



Department
for Business
Innovation & Skills

**STUDENT LOAN COLLECTION
FORECAST TABLE**

Forecasting repayment of
income-contingent student loans

FEBRUARY 2016

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Student loan collection forecast table

This table compares forecast repayments from BIS's StEP Student Loan Repayment Model, with outturns recorded by the Student Loans Company on borrower accounts. All figures are rounded to the nearest £10 million. Forecasts are normally made at the start of the tax year to which they relate. For illustration purposes, we also show what the forecast for the financial year 2012-13 would have been had the StEP model been available at that time.

Table 1: Student loan collection forecast table

Tax Year	Forecast		End Year Out-turn		Percentage variance	Explanation of variance
	Date	£ millions	Date	£ millions		
2012-13	31/03/2014	1,450	30/04/2014	1,430	-1.4	During the financial year 2013-14 an additional £20 million has been collected through PAYE and Self-Assessment (SA), making the outturn £1,450 million, giving a revised variance of 0%.
2013-14	31/03/2014	1,630	30/04/2015	1,590	-2.5	<p>The outturn shows a net variance of -2.5% from the forecast estimate in 2013-14. Variances between forecasts and actuals will be due to a range of factors, including:</p> <ol style="list-style-type: none"> 1. macroeconomic shifts and new data; 2. modelling variance and random variation, 3. operational factors that result in lower than expected collections. <p>As noted above, receipts for 2013-14 PAYE and SA returns are expected in 2014-15, reducing the final variance expected.</p>
2014-15	31/03/2014	1,870	30/04/2016			
2015-16	31/03/2015	2,140	30/04/2017			

Notes on the table

1. Data relates to English domicile higher education students and EU students attending higher education courses in English institutions. Repayments of full and part-time student loans.
2. The forecast for tax year 2012-13 is a combination of model forecasts for HMRC collections, plus recorded direct repayments to SLC. The estimates for 2013-14, 2014-15 and 2015-16 are modelled forecasts of both HMRC and direct repayments using the StEP model.
3. Outturn repayments include those collected by HMRC from PAYE and self-assessments and those repaid directly to SLC (early repayments and repayments from borrowers outside the UK tax system).
4. Forecasts from the StEP repayment model are normally taken at the start of the tax year to which they relate, e.g. the tax year 2014-15 forecast is taken at 1 April 2014. The StEP repayment model was not available at the start of tax years 2012-13 and 2013-14, and so the earliest available forecast is used, dated 31/03/14.
5. The outturn indicator includes early repayments, repayments from borrowers outside the UK tax system, repayments collected by PAYE and repayments from self-assessed borrowers for the same tax year. The indicator is not completely final as small amounts may still be repaid after this point.
6. The forecasts show the amount SLC are expected to collect, given what has historically been collected in the early years after graduation (from analysis of administrative data held by the SLC), and given modelled estimates of long term earnings paths (from national survey data).



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Contact us if you have any enquiries about this publication, including requests for alternative formats, at:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000
Email: enquiries@bis.gsi.gov.uk

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