STUDENT FINANCE UPDATE

LATEST NEWS AND KEY MESSAGES
SESSION CONTENT

This presentation will provide an update on the current key messages from across SFE, relevant to both practitioners and the students they support:

• Current Call Drivers, News & Key Messages
• SFE Student Finance AY 2022/23 Funding Overview
• Applications & Assessments
• Student Loan Repayment Overview
• SFE Resources

Please compete our short survey to provide any feedback on this session: [www.tellslc.co.uk/c/a/5dQJca1vaeLAJeQK7dfJsC](http://www.tellslc.co.uk/c/a/5dQJca1vaeLAJeQK7dfJsC)
SLC BY THE NUMBERS
FACTS & FIGURES

Q: SLC securely hold and manage the personal details of how many customers?
A: Over 8.5 million

Q: How many new and returning students and learners do SLC support with student funding annually?
A: Over 2 million

SLC BY THE NUMBERS
FACTS & FIGURES

Q What was the outstanding income contingent student loans balance at the end of financial year 2021/22?

A £201.6 billion

Q What was the total amount repaid by SFE HE student loan borrowers in financial year 2021/22?

A £3.4 billion

All domicile data can be found at: [www.gov.uk/government/collections/student-loans-for-higher-and-further-education](http://www.gov.uk/government/collections/student-loans-for-higher-and-further-education)
SLC BY THE NUMBERS
VALUE OF THE STUDENT LOAN BOOK BY ADMINISTRATION

Outstanding HE student loan balance by financial year and Government Administration funding the loan (£ billions):

- **England**: £181.6bn
- **Wales**: £7.1bn
- **Northern Ireland**: £4.4bn
- **Scotland**: £7.0bn
STUDENT FINANCE UPDATE

LATEST NEWS AND KEY MESSAGES
Current drivers of frequently asked questions and SFE key messages:

- Government announcements made on funding rates and arrangements for AY 2022/23 rates and policies with SFE Memorandum now available
  - [https://questions-statements.parliament.uk/written-statements/detail/2021-10-21/HCWS339](https://questions-statements.parliament.uk/written-statements/detail/2021-10-21/HCWS339)
  - [https://www.practitioners.slc.co.uk/policy](https://www.practitioners.slc.co.uk/policy)

- Full-time and part-time undergraduate application service now open for AY 2022/23 with enhanced self-service functionality for customers
  - [https://studentfinance.campaign.gov.uk](https://studentfinance.campaign.gov.uk)

- Postgraduate Loan application service for AY 2022/23 now open
  - [https://studentfinance.campaign.gov.uk/#studying_part_time_undergraduate_or_postgraduate](https://studentfinance.campaign.gov.uk/#studying_part_time_undergraduate_or_postgraduate)
STUDENT FINANCE UPDATE
LATEST NEWS AND KEY MESSAGES

Current drivers of frequently asked questions and SFE key messages:

• DfE and OfS HE Short Course Trial commencing from AY 2022/23
  • www.officeforstudents.org.uk/advice-and-guidance/skills-and-employment/higher-education-short-course-trial

• Interest rate cap from September 2022 for Plan 2 and Postgraduate Loans (7.3%) announced
  • www.gov.uk/government/news/student-loan-interest-rates-capped

• Government proposals put forward for changing the student finance system including Policy Reforms and Lifelong Loan Entitlement
  • www.gov.uk/government/news/fairer-higher-education-system-for-students-and-taxpayers
  • www.gov.uk/government/consultations/higher-education-policy-statement-and-reform
  • www.gov.uk/government/consultations/lifelong-loan-entitlement
STUDENT FINANCE AY 2022/23
RATES, ARRANGEMENTS AND CHANGES
Higher education student finance arrangements for the 2022/23 academic year were announced in a Government Statement on 21st October 2021:

- Maximum fee limits and fee loans for full-time, full-time accelerated and part-time undergraduate courses in 2022/23 remain at 2021/22 levels.

- An increase in maximum loans for living costs of 2.3% for full-time and part-time undergraduate students.

