

## Minutes

### Collection of Student Loans Consultation Group

**Tuesday 28 June 2016 (11:00-13:00)**

**Room 503, Bush House, Strand, London, WC2B 4RD**

<b>Attendees</b>	Steven Darling (HMRC – meeting chair) Paul Crooks (HMRC) Shell Makwana (HMRC) Andrew Busby (BIS) Anne Johnstone (HMRC)	Ann Elmer (ATT) David Malcolm (NUS) Linda Pullan (Payroll Alliance) Matthew Brown (CIOT) Peter Wilkinson (ICAEW) Samantha Mann (CIPP) Simon Parsons (BCS Payroll Group)
<b>Dialling in</b>	Claire Thackaberry (LITRG) Jackie McGale (SLC) Jamie Law (SLC) Paul Curtis (DA Scotland)	
<b>Apologies</b>	Chris Jones (DA Wales) David Clarke (HMRC) Karen Duncan (BIS)	Jackie Petherbridge (FSB) Kate Upcraft (BCS Payroll Group)
<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.	
<b>2. Employer Prompts</b>		
<b>Paul Crooks/Steven Darling</b>	<p>On 6 April 2016, HMRC began to send electronic prompts to any employers not making student loan deductions when we expect them to do so. Prompts are issued after HMRC assess each payroll submission and we will send a total of two prompts to try and start employer deductions. If after two prompts, deductions have still not commenced, HMRC will contact the employer to see what support we can offer.</p> <p>In April, we issued 43,286 prompts. Each prompt can contain up to 250 borrowers and the number of borrowers on prompt 1 in April was 93,747. The number of borrowers on prompt 2 in April was 9,715.</p> <p>In May 37,233 prompts were issued and the number of borrowers on prompt 1 was 36,573. The number of borrowers on prompt 2 in May was 43,396.</p> <p>Outbound contact to provide support will commence in early July Guidance and training is being prepared for the staff who will undertake this work.</p>	

	<p>Once we start to speak with employers, we will better understand if there are any underlying issues within the process which may lead us to make further improvements, for example, to our guidance.</p> <p>HMRC receive quite limited contact from employers and employees in relation to student loans, and there has been a very small increase in contact since the introduction of prompts. HMRC will continue to monitor this and the reason for contact.</p> <p>Simon Parsons said that some employers may not know they are registered so won't know to go in and look for electronic messages. Matthew Brown said that it would be interesting to know the reasons and get to the root cause. If a pattern does occur then the reps can go out and publicise the process.</p> <p>Samantha Mann asked what the process would be for the telephone calls going out to employers. Payroll Providers generally receive the most calls and the authorisation process is lengthy. The balance needs to be right as the calls have to be productive not negative. It could be the employer has a valid reason for not making deductions.</p> <p>The HMRC corporate process will be followed with security checks to be cleared.</p> <p><b>Action</b> – Paul Crooks will check on the authorisation process and update the Group.</p> <p>The group have raised several questions/issues since the introduction of the prompts:</p> <p><b>Employer prompts and Occupational Pensions.</b> In April Employer Helpline started to receive calls from Occupational Pension providers who had received prompts. Analysis showed that the prompts were being issued for individuals on HMRC systems who had an occupational pension and also a student loan and so should not be having the student loan deducted.</p> <p>Once the issue was identified Employer Helpline's guidance and East Kilbride Student Loans Unit's call guides were updated. In June an article was published in the Employers' Bulletin and we are also looking at introducing some detailed guidance for publication on Gov.uk to give employers and pension providers additional clarity on this issue.</p> <p><b>Why doesn't HMRC issue a start notice?</b> The prompt has not been introduced as a substitute for the start notice but if a prompt is received then the guidance is to tell employers to start deductions and then advise them they will receive an SL1 in due course. This covers any delay in receiving SL1s.</p> <p><b>A non-deduction might be legitimate due to threshold not being reached.</b> A validation process is in place to ensure the prompts go out once the threshold is taken into account.</p>	<p>Paul Crooks</p>
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	<p><b>Attachment of Earnings Order (AEO).</b> An employee with a student Loan (since 2012) recently had an AEO which is a priority order. When processing this month the employer received a new student loan employer prompt to ensure they are deducting the student loan. As the AEO took priority the employer hadn't taken any student loan deduction and won't until the AEO priority order is repaid.</p> <p>HMRC are aware that the prompts could be issued in these circumstances and are updating the guidance to help employers deal with these notices. In the meantime there is no change to the way AEO priority orders are treated.</p> <p>There had been more prompts than HMRC anticipated and some of the prompts carry large numbers of borrowers. During July HMRC will reach out to employers to help educate them on the process and to get it right. There has been a peak in April when the process was introduced but it is expected this will fall off during the year.</p> <p>The group said it would be interesting to see the reasons for not making deductions correctly.</p> <p>Steven Darling thanked the group for their contribution throughout the development and introduction of employer prompts and committed to a further discussion on how prompts are performing in September.</p>	
<p><b>3. Plan 2 loans</b></p>		
<p><b>Paul Crooks/Steven Darling</b></p>	<p>In May 2016 a business assurance exercise was undertaken to test whether employers were making deductions against the correct plan type.</p> <p>A sample of 377 cases were reviewed. From this sample 306 had made deductions against the correct plan type which left 71 cases where the employer made deductions against the incorrect plan type.</p> <p>East Kilbride Student Loans Unit contacted employers to find out why deductions had been made from the incorrect plan type and to talk them through the process so that they could get it right in future.</p> <p>Reasons for deducting on the incorrect plan type include employer error, employer software errors or software having not been updated.</p> <p>One issue identified was with some SL1 start notices not containing plan type information. This is a known issue and HMRC is implementing a fix for this.</p> <p>Overall the assurance work has shown that the majority of employers are making the right deductions Where employers aren't making the right deductions HMRC are working with them to help them get it right.</p> <p>A further assurance exercise is being considered and Steven darling agreed to further update the group later in the year.</p>	

