

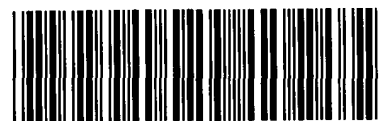
Student Loans Company Limited

Registered Company No 2401034

Registered Office: Memphis Building, Lingfield Point,
McMullen Road, Darlington DL1 1RW

Annual Report and Accounts for financial year ending 31 March 2021

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ANNUAL REPORT AND ACCOUNTS 2021

Enabling student opportunity and delivering an outstanding customer experience

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1. Chair's Statement

It is my pleasure to introduce SLC's Annual Report and Accounts for the financial year 2020-21. This was a hugely challenging year because of the COVID-19 pandemic but we have continued to deliver our core objectives and evolve as an organisation. This is a testament to the resilience and drive of the SLC leadership team and to the commitment of all our colleagues. Like all Boards, we have focused on wellbeing during this difficult time and were pleased to see that a careful approach to staff support has led to a rise in engagement over the year.

I would like to put on record my thanks to our shareholders and my non-executive colleagues for their focus and engagement; and to record special thanks to David Gravells who served on the Board for four and a half years and as Chair of the Remuneration, People and Organisational Design Committee. David brought commercial acumen, a commitment to education and a thoughtful and reflective approach to SLC, for which I am grateful.

The Board has been very impressed with the speed at which SLC made decisive and effective changes to the operating model to enable them to keep paying student finance on time during the pandemic. In a few weeks, SLC shifted from being an office-based organisation with a sizeable contact centre operation to a predominantly home-based organisation. Performance data demonstrates that SLC processed more applications and paid more student finance in 2020-21, with greater accuracy, than at any time in its history. Overall, SLC now serves 8.5 million customers and manages a loan book worth £177.9bn.

SLC has made significant progress on our transformation programme this year and this is making us more resilient, stable and agile. Evolve, in particular, is designed to deliver an enhanced experience for customers and users of our services by putting data in one place and using industry standard technology solutions to help customers self-serve and to provide tailored support where customers need it. This will amount to a customer-focused technology and CX strategy and will be the biggest change in the SLC's history. I am delighted, therefore, to have welcomed Rona Ruthen and Gary Page to the Board as non-executive directors this year, who both bring significant expertise on customer service in the financial sector.

During 2020-21, SLC has continued to strengthen good governance by progressing the July 2019 Tailored Review recommendations. One recommendation concerned Board effectiveness and we commissioned an external review by the National Audit Office (NAO) which reported in April 2021. NAO found the Board and its relationships – both internal and external – to be effective and I am now working with the Board to implement a number of recommendations which fall under the banner of continuous improvement.

The Board has also championed good governance through a comprehensive re-write of the existing Framework Document which sets out the broad framework in which SLC operates. I am keen that the Board takes on a greater role in assuring SLC's performance and in so doing, allows DfE and shareholders to take confidence from Board assurance. Our goal is for SLC to be afforded the authority to take the right decisions at the right time to enable us to deliver change quickly and with better value for money for the taxpayer.

SLC has demonstrated that it is an adaptable organisation. This stands us in good stead given the government's important reform programmes for further and higher education encapsulated in the Lifelong Loan Entitlement which the Prime Minister announced in September 2020. The Board will be focused on supporting this through close and deep collaboration with DfE with the aim of creating an effective operating model that is as simple and intuitive for customers as possible and that is well understood. Given the scale of change SLC has already delivered, the Board is confident that SLC is in good shape for what will be a challenging year ahead.

A handwritten signature in black ink, appearing to read 'Peter Lauener', with a long, sweeping horizontal stroke at the end.

Peter Lauener

Chair

2. Chief Executive's Foreword

Managing the delivery of student finance against a backdrop of the COVID-19 pandemic has been the major focus for SLC and I want to record my gratitude to my SLC colleagues, leadership team, Board and shareholders for ensuring that student finance continued to flow throughout 2020-21.

We switched to home working in the space of one month, created liquidity by significantly bringing forward the payment of tuition fee loans to higher education providers, and curtailed arrears and debt collection activity in recognition of the financial hardship many of our customers were facing. As the academic cycle gathered momentum with significantly increased student numbers, we reallocated staff to the frontline to ensure that students' applications were processed and paid on time. We financed a record number of new and returning students in England and Wales, having successfully paid over £21bn in maintenance loans and tuition fee loans (on behalf of students) to universities and colleges.

In many respects, 2020-21 was an extraordinary year but my main reflection is not of an organisation pivoting during a pandemic but one successfully managing significant change in spite of a pandemic. SLC is undergoing the largest transformation since its inception through new systems, new technology, new operating models and new ways of working. It is remarkable that SLC managed all of this and did not take its foot off the pedal during this financial year.

We don't always get it right, of course, and last year we did not consistently achieve the levels of service that my colleagues and I want to provide. Legacy systems, complex products and the ways in which customers have to interact with us do lead to errors. I am grateful, therefore, for the forbearance of our customers and very pleased that customers will experience real, tangible benefits in the coming financial year thanks to the foundations for change we laid in 2020-21. We created a forum for customers to tell us what they think through our new Student Finance Customer Panel which is made up of prospective, current and former students. The panel will be key in building insights for the new customer experience (CX) strategy that is currently taking shape and which I look forward to delivering in the coming year.

Over the last year, Evolve, our transformation programme, began enabling SLC's ambition to improve the customer experience through digital technologies, a better use of data, reforming policy commissioning, simplifying products and making SLC a great place to work. The launch of our Customer Engagement Management (CEM) system was a significant milestone in improving service by holding customer data in one place rather than across multiple systems. CEM will benefit our frontline colleagues and also enable SLC to move from task to case-based customer service. We also launched an online repayment service offering up-to-date balances. Enabled by more regular data exchanges with HMRC, this is the first time we have been able to do this since SLC launched 30 years ago.

Change has been the descriptor for us over the last year, but it will also be the word for our UK shareholders, as captured in the UK Government's Skills for Jobs White Paper, which sets out an extensive suite of reforms for post-16 education. The white paper built on the Prime Minister's "Lifetime Skills Guarantee" speech in September 2020 and set out a commitment to implement a flexible Lifelong Loan Entitlement (LLE) to the equivalent of four years of post-18 education from 2025, to use over a lifetime.

The government's intention is that the LLE will support modular provision of learning, so that learners can build up qualifications flexibly, over time and through online and blended learning. This is a fundamental shift from the qualification-based loan products currently offered to students. It will also be a significant change for SLC's various systems, IT, operational structures and processes, which are currently geared towards an academic year delivery cycle. We are eagerly awaiting the Devolved Administrations' thoughts on to these proposals, as the potential for further policy divergence or

alignment among the four governments will be a key factor in our implementation of these reforms. So, more change on the horizon, but change that SLC will help to shape as well as deliver.

The beating heart of any organisation is its people and SLC colleagues have shown themselves to be adaptable, resilient and able to deliver excellence even in challenging circumstances. We have and will continue to invest significantly in the colleague experience at SLC. Over the past year, we have been joined by ten graduates. Those who have been with SLC longer will also benefit from the launch of our career pathways, which will provide structured progression and learning across and up the organisation including nineteen colleagues who are developing their skills through our Apprenticeship programmes. Again, we laid foundations across 2020-21 which will come to fruition in the coming year.

Despite the success of the vaccine roll out, we know that there will continue to be challenges for students, our colleagues and the institutions that provide higher and further education. I have been very focused on how we safely bring colleagues back to the office. Colleague health and wellbeing has always been a priority during the pandemic and that will continue to guide me, my leadership team and the SLC Board as we navigate the very challenging constraints along that journey. I am excited about the prospect of providing colleagues with more flexible working patterns, blending the ability to work at home and from the office, as part of the new normal.

I never underestimate how much SLC must do to deliver on the goals we have set ourselves – nor the challenges we face given the wholesale nature of the transformation we are delivering. However, our response to the challenges of the last year strengthens my confidence in SLC's ability to deliver and in so doing, to continue to support students and graduates to invest in their futures.

