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## Student Loans for Higher Education in Northern Ireland: Financial Year 2016-17

### Introduction

This statistical first release provides statistics on loan outlays, repayments of loans and borrower activity for Northern Ireland domiciled students studying in Higher Education (HE) and European Union (EU) students studying in Northern Ireland, and covers financial years up to 2016-17. Figures are provided for Income Contingent Loans (ICR), which were introduced in 1998/99.

### Key points

- The total amount lent to HE students in financial year 2016-17 was £330.9m, an increase of 4.6% compared with 2015-16. *Table 1 and Chart 1.*
- Net repayments posted to customer accounts amounted to £74.4m in the financial year 2016-17, an increase of 7.8% compared with 2015-16. Repayments included voluntary repayments to the value of £7.2m, an increase of 9.1% compared with 2015-16. *Table 1.*
- The Loan Balance (including loans not yet due for repayment) at the end of financial year 2016-17 was £3.0 billion, an increase of 10.6% when compared with 2015-16. *Table 1 and Chart 2.*
- At the end of 2016-17 there were 222,700 borrowers; of these, 145,100 had accounts liable for repayment. These figures represent an increase of 6.1% and 6.7% respectively compared to the position at the end of 2015-16. *Table 2.*
- The average loan balance for all borrowers who still had a live account at the end of tax year 2015-16 ranged from £8,570 for the 2004 repayment cohort (after 14 years of recorded repayment history) to £18,840 for the 2015 repayment cohort (after 1 year of recorded repayment history). The average loan balance for the 2016 repayment cohort which entered repayment at the end of tax year 2016-17 was £20,990 *Table 5A(iii) and Chart 5.*
- 28,100 (15.1%) of the borrowers who had become liable to repay had fully repaid their loan. *Tables 3A(i) and 3A(ii)* show how the number and percentage of borrowers who had fully repaid their loan varies by repayment cohort. *Chart 6.*

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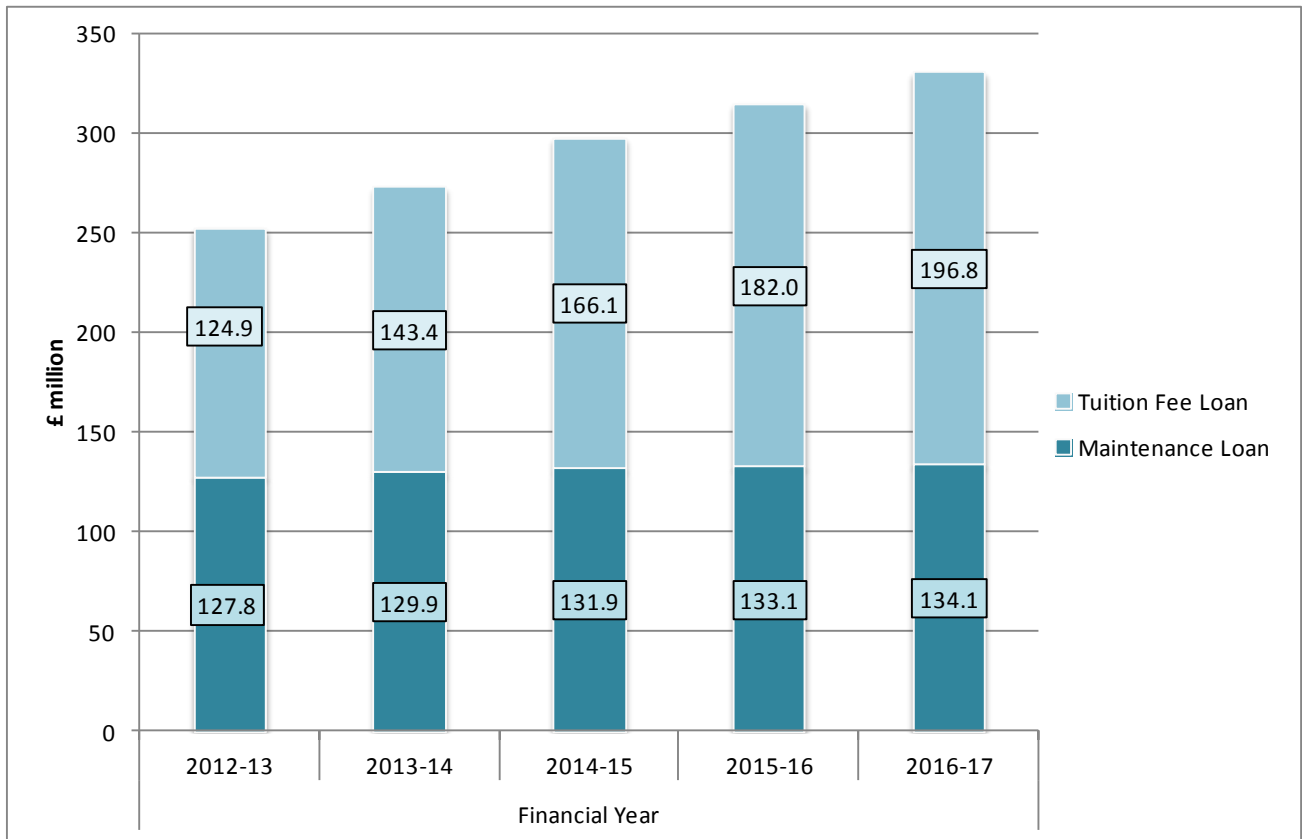
## Definitions