- Increase in maximum Dependants’ Grants for full-time undergraduate students with adult and child dependants of 2.3%.

- Increase in maximum Disabled Students’ Allowance for full-time and part-time undergraduate and postgraduate students of 2.3%.

- An increase in maximum loans for new students starting postgraduate master’s degree and doctoral degree courses of 2.3%.
Higher education student finance arrangements for the 2022/23 academic year will also include amendments to eligible residency categories:

Current and former employees of the UK Government and their family members that have been relocated from Afghanistan to the UK under the Home Office’s Relocation and Assistance Schemes (ARAP and ACRS):

- Students with this status will qualify for student support and home fee status in relation to new higher education courses from 1st August 2022 onward
- They will also qualify for Advanced Learner Loans for further education courses
- To be eligible under this category, the student will need to have been resident in the UK and Islands since the grant of the ARAP/ACRS leave
- Students applying under this category will not need to demonstrate three years ordinary residence in the UK and Islands before the start of a course
From 2022/23 student support will also be available for **British nationals** evacuated from or assisted in leaving Afghanistan under Operation Pitting:

- **Operation Pitting** was a British military operation evacuating **British nationals** and eligible Afghan nationals out of Afghanistan from 14\textsuperscript{th} to 28\textsuperscript{th} August 2021
- UK government assistance was also provided to British nationals and eligible Afghan nationals to leave Afghanistan after Operation Pitting (with assistance starting before 6\textsuperscript{th} January 2022)
- The intent of this policy is to **provide equivalent support to British nationals** evacuated from or assisted in leaving Afghanistan under Operation Pitting as is provided to persons granted leave in the UK under ARAP and ACRS
- Only British nationals (not nationals of other countries) who were evacuated or assisted from Afghanistan are in scope for this change
British nationals evacuated from or assisted in leaving Afghanistan under Operation Pitting will be eligible for:

- Home fee status and student finance (full HE UG fee and maintenance support, FE support, HESC Tuition Fee Loans or PG support)
- Eligibility will not be subject to a three-year ordinary residence requirement

In order to be eligible for SFE support under this category students must:

- Be ordinarily resident in England on the first day of the first AY of the course
- Or in the UK on the first day of the course for FE ALL / in England on the first day of the course for HESC Tuition Fee Loans
- Have been ordinarily resident in the UK and Islands since they were evacuated from or assisted in leaving Afghanistan, and meet all other eligibility criteria
Due to events in Ukraine, a DfE instructed policy change has been made to provide support to individuals granted leave to remain or enter in the UK under one of the following Ukraine Schemes:

- **Ukraine Family Scheme**: Allows Ukrainian nationals and their family members to come to the UK or to extend their stay in the UK if they have family members who already have leave to remain in the UK

- **Homes for Ukraine Sponsorship Scheme**: Allows Ukrainian nationals and their family members to come to the UK if they have an approved sponsor

- **Ukraine Extension Scheme**, Allows Ukrainian nationals and their family members who already have leave to remain in the UK to extend the leave in the UK

- This change will apply from AY 2022/23 and covers SFE undergraduate, postgraduate, Advanced Learner Loan and HE Short Courses support

Those who have leave under one of the Ukraine Schemes must meet the below residency requirements as standard for SFE support:

- Are ordinarily resident in England on the first day of the first AY of the course
- Or ordinarily resident in the UK on the first day of the course for ALL or HESC Tuition Fee Loan support
- They have been ordinarily resident in the UK and Islands since their latest leave was granted (no three year ordinary residence requirement will apply) and they meet all other personal and course eligibility requirements

It is expected that a form of leave will be provided which allows students to finish their course and that funding will be provided for the whole course:

- This includes where the course end date falls after the end of the initial three year Ukraine Scheme leave period
### STUDENT FINANCE 2022/23
### AY 2022/23 STUDENT FINANCE ARRANGEMENTS

High level SFE support summary based on first day of first AY residency:

<table>
<thead>
<tr>
<th>Residency Category</th>
<th>Ordinary Residence</th>
<th>Support Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indefinite Leave to Enter/Remain</td>
<td>3 Years UK</td>
<td>Full SFE Support</td>
</tr>
<tr>
<td>Refugee Humanitarian Protection ILR Domestic Violence ILR Bereaved Partner</td>
<td>N/A (Providing UK residency maintained since status awarded)</td>
<td>Full SFE Support</td>
</tr>
<tr>
<td>Stateless Persons Section 67 or Calais Leave ARAP/ACRS/Pitting Leave Ukraine Scheme Leave</td>
<td>N/A (Providing UK residency maintained since status awarded)</td>
<td>Full SFE Support</td>
</tr>
<tr>
<td>Long Residency</td>
<td>Under 18: 7 Years UK Over 18: Half life/20 Years UK (To include 3 Years Ordinary Lawful UK Residency)</td>
<td>Full SFE Support</td>
</tr>
</tbody>
</table>
STUDENT FINANCE REFORMS

GOVERNMENT ANNOUNCEMENT
The Department for Education (DfE) have announced a series of changes to student finance and repayment policies for new students in England, starting courses from September 2023:

- ‘The higher education system in England will be made fairer for students and taxpayers thanks to major reforms’

- ‘Student finance will be put on a more sustainable footing by ensuring more students are paying back their loan in full’

- ‘There will be a clampdown on poor-quality university courses that don’t benefit graduates in the long-term’

The Government announcement can be found at:

STUDENT FINANCE REFORMS
KEY ANNOUNCEMENTS – STUDENT FINANCE

Changes to student finance and repayment for new students in England, starting courses from September 2023:

Key **student finance changes** from the announcement:

- The tuition fee cap will be **frozen at £9,250** for a further two years, up to and including academic year 2024/25

- From September 2022, people who need to retrain or learn new skills will have access to over **100 new HE Short Courses** and Tuition Fee Loan support

- The 30 to 40 credit **short courses** are of a duration from six weeks to a year and will be offered at levels 4 to 6, in subjects where there are skills shortages

- These subjects include digital, net zero, education, STEM and healthcare
Changes to student finance and repayment for new students in England, starting courses from September 2023:

Key repayment changes from the announcement:

- There will be a new loan plan type for students in England who start courses from academic year 2023/24

- For new borrowers starting courses from September 2023 the loan repayment threshold will be set at £25,000 and maintained at this level up to April 2027

- The student loan interest rate will be set at RPI +0% for new borrowers starting courses from academic year 2023/24

- The student loan write-off period will be extended from 30 years to 40 years for new borrowers starting courses from academic year 2023/24
STUDENT FINANCE REFORMS
CONSULTATIONS – HIGHER EDUCATION POLICY

The Government announcement also introduced two consultations they will undertake to help shape the future of further and higher education:

• The first consultation sought views on how to ensure young people are encouraged to pursue the right path for them, and receive a fair deal for their investment if they choose to go to university

• [link to consultation]

The consultation stage has concluded, but the content includes:

• Considering the introduction of minimum eligibility requirements, to ensure students aren’t being pushed into higher education before they are ready

• Student number controls, so that poor-quality, low-cost courses which lead to poor outcomes aren’t incentivised to grow uncontrollably
STUDENT FINANCE REFORMS
CONSULTATIONS – LIFELONG LOAN ENTITLEMENT

The Government announcement also introduced two consultations they will undertake to help shape the future of further and higher education:

• The second consultation set out plans and asked for sector feedback on how to shape and deliver the Lifelong Loan Entitlement (LLE)
  
  • www.gov.uk/government/consultations/lifelong-loan-entitlement

The consultation stage has concluded, but the content includes:

• Introducing funding for students worth the equivalent of four years of post-18 education (support of £37,000 based on today’s fee levels)

• This funding model will support students to study, train, retrain or upskill at any stage throughout their lives through flexible and modular courses
From the DfE and OfS HE Short Course (HESC) Challenge Competition, **22 universities and colleges** across England have been awarded a total of **£2 million** in funding to develop short courses in higher education:

- Up to 4 Tuition Fee Loans will be available for students to take approved **30 or 40 credit** Short Courses at providers who were successful in their bids to participate in the trial as part of the DfE and OfS ‘competition’

DFE and OfS are seeking to fund a wide range of subjects through the trial, both technical and nontechnical courses, in the following areas:

- STEM, education, digital innovation and healthcare
- Courses that help meet the skills needed for achieving Net Zero targets
Eligible students will be entitled to apply for a **maximum of four** HE Short Course Tuition Fee Loans (HESC TFL) for the duration of the trial period:

- This applies regardless of the student undertaking 30 or 40 credit Short Courses or a combination

Within this entitlement students can:

- Study and receive HESC TFL separately one after another up to the end of the Short Course trial period and the maximum of four loans
- Or study and receive HESC TFL for all/some of the courses concurrently
- This includes taking **all four** funded HE Short Courses at the same time
There will be no upper age limit or prior qualification (equivalent or lower) restrictions placed on assessment for HE Short Course Tuition Fee Loans:

• The maximum tuition fee loans available for AY 2022/23 will be £3,080 and £2,310 for 40 credit and 30 credit Short Courses respectively

• There will be no restrictions on the mode of study, both Full-Time and Part-Time Short Courses are in scope of the Tuition Fee Loan

• There will be no minimum intensity requirements, the student has up to one year to complete each Short Course they undertake

• HESC Tuition Fee Loans will be paid from SLC to education providers in a single instalment following Confirmation of Attendance receipt
A searchable list of designated HE Short Courses is available on GOV.UK:

HESC Tuition Fee Loan information is now available on GOV.UK Whitehall pages and covers all the essential information students will need:

- [www.gov.uk/guidance/higher-education-short-course-loans](http://www.gov.uk/guidance/higher-education-short-course-loans)

Guidance page information includes:

- HESC Tuition Fee Loan Overview
- What you can get
- Eligibility
- Before you apply
- How and when to apply
- After you apply
### Higher education providers awarded funding through the Higher Education Short Course (HESC) Challenge Competition:

<table>
<thead>
<tr>
<th>Coventry University</th>
<th>South Bank University Enterprises</th>
<th>University of Plymouth</th>
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<tbody>
<tr>
<td>De Montfort University</td>
<td>Staffordshire University</td>
<td>University of Roehampton</td>
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<tr>
<td>Keele University</td>
<td>Teesside University</td>
<td>University of Salford</td>
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<tr>
<td>Liverpool John Moores</td>
<td>University Centre Weston /Weston College</td>
<td>University of the West of England (UWE)</td>
</tr>
<tr>
<td>Manchester Metropolitan University</td>
<td>University of Chester</td>
<td>University of Wolverhampton</td>
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<tr>
<td>Newcastle University</td>
<td>University of Essex</td>
<td>University of Worcester</td>
</tr>
<tr>
<td>Norwich University of the Arts</td>
<td>University of Leicester</td>
<td>See OfS website for further information on each project</td>
</tr>
<tr>
<td>Sheffield Hallam</td>
<td>University of Manchester</td>
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</tr>
</tbody>
</table>

STUDENT FINANCE UPDATE

APPLICATIONS
The ‘on-time’ AY 2022/23 SFE full-time undergraduate application deadline has now passed:

- Any students yet to apply for support should do so as soon as possible!
- [studentfinance.campaign.gov.uk](http://studentfinance.campaign.gov.uk)
- [media.slc.co.uk/sfe/quickStartFinanceGuide/index.html](http://media.slc.co.uk/sfe/quickStartFinanceGuide/index.html)
We’ll be promoting essential AY 2022/23 information, our campaign pages and supporting resources through our various social media channels:

- Please share our messages and encourage students and their parents or partners to follow us for regular updates throughout our campaigns!