A handwritten signature in black ink, appearing to be 'Paula Sussex', written over a horizontal line.

Paula Sussex

Chief Executive Officer

3.Strategic Report

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3.1. About SLC

SLC is a UK public sector organisation established to provide student funding (in the form of loans and grants) to approximately two million new and returning students annually in colleges and universities across England, Northern Ireland, Scotland and Wales.

SLC is a non-profit making organisation. SLC was incorporated in 1989 as a private limited company under the Companies Act with its registered office at Memphis Building, Lingfield Point, McMullen Road, Darlington, DL1 1RW. The company is wholly in public ownership; the four UK Government Administrations are its shareholders. Since April 1996 SLC has been classified as a non-departmental public body.

SLC operates from four offices across the UK: these are located in Glasgow city centre, nearby Hillington, Darlington and Llandudno Junction.

SLC's Chief Executive leads a team of six Executive Directors – her Executive Leadership Team (ELT) – each leading up a Directorate with a mix of employees from across SLC's offices in England, Scotland, and Wales.

3.1.1. The Directorates and the ELT

Directorate	Executive Director
Product, Customer and External Relations (PCER)	David Wallace - (also Deputy Chief Executive and Chief Customer Officer)
Operations	Derek Ross *
Repayment and Customer Compliance (R&CC))	Bernice McNaught - (also Senior Responsible Officer for Evolve)
Technology Group (TG)	Stephen Campbell
Chief Financial Officer (CFO)	Jacqui Smillie **
People	Morven Spalding

* Chris Larmer joined as Executive Director, Operations in late May 2021 at which point Derek Ross took up the role of Executive Director, HE Reform. Derek Ross remains a member of the ELT, but for the purposes of the HE Reforms reports on a day-to-day basis to David Wallace who retains ultimate executive responsibility for the delivery of these reforms.

** Jacqui Smillie left SLC in May 2021 and has been succeeded by Audrey McColl who joined SLC as CFO in August 2021.

Further information on both SLC's Executive and Non-Executive Directors is provided in the Governance Statement (Section 5 of this report).

3.2. Core Business

SLC is one of HM Government's (HMG) key strategic delivery partners and the Department for Education's (DfE's) largest partner organisation by headcount. HMG relies on SLC to assess applications from approximately two million new and returning students each year; manage a growing loan book of £177.9bn (£156.5 billion at 31 March 2020*); work in partnership with HMRC to collect repayments; and manage a total customer base of 8.5 million applicants, students and repayers.

* The value of the Loan Book represents the face value of the total loan book, and not the value in accounting terms which is included in the DfE Consolidated Annual Report and Accounts, and not within the SLC Annual Report and Accounts

Apply-to-Pay (“A2P”) Services

SLC provides a range of different services for students throughout the UK which vary according to the requirements of each of the four Government shareholders.

For England and Wales, SLC manages the full, end-to-end apply, assess, pay and repay process for undergraduates and postgraduates studying on a full-time and part-time basis; it provides the payment and repayment services for Scotland and Northern Ireland. Additionally, Northern Ireland’s Education Authority uses SLC-developed systems for assessing their students’ applications. In recent years, England, Wales and Northern Ireland have each developed varying finance products for postgraduate students, covering both Masters and Doctoral degrees. These have added to the mix of services delivered by SLC.

SLC also manages a growing range of products for students in further education. These are also tailored to the differing requirements of Individual Government Administrations – from Advanced Learner Loans in England, through to the Welsh Government Learning Grant; Northern Ireland and Wales both continue to offer Education Maintenance Allowance.

SLC administers various targeted support grants designed to enable people with disabilities, childcare responsibility, adult dependants or other needs to overcome barriers to participation in higher and further education.

Additionally, SLC pays bursaries to students on behalf of many UK education providers.

During 2020-21, SLC disbursed £11.39 billion in tuition fee payments to universities and colleges on behalf of students and £10.29 billion in maintenance loans for living costs and grants directly to students and learners.

Repayment Services

SLC administers repayment services on behalf of all four UK administrations.

SLC services a growing loan book of “income-contingent repayment” (ICR) loans and works in partnership with HMRC to collect repayments through PAYE and self-assessment; the company directly collects repayments from those borrowers outside the UK tax system. SLC also provides a direct-debit option for all customers, and actively encourages those borrowers who are nearing the end of their repayment term to use this facility, as it allows customers to manage their remaining balance in real-time and thus removes the risk of incorrect PAYE deductions which could otherwise result in customers over-repaying their loans.

SLC and HMRC service the entire loan book, which is partly owned by HMG and partly owned by private investors.

3.3. Performance

The purpose of the performance report is to provide a summary of the overall performance of the company during the year, detailing key processes and metrics by which performance is measured.

The Annual Performance and Resource Agreement (APRA)

Government sets out SLC's role and core responsibilities each year in the APRA letter. This letter also confirms the company's annual budget and outlines a set of key performance targets that it expects SLC to meet – the APRA targets.

In March 2020, as part of the response to the pandemic our Government shareholders agreed to suspend all APRA targets for 2020-21; SLC also made some changes to its business plan for the year. Operating in major incident mode, the company's two key priorities became to protect the health and wellbeing of its employees and to continue to deliver critical services and in particular apply-to-pay services to its customers and payments on their behalf to higher and further education providers.

SLC replaced traditional performance reporting against APRA targets with an Interim Performance Pack which blended monitoring of the delivery of critical front-line services with business continuity priorities through a series of new scorecard measures. Without formal targets, performance has been evaluated by SLC's Board and shareholders throughout the year against the trends from previous years. The value of the new score card measures has been such that APRA targets and performance reporting have now been reinstated for the coming year, but these have incorporated many of the new measures that were introduced last year. At an executive level, operational performance was monitored three times a week in formal major incident meetings.

SLC's Mission and How Performance is Measured

SLC's mission is to enable people to invest in their futures through further and higher education by providing trusted, transparent, flexible and accessible student finance services.

SLC is a complex business with many different customers, products and stakeholders. To create alignment and clarity - both internally and for external audiences – the company reports on business performance via three 'lenses', described as follows:

The Frontline Lens

Through each academic cycle, we will ensure that we deliver loans and grants to our customers securely, sustainably and efficiently. We will also provide an effective and fair repayments service that ensures that the number of customers repaying their loans to the Exchequer is maximised as a proportion of the number that are due to be making repayments.

The Customer Lens

We aspire to provide a great customer experience, helping customers to invest in their futures by providing an intuitive, supportive, and trusted service.

The Corporate Lens

We will manage change projects in a timely manner, balancing lowest practical cost with the need for achieving quality outcomes and agreed benefits. SLC will deliver value for money for the taxpayer and sustain and develop the skills of a well-managed, engaged and motivated workforce.

The Frontline Lens

The frontline lens covers SLC's two customer-facing services, application processing (Apply-to-Pay) and repayments.

Apply-to-Pay

SLC simplified some processes for customers to ensure that applications could be assessed as quickly as possible. The company anticipated changes in customer decision making as a result of the pandemic such as, delays and revisions to their choices of courses or provider. As a result, it developed detailed plans to allow rapid adjustments to workflow modelling across the academic cycle in order to support potential increases in and changes to the timing of assessment and contact workload.

Despite the challenges, SLC processed more applications and paid more students than ever before while the vast majority of colleagues pivoted to home-working.

3.3.1. Apply-To-Pay Performance Metrics

	2020-21 Result	Comment
Right First Time - Processing	95.7%	Both results compare well with the original pre-COVID-19 baseline target of 92%
Right First Time – Contact (non-outsourced only)	95.8%	
Processing Timeliness (Ready to pay in less than 70 calendar days)	88.8%	Slightly behind a normal year (91% was originally expected). Higher application volumes than anticipated were received.
% Processed (of applications submitted)	97.3%	97% was expected by year end
Percentage of Calls Answered (Student Finance England)	81.6%	All below a normal year (over 90% would have been expected). However, the closure of the contact centre for a number of weeks at the beginning of the pandemic has affected these metrics.
Percentage of Calls Answered (Student Finance Wales)	86.5%	
Percentage of Calls Answered (Student Finance NI)	86.0%	

The COVID-19 pandemic appears to have influenced applications and customer behaviour this year. There was a significant and unexpected increase in the number of applications overall, and changes to the timing of their submission through the cycle, with higher-than-expected numbers continuing beyond the normal term start in September. SLC staff responded positively and flexibly and achieved the key objective of ensuring that students and education providers received their required funding.

