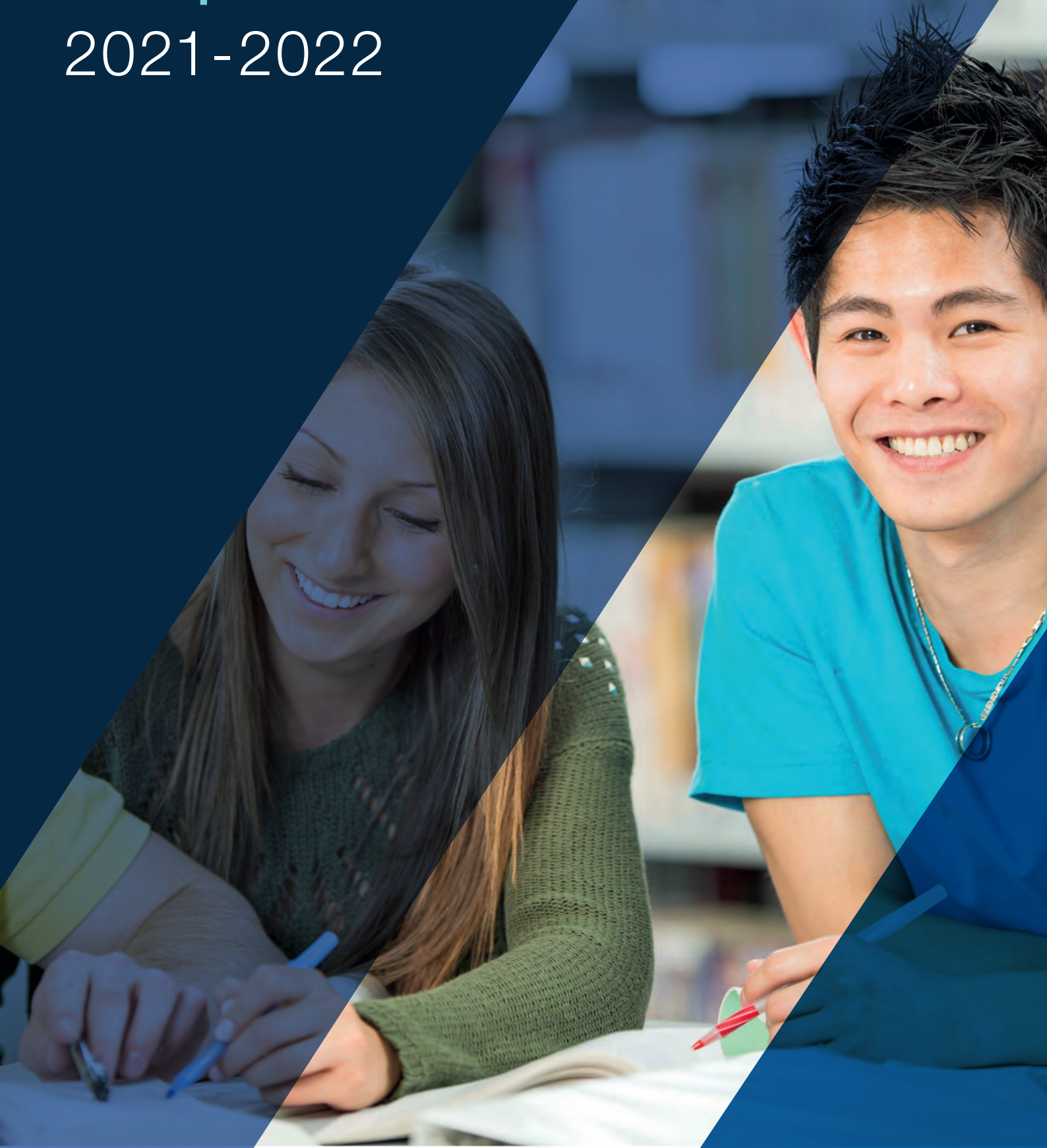


Annual Report 2021-2022



Contents

01 Chair's Statement	04
02 Chief Executive's Foreword	06
03 Strategic Report	08
3.1 About SLC	10
3.1 Performance Analysis	22
04 Accountability Report	46
Corporate Governance Report	48
4.1 Directors' Report	48
4.2 Statement of Directors' Responsibilities	53
4.3. Statement of Accounting Officer's Responsibilities	54
4.4 Governance Statement	55
Remuneration and Staff Report	72
4.5 Remuneration Report	72
4.6 Staff Report	79
Parliamentary Accountability Report	90
05 Independent Auditors' Report	92
06 Financial Statements	100
Statement of Comprehensive Net Expenditure	102
Statement of Financial Position	103
Statement of Changes in Taxpayers' Equity	104
Statement of Cash Flows	105
Notes to the Accounts	106

01

Chair's Statement



2021-22 has been a further year where the pandemic has affected every aspect of the way we work and deliver for our customers. I am particularly pleased, therefore, that SLC colleagues have improved the execution of the 2021-22 application round. At the same time colleagues have continued to deliver our transformation programme, Evolve, which will deliver a modern, digital student finance service to our customers. I should like to place on record the Board's appreciation for the hard work and commitment of all SLC colleagues in achieving such great results. The Board has also rightly continued its focus on colleague wellbeing and has supported SLC management's rigorous approach to colleague safety as we returned to the office in a blended way.

I would also like to put on record my thanks to our shareholders and my non-executive colleagues for their focus and engagement; and to record special thanks to Simon Devonshire who served on the Board for six years, and as Chair of the Evolve Oversight Committee since its inception in July 2019. Simon brought unique insight to SLC shaped by his passion for education and its transformative power. I am grateful to Simon for his

substantial contribution to shaping and driving SLC's own transformation.

Improving customer experience, which is set out in the Performance Analysis section of this report, is one of my key objectives as Chair. Through Evolve, SLC has delivered a new Customer Engagement Management (CEM) system that allows customers to self-serve digitally and interact with SLC through new channels. It also gives our colleagues a holistic view of our customers which is key as we strive to improve customer service. This is a significant step forward which will enable SLC to be faster, more responsive and, critically, focus our time and effort on personal engagement with those customers who need us most. Initial feedback indicates that customers value the continuing evolution of their overall digital experience with satisfaction levels trending upwards to nearly 90% as we move into the new academic cycle for 2022/23.

With increased efficiency, SLC is also able to drive ever greater value for the taxpayer, which is my second key objective. As set out in the Performance Analysis section of this report, SLC has demonstrated that it is able to be leaner and more effective as it has supported ever increasing customer numbers.

This strong performance is also reflected in our repayments function, with 2021-22 being the best year on record in terms of ensuring that customers who should be repaying are indeed doing so. This is part of an overall drive on delivering value for money which yielded over £100m in 2021-22 (through benefits derived from our project initiatives, cashable savings and fraud prevention) for the taxpayer.

The Evolve programme – with associated changes in our technology resilience and security – provides an important base for SLC's move into discovery and inception for the Lifelong Loan Entitlement (LLE)

and the wider Higher Education (HE)/Further Education (FE) Reform agenda being pursued by the Government in England. We will build our overall approach to LLE on existing strategic technology platforms, leveraging the advent of LLE to support the execution of the Technology Strategy. LLE will create a radically new system of student finance and this will therefore be a major focus for SLC as we move forward.

Finally, I would like to acknowledge and mark the contribution that Paula Sussex, our Chief Executive, has made to the SLC over the last four years. She has decided to step down from her post at the end of 2022 and I have therefore begun the process to recruit her successor. I and my Board colleagues are very grateful for all that she has achieved. She will leave the SLC as a much more confident, resilient and secure organisation. Our customers get a better service, and we deliver better value for the taxpayer as well.

Peter Lauener
Chair

02

Chief Executive's
Foreword

It has been another challenging year, but also another which 'Team SLC' can be proud of. We did this while continuing to progress our transformation programme, Evolve, and delivering substantial customer, colleague and shareholder benefits. We have faced the challenges of a tight labour market whilst meeting increased customer demand and have fulfilled our fundamental mission to enable people to invest in their futures through further and higher education by providing trusted, transparent, flexible and accessible student finance. I want to record my gratitude to my SLC colleagues, leadership team, Board and shareholders for ensuring that SLC maintained its course and continued to deliver for customers, shareholders and taxpayers.

In a year in which 'building back better' was key for many businesses, we implemented a number of changes that will improve the customer experience, the resilience and flexibility of our technology estate and the proposition for our colleagues. Chief amongst these was the launch of the Customer Engagement Management system, which, with a transformed Operations model, will enable us to better serve customers. And for the first time, we are able to take feedback directly via a Customer Panel as part of our strategy to embed the customer's voice in our drive to improve our services. We have made great progress towards improving the customer experience. However, there are instances where we don't get it right and we are determined to fix these quickly and, more importantly, learn from them so we can continue to improve.

A key focus throughout the year was to create a compelling proposition for current and future colleagues. We defined, implemented and delivered our approach to hybrid working, which we call Blend. In defining Blend, we have been hugely aware of the changes that the pandemic has created in the labour market. Increased flexibility, the necessity and then option of home working has created a paradigm shift in some sectors of the economy. We also launched our Employer of Choice programme which has already significantly strengthened our brand in the employer market. But perhaps most significantly of all, we launched a comprehensive suite of 43 career pathways which define and map how colleagues can grow and develop themselves and their career with SLC. On pay, we implemented a new pay and grading framework which included the Digital, Data and Technology (DDAT) professional capability framework. DDAT allowed us to align our IT roles to skillsets and pay standards within the public sector.

While the external environment has offered a series of challenges, SLC has continued to deliver its objectives and

delivered some record-breaking achievements in 2021-22. Our Repayments and Customer Compliance teams delivered record performance, with the number of customers in a repayment channel reaching 91% for the first time ever.

Having delivered important new foundation technologies through Evolve and an enduring disaster recover capability, in 2022-23, we will begin to tackle SLC's legacy estate, in tandem with building the system that will deliver the Government's key priority for the HE and FE sectors, the Lifelong Loan Entitlement (LLE). We will leverage the opportunity that LLE offers to simplify our products and to transform, simplify and remediate our IT estate.

Transforming an organisation with the size and complexity of SLC is not a short-term project. Our successes to date have been due to the commitment of the team, working with a consistent, clear and methodical focus on the same goals and targets over a sustained period of time.

This will be another busy year for SLC but also my last as I will leave SLC by the end of 2022.

I have huge confidence in the organisation SLC is now. Our track record of delivery, resilience, our drive to do a great job for our customers and the cohesion and capability we have in the leadership team, mean that our organisation is now stable, respected and strong.

I am enormously proud of what SLC has delivered since 2018 and what I know that SLC will continue to deliver. To that end, I will work closely with my successor to ensure a seamless handover and to maintain the stability that is required to meet what our customers and shareholders will need from us this year. Given all that we have achieved over the last year and indeed the year before, I know that SLC will be up to the task.

Paula Sussex
Chief Executive Officer

03

Strategic Report



3.1 About SLC

SLC is a UK public sector organisation established to provide student funding (in the form of loans and grants) to approximately two million new and returning students annually in Higher and Further Education across England, Northern Ireland, Scotland and Wales.

It is a non-profit making organisation. The company is wholly in public ownership; the four UK Government Administrations are its shareholders and since April 1996 SLC has been classified as

an executive non-departmental public body (NDPB).

As one of HM Government's (HMG) key strategic delivery partners and the Department for Education's (DfE's) largest partner organisation by headcount, HMG relies on SLC to assess new and returning students and learners each year; manage a growing loan book of £201.4bn* (£177.9 bn at 31 March 2021); work in partnership with HMRC to collect repayments; and manage a total customer base of 8.3

million applicants, students and repayors.

SLC, in conjunction with HMRC through whom most repayments are collected, services the entire loan book. The loan book is partly owned by HMG and partly owned by private investors. The value of loans owned by HMG is recorded in the accounts of DfE.

SLC operates from four offices across the UK: these are in Glasgow city centre, nearby Hillington, Darlington and Llandudno Junction.

Executive Leadership Team

SLC's Chief Executive leads a team of seven Executive Directors – the Executive Leadership Team (ELT) – each leading a Directorate with a mix of employees from across SLC's offices in England, Scotland, and Wales. These directorates work collaboratively to ensure effective delivery of the core SLC business of Apply-to Pay and Repayment Services.



Product, Customer and External Relations (PCER)
David Wallace
Deputy Chief Executive and Chief Customer Officer



Operations
Chris Larmer



Repayment and Customer Compliance (R&CC)
Bernice McNaught
also Senior Responsible Owner for Evolve)



Technology Group (TG)
Stephen Campbell



Chief Financial Officer (CFO) Finance, Commercial and Risk
Audrey McColl*



People
Morven Spalding



HE Reform
Derek Ross

*The previous CFO, Jacqui Smillie, left SLC in May 2021 and was succeeded by Audrey McColl who joined SLC as CFO in August 2021.

KEY FACTS



11.1bn
amount paid out in loans and grants FY 21-22

11.6bn
amount paid out in fees FY 21-22



8.3m
customers



201.4bn*
loan book



4.89m
attendance confirmations received (required to pay out fees)



2.09m
applications processed AY 21-22



3.6m
customers registered for Online Repayment Services



149,000
Twitter followers – including Student Finance England, Student Finance Wales, SLC Repayments and SLC Comms



7,186,000
SMS sent to customers (July 2021 – June 2022)



6,877,000
Emails sent to customers (July 2021 – June 2022)

Number of providers receiving payments



690 | **426**
HE providers | FE providers

280

FE Learning Schools and College for Educational Maintenance Allowance – payments directly to students

2.4m

visits by customers using new self-service channels supported by:



67,000

live chats – with 93% satisfaction rating



90,000

secure messages - with 83% satisfaction rating

* The value of the Loan Book represents the face value of the total loan book, and not the value in accounting terms which is included in the DfE Consolidated Annual Report and Accounts, and not within the SLC Annual Report and Accounts

3.1 About SLC

Apply-to-Pay ("A2P") Services

SLC provides a range of different services for students throughout the UK which vary according to the requirements of each of the four Government shareholders.

For England and Wales, SLC manages the full end-to-end apply, assess, pay and repay process for undergraduates and postgraduates studying on a full-time and part-time basis. SLC provides the payment and repayment services for Scotland and Northern Ireland. Additionally, Northern Ireland's Education Authorities use SLC-developed systems for assessing their students' applications. In recent years, England, Wales and Northern Ireland have each developed varying finance products for postgraduate students, covering both Master's and Doctoral degrees. These have added to the range of loan products delivered by SLC.

In addition to an increase in the number and variety of loan products, these developments have also significantly increased the complexity of SLC's assessment, payment and repayment services. The rules determining eligibility

assessments and entitlement calculations across each of these products – both across the different domiciles and across the range of products offered on behalf of a single domicile – are not consistent and are subject to variable exceptions. This has contributed to complex system dependencies and regular reliance on manual assessment.

SLC also manages a growing range of products for students in further education. These are also tailored to the differing requirements of individual Government Administrations – from Advanced Learner Loans in England, through to the Welsh Government Learning Grant. Northern Ireland and Wales both continue to offer an Education Maintenance Allowance.

SLC administers various targeted support grants designed to enable people with disabilities, childcare responsibility, adult dependants or other needs to overcome barriers to participation in higher and further education.

Additionally, SLC pays bursaries to students on behalf of many UK higher education providers.

During 2021-22, SLC paid out £11.6 billion in tuition fee payments to universities and

colleges on behalf of students and £11.1 billion in maintenance loans for living costs and grants directly to students and learners.

Repayment Services

SLC administers repayment services on behalf of all four UK administrations.

SLC services a growing loan book of "income-contingent repayment" (ICR) loans and works in partnership with HMRC to collect repayments through PAYE and self-assessment; the company directly collects repayments from those borrowers outside the UK tax system. SLC also provides a direct debit option for all customers, and actively encourages those borrowers who are nearing the end of their repayment term to use this facility, as it allows customers to manage their remaining balance in real-time and thus removes the risk of incorrect PAYE deductions which could otherwise result in customers over-repaying their loans.



SLC's Vision

"SLC is widely recognised as enabling student opportunity and delivering an outstanding customer experience in the efficient delivery of the four UK Governments' further and higher education finance policies"

This vision, set by the Board in 2019, is underpinned by five strategic goals:

- deliver an outstanding customer experience
- be leaner, better, doing more for less
- be a great place to work
- be an enabler of opportunity
- be a trusted delivery partner.

The vision and the five strategic goals succinctly describe the organisation that SLC seeks to become over the medium-term. They thread through all of the company's ambitions, targets and thinking.

Over the medium term, these strategic goals and the vision statement will continue to shape SLC into an organisation that is able to maintain a laser focus on delivering its annual mission – the here and now of the company's purpose – "to enable people to invest in their futures through further and higher education by providing trusted, transparent, flexible and accessible student finance services".

3.1 About SLC

3.1 About SLC

An Outstanding Customer Experience

SLC is delivering intuitive, seamless and transparent services aligned to each part of the customer journey. The company is delivering this through the implementation of Customer Engagement Management (CEM) and ‘Channel of Choice’, as illustrated. This was launched successfully in February 2020, following an extensive pilot.

By 2024-25 CEM will cover more products and more customers. Increasingly, the platform’s advanced analytics capability will help SLC to develop a deeper understanding of customers’ needs, to predict trends and to continually improve its service based on feedback.

Through CEM, SLC is introducing case ownership to provide more specialist and tailored support to the most vulnerable customers.

Application and payment systems are ensuring that customers are able to interact with SLC and self-serve in a fully informed way.

CUSTOMER INTERACTIONS





Eliminate

The best service is no service.

Customers would prefer to interact directly to apply for their student finance, and have their interaction dealt with fully automatically and as close to immediately as possible.



Self Serve

Help our customers to help themselves.

Where a customer does want or need to interact with us, we will provide them with access to the information and services they need to allow them to do so easily and in their own time.



Optimise

When customers contact us with an issue, we address it quickly and efficiently.

Where a customer needs to contact us they can do so through the channel of their choice, and their issue is resolved immediately or referred to someone who can. The customer is kept informed, and advised when the issue is resolved.



Support

Where our customers have more complex needs and need to navigate the process, we assign someone to guide them.

Where we identify that a customer is facing challenges with the process, we assign a case owner to guide them efficiently and supportively.

Leaner, Better, Doing More for Less

Given the challenging fiscal environment, the need for SLC to do more for less has never been more important. The goal is to deliver student finance safely through flexible, sustainable and secure technology that optimises delivery, reduces costs and helps to protect SLC from cyber-attacks.

Despite continued growth in demand, SLC continued to drive efficiency through increased process automation; enhanced benefits-tracking; and maintaining focus on controlling headcount, principally through the Establishment Oversight Committee.

SLC will continue to build longer-term strategic relationships with technology delivery partners. As systems become further de-coupled and modularised, the scope for entering into longer-term contracts with our strategic partners that offer better value for money will increase.

To support this, a new Data Centre of Excellence has been established, with responsibility for data across the organisation. This is already enabling better insight from data, not only to help to increase loan book yield, but also to deliver better value for the taxpayer. Increasing the accuracy and integrity of data will also improve operational efficiency and performance.

A Great Place to Work

In light of the challenging recruitment market, further developing SLC’s brand as a Great Place to Work is a key component of achieving the company’s objectives.

SLC strives to maintain a skilled, motivated and engaged workforce, aligned to current and future organisational needs. Key building blocks of the People Strategy are Career Pathways and a blended working model, both of which aim to enhance colleague experience and opportunity.

3.1 About SLC

This year, we have been working hard to improve SLC’s employer brand as a stronger external reputation will help the company retain and attract good people. SLC will continue both to monitor its competitiveness in the market, and to protect critical roles with focused interventions.

In tandem, SLC have been consciously targeting its lowest paid staff with the resources made available in the pay remit, to help them through potentially tough times ahead.

Tailored skills development and career progression will be core components in building company talent.

SLC takes Equality, Diversity and Inclusion (EDI) seriously; a culture where all colleagues can feel empowered, valued and engaged will also help in

providing inclusive services to customers. SLC is committed to closing the gap in gender pay and gender equality is a key element in its EDI Strategy (2020-23). Several initiatives will help us further develop a positive, supportive and inclusive culture, including: recruitment and retention, pay and recognition, workplace flexibility, career development and reward. The company is aiming to address the gender imbalance in Science, Technology, Engineering, and Mathematics (STEM) roles by working in partnership with networks and groups which promote STEM careers. Additionally, SLC expects that the new blended ways of working will have a positive impact on flexibility for working parents, carers and overall work/life balance.

3.1 About SLC

OUR AMBITION FOR SLC

Our People Strategy has been shaped and developed in response to our key business drivers, as well as the changing nature of work and the employee experience we want to secure for our people.

Our strategy is centred around four key strands and delivered through interconnected programmes which attract, develop and value our people.

Our Brand

Being an Employer of Choice that attracts the best people because we are known as a great place to work, we offer rewarding career opportunities, and we value our people in delivering the best service for customers.

Our Reward

We recognise and reward our people for the skills and expertise they bring ensuring we are a competitive employer in the wider market.

Our Skills

We provide targeted and tailored programmes to promote a positive learning culture, enabling our people to develop relevant skills and experience at every stage of their career.

Our Workforce

Our transformation drives opportunities to shape our future workplace and ways of working. We will resize, reshape and reskill our workforce to meet organisational and customer needs through being more digitally enabled.



3.1 About SLC

Enabler of Opportunity

SLC strives to be recognised as an enabler of student opportunity, delivering strong social value on behalf of its shareholders. This continues to be based on the clear understanding that the company's objective is to provide student finance reliably and securely, helping customers to invest in their futures and thereby supporting the long-term health of the UK economy.

Enabling opportunity for vulnerable customers and those with a disability is particularly important. SLC is focused on making the greatest improvements for those customers who need the most support. The provision of the Disabled Student Allowance (DSA) is an important public service – vital to enabling opportunity and widening participation in higher education. Our vision to radically transform and reform the DSA service is well underway, with a primary objective of improving the current customer experience for students in receipt of DSA. Through a reformed delivery model underpinned by contractual arrangements, we will improve the customer experience by engaging regional partners to remove key pain points in the customer journey and ensure the customer is proactively supported throughout the process. A commercial exercise to identify

preferred regional partners was launched in April 2022 and we expect contracts to be awarded in November 2022, with the new service mobilising shortly thereafter. To ensure quality and customer experience is at the heart of these reforms, we have progressed the development of a new quality framework, whilst working closely with third sector and advocacy bodies. Furthermore, a benefit of the reforms will see improved customer service and value for money in DSA via a business model that enables better economies of scale, whilst also ensuring greater levels of probity.

This year we have worked closely with DfE on early preparations for the introduction of the Lifelong Loan Entitlement (LLE). From 2025, LLE will provide individuals with a loan entitlement to the equivalent of four years of post-18 higher education to use over their lifetime. It will be available both for modules and for full years of study at higher technical and degree levels (levels 4 to 6). This will facilitate flexible study – allowing individuals to space out their studies, transfer credits between FE and HE institutions, and take up more part-time study.

Reliable and secure student finance requires reliable and secure technology. SLC began a major programme of investment to modernise its systems a few

years ago as part of the Evolve Strategy, and is now beginning to see substantial progress, notably through the delivery of the Online Repayment Service (ORS) and then CEM.

All of the customer improvements are technology enabled, and executing the Technology Strategy – to transform, simplify, remediate and enable the company's IT estate – is central to underpinning SLC's ability to fulfil its Mission, both now and in the future.

The Technology Strategy pre-empted project changes by providing upfront design work and shared capabilities. It also provides the necessary depth and breadth of thinking and planning needed to address the company's most complex systems. Rigorous governance of the technology strategy scope and budget will ensure that other initiatives across the wider portfolio have access to funding and shared capabilities where they are identified as having strategic impact. This approach ensures corporate focus on the technology strategy, avoids duplication of cost and effort, minimises the risk of further technology debt and enables a degree of flexibility in planning.

Trusted Delivery Partner

A goal is for shareholders to see SLC as a trusted partner in the efficient and agile delivery of Government policy and for taxpayers to trust us with their money. This continues to be based on the clear understanding that the company's objective is to provide student finance reliably and securely, helping customers to invest in their futures and thereby supporting the long-term health of the UK economy.

