

Minutes

Collection of Student Loans Consultation Group

Monday 14 December 2015 (11:00-13:00)

Conference Centre, BIS offices, 1 Victoria Street, London, SW1H 0ET.

Attendees	Alex Lawrence (HMRC) Karen Duncan (BIS) Paul Crooks (HMRC) Shell Makwana (HMRC) Steven Darling (HMRC) Anne Johnstone (HMRC)	Ann Elmer (ATT) Linda Pullan (Payroll Alliance) Peter Wilkinson (ICAEW) Simon Parsons (BCS)
Dialling in	Claire Thackaberry (LITRG) Fiona Innes (SLC)	
Apologies	Al Smith (BIS) Bethan Chant (HMRC) Chris Jones (DA Wales) David Clarke (HMRC) Paul Curtis (DA Scotland)	David Malcolm (NUS) Helen Hargreaves (CIPP) Jackie Petherbridge (FSB) Matthew Brown (CIOT) Norman Green (BCS) Samantha Mann (CIPP)
1. Introduction and opening remarks		
Steven Darling	Steven welcomed everyone to the meeting and introductions were made round the table. Steven outlined the agenda items we would be covering at the meeting.	
2. Readiness for Plan 2 loan collection in April 2016		
Paul Crooks	Paul talked through some of the key points and did a walkthrough of the 'employer journey' <ul style="list-style-type: none"> • communications are in place • working to right timescales – April 2016 • end to end processes being reviewed to make sure HMRC and SLC are aligned <p>When a borrower is told by SLC that they are on Plan 2 they should advise their employer so that the employer can start making the correct deductions. If the employer is not advised of the plan type the default position is to apply plan 1 and incorrect deductions could be taken.</p> <p>SLC have a scheme where if a borrower is in the last 23 months of repayment they will write out to them and ask if they want to change to Direct Debit which will avoid the risk of overpaying. SLC will make the refund and interest will be included.</p>	

	<p>As much as possible is being done to make sure deductions are being made against the right plan type. SLC Repayment website provides clarity around the different plans and the telephone system at HMRC is programmed for calls about plan types to be referred across to SLC website. A lot of work has been done over the past few months to get communications ready.</p> <p>Process for Starting Deductions</p> <p>November 2015 – SLC sent liability letter to borrower confirming repayments liable to start in April 2016 and plan type. SLC also send cohort file to HMRC to match borrower identified to employments.</p> <p>March 2016 - HMRC send start notifications to employers for all employment matched borrowers. Start notification confirms plan type to make deductions.</p> <p>April 2016 – Employer makes deductions against plan type advised and completed FPS in accordance with deductions made for plan type. The FPS data is then sent to HMRC with deductions for plan types.</p> <p>Timeline for introduction of Plan 2 loans in April 2016:</p> <p>July 2015 – Payroll Technical Specification issued with guidance to software developers. There had been a few questions but generally not many.</p> <p>August 2015 – student loan second threshold information had been published in Employer Bulletin issue 55 (ready for both thresholds in April 2016).</p> <p>December 2015 – student loan plan 1 threshold uprating information published in Employer Bulletin issue 57.</p> <p>February 2016 – plan 2 student loan repayment information will be published in Employer Bulletin. RT7 will be published which is guidance to assist RTI paper filing customers to operate PAYE. Agent update will also include information on student loan second threshold.</p> <p>March 2016 – in addition to start notifications (SL1) being issued in early March; Gov.uk student loan guidance for repayments will be updated. A ‘tweet’ will go out to employers to remind them that start notifications have been issued and the new plan type. Updated SL3 Student Loan Deductions Tables will be published on Gov.uk and the starter checklist will be available online.</p> <p>April 2016 – employers will start making deductions and CSL factsheets (CSLA 1 and 2) will be published.</p> <p>May 2016 – HMRC assuring employers deducting against correct plan type loans. A specified sample set will be used.</p>	
3. Postgraduate loans		
<p>Shell Makwana</p>	<p>The final Government response to the consultation was published at the same time as the Autumn Statement. The Government confirmed that postgraduate loans would be introduced from AY16/17 onwards for anyone eligible. The policy has now been set:</p> <ul style="list-style-type: none"> • loan of £10,000 per borrower as a contribution to the cost of study • loan will be made directly to individuals in stages • the original intention was that this would be restricted to 	