Repayments

SLC's Repayment and Customer Compliance directorate's key goal is to ensure that all repayments due are returned to HM Treasury, by making sure that customers who are due to repay, comply with their terms and conditions and by ensuring that fraud and error are minimised.

Repayments and Customer Compliance is the directorate whose plans and targets were most affected by the COVID-19 pandemic, as DfE agreed that SLC should temporarily suspend arrears and debt collection activities. The staff who became free as a result were transferred to assist the Apply-to-Pay teams for a significant part of the year.

SLC takes a responsible approach to all debt collection activity and is mindful that customers may sometimes find themselves in difficult circumstances, and that the pandemic may have a significant effect on income for some. The company strives to ensure fair and supportive treatment of vulnerable customers and those facing financial hardship. This is set out in the Customer Compliance Statement of Intent, approved by the Board and published on our website.

[SLC Customer Compliance Statement of Intent - GOV.UK \(www.gov.uk\)](#)

3.3.2. Repayment Performance Metrics

	2020-21 Result	Comment
Percentage of borrowers from past cohorts who are compliant with their repayment obligations. ("Past cohorts" means all ICR cohorts with an SRDD* before April 2021)	90.7%	Compares well both with 90.2% at the end of 2019-20, and with the original (pre-COVID-19) target of 89.5%
Direct Cash Collected (from borrowers outside the UK tax system, those electing to repay by direct-debit, or those in arrears)	£48.9m	Compares with £87.1m in 2019-20. (This is lower due to the suspension of arrears and debt collection activities for part of the year, as part of the pandemic response.)

* Statutory Repayment Due Date: the date when former students become liable to potentially begin repaying (contingent upon their income). This date is usually the start of the tax-year that follows the end of their studies.

The Customer Lens

This year, through Customer Engagement Management (CEM) - a key part of the Evolve transformation programme - SLC has laid the foundations that will enable the company to offer customers more self-service options and reduce the need for them to telephone.

During the year ahead SLC aims to become a more modern, responsive and sustainable organisation. Central to this is the delivery of the strategic priority to improve the customer experience. This means providing a great customer experience across everything from our information and guidance, through to the quality of our customer care and the design and reliability of our platforms, products and services. SLC's Customer Experience Programme (CX) has established an end-to-end CX Strategy and Target Operating Model. The CX Strategy will enable us to better support the delivery of Evolve and SLC's People Strategy and will also help shape the company's Technology Strategy, making SLC better for customers and better for colleagues.

A great deal has already been done to transform the customer experience - SLC has introduced the new Online Repayment Service, improved its social media channels and commenced the implementation of CEM with the initial release going live at the end of January 2021. The new CEM interface draws together data from multiple underlying systems and provides a holistic and consistent view of each customer's account, transactions and interactions with the company. Further releases of CEM functionality during 2021-22 will provide customers with access to an increasing range of self-service options and will also enable SLC to provide them with more timely and accurate advice and notifications.

A key element of SLC's customer focus is on improving the experience of the most vulnerable customers, to ensure that student finance is accessible to everyone. This will include, in the coming year, reforming the Disabled Students Allowance (DSA) delivery model and service proposition to ensure that customers in receipt of DSA are better able to receive the support they need. In designing these reforms, the Company has also been mindful of the findings of the Competition and Markets Authority who in early 2021 published a review into competition within the market for providing equipment to disabled students.

Further details can be found at:

<https://www.gov.uk/government/news/cma-warns-firms-over-price-fixing-of-supplies-to-disabled-students>

3.3.3. Customer Satisfaction Results

SLC commissions independent surveys of customer opinion on a variety of topics each month. As part of each survey, customers are regularly asked to rate the company's overall service with a mark out of ten. These scores are aggregated as a 12-month rolling average and expressed as a percentage.

	2020-21 Result	Comment
How applicants and students rated the company's overall service	79.1%	This years' scores reflect a change in sentiment with customers taking the opportunity to express dissatisfaction with what some perceived to be unfair terms at a time when a global pandemic was impacting earnings.
How those in repayment rated the company's overall service	50.6%	

3.3.4. Number of Complaints Received per 10,000 Customers

	2020-21 Result	Comment
Complaints from applicants and students	1.13	These results suggest an improvement since 2019-20 results, 1.28 and 0.17 respectively. However, it is possible that customers may have taken a more lenient view of any service failures during the pandemic period, and thus a lower propensity to complain.
Complaints from those in repayments	0.11	

3.3.5. Avoidable Contact

	2020-21 Result	Comment
Percentage of undergraduate applications processed without any incoming telephone call	70.1%	While an improvement on 2019-20 results (65.6% and 2.54 respectively), this was impacted by the temporary closure of the contact centre in the early weeks of the pandemic.
Average number of incoming phone-calls for each application	2.05	

The Corporate Lens

The corporate lens focuses on how we are managing: public money, our people, our change programmes and the performance of our technology.

Technology

This year, SLC's Technology Group began to implement our new technology strategy, the beginning of a three-year transition to a target enterprise architecture, simplifying and consolidating existing platforms and decoupling the architecture to reduce total cost of ownership, increase flexibility and to enable long term sustainability.

In parallel, the company progressed a Strategic Partner Procurement programme, which covers the majority of SLC's technology spend. SLC has historically contracted with suppliers on a resource

augmentation basis for specific skills and capabilities but is now moving to a more strategic delivery and commercial model. This will see the establishment of four strategic partners, replacing most IT service contracts and introducing an outcome-based service delivery model.

3.3.6. Technology Performance

This year, SLC 's Technology Group began reporting monthly on the number of green service days – that is days on which there were no priority incidents or system outages – as a percentage of the total number of days. The percentage for the whole of 2020-21 across the business was 86.5% (against a notional target of 85%).

	2020-21 Result	Comment
Percentage green service days	86.5%	Better than expected (85% notional target)

With this baseline data in place SLC has now set a substantive target for this metric of 87% for 2021-22.

Managing Change

SLC aims to be viewed as a trusted partner in the delivery of government policy and ensures that change is implemented safely and that the business is ready to accept and adopt changes to people, process and technology.

SLC manages an overall change agenda which is comprised of five portfolios, namely Policy, Technology, Repayments, Corporate and Evolve Transformation activities.

Each portfolio submitted a "RAG status" to the relevant portfolio board for approval on a month-by-month basis, and subsequent reporting to the Executive Leadership Team and Board.

Public Money

Although APRA targets were suspended for 2020-21, clearly SLC still needed to work within the budget agreed with shareholders. Therefore, the company continued to monitor performance for this area against the original targets:

3.3.7. Budget Variance

	2020-21 Year End Variance	2020-21 Green Target	2020-21 RAG Status	2019-20 Year End Variance
Administration Budget Variance	8.42% (£3.49m) underspend	≥ 0% & ≤+10%	Green	4.91% (£2.04m) underspend
Programme Budget Variance	2.17% (£3.70m) underspend	≥ -5% & ≤+5%	Green	0.46% (£0.78m) underspend
Capital Budget Variance	0.08% (£0.03m) underspend	≥ -5% & ≤+5%	Green	0.19% (£2.80m) underspend

This year all APRA budget targets have reported a Green RAG status, however the financial underspends within Administration and Programme have increased from the prior year. SLC operates within a complex environment providing operational services as well as delivering approximately 100 change and transformational projects concurrently. This complexity was coupled with the uncertainty of the pandemic. This impacted on certain areas of budgeted expenditure across the financial year as well as the decision to suspend arrears and debt collection activities for part of the year as part of the pandemic response.