Account repaid in full	The borrower has repaid the account in full without it being cancelled or written off. It includes accounts with trivial balance write-offs.
Administration charges	A non-interest bearing penalty imposed on accounts where extra administration is required (e.g. in cases of arrears or default).
Cancelled loan	The borrower no longer has any liability to repay as provided for in the loans regulations. An ICR borrower's liability shall be cancelled: <ul style="list-style-type: none"> <li>• On the death of the borrower;</li> <li>• When, in the case of pre-2006 student loans, age 65 is reached;</li> <li>• When, in the case of post-2006 student loans, the 25<sup>th</sup> anniversary of the date on which the borrower became liable to repay the student loan; or</li> <li>• If/when the borrower is disabled and permanently unfit for work</li> </ul>
In arrears	Borrowers who have at least one loan on which repayments are overdue. Arrears arise when a borrower moves overseas and fails to repay SLC according to their repayment schedule. Additionally any borrower who moves overseas and fails to provide the information required to agree the appropriate repayment schedule will also be placed in arrears.
Income Contingent Loan	Also known as Income Contingent Repayment (ICR) Loan. Introduced in 1998, repayment is 9.0% of income above the income threshold. Includes ICR maintenance loans, tuition fee loans, hardship loans and part-time loans. Hardship loans and part-time loans ceased to be issued after 2003/04.
Income Threshold	The earnings level at which borrowers liable to repay will make repayments.
Liable to repay	The borrower has reached their Statutory Repayment Due Date (SRDD). See definition of SRDD.
Maintenance Loan	Maintenance loans are loans to cover living costs.
New borrowers	Borrowers who had no loans at the beginning of the financial year and took out new loans during the financial year.
No live employment at Her Majesty's Revenue & Customs (HMRC)	Borrowers in the UK tax system where HMRC does not have a record of any current employment when the data cut is taken for these statistics and SLC does not yet have information to determine an alternative status.
Non-UK EU Borrower	A borrower who was originally domiciled in an EU country prior to entering higher education in Northern Ireland. Such borrowers are eligible for Tuition Fee Loan only from academic year 2006/07. The first full repayment cohort for these borrowers is the 2010 cohort (after a typical three year undergraduate degree course). Tuition Fee Loans are paid directly to the institution of attendance.
Overdue Debt	That part of the Loan Balance that is overdue for those borrowers who are in arrears.
Refunds of income contingent repayments	Where over-repayment is identified, a refund is provided to the customer by SLC.
Repayment Cohort	The year of the earliest Statutory Repayment Due Date (SRDD). See definition of SRDD below. A borrower may only belong to one repayment cohort. It is possible for the repayment cohort to change e.g. If the student drops out of their course.

Statutory Repayment Due Date	The point a borrower becomes liable to begin repaying a loan, the April after graduating or otherwise leaving their course. After SRDD borrowers are required to make repayments if their income is above the threshold.
Written off loan	<p>The borrower remains liable to repay but recovery is deemed unlikely by the loan administrator or not possible by legal judgement.</p> <p>Up until July 2004 for Mortgage Style and September 2004 for ICR, Student Loans could be written off as a result of the customer becoming bankrupt. After these dates Student Loans are no longer covered by bankruptcy. Student Loans continue to be subject to Individual Voluntary Arrangements whereby part of the loan balance is written off once the customer completes the repayment schedule in the IVA.</p>

