

Minutes

Collection of Student Loans Consultation Group

Tuesday 5 September (11:00-13:00)

Room B1.23, Department for Education, Sanctuary Buildings, Great Smith Street, London, SW1P 3BT

Attendees	Neil Nicholas (HMRC – meeting chair) Alex Lawrence (HMRC) Paul Crooks (HMRC) Shell Makwana (HMRC) Andrew Busby (DfE) Katherine Bayliss (DfE) Anne Johnstone (HMRC – secretariat)	Ann Elmer (ATT) Claire Thackaberry (LITRG) Linda Pullan (Payroll Alliance) Kate Upcraft (BCS Payroll Group) Matthew Brown (CIOT) Peter Wilkinson (ICAEW) Samantha Mann (CIPP)
Dialling in	Lynne McCreadie (SLC)	
Apologies	Chris Jones (DA Wales) Geraldine Campbell (DA Scotland) Jamie Law (SLC) Mash Patel (HMRC)	Jackie Petherbridge (FSB)
1. Introduction and opening remarks		
Neil Nicholas	Neil Nicholas welcomed everyone to the meeting and introductions were made round the table.	
2. HMRC process update to include		
<ul style="list-style-type: none"> • Employer Prompts – benefits realisation • Progress in reducing the number of unnecessary employer prompts 		
Paul Crooks	<p>Employer Prompts – benefits realisation</p> <p>The HMRC Student finance team produced a benefits realisation paper which has shown that the realised benefits have exceeded those estimated in the original business case. The prompts were introduced in April 2016 when 94K prompt ones were issued. This has gradually reduced until in February 2017 when just over 15K prompt ones were issued. The number of second prompts issued has also reduced. Estimated prompt one compliance is 58% and estimated prompt two compliance is 32%.</p> <p>The benefits realisation paper will be sent to Department for Education (DfE) before the information is shared further.</p>	

East Kilbride Student Loans Unit (EKSLU) also carried out some follow up 'outreach' work with employers who had received a second prompt. This process involved contacting these employers by telephone to offer guidance and assistance to enable compliance. Around 40% of these cases were 'yield bearing'. Successful contact was made with these employers leading to their agreement to start making deductions from the next available pay period.

As part of the Student Loans Transformation project the Student Finance team as looking at extending employer prompts. When this is confirmed any proposed wording for the prompts will be shared with this Group for review and comment.

The Student Finance team would also be interested in any feedback and suggestions the representatives may have around employer prompts and would see this as an ongoing agenda item at these meetings.

Samantha Mann asked what HMRC are learning in terms of using Real Time Information (RTI) further.

The Student Finance team carry out assurance activity throughout the year which enables them to report against an agreed Key Performance Indicator (KPI) to the DfE. In previous years the team had only been able to report against this KPI in the final quarter of the financial year; however this year this is being reported in-year. Early indications are that employer compliance into bringing borrowers into repayment sooner has improved. The employer prompts are having a positive impact.

Matthew Brown said this sounded encouraging and asked if any process could be put in place to prompt employees to go to their employer to ask why deductions are not being taken. Possibly a message on the borrower's annual statement.

Kate Upcraft highlighted that communications need to be issued to the software community before the end of September as software development needs to be completed by the end of November. If this does not happen then it will not be in the product for April 2018.

Paul Crooks confirmed that this was being delivered as part of a package of RTI changes and he would check the timeframe to ensure this happens. If there are any issues Paul will raise these with the group.

Progress in reducing the number of unnecessary employer prompts
Samantha Mann had requested an update on progress made in reducing the number of unnecessary employer prompts being issued. For example when the employee's pay is lower than the threshold (which has been reported on the Full Payment Summary (FPS)). This could also include any unnecessary employer prompts that are issued automatically because of prior limitations on system design.