SLC and the policy teams within DfE and the devolved administrations increasingly work in a more collaborative and joined-up way on policy development and commissioning. This enables fuller consideration of the practical dimensions of delivering new policies cost-effectively, on-time and with the intended outcomes for both SLC's shareholders and customers, as well as clearer, achievable delivery timelines.

This successful co-design approach has been applied to LLE, a flagship Government policy with major implications for SLC. It will bring in an entirely new system of student finance, by replacing the current, fragmented offer to Student Finance England customers studying in FE or HE undergraduate, part-time or full-time, with a new, single, streamlined system of student finance.

The introduction of LLE will fundamentally change SLC's product-centred business model; the new model will be shaped much more around a customer's personal account and should in itself naturally result in further rationalisation of products, through the intended blurring of the boundaries between HE and FE, and between full-time and part-time study. The company will leverage the opportunity LLE provides to simplify products and policy and will continue to press the case that simplification is right for customers, right for SLC and right for shareholders.

Building on the Tailored Review recommendations, SLC and DfE will continue to work towards greater autonomy, as outlined in the new Framework Document. The aim is to increase SLC's mandate to make independent decisions which make a difference for customers, colleagues and shareholders. The company will also continue to discuss alternative models with shareholders that could provide sustainable funding for SLC's operations and ongoing transformation.

In executing its core mission, SLC's responsibility is to maximise the use of and safeguard the taxpayer pound. To help deliver this value for money, the company is strengthening its Commercial and Vendor Management functions and focusing on driving best value from commercial activity.

3.1 About SLC

3.1 About SLC

Our Future Strategy

In 2019, to support the achievement of our strategic goals, SLC launched its refreshed transformation programme Evolve. It has already delivered significant improvements for customers and is central to SLC's Corporate Strategy for 2022-23 to 2024-25.

The strategy continues to execute our five strategic objectives. Chief amongst these is to deliver an outstanding customer experience by continuing the deployment of CEM and the CX strategy. As capacity comes free through increasing automation, we will increasingly focus on vulnerable customers that need more support.

SLC will continue to reduce the company's technical debt as the Evolve transformation programme morphs into the execution of the technology strategy. Crucially, by 2024-25, we must build the systems that will underpin the UK Government's flagship education policy – Lifelong Loan Entitlement.

Developments in our Business and External Environment

The buoyant post-COVID recruitment market and increased competition from the private and public sectors throughout the UK is already impacting the company's ability to attract and retain employees. The increase in the cost of living, where pay plays a more significant role in attraction and retention, is likely to add to the challenge.

Post-Covid, like many organisations, SLC is implementing new ways of working – the hybrid model "Blend" sees colleagues returning to the office for part of their week. This model is designed to offer greater flexibility and the benefits of both home and office working to colleagues as well as to allow SLC to better respond to employment market pressures.

The macro-economic environment has seen inflation rising to over 9% (Consumer Price Index at May 2022), with predictions of further increases in the coming months; energy and fuel costs have also risen sharply and are very much at the forefront of public consciousness.

Key Risks and Issues

SLC has detailed plans to remediate its most complex and pervasive risks. These are detailed in the Governance Statement. Regular reports are provided to the Executive Leadership Team and the Audit and Risk Committee, including an annual summary on the journey in the financial year for each material exposure. These are summarised as follows:

Post COVID-19 Pandemic Operating Model

Risk Description

Risks associated with the delivery of a post COVID-19 operating model emerged in 2021 as focus shifted from the successful navigation of the pandemic to the implementation of a strategy to return colleagues to office working. If poorly executed this could result in

disruption to critical business activities and impair the ability to attract and retain colleagues, exacerbating other people related risks (staff attraction/retention).

2021-22 Journey

This risk is reducing slowly reflecting the transition to a fully blended working model. This is being supported by training and guidance for colleagues and managers, including on management of blend related risks. There is, however, further work to be done by the Blend Programme to address the risk of colleague fatigue and manage the headwinds coming from the cost-of-living crisis.

Information and Data Handling

Risk Description

Inappropriate handling and processing of data may lead to a breach of legislative or regulatory requirements.

2021-22 Journey

In the last year, the risk exposure has remained constant, with an anticipated risk reduction moving from March 2022 to November 2022.

Cyber Security

Risk Description

A successful cyber-attack may lead to data loss and business disruption.

2021-22 Journey

Our CISO continually monitors the threat landscape and, whilst all mitigations in 2021-22 were successfully implemented, a risk reduction is unlikely given the persistency and nature of the risk.

Systems Access Management

Risk Description

A lack of clear oversight and ownership of systems access management represents a significant risk to SLC and impacts the company's ability to mitigate and prevent user error, malicious activity and/or internal fraud.

2021-22 Journey

Systems are being targeted for remediation in order of risk starting with the company's Loan Finance System (CLASS). An overarching plan to reduce the risk exposure was drawn up in March 2021, this includes a revised definition of CLASS roles and access rights.

Disaster Recovery

Risk Description

SLC's Disaster Recovery (DR) arrangements may not be capable of returning critical services in line with business requirements.

2021-22 Journey

The two-year DR Programme concluded on schedule in March 2022 after the successful design and implementation of an enduring SLC Disaster Recovery capability. The risk has now been reduced to target levels.

In addition, the following newly identified issue is being tracked and mitigating actions are in place:

Staff Attraction and Retention

As part of a multi-year pay strategy, SLC implemented the pay business case (known as the Pay & Grading case) between December 2021 and February 2022.

SLC had been seeking approval for this case since early 2020 and it focussed on 3 main areas:

- Introduction of a new grading matrix aligned to the established Korn Ferry job evaluation methodology
- Introduction of corresponding pay bands, mainly, modelled on industry wide pay benchmarking. The new pay bands were deliberately much narrower and with much smaller overlap than the legacy bands resulting in fairer, more transparent pay practices within SLC
- Adoption of the Digital, Data and Technology (DDaT) Capability framework and the corresponding pay framework to address attraction and retention issues within technical roles.

These changes resulted in salary increases for around 700 employees and an investment in pay bill of circa £2 million. Whilst it has improved the SLC pay offer in these areas it remains a hugely competitive and demanding recruitment environment and it did not, and was not intended to address, pay within the lower graded and entry roles.

SLC is actively monitoring the impact these interventions have had on this issue.

3.1 About SLC

3.2 Performance Analysis

SLC measures performance against a set of key financial and non-financial performance indicators.

Shareholders confirm SLC’s role, core responsibilities and priorities each year in the Annual Performance and Resource Agreement (APRA). This also confirms the company’s annual budget and outlines a set of key performance measures

and targets which shareholders expect SLC to meet – the APRA measures and targets.

Despite a growing number of customers, a growing loan book and an ever more complex set of tailored finance products, SLC has yet again achieved a significant level of success against the APRA targets set by shareholders.

	2013	2022
Product Variants	48	108
Number of Customers	5.4m	8.3m
Loan Book	£54.9bn	£201.4bn

3.2.1 Operational Performance

To create alignment and clarity - both internally and for external audiences – the company reports on business performance via three ‘lenses’ – Frontline, Customer and Corporate.



Frontline



Customer



Corporate

3.2 Performance Analysis



Frontline

Frontline Lens

This covers SLC’s two customer-facing services, application processing (Apply-to-Pay) and repayments.

Apply-to-Pay

In 2021-22 SLC again successfully delivered against its targets for the student finance application processing cycle, despite a marked increase in the number of applications.

Peak queue lengths in July 2021 reduced by 72% compared to July 2020; productivity increased by 20% across the peak period, and quality was maintained throughout the academic cycle with "green" performance

delivery for the APRA metrics (as below). This was during a year of significant change for the Operations Directorate, with 1,500 colleagues changing their IT platform (to CEM), their role and their line manager (through SLC’s new “Operations 2.0” restructure).

Since launch, there have been 2.4 million visits by students and sponsors to the services hosted on Salesforce. Customers have engaged with new contact channels and our advisors have now supported customers through 67,000 live chats and 90,000 secure message exchanges and have high satisfaction with these channels at 93% and 83% respectively.

Target	2021-22 Result	Comment
Right First Time – Processing Quality to be ≥ 92%	93.9% GREEN	Despite a year of unprecedented change in both systems and organisational design, SLC has continued to consistently meet its quality targets.
Right First Time – Contact (non-outsourced only) Quality to be ≥ 92%	94.6% GREEN	

3.2 Performance Analysis



Frontline

Repayments

SLC’s Repayment and Customer Compliance directorate’s key goal is to ensure that all repayments due are returned to HM Treasury, by making sure that customers who are due to repay comply with their terms and conditions and by ensuring that fraud and error are minimised.

Against a backdrop of a challenging operating environment and increasing number of customers, SLC has exceeded its repayments targets for 2021-22.

Efforts to increase the number of customers who have verified their residency and employment status have been successful, with the final percentage of verified customers for 2021-22 reaching 91.13% against a target of 90%. This is the highest percentage that SLC has ever recorded.

The company continued with campaigns to verify customers, trialling different approaches and targeting high priority groups of unverified customers. This has delivered £28.6m of increased collections in 2021-22 from UK and overseas campaigns.

Plans have progressed to improve trace services to help find customers SLC has lost contact with, and to confirm their employment and residency status to ensure that those who should be repaying are doing so. Ahead of the launch of a more granular trace service from April 2022, SLC has already delivered increased collections of £12.7m as a result of data sharing and trace during 2021-22, with further increases expected.

SLC takes a responsible approach to all debt collection activity and is mindful that customers may find themselves in difficult circumstances. The company strives to ensure fair and supportive treatment of vulnerable customers and those facing financial hardship. This is set out in the Customer Compliance Statement of Intent, approved by the Board, and published on its website: SLC Customer Compliance Statement of Intent - GOV.UK (www.gov.uk). During the year, all frontline colleagues undertook Money Advice Trust vulnerable customer training.

Target	2021-22 Result	Comment
Percentage of borrowers from past cohorts who are compliant with their repayment obligations. (“Past cohorts” means all contingent repayment (ICR) cohorts with an SRDD* before April 2022) to be ≥ 90%	91.1% GREEN	A landmark year for Repayments’ performance, with over 91% Customer Compliance achieved for the first time.

* Statutory Repayment Due Date: the date when former students become liable to potentially begin repaying (contingent upon their income). This date is usually the start of the tax-year that follows the end of their studies.

3.2 Performance Analysis



Customer

Customer Lens

During 2021-22, SLC launched a new Customer Experience (CX) Strategy. The strategy included a new customer vision statement, principles, omni-channel strategy and target experience, and is already delivering tangible customer benefits such as the drive to self-serve and a smoother online experience. Specifically, through increased collaboration across the company, the new strategy has enabled the following:

- Volume through the system has remained static at 5,000 customers per hour at peak times, however there are no longer any queues to access the portal.
- Significantly reduced error rates on the Online Repayment Service, resulting in a better customer experience. Investigations identified a range of causes which were addressed through summer 2021 leading to the current error rate which is around 3% - much reduced from a 15% error rate previously encountered
- The introduction of proactive communications to customers in order to reassure them, minimise any unnecessary customer effort and keep them up to date. This means delivering a great customer experience across everything from our information and guidance, through to the quality of our customer care and the design and reliability of our platforms, products, and services.

- A Student Finance Customer Panel was also established this year and includes prospective, current, and former students. It delivers valuable insight about customer expectations of SLC and feedback from the panel is being used to iterate the channel strategy and compliment user research to embed CX priorities into service design.

SLC has developed a revised Vulnerable Customer Policy in partnership with the Money Advice Trust, and a range of improvements have already been made, for example to the experience of estranged students and care leavers. Vulnerable customer categories have been defined and a range of “unfair outcomes” have also been identified; a working group is remediating these, through changes to SLC policies, processes, guidance and communication. A redesign of the Disabled Students Allowance (DSA) customer journey is also at an advanced stage.

3.2 Performance Analysis



Customer



CUSTOMER PANEL CASE STUDY

The SLC Student Finance Customer Panel - Informing our Customer Experience strategy

David Wallace, Deputy Chief Executive Officer and Chief Customer Officer

This year saw the establishment of our new 16-member Student Finance Customer Panel as part of our strategic commitment to improve customer experience (CX).

At SLC our aim is to be a modern, responsive and sustainable organisation that enables student opportunity and aspires to deliver an outstanding customer experience. This means delivering a great customer experience across everything from our information and guidance, through to the quality of our customer care and the design and reliability of our platforms, products and services.

The Student Finance Customer Panel is drawn from future, current, and former higher and further education students who reflect the wider population we serve. The panel helps us to better understand the experience of our customers and better inform our work, by complementing our existing user research and testing work and providing a further way of ensuring the views of our customers are reflected in the design and delivery of every part of our service.

Since it was established, the Customer Panel has addressed areas ranging from customer preference on communications and engagement with SLC - including opinions on service and expectations on areas such as opening hours, response times and channel usage for specific types of enquiries, to enhancing partnership activity with Higher Education Providers (HEPs) and driving the customer voice and agenda in design delivery.


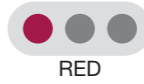
We also want colleagues to consider the Customer Panel as a channel they should use when considering customer focused activity and encourage colleagues to interact and engage with the panel to ensure future improvements to our approach.

Ultimately we want to deliver an experience that puts customers front and centre and ensure we deliver the sort of services required to help us move towards becoming a truly customer centric organisation – with their views understood and reflected in our strategy.

3.2 Performance Analysis

Customer Satisfaction Results

SLC commissions independent surveys of customer opinion on a variety of topics each month. As part of each survey, customers are regularly asked to rate the company's overall service with a mark out of ten. These scores are aggregated as a 12-month rolling average and expressed as a percentage.

	2021-22 Target	2021-22 Result	Comment
How applicants and students rated the company's overall service	75%	79.91%  GREEN	SLC changed its survey methodology from telephone to email near the beginning of the pandemic. Applicants' satisfaction has remained above target, however repayor satisfaction has not yet recovered. A complex picture has emerged from detailed analysis of this trend, with a number of drivers of dissatisfaction that SLC will aim to address.
How those in repayment rated the company's overall service	62%	54.5%  RED	However, analysis has also shown that repayors' scores are at least partly influenced by factors unrelated to company performance (for example opinions regarding student finance policy, interest rates or affordability).

3.2 Performance Analysis



Corporate

Corporate Lens

Managing Change

One of SLC’s strategic goals is to be a trusted partner in the delivery of government policy. One way in which this is demonstrated is through change being implemented safely with SLC ready to accept and adopt changes to people, process and technology.



SLC manages an overall change agenda which is comprised of six portfolios, namely Policy, Technology, Repayments,

Corporate, Evolve and HE / FE Reform.

Each portfolio submitted a “RAG status” to the relevant portfolio board for approval on a month-by-month basis, and subsequently reported this to the Executive Leadership Team and Board.

Change Portfolios

The overall assessment of the performance over the full year for two of SLC’s six portfolios, Policy and Evolve, were set as APRA targets:

	2021-22 Portfolio Status	Comment
Policy Portfolio	 GREEN	Online services were launched earlier than last year, allowing colleagues more time to process applications.
Evolve Portfolio	 AMBER	Significant progress was made including the launch of new technology for SLC contact centres. CEM self-service technology delivered new digital channels for customer interaction - chatbot, live chat and secure messaging. The amber status was impacted by capacity and funding constraints.

Technology

2021-22 was the first year of the execution phase of SLC’s Technology Strategy. The strategy sets out a three-year transition to a target enterprise architecture. This will simplify and consolidate existing platforms and decouple the architecture to reduce total cost of ownership, increase flexibility and to enable long term sustainability. This transition is taking place against a backdrop of a challenging recruitment market.

In 2017, SLC identified legacy risk across ten key business applications. Since then, work has been undertaken and is ongoing as part of the technology strategy to remediate this risk. Two further systems were added in 2021. During the year the most notable achievements have been as follows:

3.2 Performance Analysis

- LA Portal Upgrade - The Portal Stabilisation project replaced the Oracle software version of the portal with open - source web software from Apache.
- CLASS (SLC’s loan finance system) - upgrades to the operating system and Oracle.
- Uplift of HE Student Information Service [SIS] and Bursaries completed in August 2020, as part of the scope of the Portal Stabilisation Project.
- Documentum Decommission - Enterprise Content Management [ECM] Cloud Implementation project is expected to complete in Q1 2022-23.
- Repayment Portal Upgrade - ORS was delivered last year replacing the previous Repayment Portal.
- Captiva and E2 Vault - the suite of tools used to transform documents into ready-to-process business data, were successfully upgraded
- The migration away from our legacy system integration hub to the new Mulesoft integration platform is complete (for all transaction types in scope).

Our 2021-22 programme for disaster recovery (DR) has significantly reduced our risk in this area, including the production of system recovery ‘runbooks’ which have enabled the successful completion of a number of DR exercises. The Service Management workstream has also moved into delivery with the implementation of ServiceNow, our strategic enterprise service management solution.

In parallel, the company progressed a Strategic Partner Procurement programme, which covers a large portion of SLC’s technology spend. SLC has historically contracted with several suppliers to provide additional resource with specific skills and capabilities. However, our new Strategic Partnerships enable a move towards strategic delivery, transformation of services, adoption of managed services, and specific work packages for key deliverables, with a variety of commercial models to be considered and utilised. Cashable benefits of £5.2m have been achieved this year, against a target of £3m.


Significant operating model changes were implemented to build future capabilities. The remote working project delivered cloud capability, which is delivering significant benefits through hardware savings. The successful delivery of planned system uplifts and enhancements has reduced corporate risks and improved the stability and supportability of technology platforms.

Data on the performance of IT systems during the critical peak processing month of September revealed a series of improvements on the previous year. Incident volume reduced by 52.5% compared with September 2020, and zero priority 1 tickets were raised, compared to eight last year. This demonstrates a significant improvement in systems stability.

3.2 Performance Analysis



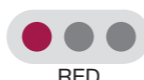
Technology Performance

This year, SLC’s Technology Group began reporting monthly on the number of green service days – that is days on which there were no priority incidents or system outages – as a percentage of the total number of days. The percentage for the whole of 2021-22 across the business was 88.5% (up by 2% on 2020-21).

Target	2021-22 Result	Comment
Percentage green service days to be ≥ than 87%	88.5% 	Above target, and improving on 2020-21

Public Money

SLC works within the budget agreed with shareholders and has budget variance metrics against the three standard Government budget classifications of administration, programme and capital.

Budget Variance (non ringfenced cash)	2021-22 Target	2021-22 Result
Administration Budget Variance	Between a 5% underspend; no overspend	£0.23m (0.6%) underspend against £40.71m budget 
Programme Budget Variance	Between a 5% underspend to 1% overspend	£1.57m (0.8%) overspend against £192.06m budget 
Capital Budget Variance	Between a 5% underspend to a 5% overspend	£16.27m (40.7%) underspend against £39.95m budget 

In August 2021, the APRA Capital expenditure allocation was reduced by £17.7m to reflect new accounting guidance which required expenditure on Cloud Computing / Software as a Service to be treated as revenue expenditure in both Admin and Programme. A corresponding increase of £15.2m was applied to the Programme budget, and one of £2.5m to the Admin budget.

SLC underspent its remaining Capital budget by £16.3m due to a generous initial budget allocation which was £7.5m in excess of budgets allocated to directorates at the beginning of the financial year. The remaining underspend is attributable to HE Reform funding that was not utilised, projects which were not delivered due to capacity constraints and revisions to the proposed accounting treatment for software licences which were out with the initial assessment arising from the revisions to IAS 38.

People

During 2021-22 SLC implemented a new pay and grading framework, including the Government’s Digital, Data and Technology (DDaT) capability framework, which delivered higher pay for many of the company’s technical roles. The framework is better aligned to external pay points and was therefore designed to improve attraction and retention in an increasingly challenging employment market. At the time of writing, it was still too early to be able to analyse the impact of the framework.

Additionally, in 2021 SLC was awarded Investors in Diversity accreditation from the National Centre for Diversity in recognition of the commitment to promoting diversity and inclusion in the workplace. The company has an established commitment to Equality, Diversity and Inclusion (EDI), and publishes an EDI Annual Report alongside the statutory gender pay gap report, both at www.gov.uk/slc. Gender analysis on SLC Board Members, Directors and Staff is included within the Remuneration and Staff Report.

SLC’s target of enrolling 100 participants in its Emerging Talent programme was exceeded during 2021-22. The programme was recognised by Skills Development Scotland as a finalist for the Scottish Apprenticeships of the Year for the large employer category.

The company aims to build upon this progress, with its Careers Pathways, Leadership Development and Employer of Choice programmes.

3.2 Performance Analysis

3.2 Performance Analysis



CAREER PATHWAYS CASE STUDY

Offering colleagues clear and structured progression routes at SLC

Morven Spalding, Executive Director, People

The pathways come at an exciting time for SLC: our transformation programme puts us on a journey to becoming a modern, more responsive, and sustainable organisation.

At the same time, we know there is a strong desire from colleagues across the business for clear, accessible routes for development and progression.

We are committed to giving colleagues the opportunities and the support to build a career with us.

With our Career Pathways, which were introduced this year, colleagues have a framework that empowers them to take ownership of their development, access support and drive their career in whichever direction they wish.

The series of documents sets out the competencies associated with the various job families across the business, the proficiency levels that can be progressed through, and the learning that can help along the way.

Career Pathways are for everyone, whether they wish to develop in their current role; build the competencies they need to apply for promoted posts within their area of expertise; or compare their current competencies with those in other areas to plan how they might develop to move laterally to another part of the business.

Colleague Michael Stanley found the pathways helpful for his move from Business Change to Repayments and Customer Compliance (RCC).

While in my role as Senior Business Change Lead, Career Pathways helped me see where my competencies already matched with the role of Business Improvement Manager in RCC – a role I was really interested in and had applied for previously. Career Pathways also helped me understand how I might gain the additional skills, knowledge and experience to successfully apply for the role when the next opportunity arose.

By getting involved with projects that had a particular impact on RCC, and having the chance to work with more senior stakeholders, as well as by completing more formal learning, I was able to take that next step on my chosen career path and moved into my new role in December 2021.

Having started out in the contact centre 14 years ago, and having made several moves along the way, I'd say there are definitely opportunities to build a career at SLC if you want to.

3.2 Performance Analysis

Employee Engagement - Blend Pulse Survey

Given the cultural and behavioural changes required as we transition to a blended working approach post-pandemic, it was crucial that this year we got a sense of initial experiences, levels of awareness/engagement and sought feedback to help ensure we get our post-covid ways of working right for SLC.

The survey ran throughout April and covered colleagues' initial experience and explored sentiment towards blended working. SLC needed to understand the effectiveness of communication during the initial transition and gauge the awareness of, and engagement with, the measures we had in place to keep colleagues safe. It also wanted to assess the technical/environmental elements of blended working.

More than 940 colleagues responded and just short of 500 provided us with narrative feedback. In terms of engagement, the survey

responses told us that colleagues feel informed and engaged in our post-pandemic ways of working. 81% of colleagues and 90% of managers who responded felt they had the information and support to be able to make the transition to blended working; and 84% of those who responded understood and were able to follow in-office measures designed to keep colleagues safe.

3.2.2 Financial Performance and Position

SLC is primarily funded through Grant-in-Aid, received from DfE as SLC's sponsor department. DfE receives appropriate apportionments of this funding from the three Devolved Administrations:

- The Welsh Government
- The Scottish Government
- Department for the Economy, Northern Ireland

The same funding is also analysed through the "parliamentary lens" – that is, by

Admin, Programme and Capital, as defined in HM Treasury's Consolidated Budgeting Guidance (CBG).

DfE confirmed SLC's budget in the APRA letter, which provided analysis of the funds through both the business and the parliamentary lenses.

Grant-in-Aid Funding

Grant-in-Aid funding is allocated each year from the original Departmental Expenditure Limit (DEL) which consists of two separate budgets: net resource spending (resource DEL) split into Administration and Programme expenditure; and net Capital expenditure (capital DEL).

Resource DEL is split into cash and a non-cash. The cash element in 2021-22 was £272.8m (2020-21: £252.4m). The non-cash element covers items such as depreciation and amortisation. The non-cash element of funding amounted to £44.0m in 2021-22 (2020-21: £38.1m).