Governance

The 2019 Tailored Review of SLC recommended that the Framework Document should be updated at least every three years. It was agreed that a wholesale refresh was undertaken and work to rewrite the Framework Document commenced in 2020 with the aim of establishing more relevant and proportionate governance arrangements. This should allow SLC more autonomy to make decisions that will reduce unnecessary bureaucracy and allow change to move at a greater speed while, critically, also ensuring that SLC remains compliant with DfE, HM Treasury and Cabinet Office guidance. See also section 5.2 where further information is provided on the Framework Document.

People

Like all organisations, SLC faced challenges in maintaining employee engagement, morale, mental and physical health throughout the pandemic. The company developed an "SLC@Home" package of resources to support colleagues working remotely, which was then further developed to promote physical and mental health. The company commissioned a wellbeing survey in order to understand colleagues' opinions on current and future ways of working.

Over the year, employee engagement, staff turnover and sickness absence metrics continued to perform well and despite the challenges brought by the pandemic, SLC's engagement scores increased over the period under review.

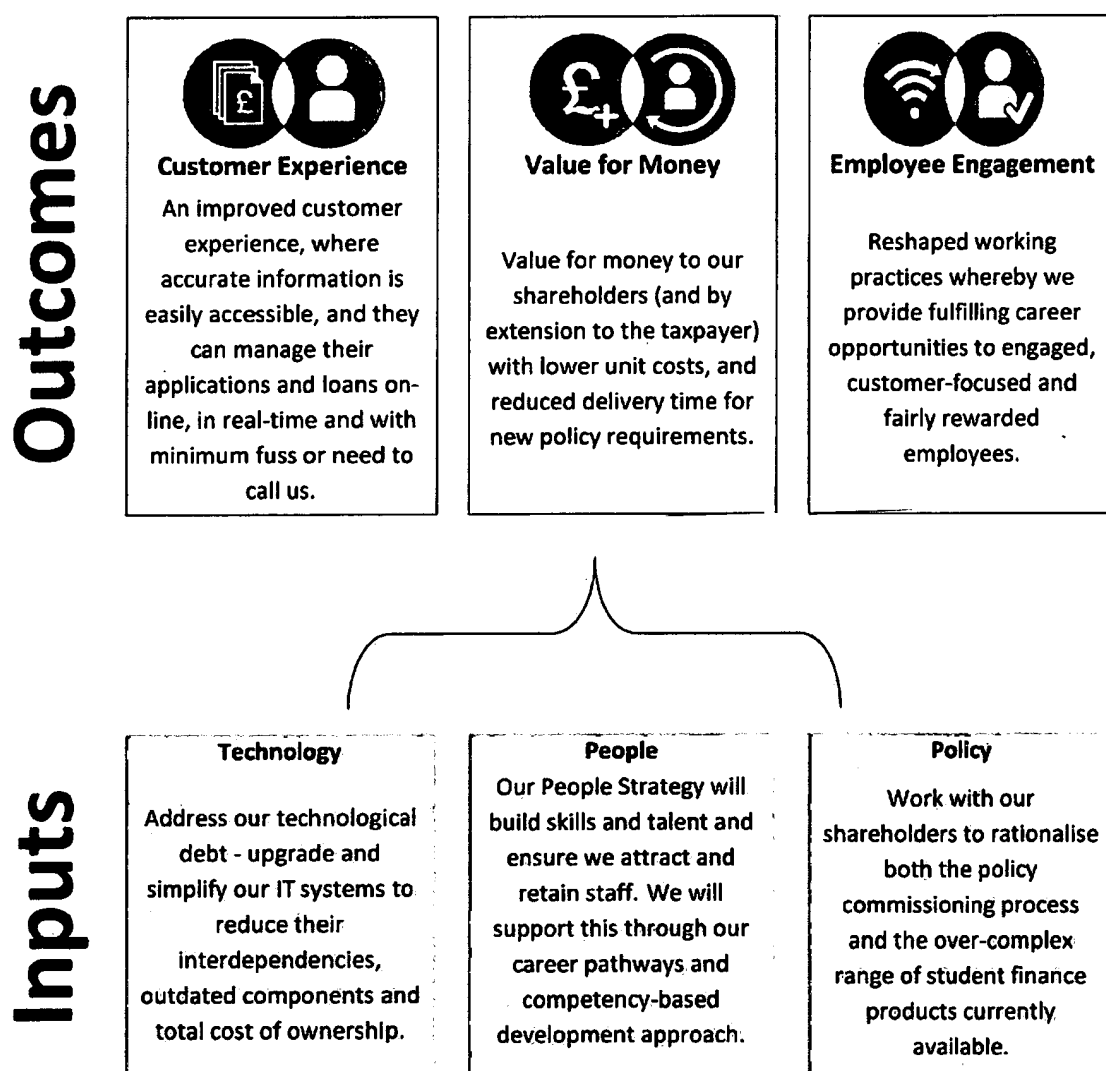
3.3.8 People Metrics

	2020-21 Result	Comment
Employee Engagement	7.0	SLC achieved a score of 7.0 in an independent survey of employee engagement. This has now been set as the baseline target for 2021-22. This measure has increased from 6.3 in 2019-20
Staff Turnover	7.86%	SLC initially saw a reduction in turnover in many front-line service roles due to the uncertainties brought about by the pandemic, though recently that trend has started to reverse. Additionally, for certain key skills, notably in technology, digital and Service Design, there has been considerable competition for talent in local and national markets. This has resulted in many of our subject matter experts leaving to join organisations who are able to pay far more attractive headline salaries.
Sickness Absence	3.93%	There was also a reduction in sickness absence this year compared to 2019-20.

3.4. Strategy

In 2019, SLC launched its refreshed transformation programme *Evolve*. It has already delivered significant improvements for customers and is central to SLC's Corporate Strategy.

SLC must be able to serve any customer who meets the student funding eligibility criteria as determined by the relevant UK administration. The last decade has seen a major increase in the number of products and services that we provide, with a continual divergence of policy across the four governments. Our strategy is to change how we operate, such that the majority of our customers will be able to self-serve; in turn this will free up time and space for our staff to focus their attention and expertise on helping the many customers whose cases or circumstances are less straightforward. To achieve this, we are addressing the company's technological debt and upskilling our workforce; the Evolve transformation programme works in tandem with our Technology and wider People Strategy to transform our customers' experience. This is illustrated in the chart below.



SLC's Vision

"SLC is widely recognised as enabling student opportunity and delivering an outstanding customer experience in the efficient delivery of the four UK Governments' further and higher education finance policies"

This vision, set by the Board in 2019, is underpinned by five longer-term **strategic goals**, which form the foundation of the Corporate Strategy and this plan:

- deliver an outstanding customer experience
- be leaner, better, doing more for less
- be a great place to work
- be a trusted delivery partner
- be an enabler of opportunity.

An Outstanding Customer Experience

SLC will deliver intuitive, seamless and transparent services aligned to the relevant part of their customer journey. The company will work to ensure that students have access to trusted student finance expertise, providing clear, comprehensive and easily accessible advice, and will maintain a strongly engaged and collaborative relationship with higher education providers (HEPs) to support SLC's commitment to providing the best possible customer experience over the whole student life-cycle.

SLC systems will ensure that clear and accessible information and application / payment interfaces are available allowing customers to interact or self-serve in a fully informed way. If they must contact the company, they will be able to do so easily through their channel of choice and will have their query resolved by experts with full access to all required information.

SLC will deploy sentiment analysis tools to monitor customer experience at key points in the customer journey and will use this to continually improve the services provided.

Leaner, Better, Doing More for Less

SLC will deliver student funding safely through flexible, sustainable, and secure technology solutions. Emerging opportunities, driven by advances in technology will be exploited to increase flexibility, optimise delivery, provide a lower total cost of ownership and help protect SLC from cyber-attacks.

SLC will have confidence in the accuracy and integrity of its data, aligned to its customer and user needs. Real-time understanding of our consolidated data will improve operational efficiency and performance and will be supported by new KPIs based on key outcomes.

