ new borrowers?

c. Employers of borrowers with loans?

d. The Student Loans Company (SLC) and HM Revenue and Customs (HMRC?)

e. Learning Providers?

f. The Tax-payer?

Questions 3: Can you identify any equality issues introduced by these possible changes?

Question 4: Do you think the Government could mitigate the impact of the proposed change on borrowers?

☐ Yes ☐ No ☐ Not sure

If so, what do you consider those actions might be? (Please indicate all that you consider to be relevant)

Do you have any other comments that might aid the consultation process as a whole?

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply ☐

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

☐ Yes ☐ No

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