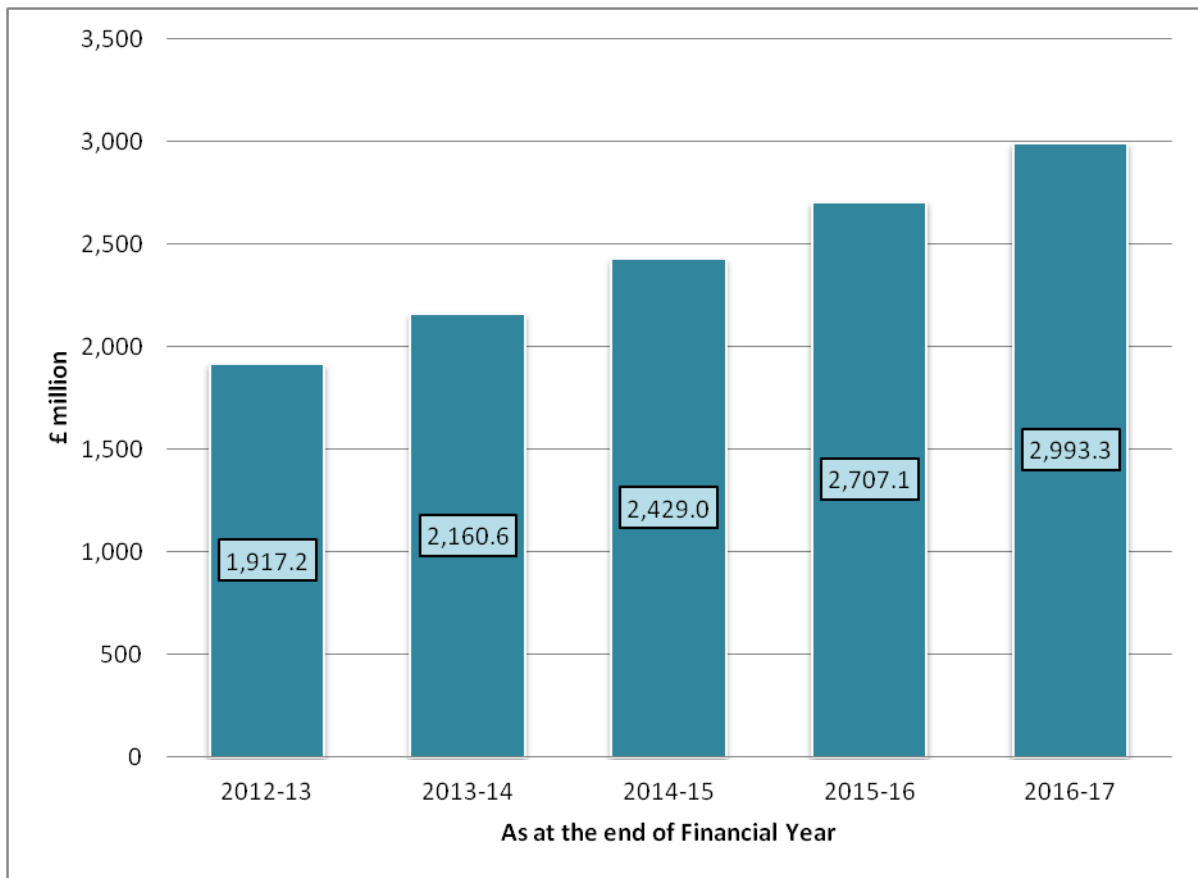
## Statistical commentary

Chart 1: Total amount lent in financial years 2012-13 to 2016-17



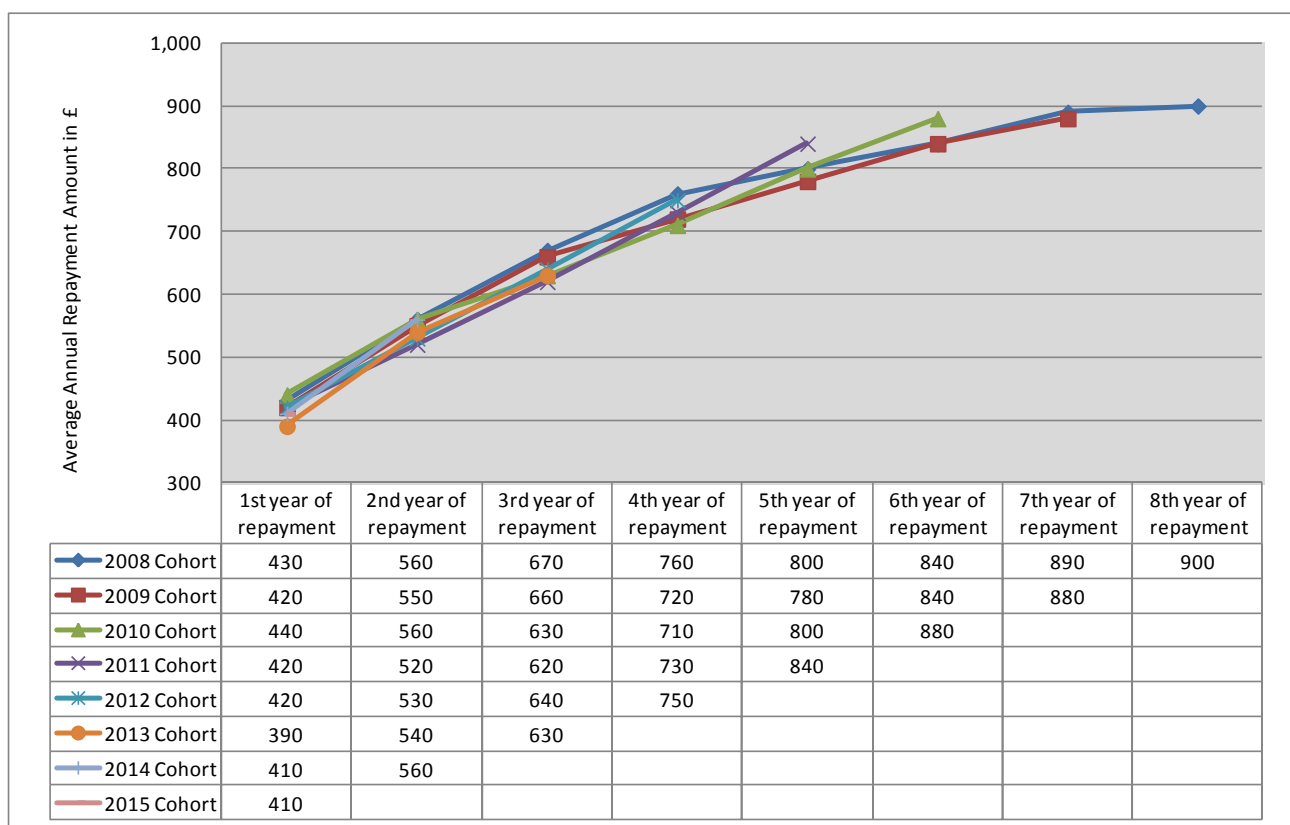
The total amount lent in financial year 2016-17 was £330.9 million, which is an increase of 5.0% when compared with financial year 2015-16.

**Chart 2: Total balance of ICR (Income contingent) Student Loans at the end of financial years 2012-13 to 