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Coverage: Scotland

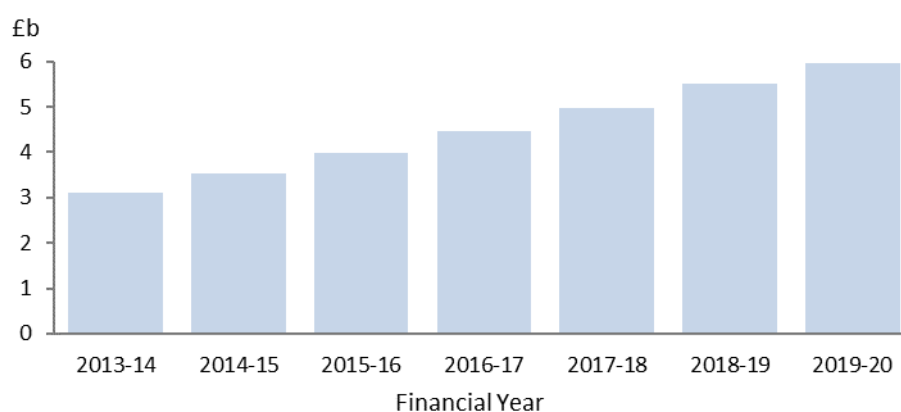
Theme: Children, Education
and Skills

Student Loans in Scotland: Part 1 Financial Year 2019-20

Income Contingent Student Loan Balance

Income Contingent Student Loan balance reaches £6.0 billion for Higher Education borrowers

Figure 1: Total Balance of Income Contingent Student Loans at the end of Financial Year 2013-14 to 2019-20 (£ billion)



The loan balance for Scotland borrowers reached £6.0 billion by the end of financial year 2019-20. This is a £0.4 billion increase on the previous end-financial year figure of £5.5 billion.

In comparison to the annual increase between financial years 2017-18 and 2018-19, although still increasing, this increase has reduced slightly from 10.7% to 8.0%.

The loan balance has increased year-on-year as new lending and interest added to existing balances outweighs repayments and write-offs.

Of the total balance, 69.5% are amounts are liable for repayment. This means that a borrower has passed their Statutory Repayment Due Date (SRDD). This is the point they would become liable to begin repaying a loan, normally the April after graduating or otherwise leaving their course.

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Introduction

This statistics publication presents figures and observations on student loan outlays, repayments and borrower activity for Scotland domiciled Student Loans Company (SLC) customers. This covers students who are studying, or borrowers who have studied in Higher Education (HE) and Further Education (FE) in the United Kingdom (UK). Figures are also shown for European Union students studying in Scotland.

Figures provided here are for Income Contingent Repayment (ICR) Loans administered by SLC, which were introduced in Academic Year 1998/99.

This publication covers financial years 2013-14 through 2019-20.

Complete information on student finance arrangements in Scotland are available at the Student Awards Agency Scotland (SAAS) [website](#).

What can you use these statistics for?

These statistics can be used as a reference to the value of the Student Loans Company (SLC) loan book at the end of the financial year, student outlay within a financial year and information on borrower activity and repayment amounts.

The data used in this publication is sourced from Student Loans Company's 'Customer Ledger Account Servicing System' (CLASS). This system only holds information on borrowers who have received funding from SLC. This publication also only includes information on loan products and does not include information regarding grants and bursaries. Under normal circumstances grants and bursaries are not considered repayable.

Due to this, these statistics cannot be used to analyse trends or to draw conclusions regarding the full UK education funding landscape.

Things you need to know

Reduced Publication Series

In adherence to government rulings during the coronavirus (COVID-19) pandemic, and with staff working remotely, we are currently unable to produce our full suite of statistical tables. This decision has been made, taking into account the three pillars of the Code of Practice for Statistics (Trustworthiness, Quality and Value) and following recent guidance from the UK Statistics Authority on changes to statistical outputs during the coronavirus outbreak. Within this document, we will therefore only refer to published data (Table 1 and Table 5). The remaining data tables and commentary will be released in due course. Further details can be found on our [webpage](#).

