



Student
Loans Company

INCOME CONTINGENT REPAYMENTS

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9 – 10 March 2011

Loan Conditions of the ICR Scheme

- Terms and Conditions Booklet is issued with the loan confirmation
- A valid National Insurance number must be provided as a condition of payment of the loan
- Regulation, not a contract set obligations on repayers

SLC's Remit

- Provide HMRC with accurate data to allow them to match customers to HMRC records
- Maintain customers data on SLC's systems
- Provide information, advice and guidance to customers on the operation of the ICR scheme
- Receive information requests from customers

Initiating Repayments

- A START notification is issued to HMRC in October prior to customer entering repayment in April
- HMRC return Match file to SLC
- SLC pursue non Matched accounts
- HMRC notify employers to commence deductions of 9% on any earnings above the threshold of £15,000

Collecting Repayments (PAYE)(SA)

- HMRC are responsible for the collection of monies
- SLC support this process via account administration
- HMRC send P14 returns to SLC annually for each customer
- HMRC send monies collected direct to Treasury

Collecting Repayments (Overseas)

- Loans repaid manually directly to SLC at 9% p.a. over threshold.
- The threshold is variable in each EU country to be in the same proportion to the equivalent standard of living. The UK threshold is £15,000.
- Penalties and Legal action may apply if repayments are not made or maintained.

Closing Repayment

- SLC attempt to pro-actively identify customers in the final 23 months of repayment.
- Letters are issued to all customers who meet this criteria offering them the option opting out of PAYE and onto a Direct Debit.
- Customers who do not opt into the DD scheme are likely to over repay their loan.

Current Scheme Issues

- Delays in P14 returns being applied to customers accounts
- More than one stakeholder administering the process (SLC / HMRC / Employers)
- Cannot provide real time account balance without customers input
- Potential for over repayment of the loan balance

SLC's Priorities for 2011

- Browne Review recommendations
- Student Finance Call Handling
- Deliver AY 11/12 and develop AY 2012/13 policy changes
- ICR Debt Sale
- Recommendation from White Paper due Autumn 2011

Browne Review Recommendations

- Interest rate changes
- Part-time loans
- Threshold changes
- Increase to the maximum Repayment Term

Where are we going longer term?

- New focus on repayments
- More automated service
- Outcome of White Paper
- More partnership – Joint working
- Increased focus on manual collections/processes
- Focus on value for money





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