

Minutes

Employer Student Loans Sub-group

Tuesday 20 September 2011 (10:30-13:00)

The Abbey Centre, 34 Great Smith Street, Westminster, London, SW1P 3BU

Attendees	Angela Williams (ICAEW) Ian Brearley (CIPP) Kelly Sizer (LITRG) Linda Pullan (Payroll Alliance) Pete Jukes (BCS) Matthew Brown (CIOT) David Malcolm (NUS) Kevin O'Connor (SLC) Elaine Salveta (SLC)	Janet Clayton (HMRC) Christine Rowse (HMRC) Liz Cunningham (HMRC) Alex Lawrence (HMRC) Paul Crooks (HMRC) Pam Barber (HMRC) Helen Latham (HMRC) Kathryn Symms (BIS) Andrew King (BIS) Sarah Webb (BIS)
Apologies	Jackie Petherbridge (FSB) Rosa Tormo (CBI) Jackie McGale (SLC)	Mark Skelly (HMRC) Ian Smith (BIS)
1. Introduction and opening remarks		
Liz Cunningham	<p>Liz Cunningham welcomed everyone to the meeting and made apologies for those unable to attend. Liz Cunningham welcomed Elaine Salveta who was attending in place of Jackie McGale from the SLC.</p> <p>Liz Cunningham introduced the following guests:</p> <ul style="list-style-type: none"> - Helen Latham, communications representative from the RTI programme. - Andrew King from BIS covering the FE loans - Sarah Webb from BIS covering the debt sale <p>Introductions were then made round the table.</p>	
2. Update on Real Time Information (RTI)		
Helen Latham	<p>Helen Latham provided an update on various aspects of the RTI project :</p> <p>Consultation has now finished and in response to the feedback about the timeline and reporting through Bacs there have been some adjustments to how we will deliver RTI. Employers will be able to report RTI using existing reporting channels over the internet through the Government Gateway or (until at least April 2014) through Electronic Data Interface (EDI). Both these channels will be tested in the pilot from April 2012.</p> <p>In June 2011 technical packs were published for software developers. The Local Test Service has been updated (a downloadable tool for software developers). The Third Party Validation Service (end to end testing for software developers) is due to be updated next week.</p> <p>The pilot is on track for April 2012 delivery. It was open to employers and software developers on voluntary basis and was oversubscribed; over 300 are expected to sign up to the pilot before the end of October 2011.</p> <p>A series of 'boot camps' have been held to educate staff on RTI</p>	