More Frequent Data Sharing (MFDS)

From April 2019 the frequency in which repayments data was provided to SLC by HM Revenues and Customs (HMRC) increased. Before this SLC received customer repayment data, reported by employers, annually from HMRC after the end of the financial year. This has now increased to weekly. This means for SLC customers being paid monthly through the Pay as You Earn (PAYE) system, SLC receives information of

student loan deductions monthly. **This increase in frequency has resulted a change in time series for repayments and interest applied for the 2019-20 financial year.**

Repayments of Income Contingent Loans are shown in this publication in the financial year they are posted to customer accounts. As SLC were previously notified of repayments by HMRC usually within one year of the financial year ending, the repayments shown in a given financial year were mainly for the year before. The same was also true for the associated interest calculations being applied to these customer accounts.

As SLC are now receiving this information at a greater frequency (from April 2019 onwards), financial year 2019-20 will have more repayments data than previous financial years. Almost two years' worth of customer PAYE repayments and interest calculations (those processed by SLC in both FY 2018-19 and 2019-20) will be included. For the 2020-21 financial year, due to be published June 2021, the time series should normalise with a single years' worth of repayments data being included (those processed by SLC in FY 2020-21).

HMRC will still provide SLC with annual information within one year of the financial year ending, which will be reviewed and applied to customer accounts like before. This end of year file will be the end of financial year position for PAYE borrower. This could result in minor adjustments to customer balances. These adjustments and will be included in the next reporting financial year data.

The MFDS Effect on Interest Rate Calculations

The interest applied to accounts, like repayments, is reported within this publication in the financial year it was posted to the customer's account, and not necessarily the year the interest was accrued. For PAYE repayers this is dependent on when repayment information is received from HMRC and thus affected by the introduction of MFDS in the 2019-20 financial year (explained above).

Pre MFDS, PAYE repayment information was received by SLC annually from HMRC for each borrower, usually after the end of the financial year. At this point the account was re-calculated using the repayment information supplied and interest backdated and applied. This would be reported within this publication in the following financial year data.

With the introduction of MFDS and repayments information more readily available, interest is also calculated and applied to the accounts more readily. **This has resulted in a change in time series for financial year 2019-20 for interest applied**, as almost two years' worth of customer PAYE repayments and interest calculations are included (those processed by SLC in both FY 2018-19 and 2019-20). The time series should normalise in financial year 2020-21, as will include just one financial year of repayments information and resulting interest calculations (those processed by SLC in FY 2020-21).

Self Assessment Data

Self Assessment repayment data is supplied from HMRC to SLC via a different process to PAYE. As a result, this will still be provided annually after the end of the financial year (and not weekly as for PAYE customers). This will therefore still show in the financial year in which it was posted to the customer's account, as in previous years. For this reason, financial year 2019-20 will mostly comprise of Self Assessment repayments data from the previous financial year. This will also be true of the interest calculations being applied for these borrowers.

In previous years we have had to mark the figures relating to Self Assessment repayments as 'estimated' due to this being provided later than anticipated. For 2018-19 and 2019-20 this has been provided as

expected, allowing this to be included as final figures.

Rounding, Totals and Averages

All borrower numbers and amounts have been rounded to the nearest 100 and £100,000, the nearest 1 decimal point on the data tables given. Average amounts are rounded to the nearest £10. Totals and averages are calculated from un-rounded numbers, these therefore may differ from adding up rounded components.

Effective Dates

The effective dates used in this publication are as follows:

Table 1 and 2: 31st March
Table 3, 4 and 5: 30th April

Tables 3, 4 and 5 reports on information which requires annual PAYE end of year data supplied by HMRC to SLC, even after the introduction of MFDS. This is received after the financial year ends hence the later effective date.

Changes included in this publication

Table 1 - In line with our Student Support publication series, we have removed data prior to financial year 2013-14. Data prior to 2013-14 is available in all previous year versions of this publication.