2016-17**



The total Loan Balance at the end of financial year 2016-17 is £3.0 billion, which is an increase of 10.6% when compared with 2015-16. At this point in time the new lending and the interest added outweighs the repayments being made by those borrowers who are now liable to repay.

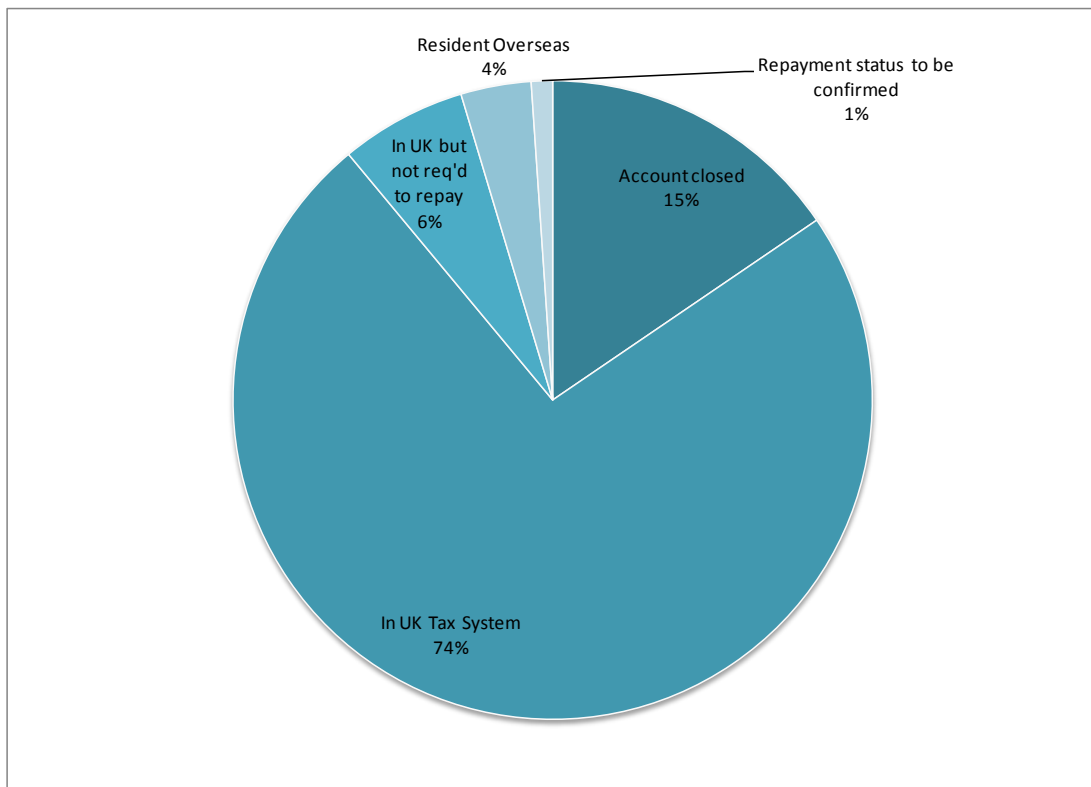
**Chart 3: Average annual amount repaid by ICR Student Loan borrowers making repayments via HMRC**