	<p>and employer events are starting today.</p> <p>Helen Latham talked through the proposed timeline for RTI activities: April 2012 - the pilot will begin with a controlled Go Live. The pilot employers represent a varied selection including HMRC. We are looking at how to bring on more employers later in 2012. April 2013 - this is when employers will be mandated (required to do so by law) to use the RTI service. Employers will be brought in in phases - small and medium employers likely to come on to RTI first - feedback shows they are more comfortable starting the new scheme at the start of the tax year so they will be brought on first.</p> <p>Pete Jukes asked about documentation to show their clients the additional work and preparation needed for RTI and if there were any plans to publish the documentation. Helen Latham advised that HMRC was working with the pilot employers and guidance will be published.</p> <p>Linda Pullan highlighted that employers need time to be able to prepare before joining RTI. Angela Williams emphasised this point and Mathew Brown suggested that implementation guidance was needed at least six months before joining to familiarise employers with the system. Then further guidance would be needed on how to do it.</p> <p>Ian Brearley asked if the pilot guidance could be released now. Helen Latham explained that the initial guidance for the pilot would change following pilot feedback.</p> <p>Helen Latham advised that more information is being put on the website and guidance will be consulted on.</p> <p>It was highlighted that this was the only group that could provide feedback from a student loan perspective and it was agreed to share the pilot guidance but there would be a health warning as it may change. Helen Latham would also need to get approval from the RTI Migration team.</p> <p>Action – To share the pilot guidance with group.</p> <p>Helen Latham continued by explaining that before joining RTI employers will need to go through an alignment process. Employers, with 250 or more employees, will need to do this by completing an Employer Alignment Status, this confirms that the employer data coming through RTI matches HMRC data. Employers, with less than 250 employees, have to submit their Employer Alignment Status with their first Full Payment Submission.</p> <p>Angela Williams asked how far in advance large employers would have to send in their Employer Alignment Status? Large employers would be invited to send their alignment submission before April 2013. Mathew Brown highlighted that employers would need time to resolve any mis-matches of data.</p> <p>Action – To confirm how far in advance employers can submit their employer alignment submission.</p> <p>Pam Barber advised that software is not being released until April 2012 so pilot employers wouldn't be able to send their employer alignment submission before then.</p>	<p>(1) Helen Latham</p> <p>(2) Helen Latham</p>
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	<p>Ian Brearley raised an issue about who is responsible with regard to payroll bureaux that send in the information on behalf of employers. It was agreed that it was the employer's responsibility to make sure the data they hold is correct. Helen Latham advised that HMRC would be working with employers to help them ensure their data is correct and to improve guidance.</p> <p>Helen Latham advised that there was also a Data Improvement Project which was looking at HMRC internal systems and guidance and would be making improvements in time for RTI. Analysis has already been undertaken to establish the key data items for matching which are name, National Insurance number and date of birth. HMRC will be publicising this more soon.</p> <p>Pete Jukes asked if there had been any additions to the data set. Helen Latham advised that there were and that employers need to be aware. Liz Cunningham highlighted the data items were also included in the regulations. More information on data quality will be published on the website. Mathew Brown highlighted that the information needs to be spread more widely as the focus for employers is on running their business.</p> <p>Pam Barber mentioned that the pilot employers have been involved in workshops and will be aware. Pete Jukes highlighted that those involved in the pilot were volunteers and may not be fully reflective of all employers. The pilot may give good results but it only represented 320 out of 2.5 million.</p> <p>Pete Jukes raised concerns about alignment issues and the need to communicate wider and sooner to avoid them. Helen Latham acknowledged the need to publicise more widely and explained that they were starting to move in this direction. Pete Jukes recommended she look at the pathway for publicising CT changes as employers regularly look at this.</p> <p>Helen Latham advised that they had a communications strategy and were trying to reach employers through Trade Associations, magazines and other publications. Helen Latham asked the group for feedback on publications that would reach a wider audience. Initial feedback was provided from Linda Pull who worked for Lexis Nexus and Ian Brearley suggested the Metro newspaper. Action – To feedback on any publications that could be used to publicise RTI more widely.</p>	(3) All
	<p>Some general issues were then discussed.</p> <p>Angela Williams had raised an issue she had with employees ticking the student loan box on the form P46 in error. The issue had partly arisen due to old prints of the form P46 being used but there was also still a lack of understanding around when to complete the form for student loans.</p> <p>Liz Cunningham advised that in response to this issue HMRC had arranged for a reminder to go in the Employer Bulletin. They had also been working with the SLC who have included a message on their website.</p> <p>Angela Williams asked if any mistakes with completing form P46</p>	