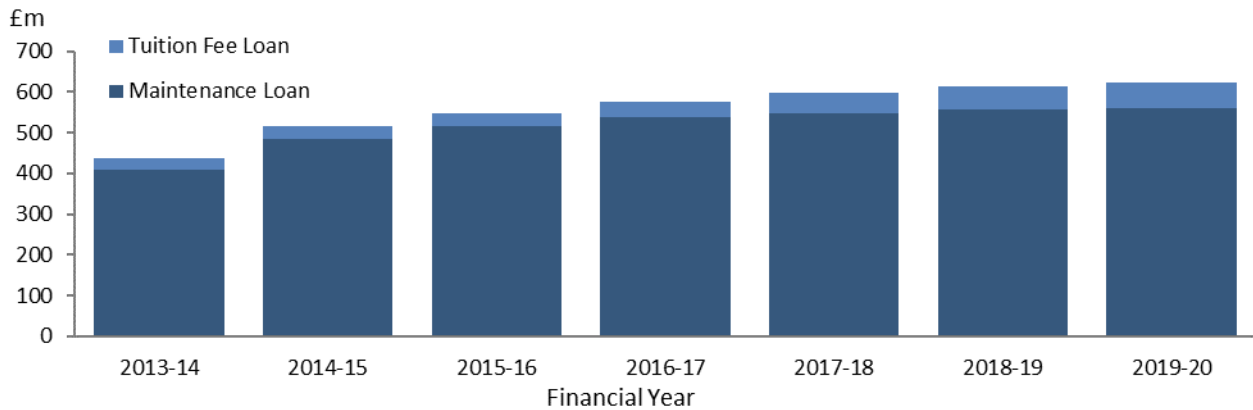
Tables 5 - We have removed the Tax Year columns prior to 2006-07 and resulting Repayment Cohorts rows prior to 2007. This table is becoming increasingly large and more difficult to view when printed. There is no statistically significant variance year-on-year in these earlier years and historic data can be found in previous years publications. The total row displayed still shows the total of **all** ICR borrowers (inclusive of now deleted rows).

Total Amount Lent to Student Borrowers

Loans discussed in this section include Tuition Fee Loans and Maintenance Loans for Undergraduates. Postgraduate funding is arranged via the Student Awards Agency Scotland (SAAS).

Amount lent to Higher Education borrowers remains relatively constant at £623.2 million in Financial Year 2019-20

Figure 2: Total Amount Lent to Higher Education Loans Borrowers in Financial Years 2013-14 to 2019-20 (£ million)



The amount lent to Higher Education borrowers in financial year 2019-20 was £623.2 million. This was an £8.1 million increase (1.3%) in comparison to the previous year end position.

A total of £560.9 million was lent to Higher Education borrowers in the form of Maintenance Loans. This was a small increase of £3.7 million (0.7%) on end-financial year 2018-19. The year-on-year increase has somewhat reduced from the 1.9% seen in 2018-19 against 2017-18.

In regard to Tuition Fee loans, £62.3 million was lent in financial year 2019-20, a 7.7% increase to that in financial year 2018-19. This is a reduced increase than in the previous financial year, when a further 10.9% was lent in comparison to 2017-18.

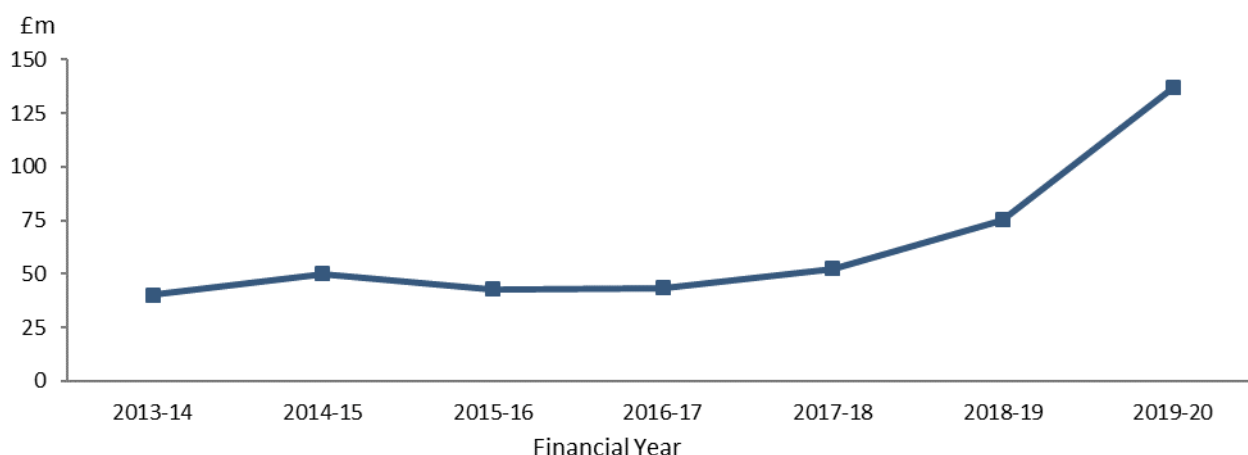
Tuition Fee Loans are administered by Student Loans Company for those studying elsewhere in the UK.