The company will continue to develop a culture of continuous improvement through lean, straight through, standardised processes. SLC will automate or outsource high volume, low complexity activity while moving to become a smaller centre of excellence to manage more complex work.

The new Establishment Oversight Committee is responsible for ensuring that there is governance and oversight in place to prevent unplanned headcount increases and to challenge the need for increased resources even where these are with authorised annual budgets.

A Great Place to Work

SLC will be an outstanding place to work and to develop. Continued implementation of a comprehensive People Strategy will create a more skilled, motivated and engaged workforce, aligned to current and future organisational needs. An improved employer brand, underpinned by a stronger external reputation, will help the company to retain and attract good people. The mission and vision will be delivered through the People Strategy and will be built on simple, fair and consistently adhered to policies and processes and fair and attractive reward and recognition for colleagues. Tailored skills development and career progression will be core components in building and retaining talent.

Trusted Delivery Partner

Shareholders will see SLC as a trusted partner in the efficient and agile delivery of Government policy and taxpayers will trust the company's stewardship of their money. The company will support shareholders to simplify and rationalise the policy landscape wherever possible, better aligning policy intent with efficient delivery and proven, tested customer needs. SLC and policy teams in DfE and the devolved administrations will work in a joined-up way, underpinned by robust governance of the policy development and commissioning process tied to clearer, achievable delivery timelines.

Enabler of Opportunity

SLC will be recognised as an enabler of student opportunity, delivering strong social value on behalf of shareholders. This will continue to be based on a clear understanding of objective to provide student finance reliably and securely, helping customers invest in their futures and supporting the long-term economic growth of the UK economy. In executing that core mission, the company will be viewed as competent, especially in our responsibility to maximise use of and safeguard the taxpayer pound.

3.5. Environment, Sustainability and Corporate Responsibility

SLC takes seriously its responsibility to operate in an environmentally aware and sustainable manner.

Emissions

Emissions The company's electricity emissions for 2020-21 were calculated at 1,197 tonnes of CO₂. Business travel emissions have reduced due to COVID-19 and have benefitted from the use of hybrid vehicles, with emissions of 4.14 tonnes of CO₂. Fugitive emissions were 0.06 tonnes across all sites. The electricity emissions may increase next year as we are proposing to change the Darlington site from gas over to electricity to make the site more energy efficient.

Waste Minimisation and Management SLC produced 42.46 tonnes of waste from all sites. Of this, 17.3 tonnes was general waste sent to landfill and 24.5 tonnes were sent to a material recycling facility. Due to the Coronavirus pandemic and our staff working from home the figures are dramatically lower than last year.

Finite Resources SLC's water consumption was 15,231 m³ (2019-20 27,160m³) for the full estate. As above, this is significantly lower due to the COVID-19 pandemic.

Energy Consumption SLC's consumption of electricity and gas is as follows:

		2020-21	2019-20
Electricity kWh		5,051,904	6,348,821
Gas kWh		5,771,143	6,444,933

SLC has instructed independent energy consultants to review our Darlington site to identify opportunities to reduce energy usage and the potential for more renewable technologies to be deployed to further reduce SLC's environmental impact. The intention is to carry out a similar review on the rest of the SLC Estate. In addition, as part of the SLC Estates strategy for Glasgow City Centre SLC is working with the developer for the lead option to create a Net Zero Carbon building.

Further information can be found DEFRA's upcoming Greening Government Commitments report.

Social Value

SLC recognise the wider benefits that can be delivered through public procurement and robust contract performance. Where appropriate, we will consider the three key aspects of Social Value throughout the procurement lifecycle:

- **Economic** – e.g. tackling economic and workforce inequalities through employment, training or work-experience opportunities for local people.
- **Environmental** – e.g. reducing negative environmental impacts by raising awareness among staff, suppliers and communities.
- **Social** – e.g. connecting our communities and reducing inequalities and supporting local community initiatives.

We have embedded Social Value considerations into our procurement processes to help us to create and nurture a vibrant, healthy, innovative, competitive and diverse marketplace of suppliers that includes and encourages small businesses, mutual, charities, co-operatives and social enterprises. We have adopted the UK Government's Social Value Model which contains five key themes and eight associated policy outcomes which will be considered in the context of each procurement activity and applied where relevant.

There is a balance between these factors and the overall need to achieve value for money. The scope to take account of social value will be undertaken in line with UK policy.

Modern Slavery Act

In line with section 54 of the Modern Slavery Act 2015, SLC is committed to the highest level of ethical standards and has a zero-tolerance policy towards modern slavery and human trafficking. The company is committed to acting ethically and with integrity in all business dealings and to taking steps to ensure that modern slavery and human trafficking do not exist in any part of the business or its supply chains. SLC's statement on modern slavery can be viewed at www.gov.uk/slc.

Overall, the nature of SLC's business means that the risk of modern slavery and human trafficking in our directly managed business activities and the first line of our supply chain is relatively low. We continue to review our operations to identify areas where there could be a risk of modern slavery within our business or supply chain and consider what policies and safeguards we have in place to prevent this.

SLC People

SLC has an established commitment to Equality, Diversity and Inclusion (EDI), and publishes an EDI Annual Report alongside the statutory gender pay gap report, both at www.gov.uk/slc. Gender analysis on SLC Board Members, Directors and Staff is included within the Remuneration and Staff Report (Section 4). This year SLC will publish its gender pay gap report for the 2020-21 reporting year by 5 October 2021.

Anti-Fraud and Anti-Corruption

SLC is committed to combatting fraud and corruption in all its activities. The company's Internal Fraud Policy sets out its overall position, with due regard to relevant legislation including (but not limited to) the 2006 Fraud Act, the 2010 Bribery Act and Scots common law relating to "fraud and uttering". The policy affirms SLC's commitment to the Nolan Principles of Public Life. The company maintains additional related policies, for example an External Fraud Policy relating specifically to customer fraud, a Whistleblowing Policy and a Gifts and Hospitality Policy. A Statement of Intent relating to fraud has also been introduced in 2020-21 laying out SLC's handling of fraud prevention activities. Regular training is provided for employees, including on money laundering regulations and data protection.

Throughout 2020-21 Customer Compliance has undertaken a range of both business as usual (BAU) and COVID-19 pandemic related monitoring against the Apply-to-Pay elements of the customer journey. The teams have performed checks around each of the main payment dates in September, January and April to check for phishing incidents and ensure funding is being paid to genuine customers. In addition, weekly monitoring of known fraudulent characteristics has taken place with any high-risk cases being referred for investigation to validate details within the application.

3.6. Risk

The principal risks and issues that SLC has identified and is actively managing are:

COVID-19 Pandemic

Close monitoring of COVID-19 pandemic impacts has been effective in risk avoidance and reduction to this stage. Additional analysis has been undertaken to consider the specific risks from now until colleagues come back to the office, during the move itself and beyond, to permanently blended working.

Information and Data Handling

This risk concerns controlling and processing data in line with data protection legislation. The GDPR Programme Board is tasked with implementing remediations and a significant amount of activity has been completed reflected in the risk score being reduced in December 2019. The next reduction is scheduled for June 2022.

Cyber Security

This risk reflects the impact on SLC to cyber-attack. Technology continues to be implemented to enhance threat detection as the external landscape continues to evolve. SLC's Security Programme will significantly improve resilience and a more granular roadmap to risk reduction is being created.

Systems Access Management

This concerns a lack of clear oversight and ownership of systems access management. A detailed plan has been created to address systems access weaknesses covering the most vulnerable areas as a priority. The next reduction in risk score is scheduled for the end of 2021.

Disaster Recovery

This risk increased in October 2019 as there were concerns over SLC's ability to recover critical services in line with business requirements. Following the implementation of a strategic data backup solution and increased processing and storage capacity, the risk score reduced in March 2021. A detailed plan is being followed and the risk will be back within appetite by March 2022.