	<p>would be picked up quicker under RTI as the information would be being provided in real time.</p> <p>Pete Jukes mentioned that if an employee doesn't provide a P45 they are given a P46 to complete. It is the borrower's responsibility to complete it correctly and there is no obligation on the employer.</p> <p>Alex Lawrence explained that it would be the end of the tax year before HMRC would find out if any employee had made a mistake in completing the P46. We will be keeping this annual process as neither HMRC nor the SLC are able to take advantage of the monthly information reporting due to IT limitations.</p> <p>The possibility of matching the monthly information to the start and stop notices was raised. It was agreed to pass this to Helen Glover to explore.</p> <p>Action – To ask Helen Glover to explore the possibility of matching the monthly information to the start and stop notices.</p> <p>Liz Cunningham then explained that while it was initially proposed that an equivalent form P46 would be kept and the P45 would be phased out, both forms will now be kept in some format. However the 'leavers' statement' which will be produced by employers and is needed for cumulation purposes will not contain any student loan information.</p> <p>Liz Cunningham asked the group if they were comfortable with there being no student loan information on the 'leaver's statement'?</p> <p>The following responses were noted:</p> <ul style="list-style-type: none"> • Employers may need to deal with both forms as if there was no information on the leavers' statement they would have to ask the employee for the P46 information. (Mathew Brown) • This information should be on the leavers statement (Angela Williams) • To avoid confusion with 'mortgage style' loans need to consider any guidance issues. (David Malcolm) 	(4) Liz Cunningham
3. Update from HMRC on Collection of Student Loan (CSL) issues		
Janet Clayton	<p>Janet Clayton advised that the all issues she was concerned with were covered in the agenda.</p> <p>One update she did have was that she would be retiring at Christmas. Janet Clayton advised that it had very useful to hear all the points raised by the group and she had been happy to take them back and feed them in.</p>	
Liz Cunningham	<p>Liz Cunningham highlighted a number of areas the team were working on:</p> <ul style="list-style-type: none"> • Higher Education Reforms: <ul style="list-style-type: none"> ○ FE loans consultation document which had been sent out to the group on 25 August 2011. Andrew King was attending the meeting to discuss development of FE loans and to answer any questions from the reps. ○ Collection of FE loans and HE loans. ○ Involved in the FE Fee Loans Programme Board and Joint Operations Group. ○ Preparing for the threshold change due from April 2012. 	

	<ul style="list-style-type: none"> ○ Helping BIS define what measure of income to use for the variable interest rates that are to attach to outstanding loan account balances in relation to loans with the new £21,000 threshold. ● Impacting changes that will be needed to the CSL process from RTI and HE reforms from a student loan perspective. ● CSL modernisation was going to replatform the stand alone IT system for student loans on to NPS. However this is no longer going ahead in its existing form. The team are looking at enhancements to the current system for HE reforms and RTI. ● Liz Cunningham highlighted a number of items from the employer weekly updates: <ul style="list-style-type: none"> ○ Number 81 concerned student loans in that HMRC is starting a programme of work to align employer and employment information held on our systems. There is no definite reason to think that this will have an impact on student loans but we had decided to highlight it in case employers receive unexpected start notices as there is an automatic trigger for the issue of start notices where a new employment record is set up on HMRC systems and the employee is a student loan borrower. Pete Jukes raised a query in that if there is an alignment exercise starting now was there a danger that the systems would get out of alignment again before RTI. Reassurance was provided that steps were in place to ensure that both systems stay aligned. ○ Number 72 concerned 'Integrating the operation of Income Tax and National Insurance contributions: a call for evidence'. This project could have an impact on student loans as they are deducted on a pay period by pay period basis rather than being cumulative and use the measure of earnings for National Insurance purposes rather than taxable income. There could be impacts in the event of changes being made to the measure of income or how student loans are calculated. Formal Consultation is planned in the autumn and a guest speaker from the project will attend our next meeting in December 2011 to discuss proposals in the consultation and to answer questions. 	
<p>Alex Lawrence</p>	<p>Alex Lawrence provided the following update:</p> <p>P14 processing - HMRC expect to send between 2.14 and 2.15 million P14s for 2010-2011 to the SLC. To date we have sent 2,131,737 which represent 99.1 per cent to 99.6 per cent. Processing is almost complete and the residual P14s will be going through the exception process or have still to be sent in by employers.</p> <p>Action Point 2/240511 concerned feedback on any issues agents have with SA and student loan borrowers. Alex Lawrence thanked the group for providing feedback which has now been consolidated. He is now working with Communications and</p>	

Marketing Department to get a product produced and released to help assist this customer group. There is no timeline for delivery yet.