The average amount repaid increases sharply in the first and second years of repayment, followed by a more gradual increase over the following years. The increasing repayments are caused by income growth in the years after leaving higher education. The average repayment in the first year of repayment increased gradually until the 2008 cohort after which it has fallen back except for the 2010 cohort.

The most recent data points for financial years 2012-13 onwards show the effect of the increase income threshold which reduces the repayment amounts if the borrower income does not increase to the same extent. For later years of repayment there will be downward trend on the average repayment as borrowers start to fully repay. At the point they fully repay they are more likely to be repaying at a level above the average of those left in the cohort at that point.

**Chart 4: Borrowers liable to repay by repayment status**



This chart covers all borrowers in all repayment cohorts liable to be repay as at 30 April 2017. 15.5% no longer retain any Loan Balance mainly due to full repayment. 73.5% are in the UK Tax system. Table 3A shows how the number and percentage of borrowers in each repayment status varies by cohort.

**Chart 5: Average Loan Balance on entry into repayment by repayment cohort**

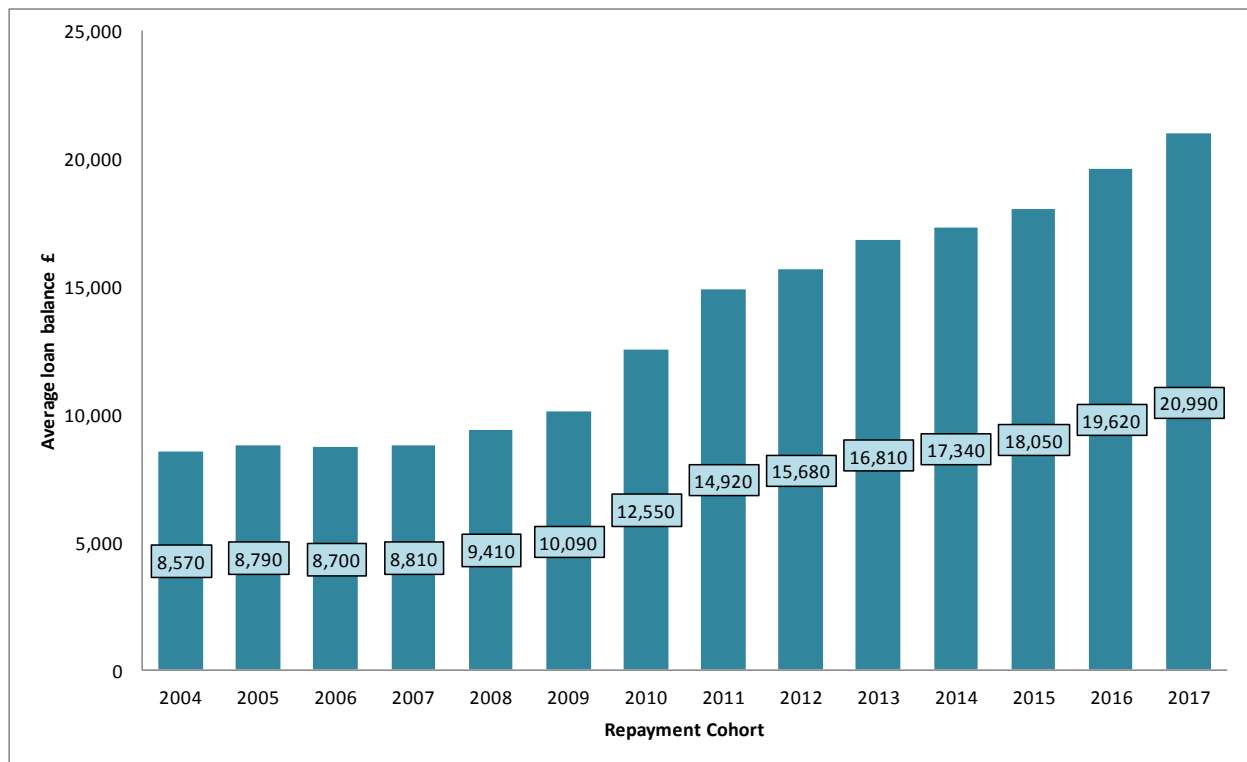
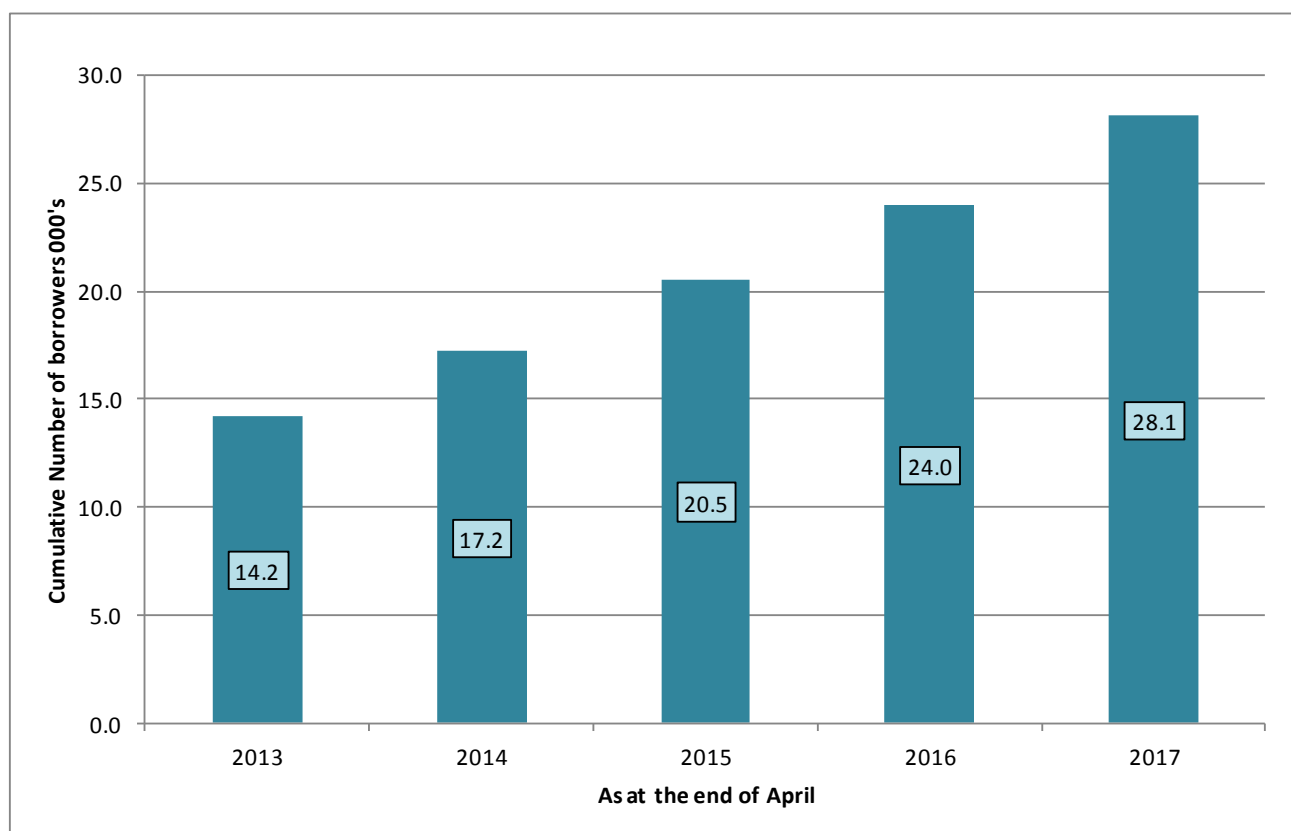


Chart 5 shows the average Loan Balance for borrowers at the point where their liability to repay first began. The average Loan Balance reflects the amount of loan available whilst studying and the number of years that the borrower chose to take loans for. See Table 5(iii).

**Chart 6: Cumulative number of borrowers who have fully repaid**



As at 30 April 2017 there are 28,096 borrowers who have entered repayment and /or have fully repaid. See Table 3A(i). The figures at the end of the previous years are taken from the equivalent table in the previous year's publications.