3.7. Financial Review

Grant-in-Aid Funding

SLC is primarily funded through Grant-in-Aid, received from DfE as SLC's sponsor department. DfE receives appropriate apportionments of this funding from the three Devolved Administrations:

- The Welsh Government
- The Scottish Government
- Department for the Economy, Northern Ireland

The same funding is also analysed through the "parliamentary lens" – that is, by Admin, Programme and Capital, as defined in HM Treasury's Consolidated Budgeting Guidance (CBG).

DfE confirmed SLC's budget in the APRA letter, which provided analysis of the funds through both the business and the parliamentary lenses.

3.7.1. UK Funding for Delivery of SLC Core Activities and Change Projects (to nearest £100,000)

	2020-21 DEL Administration £'000	2020-21 DEL Programme £'000	2020-21 DEL Capital £'000	2020-21 Total £'000
Non-ringfenced (Cash)	41,500	169,900	41,000	252,400
Ringfenced (Non-cash)	9,500	28,600	-	38,100
Total	51,000	198,500	41,000	290,500

	2019-20 DEL Administration £'000	2019-20 DEL Programme £'000	2019-20 DEL Capital £'000	2019-20 Total £'000
Non-ringfenced (Cash)	159,300	6,600	85,800	251,700
Ringfenced (Non-cash)	36,400	-	-	36,400
Total	195,700	6,600	85,800	288,100

Cash Grant-in-Aid Funding

Cash Grant-in-Aid funding is allocated each year from the original Departmental Expenditure Limit (DEL) which consists of two separate budgets: net resource spending (resource DEL) split into Administration and Programme expenditure; and net Capital expenditure (capital DEL). The cash element of the funding of DEL in 2020-21 was £252.4m (2019-20: £251.7m).

Non-cash DEL Grant-in-Aid Funding

Non-cash funding is for ringfenced DEL which comprises non-cash expenditure such as depreciation and amortisation. The non-cash element of funding amounted to £38.1m in 2020-21 (2019-20: £36.4m).

Year-End Outturn

The overall outturn was £282.7m (2019-20: £285.1m), an underspend of £7.8m (2019-20: £3.0m) against the APRA budget, as shown in below:

3.7.2. Final budget outturn position of net expenditure (to the nearest £100,000)

	2020-21 Budget £'000	2020-21 Outturn £'000	2020-21 Variance £'000
Non-Ringfenced (Cash)	252,400	245,200	7,200
Ringfenced (Non-cash)	38,100	37,500*	600
Total DEL	290,500	282,700	7,800

	2019-20 Budget £'000	2019-20 Outturn £'000	2019-20 Variance £'000
Non-Ringfenced (Cash)	251,700	249,300	2,400
Ringfenced (Non-cash)	36,400	35,800*	600
Total DEL	288,100	285,100	3,000

*The ringfenced (non-cash) figures in the tables above excludes the adjustment to depreciation arising from the IFRS16 adjustment through Property, Plant and Equipment for right of use assets which were introduced in 2019-20 to comply with IFRS16. The treatment in this financial review section of the Annual Report and Accounts is to align to DfE for reporting and budgetary performance, and therefore this adjustment is required until the DfE implement IFRS16 in 2022-23

3.7.3. Reconciliation to Statement of Comprehensive Net Expenditure (to the nearest £100,000)

Reconciliation to Financial Statements	2021 £'000	2020 £'000
Total expenditure per SOCNE:		
Staff and restructuring costs	118,300	111,000
Gain on settlement at transfer of pension fund (see note 16)	(1,100)	(42,300)
Depreciation, amortisation and impairments	41,200	41,100
Other administrative expenses	81,700	83,900
Finance Costs	900	1,700
	241,000	195,400
Non Grant-in-Aid income (note 3)	(1,200)	(1,300)
Capital expenditure	40,900	40,900
Add back: AME income recognised on SOCNE	2,300	55,000
IFRS 16 impact on expenditure (note 1.2)	(300)	(4,900)
Total Outturn	282,700	285,100

Staff and Restructuring Costs

There has been a small decrease in average staff numbers since last year – from 3,308 to 3,199. However, the salaries and NI costs have increased by £1.1m mostly due to the pay remit uplift, which was approved in March 2021, backdated to October 2020.

Employers pension contributions reduced by £4.2m as a result of the pension transfer as costs are no longer being incurred on deficit contributions, and enhanced employer's contributions with regard to the SLC Pension Scheme. There was also an adverse movement of £8.0m in respect of the pension fund valuation.

The use of agency staff increased by £2.6m due to a deficit of specific technical skills.

Gain on Settlement of Pension Transfer

The transfer of most members to the Civil Service Pension scheme in 2019-20, resulted in a gain on settlement of £42.3m. The remaining movements which took place during the year ended 31 March 2021 resulted in a gain of £1.1m. Further details are provided in note 16 of the Financial Statements.

Depreciation, Amortisation and Impairments

Higher depreciation charges are in line with capitalisation policies on both existing assets and additions coupled with higher disposal values in 2020-21. These higher charges were offset by lower impairment levels.

Other Administrative Expenses

Overall, there was a £2.2m decrease in administrative expenditure reflecting a £0.6m increase in 'general' expenses and £2.8m reduction in rent adjustments and other provisions related to IFRS 16.

There was an increase in supplier costs of £6.7m mostly in relation to the delivery of change, Evolve and Technology. The move to strategic partners, replacing most IT service contracts, and driving an outcome-based service delivery model has also led to additional transition costs incurred in respect of IT suppliers.

Additional costs have been capitalised of £3.4m offsetting some of the increased supplier costs noted above.

Technology licencing and maintenance costs increased by around £2.4m through investment to ensure core systems remain fully supported, and to improve resilience against cyber-attacks. Increased costs of £1.5m in relation to telecoms were incurred ensuring Payment Card Industry compliance and replacing fixed telecom lines with more flexible technology to improve resilience and manage demand.

The use of professional services reduced by £5.3m. This was mainly linked to several initiatives incurring higher professional services costs in the prior year including the ERP project and work on SLC's People Strategy.

There was a £1.4m increase in expenditure linked to the net book value of assets disposed of following the exit of the lease for the Glasgow Europa building of £1.4m.

Postage and stationary costs reduced by £1.3m due to an expected saving in paper statements following the implementation of the Evolve Online Repayment Services project (allowing customers to see loan balances online), in addition to reduced office-based printing volumes as a result of the move to homeworking caused by the pandemic. Further savings were achieved of £1.0m on outsourced calls, most of which were delivered by the Evolve Digital Evidence project.

Collection charges reduced by £1.4m in line with a decision to pause repayments and debt collection during the COVID-19 pandemic as well as other reductions across training, travel and related expenditure.

Financial Risks and Challenges

2020-21 funding was provided as a “flat cash” settlement to SLC which, coupled with the initial response to the COVID-19 pandemic, required SLC to complete a re-prioritisation and rescheduling of planned activities early in the financial year to ensure the business was operating on a balanced budget, which was confirmed by the end of quarter 1.

SLC operates in a complex financial environment which includes annual operating costs and the budgets for delivering approximately 100 projects concurrently, including the delivery of the Evolve Transformation programme. The COVID-19 pandemic meant that SLC’s Leadership Team had to alter planning and forecasting assumptions throughout the year. This added a further layer of complexity in managing financial performance throughout 2020-21.

SLC’s agreed funding for 2021-22 is broadly aligned to the bid submitted for the 2020 Spending Review. Additional funding has also been confirmed within SLC’s Annual Resource and Performance Agreement (APRA) letter to commence the HE Reform delivery activity on behalf of DfE. SLC will commence Discovery and Inception processes in the first half of the financial year to determine the overall capacity and funding requirements needed to deliver the initial Reform priorities for Academic Year 2022-23.

Non-cash AME Grant-in-Aid Funding

Annually Managed Expenditure (AME) covers expenditure which cannot be fully controlled. The AME element of funding granted from DfE amounted to £5.3m credit (2019-20: £5.0m credit) which excluded any budget in anticipation of the final outcome of the pension valuations post transfer to the Civil Service Scheme, due to the difficulty with estimation of the outcomes.