Overseas borrowers – A number of issues have been raised:

1. One issue concerns employees going temporarily overseas and on to a foreign payroll. The borrower will then repay their student loan by Direct Debit to the SLC. But when they return to the UK they are sent an SA return and the student loan repayment will be calculated on the same income. HMRC are working with the SLC to establish a process to avoid the borrower being double charged.
2. Another situation concerns non UK tax residents working and living overseas. Again they will repay their student loan by Direct Debit to the SLC. If they have a UK source of income they may also get an SA return. In this situation they shouldn't be declaring their overseas earnings on the SA return.
3. An email sent by Kelly Sizer had been considered by BIS who have provided a paper sent out with the agenda concerning different thresholds being applied in different countries. Direct Debits to the SLC may be calculated on a threshold for a foreign country which can be different to the threshold applied to the SA return. HMRC are again working with the SLC to establish a new process.

Liz Cunningham highlighted that part of the difficulty was that the issue of the SA return is an automated process and it is not always known who will be sent an SA return.

Mathew Brown highlighted that there needs to be guidance on how to complete the SA return in these circumstances. Pete Jukes asked about the numbers involved as it may not be cost effective to change the return. Alex Lawrence advised that they would look at updating the guidance but they would also want to consider the process for dealing with these situations first as it may be that a charge is still raised under SA and the liability offset with payments made to the SLC.

Kelly Sizer raised her point that the issue of applying the different threshold was still a concern and that there was gap in guidance on this. Liz Cunningham advised that HMRC and the SLC were working to develop a process but were not ready yet to publicise it. A key concern was that it may generate additional calls to the SLC which they were not geared up to handle. However if an individual did contact the SLC their case would be passed to one of their specialists and they would advise on an individual basis.

Alex Lawrence advised that they were working on a process to cover the different circumstances and at having a communications strategy to cover them. They expect to complete the work by the end of September 2011 and to have a product by the end of October 2011.

Action - To produce a product, covering the different circumstances for overseas borrowers, by the end of October 2011.

(5) Alex
Lawrence

	<p>Kelly Sizer asked if the SA guidance notes would be changed for April 2012 and was advised that with the timescale for change it was unlikely.</p>	
<p>4. Update from BIS on the changes following Higher Education (HE) reforms</p>		
<p>Sarah Webb</p>	<p>Sarah Webb provided an update on debt sale activities:</p> <ul style="list-style-type: none"> • Still looking at the possibility of making an announcement that the debt sale will go ahead by the end of the year but further feasibility work needed. • However there will be no potential changes that would affect employers as the relationship with HMRC will remain the same. • There are also few changes that will impact HMRC. • Any sale that did go ahead the new 'owner' would be treated the same as a Devolved Administration. • BIS will remain as master servicer and there will be changes on the BIS side. <p>David Malcolm asked about the impact for students and was advised that they would be notified that their loan had been sold but there would be no change for them.</p> <p>David Malcolm asked about the Rothschild review. Sarah Webb explained that the focus of this was on a utility model. This had now been dropped as it was found that only 50 per cent of the risk would be transferred off Government books and a 90 per cent risk transfer was needed.</p>	
<p>Kathryn Symms</p>	<p>Kathryn Symms covered the following points:</p> <ul style="list-style-type: none"> • The Education Bill includes a clause which will introduce a real rate of interest for new students who commence their studies in September 2012 or later. The Bill will be debated in the House of Lords in October 2011, with Royal Assent expected in November 2011. This will enable the Repayment Regs to be drafted and come into force in April 2012. <p>Variable interest rates will be based on income and there have been discussions on what measure of income to use. Kathryn Symms received helpful feedback from the group on this.</p> <p>Mathew Brown raised the point about RTI and whether the new process of HMRC providing the income figure would be built in. Liz Cunningham confirmed that the requirement for employers to provide earnings for employer NICs would be built into the RTI data requirements for student loans.</p>	
<p>Andrew King</p>	<p>Andrew King provided the following update on Further Education loans:</p> <ul style="list-style-type: none"> • Consultation closing on 21 October 2011. • Document focuses on the front end of the process and the differences between FE loans and HE loans. FE loans are only available to those aged 24 and over and are studying courses at level 3 or 4. • Application process different as no Universities and Colleges Admissions Service (UCAS) 	

