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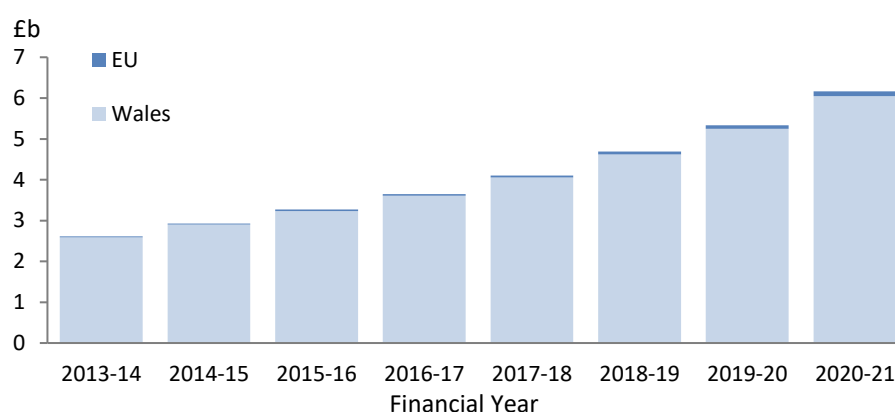
Student Loans in Wales

Financial Year 2020-21

Income Contingent Student Loan Balance

Income Contingent Student Loan balance reaches £6.2 billion

Figure 1: Total Balance of Income Contingent Student Loans at the end of Financial Year 2013-14 to 2020-21 (£ billion)



The loan balance for both Wales and EU borrowers reached £6.2 billion by the end of financial year 2020-21. This is a 15.5% (£0.8 billion) increase on the previous end-financial year figure of £5.3 billion, which is consistent with the annual increases of the previous two financial years. *Table 1*

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, 66.4% are amounts which 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.

EU borrowers balance reached £114.2 million by the end of financial year 2020-21. This is a 26.2% (£23.7 million) increase on the previous end-financial year figure of £90.5 million. Although the EU loan balance has increased, the % increase continues to slow (from 32.3% in FY 2018-19).

EU students starting or continuing a course in Wales in Academic Year 2020/21 remained eligible for financial support for the duration of their course.

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Introduction

This statistics publication presents figures and observations on student loan outlays, repayments and borrower activity for Wales 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 (EU) students studying in Wales.

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 up to and including 2020-21.

Complete information on student finance arrangements in Wales are available at the Student Finance Wales [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 balance 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

More Frequent Data Sharing (MFDS)

From April 2019 the frequency in which repayments data is 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 increased to weekly. This meant 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 resulted in a change in time series for repayments and interest applied for the 2019-20 financial year. For the 2020-21 financial year, the time series has normalised with a single years' worth of repayments data being included (those processed by SLC in FY 2020-21).

As a result of the above, inferences into short-term, or longer-term trends are not as straightforward as in previous years and therefore subsequent commentary in these instances may be reduced within this publication. Where relevant, it may be more valuable to compare 2020-21 to FY 2018-19 and commentary regarding overall increases over the two years is provided.

The MFDS Effect on Repayments Data in Financial Year 2019-20

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 (prior to FY 2019-20) were mainly for the year before. The same was also true for the associated interest calculations being applied to these customer accounts.

In the first financial year of receiving this information at a greater frequency (FY 2019-20) more repayments data was evident than in 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) were included.

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

It should be noted that **this did not adversely affect the borrower's balance** – this effectively brought a more up-to-date representation of loan balances at that point in time

The figures / trends in this publication which have been affected by MFDS are clearly marked throughout this publication but for additional information in regard to MFDS please see [gov.uk](https://www.gov.uk) webpage.

The MFDS Effect on Interest Rate Calculations in Financial Year 2019-20

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 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 was included (those processed by SLC in both FY 2018-19 and 2019-20). The time series has normalised in financial year 2020-21, as this includes just one financial year of repayments information and resulting interest calculations (those processed by SLC in FY 2020-21).

From financial year 2019-20 onwards Plan 2 customers interest is calculated at RPI rate only, for repayments information received within the same financial year for which it applies. The variable interest rate (VIR) portion (0-3%) of the interest rate is applied to the accounts once the year end repayment amount is known from the end of year file. This is supplied by HMRC annually usually after the end of financial year. This means the VIR portion of the interest calculation will be in the following reporting financial year within this publication. For further information on VIR, please see [here](#).

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 2020-21 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 Table 1, 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. From 2018-19 this has been provided as expected, allowing this to be included as final figures.

In Table 4A we therefore mark the latest financial year of repayment as 'provisional' as the 2020-21 Self-Assessment earnings information is received from HMRC after the 30 April effective date. The final figure is shown in the following years' publication.

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:	31 March
Table 3, 4 and 5:	30 April

Tables 3, 4 and 5 provide 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 – Due to each Financial Year adding an additional 6 columns to this table, we have removed data prior to financial year 2016-17. This will enable the user to view this table more easily in a printable format. Data prior to 2013-14 is available in all previous year versions of this publication.

Table 1 – We have expressed this table in 'millions', rather than 'thousands' used in previous versions of this statistics publication.

Income Contingent Student Loan Balance by Repayment Plan

In financial year 2020-21, there were three Repayment Plans. Students who began their course prior to 1 September 2012 are on Repayment Plan 1, those who began their course on or after 1 September 2012 are on Repayment Plan 2 and students who have taken out Postgraduate loans are on Repayment Plan 3. Borrowers can be 'multi-Plan' should they have studied multiple courses.

Figure 2: Total Balance of Income Contingent Student Loans at the end of Financial Year 2013-14 to 2020-21 by Repayment Plan (£ billion)

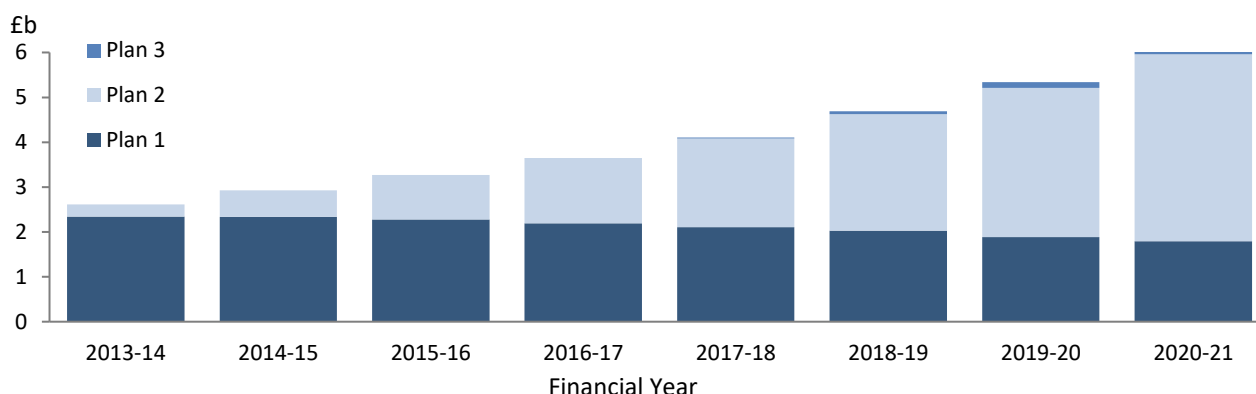


Figure 2 indicates the changing proportion of the loan balance in respect to Repayment Plans. At end financial year 2013-14, Repayment Plan 1 loans equated to 89.8% of the entire loan balance and by the end of financial year 2020-21, this had reduced to 29.1%. *Table 1*

By contrast, at end financial year 2013-14, 10.2% of the balance was attributed to Repayment Plan 2 loans which has since increased to 67.6% by the end of financial year 2020-21.