3.7.4 AME Expenditure

	2021	2020
	£'000	£'000
AME recognised in SOCNE		
Pension service (income)	(1,946)	(10,026)
Gain on settlement at transfer of pension fund (see note 16)	(1,120)	(42,291)
Pension interest (income)/charge	(256)	495
Pension administration expenses	877	927
Provisions movements	164	(3,602)
Impairment	4	(485)
	(2,277)	(54,982)

Non-Grant-in-Aid Funding

SLC continued to receive other income amounting to £1,094,000 (2019-20: £1,078,000) from those universities and colleges that choose to have SLC administer their bursaries and scholarship payments under the Higher Education Bursary and Scholarship Scheme. Further income was received from third

parties in relation to the historic sales of Mortgage Style Loans; this amounted to £130,000 (2019-20: £121,000).

Prior Period Adjustments

There have been no prior period adjustments.

Pension Scheme

As stated in the Remuneration and Staff Report, on 1 March 2020 SLC became a member of the Civil Service Pension Arrangements and made the **alpha** and **partnership** schemes available to all its employees. The pension schemes are unfunded and no liability rests with SLC. Employee contributions are salary related. Details of the scheme can be found at www.civilservicepensionscheme.org.uk

A pension surplus of £10.6m as at 31 March 2020 has been revalued as at 31 March 2021 reflecting the latest actuarial valuation issued by Mercer on 16 April 2021. This now shows a deficit of £2.3m. This change has been caused mainly by increases in anticipated inflation rates and reductions in bond yields. Note 16 also summarises the agreed future funding arrangements for this scheme.

Most members of the scheme transferred during the year ended 31 March 2020. This resulted in a gain on settlement of £42.3m. The remaining settlements which took place during 2020-21 realised a gain of £1.1m.

COVID-19 Pandemic and EU-Exit Costs

During the year, SLC incurred the following direct costs:

COVID-19 pandemic - £2,169,000: comprising technology costs of £1,621,000, staff expenses of £307,000, changes to operations and facilities, £213,000, and contact centre working-from-home costs of £28,000. These costs were incurred as a result of changes to operational processes, most notably the transition to more staff working from home, to enable SLC to continue to provide a service to its customers.

EU-Exit - £350,000 in respect of discovery and inception costs in respect of confirming settled status.

Special Payments (*this information is subject to audit*)

Each year, SLC has a specific delegated authority of up to £100,000 for special payments against running costs. These payments are limited to £500 per case. During the 2020-21 financial year, an increase of £10,000 to raise the total limit to £110,000 was requested from and approved by DfE. These are most frequently ex-gratia compensatory payments relating to customer service.

SLC remained within this higher budget incurring costs of £106,000. Of this, £103,000 related to ex-gratia payments which includes payments SLC is required to make after appraisal by an Independent Assessor. Independent Assessor payments are out-with the control of SLC.

Special payments in excess of £500 require specific approval from DfE and sit out-with SLC's delegated authority limit. Five such payments were made totalling £32,000. One payment for £3,000 required specific approval from HMT in addition to DfE and this was obtained.

Fees and Charges

SLC does not receive any fees and charges other than those relating to supporting the bursary and scholarship schemes as detailed in note 3 to the accounts.

Remote Contingent Liabilities

Under IFRS, contingent liabilities that are considered to be remote are not disclosed, however their narrative disclosure is required by the FReM. Remote contingent liabilities occur where the possibility of future settlement is very small.

There are outstanding litigations which SLC fully intends and expects to defend that are currently ongoing. The potential to incur losses as the result of these litigations is considered to be remote.

Supplier Payment Policy

SLC aims to comply with the Government's Better Payment Practice Code. 90% (2019-20: 94%) of invoices were paid within the normal trading terms of 30 days, with 34% (2019-20: 43%) being paid within 5 days.

Declaration and Signature

This Strategic Report forms only part of the annual company accounts and reports that SLC publishes online at www.gov.uk/slc. Directors have had full regard to the considerations set out in Section 172 Companies Act 2006 when fulfilling their duty to promote the success of the company, these being:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company.

This report was approved by SLC's Main Board on 30 July 2021 and signed on the Board's behalf by:



6 December 2021

Paula Sussex

Chief Executive and Accounting Officer

4. Remuneration and Staff Report

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4.1. Oversight and Responsibilities

The Remuneration and Staff Report sets out the remuneration of all SLC Directors and of those members of the ELT who are not Directors, together with details of the Remuneration policy for the year.

This report is prepared in accordance with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 as appropriate and follows the overall principles of the Financial Reporting Manual.

Remuneration, People and Organisational Design Committee

The Board delegates certain responsibilities to the Remuneration, People and Organisational Design (RPOD) Committee. The Committee determines and agrees with the Board the framework for the selection, appointment and remuneration of the ELT including the Chief Executive Officer (CEO). The Committee and Board work closely with the DfE, relevant Ministers and, as appropriate, other government departments in the appointment of such roles.

All policies are set within the context of applicable Government guidelines and, where appropriate, the advice of the relevant parties at the DfE. In consultation with the Chair of the Board, the Committee agrees the performance framework and the proposed annual performance related payment for the CEO. The Committee determines the total individual remuneration package for other members of the ELT in consultation with the Chair and the CEO.

4.1.1. Committee Membership

	From	To
David Gravells ¹	March 2016	September 2020
Andrew Wathey, Non-Executive Director ²	September 2020	October 2023
Stephen Tetlow	May 2019	May 2022

Peter Lauener, the Chair, has a standing invite to attend this Committee, although he is not a member

¹ David Gravells' term as a non-executive director ended in September 2020

² Andrew Wathey appointed Chair November 2020 Director

Annual Statement from the RPOD Committee Chair

The RPOD Committee is committed to ensuring SLC has a well-managed, skilled, engaged and properly rewarded workforce.

Although the COVID-19 pandemic has been a Company focus during this reporting period I am pleased to note that the important work towards the SLC People Strategy has thrived. SLC has kept pace with the changing working landscape by introducing and updating policies like the Caring for Dependents Policy and the Working from Home Policy and is now planning for what post-pandemic working will look like.

Over the course of the last twelve months, the Committee has been provided with regular updates on data gathered from pulse surveys and focus groups on topics such as future workplace models and mental/physical wellbeing of staff which has enabled a number of support mechanisms to be created including SLC@Home.

I am pleased as Chair of the Committee to be able to report that in September 2020 SLC gained Investors In Diversity accreditation from the National Centre for Diversity. SLC will continue to work with the NCD to ensure that diversity is of central importance and is a business priority. More recently,

Paula Sussex was recognised as CEO of year by the National Centre for Diversity at the annual Fairness, Respect, Equality, Diversity, Inclusion and Engagement (FREDIE) Awards.

4.2. Remuneration Policy

SLC aims that the remuneration packages offered to the ELT:

- enable SLC to attract, retain and motivate high calibre executives
- remunerate individuals fairly for individual responsibility and contribution, while providing an element of performance related pay reflecting the overall performance of SLC, having regard to public sector pay guidance/restrictions
- take account of salary policy within the rest of SLC and the relationship that should exist between the remuneration of the ELT and that of other employees

Annual salary reviews take into account the pay remit requirements of HM Treasury at <https://www.gov.uk/government/publications/civil-service-pay-remit-guidance-202021>

alongside the HM Treasury guidance on public sector pay and terms at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/819562/190702_Public_sector_pay_and_terms.pdf

All salaries, including the CEO's, are reviewed annually. Salaries are set considering external markets, internal comparisons and individual responsibilities.

All ELT members are permanent employees and are therefore on standard SLC contracts of employment and have notice periods of six months. In previous years, members of ELT who were not permanent employees were on standard contracts via the Crown Commercial Service's Contingent Labour One framework. If a member of the ELT's employment with SLC is terminated on the grounds of redundancy, or in the interests of the efficiency of the organisation, service-based compensation is applied.