	<p>At this point in time HMRC only send prompts for borrowers who are earning over the threshold. The calculation is based on gross taxable pay and employers look at NICable pay so there can be a difference. Employers are not mandated to provide NICable earnings they are mandated to provide gross taxable earnings. There is a tolerance in place which can be applied but it is possible that in a small number of cases someone just under the threshold will receive a prompt. If the representatives have any examples of these cases they should let HMRC know as we are keen to know when employers are receiving unnecessary communications.</p>	
<p>3. Policy update to include</p> <ul style="list-style-type: none"> • Off Payroll Working in the Public Sector • Student loan deemed worker marker 		
<p>Shell Makwana</p>	<p>Postgraduate Loans from an HMRC perspective Implementation on track for April 2019. The final requirements work is going ahead to have IT in place ready for the cohort to go through from October 2018.</p> <p>There will be pre-strands of communications and guidance activity. Based on insight gathering HMRC will engage with software developers and providers as well as ensuring the guidance for employers is clear. The message will ensure that employers are aware that postgraduate loans will run concurrently with undergraduate loans but there is a difference in rates. HMRC will establish channels to communicate key messages at the appropriate time and to the appropriate audience.</p> <p>Matthew Brown pointed out that borrowers who are employed will also need to be made aware that there will be a deduction for postgraduate loans in addition to the deductions already being made for undergraduate loans.</p> <p>When loans are issued DfE and the Student Loans Company (SLC) will be responsible for notifying borrowers of the terms of their loans.</p> <p>The basic system design will show two entries on payslips for each undergraduate loan and a separate field for postgraduate loans as these are calculated separately. Feedback from employers was that these should be treated as separate products and separate notifications should be issued to employers.</p> <p>The representatives asked if, in terms of making sure the structure of the FPS data is correct, this could be an opportunity to revisit NICable earnings figure as it's surprising that NICable earnings isn't currently mandated</p> <p>From a student loan perspective using the NICable earnings figure would be preferable; however from the wider HMRC perspective they use NICable earnings on bandings and student loans within HMRC needs the exact amount. The numbers within the overall population are very small.</p>	

	<p>The representatives pointed out that employers have to calculate this figure anyway and it could help to reduce the number of employer prompts being issued. The representatives would be interested to know what HMRC consider to be the barriers against this. They would also like to know how variable interest rates are going to work.</p> <p>Andrew Busby pointed out that HMRC do not have visibility of the interest charges that have been applied to borrowers' accounts. Any questions on borrower interest should be directed to the SLC. Interest rates do not affect monthly repayments.</p> <p>There have been a number of articles recently regarding borrowers having difficulty contacting the SLC. If borrowers want to know how the repayment system works there is information available on the SLC website. If a borrower has specific question around their deductions then they will have to contact the SLC directly.</p> <p>As SA comes to a close and is replaced, we will fall in line with HMRC strategic approach to the SA community. HMRC need to get the end to end journey right and this will include student loans.</p> <p>Off Payroll Working in the Public Sector</p> <p>It has not yet been possible to automate the treatment of student loans to inhibit the issuing of start notices, so a manual workaround has been put in place. The automation is an IT solution which will place a marker on the relevant accounts. The Student Finance team are working to get this in place as soon as possible; however we do not have a date for implementation. Communications have been put in place which seem to have been effective; however if the representatives know of any cases where there has been a problem they should let the team know and this will be investigated.</p>	
4. SA Pre-population		
<p>Alex Lawrence Paul Crooks</p>	<p>There are a lot of manual handling exceptions due to borrowers completing their SA returns incorrectly. From April 2017 a pre-populated box had been introduced on the SA tax return asking if a taxpayer was also a student loan borrower The prepopulated HMRC held plan type is used to calculate the SL deduction. This change has had the effect of reducing the number of SA exceptions generated.</p> <p>Last year at this stage there were over 5K exceptions but following pre-population at the same stage this year there have only been 130 exceptions. Over the course of last year there were over 20K exceptions but this is expected to reduce significantly this year. All SA exceptions have to be worked which is very resource intensive. Although the SA tax return is pre-populated the taxpayer can still make a manual change and go in and take the 'tick' out of the box.</p> <p>Peter Wilkinson asked for some clarity around the 130 exceptions which were handled manually. Were these cases where the SA tax return had been pre-populated to say 'yes I am a student loan borrower' on the basis of SLC information? If that information needs</p>	

to be queried then the onus is on the taxpayer to contact the SLC to find out if the information HMRC has is incorrect.

In the first instance the taxpayer goes in and takes the tick out of the box which will create an exception item then HMRC will work with the taxpayer and the SLC to get the right result for the individual.