	<ul style="list-style-type: none"> • Stakeholder reference group set up to look at the impact of these loans. • Working with HMRC and the SLC who have highlighted the importance of getting messages out early to employers. • Loans will be introduced from 2013 and work has to be finished by the end of 2011 to allow time to build the system for March 2013. First loans will be available for AY13-14 but repayments will not start until 2016 and will adopt the £21,000 threshold. • Interest and repayment terms will mirror HE loans. <p>Pete Jukes asked if course lists were available to identify the applicable courses. Andrew King advised that the courses are the same as those eligible for public funding. These courses are covered by the Skills Funding Agency.</p> <p>Mathew Brown asked about separate regulations. These will be provided alongside the HE regulations and there would only be additions were necessary.</p>	
5 Update from SLC on Collection of Student Loan (CSL) issues		
Kevin O'Connor Jackie McGale	<p>Kevin O'Connor advised that they were working on a number of the same activities as already discussed/outlined including:</p> <ul style="list-style-type: none"> • Debt sale. • Higher Education reforms. • Writing off the new HE loans which currently happens after 25 years but won't happen until 30 years after those with new loans enter repayment. • Threshold changes. • Variable interest rates. • As N Ireland and Scotland will not be adopting the new £21,000 threshold need to be able to manage the status quo. • Repayment calculator - customers will be able to log on and enter some information, which will give them an idea of how many years it will take to pay off their loan. <p>There are already variations of a repayment calculator Martin Lewis's and the BBC's site which they will consider.</p> <p>Mathew Brown highlighted the need to make it clear that this is only an indicator and to manage customer expectations. Elaine Salveta advised that it was still in the early stages but advised they would have signposting. Kevin O'Connor advised that they would also have caveats built into it.</p>	
6. Employers in liquidation		
Mathew Brown Alex Lawrence	<p>Mathew Brown outlined the issue which was where employers do not pay over the employee's deductions (tax, NIC and student loans) to HMRC. For NIC purposes the employee will be entitled to credit if evidence of the deductions is provided. His query was what would happen about student loan deductions?</p> <p>Alex Lawrence explained that, unlike NIC, there are no Regulations to specifically cover this. While we cannot take Regulatory action we do follow the same process for administrative purposes. If an employer has not sent in the deductions and is in liquidation we will accept P60s or payslips as evidence. We will then send the information to the SLC to credit the borrowers account. If there is no P60, nor payslips, but some</p>	

4/240511	<p>Liz Cunningham asked the group if there were any employers that they represent that would be interested in being involved in a focus group to let us know.</p> <p>Action – to let us know if any employers would be interested in being involved in a focus group.</p> <p>20.9.11 – it was agreed to wait until there was a specific piece of work and then set up a focus group.</p> <p>Closed</p>	All
5/240511	<p>Liz Cunningham asked if the group had any forums that we could be involved in or use to engage directly with employers on student loan issues. Linda Pullan advised that they held a series of annual workshops around the country in the autumn and would provide details in case we could support those.</p> <p>Action – to provide details of their workshops.</p> <p>9.6.11 – details provided and HMRC will give a presentation on student loans.</p> <p>Closed</p>	Linda Pullan
6/240511	<p>Liz Cunningham asked the group to feedback any suggested changes to the ToR and proposed to have this as an agenda item at the next meeting.</p> <p>Action – to feedback any suggested changes to the ToR.</p> <p>17.8.11 - feedback received.</p> <p>Closed</p>	All
3/301110	<p>Karen Duncan advised that she already had a list of issues to be resolved and there were key milestones for BIS and HMRC. The reps asked about sharing this information with their members and it was agreed to provide a note for reps to feedback to their members.</p> <p>Action – to share the document covering the list of issues and key milestones with the group.</p> <p>22.2.11 – carried forward.</p> <p>24.5.11 – this set of milestones has since passed but there will be further milestones for the White Paper and associated consultation and these will be passed on to the group.</p> <p>20.9.11 – the White paper was published in June 2011 and the next step will be to review the responses.</p> <p>Closed</p>	Karen Duncan
1/150610	<p>Matthew Brown suggested that while current guidance mentioned the need to keep payslips we should also highlight that the P60 only shows cumulative student loan deductions for the last employment in any year. What information the employee needs is appropriate and in what manner it should be provided is part of a wider discussion.</p> <p>Action – to look at current guidance to check what information there is in relation to keeping payslips and highlighting that the P60 only shows cumulative student loan deductions for the last employment. Change guidance as appropriate and publicise the message.</p> <p>14.9.10 – Liz Cunningham explained that we are proposing to put an extra paragraph in the CSL 1 (Collection of Student Loans for SA Customers) and some extra words into the CSL 2 (Guide for Employers and employees to help answer common Student Loan queries) to explain that the P60 only reports income from the latest employment held at the end of the tax year and the expected</p>	Liz Cunningham