Interest Added to Income Contingent Loans

The interest charge is affected by a cap at the bank base rate of +1%. The interest rate is the lower of the RPI at the preceding March, or 1% 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.

£137.0 million interest added to Higher Education Loans in Financial Year 2019-20

Figure 4: Total Amount of Interest Added to Higher Education Loans in Financial Years 2013-14 to 2019-20 (£ million)



Total interest added to Higher Education loan accounts in financial year 2019-20 was £137.0 million. This was £61.8 million (82.8%) higher than in the previous financial year.

By comparison, between financial years 2017-18 and 2018-19 the interest added increased by £22.7 million (43.2%).

The greater increase between 2018-19 and 2019-20 is predominantly due to 'More Frequent Data Share' - the more readily available data provided to SLC by HMRC. This has meant that effectively, almost two years' worth of customer PAYE repayments and resulting interest calculations (those processed by SLC in both FY 2018-19 and 2019-20) being included in the 2019-20 financial year. Prior to MFDS, repayments and interest shown in a given financial year were mainly for the year before. The time series should normalise in financial year 2020-21, as this will include just one financial year of repayments information and resulting interest calculations (those processed by SLC in 2020-21).

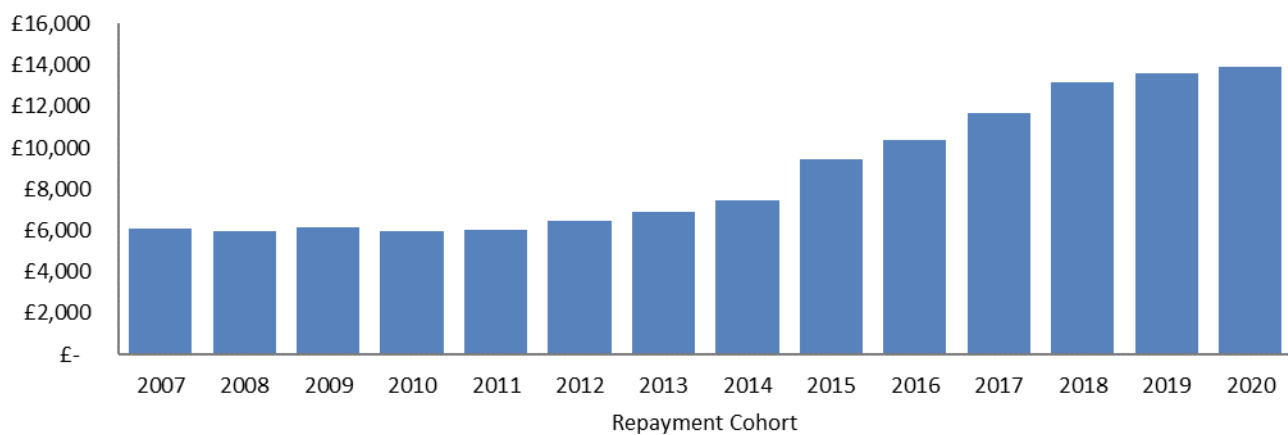
It should be noted that **this has not adversely affected the borrower's balance** and effectively brings a more up-to-date representation of loan balances at present. For further detail on the effect of MFDS, please refer to the Things You Need to Know section of this publication.

Average Income Contingent Loan Balances

This section looks at the average loan balance for borrowers at the point where their liability to repay first began (usually the April following the completion, or withdrawal from their course). The average loan balance reflects the amount paid to borrowers, plus interest added whilst they were studying, minus any voluntary repayments made by borrowers prior to them becoming liable to repay.

Average Higher Education Borrower's Loan Balance on Entry into Repayment increases to £13,890

Figure 5: Average Loan Balance on Entry into Repayment by Repayment Cohort as at the beginning of the Financial Year 2020-21 (£)



The average loan balance for the 2020 repayment cohort on entry to repayment was £13,890. This is a £260 (1.9%) increase on the previous repayment cohort.