## Data sources

1. This publication uses data from a single source: administrative data from the SLC Customer Ledger Account Servicing System (CLASS). For details of the administrative sources see the published Statement of administrative sources published on the SLC website using the following link  
[http://www.slc.co.uk/media/5450/slc\\_statistics\\_-\\_statement\\_of\\_administrative\\_sources.pdf](http://www.slc.co.uk/media/5450/slc_statistics_-_statement_of_administrative_sources.pdf)

## Data quality

2. SLC has published the Quality Guidelines that it follows. As per those guidelines a Quality Plan is produced for each publication. The Quality Plan stipulates two stages of Quality Assurance. Data is extracted from the administrative systems then reviewed using a standard Quality Assurance checklist. The statistical tables created using that data are quality assured using the Statistical Quality guidelines. Further details can be found by following the link below  
[http://www.slc.co.uk/media/5403/slc\\_statistics\\_-\\_quality\\_guidelines.pdf](http://www.slc.co.uk/media/5403/slc_statistics_-_quality_guidelines.pdf)

## Data uses

3. SLC has published a Uses Made document for National and Official statistics. Further details can be found by following the link below  
[http://www.slc.co.uk/media/5454/slc\\_official\\_statistics\\_-\\_use\\_made.pdf](http://www.slc.co.uk/media/5454/slc_official_statistics_-_use_made.pdf)

## Revisions

4. Revisions within the data are denoted with an [r]. Some of these revisions are carried over from the previous year's publication and are, therefore, not revisions to this year's publication. Further details can be found by following the link below  
[http://www.slc.co.uk/media/5449/slc\\_statistics\\_-\\_revisions\\_policy.pdf](http://www.slc.co.uk/media/5449/slc_statistics_-_revisions_policy.pdf)

## Changes included in this SFR

5. There have been no changes to the scope or content of the publication this year except that the statistic in Table 1 previous called "Repaid Earlier than Required" has been replaced with the title "Voluntary Repayments" and is slightly lower because it now excludes "Offset Cash Receipt" repayments. Although repaid early, these are scheduled repayments rather than voluntary repayments.

## Notes on policy

6. The statistics on student loans in this release were compiled by the Student Loans Company. They include public sector loans only, which are repaid on an income contingent basis. Student loans are available to eligible full-time undergraduate students and those taking full-time or part-time postgraduate initial teacher training courses. In the four academic years from 2000/01 onwards some other part-time students were able to take out loans, but these were then replaced by part-time course grants and part-time fee grants.

7. Following the Farren Review of student finance arrangements in 2000, the Higher Education Bursary was introduced for new entrants into Higher Education in Northern Ireland in academic year 2001/02. This means-tested grant was aimed at increasing access by providing additional help towards the cost of participating in HE by students from lower income households.

## **Tuition Fee Loans**

8. Northern Ireland domiciled students and EU students entering Higher Education in Northern Ireland from academic year 2006/07 onwards are known as new system students and are subject to tuition fees. They can take out loans to cover the cost of their fees which are not repayable until they have left Higher Education (HE) and are earning over the earnings threshold. New students from academic year 2012/13 onwards who are studying in England, Wales or Scotland and are subject to the new tuition fee charges are entitled to a tuition fee loan of up to £9,000, but where they are studying in Northern Ireland, they are entitled to the variable tuition fee loan of £3,685.

9. From 2006/07 students can defer payment of tuition fees by taking out a Tuition Fee loan. As well as being available to new system students, this option is also available to pre-2006/07 entrants if they make a full or partial contribution to their fixed fees. Students can take out as much or as little fee loan as they choose, up to the maximum amount of fees being charged. The repayment of Tuition Fee Loans debt is no different to that for Maintenance loans debt. When the borrower goes into repayment they effectively have a single combined debt balance to be repaid according to the Income Contingent repayment regulations

10. Tuition Fee Loans became available to EU students studying in Northern Ireland in academic year 2006/07. Prior to this year EU students were not entitled to any form of Student Loan.

## **Repayment of Income Contingent Loans**

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

12. Repayments are at the rate of 9.0% of income above the income threshold. Apart from a few exceptions, where borrowers live overseas or have small balances, SLC does not collect monies from borrowers with income contingent loans – this is done through the taxation system.

13. Over-repayments can occur due to the fact that the employer does not know the loan balance and simply makes the 9.0% deduction in the pay period. The employer is instructed to stop deductions once the SLC knows that the customer has fully repaid. Hence, with this process there is always a residual over-repayment by the customer which is refunded by the SLC. Another type of refund is where deductions were made in one or more pay periods but the total earnings over the tax year are less than the earnings threshold.

14. From December 2009 a new repayment option was introduced which would allow those borrowers who were nearing end of repayment to switch to direct debit repayments. In doing so, borrowers avoid the possibility of over repaying their loan.