	<p>timescales for the updates. It will take eight - ten weeks for the online versions of the leaflets to be updated, then a further two - three weeks for the paper versions. We hope to have the new leaflets around November 2010 and once the leaflets have been updated it is proposed to publicise in the February 2011 Agent Update.</p> <p>23.11.10 - carry forward</p> <p>30.11.10 - Alex Lawrence advised that as mentioned earlier they had completed their internal review of all three CSL leaflets following feedback from the group. The leaflets have now been passed to HMRC's Communications and Marketing department, who are responsible for design and web page content. Once they have signed off the leaflets the website will be updated. The expected date of publish will be late December 2010 or early January 2011. The delay was due to co-ordinating the update of all three leaflets at the same time.</p> <p>15.2.11 - The CSL1 (leaflet for SA and SA/PAYE borrowers) and the CSL2 (leaflet to answer common employer and employee questions) now has additional information explaining non cumulative situation. The delay in co-ordinating all the relevant changes has now been resolved. I don't yet have a publish date for the leaflets but once the versions have changed over on the HMRC site I will email you the links to pass out to the sub-group. The timescale on this is three to four weeks.</p> <p>22.2.11 - carry forward until publication has been confirmed then close.</p> <p>24.5.11 – it is expected that the publication will be available next week and the link will be sent out with the minutes.</p> <p>1.9.11 – the updated publications are now available:</p> <p>http://www.hmrc.gov.uk/leaflets/csl1.pdf</p> <p>http://www.hmrc.gov.uk/leaflets/csl2.pdf</p> <p>http://www.hmrc.gov.uk/employers/collection-sl.pdf</p> <p>Closed</p>	<p>Alex Lawrence</p>
9. Any other business		
	<p>Pete Jukes asked about the CSL 115 document which was the technical specification document and if this was still current and how it was being maintained. Christine Rowse agreed to look into this</p> <p>Action - to check if the CSL115 document is still current and how it will be maintained.</p>	<p>(9) Christine Rowse</p>
	<p>Ian Brearley asked what plans there were for increasing the £21,000 threshold beyond 2016. Kathryn Symms advised that this will be increased annually based on earnings growth. BIS will look at the earnings growth for the period April 2015 to March 2016 to determine the figure for 2017.</p>	
	<p>Pete Jukes asked a question about the two thresholds and what would happen if an employee had both. He was advised that the employer would only collect one loan at a time which would be the lower of the two.</p>	
	<p>Liz Cunningham advised that the next meeting was on 6</p>	

	December 2011 and there will also be a guest speaker from HMRC Payments Strategy Programme who wants to meet the group as part of consultation on possible future changes to payment provision.		
10. Date and venue of next meeting			
Future meetings	Date	Location	
	Tuesday 6 December 2011	London, 22 Kingsway	