	<p>individuals under the age of 30; however following a review of responses to the consultation a decision was made to raise the age restriction to 60</p> <ul style="list-style-type: none"> • the loans will available from AY16/17 with repayments to start in April 2019 • repayments will be made alongside undergraduate loan repayments and will be income contingent • the threshold has been set at £21,000 until 2021 and rate of repayment will be 6% • interest will be calculated at 3% above RPI • the loans will be written off after 30 years • 60% of employers felt this was a very good initiative and wouldn't create a burden on their business; however this will be monitored as it's not clear that employers fully understood the extra burden this would put on them • work continues to make sure employers have all the necessary tools to implement postgraduate loans from April 2019- • HMRC are working closely with BIS (particularly around communications) to make sure key messages go out at the right time • the loans will be available from AY16/17 and repayments won't start until April 2019; however voluntary payments can be made to the SLC before then <p>HMRC asked the representatives what would show on payslips. Would the different loans be identified (undergraduate or postgraduate) or would it be a combined figure?</p> <p>The consensus was that showing the loans separately on payslips would be a good idea.</p> <p>Action – If anyone has any thoughts or concerns around employer burdens they should send these to Anne Johnstone.</p>	All
4. Service update		
Alex Lawrence	<p>Operational process –to date HMRC have passed 3.15m end of year student loan repayment reports for 2014-2015 across to SLC. This represents well over 90% of the total number expected for the year. Now at the point where SLC get queries about individuals who have not been credited for repayments and pro-active action is taken (providing P60 to SLC).</p> <p>Review of HMRC's collection of student loans operational activity – at the meeting in September Alex advised the Group that a project had been set up to look at operational process areas to identify and implement improvements. All worklists being done under employer reference number. Targeting employers rather than targeting individuals to cut down contacts.</p>	

	<p>One of the first exception work areas where an employer sent in a return with no repayment deducted but HMRC were expecting repayments. Started in April to identify these cases and organise in a better way Starting some of the outreach activity to employers. During October/November contacted 1200 where no deductions had been made. When deductions started this brought in approximately £500,000. 10% registered for online start notices but don't know where to find them so the team are now skilled up to provide education to employers. Quite a bit of improvement is envisaged. Guidance is now being reviewed to find ways to improve this.</p> <p>The project is now looking at other worklists and Alex will keep the Group updated as changes develop and come into place.</p> <p>Ann Elmer suggested that a 'starters' flowchart similar to the one for form P46 would be a good idea for employers.</p> <p>Plan 2 activity Assurance work will be undertaken later in 2015-2016 and early 2016-2017. Looking at employers' behaviours across implementation of Plan 2 deductions. The assurance work will be looking for any lessons learned and improvements that can be made where the process isn't going as well as hoped.</p> <p>Simon Parsons suggested that this assurance work could be conducted in-year rather than waiting to the end of year. This would help employers make the right deductions at the right time and would enable correct guidance to be published.</p> <p>Ann Elmer suggested that the reference should include 'need to take action' in bold.</p> <p>HMRC would welcome any advice or suggestions to ensure we get the right result. HMRC will share correspondence as it develops to get the input to ensure we get it right.</p> <p>Digital Media Strategy HMRC are currently developing a digital media strategy with an aim to providing education on the plans to borrowers and employers using technology to get guidance and support right. The first area being considered is supporting employers with guidance on Plan 2. HMRC are looking at various ways of getting the information circulated. HMRC already use YouTube, Twitter etc so these are being considered.</p>	
5. BIS update		
Karen Duncan	<p>Repayment Strategy This will set out BIS, HMRC, SLC and DA's are doing about how we will recover repayments in the future. We will send you the link to it when it is published.</p>	

- It is a comprehensive document setting out:
1. Pursuit of outstanding debt and tracing borrowers who fail to keep in contact with SLC
 2. Enhanced performance management, through improved forecasting, target setting and monitoring
 3. Efficiency and service to drive down costs, increase repayments collected and providing a high quality service to borrowers who do meet their obligations to repay.

As this will be updated annually, it would be interesting to get feedback on it in due course.