15. The data held by the Student Loans Company (SLC) at 31 March 2015 for repayments via HM Revenue and Customs (HMRC), and the resultant status information, interest applied and outstanding balance, represent mostly the effect of repayments in tax year 2013-14. Backdated information can be

received from HMRC causing the data posted by SLC in one financial year to cover multiple tax years. The purpose of this publication is to show the data by tax year in order to represent the time series from the point of view of the borrowers themselves and their actual repayment history.

16. The repayment interest charge is set each year from 30 September to 31 August. It is affected by a cap at the bank base rate of +1.0%. The interest rate is the lower of the Retail Prices Index (RPI) at the preceding March or 1.0% above the highest base rate of a nominated group of banks calculated regularly during the year. The interest rate does not affect the monthly repayment amount of Income Contingent Loans; it will affect the time taken to repay. The RPI at March 2015 was 0.9% so the cap did not apply between 1 September 2015 and 31 August 2016 where the interest rate was 0.9%. The RPI at March 2016 was 1.6% so the cap was applied from 1 September 2016. The interest rate was initially set at 1.25% because the bank base rate was 0.25% at that point.

## Annual interest rate

17. The annual Retail Price Index from end March to March is used as the basis for the interest rate from the following September to August. However, additionally for ICR loans, the interest rate cannot be more than 1.0% higher than the base rate of major banks, or alternatively the Government may choose not to set an interest rate (effectively 0%).

18. The interest charge is affected by a cap at the bank base rate of +1.0%. The interest rate is the lower of the Retail Prices Index (RPI) at the preceding March, or 1.0% above the highest base rate of a nominated group of banks calculated regularly during the year. The RPI at March 2014 was 2.5% so the cap was applied from 1 September 2014 until 31 August 2015. It was 1.5% throughout the year because the bank base rate stayed at 0.5% throughout. The RPI at March 2015 was 0.9% so the cap does not apply from 1 September 2015 until 31 August 2016 where the interest rate is 0.9%. The interest rate does not affect the monthly repayment amount of Income Contingent Loans; it will affect the time taken to repay.

## Related statistical publications

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

The latest publication can be found at: <http://www.slc.co.uk/official-statistics/financial-support-awarded/northern-ireland-higher-education.aspx>

## Factors affecting time series

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

21. From April 2005 the income contingent repayment threshold changed from £10,000 to £15,000. Those borrowers prior to April 2005, who were earning more than £10,000 and less than £15,000, would cease repaying until their income reached the new threshold. The threshold remained at £15,000 until April 2012 when it increased to £15,795 and it has been increased every year since in line with inflation.

22. From 2009, SLC took action against those borrowers who moved overseas and did not provide SLC with adequate information to allow the processing of repayments. One of the measures was to place

borrowers in arrears so that legal action may be brought against them. This necessary change in the process led to an increase in the number of borrowers residing overseas and in arrears. It should be noted that the figure will also include UK borrowers who have moved overseas after completing their studies.

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

## Notes for users

### Repayments via Self Assessment (Table 1)

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

### Repayment Status (Table 3)

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

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

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

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

### **Repayments via HMRC (Tables 4A and 4B)**

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

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

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

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

### **Loan Balances (Table 5)**

30. The average loan balance for each repayment cohort at the point they become liable to repay has always been higher than for the preceding cohort. Thereafter, interest added to the balance in the early years of repayment has tended to outweigh the repayments made and many of the borrowers have gone on to take out further loans after their initial loans became liable for repayment. Table 5 excludes those who have fully repaid their loans; therefore figures on average amount owed cover those who have outstanding debt only.

## User Engagement

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

<http://www.slc.co.uk/official-statistics/guide-to-our-statistics/user-engagement.aspx>

## National Statistics

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

## Table guide

- Table 1 The amounts paid out in Income Contingent Loans and repayments applied to individual loan accounts during financial years 2012-13 to 2016-17 broken down by repayment plan and study mode.
- Table 2 Detailed breakdown of figures for Income Contingent Loan borrower repayment activity for 2016-17 and comparisons to figures for financial years 2012-13 and 2015-16.
- Table 3: ICR Student Loans borrowers liable to repay by repayment cohort and repayment status as at 30 April 2017.
- Table 4: ICR Student Loans borrowers making repayments via HMRC by repayment cohort and tax year as at 30 April 2017. Table 4C details repayments made by non-UK EU borrowers making repayments directly to SLC.
- Table 5: ICR Student Loans borrowers with a Loan Balance by repayment cohort and tax year as at 30 April 2017.

## Tables

The tables are available at:

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