



HM Treasury

Information Rights Unit
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Mr Brian Harrison

020 7270 5000
foirequests@hmtreasury.gsi.gov.uk
www.gov.uk/hm-treasury

Via email: request-369590-
9e197d38@whatdotheyknow.com

05 December 2016

Ref: FOI2016/23470

Dear Mr Harrison

Freedom of Information Act 2000: Student Loan repayment holidays

Thank you for your Freedom of Information enquiry of 7th November 2016.

You asked for the following information:

"Please provide information on whether planned student loan repayment holidays (promised to borrowers starting higher education courses from academic year 2008/09) were scrapped in the March 2010 Labour Government Budget on 24th March 2010, or otherwise if HM Treasury hold information on when it was scrapped and by whom.

Through my own searches of the internet, I have identified references to the former Chancellor Alistair Darling scrapping the policy in this Budget. For example, the Daily Mail article available here (<http://www.dailymail.co.uk/news/article-1260292/BUDGET-Alistair-Darling-hammers-better-tax-rises.html>) under the 'Education' section states "Mr Darling announced an extra 20,000 university places to ease an admissions crisis - but axed 'repayment holidays' on student loans to pay for them." However I can find no official reference to this in any Government publication, nor an announcement from any minister of either Government before or shortly after the May 2010 General Election. Even the March 2010 Budget Report (which media articles like the Daily Mail's claim is when the policy was scrapped) available here (http://webarchive.nationalarchives.gov.uk/20100413203226/http://www.hm-treasury.gov.uk/d/budget2010_complete.pdf) only makes indirect reference in Table 1.2 'Budget 2010 policy decisions' to "reprioritised spending from BIS...". For a retrospective policy change to post-2008 borrowers' intended loan repayment terms on the scale of repayment holidays, the lack of Government consultation or even formal announcement is quite startling; although I accept the matter was undoubtedly muddled by the proximity to the May 2010 General Election and the subsequent change of Government, I am seeking this information through FOI precisely because of the lack of clarity on when this policy was scrapped and by whom.

See my FOI to the Student Loans Company here (https://www.whatdotheyknow.com/request/repayment_holidays_for_certain_p_2#incoming-887902) for a background and sequence of events to this policy."

I can confirm that HM Treasury does hold information in scope of your request.

I can confirm that in March 2010, the then Government decided not to pursue the student loan repayment holiday policy, which was never enacted in legislation. This received press coverage at the time, following a press release issued by the Department for Business, Innovation and Skills on 24th March 2010. This is attached with this letter for your information.

We are withholding the names and contact details of officials below senior civil service under section 40 (personal data) of the Act as they are junior officials who do not have a public facing role. This is in line with the Information Commissioner's advice that such officials would not reasonably expect their work details to be made known and that they do not normally carry individual public accountability for their official activities. Section 40 exempts personal information from disclosure if its release would contravene one of the Data Protection principles. In this case, disclosure of the information would contravene the first Data Protection principle, which states that personal information must be processed fairly and lawfully.

We also consider that a small amount of information that we have identified engages the exemption at section 35(1)(b) (Ministerial Communications) under the Freedom of Information Act 2000. This is a qualified exemption and we are required to balance the public interest between disclosure and non-disclosure.

In relation to the release of this information, we recognise that there is an inherent public interest in transparency and accountability of public authorities. We also recognise the broad public interest in furthering public understanding of the issues which public authorities deal with. There is a clear public interest in the work of Government Departments being transparent and open to scrutiny to increase diligence.

Balanced against this, it is important that Ministers are able to discuss issues frankly and openly without fear of release. If Ministerial discussion is inhibited by the prospect of release, the quality of debate is likely to be restricted, which would not be in the public interest. Ultimately responsibility for government decisions lies with the Cabinet and the release of Ministerial discussion would also be likely to undermine Cabinet collective responsibility.

Student loans policy is the responsibility of the Department for Education, rather than HM Treasury. Before 2016, responsibility lay with the Department for Business, Innovation and Skills.

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.

Yours Sincerely

Information Rights Unit

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If you are not happy with this reply, you may request a review by writing to HM Treasury, Information Rights Unit, 3/Red, 1 Horse Guards Road, London SW1A 2HQ or by emailing us at the address below. Any review request must be made within 2 months of the date of this letter.

Email: foirequests@hmtreasury.gsi.gov.uk

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome of the review, you may apply directly to the Information Commissioner for a decision. Generally, the Commissioner will not make a decision unless you have exhausted the complaints procedure provided by HM Treasury.