Grant-in-Aid Funding for Delivery of SLC Core Activities and Change Projects

	DEL Administration	DEL Programme	DEL Capital	Total
	£'000	£'000	£'000	£'000
2021-22				
Non-ringfenced (Cash)	40,706	192,059	39,995	272,760
Ringfenced (Non-cash)	11,000	33,000	-	44,000
Total	51,706	225,059	39,995	316,760
2020-21				
Non-ringfenced (Cash)	41,500	169,900	41,000	252,400
Ringfenced (Non-cash)	9,500	28,600	-	38,100
Total	51,000	198,500	41,000	290,500

3.2 Performance Analysis

In addition to DEL funding, SLC receives Grant -in-Aid funding for Annually Managed Expenditure (AME). This covers expenditure which cannot be fully controlled. The AME element of funding granted from DfE amounted to £1.1m charge (2020-21: £2.3m credit). This excluded any budget in anticipation of the final outcome of the pension valuations post transfer to the Civil Service Scheme, due to the difficulty with estimation of the outcomes.

AME Expenditure

	2022	2021
	£'000	£'000
AME recognised in SOCNE		
Pension service (income)	-	(1,946)
Gain on settlement at transfer of pension fund (see note 16)	-	(1,120)
Pension interest charge/ (income)	58	(256)
Pension administration expenses	628	877
Provisions movements	426	164
Impairment	9	4
	1,121	(2,277)

Non-Grant-in-Aid Funding

SLC continued to receive other income amounting to £993,000 (2020-21: £1,094,000) from those universities and colleges that choose to have SLC administer their bursaries and scholarship payments under the Higher Education Bursary and Scholarship Scheme. Further income was received from third parties in relation to the historic sales of Mortgage Style Loans; this amounted to £103,000 (2020-21: £130,000).

Year-End Outturn

The overall outturn was £293.0m (2020-21: £282.7m), an underspend of £23.7m (2020-21: £7.8m) against the APRA budget, as shown below:

Final budget outturn position of net expenditure

	2021-22		
	Budget	Outturn	Variance
	£'000	£'000	£'000
Non-Ringfenced (Cash)	272,760	257,792	14,968
Ringfenced (Non-cash)*	44,000	35,247	8,753
Total DEL	316,760	293,039	23,721

3.2 Performance Analysis

The non-ringfenced cash underspend consists of a small underspend against our administration budget of £0.23m, a small overspend on programme of £1.67m (this is within agreed tolerances as set out in SLC's APRA where permission to incur additional expenditure may be sought to maintain performance), and an underspend of £16.27m on capital as noted in section 3.2.1.

Ringfenced non-cash budgets were underspent due to the downward revision of the value of assets being depreciated as a result of reclassifications arising from reviews undertaken subsequent to the revisions to IAS 38.

The table below reconciles the net expenditure for the year as shown in the Statement of Net Expenditure with the outturn for the year, as noted above, in respect of our budget position as reported to DfE.

Reconciliation to Statement of Comprehensive Net Expenditure (to the nearest £100,000)

Reconciliation to Financial Statements	2022
	£'000
Total expenditure per SOCNE:	
Staff and restructuring costs	120,200
Depreciation, amortisation and impairments	38,600
Other administrative expenses	112,100
Finance Costs	800
	271,700
Non Grant-in-Aid income (note 3)	(1,100)
Capital expenditure	23,700
AME recognised on SOCNE	(1,100)
IFRS 16 impact on expenditure (note 1.2)	(200)
Total Outturn	293,300

The 2020-21 budget was not restated following the prior year adjustment detailed in note 18 therefore no prior year comparatives have been disclosed.

*The ringfenced (non-cash) figures in the tables above excludes the adjustment to depreciation arising from the IFRS16 adjustment through Property, Plant and Equipment for right of use assets which were introduced in 2019-20 to comply with IFRS16. The treatment in this financial review section of the Annual Report and Accounts is to align to DfE for reporting and budgetary performance, and therefore this adjustment is required until the DfE implement IFRS16 in 2022-23.

3.2 Performance Analysis

Staff and Restructuring Costs

Within Staff and Restructuring costs, Salaries and NI costs have increased by £3.0m primarily due to the consolidated pay awards and the related impact on Pension and NI costs.

The use of agency staff decreased by £4.2m mainly in the Technology Group (TG) Directorate; this is offset by an increase in IT services as we continue to move to an outcome-based service delivery model.

Depreciation, Amortisation and Impairments

Depreciation charges are in line with capitalisation policies on both existing assets and additions net of disposals in 2021-22. There is a reduction of £2.2m in the charge for the year reflecting a lower asset base. As SLC's ability to capitalise software projects has become more limited due to the changes in accounting requirements for Cloud and Software as a Service technology, future charges will reduce in line with a reducing asset base.

Other Administrative Expenses

Technology underpins SLC's ability to support its customers. Technology service delivery costs have increased by £10m compared to 2020-21 as we continue the implementation of our Technology Strategy and Change Programmes with strategic partners delivering

managed and outsourced IT services. This has included the support of new technology within SLC's Operations systems, Enterprise Integration and Platform Engineering.

Overall, technology, licences and voice and data costs increased by £1.5m in 2021-22 where increases in licence costs linked to developments such as the Service Now implementation and CEM licences for the Evolve Programme have been offset by reductions in hardware and software maintenance. These enhanced systems, and the new ways of working which they enable, will increase customer satisfaction and deliver efficiencies.

Professional services increased by £1.8m, this was partly due to a £1.1m increase in collection charges for the collection of student loan debts which had stalled in 2020-21 because of the pandemic. There was also an increase of £0.8m in professional service costs in 2021-22 which included legal and consultancy costs. Our premise costs have reduced by £0.8m compared to 2020-21. This is linked to the termination of the lease on the Europa building at the end 2020-21. SLC incurred a charge of £1.4m in respect of fixed assets disposed of when the lease was terminated. This is included in Other Administrative Expenditure in note 4 to the accounts. No similar costs were incurred in 2021-22.

Financial Risks and Challenges

Emerging pressures have created a significant gap between the total funding required to manage SLC operations and to deliver shareholders' priorities for 2022-23, and the amount of funding that has been formally allocated to SLC by DfE in the APRA letter. We are reviewing our priorities on an ongoing basis and are engaging with DfE regularly on our in-year financial performance. In order to mitigate the risk of overspending we have put in place additional budget and spending controls.

3.2 Performance Analysis

3.2.3 Summary of key items from the Financial Statements

Prior Period Adjustments

Prior year comparatives have been restated relating to the capitalisation of Software as a Service (SaaS) also referred to as Cloud computing. Two final agenda decisions were issued by the IFRS Interpretations Committee (IFRIC) and these latest decisions impact SLC's reporting under IAS 38 intangible assets. Any changes resulting from these agenda decisions have been accounted for as a change in accounting policy

in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, i.e. it is to be applied retrospectively.

Previously the cost of the customisation and configuration of Software as a Service (SaaS) had been capitalised. Following clarification from the latest IFRIC decision published in 2021, a revised accounting policy has been adopted for the capitalisation of SaaS arrangements.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	<ul style="list-style-type: none"> Fee for use of application software Customisation by third party not separately identifiable from right to receive access to the application software.
Recognise as an operating expense as the service is received	<ul style="list-style-type: none"> Configuration costs In-house customisation costs Distinct customisation costs by a third party Data conversion and migration costs Testing costs Training costs
Recognise as an intangible asset	<p>Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.</p>

3.2 Performance Analysis

Intangible assets were adjusted retrospectively for assets under development and internally generated software for brought forward costs and associated amortisation of £21.71m and £0.53m respectively with a corresponding adjustment to reserves (equity). Details of the prior period adjustment are in Note 18 to the financial statements.

Intangible assets were also adjusted retrospectively following a review of the capitalisation of intangible assets under construction where there was insufficient information to capitalise costs resulting in an adjustment to brought forward costs of £1.54m.

Pension Scheme

As stated in the Remuneration and Staff Report, on 1 March 2020 SLC became a member of the Civil Service Pension Arrangements and made the Alpha and partnership schemes available to all its employees. The pension schemes are unfunded and no liability rests with SLC. Employee contributions are salary related. Details of the scheme can be found at www.civilservicepensionscheme.org.uk

A pension deficit of £2.3m as at 31 March 2021 has been revalued as at 31 March 2022 reflecting the latest actuarial valuation issued by Mercer on 14 April 2022. This now shows a surplus of £2.0m. This change has been caused mainly by increases in discount rates and deferred benefit revaluation partially offset by an anticipated

increase in inflation. Note 16 also summarises the agreed future funding arrangements for this scheme.

COVID-19 Pandemic and EU-Exit Costs

During the year, SLC incurred the following direct costs:

COVID-19 pandemic - £25,000 (2020-21: £2,169,000): comprising mainly PPE. These costs were incurred as a result of changes to operational processes, requiring masks to be worn and areas to be sanitised after use.

EU-Exit - nil (2020-21: £350,000).

Special Payments (audited)

Each year, SLC has a specific delegated authority of up to £150,000 for special payments against running costs. These are most frequently ex-gratia compensatory payments relating to customer service. These payments are limited to £500 per case for ex-gratia special payments (or £5,000 for direct financial losses).

SLC remained within this delegated limit, incurring costs of £106,730. This all related to ex-gratia payments which includes payments SLC is required to make after appraisal by an Independent Assessor.

Independent Assessors (IAs) are appointed by the UK and Welsh governments to consider appeals and complaints by student finance customers where SLC's process has been exhausted.

Ex-gratia special payments in excess of £500 or direct financial losses over £5,000 require specific approval from DfE and sit out-with SLC's delegated authority limit. Ten such payments were made in FY21-22 totalling £391,078. Of these, one payment of £335,000 was a settlement to a supplier following the courts alternative dispute resolution process. This required specific approval from HMT and DfE.

Fees and Charges

SLC does not receive any fees and charges other than those relating to supporting the bursary and scholarship schemes as detailed in note 3 to the accounts.

Remote Contingent Liabilities

Under IFRS, contingent liabilities that are considered to be remote are not disclosed, but their narrative disclosure is required by the FReM. Remote contingent liabilities occur where the possibility of future settlement is very small.

There are outstanding litigations which SLC fully intends and expects to defend that are currently ongoing. The potential to incur losses as the result of these litigations is considered to be remote.

3.2.4 Performance against key non-financial requirements

Supplier Payment Policy

SLC aims to comply with the Government's Better Payment Practice Code for the prompt payment of SMEs. 91% (2020-21: 90%) of all invoices were paid within the normal trading terms of 30 days, with 35% (2020-21: 34%) being paid within 5 days.

Environment, Sustainability and Corporate Responsibility

SLC will publish a sustainability strategy and targets during 2022-23 as part of its Carbon Management Plan and will build on this to broaden its reporting to demonstrate its commitment to corporate responsibility.

SLC's draft Carbon Management Plan (CMP) sets out carbon reduction targets and objectives for the company for 2022-2025. The current carbon footprint has been assessed and compared to future projections to produce realistic goals. The CMP will act as a focal document, signposting all related strategies which will deliver emissions reductions.

SLC has already adopted several energy and carbon reduction projects over the last five years. These have included:

- In the Hillington Data Centre - Cold Aisle Containment: water-cooled chillers with free air cooling alongside in-line cassettes and purpose-built Cold Aisle data cabinets have resulted in minimal running costs and captured and reduced wasted cooling energy.
- Lighting replacement in the Darlington warehouse: the previous 400W SON Light fittings have been replaced with LED Fittings and PIR Sensors to significantly reduce the energy and associated carbon impact.
- Removal of the cooling towers in the Bothwell Street office: high energy usage cooling towers have been replaced with Air to Water Free Cooling Chillers to reduce energy, carbon impact and ongoing running costs.

During 2023-24, SLC will relocate within Glasgow city centre at Buchanan Wharf to a new, purpose-built office providing a modern, less siloed working environment. The space will be configured to suit the new blended model of working, with fewer fixed desks and more collaborative facilities and spaces. It will also help deliver on the goal of net zero emissions, improving SLC's environmental credentials.

3.2 Performance Analysis

3.2 Performance Analysis

Energy Use

Our energy use, energy savings and associated carbon emissions data for 2021-22 are detailed below.

Estate Energy Use	2021-22 KwH	2020-21 KwH	2019-20 KwH	Year-on-year % reduction (2019-20 to 2021-22)	Year-on-year % increase (2020-21 to 2021-22)
Electricity	5,222,439	5,051,904	6,348,821	-18%	3%
Natural Gas	6,338,731	5,771,143	6,444,933	-2%	10%
Total Estate	11,561,170	10,823,047	12,793,754	-10%	7%

Energy use across SLC's estate has increased by 7% this year compared to 2020-21. This increase was mainly due to increased occupancy levels after the pandemic, with more people returning to work in the office. Consumption remains lower than 2019-20 when, for most of the year, office space was fully occupied. The gross expenditure on the purchase of energy was £0.8m (2020-21: £0.6m).

Emissions

More detailed figures are now available than in previous years. SLC's figures for 2021-22, as provided in its Greening Government Commitments (GGC) return, are shown below; comparisons from last year's Annual Report are more limited which makes any comparisons year on year more difficult.

Estate Emissions	2021-22 CO2 tonnes	2020-21 CO2 tonnes	Year-on-year % increase (2020-21 to 2021-22)
Electricity	1,207	1,197	1%
Natural Gas	1,161	NA	NA
Total Estate	2,368	NA	NA
Fugitive Emissions	0.07	0.06	NA

3.2 Performance Analysis

Business Travel Emissions	2021-22		2020-21	
	Km travelled	CO2 tonnes	Km travelled	CO2 tonnes
Fleet	113,062	21.93	8,591	1.91
Non-Fleet	20,158	3.72	599	0.09
Public Transport	61,953	4.24	0	0
Domestic flights	10,625	0.87	0	0
Total Business Travel	205,798	30.76	NA	2.0

Business travel emissions have increased compared to 2020-21 as a result of business travel recommencing after the pandemic. The total cost of business travel in 2021-22 was £76,000 (2020-21: £24,000).

Data on the hire of Ultra-Low emission vehicles was only reported for Q4 for the first time in 2021-22. In Q4 SLC hired two ultra-low emission medium sized cars.

Waste Minimisation and Management

In 2021-22 SLC generated 152 tonnes of waste of which 49 tonnes was ICT waste (excluding waste reused). In 2021-22 no waste was sent to landfill as we moved to a new supplier where all waste is either recycled or incinerated to generate energy. In 2020-21 SLC produced 42 tonnes of waste; 17 tonnes of which was general waste sent to landfill and 25 tonnes was sent to a material recycling facility.

Over the past year, our generation of waste has increased to 152 tonnes (2020-21: 42 tonnes). This reflects the return to a hybrid model of working as employees returned to the office resulting in an increase in activity and footfall across the estate. The cost of waste disposal in 2021-22 was £51,000 (2020-21: £59,000).

Finite Resources

Water consumption decreased across the estate. SLC's water consumption was 1,995m³ for 2021-22 (2020-21: 15,231m³). The decrease in water consumption was mainly due to the ending of the lease on the Europa building. This was an old building which did not have the water saving features which are present in the rest of SLC's estate. In addition, during the pandemic in 2020-21 the turnover of water was slower and this meant that water tanks had to be drained down to reduce the risk of the build-up of bacteria in the water system which resulted in a higher level of water consumption.

Single Use Plastics

SLC took the decision in 2019-20 to stop using single use plastics resulting in a saving of approximately 220,000 plastic cups per annum.

3.2 Performance Analysis

ICT and Digital

SLC Technology Group work with a Secure WEEE Recycling partner CCL North who transport any of SLC’s no longer required IT equipment where items are securely erased or physically destroyed before refurbishing, reusing, or dismantling into base components to maximise recycling. They hold accreditations in quality management, environmental management, information security management. Their carefully managed processes ensure they achieve the highest recycling rates and that nothing is sent to landfill.

Paper Usage

Paper Usage	2021-22 reams	2020-21 reams	Year-on-year % increase (2020-21 to 2021-22)
A3	0	4	-
A4	759	730	4%
A5	0	0	-

There has been a 4% increase in the use of A4 paper compared to 2020-21. This increase was mainly due to increased occupancy levels after the pandemic and more people returning to normal activity and printing documents when in the office. The comparable figures for 2019-20 were A4 – 4,568 reams, and A3 – 80 representing the very different work patterns in that year.

3.2 Performance Analysis

Commercial

SLC recognises the wider benefits that can be delivered through public procurement and robust contract performance. Where appropriate, the company considers the three key aspects of Social Value throughout the procurement lifecycle:

- 1. Economic**
– e.g. tackling economic and workforce inequalities through employment, training or work-experience opportunities for local people.
- 2. Environmental**
– e.g. reducing negative environmental impacts by raising awareness among staff, suppliers and communities.
- 3. Social**
– e.g. connecting our communities and reducing inequalities and supporting local community initiatives.

We have embedded Social Value considerations into our procurement processes to help us to create and nurture a vibrant, healthy, innovative, competitive and diverse marketplace of suppliers that includes and encourages small businesses, charities, co-operatives and social enterprises. We have adopted the UK Government’s Social Value Model which contains five key themes and eight associated policy outcomes which will be considered in the context of each procurement activity and applied where relevant.

All SLC’s food and catering services are provided by Baxter Storey, this contract will be reviewed in February 2023.

There is a balance between these factors and the overall need to achieve value for money. The scope to take account of social value will be undertaken in line with UK policy.

3.2 Performance Analysis

Modern Slavery Act

In line with section 54 of the Modern Slavery Act 2015, SLC is committed to the highest level of ethical standards and has a zero-tolerance policy towards modern slavery and human trafficking. The company is committed to acting ethically and with integrity in all business dealings and to taking steps to ensure that modern slavery and human trafficking do not exist in any part of the business or its supply chains. SLC's statement on modern slavery can be viewed at www.gov.uk/slc.

Overall, the nature of SLC's business means that the risk of modern slavery and human trafficking in its directly managed business activities and the first line of its supply chain is relatively low. Nevertheless, the company continues to review its operations to identify areas where the risk could arise, and considers what policies and safeguards are in place to prevent this.

Anti-Fraud and Anti-Corruption

SLC is committed to combatting fraud and corruption in all its activities. The company's Internal Fraud Policy sets out its overall position, with due regard to relevant legislation including (but not limited to) the 2006 Fraud Act, the 2010 Bribery Act and Scots common law relating to "fraud and uttering". The policy affirms SLC's commitment to the Nolan Principles of Public Life. The company maintains additional related policies, for example an External Fraud Policy relating specifically to customer fraud, a Whistleblowing Policy and a Gifts and Hospitality Policy. Regular training is provided for employees, including on money laundering regulations and data protection. SLC's Chief Financial Officer acts as the company's Money Laundering Reporting Officer (MLRO) and the Company Secretary is SLC's Data Protection Officer (DPO).

3.2 Performance Analysis

Declaration and Signature

This Strategic Report forms only part of the annual company accounts and reports that SLC publishes online at www.gov.uk/slc. Directors have had full regard to the considerations set out in Section 172 Companies Act 2006 when fulfilling their duty to promote the success of the company, these being:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company.

This report was approved by SLC's Main Board on 07 July 2022 and signed on the Board's behalf by:

24 November 2022

Paula Sussex

Chief Executive
and Accounting Officer

04

Accountability Report



4.1 Directors' Report

Corporate Governance Report

As an Executive NDPB, SLC's control framework is set out in the SLC Framework Document, drawn up by the DfE in consultation with SLC and the relevant departments of the Devolved Administrations. The Framework Document refers to the appropriate HMG guidance on corporate governance, including HM Treasury's Managing Public Money. As defined within Managing Public Money and in the Accounting Officer (AO) Delegation Letter, the AO is charged with ensuring that SLC operates with propriety and regularity; with maintaining a sound system of internal control that supports the achievement of SLC's policies, aims and objectives; and with regularly reviewing the effectiveness of that system. Throughout 2021-22 SLC operated to the 2018 Framework Document. The 2022 Framework Document was published on 26 August 2022 and can be found at www.gov.uk/slc.

SLC carries out periodic reviews to assess levels of compliance with the requirements as set out in the Framework Document, where any actions raised are tracked to closure.

SLC is bound by 'Internal Control: Guidance for Directors on the Combined Code' (the Turnbull guidance).

4.1 Directors' Report

The Directors' Report including Financial Statements for Student Loans Company Limited (SLC) is for the year ended 31 March 2022. The Financial Statements have been prepared in accordance with the Companies Act 2006 and, as appropriate, the FReM, and other guidance issued by HM Treasury and the Secretary of State for Education where the disclosure requirements of these go beyond the Companies Act. The Financial Statements have been prepared and approved by Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the UK (Adopted IFRSs) and International Financial Reporting Interpretations Committee Interpretations.

SLC at all times remains compliant with DfE, HM Treasury and Cabinet Office guidance.

Principal Activities

The principal activities of SLC are noted within the Strategic Report.

Dividends

SLC has no accumulated reserves and accordingly the Directors do not recommend the payment of a dividend (2020-21: £nil).

4.1 Directors' Report

Directors and their Interests

Board Members	From	To
Peter Lauener, Non-Executive Chair	April 2020	April 2023
Andrew Wathey, Non-Executive Director	January 2018	January 2024
Mary Curnock Cook, Non-Executive Director	December 2017	December 2023
Simon Devonshire, Non-Executive Director	March 2016	March 2022
Rona Ruthen, Non-Executive Director	October 2020	October 2023
Gary Page, Non-Executive Director	October 2020	October 2023
Charlotte Moar, Non-Executive Director	May 2019	May 2025
Stephen Tetlow, Non-Executive Director	May 2019	May 2025

ELT Members (Statutory Directors)	From	To
Paula Sussex, CEO	September 2018	Ongoing*
David Wallace, Deputy CEO and Chief Customer Officer	January 2019	Ongoing
Jacqui Smillie**, CFO	January 2019	May 2021
Audrey McColl **, CFO	August 2021	Ongoing

Company Secretary	From	To
Gary Womersley	December 2015	Ongoing

*Paula Sussex has announced her intention to leave SLC by the end of 2022. The date of her departure is yet to be confirmed.

**Jacqui Smillie left SLC in May 2021 and has been succeeded by Audrey McColl who joined SLC as CFO in August 2021.

All non-executive Directors are considered to be independent. Details of any related parties are disclosed in note 20 of the Financial Statements.

No Director had any interest in the shares of SLC throughout either the year ended 31 March 2022 or 31 March 2021.

SLC is wholly owned by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland. All are entered as 'Registrable Relevant Legal Entities' in SLC's Register of Persons with Significant Control.

The Chief Executive Officer is also the Accounting Officer for SLC.

4.1 Directors' Report

Employees

SLC aims to keep employees informed about its affairs and specifically about those matters that affect them directly. The company has several regular digital communications including weekly all-staff newsletters, a weekly update from the CEO and further ad hoc communications as required. SLC regularly holds sessions where colleagues can put their questions directly to the Executive Leadership Team/ Senior Management Team (SMT). SLC frequently issues all-colleague emails and maintains an intranet site available to all colleagues.

SLC has a longstanding relationship with its recognised trade union, the Public and Commercial Services Union (PCS). In December 2020 the Colleague Representative Group (CRG) was established internally which continues to promote enhanced colleague engagement through the collation and discussion of collective colleague views. SLC, PCS and CRG hold regular meetings which provide the opportunity to discuss and resolve employment and business-related matters. SLC is an Equal Opportunities Employer. More information is contained in the Remuneration and Staff Report.

Whistleblowing

SLC has stringent whistleblowing processes and procedures in place.

SLC's Whistleblowing Policy is reviewed on an annual basis, reported to ARC and is available to staff internally and is also published on www.gov.uk (at <https://www.gov.uk/government/publications/staff-whistleblowing-policy>). All staff are reminded of the policy on an annual basis and are able to contact SLC's Whistleblowing Officer via a variety of channels, either directly or to a dedicated confidential email address and telephone number.