Autumn Statement

Second degree loans for STEM (science, technology, engineering and mathematics) subjects

- Investment over £1.3bn up to 19-20 to attract new teachers into the profession, particularly STEM subjects to raise educational standards.
- For all STEM subjects, tuition fee loan will be extended to students wishing to do second degree in one of these subjects from 17-18.
- There will be more information in the New Year.

Postgraduate loans

- Age cap will be lifted on new PG loans from 16-17 to all those under 60.
- Repayment rate will be reduced from 9% of income to 6% of income.
- Currently drafting regulations which will be laid in the New Year
- Repayment will first be taken in April 2019.
- Repayment threshold will be £21,000 until April 2021.
- Interest rate will be RPI + 3% throughout lifetime of the loan.
- Loan will be cancelled after 30 years, so long as obligations have been met on the loan.

Freezing of post-2012 (Plan 2 threshold)

- Consultation document closed on 14th October
- Decision was that the threshold would be frozen for all post-2012 borrowers from 2017 to 2021, then reviewed
- This will reduce government debt and make savings in HE

Action – Circulate link to Government response to the Group.

Maintenance loans for part-time students

- Maintenance loans will be introduced for part-time students from 2018-19 to help with living costs.
- This is to help with the decrease in numbers since 2008.
- Think up to 150,000 may take up these loans.
- Government will consult on the details but no date given.

Anne
Johnstone

	<p>Health Study loans</p> <ul style="list-style-type: none"> • Currently there is a cap on the number of student nurses and over half of all applicants to nursing courses are turned away • Grants will be replaced by loans. • This will provide up to 10,000 additional nursing and other health professional training places during the course of this Parliament. • Changes should give access to 25% more financial support during their studies. • Changes will be from Sept 2017 but details will be subject to consultation. • Cap on number of university places will be removed. • Student nurses, midwives, and allied health professions when they transfer to the new system will be on the same terms as other students. <p>Further Education – Tuition Fee Loans (TFL)</p> <ul style="list-style-type: none"> • TFL for higher level skills in FE. • Will include those aged 19-22 studying for level 3 or 4 qualifications, for those aged 19 or over studying for level 5 or 6 qualifications. • It will benefit an estimated 40,000 students per year. • The expansion will include higher technical vocational qualifications, e.g. those at the new National Colleges. <p>National Colleges</p> <ul style="list-style-type: none"> • Five National Colleges will be created. • They will train an estimated 21,000 students by 2020 in our crucial productivity industries. • These people may be eligible for maintenance loans. • The colleges will be: <ul style="list-style-type: none"> ➢ Digital skills ➢ High Speed rail ➢ Onshore oil and gas ➢ Creative and cultural industries ➢ Nuclear • The first will open in September 2016, with a network operating by September 2017. <p>Grants to loans</p> <ul style="list-style-type: none"> • Will give £2.3bn savings from HE budgets by 19/20. • Switch will be from AY16/17. • Will increase living support for low income background students by 10%. 	
6 SLC update		
Fiona Innes	<p>SLC customer information – Fiona has sent links to the Group for two sites which give information specific to Plan Type and offer other advice and guidance to SLC customers.</p> <p>Self identification Tool www.slc.co.uk/studentloanrepayment</p>	