Following their introduction in 2017-18, Repayment Plan 3 (Postgraduate loans), now makes up 3.3% of the Higher Education loan balance. In 2017-18 this was purely Postgraduate Masters loans and from 2018-19 onwards Postgraduate Doctoral loans were also introduced into this Repayment Plan type.

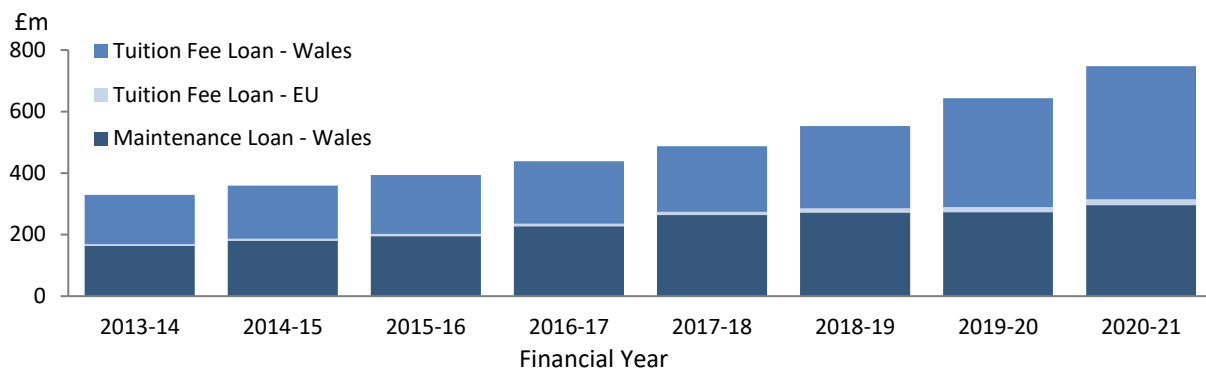
For more information on repayment plans, please refer to the relevant section within **Additional Information** of this publication.

Total Amount Lent to Student Borrowers

Loans discussed in this section include Tuition Fee Loans and Maintenance Loans for Undergraduates, and Masters and Doctoral Loans for Postgraduates.

Amount lent to all Higher Education borrowers increased by 17.2% to £818.7 million in Financial Year 2020-21

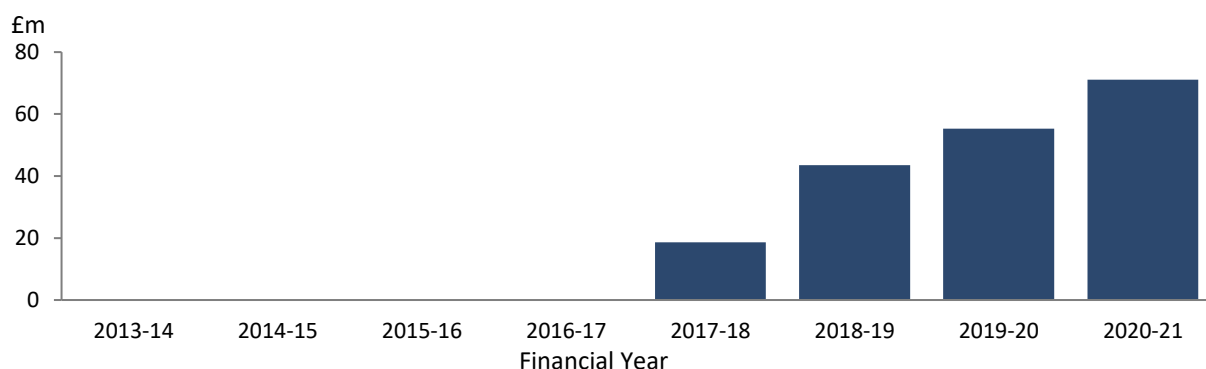
Figure 3: Total Amount Lent to Higher Education Undergraduate Loans Borrowers in Financial Years 2013-14 to 2020-21 (£ million)



The amount lent to Higher Education Undergraduate borrowers in financial year 2020-21 was £747.6 million. This was a £104.3 million increase in comparison to the previous financial year. £452.0 million in Tuition Fee loans was lent in 2020-21, 22.0% more than in 2019-20. This is a less significant increase than in the previous financial year, when a further 31.5% was lent in comparison to 2018-19, partially owing to the removal of Tuition Fee Grants from Academic Year 2018/19. Of the amount lent in Tuition Fee loans in 2020-21, a total of £19.1 million was lent to EU borrowers; a £2.3 million (13.7%) increase on 2019-20. The EU increase has therefore continued to slow on the two prior year's increase of 16.5% in 2019-20 and 28.6% in 2018-19. *Table 1*

£295.6 million was lent to Higher Education Undergraduate borrowers in the form of Maintenance Loans – a £22.6 million (8.3%) increase on the previous year. This is a higher increase than seen in previous financial years partially owing to the increasing numbers of Part Time Maintenance Loans, introduced in 2018-19. The amount of Maintenance Loans paid out to Full Time borrowers also increased, by 7.0% on the previous year.