In 2021-22 there were no formal whistleblowing complaints raised. However, two matters were referred to SLC's Whistleblowing Officer to investigate on a quasi-whistleblowing basis (including one referred to SLC by the Department for Education who had received the complaint). Both cases were found to be without merit and closed with no case to answer or evidence of wrongdoing.

Ombudsmen Statement

Depending on which student finance funding authority customers have applied to, the Parliamentary and Health Services Ombudsman (PHSO), the Public Services Ombudsman for Wales (PSOW), the Northern Ireland Public Services Ombudsman (NIPSO) or the Scottish Public Services Ombudsman (SPSO) provide an opportunity for customers who are dissatisfied with the outcome of the SLC's complaints or appeals processes (the final stage of which is an independent and impartial review by an Independent Assessor (IA) to seek a review through referral by their MP.

Details of engagement are shown in the table below:

Engagements with Ombudsmen in 2021-22

	Open cases as at 1 April 2021	Cases referred in year	No further investigations	Progressed to further investigation	Sill being considered as at 31 March 2022
PHSO	8	18	13	10	3
PSOW	0	9	9	0	0
NIPSO	0	1	1	0	0
SPSO	0	0	0	0	0
TOTAL	8	28	23	10	3

Outcome of those referred for further investigation

	Completed and not upheld	Completed and complaint partially upheld	Upheld in full	Await outcome
PHSO	1	3	1	5
PSOW	0	0	0	0
NIPSO	0	0	0	0
SPSO	0	0	0	0
TOTAL	1	3	1	5

Where a complaint was upheld in full or in part the PHSO required SLC to take further steps in the form of providing additional explanation, action plan for improvements or offering a higher ex gratia or consolatory award than the IA had recommended.

SLC conducts a full lessons-learned exercise after each Ombudsman engagement in order to prevent and mitigate any ongoing occurrences of issues concerned.

4.1 Directors' Report

4.1 Directors' Report

Information, Equipment and Personal Data Losses

In the year 2021-22 SLC reported two incidents to the Information Commissioner's Office (ICO) (2020-21: five) and the ICO did not take any further action in relation to either of these breaches. The incidents related to:

- The sharing of personal details with a customer with the same name and date of birth, and
- The inclusion, in error, of personal details on a standard form that was then sent to six customers.

SLC recorded the loss of 3 laptops and an Apple iPad air (2020-21: 1 Computer). All devices were encrypted and carried no company data or personal information.

SLC Board

The SLC Board is responsible for ensuring that effective corporate governance arrangements are in place that set out how SLC is directed and controlled and that assurance on risk management and internal control is provided.

The Board is required to demonstrate high standards of corporate governance at all times and to ensure that best practice is followed. The responsibilities of the Board are set out in the Governance Statement.

Remuneration

The remuneration for the Chair and Non-Executive Directors is determined by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland.

The remuneration of the CEO is determined by the Board, excluding the CEO, subject to approval by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland. The method of appointment of the Non-Executive Directors is included in the Governance Statement. Details of the standing Committees of the Board can be found in the Governance Statement.

External Auditor

The Comptroller and Auditor General, the head of the National Audit Office, has been reappointed for the financial year ended 31 March 2022. Details of fees earned by the external auditor are provided in note 4 of the Financial Statements.

Remote Contingent Liabilities (audited)

Under IFRS, contingent liabilities that are considered to be remote are not disclosed, but their narrative disclosure is required by the FReM. Remote contingent liabilities occur where the possibility of future settlement is very small. There are outstanding litigations which SLC fully intends and expects to defend that are currently ongoing. The potential to incur losses as the result of these litigations is considered to be remote.

4.2 Statement of Directors' Responsibilities

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which SLC's external auditor is unaware. Each Director has taken all appropriate steps to make themselves aware of any information relevant to the audit, and to establish that SLC's external auditor is suitably informed.

Directors are responsible for preparing the Directors' Report in accordance with applicable law and regulations. Company law requires them to prepare Financial Statements for each financial year. Under the Framework Agreement they are required to follow the principles of the FReM. Consequently, they have elected under the Companies Act to prepare the Financial Statements in accordance with and applicable law and to provide the additional disclosures required by the FReM where these go beyond the requirements of the Companies Act 2006. Under company law Directors must not approve Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the net income/ expenditure of the company for the year. In preparing Financial Statements, Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRS as adopted by the UK
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors are responsible for keeping adequate accounting records sufficient to show and explain the company's transactions and disclose, with reasonable accuracy, at any time the financial position of the company, and that will enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors have prepared a Remuneration and Staff Report, in order to comply with the requirements of the FReM and in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, to the extent that they are relevant.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

4.3 Accounting Officer's Responsibilities

In preparing the accounts, I am required to comply with the FReM in addition to the Directors' Responsibilities under the Companies Act 2006 and in particular to:

- Observe the Accounts Direction issued by DfE, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis; state whether applicable accounting standards as set out in the Companies Act 2006 and FReM have been followed, and disclose and explain any material departures in the Financial Statements
- Prepare the Financial Statements on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

As Accounting Officer, I am responsible for ensuring;

- The propriety and regularity of financial transactions under my control;
- For keeping proper records and for safeguarding SLC's assets;
- The economical, efficient, and effective use of resources placed at the Board's disposal as set out in Managing Public Money published by HM Treasury; and
- Safeguarding the assets of the Board.

As SLC's Accounting Officer, I have personal responsibility for maintaining a sound system of governance, internal control and risk management that supports the achievement of SLC's policies, aims and objectives while safeguarding public funds and assets. This is in accordance with the responsibilities assigned to me by the DfE, as described within the Framework Document, and in accordance with relevant HM Treasury guidance, in particular the FReM and Managing Public Money.

I am personally accountable to the UK Parliament, via and alongside the DfE Principal Accounting Officer, and to the devolved parliaments and administrations, via their Accounting Officers.

This Governance Statement provides information about SLC's corporate governance, risk management and internal control arrangements which have been in place throughout the year. It also outlines issues that have arisen during this and previous years and the mitigations that have been put in place.

4.4 Governance Statement

4.4 Governance Statement

The Governance Framework

The Framework Document, which can be found at www.gov.uk/slc, provides comprehensive detail of the roles and responsibilities of Executives, Board members and Shareholders, as well as of the three Board Committees – the Audit and Risk Committee (ARC), the Remuneration Committee (RemCo) and the Evolve Oversight Committee (EOC). The Framework Document was rewritten during 2021-22 to establish more relevant and proportionate governance arrangements. This was designed to allow SLC more autonomy to make decisions, reduce unnecessary bureaucracy and allow change to move at a greater speed while ensuring that SLC remains compliant with Treasury and Cabinet Office guidance.

SLC's Legal Status

SLC was incorporated in 1989 as a company limited by shares under the Companies Acts and is wholly in public ownership – the UK's four Government administrations are its shareholders. Since April 1996 SLC has been classified as an executive non-departmental public body (NDPB).

Accountability to Government Shareholders

The Secretary of State for Education accounts for SLC's business in the UK Parliament. The DfE Minister with responsibility for Higher Education may also act on his or her behalf as the "Responsible Minister". SLC is separately accountable to the Responsible Minister and to devolved administrations' Ministers for performance in their respective jurisdictions. However, the devolved Governments have agreed that DfE will act as the "Sponsor Department", having the primary relationship with SLC, particularly in relation to corporate governance.

The Responsible Minister appoints the SLC Chair and Non-Executive Directors and determines their terms and conditions. Appointments are made for a period of three years and comply with the Code of Practice for Ministerial Appointments to Public Bodies. The Responsible Minister also approves the Board's appointment of the Chief Executive.

The Permanent Secretary of DfE, as the Principal Accounting Officer of DfE, and acting on behalf of the Accounting Officers of the Devolved Administrations, has designated SLC's Chief Executive Officer (CEO) as SLC's Accounting Officer.

Shareholders and Assessors

The four Government Shareholders each appoint an Assessor who has the right to attend all main Board meetings and committee meetings on their behalf, and thus have access to SLC's regular internal control and risk reports. Shareholders' key responsibilities include determining policy and maintaining the legislative framework for student support, providing a resource budget and Grant-in-Aid and setting SLC's functions, strategic focus and business objectives.

4.4 Governance Statement

SLC's Board

The Board operates within a policy and resources framework determined by the Secretary of State. In summary, its role is: to establish SLC's strategic goals and key business objectives and to monitor performance against these; to ensure that there is effective governance concerning the use of public money; to regularly review financial information and provide assurance to Government that appropriate action is taken over any concerns; and to appoint (with the responsible Minister's approval) the CEO and set their objectives.

Non-Executive Directors of the Board are appointed by the Secretary of State for Education, from a variety of backgrounds based on their knowledge and experience gained in both the public and private sectors in industry, commerce and academia.

The Board is required to demonstrate high standards of corporate governance at all times and to ensure that best practice is followed.

Board Membership and Attendance Record

Board Members	From	To	Attendance
Peter Lauener , Non Executive Chair	April 2020	April 2023	8/8
Andrew Wathey , Non-Executive Director	January 2018	January 2024	7/8
Mary Curnock Cook , Non-Executive Director	December 2017	December 2023	8/8
Simon Devonshire , Non-Executive Director	March 2016	March 2022	7/8
Rona Ruthen , Non-Executive Director	October 2020	October 2023	8/8
Gary Page , Non-Executive Director	October 2020	October 2023	8/8
Charlotte Moar , Non-Executive Director	May 2019	May 2025	8/8
Stephen Tetlow , Non-Executive Director	May 2019	May 2025	8/8
Paula Sussex , CEO	September 2018	Ongoing*	8/8
David Wallace , Deputy CEO and Chief Customer Officer	January 2019	Ongoing	8/8
Jacqui Smillie** , CFO	January 2019	May 2021	1/1
Audrey McColl** , CFO	August 2021	ongoing	5/5
Gary Womersley , Company Secretary	December 2015	ongoing	8/8

*Paula Sussex has announced her intention to leave SLC by the end of 2022. The date of her departure is yet to be confirmed.

**Jacqui Smillie left SLC in May 2021 and has been succeeded by Audrey McColl who joined SLC as CFO in August 2021.

The Board held eight meetings during 2021-22; the table above shows how many of these each member attended (during the period of their membership).

Matters considered by the Board

At each meeting, the Board reviewed and took assurance on SLC's operational and financial performance via the monthly CEO Report, Corporate Performance Dashboard and the CFO Report.

There was close monitoring of operational services and planning throughout the year, including application numbers, delivery capacity and customer satisfaction, alongside regular consideration of progress against SLC's Evolve transformation programme. The COVID-19 pandemic and SLC's blended working model, Customer Experience, the Technology Strategy, Repayments and Customer Compliance, the Data Centre of Excellence and the Independent Assessors Report were also the subject of key discussions during the year.

Following an effectiveness review in 2021, the Board allocated more agenda time to reports from its Committees. The Board took assurance from Committee updates and minutes and reviewed their Terms of Reference.

The Board reviewed and approved arrangements for the coming financial year (2022-23), including the company's business plan, budget and the Annual Performance and Resource Agreement (APRA).

The Board's formal schedule of meetings was augmented by a series of deep dive sessions which support continuing development and learning for Non-Executive Directors and support colleague engagement. Over the year, additional sessions were held which focussed on LLE, SLC's strategy, Customer Experience, Operations and Repayments.

Board Effectiveness Review and Inductions

In accordance with the Framework Document, a board effectiveness review commenced in March 2022 with results due to be discussed with the Chairs of the Board and committees in June 2022.

The company has a comprehensive induction process for new Board members in place which is augmented by Cabinet office training and ongoing learning and development through deep dives where Non-Executive Directors meet with SLC colleagues.

4.4 Governance Statement

4.4 Governance Statement

The Audit and Risk Committee (ARC)

ARC is a permanent committee of the Board; in addition, it advises SLC's Accounting Officer on internal control and governance, by reviewing the effectiveness, reliability and integrity of audit, risk management and assurance arrangements of the ARC.

Members of the committee are appointed by the Board for an initial three-year term of office after which they may be appointed for one further term of office. Assessors have the right to attend all committee meetings on behalf of the shareholders. The Board determines the membership and terms of reference.

Members are independent of management and free of any business or other relationships (including cross Directorships or day-to-day involvement in the management of the business) which could interfere with the exercise of their independent judgement.

The Board has appointed a Chartered Accountant as an independent external member of ARC. Throughout the year, both external and internal audit had the right of independent access to the Chair and members of ARC, and regular discussions have taken place.

The Chair of the committee reports to the Board after each meeting and the minutes of committee meetings are provided to Board members for information.

Committee meetings will normally be attended by the CEO, Deputy CEO and CFO.

ARC Membership and Attendance Record

	From	To	Attendance
Charlotte Moar , Non Executive Director, ARC Chair	September 2019	May 2025	5/5
Mary Curnock Cook , Non-Executive Director	September 2018	December 2023	5/5
Gary Page , Non-Executive Director	November 2020	October 2023	5/5
Douglas Griffin , Independent External Member	September 2018	August 2024*	5/5

*Douglas Griffin has announced his intention to leave SLC with the October ARC meeting being his last. The SLC ARC intends to recruit a new Independent Member

ARC held five meetings during 2021-22; the table above shows how many of these each member attended (during the period of their membership).

4.4 Governance Statement

Matters considered by ARC

The committee regularly reviewed key risks and issues, internal audit progress and performance reports and updates on significant legal matters throughout the year.

Additionally, it fulfilled its role in reviewing:

- The Annual Report and Accounts for 2020 -21, which was recommended by ARC for approval by the Board
- The plan for the Annual Report and Accounts for 2021-22, incorporating SLC's accounting policies
- The external audit strategy, and interim reports and fees for 2021-22
- Internal audit work undertaken during 2021-22
- The internal audit plan for 2022-23

ARC also reviewed the new Assurance Framework, Departmental Security Health-check, the Internal Audit Annual Report and Opinion and SLC's 2021-22 Governance Statement in the context of the ARA.

4.4 Governance Statement

The Remuneration Committee (RemCo)

RemCo is a standing committee of the Board. Members of the committee are appointed by the Board for an initial three-year term of office after which they may be appointed for one further term of office. Assessors have the right to attend all committee meetings on behalf of the shareholders. The Board determines the membership and terms of reference of RemCo.

Members are independent of management and free of any business or other relationships (including cross Directorships or day-to-day involvement in the management of the business) which could interfere with the exercise of their independent judgement.

The Chair of the committee reports to the Board after each meeting and the minutes of committee meetings are provided to Board members for information.

Committee meetings are attended by the CEO and the Executive Director responsible for People, except where the committee are conducting the annual performance review of the CEO. For further information, refer to the Remuneration and Staff Report.

Key matters considered this year included the SLC People Strategy, which covered Operations 2.0 where the Committee reviewed restructuring cases, Pay and Grading and Career Pathways. The committee also reviewed the annual pay remit, results of the Employee Engagement Survey for 2020-21, Equality Diversity and Inclusion, and the Gender Pay Gap Report.

RemCo Membership and Attendance Record

	From	To	Attendance
Andrew Wathey , Non-Executive Director, Chair	September 2020	October 2023	5 / 5
Stephen Tetlow , Non-Executive Director	May 2019	May 2025	5 / 5
Gary Page , Non-Executive Director	July 2021	October 2023	3 / 3
Rona Ruthen , Non-Executive Director	August 2021	October 2023	3 / 3

RemCo held five meetings during 2021-22; the table above shows how many of these each member attended (during the period of their membership).

Matters considered by RemCo

In accordance with its Terms of Reference, the Committee met in closed sessions to approve the CEO objectives and performance measures as proposed by the SLC Chair, and the ELT objectives and performance measures as proposed by the CEO. The Committee has also reviewed and approved CEO and ELT performance reviews and related performance related pay. In 2021-22, RemCo supported the appointment of two new SLC Directors, the Executive Director of Operations and the Chief Financial Officer.

RemCo considered the Strategic Workforce Plan at each of its meetings, reviewing updates on key strands of activity including Career Pathways and Emerging Talent. The Committee also supported the development of SLC's pay and grading case which was approved in February 2022.

The Committee reviewed SLC's Gender Pay Gap and Equality, Diversity and Inclusion Reports, supporting SLC's aim to close the gender pay gap and increase diversity.

4.4 Governance Statement

4.4 Governance Statement

The Evolve Oversight Committee (EOC)

The Board has established an Evolve Oversight Committee as a Committee of the Main Board to support it in its responsibilities for SLC’s Evolve Programme.

Members of the committee are appointed by the Board for an initial three-year term of office after which they may be appointed for one further term of office, or until the conclusion of the Evolve programme. Assessors have the right to attend all committee meetings on behalf of the shareholders. The Board determines the membership and terms of reference of the EOC.

The Chair of the committee reports to the Board after each meeting as required and the minutes of committee meetings are provided to Board members for information.

Committee meetings will normally be attended by the CEO and the Evolve programme SRO.

EOC Membership and Attendance Record

	From	To	Attendance
Simon Devonshire , Non-Executive Director, Chair	July 2019	March 2022	4/4
Mary Curnock Cook , Non-Executive Director	July 2019	December 2023	4/4
Stephen Tetlow , Non-Executive Director	December 2019	May 2025	3/4

EOC held four meetings during 2021-22; the table above shows how many of these each member attended (during the period of their membership).

Matters considered by EOC

The regular agenda covered the following items:

- Key headlines from in-flight activity
- Key business outcomes to be achieved
- Upcoming milestones across the programme
- Finance, costs and benefits tracking
- Portfolio level risks and issues
- Deep dive topics to solicit input from the EOC members

Register of Interests

All Directors and members of the ELT, who are not Directors are required to declare any outside interests. They are required to take due care to avoid conflict between their own and SLC interests. Related Party disclosures, as per IAS 24, are included within note 20 to the Financial Statements. A register of interests is available upon request.

4.4 Governance Statement

The Executive Leadership Team (ELT)

The ELT is responsible for the day-to-day management of the company. ELT controls and monitors SLC’s operational and financial management, sets SLC’s business priorities and objectives in line with strategies set out by shareholders, and oversees SLC’s capacity and capability to deliver within available resources. Each Executive Director is supported by a team of senior managers, who collectively make up the company’s Senior Management Team (SMT).

ELT Membership

Paula Sussex, Chief Executive Officer

David Wallace, Deputy CEO and Chief Customer Officer

Jacqui Smillie, Chief Financial Officer*

Audrey McColl, Chief Financial Officer*

Stephen Campbell, Chief Information Officer

Chris Larmer, Executive Director Business Operations**

Derek Ross, Executive Director, HE/FE Reform***

Bernice McNaught, Executive Director of Repayments and Customer Compliance

Morven Spalding, Executive Director, People

*Jacqui Smillie left SLC in May 2021 and has been succeeded by Audrey McColl who joined SLC as CFO in August 2021.

**Chris Larmer joined SLC in May 2021.

***Derek Ross became Executive Director, HE/FE Reform in June 2021.

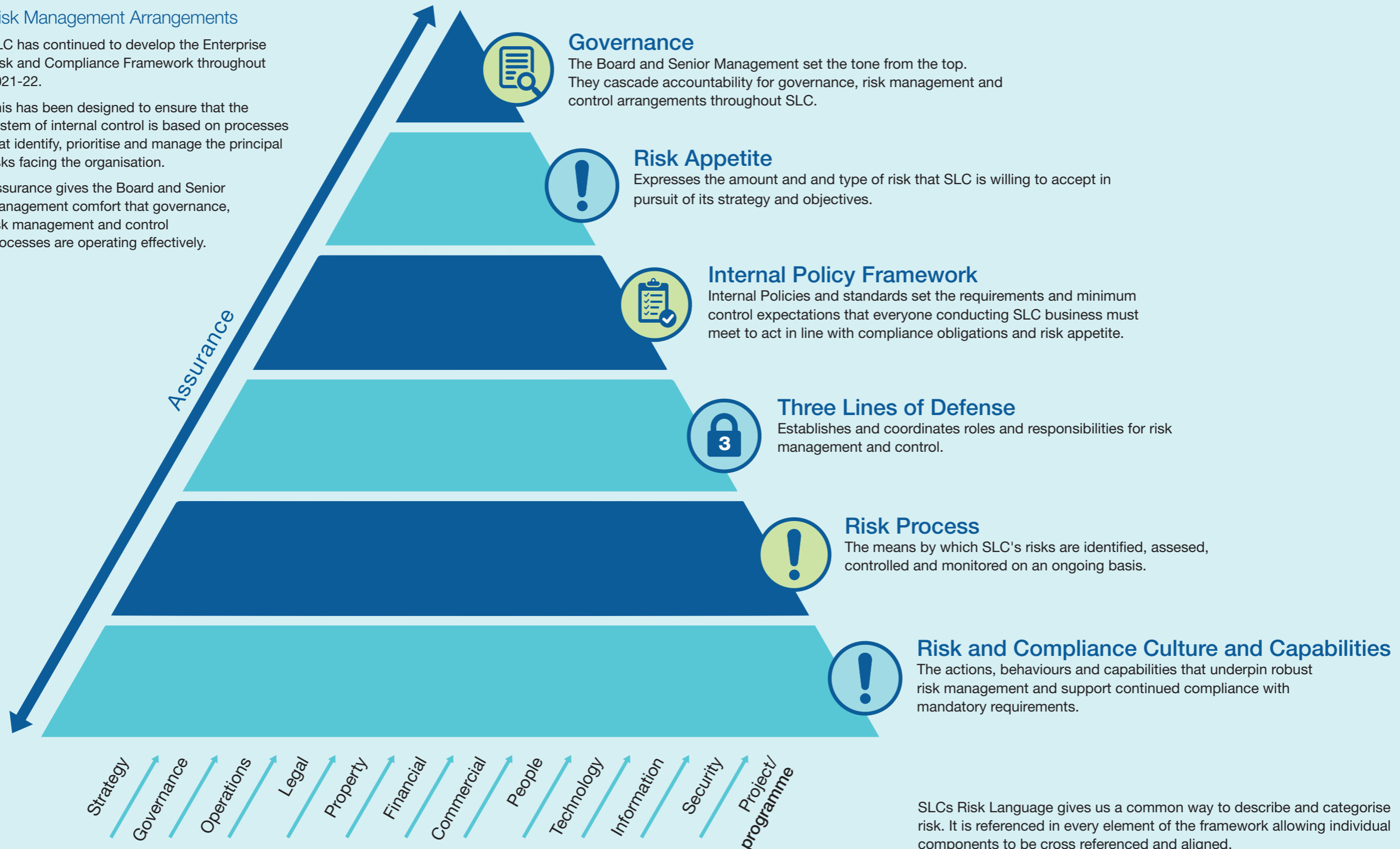
4.4 Governance Statement

Risk Management Arrangements

SLC has continued to develop the Enterprise Risk and Compliance Framework throughout 2021-22.

This has been designed to ensure that the system of internal control is based on processes that identify, prioritise and manage the principal risks facing the organisation.

Assurance gives the Board and Senior Management comfort that governance, risk management and control processes are operating effectively.



Governance
The Board and Senior Management set the tone from the top. They cascade accountability for governance, risk management and control arrangements throughout SLC.

Risk Appetite
Expresses the amount and type of risk that SLC is willing to accept in pursuit of its strategy and objectives.

Internal Policy Framework
Internal Policies and standards set the requirements and minimum control expectations that everyone conducting SLC business must meet to act in line with compliance obligations and risk appetite.

Three Lines of Defense
Establishes and coordinates roles and responsibilities for risk management and control.

Risk Process
The means by which SLC's risks are identified, assessed, controlled and monitored on an ongoing basis.

Risk and Compliance Culture and Capabilities
The actions, behaviours and capabilities that underpin robust risk management and support continued compliance with mandatory requirements.

SLCs Risk Language gives us a common way to describe and categorise risk. It is referenced in every element of the framework allowing individual components to be cross referenced and aligned.

4.4 Governance Statement

Enterprise Risk and Compliance Framework

In 2021-22, SLC's risk framework has continued to mature in line with the Roadmap created by the Enterprise Risk and Compliance (ERC) team. The Roadmap summarises a detailed plan which contains a series of activities that are modernising risk management practices, creating a culture of compliance and strengthening the three lines of defence. Highlights for each are:

Modernising Risk Management Practices:

- An external risk maturity assessment was undertaken to benchmark the company against small banks and similar public sector organisations. This identified a target maturity state that was agreed with the Executive Leadership team (ELT) and Audit & Risk Committee (ARC) and which validated the ERC roadmap as the route to get there.