**Student Finance England Links:**

- **Campaign:** studentfinance.campaign.gov.uk
- **Facebook:** facebook.com/SFEngland
- **Twitter:** twitter.com/SF_England
- **YouTube:** youtube.com/user/SFEFILM
- **Instagram:** instagram.com/studentfinance_england
This GOV.UK page has been designed to help students consider the range of living costs they may face and understand the funding they can access:

- The information covers means testing, budgeting, sources of additional support and links to useful resources, including Student Space

  www.gov.uk/guidance/understanding-student-living-costs

- What you could get as a minimum in the 2022 to 2023 academic year
  - Student Finance England (SFE) provide a Maintenance Loan to help you with your living costs. All eligible students qualify for a non-income assessed minimum amount.
  - Living arrangement
    - Living at home
    - Living away from home
  - Living at home
    - For example, full-time undergraduate students with a household income of £25,000 or less would get the maximum additional Maintenance Loan. Students with a household income above £25,000 would get a lower amount of loan based on their household income.

- What you could get as a maximum in the 2022 to 2023 academic year
  - If you apply for student finance based on your household income then you may be entitled to even more Maintenance Loan to help with your living costs.
The AY 2022/23 application cycle for full-time SFE students opened on February 28th 2022

The ‘deadline’ for new full-time SFE applications was May 20th (June 24th for continuing full-time SFE students)

Any student yet to apply should do so as soon as possible!

Continuing students receive ‘Call to Action’ communications, prompting them to reapply for their funding for the new AY as necessary
Guidance pages and supporting information have been created to provide students with the essential steps they need to follow and reassurance that there is still time to submit their application:

- [www.gov.uk/guidance/how-to-get-your-first-payment-if-youre-applying-late](http://www.gov.uk/guidance/how-to-get-your-first-payment-if-youre-applying-late)
STUDENT FINANCE APPLICATIONS
PROMOTING PART-TIME FUNDING AND APPLICATIONS

Essential part-time funding messages and resources can be found across SFE and SFW websites and campaign pages to promote applications:

- SFE: https://studentfinance.campaign.gov.uk/#studying_part_time_undergraduate_or_postgraduate
- SFW: www.studentfinancewales.co.uk/undergraduate-finance/part-time/
STUDENT FINANCE APPLICATIONS
PROMOTING POSTGRADUATE LOAN FUNDING AND APPLICATIONS

Essential postgraduate funding messages and resources can be found on SFE and SFW websites and campaign pages to promote applications:

- SFE: https://studentfinance.campaign.gov.uk/#studying_part_time_undergraduate_or_postgraduate
- SFW: www.studentfinancewales.co.uk/postgraduate-finance
STUDENT FINANCE UPDATE

CUSTOMER SERVICE ENHANCEMENTS
**STUDENT FINANCE APPLICATIONS**

**CUSTOMER SELF-SERVICE ENHANCEMENTS**

**SFE undergraduate** customers (students and parents/sponsors) can use new self-service functionality on their online accounts to:

- Track the progress of an application, including ‘Next Expected Update’
- Receive email and SMS notifications based on the progress of an application
- Upload and Track Status of evidence submitted
- Update their personal details
- View their correspondence
- View their payments
- Contact SLC via our enhanced digital communication channels
Two of the key enhancements for SFE undergraduate students and their parents/sponsors using the self-service functionality are the ability to:

- Track the progress of an application, including ‘Next Expected Update’

- View their correspondence and payments
STUDENT FINANCE APPLICATIONS
PROMOTING CUSTOMER SELF-SERVICE

Targeted messages will be included across our social media channels to raise awareness and benefits of using the self-service functionality:
STUDENT FINANCE UPDATE
APPLICATIONS BY THE NUMBERS
For AY 21/22, only 62% of new full-time applications were received before the end of May deadline:

How does this compare to other application submission trends?