Figure 4: Total Amount Lent to Higher Education Postgraduate Borrowers in Financial Years 2013-14 to 2020-21 (£ million)



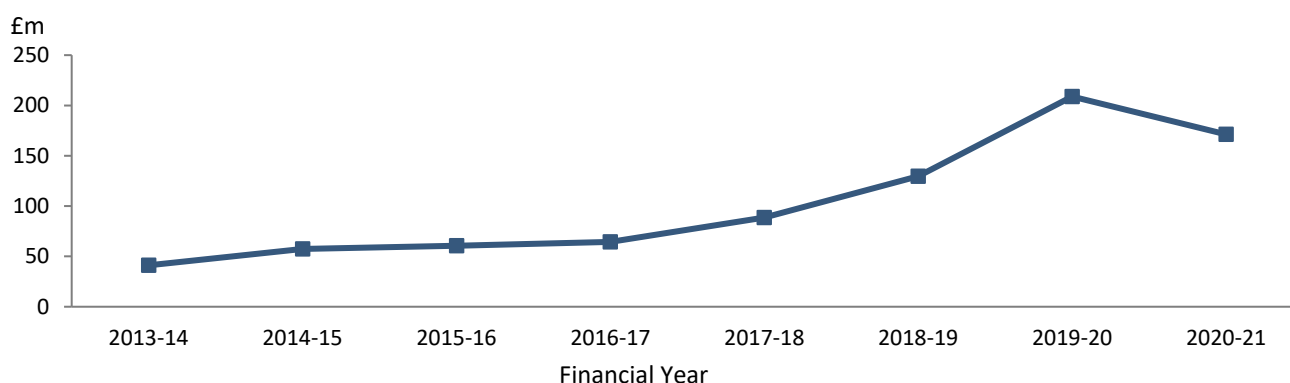
The amount lent for Higher Education Postgraduate education was £71.1 million which was a £15.8 million increase on 2019-20 (28.7%). This is in line with the increase in the previous financial year of 26.9%.

Interest Added to Income Contingent Loans

The interest charged on loans is dependent on the Repayment Plan Type the loans falls under. In financial year 2020-21, there were three Plans. Students who began their course prior to 1 September 2012 are on Repayment Plan 1, those who began their course on or after 1 September 2012 are on Repayment Plan 2 and students who have taken out Postgraduate loans are on Repayment Plan 3. Borrowers can be 'multi-Plan' should they have studied multiple courses.

£171.3 million interest added to Higher Education Loans in Financial Year 2020-21

Figure 5: Total Amount of Interest Added to Higher Education Loans in Financial Years 2013-14 to 2020-21 (£ million)



The greater increase between 2018-19 and 2019-20 was predominantly due to '**More Frequent Data Share**' - the more readily available data provided to SLC by HMRC. This 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) were 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 has normalised in financial year 2020-21, as it includes just one financial year of interest calculations (those processed by SLC in FY 2020-21).

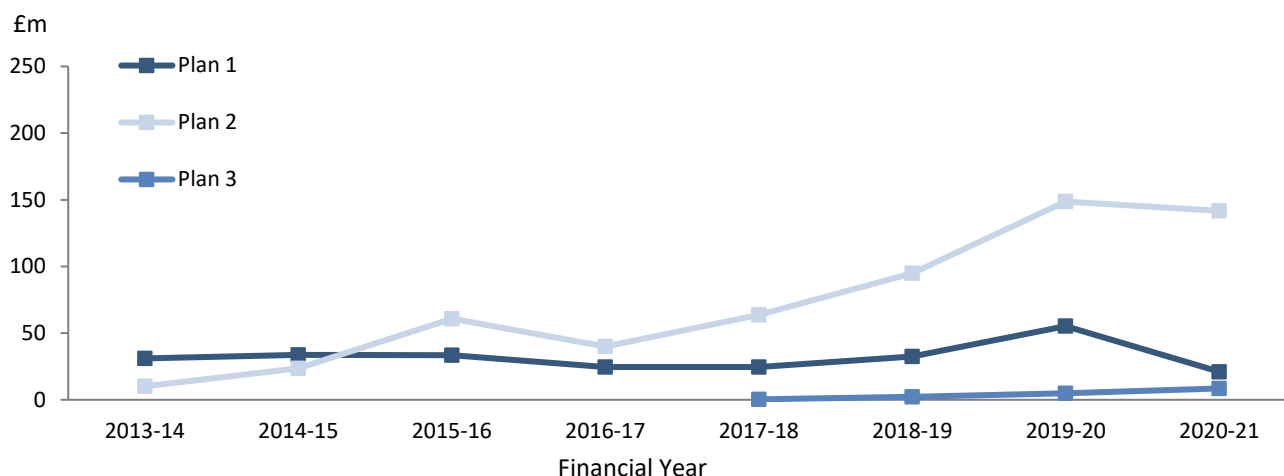
As a result of the above, inferences into short-term, or longer-term trends are not as straightforward as in previous years and therefore subsequent commentary in these instances may be reduced within this publication.

Where relevant, it may be more valuable to compare FY 2020-21 to FY 2018-19 and commentary regarding overall increases over the two years is provided.

Interest added to loan accounts in financial year 2020-21 was £171.3 million, £41.8 million (20.0%) more than in 2018-19. This is predominantly due to a higher opening balance of £5.3 billion vs. £4.1 billion in FY 2018-19. As a % of the opening balance, the interest equates to 3.2% in both 2018-19 and 2020-21. *Table 1*

The graph overleaf indicates the amount of interest added by financial year, split by Repayment Plan type:

Figure 6: Total Amount of Interest Added to Higher Education Loans in Financial Years 2013-14 to 2020-21 by Repayment Plan (£ million)



£21.1 million was added to Plan 1 balances in FY 2020-21. This is a decrease of £11.3 million (-34.9%) on FY 2018-19. As a % of the opening balance, this represented 1.1% in 2020-21 and 1.5% of the opening balance in 2018-19. Plan 1 interest will continue to decrease as these loans are repaid and no new loans are issued.

Table 1

£141.8 million was added to Plan 2 loan balances in the same period. This is an additional £47.0 million (49.6%) than in FY 2018-19. As a % of the opening balance, this represented 4.3% in 2020-21 and 4.8% of the opening balance in 2018-19.

£8.5 million was added to Plan 3 loans balances in FY 2020-21. This is an increase of £6.1 million (+262.8%) on FY 2018-19. As a % of the opening balance, this represented 6.8% in 2020-21 and 12.4% of the opening balance in 2018-19. The 2018-19 total is made up predominantly of Postgraduate Masters Loan interest, as the Postgraduate Doctoral loan was not introduced until late into that financial year (for Academic year 2018-19).