- The ERC Policy and Framework has been updated to reflect outputs from the maturity assessment and has been accredited by the Institute of Risk Management (IRM).
- Risk and Control Assessments (RCAs) are a core component of the ERC Framework. They continue to be progressed, baselining directorate risk profiles in line with Policy requirements and in preparation for migration to the GRC (Governance, Risk and Control) system. The GRC will be the 'one version of the truth', housing all company risks, controls and issues. This will promote consistency and will connect risk and control owners to the information they need to carry out their roles effectively.

- Additionally, SLC's Risk Appetite Statement has been revised and is now supported by a series of individual risk appetite statements, defined and owned at risk category level. These statements are now included in all internal policies, whose owners are responsible for assessing ongoing alignment with their respective risk appetite via the development of key risk indicators.

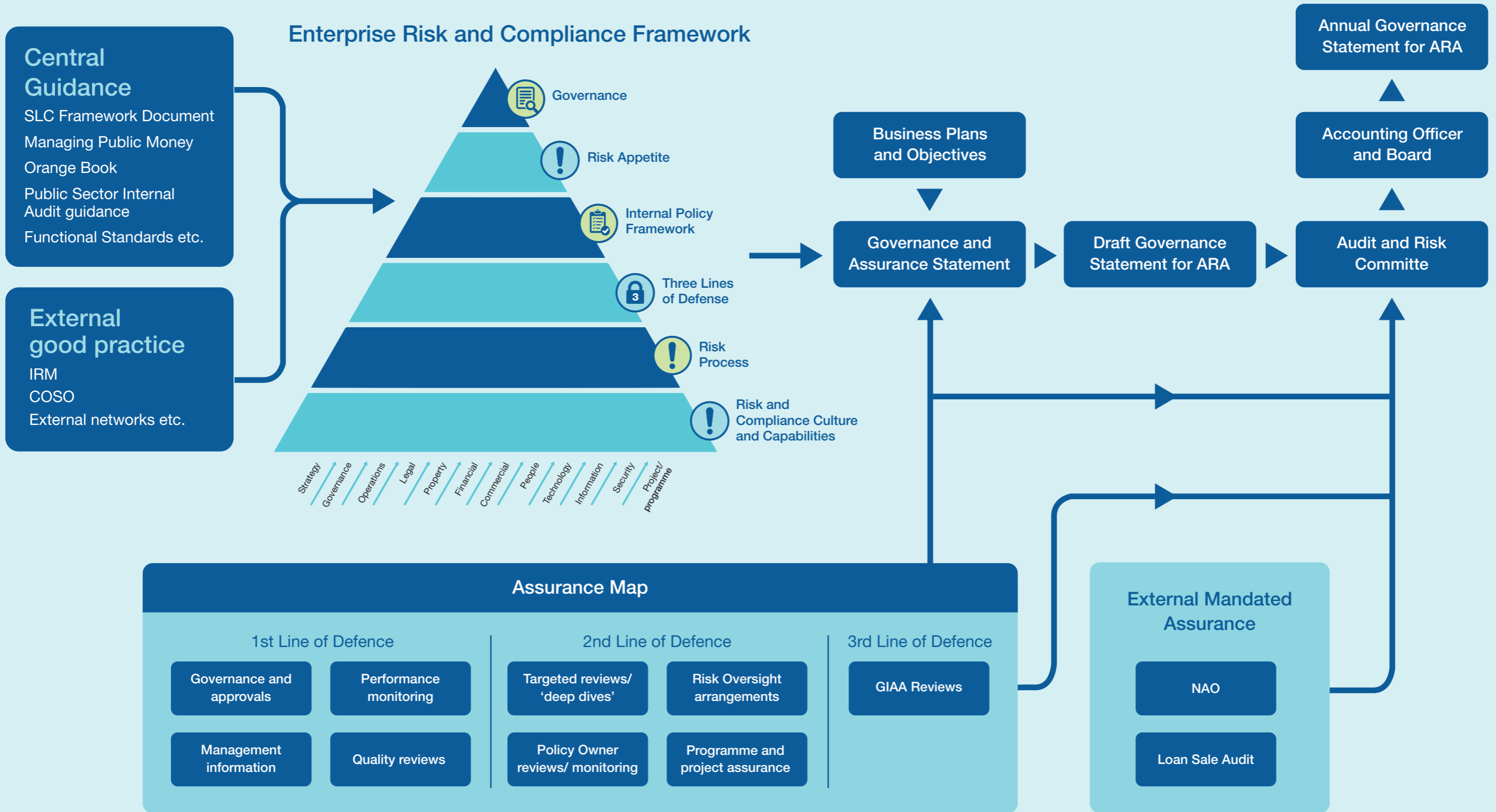
Creating a Culture of Compliance:

- During the course of the year significant improvements have been made to SLC's compliance environment. This includes establishment of a Compliance and Policy Working Group (CPWG), which brings together the compliance and policy owner community to discuss and embed compliance requirements. Work has commenced to create a compliance register and implement a consistent approach to horizon scanning.
- In addition, an exercise has been carried out to assess compliance with the mandatory elements of the Government Functional Standards. This confirmed that SLC is broadly

compliant with the standards but identified actions to strengthen our compliance position, which are being actively tracked and reflected within directorate business plans.

- Spotlight sessions were conducted with non-Execs on key initiatives, such as implementation of the three lines of defence model and the Assurance Framework. The team continued to foster close links with DfE and the ALB network, sharing information and lessons learnt from various ERC Roadmap initiatives. An Assurance Framework has been created to support SLC's understanding of how well risk, control and compliance arrangements are operating in practice. The framework sets out specific requirements for governance, reporting and mapping of assurance activity at SLC. The framework sets the expectations for assurance reporting for ELT and ARC and will result in the creation of an Assurance Map in 2022-23. The Assurance Framework is shown in the diagram below:

4.4 Governance Statement



4.4 Governance Statement

Assurance Framework

Strengthening the three lines of defence:

- Investigative reviews were conducted to understand and determine responses to risk events which have strengthened SLC's three lines of defence model, for example in the establishment of the company's first Financial Crime Prevention Unit.
- A Risk and Compliance Career Pathway was launched to inform development and career planning for all risk and compliance teams. The ERC Team continues its journey to increasing professionalism, with the majority of the team now IRM qualified.
- A suite of eLearning has been developed to increase risk awareness at a company level, whilst providing additional training for role holders within the ERC Policy.
- Risk management objectives have been further developed and are a mandatory requirement at both 'all staff' and 'SMT only' levels.

Progress against the roadmap milestones is presented regularly to the ELT and the ARC.

Key Risks in 2021-22

The key risks under consideration during the year, for which there are detailed mitigations in place, concerned;

- The Post COVID-19 Pandemic Operating Model as the focus shifted from the successful navigation of the pandemic to the implementation of a strategy to return colleagues to office working.
- Information and Data Handling due to the nature of SLC's

operations, the scale and complexity of the legacy IT environment and the pervasiveness of personal data within SLC.

- Cyber Security due to a continually evolving threat environment. This included the increased risk of cyber-attack following events in Russia and Ukraine and threats related to social engineering attacks.
- Systems Access Management as we maintain our ability to mitigate and prevent user error, malicious activity or internal fraud across SLC systems.
- Disaster Recovery as we designed and implemented an enduring SLC Disaster Recovery capability.
- Staff Attraction and Retention issues heightened during 2021-22 due to an increasingly competitive recruitment market, with competitors able to offer more attractive benefits' packages.

These are referred to in more detail in section 3.1 – About SLC.

Emerging Risks

SLC has continued to anticipate emerging risks, for example that the size and magnitude of SLC's change portfolio will present significant challenges in terms of delivering against organisational and shareholder priorities. This includes the delivery of high-profile policy changes for government (i.e. Higher Education and Further Education Reforms and LLE), the annual policy change portfolio, and critical strategic improvements which remain at the heart of SLC's modernisation agenda.

Internal Audit Opinion

Based on the evidence reviewed, GIAA (Government Internal Audit Agency) has concluded that overall, SLC has maintained a sound system of governance, internal control and risk management but there is scope for improvement. This is reflected in the overall level of assurance which is 'Moderate' - some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. While management has achieved good progress in addressing audit recommendations raised in-year, we note that implementation of a small number of longstanding 'high' rated recommendations had been delayed, due to their complex nature and dependency on large technology replacement projects. Finally, we observed further improvement to the control environment in the year, stemming from the work of the Enterprise Risk team who are implementing a robust three lines of defence model which includes an assurance framework and provides a consistent view of inherent risk exposures for each business area.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, and I take personal responsibility in this Governance Statement for the financial year 2021-22.

My review of the effectiveness of the system of governance, internal control and risk

management, which has been in place in SLC throughout the year ended 31 March 2022, and up to the date of approval of the Annual Report and Accounts, is informed by:

- The work of the Internal Auditors, who review all material risks and business areas
- The work of my Enterprise Risk and Compliance team, providing 'second line assurance' and supporting the continuous improvement of our risk management, governance and control functions across the company
- My ELT, who have each provided additional assurance over the controls they have put in place over the activities where they have delegated responsibility
- SLC's Senior Management Team, who certify compliance with key controls twice a year and produce an annual assurance statement
- Comments made by the External Auditors in their management letter and other reports
- The SLC Board, ARC and Company Secretary

4.4 Governance Statement

4.4 Governance Statement

None of the assurance mechanisms identified any significant control issues.

However, as with any complex business, SLC manages a range of risks and SLC's system of governance, internal control and risk management is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise risks to the achievement of company policies, aims and objectives, to evaluate the likelihood of those risks occurring, their impact and the need to manage them effectively.

Conclusion

I have considered the evidence available to me with regard to the production of the annual Governance Statement and conclude that SLC maintains a sound system of governance, risk management and internal control.

24 November 2022

Paula Sussex

Chief Executive and Accounting Officer

4.5 Remuneration Report

The Remuneration Report sets out the remuneration of all members of the Executive Leadership Team, including Statutory Directors, together with details of the Remuneration policy for the year.

This report is prepared in accordance with the Companies Act 2006, the Large and Medium-sized Companies and

Groups (Accounts and Reports) (Amendment) Regulations 2013 and includes any additional disclosures required by FReM.

Remuneration Committee

The terms of reference of RemCo and matters considered are set out in the Governance Statement section 4.4.

Committee Membership

Committee Membership	From	To
Andrew Wathey , Non-Executive Director, Committee Chair	September 2020	October 2023
Stephen Tetlow , Non-Executive Director	May 2019	May 2025
Gary Page , Non-Executive Director	1 July 2021	18 October 2023
Rona Ruthen , Non-Executive Director	1 July 2021	18 October 2023

Peter Lauener, the Chair, has a standing invite to attend this Committee, although he is not a member.

Remuneration Policy

SLC aims that the remuneration packages offered to the ELT:

- enable SLC to attract, retain and motivate high calibre executives
- remunerate individuals fairly for individual responsibility and contribution, while providing an element of performance related pay reflecting the overall performance of SLC, having regard to public sector pay guidance/restrictions
- take account of salary policy within the rest of SLC and the relationship that should exist between the remuneration of the ELT and that of other employees

Annual salary reviews take into account the pay remit requirements of HM Treasury at <https://www.gov.uk/government/publications/civil-service-pay-remit-guidance-2022-to-2023> alongside the HM

Treasury guidance on public sector pay and terms at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/819562/190702_Public_sector_pay_and_terms.pdf

All salaries, including the CEO's, are reviewed annually. Salaries are set considering external markets, internal comparisons and individual responsibilities.

All ELT members are permanent employees and are therefore on standard SLC contracts of employment and have notice periods of six months. If a member of the ELT's employment with SLC is terminated on the grounds of redundancy, or in the interests of the efficiency of the organisation, service-based compensation is applied.

4.5 Remuneration Report

Salaries

Remuneration of the Non-Executive Directors (including the Chair) is set for their three-year term of appointment by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland or their delegated representative(s). Additional responsibilities, such as leading on priority areas within SLC, may attract further remuneration.

Pensions

SLC is an affiliated employer of the Civil Service Pension Arrangements and made the alpha and partnership schemes available to all its employees. SLC auto-enrols all new employees into the CSPA and provides non-scheme members with the options of joining the alpha or partnership schemes of the CSPA, or remaining a non-pension member until next re-enrolment date when they would be auto-enrolled into alpha.

Like all employees, ELT members had the option of remaining within or joining alpha or the Partnership scheme.

Details of the scheme can be found at: www.civilservicepensionscheme.org.uk

Prior to 1 March 2020, SLC operated the Student Loans Company Limited Retirement and Death Benefits Scheme (SLC Pension Scheme) which was a defined benefit scheme and NOW: Pensions, a defined contribution scheme, which met SLC's statutory obligations to enrol all employees in a pension scheme.

No ELT members retain any pension benefits in the SLC Pension Scheme.

Performance Related Payments

Each member of the ELT has personal performance objectives, including specific targets which have a significant impact on the performance of the organisation. These targets and the CEO's appraisal of their performance against them are subject to review by the RemCo. Subject to RemCo approval, members of the ELT who are permanent staff are eligible to participate in SLC's performance related payment scheme.

The Chair reviews the performance of the CEO and, based on delivery against agreed objectives, may propose an award for consideration by the RemCo. The terms of the CEO's appointment provide for a performance related payment to a maximum value of £20,000 per annum.

Performance-related payments are not awarded to Non-Executive Directors, interim staff nor any member of the ELT who is not a permanent employee.

Other Benefits and Expenses

SLC meets normal allowable travel costs for Board Directors and members of ELT in accordance with SLC's standard travel and expenses policy.

Non-Executive Directors and Executive Leadership Team Salary and Pension Information (audited)

Remuneration of Board Members

There were no redundancy payments to members of the Board for loss of office made during the year (2020-21: £nil).

Fees Paid to Chair and Non-Executive Directors

2021-22			
	Salary £'000	Other Expenses (to nearest £100) £'000	Total Remuneration £'000
Peter Lauener	50-55	0.5	50-55
Mary Curnock Cook	15-20	-	15-20
Simon Devonshire	15-20	-	15-20
Charlotte Moar	15-20	0.4	15-20
Stephen Tetlow	10-15	0.1	15-20
Andrew Wathey	15-20	-	15-20
Gary Page	15-20	0.7	15-20
Rona Ruthen	10-15	0.3	10-15
2020-21			
Peter Lauener (from 1 April 2020)	50-55	-	50-55
Mary Curnock Cook	15-20	0.1	15-20
Simon Devonshire	15-20	0.7	15-20
David Gravells (to 30 September 2020)	5-10	0.2	5-10
Charlotte Moar	15-20	0.4	15-20
Stephen Tetlow	10-15	0.3	15-20
Andrew Wathey	15-20	-	15-20
Gary Page (from 19 October 2020)	5-10	-	5-10
Rona Ruthen (from 19 October 2020)	5-10	-	5-10

4.5 Remuneration Report

4.5 Remuneration Report

Remuneration of the ELT

The ELT is responsible for the day-to-day management and leadership of SLC's activities and operations. Paula Sussex continued her role as CEO during the year. The Governance Statement notes the areas of responsibility for each member of ELT.

There were no redundancy payments to members of the ELT for loss of office made during the year (2020-21: £nil).

Remuneration of the ELT

2021-22					
Executive Leadership Team	Salary £'000	Other Taxable Benefits and Expenses (to the nearest £100) £'000	Accrued Performance Related Pay £'000***	Employer Pension Contribution (nearest £1,000) £'000	Total Remuneration £'000
Paula Sussex	190-195	-	15-20	58	265-270
David Wallace	140-145	-	5-10	43	190-195
Derek Ross	130-135	0.5	-	39	165-170
Bernice McNaught	135-140	-	5-10	42	185-190
Chris Larmer (from 24 May 2021)	110-115 (130-135)*	7	5-10	34	155-160
Jacqui Smillie (to 31 May 2021)	20-25 (130-135)*	-	-	7	25-30
Audrey McColl (from 02 August 2021)	85-90 (130-135)*	-	0-5	26	115-120
Morven Spalding	120-125	-	0-5	36	160-165
Stephen Campbell	135-140	0.2	5-10	26	170-175
2020-21					
Executive Leadership Team	Salary £'000	Other Taxable Benefits and Expenses (to the nearest £100) £'000	Accrued Performance Related Pay £'000**	Employer Pension Contribution (nearest £1,000) £'000	Total Remuneration £'000
Paula Sussex	190-195	-	15-20	58	265-270
David Wallace	140-145	-	5-10	43	190-195
Derek Ross	130-135	0.1	-	39	165-170
Bernice McNaught	135-140	-	5-10	42	185-190
Jacqui Smillie**	130-135	-	-	39	165-170
Morven Spalding	120-125	-	5-10	36	160-165
Stephen Campbell	140-145	-	5-10	33	180-185

* Denotes the full-time equivalent salaries for those members of the ELT who were not in post for the full financial year.

** Jacqui Smillie left SLC in May 2021. As this was prior to the payment date, she was not entitled to a performance related payment.

*** Accrued performance pay is shown in bands of £5,000.

4.5 Remuneration Report

The following table shows the restatement of the reported 2019-20 employer pension contributions which were initially understated in the disclosures to 2019-20 remuneration report, and as comparatives in the 2020-21 remuneration report. The higher employer pension contributions shown, compared to 2020-21 and 2021-22, reflect payments into the, now closed for contribution, SLC pension scheme.

2019-20					
	Salary £'000	Other Taxable Benefits and Expenses (to the nearest £100) £'000	Accrued Performance Related Pay £'000**	Employer Pension Contribution (nearest £1,000)*** £'000	Total Remuneration £'000
Paula Sussex	190-195	-	15-20	81	285-290
David Wallace	140-145	-	5-10	61	205-210
Derek Ross	125-130	8.6	-	54	190-195
Bernice McNaught	130-135	-	5-10	55	190-195
Jacqui Smillie	130-135	-	5-10	50	185-190
Morven Spalding	110-115	-	0-5	16	130-135
Adrian Tucker (to 30 Jun 2019)	85-90 (310-315)*	-	-	-	85-90
Stephen Campbell	85-90 (140-145)*	-	5-10	34	125-130
Nigel Carroll (from 1 Jul – 18 Aug 2019)	15-20 (120-125)*	-	-	6	20-25

* Denotes the full-time equivalent salaries for those members of the ELT who were not in post for the full financial year.

** Accrued performance pay is shown in bands of £5,000.

*** Denotes restated Employer pension contribution figures showing the annual Employer Contribution to the nearest £1,000

Salary includes gross salary and any other allowance. Other benefits and expenses represent taxable subsistence and travel costs.

4.5 Remuneration Report

Retirement Benefits for the ELT

	Accrued pension and related lump sum at pension age as at 31 March 2022	Real increase in accrued pension and related lump sum at pension age during the year to 31 March 2022	CETV as at 31 March 2022 (to nearest £1,000)	CETV as at 31 March 2021 (to nearest £1,000)	Real increase in CETV (to nearest £1,000)	Employer contribution to partnership pension account
	£'000*	£'000**	£'000	£'000***	£'000	£'000
Paula Sussex	25-30	2.5-5	391	316	49	-
David Wallace	25-30	2.5-5	506	450	22	-
Derek Ross	50-55	0-2.5	1,020	952	6	-
Bernice McNaught	15-20	2.5-5	189	149	23	-
Chris Larmer (from 24 May 2021)	0-5	2.5-5	32	-	24	-
Jacqui Smillie (to May 2021)	55-60 plus a lump sum of 130-135	0-2.5 plus a lump sum of 0	1,151	1,118	-	-
Audrey McColl (from August 2021)	0-5	0-2.5	26	-	20	-
Morven Spalding	5-10	2.5-5	96	55	30	-
Stephen Campbell	-	-	-	19	-	26

(i) * these columns are stated in bands of £5,000

(ii) ** these columns are stated in bands of £2,500

(iii) *** figures have been updated retrospectively due to updated service history or salary data. Data provided by MyCSP.

(iv) Cash Equivalent Transfer Values (CETV) have been calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996, depending upon length of membership of the SLC Pension Scheme, and figures have been rounded

(v) Inflation over the year was 3.2%

(vi) Any Additional Voluntary Contributions paid by members of the ELT and the resulting benefits are not shown

4.6 Staff Report

Median and Fair Pay (audited)

Reporting bodies are required to disclose the relationship between the remuneration, including bonus paid during the year, of the highest-paid Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The remuneration paid of the highest-paid director in SLC, Paula Sussex the CEO, in the financial year 2021-22 was £207,500 (2020-21: £206,000), an increase of 0.7%. This was 8.7 times (2020-21: 9.1 times) the median remuneration of the workforce, which was £23,928 (2020-21: £22,596). The pay ratios of the highest paid director are disclosed below.

Pay Ratios of Highest Paid Director (audited)

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021-22	10.2:1	8.7:1	6.2:1
2020-21	10.5:1	9.1:1	6.5:1

The remuneration and salary cost information used to calculate the above ratios are shown below.

Remuneration and Salary Information used to calculate pay ratios (audited)

	2021-22 Total Pay and Benefits	2021-22 Salary component	2020-21 Total Pay and Benefits	2020-21 Salary component
25th percentile	20,338	19,418	19,692	18,606
Median	23,928	22,264	22,596	21,202
75th percentile	33,684	32,720	31,633	30,508

The quartile, median and upper quartile ratios have decreased in the year due to the pay award, which excluded the highest-paid Director. The percentage change in the remuneration of the highest-paid Director, of the employees of SLC taken as a whole are shown in the tables below.

4.6 Staff Report

Percentage change of salaries and allowances and performance related pay and bonuses of the highest paid Director and all employees (excluding the highest paid Director) (audited)

	Highest paid Director		All employees (excluding highest paid Director)	
	2021-22	2020-21	2021-22	2020-21
Salary and allowances	0.0%	0.0%	1.3%	3.2%
Performance pay and bonuses	9.4%	6.7%	7.2%	3.7%

During the year, remuneration for permanent members of staff ranged from £18,750 up to £207,500, which is equal to that of the highest paid director (2020-21: £18,140 to £206,000). No employees were paid more than the highest paid director. The remuneration for the entire ELT was £1.1m (2020-21: £1.0m).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Staff Numbers and Remuneration (audited)

The below table represents the average full-time equivalent employees

Staff Numbers by grade and gender for the year to 31 March 2022			
	Male No	Female No	Total No
Executive Leadership Team	4	4	8
Senior Management Team	20	11	31
All other employees	1,460	1,644	3,104
Total	1,484	1,659	3,143

Staff Numbers by grade and gender for the year to 31 March 2021			
	Male No	Female No	Total No
Executive Leadership Team	3	4	7
Senior Management Team	19	9	28
All other employees	1,474	1,690	3,164
Total	1,496	1,703	3,199

There has been a small decrease in average staff numbers since last year – from 3,199 to 3,143. The impact on the level of salaries and other staff costs is detailed in the financial review within the Strategic Report.

Wages and salaries (audited)

'Permanent staff' in the tables below includes all staff with an employment contract with SLC and those employees on fixed term contracts. 'Agency costs' incorporates agency staff who are fulfilling a permanent role within the structure; these support short term requirements such as unexpected absences, short term peaks in workload, short term projects or gaps between filling permanent vacancies.

	2021-22		Total Remuneration £'000
	Permanent Staff £'000	Agency Costs £'000	
Wages and salaries	91,972	2,065	94,037
Social security costs	8,780	-	8,781
Employer Pension costs	16,633	-	16,632
Gain on settlement	0	-	0
Direct staff costs	117,385	2,065	119,450
Indirect staff costs*	731	-	731
Total staff costs	118,116	2,065	120,181

	2020-21		Total Remuneration £'000
	Permanent Staff £'000	Agency Costs £'000	
Wages and salaries	89,139	6,292	95,431
Social security costs	8,304	-	8,304
Employer Pension costs	15,867	-	15,867
Non-cash IAS 19 adjustment	(1,947)	-	(1,947)
Gain on settlement	(1,120)	-	(1,120)
Direct staff costs	110,243	6,292	116,535
Indirect staff costs*	681	-	681
Total staff costs	110,924	6,292	117,216

*Indirect staff costs relate to the apprenticeship levy and health insurance.