4. SLC update to include

- **Summary of Postgraduate Loan Rules for 4 regions of the UK**
- **Guidance and procedures in place for borrowers working abroad then in the UK**
- **Placement students and student loans**
- **Progress with digital service development**

Lynne McCreddie

Summary of Postgraduate Loan Rules for 4 regions of the UK
A comprehensive table will be sent to the Group following this meeting; however to summarise:

Domicile	Product	Package	Statutory Repayment Due Date (SRDD)	Deduction
England	PGL Masters first issued 2016-17	£10K paid to student	SRDD – April 2019	Separate deduction of 6% above £21K until 2021
Scotland	PGL Masters first issue in 2015/16	Maintenance and tuition fee loan	SRDD – April 2016	Plan 1 rate
Northern Ireland	PG Fee Loan first issued 2017/18	£5.5K Tuition Fee Loan	SRDD – April 2018	Plan 1 rate
Wales	PGL Masters first issue 2017/18	£10K paid to student	SRDD – April 2019	Separate deduction of 6% above £21K until 2021
England	PGL Doctoral – first issue April 2018	£25K paid to student	SRDD – April 2019	Separate deduction of 6% above £21K until 2021
Wales	PGL Doctoral – first issue 2018/19	Package to be confirmed	SRDD – to be confirmed	Deduction – to be confirmed

The SLC will inform HMRC of the plan type and HMRC will pass this information to employers. When the guidance on postgraduate loans is released HMRC need to make sure that this hits the mark. For Despite the different versions all employers will see is Plan 1, Plan 2 and Plan 3. It is important to note that postgraduate masters and

postgraduate doctoral loans will come through on the same plan type. Guidance will make clear that there will be separate, concurrent deductions. The project is aware that guidance needs to be very clear.

From April 2019 postgraduate loans will be on the starter checklist so guidance needs to be really clear for that. HMRC will share the wording of guidance with this Group.

The representatives pointed out that HR teams as well as payroll teams need to be targeted when guidance is issued as HR teams are responsible for recruitment.

Guidance and procedures in place for borrowers working abroad and then in the UK

Claire Thackaberry had raised this issue after a complaint had been received from a borrower.

There is some advice on this on the SLC website (SA section). When a customer contacts the SLC they will then contact HMRC to check if overseas income has been included on the customer's tax bill. If it has then the customer will be asked to authorise the SLC to refund the money directly to HMRC and it will then be deducted from the customer's tax payment.

The representatives were aware of one case where a borrower had contacted the SLC and it had taken three days to resolve. The information wasn't easily accessible on the SLC website and SLC and HMRC advisers did not have any information on this.

Lynne advised that at the SLC they will raise awareness of this through their knowledge base.

Following the meeting the link to the information on the SLC website was issued:

[Working Overseas](#)

Placement students and student loans

Claire Thackaberry had received a complaint from a University adviser regarding student loan repayments being made through the PAYE system for placement students who have not completed their studies but are working for one year as part of their course.

Alex Lawrence said it's difficult to prevent this happening if the student has told their employer that they are a student loan borrower and the employer starts making deductions. He confirmed that a refund can be made in these circumstances.

Progress with digital service development

- Online Confirmation of Customer Details (COCD) is complete with BETA testing of 2K submissions at the end of August 2017. The project team are now analysing and evaluating the data.
- Prototypes of overseas and evidence upload facility is being tested.

	<ul style="list-style-type: none"> Work continues on the new repayment portal. Further research with customers, particularly those overseas, to improve their customer journey and ways to repay from overseas. The normal method would be to use Direct Debit; however this is only possible from a UK bank account. These services will need to go on to Gov.uk so will be subject to GDS assessments. Alpha assessment is planned for the end of October 2017. <p>Postgraduate Loans</p> <ul style="list-style-type: none"> Discovery and refinement is planned for October/November 2017. <p>More Frequent Data Sharing is still subject to confirmation and feasibility studies. DfE are working with HMRC and the SLC to agree a solution which works best for borrowers. When a timeline is available and there is confirmation around how the system will work this will be shared with the Group.</p>	
5. DfE update to include <ul style="list-style-type: none"> Repayment of Student Loan and Postgraduate Masters' Degree Loans (Amendment) Regulations 2017 which also amend the 2009 Regulations to insert new reg 20A 		
Andrew Busby	<p>The Repayment Regulations had recently been amended to incorporate provisions for the repayment of the new Welsh master's loan product, introduced for the 2017/18 academic year. DfE took the opportunity to integrate the regulations for the repayment of the English master's loans, which were previously separate, into the main set of repayment regulations as well to assist consistency going forwards. DfE also made a small number of minor administrative updates.</p>	
Summary of action points		
1/070217	<p>Employer Prompts – As part of the student loans transformation programme HMRC want to make improvements to the current process. Initially a large number of prompts were issued so HMRC want to review these statistics with a view to planning communications in anticipation of this peak in 2017-2018.</p> <p>Action - HMRC would like the representatives on this Group to provide feedback on the employer prompt process as this would provide a really useful insight into the common mistakes being made and could be used as the basis with which to improve communications and guidance in the future.</p> <p>7.9.17 – Ongoing action point – HMRC interested in any feedback the Group may get from their clients.</p>	Employer Representatives
2/061216	<p>SLC Digital Online Repayment Portal – SLC digital online repayment team are building a new repayment portal and the first version should be completed by October 2017. The plan is to let customers know in writing that they can submit details online. There will be a small pilot in April 2017 with a view to running online and paper.</p> <p>Kate Upcraft asked if there could be a link to the the online portal from the Personal Tax Account to allow borrowers to update their details.</p>	Jamie Law