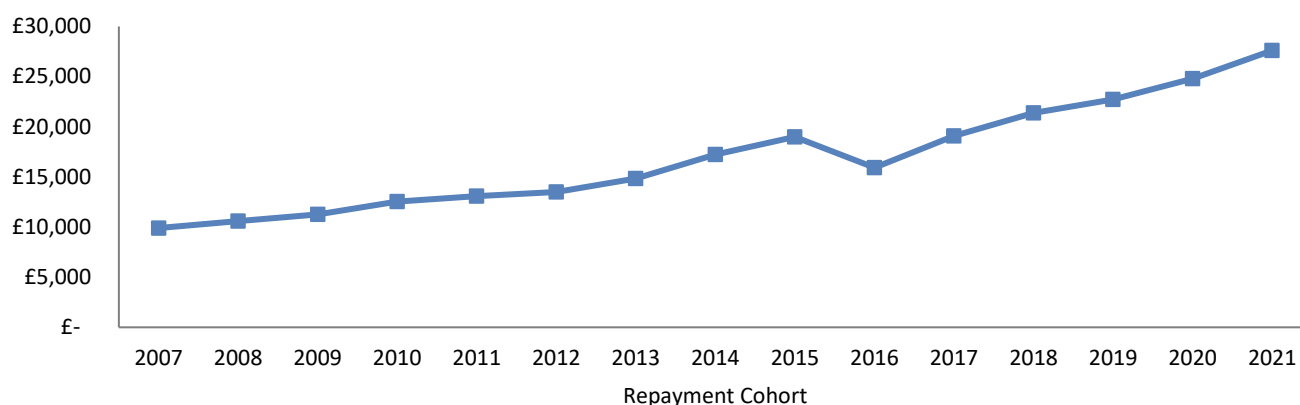
For more information on interest rates and calculations, please refer to the relevant section within **Additional Information** of this publication.

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 £27,600

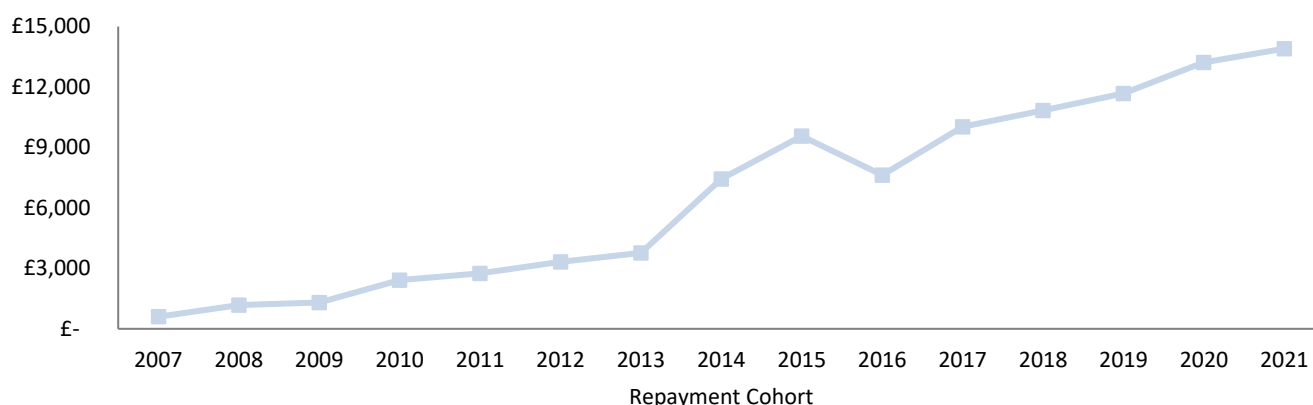
Figure 7: Average Loan Balance on Entry into Repayment by Repayment Cohort as at the beginning of the Financial Year 2021-22: Wales & EU



The average loan balance for the 2021 repayment cohort on entry to repayment was £27,600. This is a £2,820 (11.4%) increase on the previous repayment cohort (2020). *Table 5A*

Full-time students completing three- or four-year courses are included in these averages but are diluted by other borrower types in the same repayment cohort such as those on longer or shorter courses, part time study and students that have withdrawn before completing their studies.

Figure 8: Average Loan Balance on Entry into Repayment by Repayment Cohort as at the beginning of the Financial Year 2021-22: EU Only



For EU borrowers, the average balance for the 2021 repayment cohort on entry to repayment increased from £13,220 to £13,900 (+5.1%). EU borrowers consistently have a lower average balance. This is predominately due to non-Wales domiciled student being entitled to Tuition Fee loans only. *Table 5B*

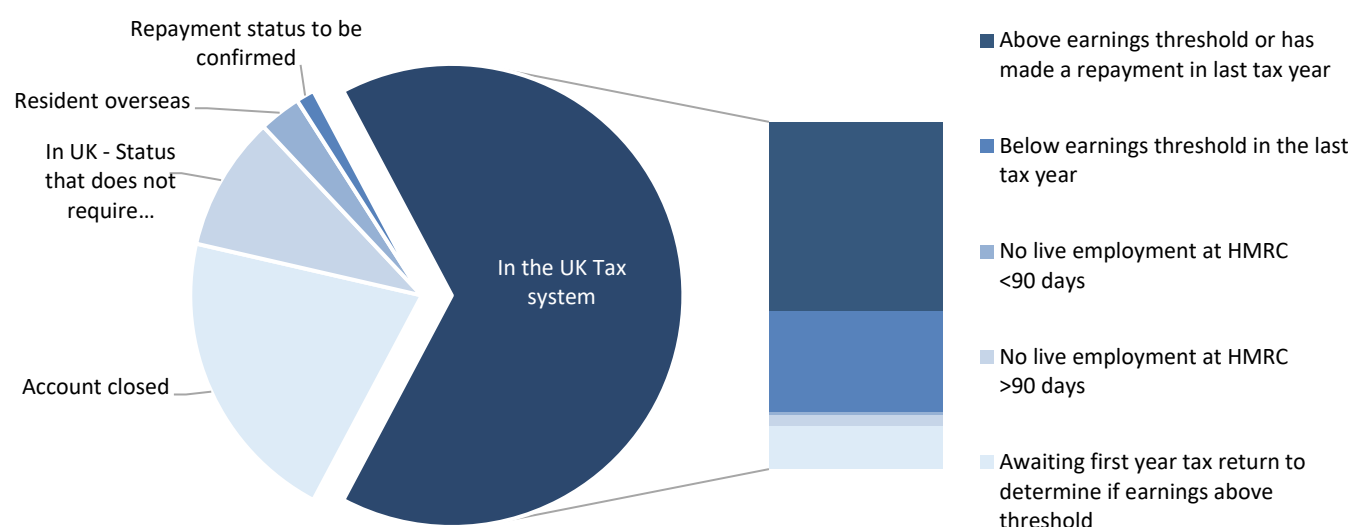
EU students starting or continuing a course in Wales in Academic Year 2020/21 remained eligible for financial support for the duration of their course.

Income Contingent Loan Borrower Repayment Status

Borrowers are categorised by their repayment status as at the end of the financial year. This status may change throughout the year depending on their circumstances. Until their Loan Balance is fully repaid or cancelled, they can move into and out of any of the other statuses.

65.5% of all ICR borrowers who are liable to repay are in the UK Tax system and 35.7% made a repayment in FY 2020-21

Figure 9: ICR Student Loan Borrowers by Repayment Status as at the beginning of FY 2021-22



The above chart includes all ICR loan borrowers in all repayment cohorts who have become liable to repay as at 30 April 2021.

