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Dame Meg Hillier DBE MP
Chair, Public Accounts Committee
House of Commons
London SW1A 0AA

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Dear Meg

**PAC hearing on the financial sustainability of higher education providers
21 March 2022**

Thank you for inviting Nicola Dandridge, Anne Spinali and me to appear before the Committee on 21 March. During the session we agreed to provide the Committee with additional information relating to the following questions.

Question 10 Sir Geoffrey Clifton-Brown: The number of Chinese national students studying in the UK in 2021.

Higher Education Statistics Agency data shows that in the 2020/21 academic year there were 143,820 Chinese students studying in the UK. China is the largest source of student enrolments in UK HEPs.

In my response I said that Chinese student numbers are down by 5%. To clarify this *the number of China domiciled entrants decreased by 5% but the actual total number of enrolments in 2020/21 increased by 1%.* **Entrants** reflect new students entering the system, so that is essentially the flow. **Enrolments** reflect the total number of students studying at a UK HE provider.

Question 108-110 Chair: Under the proposed reform, whether student loans repayments would continue when the person retires.

Student loan repayments for borrowers in the UK are collected via the tax system. This is an efficient and effective collection method and means that the loan repayment system follows closely the operation of the tax system. This includes the use of the existing definition of "earnings." Pensions can be treated in different ways in the tax system, depending on their specific terms, and the method of collection. In particular, taxable pension income may be taken into account when calculating student loan repayments for borrowers who complete a Self-Assessment if their total income is above the relevant repayment threshold.

I hope that my response to the questions above satisfies the Committee. I would also ask the Committee if I can make minor corrections to the answers, I gave in response to question 2 and question 100.

In response to question 2 I said “We know it was challenging for institutions that ended up undersubscribed. **Typically, they were the middle-tariff institutions.**”

The point I was trying to make here is that whilst the total number of acceptances increased for all provider tariff groups, within those groups there would have been providers that saw a decrease in students. In particular medium and lower tariff providers were more likely to be affected.

I would, if possible, like to add a footnote: I should have said that “We know it was challenging for institutes that were affected by the change in A level grading policy. **Typically, they were middle and lower tariff institutions.**”

And in response to question 100 Kate Green, I said “That is one of the aspects that gives rise to that assessment by the IFS. The change to the interest rate works the other way. With an interest rate above RPI, you effectively get a benefit for being able to pay back more quickly. The change to the interest rate **has a progressive effect** and helps to mitigate that.”

The point I was making here was that among those accruing interest at RPI+3%, the change to the interest rate helps to mitigate the advantage gained by the very highest earners who can repay their loans more quickly than those on lower incomes, but not a progressive effect overall once all low earning borrowers are taken into account.

I would like to add a footnote: I should have said “That is one of the aspects that gives rise to that assessment by the IFS. The change to the interest rate works the other way. With an interest rate above RPI, you effectively get a benefit for being able to pay back more quickly. **The change to the interest rate helps to mitigate that.**”

Finally, and with all sincerity, I would like to thank you, and the Committee for the courtesy we were shown throughout the session and for providing us with the opportunity to discuss this important topic.

A handwritten signature in black ink, appearing to read 'S Acland-Hood', with a stylized flourish at the end.

**SUSAN ACLAND-HOOD
PERMANENT SECRETARY**