	<p>Action – Jamie Law will check if this is something that can be incorporated into the portal.</p> <p>1.3.17 - SLC have had discussions with HMRC about what they would like to include for Repayment within the customer’s Digital Tax Account but haven’t yet gone into detail about what that might include. A link to the Online COCD will form part of future discussions.</p> <p>7.9.17 – Ongoing action point until there is more detail on what might be included in the customer’s Digital Tax Account</p> <p>Carry forward</p>	
1/280616	<p>Employer Prompts - 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>Action – Paul Crooks will check on the authorisation process and update the Group.</p> <p>2.9.16 – Standard checks imposed by the Data Guardian are followed. As these checks proved to be cumbersome they have been reviewed to reduce timings. These have now been signed off by the Data Guardian and we are working towards implementation.</p> <p>6.9.16 – HMRC have produced an update to the validation process which will reduce times and the burden on employers. This has been forwarded to HMRC Data Guardian for approval. The Group will be advised when the new process is in place.</p> <p>16.11.16 – The new process is in place and the guidance went live on 4 October 2016.</p> <p>6.12.16 – The Group were requested to check with employers and feedback their responses on whether or not the process had been improved.</p> <p>7.3.17 –Ongoing until a definitive response is available. The employer representatives will provide any feedback they receive from employers.</p>	Paul Crooks
2/280616	<p>Student Loan Tables on Gov.uk are not in PDF format</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>Action – Anne Johnstone will follow up with Guidance specialist to find out why the format has changed when PDF was available in previous years.</p> <p>26.7.16 - The current Gov.uk strategy is to convert all guidance to HTML. They will no longer support publication of guidance in PDF format. As part of this programme, helpbooks such as the E17 and the SL3 deduction tables have been converted to HTML, and the programme will continue in 2016-2017 with the conversion of the Student Loan factsheets CSL1, CSL1A and CSL2.</p> <p>6.9.16 – Employer reps are still concerned about this as not everyone has access to the internet or they don’t know the URL to be able to find the information to keep up to date with changes. HMRC are continuing to feedback the concerns of this Group.</p>	Anne Johnstone

	<p>15.11.16 - Most employers deal with HMRC online. The small number who do not have online access can apply for exemption by writing to HMRC, and they can access guidance by contacting the Employer's Helpline. We are continuing to use feedback to improve our online content, making information easier to search for and find.</p> <p>6.12.16 – The Group requested that HMRC pursue whether the layout in the HTML format could either be published as 3 columns (same as pdf) or if the tables could be published separately.</p> <p>2.3.17 – Student Finance Guidance team continue to pursue this with CDIO to see if they can influence the change requested by the Group.</p> <p>7.3.17 – Student Finance team will continue to pursue and employer representatives will raise with GDS.</p> <p>30.8.17 – The Student Finance team asked Gov.uk if this could be done prior to publication of the 17/18 SL3 deduction tables, however, they were unable to accommodate our request. As we'll soon be starting work to prepare the updates for 18/19 we again asked if a PDF or other printer friendly format can be published. CDIO confirmed that they cannot change the format of the page as they use certain standards set by GDS and they have also stopped the use of the PDF style.</p> <p>7.9.17 – HMRC to continue to pursue if the tables can be made more 'user friendly' and more accessible.</p>		
11. Any Other Business			
Kate Upcraft	<p>When the plan type is included from April 2018 are HMRC expecting employers to populate all existing borrowers or just new borrowers going forward?</p> <p>The information will be needed for everyone who is having deductions taken. Every time there is a deduction the plan type needs to be entered.</p>		
Date and venue of future meetings (11:00 – 13:00)			
	Date	Location	
	Tuesday 5 December 2017	London (Room B1.04, Sanctuary Buildings, Great Smith Street)	