20.8% of those who have become liable to repay no longer retain any loan balance, mainly due to full repayment. Therefore, of the 340,700 borrowers, 269,700 are still owing. *Table 3A*

Included in these figures, is the 2021 repayment cohort. This cohort has been in repayment for less than one month from the effective date of the statistics shown. Therefore, the profile of this repayment cohort is very different to that of earlier repayment cohorts.

'Future Cohorts' shown in Table 3 are borrowers whose SRDD (Statutory Repayment Due Date) has not been reached and are currently not liable to repay and includes borrowers who are still studying.

The numbers in a repayment cohort can change. Students begin in a cohort based on the length of their course. If they drop out of their course of study, the date from which they are expected to start repaying (SRDD) is brought forward to the April following the date they withdrew from their course.

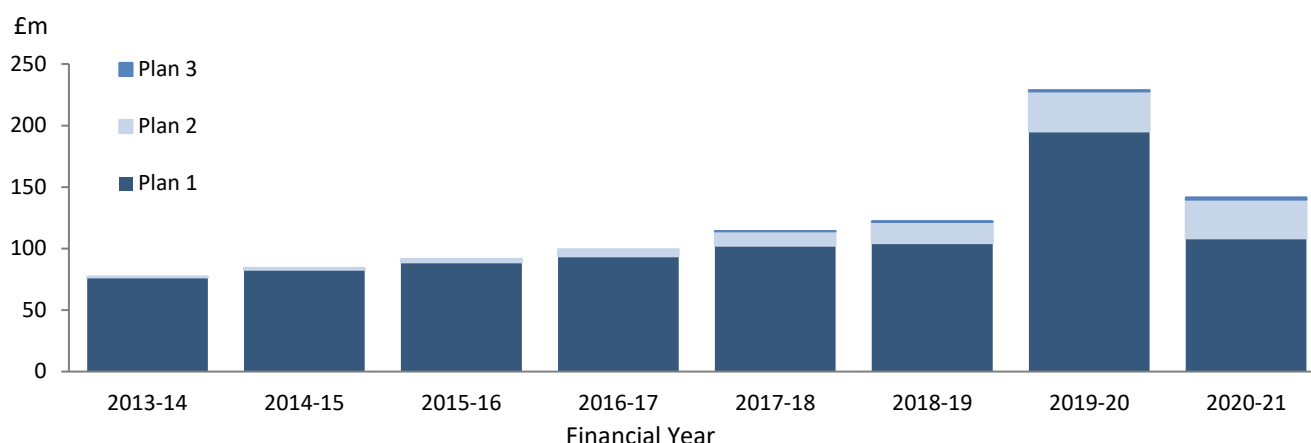
As a result of MFDS, the number of borrowers within the tax system are now identified earlier as Student Loans Company are no longer reliant on an annual, end-of-year HMRC file of data to allocate their status.

Income Contingent Loan Repayments

Borrowers normally become liable to make repayments from the April following the completion of, 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. Repayment terms including thresholds and interest rates differ depending on the Repayment Plan type the loan falls under – further detail can be found [here](#).

Higher Education borrowers repaid £141.5 million in Financial Year 2020-21

Figure 10: Total Amount Repaid by Higher Education Borrowers in Financial Years 2013-14 to 2020-21 by Repayment Plan Type (£ million)



The amount repaid in respect of Higher Education income contingent loans totalled £141.5 million in financial year 2020-21.

The significant increase between 2018-19 and 2019-20 was predominantly due to '**More Frequent Data Share**' - the more readily available data provided by HMRC. This 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) were 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](#).

The time series has normalised in financial year 2020-21, as it includes just one financial year of repayments data (those processed by SLC in FY 2020-21). As a result of the above, inferences into short-term, or longer-term trends are not as straightforward as in previous years and therefore subsequent commentary in these instances may be reduced within this publication.

Where relevant, it may be more valuable to compare FY 2020-21 to FY 2018-19 and commentary regarding overall increases over the two years is provided.

Plan 1 (loans prior to Sep-12) repayments increased by £3.9 million (3.7%) to £108.3 million between 2018-19 and 2020-21 and Plan 2 (Post Sep-12) repayments increased by £13.9 million (79.9%) to £31.3 million. Plan 3 (Postgraduate) repayments have increased by 785.6% to £1.8 million since 2018-19. *Table 1A*

84.7% of the Higher Education repayments were received via HMRC and 15.3% were made directly to SLC (split does not take into account refunds made).

For more information on repayment plans, please refer to the [Additional Information](#) section.

Income Contingent Loan Repayments by Repayment Method

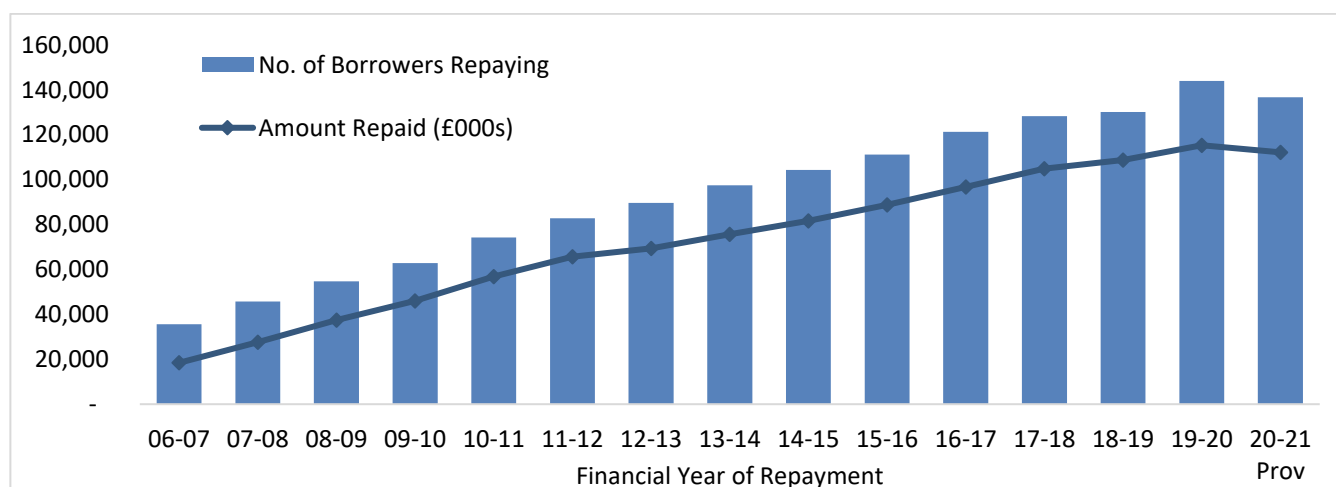
Repayments can be made in three methods, via HMRC (for UK taxpayers who are paid via PAYE or self-employed submitting Self-Assessment), along with scheduled and voluntary repayments which are made directly to SLC (outside of the HMRC deduction system). Scheduled repayments are made by borrowers nearing the end of their repayment term or from those overseas. Borrowers can opt to move onto a direct debit scheme paid directly to SLC to avoid overpayment via PAYE deductions. Voluntary repayments are additional repayments which a borrower can choose to make at any time and can be paid alongside scheduled repayments and those via HMRC.