4. Service and performance update	
<b>Steven Darling</b>	<ul style="list-style-type: none"> <li>All targets in Quarter 1 have been met and there are no service issues to report.</li> <li>Since the last meeting HMRC and SLC jointly have been putting in place changes to the process for refunding customers where their loan has been over-repaid. Previously when customers contacted the SLC in these circumstances, they were asked to provide paper copies of their payslips whereas now, SLC when contacted will confirm the repayments a customer has made with HMRC to determine any refund.</li> </ul> <p>Samantha Mann asked if there were any longer term plans to use real time data and if there was a timeline.</p> <p>Steven Darling explained that HMRC have set out to BIS and the SLC how we would like to transfer data in real time or close to real time. BIS and SLC are both keen to adopt real time information and real time data transfers will be scoped so that all parties understand what will be involved. Right now, capacity to progress beyond scoping is limited and so it is unlikely we will be sharing data in real time before 2018-2019.</p> <ul style="list-style-type: none"> <li>On the HMRC system there are customers who do not have a student loan but their employer has taken deductions in error. As the employer has not been sent an instruction to start making deductions these repayments cannot be passed to SLC but need to be cleared and credited back to the individuals.</li> </ul> <p>Refunds have been made. HMRC have carried out a range of checks to ensure refunds are appropriate.</p> <p>The Group asked what would happen if an employee had told their employer that an error had been made and the employer had already refunded the deductions. HMRC advised that employers should not make a refund they should contact HMRC.</p>
5. Postgraduate Loans	
<b>Shell Makwana</b>	<p>The Master Regulations (covering money in and money out) were laid in Parliament on 26 May 2016 and came into force on 16 June 2016.</p> <p>HMRC's Postgraduate Loans Project Board has now been set up and includes stakeholders from across the three organisations. A series of meetings is planned to make sure the policy implications go forward as smoothly as possible.</p> <p>Implementation of the high level solution and magnitude costs are on track to complete for the end of June 2016. HMRC and SLC have worked closely to deliver High Level Business Requirements by the end of April 2016 and following the agreement of the High Level Business Requirements the first workshop to discuss lower level requirements was held.</p>

HMRC have not received any feedback on implementation of postgraduate loans adding to employer burden. The Student Finance team had attended Payroll Alliance events to raise awareness of postgraduate loans going live in April 2016 but no concerns were raised by the delegates. HMRC will continue to review this and if the representatives on this group are made aware of any concerns they should forward these to Anne Johnstone.

Samantha Mann advised that CIPP had conducted a poll on their website and the risk of implementing postgraduate loans was perceived as very low.

Linda Pullan said this could possibly be an issue with smaller employers.

Simon Parsons said there will be confusion with a single SL1 giving mixed multiple use. Treating postgraduate loans separately would not cause any risk.

Steven Darling said that potentially a postgraduate loan will be paid off before an undergraduate loan, if a separate notice is sent out for the postgraduate loan there is a risk it will be incorrectly applied to the undergraduate loan.

Samantha Mann advised that with an automated process the risk is minimised.