	<p>Repayment Quick Start Guide http://media.slc.co.uk/repayment/gsg/index.html</p> <p>If the Group have any questions once they've reviewed these sites they should contact Fiona.</p> <p>Plan 2 customers – SLC have been doing a lot of testing of the system and most letters are ready to go. This is a manual process using quite complex scenarios to identify any problems. SLC are still ensuring the letters have the right information, testing that letters are printing out and doing a review of the calls they are getting through(which has been minimal). The website is being monitored to see how many customers are looking at it and making sure the letters have the right impact.</p> <p>Repayment Term changes – SLC are reviewing</p> <ul style="list-style-type: none"> • Online statements – still working on concept and hoping what currently do for paper statements will be mirrored on the online service. No date set for when online statements will be available. • Internal POR scheme – process for PAYE and SA customers. The take up of the scheme has been relatively low between 1 April 2014 and 1 April 2015, 86,667 borrowers were identified as eligible for the POR scheme. 21,189 (24%) joined the scheme, and 8,890 (10%) borrowers responded by paying their remaining balance in full. <p>Discussions are being held to identify other ways in which SLC can make the process easier to the other 66% who did not respond.</p>	
<p>7. Employer prompts from April 2016</p>		
<p>Paul Crooks</p>	<p>The employer prompt will use information from RTI to indicate where employers may not be collecting student loan amounts when they should. As a result an electronic prompt will be sent to the employer to make them aware that student loan deductions need to be made. Everything is on track to deliver the employer prompts in April 2016.</p> <p>HMRC are working on the message to go out; when this has been agreed it will be shared with the Group. Guidance for will also be introduced which should enable employers to start making deductions and making deductions at the right time.</p> <p>Simon Parsons pointed out that the employer might not see the message and it will be necessary to make sure that the message is getting to employers. Although employers are registered for online services they don't always know what they can see electronically.</p> <p>The representatives said they would be happy to roll out messages through their magazines and other communications with the employers.</p> <p>Action – Anne Johnstone to circulate the message which will go out to employers.</p>	<p>Anne Johnstone</p>

10. Review of action points		
1/080915	<p>Plan 2 loans entering repayment - Article provided to Payroll Alliance for their Pay and Benefits magazine. Linda Pullan advised that this will be published in the November issue. Linda Pullan will let us know when it is published.</p> <p>Action - To notify Christine Rowse when published.</p> <p>14.12.15 – Linda confirmed the article had been published and she would send copies of the magazine to Alex Lawrence.</p>	Linda Pullan
2/080915	<p>Geoff Castle asked if there was a publishing date for the SL3 (Student Loan Deduction tables). While the date will probably be close to April 2016 it is needed before then for teaching and testing purposes. Alex Lawrence agreed to confirm the date.</p> <p>Action – To confirm the date the SL3 (Student Loan Deduction tables) will be available.</p> <p>14.12.15 – Alex confirmed the SL3 (Student Loan Deduction tables) will be available from March 2016.</p> <p>Close</p>	Alex Lawrence
4/080915	<p>Paul Mason added that they would be happy to make changes to make the letter clearer for employer purposes. However they are working to deadline and it was agreed that the Group would have to provide any responses before then.</p> <p>Action – To provide and suggested changes to the letters by 30 September 2015.</p> <p>Close</p>	All
5/080915	<p>Samantha Mann raised a query about some other consultations, which although not related to student loans she had some queries for BIS and was looking for a contact. The consultations were:</p> <ul style="list-style-type: none"> • Employment Intermediaries and Tax Relief for Travel and Subsistence – There is a section on ‘employment status and pay transparency, which refers to payslips and that the matter is being considered by BIS. • National Minimum Wage <p>Karen Duncan agreed to look into these and get contact names for her.</p> <p>Action – To provide contact names in BIS for these consultations.</p> <p>14.12.15 – Karen is still finding out contact names in BIS. When the information is available Karen will forward these to Anne Johnstone for circulation to the Group.</p>	Karen Duncan

1/030315	<p>The Joint Repayment Strategy is expected to be published in July. The Strategy sets out where we've got to and where we're going. The Strategy will be circulated when published.</p> <p>Action – To circulate the Joint Repayment Strategy.</p> <p>3.6.15 - Carry forward</p> <p>8.9.15 – Al Smith advised that BIS were working towards a September publication date but with recess this is likely to now be October.</p> <p>14.12.15 – When the Joint Repayment Strategy is published Karen Duncan will send link to Anne Johnstone to circulate to the Group.</p>	<p>Karen Duncan</p> <p>Anne Johnstone</p>	
11. Any Other Business			
Linda Pullan	<p>The Payroll Alliance Spring Events are being arranged and Linda asked HMRC would have resource available to support these events.</p> <p>Action – Linda will send Steven Darling dates and locations of the events and he will advise her if HMRC resource is available.</p>	Linda Pullan	
Date and venue of future meetings (11:00 – 13:00)			
	Date	Location	
	Tuesday 8 March 2016	London (BIS Conference Centre)	
	Tuesday 7 June 2016	London (BIS Conference Centre)	
	Tuesday 6 September 2016	London (venue tbc)	
	Tuesday 6 December 2016	London (venue tbc)	