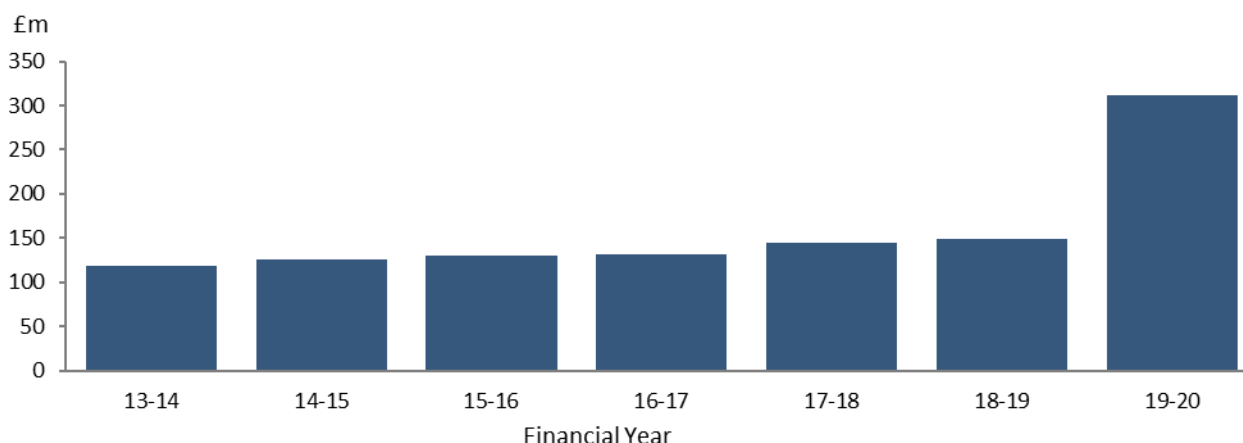
In comparison to the increase between the 2018 and 2019 repayment cohorts, this was 1.7% lower.

Income Contingent Loan Repayments

Borrowers normally become liable to make repayments from the April following the completion, or withdrawal from their course. Repayments are either made via HMRC (either PAYE and Self-Assessment) or directly to Student Loans Company in a scheduled or voluntary basis.

Higher Education borrowers repaid £311.9 million in Financial Year 2019-20

Figure 5: Total Amount Repaid by Higher Education Borrowers in Financial Years 2013-14 to 2019-20 (£ million)



The amount repaid in respect of Higher Education Income Contingent loans totalled £311.9 million in financial year 2019-20. This was £163.0 million (109.5%) more than in the previous financial year.

This significant increase between 2018-19 and 2019-20 is predominantly due to '**More Frequent Data Share**' - the more readily available data provided by HMRC. This has meant that effectively, almost two years' worth of customer PAYE repayments and resulting interest calculations (those processed by SLC in both FY 2018-19 and 2019-20) being included in the 2019-20 financial year. Prior to MFDS, repayments shown in a given financial year were mainly for the year before. Further detail on 'More Frequent Data Share' can be found [here](#). This time series should normalise in financial year 2020-21, as this will include just one financial year of repayments information and resulting interest calculations (those processed by SLC in 2020-21).

It should be noted that this has not adversely affected the borrower's balance and effectively brings a more up-to-date representation of loan balances at this point in time.

92.0% of the Higher Education repayments were received via HMRC and were made 8.0% directly to SLC (split does not take into account refunds made).

For more information on repayment of Income Contingent loans, please refer to the relevant section within **Additional Information** of this publication.

Additional Information

Repayment of Income Contingent Loans

Borrowers normally become liable to make repayments from the April following the completion, or withdrawal from their course.

Repayments are at the rate of 9% of income above the income threshold. The table below shows the change in income thresholds by financial year:

Period Applicable	6-Apr-00 to 5-Apr-05	6-Apr-05 to 5-Apr-12	6-Apr-12 to 5-Apr-13	6-Apr-13 to 5-Apr-14	6-Apr-14 to 5-Apr-15	6-Apr-15 to 5-Apr-16	6-Apr-16 to 5-Apr-17	6-Apr-17 to 5-Apr-18	6-Apr-18 to 5-Apr-19	6-Apr-19 to 5-Apr-20
Annual Income Threshold	£10,000	£15,000	£15,795	£16,365	£16,910	£17,335	£17,495	£17,775	£18,330	£18,935

Further details on the calculation of interest can be found [here](#).