4.6 Staff Report

4.6 Staff Report

The most significant change in the overall cost of wages and salaries relates to pension costs £16.6m in 2021-22, compared to £12.8m in 2020-21 where there was a £1.1m gain on settlement offsetting the pension costs and a £2.0m non-cash IAS 19 valuation movement. There was also an increase in permanent staff wages and salaries as a result of the revised pay and grading framework which was offset by a decrease in agency costs. Payment of severance is excluded from the table above.

Consultancy costs are included within other administrative expenses within the Statement of comprehensive net expenditure which are detailed in Note 4 to the financial statements. Other consultancy costs amounted to £1.6m (2020-21: £1.2m) during the year.

Severance Payments (audited)

SLC agreed and paid two (2020-21: 1) severance payment during the year. All payments in both years were 'other' severance payments, and none represented compulsory redundancy payments.

Number of Severance Payments

Payment Band	2021-22	2020-21
£< £10,000	-	1
£10,000 - £25,000	2	-
£25,000 - £50,000	-	-
£50,000 - £75,000	-	-
Total	2	1

The total cost of severance payments on a cash basis for the year was £34,000 (2020-21: £5,000).

Off-Payroll Arrangements exceeding £245 per day

	31 March 2022 No	31 March 2021 No
No. of existing engagements	10	29
Of which:		
No. that have existed for less than one year at time of reporting.	3	7
No. that have existed for between one and two years at time of reporting.	1	14
No. that have existed for between two and three years at time of reporting.	4	5
No. that have existed for between three and four years at time of reporting.	2	3

	31 March 2022 No.
No. of new engagements, or those that reached six months in duration, between 1 April and 31 March	
No. determined as in-scope of IR35	4
No. determined as out-of-scope of IR35	6
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which: no. of engagements that saw a change to IR35 status following review	-
No. of engagements where the status was disputed under provisions in the off-payroll legislation	-
Of which: no. of engagements that saw a change to IR35 status following review.	-

4.6 Staff Report

4.6 Staff Report

People Strategy (unaudited)

The company has a robust People Strategy which covers all aspects of the employee lifecycle from attract, retain, develop and reward.

Reward

SLC wants to properly recognise and reward its people for their contribution and achievements and be recognised as a company that promotes fair pay. A comprehensive new pay and grading framework was developed to eradicate a largely meaningless pay structure that comprised of overlapping pay bands and bore little relevance to the external market pay points.

Following Government approval in late 2021, the company has implemented the new pay and grading framework which also includes the Digital, Data and Technology Pay Framework (DDAT) for technical specialisms.

Our 2021 gender pay gap report saw a very slight increase in both the mean and median gender pay gap from 2020. Our 2021 mean gender pay gap of 11.46% represents an increase of 0.77% and the median gap of 4.63% represents an increase of 0.93%. We explain the detail behind these results in this report published in April 2022 at <http://www.gov.uk/slc>. We have a project plan in place for 2022-23 with the aim of closing the gender pay gap.

The cost-of-living increases over the past few months have presented an issue with salaries, particularly with our lower paid colleagues with living costs having risen at a much higher rate than salary levels.

Skills

The company has completed delivery of a suite of leadership development programmes to build the pipeline of senior talent in the organisation. The Executive Leadership team have taken an active role in the delivery of these programmes. Across all directorates within the company our Emerging Talent initiatives have continued to grow, with a number of interns and apprentices having secured places on our graduate programmes or substantive roles. Over the course of the last year, 103 participants were taking part across a variety of emerging talent programmes and the success of these programmes has been recognised externally including Skills Development Scotland who shortlisted SLC for large employer of the year for our apprenticeship programme and promoting diversity. The flagship project of the People Team, Career Pathways, is now fully launched. Career Pathways is a competency-based career progression tool to enable our colleagues to develop their careers up and across SLC. Career Pathways will form part of the overall performance management process and inform the personal development plans of our colleagues.

Workforce

Enhanced strategic workforce planning has enabled SLC to take a longer-term view of labour supply and demand, with better scenario-planning which is informing future operating models that are flexible and responsive to strategic goals and changing business objectives.

Over the past year, the successful transition of the Operations 2.0 project was completed with further activity planned for 2022-23 to refine the new structure. A new organisational design process and principles were agreed in early 2021 to ensure fairness and consistency in approach to restructuring and resizing activity. Supported by the Establishment Oversight Committee, which is chaired by the CEO, the headcount has been controlled over the course of the last year and the fluctuating levels of previous years are no longer evident.

Our Colleague Representative Group (CRG) was formed to create a vehicle for our colleagues to get more engagement with the organisation and the decision-making processes that impact our staff. There are elected representatives from across all directorates as part of this group and to date have been involved in supporting many initiatives and providing feedback on a number of people related projects such as Career Pathways, Operations 2.0 and more recently, providing input into the plans for the new SLC offices at Buchanan Wharf.

Equality, Diversity and Inclusion

SLC has an established commitment to equality, diversity and inclusion (EDI). In 2020, SLC published its new EDI Strategy spanning the next three years, including three objectives:

- To build and maintain a diverse and inclusive workforce

- To cultivate and promote a workforce culture where everyone is included and is encouraged to be their true selves and feels accepted for who they are
- To work together towards an empowered and engaged workforce.

The EDI Strategy outlines our ambitious action plan to support our three objectives as well as containing the annual compliance monitoring report.

In recognition of our diversity and inclusion efforts SLC was awarded Investors in Diversity accreditation - a national equality standard - by the National Centre for Diversity (NCD) in February 2021. This will help us gauge the consequences of our diversity and inclusion effort and provides an opportunity to share and learn from our peers. The accreditation followed an assessment during which SLC was able to demonstrate its ongoing commitment to embedding equality, diversity, inclusion, and fairness in all that it does. Highlights of our activity in this area over the last year included the launch of a brand-new equality diversity and inclusion (EDI) E-Learning module designed and built-in house; a revision of our EDI policy which now also incorporates a clear anti-bullying harassment and discrimination support pathway for employees, which in turn is supported by a toolkit which has been developed for managers across the business to help them promote a culture of dignity and respect.

4.6 Staff Report

4.6 Staff Report

The NCD praised SLC's efforts to create an inclusive culture and its swift response in developing policies and procedures to protect and support employees during the COVID-19 pandemic. The CEO was also awarded Chief Executive of the Year for supporting Diversity.

We will keep our EDI Strategy under continuous review to ensure its ongoing relevance and to set further actions where new priorities emerge.

The following information sets out data on some of the key protected characteristics which make up the equality profile of SLC as at 31 December 2021. This information is used to compare the profile with the Census from 2011 and other national statistical research. The purpose of this comparison is to measure SLC's workforce to indicate how representative an employer SLC is. In 2021, we launched our Equality Monitoring Campaign to encourage colleagues to share or update their equality data. Improving equality monitoring, in terms of response rates and better understanding the equality profile of SLC's employees, is one of SLC's key equality outcomes as the data is used as part of the impact assessment process and contributes to organisational decision making.

- **Gender:** SLC's gender profile is consistent when compared with other public sector organisations. The percentage of men working at SLC is 47.2% and the percentage of women is 52.8%. The proportion of women employed by SLC is slightly lower than the Office for National Statistics' estimation that women represent 55.0% of UK public sector workers.

- **Ethnicity:** There has been an increase since last year from 60.8 to 63.1% of employees sharing their ethnicity as white. Also, from the data, there has been an increase from 3.1% to 3.6% of our employees sharing they are from each of the ethnic minority groups. The proportion of staff from ethnic minority backgrounds is representative of the localities in which SLC operates. There has been a decrease of nil responses from 36.2% to 33.1% since last year. Concerted efforts as part of our EDI strategy for 2022-23 will be to build wider opportunities for people from ethnic backgrounds to work for SLC which will involve working collaboratively with external groups as part of the Employer of Choice programme.
- **Disability:** This year, we held data for 84.84% of our colleagues. 3.1% of employees have indicated that they have a disability. This is a decrease from last year when 4.6% reported a disability. The percentage of employees sharing that they do not have a disability has decreased from 89.2% last year to 82.03%.
- **Sexual Orientation:** This year 4.1% of employees shared they are gay, lesbian or bisexual, which is a slight decrease from 4.2% last year. We are working with 'Arcus' group LGBT+ colleagues to strengthen their influence in their organisation.
- **Age:** The average age of SLC's workforce has increased from 39 to 40 years old compared to last year. This shows that SLC has a relatively young workforce compared to other public sector employers, where the average age was 53 years old in 2018.

SLC's Recruitment and Selection Policy outlines and confirms our commitment as a Disability Confident Employer by ensuring candidates identifying as having a disability, and able to meet the minimum criteria for a role, are guaranteed an interview. Practical guidance for recruiting, managing and developing colleagues with a disability or health condition is available for managers. Support for colleagues with disabilities is incorporated into SLC policies, procedures and processes and SLC offers support for colleagues to manage their disabilities or health conditions.

During the early part of 2021, SLC extended the functionality of the Workday HR system to support the recording of reasonable adjustments and workplace adjustments put in place to support colleagues to be effective and successful in their roles. This new functionality allows SLC to track and monitor the support provided and to adjust as necessary where circumstances require.

SLC encourages colleagues to update their disability status on Workday. This is completely confidential and helped us meet our legal obligations and our aspiration to become a Disability Confident Leader status which we achieved in early Spring 2022. SLC has also joined the Civil Service Disability Network this year to help inform and develop future thinking in this area. SLC is committed to the development and progression of colleagues with disabilities and to the provision of an inclusive and accessible working environment for all.

SLC provides disability equality awareness training in support of this.

Our programmes have expanded over the past year from 43 participants in March 2021 to 103 by March 2022. Through our STEM Women initiatives and network of female industry experts within SLC promoting opportunities, we have achieved 30% female uptake within digital and technology focused Apprenticeship programmes and 42% within our overall programmes which exceeds the industry standard. As we continue to build on this progress, we have partnered with Career Ready to support social mobility by enabling young people to gain an understanding of the work we do at SLC via mentoring and internship opportunities.

This year, we were shortlisted for the Scottish Apprenticeship awards in the category of 'Large Employer – Promoting Diversity'. Over the last year, we have extended and expanded our Emerging Talent programmes to develop a pipeline of talent from diverse backgrounds.

4.6 Staff Report

4.6 Staff Report

Staff Health – Safety and Wellbeing

SLC understands and discharges its duties under the Management of Health and Safety at Work Regulations 1999. SLC does this through its Health & Safety policy, mandatory annual Health and Safety training for all employees including a workstation assessment, a regular review of Health and Safety risks, regular audits of its working environment, independent 3rd party assurance reviews, regular communications to staff and an annual Health and Safety report to the SLC main Board.

This year SLC took further steps to making health and wellbeing a core part of the culture, with promotions on mental health awareness to all employees. We launched our new Employee Wellbeing policy in November to ensure everyone has access to the information they need to flourish, thrive and be well at work whether they are working from the office or at home and have regularly promoted services available such as our employee assistance programme and mental health first aiders.

Sickness Absence Report

	2021-22 %	2020-21 %
Sickness Absence	3.83	3.93

Staff turnover

Staff turnover percentage includes all staff employed at SLC. For a given period, the turnover figure is calculated as the number of leavers within that period divided by the average of staff in post over the period.

Staff Turnover Report

	2021-22 %	2020-21 %
Staff turnover percentage	18.41	8.06

In 2020-21 there was a decrease in staff turnover due to the uncertainty of employment during the pandemic. In 2021-22 staff turnover has returned to a similar level as in 2019-20 levels (2019-20: 16.88%). This reflects the risk previously noted in respect of staff attraction and retention.

Trade Union Facility Time Reporting

SLC has a longstanding relationship with its recognised trade union, Public and Commercial Services Union (PCS). SLC and PCS hold monthly meetings which provide an opportunity to discuss and resolve employment and business-related matters. PCS provided support across all SLC sites; Glasgow, Darlington and Llandudno Junction.

The Facility Time Agreement implemented in November 2018 permits SLC employees who act as PCS representatives to spend up to a maximum of 50% of their working week on union responsibilities. Overall, 18.45% of time was spent on trade union activities.

Trade Union facility time reporting

	31 March 2022	31 March 2021
Relevant Union Officials		
Employees identified as union officials	10	10
Full time equivalent employees identified as union officials	10	10
Percentage of time spent on facility time		
0% of working time	-	-
1-50% of working time	10	10
51-99% of working time	-	-
100% of working time	-	-
Amount of pay bill spent on facility time		
Amount of pay bill spent on facility time	£37,571	£37,150
Total Pay bill	£118m	£111m
Percentage of pay bill spent on facility time	0.03%	0.03%
Time spend on paid trade union activities as a percentage of total paid facility time		
Time spend on paid trade union activities as a percentage of total paid facility time	100%	100%

4.6 Staff Report

24 November 2022

Paula Sussex

Chief Executive
and Accounting Officer

Parliamentary Accountability Report

Losses, Special Payments and Write-offs (audited)

There were two redundancy payment in total during the year which are detailed in the Remuneration and Staff Report. These were voluntary redundancy payments and subject to the appropriate approval from DfE.

There were no donations made during either the year ended 31 March 2022 or 31 March 2021.

Other than the above, losses for payroll debt write-off were limited to £10,000 during the year for an individual claim with a total ceiling of £40,000. No payroll debt write-offs exceeded the individual limit in the year, neither was the ceiling breached.

Special payments of £497,808 were made during the year. These include not only ex-gratia payments, but all types of special payments as set out in Managing Public Money (MPM).

Of the total £497,808 paid, £106,730 were approved within SLC's delegated authority of £500 per case up to the delegated authority in 2021-22 of £150,000. The remaining £391,078 of the special payments relating to cases above £500 and for which relevant additional approvals were obtained. One of these payments also required specific approval from HMT in addition to DfE and this was obtained. This related to a payment of £335,000 in respect of settlement to a supplier following the courts alternative dispute resolution process.

Fees and Charges (audited)

There are no material fees and charges to disclose.

24 November 2022

Paula Sussex

Chief Executive
and Accounting Officer

Parliamentary Accountability Report

05

Independent Auditors' Report



Independent Auditor's Report to the Members of Student Loans Company

Opinion on financial statements

I have audited the financial statements of the Student Loans Company Limited for the year ended 31 March 2022 which comprise the Student Loans Company Limited's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the Student Loans Company Limited's affairs as at 31 March 2022 and its loss on ordinary activities after taxation for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Student Loans Company Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Student Loans Company Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of cash flows, obtaining details of Grant in aid agreed with the Department for Education for the financial year ended 31 March 2023 and reviewing evidence of the commitment by the Department for Education to the longer-term business of the Student Loans Company Limited referenced in management's going concern assessment.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Student Loans Company Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the annual report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Independent Auditor's Report to the Members of Student Loans Company

Independent Auditor's Report to the Members of Student Loans Company

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the Strategic Report and the Directors' Report been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Student Loans Company Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Directors' Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit;

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Student Loan Company Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Student Loans Company Limited's accounting policies and procedures, and key performance indicators.
- Inquiring of management, the Student Loans Company Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Student Loans Company Limited's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Student Loans Company Limited's controls relating to the company's compliance with the Companies Act 2006, Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent Auditor's Report to the Members of Student Loans Company

Independent Auditor's Report to the Members of Student Loans Company

As a result of these procedures, I considered the opportunities and incentives that may exist within the Student Loans Company Limited for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Student Loans Company Limited's framework of authority as well as other legal and regulatory frameworks in which the Student Loan Company Limited operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Student Loans Company Limited. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law, pension legislation and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Peter Morland
(Senior Statutory Auditor)

For and on behalf of the
Comptroller and Auditor General
(Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Independent Auditor's Report to the Members of Student Loans Company

06

Financial Statements



Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

	Note	2022	2021 (Restated)
		£'000	£'000
Revenue	3	1,117	1,228
Expenditure:			
Staff costs	5	(120,181)	(117,216)
Restructuring costs	5	(34)	(5)
Depreciation, amortisation and impairments	8,9	(38,569)	(40,798)
Other administrative expenditure	4	(112,082)	(99,525)
		(270,866)	(257,544)
Net operating expenditure		(269,749)	(256,316)
Finance income	6	14	6
Finance costs	7	(823)	(851)
Net financing expense		(809)	(845)
(Loss) on ordinary activities before taxation		(270,558)	(257,161)
Tax on result of ordinary activities		-	-
(Loss) on ordinary activities after taxation		(270,558)	(257,161)
Other comprehensive (expenditure)/income:			
Actuarial gain/(loss) on defined benefit pension scheme	15	4,987	(15,308)
Total comprehensive net (expenditure) for the period		(265,571)	(272,469)

Prior year comparatives have been restated upon SLC's reassessment of the capitalisation of SaaS arrangements (Note 18). The notes in section 7.5 form an integral part of these Financial Statements.

All income and expenditure reported is derived from continuing operations.

Statement of Financial Position

as at 31 March 2022

	Note	2022	2021 Restated	01 April 2020 Restated
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	8	19,453	22,948	28,914
Intangible assets	9	70,393	81,300	94,115
Retirement benefit obligation surplus	15	1,995		10,557
Total non-current assets		91,841	104,248	133,586
Current assets				
Trade and other receivables	11	15,310	12,357	7,835
Cash and cash equivalents	12	4,963	4,097	6,003
Corporation tax		3	3	3
Total current assets		20,276	16,457	13,841
Total assets		112,117	120,705	147,427
Current liabilities				
Trade and other payables	13	(32,615)	(28,831)	(29,745)
Provisions	14	(185)	(209)	(135)
Total current liabilities		(32,800)	(29,040)	(29,880)
Total assets less current liabilities		79,317	91,665	117,547
Non-current liabilities				
Trade and other payables	13	(1,527)	(4,830)	(9,399)
Provisions	14	(2,862)	(2,412)	(2,322)
Retirement benefit obligation	15	-	(2,306)	-
			(9,548)	
Total non-current liabilities		(4,389)	(11,721)	(11,721)
Net assets		74,928	82,117	105,826
Capital and reserves				
Called up share capital	17			-
General reserve		74,928	82,117	105,826
Total equity		74,928	82,117	105,826

Prior year comparatives have been restated upon SLC's reassessment of the capitalisation of SaaS arrangements (Note 18). The notes in section 7.5 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 07 July 2022 and were signed on its behalf by the Accounting Officer, who authorised these accounts for issue on the date of the Statutory Auditor's certificate.

24 November 2022

Paula Sussex, Chief Executive and Accounting Officer

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2022

	Note	General Reserves 2022		Total
		General Fund	Pension Reserve	
		£'000	£'000	
Balance at 1 April		84,423	(2,306)	82,117
Net (loss)		(269,872)	(686)	(270,558)
Actuarial gain in retirement benefit obligations	15	-	4,987	4,987
Grant from sponsoring		258,382	-	258,382
Balance at 31 March		72,933	1,995	74,928

	Note	General Reserves 2021 (Restated)		Total
		General Fund	Pension Reserve	
		£'000	£'000	
Balance at 1 April		95,269	10,557	105,826
Net (loss)/profit		(259,606)	2,445	(257,161)
Actuarial (loss) in retirement benefit obligations	15	-	(15,308)	(15,308)
Grant from sponsoring department		248,760	-	248,760
Lease capital reserve		5,760	-	5,760
Balance at 31 March		84,423	(2,306)	82,117

Prior year comparatives have been restated upon SLC's reassessment of the capitalisation of SaaS arrangements (Note 18). The notes in section 7.5 form an integral part of these Financial Statements.

The General Fund represents total assets less liabilities, to the extent that the total is not represented by other reserves and financing items for the Company.

The Pension Reserve represents the net surplus from/(obligation to) the defined benefit pension scheme.

Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022		2021 (Restated)	
		£'000	£'000	£'000	£'000
Cashflow from operating activities					
(Loss) on ordinary activities after taxation		(270,558)		(257,161)	
Adjustments to (loss) on ordinary activities:					
Depreciation	8	8,113		8,271	
Impairments - Property, plant and equipment	8	9		4	
Amortisation	9	30,447		32,298	
Impairments - Intangible assets	9	-		224	
Loss on disposal of fixed assets	4	(5)		1,521	
Taxation		-		-	
Finance costs	7	137		230	
Finance income	6	(14)		(6)	
Pension valuation movements		686		(2,445)	
		(231,185)		(217,064)	
(Increase)/decrease in trade and other receivables	11	(2,952)		(4,528)	
Increase/(Decrease) in trade and other payables	13	3,719		(524)	
Increase/(Decrease) in provisions	14	426		164	
Net cash (outflow) from operating activities			(229,992)	(221,952)	
Cashflow from investing activities:					
Finance income	6	14		6	
Acquisition of property, plant and equipment	8	(4,609)		(4,928)	
Acquisition of intangible assets	9	(19,605)		(19,968)	
Proceeds from sales of property, plant and equipment		98		117	
Net cash (outflow) from investing activities			(24,102)	(24,773)	
Cashflow from financing activities:					
Grant in Aid funding received from sponsoring department		258,382		248,714	
Cash payments for the principal portion of the lease liability		(3,422)		(3,895)	
Net cash inflow from financing activities			254,960	244,819	
Net increase/(decrease) in cash and cash equivalents	12		866	(1,906)	
Cash and cash equivalents at 1 April	12		4,097	6,003	
Cash and cash equivalents at 31 March	12		4,963	4,097	

Prior year comparatives have been restated upon SLC's reassessment of the capitalisation of SaaS arrangements (Note 18). The notes in section 7.5 form an integral part of these Financial Statements.

The movement in payables noted above excludes movements on amounts due under leases which are non-cash movements.

Notes to the Financial Statements

1.1 Accounting Policies

SLC is a company incorporated in England and Wales and domiciled in the UK. SLC is owned by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland.

The Financial Statements have been prepared on an accruals basis in accordance with the Companies Act 2006 and, as appropriate, the Companies Act 2006 requirements, the Government Financial Reporting Manual (FRoM) and other guidance issued by HM Treasury and the Secretary of State for Education where the disclosure requirements of these go beyond the Companies Act 2006 and do not conflict. The Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the UK (Adopted IFRSs) and International Financial Reporting Interpretations Committee interpretations. There have been no significant changes to the FRoM during the year.

Disclosure of Assessment of the Impact of Accounting Standards not yet Adopted

There is one international accounting standard issued but not yet required to be applied in the preparation of these Financial Statements. This is IFRS 17 which relates to insurance contracts. It is not anticipated that this will have any material impact on the

company's Financial Statements as the company does not issue insurance contracts. The application of this standard has now been delayed until January 2023.

1.2 Impact of New Accounting Standards

There are no newly adopted accounting standards for 2021-22. The IFRS Interpretations Committee (IFRIC) has issued two final agenda decisions on cloud computing arrangements. The March 2019 decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term. The April 2021 decision builds on the 2019 decision and considers how a customer accounts for configuration or customisation costs where an intangible asset is not recognised.

IFRIC agenda decisions are a way of making a statement about why a change of an existing IFRS Standard requirement or an interpretation of that requirement is not necessary. As a result, final agenda decisions form part of IFRS guidance. They must be followed in order to claim compliance with IFRS Standards.

Any changes resulting from agenda decisions will be accounted for as a change in accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, i.e. it is to be applied retrospectively. These latest decisions impact SLC's reporting under IAS 38 intangible assets and appropriate disclosures of the update are required by IAS 8 in the 2021-22 Annual Report

and Accounts. 1.16 shows the amount of adjustment for each financial statement line item affected by the application of the IFRIC decision on IAS 38 and specifically accounting for Software as a Service.

1.3 Measurement Convention

The Financial Statements are prepared on the historical cost basis, with the following exceptions which are stated at fair value:

- Financial instruments, namely payables and receivables, are measured at amortised cost - see note 1.11 for further detail
- Cash is stated at fair value
- Tangible and intangible assets, other than assets under development, are stated at depreciated historic cost, as this accurately represents their value in use - see note 1.9 for further detail
- Assets under development are valued at historic cost, calculated using expenditure incurred to date, and are subject to impairment review - see note 1.10 for further detail

1.4 Going Concern

The terms of the Framework Document between SLC and the Secretary of State for Education, the Advanced Learning and Science Directorate of the Scottish Government, acting on behalf of Scottish Ministers, the Department for the Economy in Northern Ireland and the Directorate for Skills, Higher Education and Lifelong Learning of the Welsh Government requires SLC to conduct its affairs so as to remain solvent within the total resources made available to it by the funding bodies.