Provisional figures indicate a potential reduction in the number of borrowers making repayments and the total amount repaid in FY 2020-21

Financial Year 2020-21 saw the first decrease in the number of borrowers who made a repayment and the total amount repaid across all three methods of repayment - via HMRC, and scheduled and voluntary to SLC.

Table 4A in our accompanying excel tables shows provisional figures for financial year 2020-21 for both the number of borrowers who made a repayment via HMRC and the amount repaid. This is marked as 'provisional' due to the 2020-21 Self-Assessment earnings information being received from HMRC after the Table 4A's 30 April 2021 effective date.

Figure 11: Number of ICR Student Loan Borrowers who made a Scheduled repayment via HMRC & Total Amount Repaid by Financial Year of Repayment 2006-07 to 2020-21

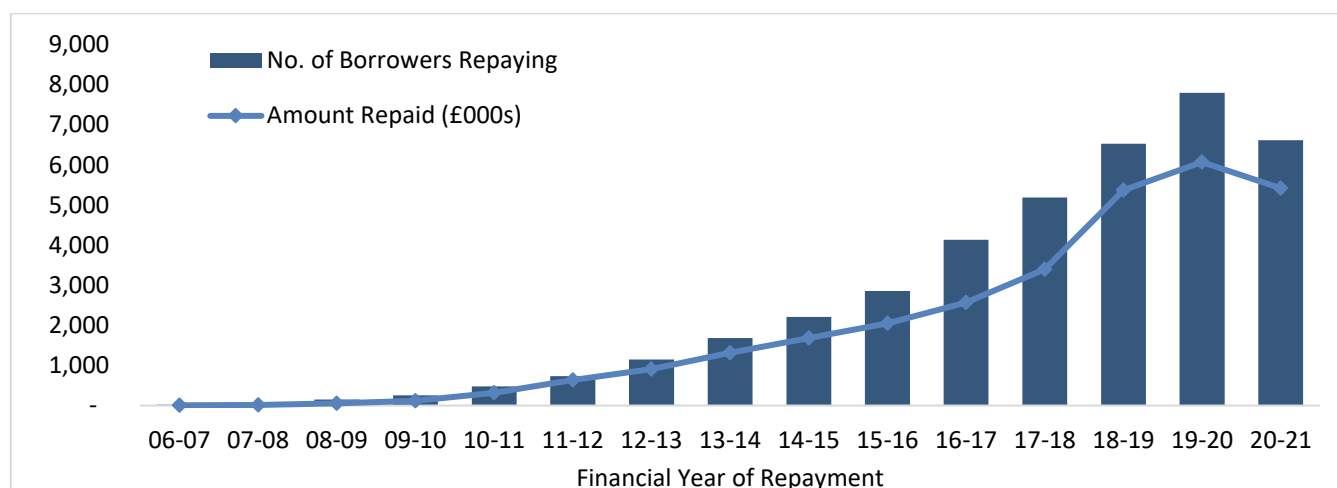


The provisional number of borrowers who made a repayment via HMRC in FY 2020-21 was 5.0% (7,255) lower in comparison to the final figure for FY 2019-20 of 143,920. The provisional amount repaid via this method was 2.7% (£3.1 million) lower in comparison to the final figure for FY 2019-20 of £115.3 million.

The movement between provisional and final figures for FY 2019-20 was an additional 10.3% in regard to the number of borrowers who made a repayment (from 130,510 to 143,920) and an additional 8.7% in the amount repaid (from £106.1 million to £115.3 million). Therefore, whether this is a genuine change in trend in comparison to 2019-20 will not be evident until our next publication release, in June 2022.

The provisional position for FY 2019-20 can be found in the previous year's [**publication**](#).

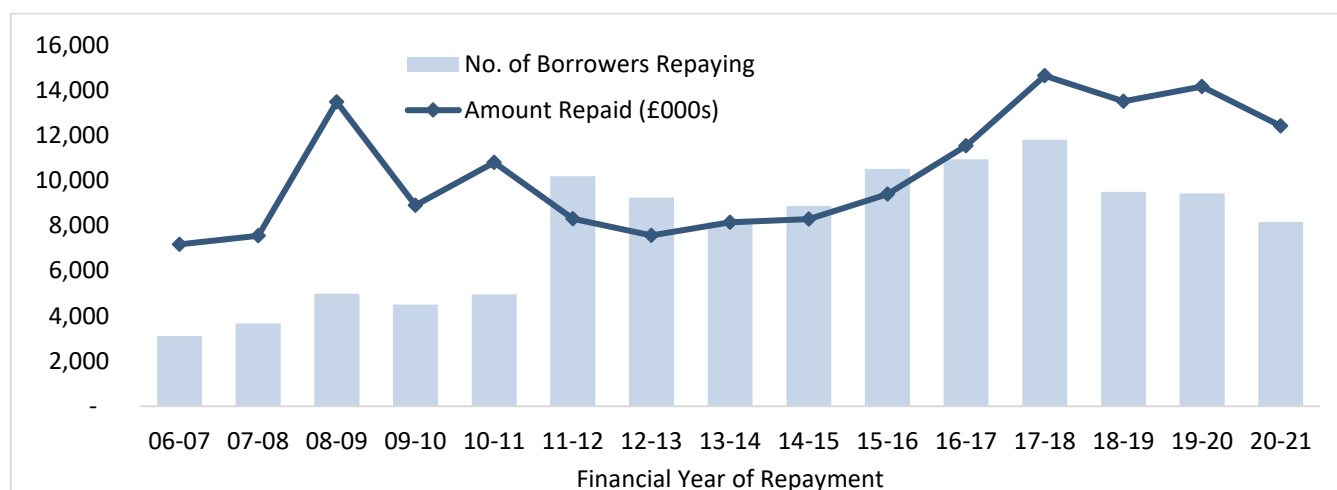
Figure 12: Number of ICR Student Loan Borrowers who made a Scheduled repayment to SLC & Total Amount Repaid by Financial Year of Repayment 2006-07 to 2020-21



The number of those making scheduled repayments has reduced by 1,180 (15.1%) to 6,615 in FY 2020-21 and the amount repaid reduced by £655,000 (10.8%) to £5.4 million. Figure 12 indicates the trend since FY 2006-07.

