

## Minutes

### Collection of Student Loans Consultation Group

**Tuesday 8 March 2016 (13:00-15:00)**

**Room C21, Conference Centre, BIS offices, 1 Victoria Street, London, SW1H 0ET.**

<b>Attendees</b>	Al Smith (BIS) Karen Duncan (BIS) Paul Crooks (HMRC) Shell Makwana (HMRC) Steven Darling (HMRC – meeting chair) Anne Johnstone (HMRC)	Ann Elmer (ATT) Linda Pullan (Payroll Alliance) Matthew Brown (CIOT) Peter Wilkinson (ICAEW) Simon Parsons (BCS)
<b>Dialling in</b>	Claire Thackaberry (LITRG) Fiona Innes (SLC) Paul Curtis (DA Scotland)	
<b>Apologies</b>	Chris Jones (DA Wales) David Clarke (HMRC)	David Malcolm (NUS) Jackie Petherbridge (FSB) Norman Green (BCS) Samantha Mann (CIPP)
<b>1. Introduction and opening remarks</b>		
<b>Steven Darling</b>	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. As this is the group's final meeting of 2015-2016, Steven has shaped the agenda around the changes taking effect in the new tax year.	
<b>2. Final walk through of plan 2 loan collection from April 2016</b>		
<b>Paul Crooks</b>	Over recent weeks the Student Finance Senior Leadership Team have been attending Payroll Alliance events to give member employers a presentation on the introduction of plan 2 loans and employer prompts from April 2016. The team wanted to give this group an update on what had been presented at these events. <ul style="list-style-type: none"> <li>• From April 2016 there will be 2 types of student loans in repayment – plan 1 (existing loans) and plan 2 (new loans). Each will have a different threshold.</li> <li>• Employers will need to enter the 'plan type' information into their payroll software for new employees who have student loans.</li> <li>• Employers will be able to get plan type information from the Starter Checklist (completed by new employee); the SL1 (issued by HMRC) or directly from the employee.</li> <li>• If the employee doesn't know their plan type then they should be asked to contact Student Loans Company via their repayment website which will help the employee identify which type of loan they have.</li> </ul>	

- If exceptionally, an employee can't provide a plan type then the employer should start deductions using plan type 1.
- The starter checklist will be available through Gov.uk.
- HMRC may ask the employer to change the plan type being used. A new SL1 start notice will be issued to do this but no SL2 stop notice will be issued for the plan which is to be stopped.

It was pointed out that as there will be different combinations of loans the guidance on this needs to be very clear.

- Changes have been made to HMRC systems to recognise new types of loans and to prepare for additional volumes.
- HMRC have engaged with software developers to enable payroll software upgrades.
- Basic PAYE Tools (used by businesses with fewer than 10 employees) have been updated.
- Employer and SA borrower guidance is being updated and forms (including starter checklist, SL1 and SA return).
- HMRC are working closely with the Student Loans Company to deliver the new process.

For business readiness:

- All guidance is with Gov.uk for publishing in time for 6 April 2016.
- Starter checklist is due to be published.
- A series of Tweets will go out during March to highlight new plan 2.
- Detailed assurance testing will take place through May.

It was pointed out that changes to guidance on Gov.uk were not clear. If an employer was audited they would not be able to go back to Gov.uk for an audit trail of changes for previous years; only the most recent changes are shown. If changes could be referenced with a date then an archive of changes available that would help.

**Action** – Anne Johnstone to research if there is an archive of amendments to guidance

Anne  
Johnstone

Key points to be aware of when deducting student loans

- When an employer receives an SL2 stop notice they should stop making deductions from the next available pay day to avoid the borrower over repaying.
- An employer should never make a refund of student loan deductions unless they notice received from HMRC specifically asks them to do this.
- If an employer receives electronic notices from HMRC they need to ensure they check their online account regularly as this is where student loan start and stop notices will be found.
- The SL2 (stop notice) message cannot be set in the future it should always say 'stop now'. SL1 (start notices) can show a date in the future (either current year or next year).
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	<ul style="list-style-type: none"> <li>If there are any problems with receiving online notices from HMRC the employer should contact the Employers Helpline who will talk them through the process.</li> </ul> <p>Matthew Brown said that if an agent has set an employer up to receive electronic notices then the employer might not be aware of this.</p>	
<b>3. Final walk through of employer prompts for student loans from April 2016</b>		
<b>Paul Crooks</b>	<p>From April 2016, we will be introducing employer prompts. Where an employee is a student loan borrower but no deductions show on the Full Payment Submission (FPS), an electronic message will be sent to the employer. If, after the first prompt, deductions still haven't been made a second prompt will be sent out. If no deductions have been made after the second prompt then the employer will be contacted by HMRC.</p> <p>Matthew Brown said it would be interesting to find out in time why there was a need to contact the employer – possibly a log of the reasons could be set up to help understand why deductions aren't being made when they should.</p> <p><b>Action</b> – HMRC to ensure there is a logging system in place for review in June 2016 then update the group at the meeting scheduled for September.</p>	Paul Crooks
<b>4. Service and performance update</b>		
<b>Steven Darling</b>	<ul style="list-style-type: none"> <li>HMRC are meeting all their Key Performance Indicators (KPI) for collection of student loans and reported to BIS that all targets for Quarter 3, 2015-2016 have been achieved.</li> <li>Current focus is on managing the repayment work created by the SA filing deadline.</li> <li>Full year performance will be reported to the next group.</li> </ul>	
<b>5. Prevention of overpayment and managing refunds</b>		
<b>Steven Darling Fiona Innes</b>	<p>Currently PAYE customers who have overpaid their loans are asked by SLC to send in paper copies of their payslips so that a refund can be made. HMRCs real time repayment data provides opportunities to improve this process for the customer. HMRC and SLC are working on a process to confirm in year repayments for borrowers who require a refund removing the need for paper payslips. This confirmation between HMRC and SLC would take significantly less time and so will improve customer experience. Employers would also benefit as this would reduce requests for previous payslips. It is hoped the new process will be in place within the next few months.</p> <p>As well as looking at this process to prevent over repaying for PAYE customers HMRC and SLC have been looking at the possibility of introducing a Direct Debit process for SA customers (similar to the process currently in place for PAYE customers). When an SA customer is within 23 months of the end of their loan SLC would write out to them and ask them if they want to set up a Direct Debit.</p>	