These Financial Statements have been prepared on this basis.

Grant-in-Aid for SLC's business as usual operating expenditure for 2022-23 has already been included in the sponsoring departments' estimates for that year, which have been approved by Parliament. The total budget has been confirmed by the Department for Education as set out in the Annual Performance and Resource Agreement (APRA) Letter 2022-23. The APRA letter also confirms initial funding for the delivery of HE Reform, reflecting a commitment to SLC continuing to operate longer term as the delivery vehicle for student finance and the development of future HE Reform. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the 2021-22 financial statements.

All active members of SLC's defined benefit pension scheme have been transferred to the Civil Service Pension Scheme with minimal deferred members and pensioners remaining in the residual scheme as at 31 March 2022. The assets of the scheme as at 31 March 2022 are limited to cash and debt instruments with a low level of liquidity risk. It is anticipated that the remaining deferred members and pensioners remaining in the residual scheme will transfer during 2022-23.

1.5 Unsold Loans

SLC, in conjunction with HMRC though whom the majority of repayments are collected, services the entire loan book. The loan book is partly owned by HMG and partly owned by private investors. The value of loans owned by HMG is recorded in the accounts of DfE.

1.6 Use of Estimates and Judgement

The preparation of the Financial Statements in conformity with IFRS requires Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Lease term: SLC has determined the lease term to be to the lease end date, as the expectation is SLC are unlikely to terminate any existing leases early.

Dilapidations provisions: The dilapidations provision is based on external valuations provided by SLC's property consultants. The latest formal desk top valuations were provided in March 2022. Key assumptions are based, in addition to management judgement, on the likely obligation at the lease expiry date and lease stipulations on the property condition on that expiry date.

Notes to the Financial Statements

Notes to the Financial Statements

Legal provisions: Legal provisions as at 31 March 2022 have been assessed up until the signing date of the Annual Report and Accounts. This assessment has taken into consideration the estimated cost of settlement, including fees, and the probability that a settlement will be required.

Accruals and Prepayments: SLC recognises accruals based on receipted purchase orders, other accruals and/or prepayments where the invoice value is over £10,000 de minimis. The exceptions to this de minimis rule include accruals in respect of internal rechargeable resource costs and project milestone-based contracts. Accruals and prepayments are estimated using the best available sources of information at the date of calculation.

Retirement Benefit

Obligations: SLC's retirement benefit obligations are based on external valuations provided annually by qualified actuaries.

The following key assumptions are used to determine estimated future cash outflows anticipated to settle SLC's pension obligations:

- Discount rate
- The rate of salary increases
- Inflation
- Life expectancy
- Deferred pension increase rate
- Pensions-in-payment increase rate
- Duration of the defined benefit obligation

The pension scheme's actuary carries out triennial valuations on behalf of the pension scheme trustee. The final results of the section 179 valuation undertaken in November 2020 projected forward are reflected in the actuarial valuation as at 31 March 2022. This valuation predicts a deficit, and the pension liability is reflected in these financial statements.

Intangible Assets: Development costs that meet IFRSs intangible asset recognition criteria where the assets are intended to be used internally or otherwise, are capitalised as an intangible asset. Capitalisation will only occur when management identify the technological and economic feasibility of the project as detailed in 1.10 below. Assets under development and other intangible assets are tested annually for impairment with an assessment undertaken as to whether the asset will be, or continues to be, technologically and economically viable. Impairments are based on key assumptions made by management on the value in use of the intangible asset.

Software-as-a-service arrangements: 1.10 describes SLC's accounting policy in respect of configuration and customisation costs

incurred in implementing SaaS arrangements. In applying the entity's accounting policy, SLC made the following key judgements that may have the most significant effect on the amounts recognised in financial statements.

Capitalisation of configuration and customisation costs in SaaS arrangements:

In implementing SaaS arrangements, SLC has developed software code that either enhances, modifies or creates additional capability to the existing internally generated software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with IAS 38 Intangible Assets.

1.7 Revenue

Revenue Recognition: Revenue is recognised when the amount of revenue can be reliably measured and where probable future economic benefit will flow to the entity.

Grant-in-Aid: Grant-in-Aid is drawn down from the DfE and recorded on a cash basis in line with DfE's own reporting requirements and in line with the FReM. Grant-in-Aid will be credited to SLC's reserves.

1.8 Taxation

Corporation Tax: Tax on the profit or loss for the year comprises current tax. Tax is recognised in the SOCNE. Current tax is the expected tax due on the taxable profit or loss for the year and any adjustment to tax due in respect of previous years.

VAT: Income and expenditure are shown net of VAT with irrecoverable VAT charged to the SOCNE under the relevant expenditure heading.

The net amount due to HM Revenue and Customs in respect of VAT is included within trade and other payables within the Statement of Financial Position (SOFPP).

1.9 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised where: its value is greater than £5,000 (grouped) at the date of purchase; it is held for use in delivering services or for administrative purposes; it is probable that future benefits will flow to, or service potential be provided to, SLC; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

Measurement

Items of property, plant and equipment are initially measured at cost, representing the costs directly attributable to the acquisition or construction of the asset.

Notes to the Financial Statements

Revaluation and Impairment

The assets' net book values are reviewed for impairment, and adjusted if appropriate, at the date of each SOFP. Apart from right-of-use assets, assets are valued at depreciated historical cost less impairment. PPE assets held are of short life and or low value and depreciated historical cost has been used as a proxy for fair value.

There is no revaluation reserve balance within the SOFP, as SLC does not have a policy of revaluing its assets.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other administrative expenses in the SOCNE.

Right of use Assets

Where leases were recognised as operating leases, SLC has measured the right of use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments recognised in the SOFP immediately before the date of initial application and including the carrying amount of the dilapidations provision.

For new leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line-basis over the remaining lease term.

Notes to the Financial Statements

Depreciation

Depreciation is charged on all property, plant and equipment when substantially all the risks and rewards of the asset have been transferred to SLC. It is calculated to write off the cost of each asset less estimated residual value, evenly over its expected useful life as follows:

Right-of-use assets	Over the term of the lease
Short leasehold improvements	Over the unexpired period of the lease
Computer and other electronic equipment	3 to 5 years
Furniture, fixtures and fittings	8 years
Motor vehicles	3 to 5 years

1.10 Intangible Assets

Recognition

Intangible assets valued greater than £5,000 (grouped) are recognised where the costs can be measured reliably and there is a clear future benefit or service potential attributable from the asset that will flow to SLC.

SLC determines phases during each project's life cycle.

1. Discovery
2. Inception
3. Delivery and Implementation
4. Run and Warranty

As costs accumulate during the discovery and inception phases, expenditure is not capitalised, as feasibility is only determined at the end of these stages. A stage gate report or alternative equivalent assessment is used to determine each project as ready for delivery.

Expenditure on delivery and implementation is then capitalised where all the following can be demonstrated in accordance with IAS 38:

- The project is technically feasible to the point of

completion and will result in an intangible asset for use in the provision of services to SLC or to SLC customers

- SLC intends to complete the asset and use it
- SLC could use the asset
- the intangible asset will generate probable future economic or service delivery benefits
- adequate financial, technical and other resources are available to SLC to complete the development and use the asset
- SLC can reliably measure the expense attributable to the asset during development

Only expenditure directly attributable to the cost of developing software in-house is capitalised. Costs directly attributable are capitalised by way of an estimated standard cost for each development team. Any other expenditure is taken to the SOCNE as an expense.

Websites represent website developments for delivering specific services to customers in the payment and repayment of products within the portfolio.

Measurement

All intangible assets recognised, with the exception of perpetual licences, have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. In accordance with the assessment of capitalisation methods for software development conducted, the cost for internally generated intangible assets has been assessed as the direct labour and management costs directly attributable to the development of the intangible asset.

Revaluation and Impairment

The assets' net book values are reviewed for impairment, and adjusted if appropriate, at the date of each SOFP. The assets are valued at depreciated historical cost.

Intangible assets are carried at fair value that is determined by reference to an active market where possible. As there is no active market, we use depreciated historical cost as a proxy fair value.

Assets under construction are not amortised but are assessed for impairment annually.

Amortisation

Amortisation is recognised in the SOCNE on a straight-line basis over the useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The expected useful lives for the current and comparative year are as follows:

Internally generated software	2 to 10 years
Websites	5 years
Software licences	Over the period of the licence

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Notes to the Financial Statements

Notes to the Financial Statements

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing SLC with the right to access the cloud provider’s application software over the contract period. As such SLC does not recognise a software intangible asset at the contract commencement date.

A right to receive future access to the supplier’s software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others’ access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	<ul style="list-style-type: none"> • Fee for use of application software • Customisation by third party not separately identifiable from right to receive access to the application software.
Recognise as an operating expense as the service is received	<ul style="list-style-type: none"> • Configuration costs • In-house customisation costs • Distinct customisation costs by a third party • Data conversion and migration costs • Testing costs • Training costs
Recognise as an intangible asset	Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset.

Notes to the Financial Statements

1.11 Financial Instruments

(a) Financial Assets

Classification

IFRS 9 requires financial assets to be measured at either amortised cost or fair value. Changes in fair value should either be reflected in profit or loss in the SOCNE or taken to ‘other comprehensive income and expenditure’ (OCI) with no recycling. As at the date of the SOFP, SLC has financial assets included in current assets; these comprise of, ‘other trade receivables’ and ‘cash and cash equivalents’.

Recognition and Measurement

Financial assets are recognised when SLC becomes party to the contractual provisions of the financial instrument. These assets are recognised at amortised cost. Financial assets are de-recognised when the rights to receive the cash flows from the assets have expired or have been transferred and SLC has transferred substantially all risks and rewards of ownership.

Cash and cash equivalents represent cash in hand, and deposits held with banks, excluding deposits held in trust for the payments and repayments of student funding.

(b) Financial Liabilities

Classification

Any changes in fair value is reflected through the SOCNE. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

As at the date of the SOFP, SLC has financial liabilities included as current liabilities comprising of ‘trade payables’, ‘accruals and deferred income, ‘VAT, other taxation and social security’ and ‘lease liability’ in the SOFP.

Recognition and Measurement

Financial liabilities are recognised when SLC becomes party to the contractual provisions of the financial instrument. These liabilities are recognised at amortised cost.

A financial liability is removed from the SOFP when it is extinguished, that is when the obligation is discharged, cancelled or expired.

1.12 Provisions

Provisions are recognised when:

- There is a present legal or constructive obligation as a result of past events
- It is more likely than not that an outflow of resources will be required to settle the obligation
- The amount can be reliably estimated

The provision’s value is discounted when the time value of money is considered material. Changes in the discount rate applied will be recognised in the year in which the change occurred. The discount rate applied is in line with HM Treasury’s Public Expenditure System Announcement of Rates which was published on 13 December 2021.

Notes to the Financial Statements

1.13 Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised, for the amount expected to be paid under a short-term cash performance related award, if SLC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of annual leave earned but not taken by employees at the reporting date of the SOFP is recognised to the extent that employees are permitted to carry forward leave to the following year.

SLC contributed to the Civil Service alpha and partnership schemes and NOW: Pensions scheme during the year.

Civil Service Pension Scheme (the CSPA)

The **alpha** scheme provides benefits on a career-average basis, with a normal pension age equal to the member's state pension age. Pensions payable under the alpha scheme are increased annually in line with the relevant legislation relating to defined benefit pensions increases. The alpha scheme is a defined benefit pension scheme in accordance with IAS 19.

Employee contributions are salary-related for alpha. Benefits in alpha build up with an accrual rate of 2.32%. In all cases, members may opt to give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement and classified as a defined contribution pension

scheme in accordance with IAS 19. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a personal pension product. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement).

These statutory arrangements are unfunded, as the cost of the benefits is met by monies allocated by Parliament each year. Further details about the civil service pension arrangements can be found at the website: www.civilservicepensionscheme.org.uk. It is not possible to separately identify SLC's share of the underlying assets and liabilities.

The alpha scheme is a multi-employer defined benefit scheme. For accounting purposes this is recognised as a defined contribution scheme in accordance with the FReM. SLC recognises contributions payable to the alpha scheme and the partnership scheme in the Statement of Comprehensive Net Expenditure.

NOW: Pensions

NOW: Pensions is a defined contribution scheme which had met SLC's statutory obligations to enrol all employees in a pension scheme in prior years, and still retains some active membership. Contributions are recognised in the SOCNE as they are incurred. SLC has no further liability once contributions are paid to the pension scheme.

Student Loans Company Limited Retirement and Death Benefits Scheme (the SLC Pension Scheme)

The SLC Pension Scheme is defined under the Pensions Act 1993 (part 1) and operates in accordance with the Pension Act 1995 as a trust, established by its Definitive Trust Deed and Rules (June 2004).

The scheme is legally separated from SLC and governed by the Board of Trustees which has control over its operation, funding and investment strategy. The Board is chaired by an independent trustee, The scheme is regulated by the Pensions Regulator, and its Annual Report and Accounts are subject to audit by an independent auditor. SLC is the 'principal employer' and as such, retains responsibilities within the Definitive Trust Deed and Rules.

SLC has the ability to receive a surplus following a gradual settlement of the Scheme and therefore recognises scheme assets within the financial statements.

The scheme closed to future accrual of benefits and all active members were moved to the CSPA during the year ended 31 March 2020. This included the bulk transfer of the benefits for those with more than two years' pensionable service into the nuvos final salary section. Members with less than 2 years' service (around 400 members) were given the option of either a refund of contributions or an enhanced cash transfer

sum payable during the year ended 31 March 2021. The final transfers have been recognised in the pension asset and liability movements for the year, and a gain on settlement has arisen as a result.

The Trustee reviews the scheme's investment strategy at least every three years following the actuarial valuation of the scheme. The last full triennial valuation was carried out as at 5 November 2019, with the most recent investment strategy dated September 2020. The accounting actuarial valuation as at 31 March 2022 is based on the section 179 valuation from November 2020.

In order to manage the investment risks within the scheme, all the scheme's growth mandates were fully disinvested in February 2020. As such, the Trustee adopted an interim investment strategy which consists of the remaining holdings in the corporate bond funds and the liability-driven investment (LDI) mandate. The Trustee adopted a strategy which balances the need to meet the investment objectives of the scheme and the risks taken by the scheme. They have reduced this risk by allocating assets which aim to match the interest rate and inflation sensitivities of the scheme's liabilities. The Trustee operates a bank account and invests Additional Voluntary Contributions (AVCs) on behalf of the members in insurance policies. The AVC policies are reviewed on a regular basis to ensure they remain appropriate.

Notes to the Financial Statements

Notes to the Financial Statements

The Trustee has delegated the responsibility for the day-to-day management of the scheme's assets to Legal & General Investment Management (LGIM). Subject to respective benchmarks and guidelines, the manager is given full discretion over the choice of investments and is expected to maintain a diversified portfolio.

The defined benefit scheme provides a pension and lump sum based on pensionable service and final pensionable salary. The final pensionable salary is the average of the best three continuous pensionable salaries in the ten years before retirement. Benefits are also accessible to a spouse on the death of a scheme member.

SLC's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the prior years. That benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted to determine the net obligation. The liability discount rate is the yield at the reporting date on 'AA' credit rated bonds denominated in the currency relating to the terms of the bonds and having maturity dates approximating to the terms of SLC's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to SLC, the recognised asset is limited to the present value of benefits available in

the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements. Actuarial gains and losses that arise are recognised by SLC in the year they occur through the SOCNE.

1.14 Leases

Leases are capitalised at the present value of the minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the principal capital component and finance charges. The finance charges are allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Interest on leases is charged to the SOCNE in the year to which the lease payment relates.

Leases which are low in value or represent a short-term lease of up to 12 months are recognised as expenses on a straight-line basis and charged to the SOCNE in the year to which they relate.

1.15 Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting as provided to the ELT, Board and to DfE. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO).

The CEO reviews performance based on three segments: Operating Budget, Change Programme and Evolve and this is the basis for SLC's reporting to DfE.

The Operating Budget represents day to day operating activities undertaken by SLC. The Change Programme represents additional activities undertaken by SLC in the financial year to create new activities. On completion, these activities will become part of the operating activities in subsequent years. The Evolve Programme is the SLC transformation programme.

1.16 Changes to significant accounting policy (IAS 8)

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer

receives a software asset at the contract commencement date or a service over the contract term.

- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

SLC's accounting policy has historically been to capitalise implementation and configuration costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to be recognised as an expense in the Statement of Comprehensive Income, impacting both the current and prior periods presented.

The revised accounting policy is presented in 1.10.

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, are presented in Note 18.

Notes to the Financial Statements

Notes to the Financial Statements

2. Segmental reporting

Segmental information can be analysed as follows for the reporting years under review:

	2022				2021 (Restated)			
	Operating Activities	Change Programme	Evolve Programme	Total	Operating Activities	Change Programme	Evolve Programme	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segmental Revenue:								
Administration fees receivable from third parties	1,095	-	-	1,095	1,224	-	-	1,224
Other income	22	-	-	22	4	-	-	4
Total revenue	1,117	-	-	1,117	1,228	-	-	1,228
Segmental Expenditure:								
Total expenditure	(211,028)	(26,237)	(33,601)	(270,866)	(199,113)	(25,397)	(33,034)	(257,544)
Net operating expenditure	(209,911)	(26,237)	(33,601)	(269,749)	(197,885)	(25,397)	(33,034)	(256,316)
Capital expenditure	(8,985)	(13,765)	(938)	(23,688)	(1,596)	(20,192)	(1,773)	(23,561)
Total Segmental Expenditure	(218,896)	(40,002)	(34,539)	(293,437)	(199,481)	(45,589)	(34,807)	(279,877)

Segmental information after operating profit before interest and tax has not been provided on the basis that these costs are determined at corporate level and are not separately reportable to management.

Notes to the Financial Statements

3. Revenue

	2022	2021
	£'000	£'000
Administration fees receivable from third parties	1,095	1,224
Other income	22	4
	1,117	1,228

The Administration fees receivable from third parties in the table above includes £0.99m of Bursary fee income (2020-21: £1.09m). These are fees raised for the administration services provided by SLC to support Higher Education Providers (HEPs) in England, Northern Ireland, Scotland and Wales, in providing mandatory and discretionary bursaries, scholarships and fee waivers to students. HEPs may subscribe to the full service or the core service.

The full service includes payment of the bursary, scholarship or fee waiver entitlement to the student. The core service is an information-only service. The level of subscription is intended to both pay for the planned operational costs incurred by SLC and to fund a programme of ongoing enhancements.

Notes to the Financial Statements

4. Items included in Net Expenditure before Interest and Tax

Other Administrative Expenditure

	2022	2021
	£'000	£'000
Outsourced Services	19,086	18,614
Office Services	1,445	1,403
Postage & Courier	4,700	4,408
Technical Service Delivery	48,154	38,149
Technology, Licenses, Voice & Data	23,657	22,126
Premises Costs	4,926	5,759
Professional Services	6,484	4,697
Recruitment	851	269
General Expenditure	1,038	1,235
Bank Charges	890	838
Other	851	2,027
TOTAL	112,082	99,525

The table above provides the breakdown of other operating expenditure.

An explanation of the increase expenditure in 2021-22 can be found in section 3.2.2. of the annual report and accounts.

To meet reporting requirements, the following analysis is provided to show key items included in net expenditure before interest and tax.

Notes to the Financial Statements

	2022	2021 (Restated)
	£'000	£'000
Dilapidations provision	424	(121)
Depreciation, amortisation and impairments	38,569	40,798
Net (gain)/loss on disposal of fixed assets	(5)	1,521
Directors' remuneration	755	786
Auditors remuneration:		
- Audit of these financial statements	190	132
Operating lease rentals:		
- Land and buildings	7	2

Directors' remuneration:

	2022	2021
	£'000	£'000
Non-Executive Directors' Fees	162	155
Executive emoluments (including benefits in kind)	466	489
Pension contributions	127	140
Taxable expenses	-	2
	755	786

There are three statutory Executive Directors at SLC, the Chief Executive Officer, the Deputy Chief Executive Officer and Customer Officer, and the Chief Financial Officer. The remuneration of each individual Director is analysed in the Remuneration and Staff Report. The highest paid Director during the year was the CEO, Paula Sussex, with a salary of £190,000 (2020-21: £190,000).

Notes to the Financial Statements

5. Staff Costs

The aggregate payroll costs were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	91,972	89,139
Social security costs	8,780	8,304
Pension service costs/(income)	16,633	13,920
Gain on settlement at transfer of pension fund (see note 16)	-	(1,120)
	117,385	110,243
Other staff costs	2,796	6,973
	120,181	117,216
Restructuring costs	34	5

The increase in Wages and Salaries primarily reflects the impact of the new Pay and grading framework during 2021-22. Other staff costs represent the additional cost to SLC for agency workers, contractors, the apprenticeship levy and other indirect staff costs at times of peak demand or to cover vacant posts whilst recruitment is underway.

Restructuring costs of £34,000 (2020-21: £5,000) represents the severance payment made in year. Full details of the number of payments and corresponding costs on a cash basis are included in the Remuneration and Staff Report.

6. Finance income

	2022	2021
	£'000	£'000
Bank interest	1	6
Stamp duty Tax rebate	13	-
	14	6

7. Finance Costs

	2022	2021
	£'000	£'000
Pension interest charge/(income)	58	(256)
Pension administration expenses	628	877
Lease finance charge	137	230
	823	851

The decrease in lease finance charge in the year is partly due to the termination of the Europa lease in 2020-21 and a reduction in the lease liability, as no new leases were agreed in 2021-22.

Pension interest income was receivable in 2020-21 as the scheme was in surplus at the beginning of the financial year. The scheme moved into a small deficit at the end of the 2020-21 resulting in an interest charge in 2021-22.

Notes to the Financial Statements

8. Property, plant and equipment

	Short leasehold improvements	Computer and other electronic equipment	Furniture, fixtures and fittings	Motor vehicles	Assets under construction	Right of Use Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2020	17,192	16,916	4,210	86	815	17,784	57,003
Adjustments	-	-	-	-	219	-	219
Additions	-	2,031	31	50	2,694	122	4,928
Disposals	(3,716)	(1,933)	(515)	(39)	-	(2,070)	(8,273)
Transfers	1,267	2,301	-	-	(3,568)	-	-
Impairment	-	-	-	-	-	-	-
At 1 April 2021	14,743	19,315	3,726	97	160	15,836	53,877
Additions	186	2,148	702	29	1,120	470	4,655
Disposals	(262)	(1,190)	(199)	(25)	-	-	(1,676)
Transfers	253	77	-	(330)	-	-	-
Impairment	-	-	-	-	-	-	-
At 31 March 2022	14,920	20,350	4,229	101	950	16,306	56,856
Depreciation							
At 1 April 2020	8,816	12,775	1,890	34	-	4,573	28,088
Charge for the year	2,225	2,095	396	31	-	3,524	8,271
On disposals	(2,313)	(1,864)	(360)	(26)	-	(872)	(5,435)
Impairments	-	4	-	-	-	-	4
At 1 April 2021	8,728	13,010	1,926	39	-	7,225	30,928
Charge for the year	2,104	2,315	356	24	-	3,314	8,113
On disposals	(263)	(1,186)	(174)	(25)	-	-	(1,648)
Impairments	-	9	-	-	-	-	9
At 31 March 2022	10,569	14,148	2,108	38	-	10,539	37,402
Net book value							
At 1 April 2021	6,015	6,305	1,800	58	160	8,611	22,949
At 31 March 2022	4,351	6,202	2,121	63	950	5,767	19,454

The main additions arise from the dilapidations provision valuation adjustment within the right of use asset, the Darlington Studios refit within leasehold improvements, purchase of security hardware appliances within computer equipment and new furniture purchases within the Bothwell Street office to allow for the new hybrid way of working.