This is the first reduction evident in comparison to the previous year in both the number of borrowers who made a scheduled repayment and the amount repaid via this method. *Table 4C*

Figure 13: Number of ICR Student Loan Borrowers who made a Voluntary repayment to SLC & Total Amount Repaid by Financial Year of Repayment 2006-07 to 2020-21



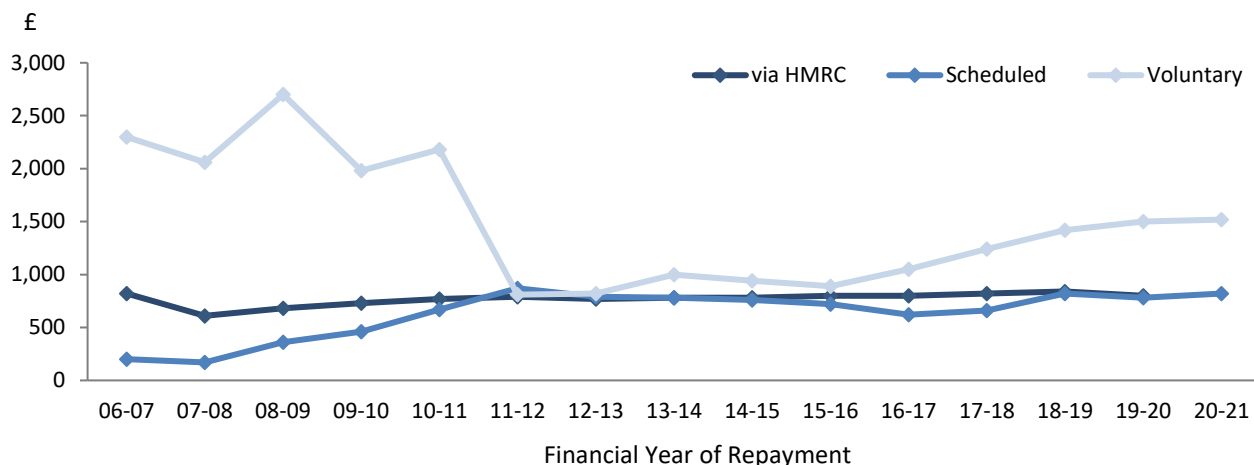
As shown in Figure 13, voluntary repayments made directly to SLC are significantly more volatile than scheduled and HMRC repayments, so a reduction in financial year 2020-21 in comparison to the previous year is not necessarily a change in trend.

The number of borrowers making voluntary repayments reduced by 13.4% in FY 2020-21, to 8,160. This is the third consecutive year that has seen a reduction in comparison to prior year - the most significant was in FY 2018-19 with a decrease of 19.5%. This is the second year out of the previous three in which there has been a reduction regarding the amount voluntarily repaid – FY 2020-21 being the most significant with a decrease of 12.3%. *Table 4E*

Average Amount repaid by Repayment Method

4.8% decrease in the Average Amount repaid by ICR loan borrowers via HMRC to £800 in FY 2019-20

Figure 14: Average Annual Amount repaid by ICR Student Loan Borrowers by Repayment Method £



The above graph indicates the overall average amount repaid by repayment method.

For both HMRC and scheduled repayments, this average includes only those borrowers who have become liable to repay (usually the April following the completion, or withdrawal from their course). For voluntary repayments, this includes all ICR borrowers who made a repayment (including those who are not yet liable to repay).

The reduction in the average voluntary repayment amount in 2010-11 reflects the introduction of the Partial Cancellation Scheme whereby borrowers may be eligible to have up to £1,500 of their first Maintenance Loan written off by the Welsh Government after they make their first repayment.

HMRC repayments for the 2020-21 financial year are not included in the overall average as this is considered 'provisional' until all Self Assessment data is included. This amount will be finalised in the 2022 publication.

Overall average HMRC repayments have remained relatively constant, with a gradual increase of £30 (3.9%) in the last decade (FY 2010-11). *Table 4A (iii)*

FY 2020-21's overall average scheduled repayment increased by £40 (5.1%) to £820 on FY 2019-20. *Table 4C (iii)*

For overall average voluntary repayments, these increased by £20 (1.3%) to £1,520 on FY 2018-19. *Table 4E (iii)*

For more information on the repayment of Income Contingent loans, please see the **Additional Information** section.

Additional Information

Income Contingent Student Loan Repayment Plans

Repayment Plan 1 (Prior to 1 September 2012)

Repayments for Repayment Plan 1 loans are at the rate of 9% of income above the income threshold. The table below shows the change in income threshold for Plan 1 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	6-Apr-20 to 5-Apr-21
Annual Income Threshold	£10,000	£15,000	£15,795	£16,365	£16,910	£17,335	£17,495	£17,775	£18,330	£18,935	£19,390

Further details on the calculation of Plan 1 interest can be found [here](#).

Repayment Plan 2 (Post 1 September 2012)

Repayments for Repayment Plan 2 loans are at the rate of 9% of income above the income threshold. The table below shows the change in income threshold for Plan 2 by financial year:

Period Applicable	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	6-Apr-20 to 5-Apr-21
Annual Income Threshold	£21,000	£21,000	£25,000	£25,725	£26,575

Borrowers normally become liable to make repayments from the April following the completion, or withdrawal from their course, however borrowers with Repayment Plan 2 loans did not first become liable to repay until April 2016 as repayments could not be taken through the tax system. Where borrowers also have an outstanding Plan 1 loan, repayments are allocated based on 9% of the difference between the Plan 1 and Plan 2 thresholds; this is irrespective of a borrower's actual income. Any repayments made prior to a borrower's Plan 2 Statutory Repayment Due Date (SRDD) will be allocated in whole to a borrower's Plan 1 loan. Further details on the calculation of Plan 2 interest can be found [here](#).

Repayment Plan 3 (Postgraduate loans)

Repayments for Repayment Plan 3 loans are at the rate of 6% of income above the income threshold. The first borrowers with Repayment Plan 3 loans became liable to repay from April 2019. The table below shows the change in income threshold for Plan 3 by financial year:

Period Applicable	6-Apr-19 to 5-Apr-20	6-Apr-20 to 5-Apr-21
Annual Income Threshold	£21,000	£21,000

Where borrowers also have an outstanding Plan 1 or Plan 2 loan, repayment of the two loans will be made concurrently, totalling 15% of earnings above the threshold (9% for the Plan 1 or Plan 2 loan, plus 6% for the Plan 3 loan). Further details on the calculation of Plan 3 interest can be found [here](#).

Repayment Plan 1 & 2 Partial Cancellation

Students who took out a Maintenance Loan from Student Finance Wales from academic year 2010/11 may receive a Partial Cancellation of up to £1,500 from the Welsh Government. The cancellation is applied on receipt of the first repayment against the loan. If a student has loans for more than one academic year the cancellation is only applied to the first year's loan.

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.