The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliff House, Water Lane, Wilmslow, Cheshire SK9 5AF.



For Immediate Release

NEW MODERNISATION FUND TO PROVIDE AND SUPPORT 20,000 EXTRA HIGHER EDUCATION PLACES, WHILE DRIVING UP EFFICIENCY IN UNIVERSITIES AND COLLEGES

An extra £270 million is being allocated to universities and colleges in 2010/11 to support more students going into higher education next year, and help institutions become more efficient, Lord Mandelson announced today.

The creation of a new 'Modernisation Fund' will open up university to 20,000 more students in 2010/11 building on the record total numbers of students currently in higher education.

The Government is taking this action to invest in strong sustainable growth and build a stronger Britain with these new places supporting the industries and new jobs of the future.

The new additional 20,000 places will comprise a range of degree places – full-time undergraduate, Foundation and part-time – reflecting the increasing demand from students for a diverse range of courses to suit an increasingly diverse student body.

Participating universities and colleges will be able to spend the funds on the costs of those places in 2010/11 and on "invest to save" projects which will produce savings that cover the costs of the places in subsequent years.

Business Secretary Lord Mandelson said:

"Universities are vital for economic growth. Highly skilled people creating and applying knowledge power a competitive, high value economy. This is why we are determined to maintain the world class university system we have built over the last decade.

“This further investment will allow universities and colleges to build on their success and continue to expand, offering 20,000 funded places this autumn through a range of degrees students want in the subjects which business and employers most need.

“Building on our record expansion of higher education is more important now than ever as we continue to invest in a highly skilled workforce to win the jobs of the future and build Britain's economic success.”

There are 390,000 more students in higher education today than 1997 – more than ever before in our history - and today's announcement increases those already record numbers. The demand for places reflects the welcome rise in attainment by young people in school and college, and the success of the Government's programmes to raise ambition and widen participation.

Institutions will be invited to bid for a share of the funds, against commitments to provide a total of 20,000 additional places for entry this autumn. The Higher Education Funding Council Education (HEFCE) will be writing to the sector with further details of the fund.

Within the £270 million total additional funding, £20 million will be allocated to HEFCE to support universities and colleges in projects to raise efficiency and value for money through the development of shared services, collaborative procurement and other innovative ways of cutting overhead and back office costs while sustaining the quality of front line teaching and research.

ENDS

Notes to editors

1. In allocating funds for the additional places, priority will be given to the subjects which will best support economic growth - in Science, Technology, Engineering and Maths (STEM) and in the priority areas identified in New Industry, New Jobs and the national Skills Audit recently published by the UK Commission for Employment and Skills (UKCES).

2. The planning assumption is that the 20,000 places will comprise 10,000 full time honours degree places, 5,000 part time honours degree places, and 5,000 foundation degree places. The total estimated teaching costs of providing these places, over three years, would be £250 million. The programme will cover universities and colleges providing higher education institutions in England, and be allocated through HEFCE.
3. Universities and colleges will be able to use the additional funding for a wide range of efficiency projects - for example, restructuring, investment in new IT systems or facilities that will reduce future running costs. They will use the savings thereby produced to fund the costs of providing the additional student places in subsequent years.
4. The government will provide additional funding to meet in full the support costs associated with those additional places. The additional non-cash costs to the student support budget of the additional places will be funded by the withdrawal of the previous "repayment holiday" provisions of the student finance regime.
5. Participating universities will be expected to work with HEFCE to capture and disseminate across the whole HE sector the learning from their projects, demonstrating how efficiencies in teaching costs can be achieved in different ways without reducing the quality of the student experience.
6. Within the £270 million for higher education, £20 million will be allocated separately by HEFCE to support sector-wide projects to increase value for money. For example, projects may include collaborative procurement of goods and services, and the sharing of back office service functions. A further £15 million will be allocated to the Skills Funding Agency to support a parallel programme within the further education sector.
7. A wide range of financial and other data is collected by universities and colleges and made available for institutions to benchmark what they spend on different activities and services. HEFCE and the Skills Funding Agency will review with partners the data that are available for their respective sectors, and ensure that all data that would be useful to institutions are co-ordinated together, clearly signposted, and easily accessible through the web by June 2010. They will work with universities and colleges, and partner agencies, on a programme for improving the availability and promoting more robust and active use of benchmarking data to support institutions more effectively in improving efficiency.
8. For further information contact [Redacted – personal data] in the BIS press office on [redacted – personal data].