Notes to the Financial Statements

9. Intangible assets

	Intangible assets under development	Internally generated software	Websites	Software licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2020 *restated	22,792	149,486	3,728	10,010	186,016
Adjustments	204	(424)	-	-	(220)
Additions *restated	19,258	-	-	710	19,968
Disposals	-	-	(1,764)	(2,884)	(4,648)
Transfers *restated	(32,031)	31,419	612	-	-
Impairment	(224)	-	-	-	(224)
At 1 April 2021	9,999	180,481	2,576	7,836	200,892
Additions	18,467	-	-	1,138	19,605
Disposals	-	(5,594)	-	(2,413)	(8,007)
Transfer	(17,086)	17,079	7	-	-
Impairment	-	-	-	-	-
At 31 March 2022	11,380	191,966	2,583	6,561	212,490
Amortisation					
At 1 April 2020 *restated	-	81,225	3,692	6,985	91,902
Charge for the year *restated	-	30,957	57	1,284	32,298
Disposals	-	-	(1,764)	(2,844)	(4,608)
At 1 April 2021	-	112,182	1,985	5,425	119,592
Charge for the year	-	29,170	139	1,138	30,447
Disposals	-	(5,529)	-	(2,413)	(7,942)
At 31 March 2022	-	135,823	2,124	4,150	142,097
Net book value					
At 1 April 2021	9,999	68,299	591	2,411	81,300
At 31 March 2022	11,380	56,143	459	2,411	70,393

Assets under Development represent the ongoing internal development of SLC's systems to allow the delivery of services to customers and the policy change requested by the shareholders. The completed developments to date are included within Internally Generated Software.

The most significant additions to Assets under Development and Internally Generated Software relate to work on updating systems for the new academic year and bring systems in line with Shareholder policy initiatives. Other significant work has related to HE Short Course, upgrades to the loan finance system (CLASS), the LA Portal upgrade and the Scottish Student Loans Repayment Threshold Project.

Notes to the Financial Statements

10. Financial instruments

As the cash requirements of SLC are met through Grant-in-Aid, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Most financial instruments relate to contracts to buy non-financial items in line with SLC's expected purchase and usage requirements and SLC is therefore exposed to little liquidity or market risk. Credit risk exists for trade and other receivables, which are detailed in note 12.

Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposure to customers. For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted. Credit risk is the risk of financial loss to

SLC if a customer fails to meet their contractual obligations.

Other trade receivables comprise sums due from third party portfolio administration and HEPs for the bursary administration service. 99% of other trade receivables are not older than 3 months and do not represent any credit risk, therefore no allowance for credit loss is required.

Liquidity Risk

SLC's net revenue resource requirements and capital expenditure requirements are financed by fees charged to universities and colleges and Grant-in-Aid funded by Parliament. The Annual Performance and Resource Agreement letter, which confirms the top-level budget delegated to SLC, for the financial year 2022-23 has been presented to

SLC and provides assurance that funding of its activities will continue. Cash requirements are presented to the Department for Education on a monthly basis, and any cash flow requirements are forthcoming as required. SLC is therefore not exposed to any material liquidity risks.

Market and Currency Risk

SLC does not borrow or invest funds. Financial assets and liabilities are generated by day-to-day activities and are not held to manage the risks facing SLC in undertaking its activities.

The Financial Statements are presented in 'Pound Sterling' (£), which is SLC's functional and presentation currency. SLC does not ordinarily enter foreign currency transactions.

The carrying value approximates to the fair value due to the short maturity of the instruments.

As at 31st March	2022		2021	
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Trade receivables due within 1 year	5,320	5,320	6,175	6,175
Cash and cash equivalents	4,963	4,963	4,097	4,097
Trade payables due within 1 year	32,615	32,615	28,831	28,831
Trade payables due after 1 year	1,527	1,527	4,830	4,830

The maturity analysis of lease liabilities that shows the remaining contractual maturities are shown below.

Property	End Date of lease	2022	2021
		Lease liability	Lease liability
		£'000	£'000
Darlington Building 13	27/04/2023	45	97
Darlington Memphis Building	28/04/2023	938	1,858
Llandudno	23/06/2023	-	-
Bothwell Street	24/12/2023	3,154	5,205
Darlington Studios	13/08/2024	295	422
Hillington	15/08/2025	429	516
Total liability		4,861	8,098

Liquidity risk arising from maturity dates is managed in line with the SLC's approach to liquidity risk above.

SLC entered into one short-term low value lease in 2020-21. As provided by IFRS 16, lease rental costs are expensed as incurred. A charge of £7,000 was recorded in the SOCNE for the year.

Notes to the Financial Statements

11. Trade and Other Receivables

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Other trade receivables	5,320	6,175
Prepayments and accrued income	9,839	6,094
	15,159	12,269
Amounts falling due after more than one year:		
Prepayments and accrued income	151	88
Total trade and other receivables	15,310	12,357

12. Cash and Cash Equivalents

	2022	2021
	£'000	£'000
Balance at 1 April	4,097	6,003
Net increase(decrease) in cash and cash equivalents	866	(1,906)
Balance at 31 March	4,963	4,097
The balances at 31 March were held at:		
Government banking scheme accounts	4,963	4,097

At 31 March 2022 £98.1m (2020-21: £97.8m) was held in trust on behalf of third parties to administer payments to students as they fall due. These are not SLC funds but are accessed by SLC. These are not SLC funds, but are accessed by SLC as part of its function to service the loan book which is partly owned by HMG and partly owned by private investors. This cash balance, and any movements in year, are recorded, along with the value of the loans outstanding, in the accounts of the owners of the loan book.

Notes to the Financial Statements

13. Trade and other payables

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade payables	2,257	843
VAT	3,316	4,050
Other taxation and social security	2,255	2,197
Accruals and deferred income	21,453	18,473
Lease liability	3,334	3,268
	32,615	28,831
Amounts falling due after more than one year:		
Lease liability	1,527	4,830
Total trade and other payables	34,142	33,661

There has been a £3.0m increase in accruals. This relates primarily to the timing of payment for services received in 2021-22 where costs are recognised against milestone statement of works on the projects. Larger payments are made to suppliers less often than would have been the case when work was invoiced based on time expended.

Notes to the Financial Statements

14. Provisions

	Legal costs	Dilapidations	Deferred lease improvement	Total
	£'000	£'000	£'000	£'000
At 1 April 2020	100	2,249	108	2,457
Arising in year	129	121	-	250
Amounts utilised	(10)	-	(30)	(40)
Amounts reversed unutilised to the Statement of Comprehensive Income	(46)	-	-	(46)
At 31 March 2021	173	2,370	78	2,621
Amounts falling due within one year	173	-	36	209
Amounts falling due after more than one year	-	2,370	42	2,412
	173	2,370	78	2,621
At 1 April 2021	173	2,370	78	2,621
Arising in year	110	424	(10)	524
Amounts utilised	(73)	-	-	(73)
Amounts reversed unutilised to the Statement of Comprehensive Income	(25)	-	-	(25)
At 31 March 2022	185	2,794	68	3,047
Amounts falling due within one year	185	-	-	185
Amounts falling due after more than one year	-	2,794	68	2,862
	185	2,794	68	3,047

The provision for legal claims represents the estimated cost to SLC for ongoing legal work. The provision is the best estimate, based on the value of the claims made and the circumstances surrounding the claims.

The provision for dilapidations represents the estimated settlement cost to SLC of the dilapidation's clauses included in its property leases. These costs are expected to be incurred on the termination of the property leases as follows: £321,000 in August 2025, £107,000 in August 2024, £1,494,000 in December 2023 and £872,000 in April 2023. The provision has been made based on the best estimate using independent professional assessments.

Deferred lease improvement represents future improvements to the leased property on Bothwell Street which are part of the specific works required under the terms of the lease agreement until its expiration.

Notes to the Financial Statements

15. Retirement Benefit Obligation

Until 1 March 2020, SLC operated the SLC Pension Scheme for all permanent staff. This scheme was a defined benefit scheme that provides benefits based on final pensionable salary. The assets of the scheme have been held separately from those of SLC, being invested by the Trustees of the scheme.

At 29 February 2020, the SLC Pension Scheme closed to future accrual of benefits and most active members were transferred ('bulk transfer') to the Principal Civil Service Pension Scheme ('nuvos' section) on 1

March 2020 where they retained their salary link.

On 1 March 2020 SLC became a member of the Civil Service Pension Arrangements and made the alpha and partnership schemes available to all its employees and provided non-scheme members with the options of joining alpha, partnership, or remaining a non-pension member until next re-enrolment date when they would be auto enrolled into alpha.

Under the SLC Pension Scheme rules, if the actuary certified that there is sufficient surplus

in the scheme, the trustees may be liable to pay all or part of the surplus to the employer, however this is subject to specific funding rules. The Scheme actuary would have to certify that the scheme liabilities are fully funded under an actuarial valuation conducted under the Pensions Act 1995 (as amended) and SLC does not propose to request a refund given the volatility within the scheme. A reconciliation of the scheme movements to the Statement of Financial Position is given below:

Reconciliation to Statement of Financial Position	2022		2021	
	£'000	£'000	£'000	£'000
Opening pension net liability / (asset)		2,306		(10,557)
Administrative expenses		628		877
Interest costs/(income)		58		(256)
Employer contributions		0		(1,959)
Other staff costs		0		12
Actuarial loss in fair value of plan assets	4,363		2,154	
Actuarial (gain)/loss in defined benefit obligation:				
- effect of changes in demographic assumptions	(180)		(132)	
- effect of changes in financial assumptions	(9,721)		11,782	
- effect of experience adjustments	551		1,504	
Total actuarial (gain)/loss		(4,987)		15,308
Gain on settlement at transfer of pension fund		0		(1,119)
Net liability / (asset) as at 31 March		(1,995)		2,306

Notes to the Financial Statements

The SLC Pension Scheme closed to future accrual on 29 February 2020. Following this the 2019 triennial actuarial valuation was concluded and resulted in a new Schedule of Contributions, postponing all payments into the SLC Pension Scheme from SLC. The basis of this was the additional agreement with the Cabinet Office and HM Treasury that the residual parts of the SLC Pension Scheme (being deferred members and pensioners) would transfer to the CSPA by the end of 2022-23, potentially generating a surplus for HM Treasury.

Should this transfer not transpire, then the Schedule of Contributions sets out that deficit payments would resume in October 2023, with SLC/DfE required to pay contributions of:

- £nil in the years ended 31 March 2022 and 31 March 2023;
- £18,800,000 in the year ended 31 March 2024; and
- £20,300,000 in each of the years ended 31 March 2025, 2026 and 2027.

Net defined (asset)/liability reconciliation	2022	2021
	£'000	£'000
Opening net defined benefit liability/(asset)	2,306	(10,557)
Defined benefit cost included in Statement of Comprehensive Net Expenditure	686	(486)
Total re-measurements included in Statement of Comprehensive Net Expenditure	(4,987)	15,308
Employer contributions	-	(1,959)
Net (asset)/liability	(1,995)	2,306

Amounts recognised in the Statement of Financial Position	2022	2021
	£'000	£'000
Present value of funded obligations	78,141	87,492
Fair value of plan assets	80,136	(85,186)
Net (asset)/liability	(1,995)	2,306

Notes to the Financial Statements

The defined benefit obligations are estimated based on the projected unit cost method. They have been rolled forward from a projection from the results of the scheme's statutory funding valuation as at 5 November 2019 to 31 March 2022.

Change in defined benefit obligation	2022	2021
	£'000	£'000
Benefit obligation as at 1 April	87,492	78,581
Current service cost	0	0
Past service costs	0	12
(Gain) on settlements	0	(1,119)
Settlement payments from plan assets	0	(3,272)
Interest cost	1,904	1,788
Benefits paid	(1,905)	(1,652)

Actuarial loss/(gain):		
- effect of changes in demographic assumptions	(180)	(132)
- effect of changes in financial assumptions	(9,721)	11,782
- effect of experience adjustments	551	1,504
Total actuarial loss	(9,350)	13,154
Benefit obligation as at 31 March	78,141	87,492

Change in fair value of plan assets	2022	2021
	£'000	£'000
Fair value of plan assets as at 1 April	85,186	89,138
Interest income	1,846	2,044
Employer contributions	0	1,959
Settlement payments from plan assets	0	(3,272)
Plan participants' contributions	0	0
Benefits paid	(1,905)	(1,652)
Administrative expenses	(628)	(877)
Insurance premiums for risk benefits		0
Actuarial (loss)/gain	(4,363)	(2,154)
Fair value of plan assets as at 31 March	80,136	85,186

Notes to the Financial Statements

Components of defined benefit cost	2022		2021	
	£'000	£'000	£'000	£'000
Current service cost	-		0	
GMP Equalisation / past service costs	0		12	
Total service cost		0		12
Gain on settlements		0		(1,119)
Interest cost	1,904		1,788	
Interest (income) on plan assets	(1,846)		(2,044)	
Total net interest cost/(income)		58		(256)
Administrative expenses		628		877
Defined benefit cost included in Statement of Comprehensive Net Expenditure		686		(486)
Re-measurements (recognised in other comprehensive income):				
Effect of changes in demographic assumptions	(180)		(132)	
Effect of changes in financial assumptions	(9,721)		11,782	
Effect of experience assumptions	551		1,504	
Return on plan assets (excluding interest income)	4,363		2,154	
Total re-measurements		(4,987)		15,308
Total recognised in the Statement of Comprehensive Net Expenditure		(4,301)		14,822

There are no active members in the SLC Pension Scheme, and so the below table shows the new analysis of the defined benefit obligation by remaining member type:

Defined benefit obligation by participant status	2022	2021
	£'000	£'000
Vested deferrals	61,394	69,185
Retirees	16,747	18,307
Total	78,141	87,492

Prior to the transfer of assets and liabilities to the Civil Service Pension Scheme, previously held equity instruments, real estate and funds were realised. Assets held on behalf of the remaining scheme are now limited to cash and debt instruments:

Fair value of plan assets	2022	2021
	£'000	£'000
Cash and cash equivalents	890	619
I-L Gilts	35,126	37,959
Corporate bonds	44,120	46,608
Total	80,136	85,186
Actual return on plan assets	(2,517)	(110)

Notes to the Financial Statements

The assumptions used to determine the actuarial calculations are shown below. There have been no changes in methodology since the prior valuation.

Weighted average assumptions used to determine benefit obligations	2022	2021
	%	%
Discount rate	2.80	2.20
Rate of price inflation (RPI)	3.50	3.10
Rate of price inflation (CPI)	3.30	2.70
Deferred pension increase rate (pre-/post-2009)	3.30/2.50	2.70/2.50
Rate of increase of pension in payment	2.90	2.90

Weighted average life expectancy for mortality tables used to determine benefit obligation	2022	2021
	years	years
Male member age 65 (current life expectancy)	20.8	20.7
Male member age 45 (life expectancy at aged 65)	21.8	21.8
Female member age 65 (current life expectancy)	22.8	22.7
Female member age 45 (life expectancy at aged 65)	24.3	24.3

Weighted average assumptions used to determine defined benefit cost	2022	2021
	%	%
Discount rate	2.20	2.30
Rate of price inflation (RPI)	3.10	2.40
Rate of price inflation (CPI)	2.70	1.90
Deferred pension increase rate (Pre/Post-09)	2.70/2.50	1.90
Pensions-in-payment increase rate	2.90	2.40

Weighted average life expectancy for mortality tables used to determine benefit obligation (Mortality)	2022	2021
	Post-retirement male mortality assumption	S3PMA CMI 2021 1.25% with Sk = 7.5, weightings of 125% for non-pensioners and 121% for pensioners
Post-retirement female mortality assumption	S3PFA "Middle" CMI 2021 1.25% with Sk = 7.5, weightings of 116% for non pensioners and 117% for pensioners	S3PFA "Middle" CMI 2021 1.25% with Sk = 7.5, weightings of 116% for non pensioners and 117% for pensioners

The weighted average duration of the defined benefit pension obligation is 25 years.

Notes to the Financial Statements

The funded status of the scheme and the amounts recognised as a liability as at 31 March 2022 are compared to the corresponding amounts given a range of sensitivities below.

Sensitivities from Base - Analysis of amounts recognised in the SOFP							
	2021	2022	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality: Minus one year age rating
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of plan asset	85,186	80,136	80,136	80,136	80,136	80,136	80,136
Defined benefit obligation	87,492	78,141	83,184	73,480	75,443	80,979	81,404
Funded status	2,306	(1,995)	3,048	(6,656)	(4,693)	843	1,268
Net defined benefit liability/(asset) excluding any effect of asset ceiling	2,306	(1,995)	3,048	(6,656)	(4,693)	843	1,268

Sensitivities on actuarial assumptions							
	2021	2022	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality: Minus one year age rating
	%	%	%	%	%	%	%
Discount rate	2.20	2.80	2.55	3.05	2.80	2.80	2.80
Rate of RPI assumption	3.10	3.50	3.50	3.50	3.25	3.75	3.50
Rate of CPI assumption	2.70	3.30	3.50	3.50	3.05	3.55	3.30

Contributions in 2021-22

SLC is obliged to contribute between 26.6% and 30.3 % to the alpha scheme and 8.0% to 14.75% to the partnership scheme in 2022-23.

16. Capital and other financial Commitments

At 31 March SLC had placed contracts for the purchase of the following:

	2022	2021
	£'000	£'000
Tangible assets	837	87
Intangible assets	636	809
Software licences	4,486	2,253

17. Called up Share Capital

	2022	2021
	£	£
Authorised:		
200 ordinary shares of 50p each	100	100
Allotted, called up and fully paid:		
20 ordinary shares of 50p each	10	10

Notes to the Financial Statements

Notes to the Financial Statements

18. Prior Year Comparatives Restatement

Prior year comparatives have been restated upon SLC's reassessment of the accounting policy for Intangible assets following the issuing of two final agenda decisions by IFRIC which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.

- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

SLC's accounting policy has historically been to capitalise implementation and configuration costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the

above agenda decisions has resulted in a reclassification of these intangible assets to be recognised as an expense in the Statement of Comprehensive Income, impacting both the current and prior periods presented.

The revised accounting policy is presented in 1.10.

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

Statement of Financial Position as at 31 March 2021

	As previously reported	Adjustments	As Restated
	(£'000)	(£'000)	(£'000)
Intangible Assets	104,027	(22,727)	81,300
Total Non-Current Assets	126,975	(22,727)	104,248
Total Current Assets	16,457		16,457
Total Assets	143,432	(22,727)	120,705
Total assets less current liabilities	114,392	(22,727)	91,665
Net Assets	104,844	(22,727)	82,117
General Reserve	104,844	(22,727)	82,117
Total Equity	104,844	(22,727)	82,117

Statement of Financial Position as at 1st April 2020

	As previously reported	Adjustments	As Restated
	(£'000)	(£'000)	(£'000)
Intangible Assets	99,436	(5,322)	94,114
Total Non-Current Assets	138,908	(5,322)	133,586
Total Current Assets	13,841		13,841
Total Assets	152,749	(5,322)	147,427
Total assets less current liabilities	122,869	(5,322)	117,547
Net Assets	111,148	(5,322)	105,826
General Reserve	111,148	(5,322)	105,826
Total Equity	111,148	(5,322)	105,826

Notes to the Financial Statements

Statement of Comprehensive Net Expenditure Year Ended 31 March 2021

	As previously reported	Adjustments	As Restated
	(£'000)	(£'000)	(£'000)
Depreciation, Amortisation and impairment	(41,265)	467	(40,798)
Other administrative expenses	(81,652)	(17,873)	(99,525)
Staff Costs	(117,216)		(117,216)
Operating Profit	(238,910)	(17,406)	(256,316)
(Loss) on ordinary activities before taxation	(239,755)	(17,406)	(257,161)
(Loss) on ordinary activities after taxation	(239,755)	(17,406)	(257,161)
Total comprehensive net (expenditure) for the period	(255,063)	(17,406)	(272,469)

Statement of Changes in Taxpayers Equity Year Ended 31 March 2021

	General Fund as Previously Reported	Adjustments	General fund as Restated
	(£'000)	(£'000)	(£'000)
General Reserves 2021			
Balance as at 1 April	100,591	(5,322)	95,269
Net (loss)/profit	(242,200)	(17,406)	(259,606)
Balance as at 31 March	107,151	(22,728)	84,423

Cash Flow Statement Year Ended 31 March 2021

	As previously reported	Adjustments	As Restated
	(£'000)	(£'000)	(£'000)
(Loss) on ordinary activities after taxation	(239,758)	(17,406)	(257,164)
Amortisation	32,766	(467)	32,299
Net cash (outflow) from operating activities	(204,079)	(17,873)	(221,952)
Acquisition of Intangible Assets	(37,841)	17,873	(19,968)
Net cash outflow from investing activities	(42,646)	17,873	(24,773)

Notes to the Financial Statements

19. Controlling Parties

SLC is owned by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland.

20. Related Party Transactions

SLC is a NDPB that is funded by the bodies detailed in note 1 to the financial statements. Those funding bodies are regarded as related parties.

During the year, SLC had various material transactions with the above departments. Grant-In-Aid funding received is detailed in 7.3 and 7.4 the Statement of Changes in Taxpayers' Equity, and Statement of Cashflows respectively.

Dependants of Directors, executive management and staff who are students, are eligible to participate in the student loans scheme on the same terms and conditions as are available to other students. During the period, certain Non-Executive and Executive Directors held the following positions with higher education providers with which SLC transacts for student funding or bodies which are closely associated with higher education.

- The Chair, Mr Peter Lauener, is Chair of the Newcastle College Group and Chair of Orchard Hill College & Academy Trust.
- Ms Mary Curnock Cook CBE is a Council Member of the Open University (until October 2021); Chair of Council at the Dyson Institute of Engineering and Technology; Chair of Trustees of The Access Project (until October 2021), Trustee of the United Church Schools Trust (until April 2021); Non-Executive Director of the London Interdisciplinary School; Non-Executive Director of The Student Room; Non-Executive Director of Education Cubed Limited; Trustee of the Higher Education Policy Institute and Chair of Pearson Education Limited (from October 2021).
- The wife of Mr Simon Devonshire OBE is the Director of the Entrepreneurship Institute at King's College London.
- Ms Charlotte Moar is a Council Member at the University of Bath and an independent member of the Audit and Risk Committee at DfE.
- Prof. Andrew Wathey CBE is Vice Chancellor and Chief Executive Officer of Northumbria University and a Council Member of the All-Party University Group.

SLC is exempt from the disclosure requirements in relation to transactions and outstanding balances, where not individually or collectively significant, with any of the above related parties where the UK Government has significant influence over UK universities.

In addition to the above related party disclosure, a register of interests for Non-Executive and Executive Directors is held by SLC and is available upon request.

Transactions with bodies in which the Non-Executive Directors held interests during the year have been examined. One related party transaction was identified:

During the year SLC contracted with the Student Room £72,000 (at market rate) in respect of digital marketing services. There was no outstanding balance as at 31 March 2022.

Compensation for key management personnel is disclosed in the Remuneration and Staff Report.

21. Statement of Loans Administered by SLC

Funding for the purpose of making loans to students is received by SLC from the Department for Education, the Welsh Government, the Scottish Government and the Department for the Economy in Northern Ireland.

As at 31 March 2022 the total face value of the loan portfolio administered by SLC on behalf of the funding bodies was £201.4bn, (31 March 2021: £177.9bn), which excludes all non-repayable student support.

22. Events after the Reporting Period

The Accounting Officer authorised these accounts for issue on the date the independent auditor's report was signed by the Comptroller and Auditor General.

Retirement Benefit Obligation

As at 31 March 2022 there was a net retirement benefit obligation surplus of £2 million on the balance sheet. The recent market turmoil has led to a decrease in the value of assets held within the pension fund, however, as increasing yields will increase the discount rate, liabilities are also expected to decrease. The market remains volatile, and we are unable to quantify the full impact but expect the net retirement benefit obligation to have a material movement and show a retirement benefit obligation deficit.

Notes to the Financial Statements



Student Loans Company

SLC is established as a company limited by shares under the Companies Act with its registered office at Memphis Building, Lingfield Point, McMullen Road, Darlington, DL1 1RW