**Continuing Students AY 21/22:**

- 70% of continuing student applications were received by the June deadline

**Disabled Students’ Allowances (DSA) AY 21/22:**

- The end-to-end DSA application cycle is usually longer and involves a period of time where a Needs Assessment must be carried out
- For DSA support to be in place from the start of their course, students should apply **by the end of June**. In AY 21/22 **just over half** applied by this date
STUDENT FINANCE APPLICATIONS
KEY MESSAGES

For AY 21/22, only 62% of new full-time applications were received before the end of May deadline:

How does this compare to other application submission trends?

College Applications AY 21/22:

- 78% of students going to college for a HE course had submitted their student finance applications before their course started in October
- That means almost 1 in 5 of these students might not have had tuition fee or full maintenance support available at the start of their course

EU Fee Only Student Applications AY 21/22:

- 1 in 4 applications from EU national students was submitted between July to September, risking funding not being available at the start of their course
What is the current average SFE student loan balance for those entering repayment?

- £40,150
- £45,150
- £50,150

£45,150

Figures from: https://www.gov.uk/government/collections/student-loans-for-higher-and-further-education
Average student loan balance on entry into repayment across all home domiciles:
What was the average HMRC annual SFE student loan repayment made in the 2021/22 financial year?

- £820
- £920
- £1,020

Figures from: https://www.gov.uk/government/collections/student-loans-for-higher-and-further-education
STUDENT LOAN REPAYMENT

AVERAGE SFE REPAYMENT PER YEAR VIA HMRC

Average annual student loan repayment via HMRC by UK Government Administration funding the loan:

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>£920</td>
<td>£950</td>
<td>£980</td>
<td>£920</td>
<td>£950</td>
<td>£1,020</td>
</tr>
<tr>
<td>Wales</td>
<td>£800</td>
<td>£820</td>
<td>£840</td>
<td>£790</td>
<td>£810</td>
<td>£840</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>£810</td>
<td>£840</td>
<td>£860</td>
<td>£830</td>
<td>£890</td>
<td>£960</td>
</tr>
<tr>
<td>Scotland</td>
<td>£650</td>
<td>£650</td>
<td>£660</td>
<td>£660</td>
<td>£690</td>
<td>£580</td>
</tr>
</tbody>
</table>

Figures from: [https://www.gov.uk/government/collections/student-loans-for-higher-and-further-education](https://www.gov.uk/government/collections/student-loans-for-higher-and-further-education)
STUDENT FINANCE UPDATE

REPAYMENT – THE FUNDAMENTAL FIGURES
Students won’t make repayments until their future income is over £27,295 a year (gross) or the weekly (£524) or monthly (£2,274) equivalent:

- Plan 2 thresholds will be maintained at these levels until April 2025, when they are scheduled to increase annually with inflation (RPI)

- If they study full-time, students will be due to start repaying in the April after completing or leaving/withdrawing from their course*

- They’ll repay 9% of any income earned over £27,295 and if employed, deductions will be made from their pay through the HMRC tax system

- If their income falls below the threshold, their repayments will stop

*Any outstanding loan balance will be written off 30 years after entering repayment
STUDENT LOAN REPAYMENT
INCOME CONTINGENT REPAYMENT PRINCIPLE

Students won’t make repayments until their future (gross) income is over the annual, weekly or monthly equivalent thresholds for their loan plan type:

- From April 2022, the Plan 1 and Plan 4 thresholds increased inline with RPI while the Plan 2 and Plan 3 (PG) thresholds will remain static

<table>
<thead>
<tr>
<th>Income Thresholds From April 2022</th>
<th>ICR Plan 1 UG Pre-2012 &amp; SFNI</th>
<th>ICR Plan 2 UG Post-2012</th>
<th>ICR Plan 3 Postgraduate</th>
<th>ICR Plan 4 SAAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly</td>
<td>£20,195</td>
<td>£27,295</td>
<td>£21,000</td>
<td>£25,375</td>
</tr>
<tr>
<td>Monthly</td>
<td>£1,682</td>
<td>£2,274</td>
<td>£1,750</td>
<td>£2,114</td>
</tr>
<tr>
<td>Weekly</td>
<td>£388</td>
<td>£524</td>
<td>£403</td>
<td>£487</td>
</tr>
</tbody>
</table>
Using the **1.5%** March 2021 RPI rate, until September 2022 the maximum interest rate for Plan 2 and Plan 3 student loans will be **4.5%** (RPI +3%):