Interest Rates and Calculations

Whilst in repayment the annual Retail Price Index (RPI) from March to March is always used as the basis for the interest rate for all types of student loan from the following September to August.

The RPI at March 2014 was 2.5% so the cap was applied from 1 September 2014 and 31 August 2015 where the interest rate was 1.5%. 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 table below shows interest rate by year:

Period Applicable	1-Sep-12 to 31-Aug-13	1-Sep-13 to 31-Aug-14	1-Sep-14 to 31-Aug-15	1-Sep-15 to 31-Aug-16	1-Sep-16 to 31-Aug-17	1-Sep-17 to 31-Aug-18	1-Sep-18 to 31-Aug-19	1-Sep-19 to 31-Aug-20
RPI @ March	3.6%	3.3%	2.5%	0.9%	1.6%	3.1%	3.3%	2.4%
Interest Rate	1.5%	1.5%	1.5%	0.9%	1.25%	1.5%	1.75%	1.75%

Office for National Statistics decision on Student Loans

In December 2018 the Office for National Statistics (ONS) reached a decision to partition UK student loans into lending (government assets) and expenditure (government spending) on the Government accounts. Up until this point they had been classed entirely as lending. This decision was implemented in September 2019.

This decision was based on the fact that repayments associated with ICR loans, are conditional on a borrower's future income, and under certain conditions the loan obligation itself may be cancelled. These cancellation conditions are reported on Table 1 and 2 of this publication.

It has been calculated that the treatment of student loans in this manner will better reflect the government's financial position. Government revenue will no longer include interest accrued that will never be paid due to the conditional nature of ICR repayments. Government expenditure related to the cancellation of student loans is also accounted for in the periods that loans are issued, rather than decades afterwards. The ONS decision on student loans has no effect on the figures produced within this publication. Further information on the ONS decision and the methodology used to partition student loans can be found on the ONS website.

Data Sources

This publication uses data from SLC's administrative systems. For details of the administrative data sources used in our publications see the [Statement of Administrative Sources](#).

Data Quality

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. See our [Quality Guidelines](#) for further information.

Revisions and estimates

Revisions within the data are denoted with an [r]. Further details can be found on our revisions policy. In previous years we have had to mark the figures relating to self-assessment repayment as estimated [e] due to this being provided later than anticipated. For both 2018-19 and 2019-20, this was provided as expected allowing this to be included as final 2018-19 and 2019-20 figures.

Related Statistics Publications

SLC publish statistics on the repayment of Student Loans for Higher Education for England, Wales and Northern Ireland as part of the same series this publication belongs to. These are published at the same time as part of the series [Student Loans for Higher and Further Education](#).

SLC also publish statistics Higher Education Funding in the series [Student Support for Higher Education](#) for England, Wales and Northern Ireland. The latest release of this series was published on the 21 November 2019 covering Academic Year 2018/19. The Student Awards Agency for Scotland publish details of Higher Education funding in Scotland in their publication Higher Education Student Support in Scotland. The [latest release](#) of this series was published in 29 October 2019 covering Academic Session 2018/19.

Notes on Policy

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. From academic year 2017/18 part-time fee loans were re-introduced in addition to the above grants.

Tuition fees were abolished for Scottish students studying in Scotland from Autumn 2000. The Student Awards Agency Scotland (SAAS) pays tuition fees for full-time eligible students studying at publicly funded institutions in Scotland.

The graduate endowment was introduced for higher education students who commenced studying in 2001. The graduate endowment was a one-off payment made in recognition of the benefits of higher education and the income generated will be used to contribute to student support for future generations. Some students were not liable to pay the graduate endowment as a result of personal circumstances during their course. These included mature students, lone parents, students with a disability and those students who do not progress beyond a Higher National Certificate or Higher National Diploma qualification. The Graduate Endowment could be paid in three ways, by paying the full amount in cash, by taking a student loan or by a combination of paying part cash and part by student loan. Amounts lent for Graduate Endowment shown in Table 1 from financial year 2011-12 onwards represent the notification by SAAS of amounts advanced in respect of earlier academic years (prior to abolition of the graduate endowment).