	HMRC and SLC will continue to work on the development of these processes and will report progress to the group at the next meeting.	
<b>6. Postgraduate loans development</b>		
<b>Shell Makwana</b>	<ul style="list-style-type: none"> <li>At the meeting in December HMRC set out some of the fundamental aspects of the policy for postgraduate loans which will be available from AY16-17. HMRC are working closely with BIS and SLC and there is a tripartite delivery plan which is being updated to make sure policy is implemented smoothly.</li> <li>HMRC, BIS and SLC are working on a new set of Regulations (Master Regulations) and these are on track to be laid.</li> <li>Feedback on concerns around employer burdens still appreciated. Postgraduate loans were raised at the Payroll Alliance events but feedback didn't indicate that employers are thinking this will be an extra burden on them. It's possible they are thinking that by April 2019 when postgraduate loans are repayable, plans 1 and 2 will have had time to embed in. HMRC will be working closely with software developers to make sure implementation is as smooth as possible.</li> </ul>	
<b>7. BIS updates</b>		
<b>Karen Duncan</b>	<ul style="list-style-type: none"> <li>Regulations would normally be laid on 6 April; however this year they will be laid in June 2016. Lawyers still have to fix the date.</li> <li>From April 2016 a communications group will be set up to look at any issues which arise and ensure these are acted on swiftly. This is a tripartite group looking at any regulatory or service issues which need to be fixed.</li> </ul>	
<b>8. Review of action points</b>		
1/141215	<p><b>Postgraduate loans</b> – 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.</p> <p><b>Action</b> – If anyone has any thoughts or concerns around employer burdens they should send these to Anne Johnstone.</p> <p><b>2.3.16</b> – No concerns received from the Group. <b>Closed</b></p>	All
2/141215	<p><b>Freezing of post-2012 (Plan 2 threshold)</b> – consultation closed on 14 October 2015 and decision was made that the threshold would be frozen for all post 2012 borrowers from 2017 to 2021, then reviewed.</p> <p><b>Action</b> – Circulate link to Government response to the Group. <b>24.2.16</b> – Link circulated to the Group</p> <p><b>Closed</b></p>	Anne Johnstone
3/141215	<p><b>Employer prompts from April 2016</b> – HMRC are working on a message to go out when this has been agreed it will be shared with the group.</p> <p><b>Action</b> – Anne Johnstone to circulate the message which will go out to employers.</p> <p><b>28.1.16</b> – Wording of employer prompt and article for Employer Bulletin circulated to the Group.</p>	Anne Johnstone

	<b>Closed</b>	
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><b>Action</b> - To notify Christine Rowse when published.</p> <p><b>15.12.15</b> – Linda Pullan confirmed that the article was published in the August issue of Pay and Benefits magazine.</p> <p><b>Closed</b></p>	Linda Pullan
2/141215	<p><b>Freezing of post-2012 (Plan 2 threshold)</b> – consultation closed on 14 October 2015 and decision was made that the threshold would be frozen for all post 2012 borrowers from 2017 to 2021, then reviewed.</p> <p><b>Action</b> – Circulate link to Government response to the Group.</p> <p><b>24.2.16</b> – Link circulated to the Group</p> <p><b>Closed</b></p>	Anne Johnstone
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"> <li>• 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.</li> <li>• National Minimum Wage</li> </ul> <p>Karen Duncan agreed to look into these and get contact names for her.</p> <p><b>Action</b> – To provide contact names in BIS for these consultations.</p> <p><b>14.12.15</b> – 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> <p><b>8.3.16</b> – Ongoing – when this information is available Karen Duncan will sent to Anne Johnstone for circulation to the Group.</p>	Karen Duncan
<b>11. Any Other Business</b>		
<b>Linda Pullan</b>	The Payroll Alliance Spring Events are almost complete and have been very well received. Linda Pullan thanked HMRC speakers for their presentations and said that feedback had been very positive. Steven Darling thanked Linda for inviting the Student Finance team.	
<b>Date and venue of future meetings (11:00 – 13:00)</b>		
	Date	Location
	Tuesday 7 June 2016	London, BIS Conference Centre)
	Tuesday 6 September 2016	London (venue tbc)
	Tuesday 6 December 2016	London (venue tbc)