Simon Parsons pointed out that mixing the SL1 and SL2 will cause confusion and mishandling. From a software perspective it is better the processes are kept completely separate – start and stop for undergraduate and start and stop for postgraduate – with clear instructions.

HMRC wanted to avoid complexity of the IT system. Separate start and stop notices will require a new system with added resource and cost.

Matthew Brown said that most of the software is already written and can be transferred over. This will only require a change to references. HMRC are not being asked to produce new software. The existing software can be used with two new trigger points being introduced separate from SL1 and SL2.

HMRC agreed that instructions need to be clear to cover all issues raised.

Simon Parsons advised that the next BCS Payroll group meeting is scheduled for 4 August 2016 where representatives will be very interested in the SL1 and SL2 electronic structure and HMRC could get an IT view.

HMRC have always wanted to design a process to minimise the burden on employers and to, as far as possible, mirror the existing process to

	<p>keep it as simple as possible.</p> <p>HMRC will review comments by the Group and report back.</p>	
<b>6. Student Loans Company update</b>		
<b>Jackie McGale</b>	<ul style="list-style-type: none"> <li>• Postgraduate loans application service launched successfully on 27 June 2016. SLC have now started receiving applications for postgraduate loans.</li> <li>• SLC are now looking at how to handle repayment information from HMRC and how to allocate across plan types. In particular where a customer has both plan types. This is complex and SLC's IC team are designing new business and system rules to cover this.</li> <li>• Variable Interest Rates are already offered to overseas customers who pay directly to SLC. SLC are now considering how this would work with customers who pay through the tax system.</li> <li>• SLC and East Kilbride Student Loans Unit are developing a process to make refunds to customers where employers have used the incorrect threshold or made incorrect deductions. EKSLU will validate deductions and where applicable a refund will be made to the customer. It's hoped this won't be an ongoing issue once these mitigations have been put in place.</li> <li>• SLC are redesigning their annual statement to include plan 2 and potentially different interest rates throughout the life of the loan. The draft version was well received when it went through customer feedback. The group will be kept updated on feedback.</li> </ul>	
<b>7. BIS update</b>		
<b>Andrew Busby</b>	<ul style="list-style-type: none"> <li>• Andrew has taken over from Al Smith as Policy Lead – Student Loans Repayment at BIS.</li> <li>• Following the EU referendum result there are no immediate changes at BIS; however if the group have any questions around possible implications of the vote they should send these to Anne Johnstone who will forward on to Andrew.</li> <li>• There is a message on BIS website giving as much reassurance as possible at this stage. <a href="#">Statement on higher education and research following the EU referendum - News stories - GOV.UK</a></li> <li>• BIS are waiting on dates for when the Higher Education Bill will be considered by Parliament.</li> <li>• Concerns have been raised around tuition fees going up if University makes the quality threshold. These will be holding steady in real terms.</li> <li>• BIS are currently looking at refreshing the Joint Repayment Strategy which was launched in February 2016.</li> <li>• If the Group want Andrew to cover specific issues at future meetings they should send these to Anne Johnstone to forward to Andrew for inclusion in his update.</li> </ul>	
<b>8. Review of action points</b>		

1/080316	<p><b>Guidance on Gov.uk</b> -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.</p> <p><b>Action</b> – Anne Johnstone to research if there is an archive of amendments to guidance.</p> <p><b>28.6.16</b> – Response received from HMRC Digital Content Design. Anne Johnstone will circulate this to the Group for feedback.</p>	Anne Johnstone
2/080316	<p><b>Employer Prompts</b> – 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> <p><b>27.6.16</b> – SF team in Telford are working on this and will provide an update for the Group's meeting in September.</p>	Paul Crooks
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> <p><b>28.6.16</b> – Andrew Busby will discuss with Karen Duncan and provide an update to the group.</p>	Andrew Busby Karen Duncan
<b>11. Any Other Business</b>		
Linda Pullan  Linda Pullan	<p><b>Student Loan Tables on Gov.uk are not in PDF format</b></p> <p>It's not always possible to look at the website and current format is not printer friendly. There has been no discussion at this Group or any advance information that the PDF format would not be available.</p> <p><b>Action</b> – Anne Johnstone will follow up with Guidance specialist to find out why the format has changes when PDF was available in previous years.</p> <p>Linda wanted to record her thanks to Alex Lawrence for all his assistance in the past. She had found Alex to be very helpful anytime</p>	Anne Johnstone

	she approached him with issues.		
<b>Date and venue of future meetings (11:00 – 13:00)</b>			
	Date	Location	
	Tuesday 6 September 2016	London, BIS Conference Centre	
	Tuesday 6 December 2016	London (venue tbc)	