Repayment Plan 1 Loans

For Repayment Plan 1 ICR 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. The RPI in 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 in 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	1-Sep-20 to 31-Aug-21
RPI @ March	3.6%	3.3%	2.5%	0.9%	1.6%	3.1%	3.3%	2.4%	2.6%
Plan 1 - Interest Rate	1.5%	1.5%	1.5%	0.9%	1.25%	1.5%	1.75%	1.75%	1.1%

Repayment Plan 2 Loans

The Repayment Plan 2 interest charge is set each year from 30 September to 31 August. The interest rate whilst studying is RPI +3% and remains so up until the borrower's Statutory Repayment Due Date (SRDD) – usually the April following the completion, or withdrawal from their course. Once borrowers are due to repay, interest will be variable and income contingent.

A Variable Interest Rate (VIR) is an interest rate dependent upon the borrower's earnings once they become liable to repay. It was a system introduced for loans taken out by Wales and England-funded entrants from 2012/13 onwards. The interest rates are based on the UK Retail Price Index (RPI) plus the VIR and are added to the amount owed from the day of first payment until the loan is repaid in full. The RPI part of the interest rate is updated once a year in September, using the RPI from March of that year. Until the SRDD is reached the VIR part of the interest is 3%. The earliest SRDD for Plan 2 loans was April 2016 so the first financial year where the interest actually started varying was 2016-17.

The table below shows the maximum interest rates for this Plan 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	1-Sep-20 to 31-Aug-21
RPI @ March	3.6%	3.3%	2.5%	0.9%	1.6%	3.1%	3.3%	2.4%	2.6%
Plan 2 - Max. Interest	6.6%	6.3%	5.5%	3.9%	4.6%	6.1%	6.3%	5.4%	5.6%

Those earning £25,000 or less were charged at the rate of inflation (RPI), interest rates for those earning between £25,000 and £41,000 will be on a sliding scale from RPI to RPI +3%; and those earning £41,000 or more will accrue interest at RPI +3%.

Borrowers who do not respond to requests for information or evidence become 'Non-Compliant' and incur the highest interest rates of RPI +3% irrespective of income, until all required information is received. The table below indicates the % of Plan 2 borrowers incurring the variable part of the interest in force at the end of financial-year 2018-19:

Tax Year Ending	Variable Part of Interest Rate Incurred (Plan 2 Only)					Of those incurring 3%	
	0%	0.01 - 0.99%	1.00 - 1.99%	2.00 - 2.99%	3%	Compliant	Non-Compliant
2018-19	80.0%	12.7%	4.4%	1.4%	1.6%	49.9%	50.1%

The Non-Compliance Rate (NCR) interest was not applied to any eligible customer's balance from 20 March 2020. SLC took this decision at the outbreak of the COVID-19 pandemic to support customers, ensuring

they were not placed into further financial difficulty during an unprecedented time of uncertainty. As a result, all those incurring 3% in the above table for Tax Year ending 2019-20 (effective end-April 2021) are all deemed as 'Compliant'.

Repayment Plan 3 Loans (Wales & England only)

The Repayment Plan 3 interest charge is also set each year from 30 September to 31 August. The interest rate whilst studying is RPI +3% and remains so throughout repayment.

The table below shows the interest rates for this Plan 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	1-Sep-20 to 31-Aug-21
RPI @ March	3.6%	3.3%	2.5%	0.9%	1.6%	3.1%	3.3%	2.4%	2.6%
Plan 3 - Interest Rate	6.6%	6.3%	5.5%	3.9%	4.6%	6.1%	6.3%	5.4%	5.6%

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. From 2018-19 this has been provided as expected, allowing this to be included as final figures.

Related Statistics Publications

SLC publish statistics on the repayment of Student Loans for Higher Education for England, Northern Ireland and Scotland 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**. The **latest release** of this series was published on the 26 November 2020 covering Academic Year 2019/20.

The Student Awards Agency for Scotland (SAAS) 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 on 25 August 2020 covering Academic Session 2019/20.

The Welsh Government also publish statistics on student finance. These are held on a designated [website](#).

Notes on Policy

The statistics on student loans in this release were compiled by the Student Loans Company (SLC). They include public sector loans only, which are repaid on an Income Contingent basis. Responsibility for the Income Contingent Loan balance was transferred to the Welsh Government in 2006.

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:

- **Postgraduate Loans** - An additional breakdown for Plan 3 postgraduate loans has been added, as loan payments have been made to borrowers in this education sector from September 2016.
- **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.

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. Also includes accounts closed under the Repayment of Teacher Loans (RTL) Scheme.
Balance transfers	Transfers which can occur between different portfolios of loans.
Cancelled loan	The borrower no longer has any liability to repay as provided for in the loan's regulations. A borrower's liability shall be cancelled: On the death of the borrower; On reaching the age cancellation criteria for their loan (age 65 or after 25 or 30 years depending on the type of loan and year taken out); or If borrower is in receipt of a disability related benefit and permanently unfit for work.
EU Borrower	A borrower who was originally domiciled in an EU country prior to entering higher education in Wales. Such borrowers are eligible from academic year 2006/07 and for Tuition Fee Loan only.
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 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.
Liable to repay	The borrower has reached their Statutory Repayment Due Date (SRDD). See definition of SRDD.
Losses through phishing	Losses through phishing are write offs for loan payments re-directed by a fraudster that would otherwise have gone to a student. Phishing is a fraudulent attempt to obtain from customers information such as usernames, passwords and bank details by masquerading as a reliable entity in an electronic communication such as e-mail or instant messaging. If a student responds to the phishing email, payments that would otherwise go to that student may be redirected by the fraudster.
Maintenance Loan	Maintenance loans are loans to cover living costs.
New borrowers	Borrowers who had no loans at the beginning of the financial year and took out new loans during the financial year.

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.
Partial Cancellation	Partial cancellation is a policy introduced by the Welsh Government for students receiving Maintenance Loans in 2010/11 or after, whereby a cancellation of up to £1,500 may be applied on receipt of the first repayment against the first of those loans.
Postgraduate Loan	Postgraduate loans are loans towards tuition and living costs.
Refunds of Income Contingent Repayments	Where over-repayment is identified, a refund is provided to the borrower 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.
Repayment Plan	From 1 September 2012, the ICR Loan scheme has been separated into two different repayment arrangements called Repayment Plan 1 and Repayment Plan 2. They differ in the earnings threshold used to trigger repayment and the interest rate applied to outstanding balances. Repayment Plan 1 is applicable to students who started their course before 1 September 2012 while Repayment Plan 2 is applicable to students who started their course from 1 September 2012 onwards.
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.
Tuition Fee Loan	Tuition Fee Loans are loans to cover all or part of the cost of tuition. They are paid directly to the Learning Provider.
Written off loan	The borrower remains liable to repay but recovery is deemed unlikely by the loan administrator or not possible by legal judgement.