On the 13 June 2007 the as then Scottish Executive announced plans to publish a bill for parliament to remove the graduate endowment fee for students who graduated from 2007 onwards and would therefore have been liable to pay the endowment on 1 April 2008. The Graduate Endowment Abolishment (Scotland) Act 2008 came into force on 1 April 2008 for all students who graduated on or after the 1 April 2007. Therefore, financial year 2007-08 was the last year that student loans for graduate endowment were taken out. There was an exception for postgraduate students who had previously deferred payment of the graduate endowment and these loans carried over into financial year 2008-09.

Students with additional costs such as those with dependents, or those who have a disability, may be eligible for specific grants on top of other student support. These grants are distributed by SAAS, with the exception of the Lone Parents' Childcare Grant which has been distributed by institutions since academic year 2011/12.

Up until academic year 2012/13 the Tuition Fee Loans were just for Scottish domiciled students studying elsewhere in the UK. Eligibility was extended in academic year 2012/13 with the introduction of the postgraduate tuition fee loan scheme which covers eligible EU and Scottish domiciled students on selected taught postgraduate diploma courses in the UK, excluding PGDE.

New postgraduate (Scottish domiciled and EU students can apply to SAAS for a Postgraduate Tuition Fee Loan (PTFL) from April 2012. In that first year 2012/13, Full-time students could apply for a tuition fee loan of up to £3,400 and part-time students can apply for up to £1,700 (per year). The PTFL is only be available to part-time students who are undertaking at least 50% of a full-time course, and must therefore, complete their qualification in no more than 2 years. In 2018/19, full-time students were eligible for up to £5,500 and part-time students up to £2,750.

National Statistics

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.

This publication series was awarded National Statistics status in October 2011 following a full assessment against the Code of Practice, which can be found on the Statistics Authority [website](#). Tables 3, 4 and 5 were awarded National Statistics status in April 2014 having initially been assessed as a separate publication, which can also be found on the [website](#). These tables were subsequently merged into this publication.

Since the assessments by the Office for Statistics Regulation we have continued to comply with the Code of Practice for Statistics, and have made several improvements including the following:

- **Direct repayments** – From 2017 onwards we have included tables to show borrower numbers for borrowers repaying directly to SLC. In 2018 we disaggregated these tables further to show borrower numbers for those making scheduled and voluntary payments
- **Cross Country Comparisons** – First introduced in 2014, providing a cross country comparison of total debt, average debt on entry into repayment and average annual repayment amount

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.
Cancelled loan	The borrower no longer has any liability to repay as provided for in the loan's regulations. An ICR borrower's liability shall be cancelled: On the death of the borrower; When, in the case of pre-2007 student loans, age 65 is reached; When, in the case of post-2007 student loans, the 35th anniversary of the date on which the borrower became liable to repay the student loan; or If/when the borrower is disabled and permanently unfit for work
Entered repayment status / in repayment status	The borrower has reached the point where repayment is scheduled to commence, that is, the April after he/she graduates or leaves his/her studies.
In Arrears	Borrowers who have at least one loan on which repayments are overdue. Arrears arise when a borrower moves overseas and fails to repay SLC according to their repayment schedule. Additionally, any borrower who moves overseas and fails to provide the information required to agree the appropriate repayment schedule will also be placed in arrears.
Income Contingent Loan	Also known as Income Contingent Repayment (ICR) Loan. Introduced in 1998, repayment is 9% of income above the income threshold. Includes ICR maintenance loans, tuition fee loans, hardship loans and part-time loans. Hardship loans and part-time loans ceased to be issued after academic year 2003/04.
Income Threshold	The income level at which borrowers liable to repay will make repayments. In the case of repayments deducted by employers under Pay As You Earn (PAYE) the term "earnings threshold" is also used.
Net repayments	Repayments minus refunds of repayments.
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.
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	A borrower is placed in a single repayment cohort. In some circumstances the repayment cohort may change, i.e. withdrawal from course of study. The repayment cohort is based on the year of the earliest Statutory Repayment Due Date (SRDD). See definition of SRDD below.
Statutory Repayment Due Date (SRDD)	The point a borrower becomes liable to begin repaying a loan: the April after graduating or otherwise leaving their course. After the SRDD borrowers are required to make repayments if their income is above the threshold.

Written off loan	The borrower remains liable to repay but recovery is deemed unlikely by the loan administrator or not possible by legal judgement.
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