However, temporary market linked caps will, when necessary, be placed on the maximum* interest rates for Plan 2 and Plan 3 (Postgraduate) loans:

- **4.2%** between 1\(^{st}\) July and 30\(^{th}\) September 2021
- **4.1%** between 1\(^{st}\) October and 31\(^{st}\) December 2021
- **4.4%** between 1\(^{st}\) January and 28\(^{th}\) February 2022
STUDENT FINANCE UPDATE

SEPTEMBER 2022 INTEREST ANNOUNCEMENT
Due to the RPI figure of 9% announced in March 2022, the government will implement a **7.3% cap** for student loan interest rates for current borrowers:

- Details of the rate cap can be found on GOV.UK and the DfE Education Blog
Due to the RPI figure of 9% announced in March 2022, the government will implement a 7.3% cap for student loan interest rates for current borrowers:

- A rise in the rate of RPI due to global economic pressures meant student loan borrowers faced a 12% interest rate from September 2022
- The government has intervened and capped interest rates to a maximum of 7.3% to protect graduates from a rise in inflation
- Confirmation on interest rates is usually made in August
- However the government has taken steps to bring this decision forward, based on predicted rates
- This announcement is intended to provide reassurance for student borrowers on Plan 2 (undergraduate) and Plan 3 (Postgraduate) loans
Due to the RPI figure of 9% announced in March 2022, the government will implement a 7.3% cap for student loan interest rates for current borrowers:

- This is the largest scale reduction of student loan interest rates on record

Government example: Impact of the rate cap measures

- A borrower with a student loan balance of £45,000 would reduce accumulating interest by around £180 per month compared to 12% interest rates
- This is on the total value of the loan, as monthly repayments do not change

Monthly student loan repayments are calculated by income rather than interest rates or the amount borrowed:

- Repayments stop for borrowers who earn below the relevant threshold
STUDENT FINANCE UPDATE

REPAYMENT POLICY REFORMS
The Government will introduce a repayment threshold for new borrowers who commence study from AY 2023/24 onwards of £25,000 a year:

- This threshold will be maintained up to April 2027, when the students on the new loan terms will have finished 3-year degrees and become eligible to make repayments

- From April 2027, the threshold will increase in-line with inflation (RPI)

**Government Estimated Repayment Example:**

- Student completes their degree in summer 2026 with a loan under the new terms, and commences a job with a salary of £28,000 a year

- They would expect to repay around £17 per month over FY 2027-28
STUDENT FINANCE REFORMS
REPAYMENT POLICY FROM ACADEMIC YEAR 2023/24

Government Estimated Repayment Example:

A student completes their degree in **summer 2026** with a loan under the new terms and commences a job with a salary of **£28,000** a year

- Repayments will be calculated at **9%** of income earned over the threshold
- They would expect to repay around **£17 per month** over FY 2027-28

The repayment amount is based on the student entering repayment from April 2027 when the new loan plan threshold is estimated to increase with RPI to **£25,710**

- £28,000 - £25,710 = **£2,290**
- £2,290 / 12 = **£190.833** recurring x 9% = **£17.17**
- Estimated monthly repayment of **£17** rounded down
Approximate monthly repayment from April 2027 based on initial £25,000 threshold and estimated first RPI linked increase:

<table>
<thead>
<tr>
<th>Gross Annual Income</th>
<th>Approx Monthly @ £25,000</th>
<th>Approx Monthly @ £25,710</th>
</tr>
</thead>
<tbody>
<tr>
<td>£25,000</td>
<td>£0</td>
<td>£0</td>
</tr>
<tr>
<td>£28,000</td>
<td>£22</td>
<td>£17</td>
</tr>
<tr>
<td>£30,000</td>
<td>£37</td>
<td>£32</td>
</tr>
<tr>
<td>£35,000</td>
<td>£75</td>
<td>£69</td>
</tr>
<tr>
<td>£40,000</td>
<td>£112</td>
<td>£107</td>
</tr>
<tr>
<td>£45,000</td>
<td>£150</td>
<td>£144</td>
</tr>
<tr>
<td>£50,000</td>
<td>£187</td>
<td>£182</td>
</tr>
</tbody>
</table>
Information on the student finance reforms can be found in the Government statement and at the DfE Education Hub Blog page:

- [educationhub.blog.gov.uk/2022/02/24/get-the-facts-about-student-loan-reform](http://educationhub.blog.gov.uk/2022/02/24/get-the-facts-about-student-loan-reform)
Overview comparison of Plan 2 loan terms against proposed Post-2023 student loan repayment terms:

<table>
<thead>
<tr>
<th>Loan Plan</th>
<th>Repayment Threshold</th>
<th>Repaid Over Threshold</th>
<th>Interest Rate</th>
<th>Maximum Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan 2</td>
<td>£27,295 Until April 2025*</td>
<td>9%</td>
<td>Up to RPI +3%</td>
<td>30 Years From SRDD</td>
</tr>
<tr>
<td>Post-2023</td>
<td>£25,000 Until April 2027*</td>
<td>9%</td>
<td>RPI +0%</td>
<td>40 Years From SRDD</td>
</tr>
</tbody>
</table>

*Thresholds for Plan 2 and Post-2023 Plan types will increase in-line with inflation (RPI)
The repayment threshold for all borrowers on Plan 2 loan terms will be maintained at its current level of £27,295:

- This will be the case up to and including financial year 2024-25
- From April 2025, the Plan 2 loan repayment threshold will be adjusted annually by inflation (RPI), rather than changes in average earnings

This will apply to:

- (i) Students who began study in or after 2012 and have reached their statutory repayment due date
- (ii) Students who are currently studying
- (iii) Students who commence study and take out a loan in AY 2022/23
Approximate monthly repayment from April 2027* based on estimated first RPI linked new plan type increase and the estimated Plan 2 threshold:

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>Post AY 23/24 @ £25,710</th>
<th>Plan 2 @ £29,705</th>
</tr>
</thead>
<tbody>
<tr>
<td>£25,000</td>
<td>£0</td>
<td>£0</td>
</tr>
<tr>
<td>£28,000</td>
<td>£17</td>
<td>£0</td>
</tr>
<tr>
<td>£30,000</td>
<td>£32</td>
<td>£2</td>
</tr>
<tr>
<td>£35,000</td>
<td>£69</td>
<td>£39</td>
</tr>
<tr>
<td>£40,000</td>
<td>£107</td>
<td>£77</td>
</tr>
<tr>
<td>£50,000</td>
<td>£182</td>
<td>£152</td>
</tr>
</tbody>
</table>

*The first RPI increase for new Plan 2 borrowers is scheduled from April 2025*
STUDENT FINANCE UPDATE

SFE RESOURCES
The practitioners site is our one stop, go-to location for SFE policy guidance documents, product specific information and our latest resources:
SFE STUDENT RESOURCES

SFE INFORMATION ONLINE

The SFE online Quick Guide and range of films available from our YouTube channel provide fast, user friendly sources of student finance information:

Quick Guide: media.slc.co.uk/sfe/quickstartfinanceguide/index.html
SFE YouTube Channel: www.youtube.com/SFEFILM
The SFE pages on the Student Room and UCAS sites provide a consistent source of the latest key messages on all aspects of student finance:

The Student Room:  [www.thestudentroom.co.uk/student-finance](www.thestudentroom.co.uk/student-finance)
UCAS SFE Pages:  [www.ucas.com/sfe](www.ucas.com/sfe)
QUESTIONS OR COMMENTS
NOW IT’S YOUR TURN
To discuss potential staff update sessions, event support, student finance policy matters or just to register for our updates, please get in touch:

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