Salaries

Remuneration of the Non-Executive Directors (including the Chair) is set for their three-year term of appointment by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland or their delegated representative(s). Additional responsibilities, such as leading on priority areas within SLC, may attract further remuneration.

Pensions

SLC is an affiliated employer of the Civil Service Pension Arrangements and made the *alpha* and *partnership* schemes available to all its employees. SLC auto-enrols all new employees into the CSPA and provides non-scheme members with the options of joining the *alpha* or *partnership* schemes of the CSPA, or remaining a non-pension member until next re-enrolment date when they would be auto-enrolled into *alpha*.

Like all employees, ELT members had the option of remaining within or joining *alpha* or the *Partnership* scheme.

Details of the scheme can be found at: www.civilservicepensionscheme.org.uk

Prior to 1 March 2020, SLC operated the Student Loans Company Limited Retirement and Death Benefits Scheme (SLC Pension Scheme) which was a defined benefit scheme and NOW: Pensions, a defined contribution scheme, which met SLC's statutory obligations to enrol all employees in a pension scheme.

No ELT members retain any pension benefits in the SLC Pension Scheme.

Performance Related Payments

Each member of the ELT has personal performance objectives, including specific targets which have a significant impact on the performance of the organisation. These targets and the CEO's appraisal of their performance against them are subject to review by the RPOD Committee. Subject to RPOD Committee approval, members of the ELT who are permanent staff are eligible to participate in SLC's performance related payment scheme.

The Chair reviews the performance of the CEO and, based on delivery against agreed objectives, may propose an award for consideration by the RPOD Committee. The terms of her appointment provide for a performance related payment to a maximum value of £20,000 per annum.

Performance-related payments are not awarded to Non-Executive Directors, interim staff nor any member of the ELT who is not a permanent employee.

Other Benefits and Expenses

SLC meets normal allowable travel costs for Board Directors and members of ELT in accordance with SLC's standard travel and expenses policy.

4.3. Non-Executive Directors and Executive Leadership Team Salary and Pension Information (audited)

Remuneration of Board Members

Peter Lauener became Chair of the Board on 1 April 2020. There were no redundancy payments to members of the Board for loss of office made during the year (2019-20: £nil).

4.3.1. Fees Paid to Chair and Non-Executive Directors

	2020-21 Remuneration £'000	2020-21 Other expenses (to the nearest £100) £'000	2020-21 Total £'000
Peter Lauener (from 1 April 2020)	50-55	-	50-55
Mary Curnock Cook	15-20	0.1	15-20
Simon Devonshire	15-20	0.7	15-20
David Gravells (to 30 September 2020)	5-10	0.2	5-10
Charlotte Moar	15-20	0.4	15-20
Stephen Tetlow	10-15	0.3	15-20
Andrew Wathey	15-20	-	15-20
Gary Page (from 19 October 2020)	5-10	-	5-10
Rona Ruthen (from 19 October 2020)	5-10	-	5-10

	2019-20 Remuneration £'000	2019-20 Other expenses (to the nearest £100) £'000	2019-20 Total £'000
Christian Brodie (to 31 January 2020)	40-45	2.1	40-45
Mary Curnock Cook	15-20	1.7	15-20
Simon Devonshire	15-20	1.5	15-20
Natalie Elphicke (to 30 September 2019)	5-10	1.0	5-10
David Gravells	15-20	2.0	15-20
Charlotte Moar (from 7 May 2019)	10-15	3.3	15-20
Stephen Tetlow (from 7 May 2019)	10-15	2.8	15-20
Andrew Wathey	15-20	0.7	15-20

Remuneration of ELT

The ELT is responsible for the day-to-day management and leadership of SLC's activities and operations. Paula Sussex continued her role as CEO during the year. The Governance Statement notes the areas of responsibility for each member of ELT.

There were no redundancy payments to members of the ELT for loss of office made during the year (2020: £nil).

4.3.2. Remuneration of ELT

	2020-21 Remuneration £'000	2020-21 Other Benefits and Expenses (to the nearest £100) £'000	2020-21 Accrued Performance Related Pay £'000**	2020-21 Pension Contribution (nearest £1,000) £'000	2020-21 Total Remuneration £'000
Paula Sussex	190-195	-	15-20	58	265-270
David Wallace	140-145	-	5-10	43	190-195
Derek Ross	130-135	0.1	-	39	165-170
Bernice McNaught	135-140	-	5-10	42	185-190
Jacqui Smillie	130-135	-	-	39	165-170
Morven Spalding	120-125	-	5-10	36	160-165
Stephen Campbell	140-145	-	5-10	33	180-185

* Jacqui Smillie left SLC in May 2021. As this was prior to the payment date, she was not entitled to a performance related payment.

	2019-20 Remuneration £'000	2019-20 Other Benefits and Expenses (to the nearest £100) £'000	2019-20 Accrued Performance Related Pay £'000**	2019-20 Pension Contribution (nearest £1,000) £'000	2019-20 Total Remuneration £'000
Paula Sussex	190-195	-	15-20	19	220-225
David Wallace	140-145	-	5-10	14	160-165
Derek Ross	125-130	8.6	-	13	145-150
Bernice McNaught	130-135	-	5-10	13	150-155
Jacqui Smillie	130-135	-	5-10	13	145-150
Morven Spalding	110-115	-	0-5	12	125-130
Adrian Tucker (to 30 Jun 2019)	85-90 (310-315)*	-	-	-	85-90
Stephen Campbell (from 21 Aug 2019)	85-90 (140-145)*	-	5-10	14	105-110
Nigel Carroll (from 1 Jul – 18 Aug 2019)	15-20 (120-125)*	-	-	6	20-25

* Denotes the full-time equivalent salaries for those members of the ELT who were not in post for the full financial year.

** Accrued performance pay is shown in bands of £5,000.

Salary includes gross salary and any other allowance. Other benefit and expenses represent taxable subsistence and travel costs.

4.3.3. Retirement Benefits for the ELT

	Accrued pension and related lump sum at pension age as at 31 March 2021 £'000*	Real increase in accrued pension and related lump sum at pension age during the year to 31 March 2021 £'000**	CETV as at 31 March 2021 (to nearest £1,000) £'000	CETV as at 31 March 2020 (to nearest £1,000) *** £'000	Real increase in CETV (to nearest £1,000) £'000
Paula Sussex	15-20	2.5-5	212	146	45
David Wallace	20-25	2.5-5	362	296	47
Derek Ross	45-50	2.5-5	753	661	63
Bernice McNaught	10-15	2.5-5	149	106	30
Jacqui Smillie	55-60 plus a lump sum of 130-135	12.5-15 plus a lump sum of 32.5-35	1,119	811	274
Morven Spalding	0-5	2.5-5	58	17	29
Stephen Campbell	0-5	0-2.5	19	3	11

(i) * these columns are stated in bands of £5,000

(ii) ** these columns are stated in bands of £2,500

(iii) *** figures have been updated retrospectively due to updated service history or salary data. Data provided by MyCSP.

- (iv) Cash Equivalent Transfer Values (CETV) have been calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996, depending upon length of membership of the SLC Pension Scheme, and figures have been rounded
- (v) Inflation over the year was 2.4%
- (vi) Any Additional Voluntary Contributions paid by members of the ELT and the resulting benefits are not shown
- (vii) "Increase net of inflation" does not include a deduction for member contributions

Agency Payments for temporary members of the ELT

No agency fees were paid for temporary members of the ELT during the year. Figures have been updated retrospectively due to updated service history or salary data

Median and Fair Pay

Reporting bodies are required to disclose the relationship between the remuneration including bonus paid during the year of the highest-paid Director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest-paid director in SLC, Paula Sussex the CEO, in the financial year 2020-21 was £206,000 (2019-20, £197,000), an increase of 4.6%. This was 9.1 times (2019-20, 9.2 times) the median remuneration of the workforce, which was £22,596 (2019-20, £21,426).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

In the year ended 31 March 2020, the highest paid member of the ELT was the Interim CIO. He was contracted through an agency from December 2017 to 30 June 2019. The total annualised remuneration of the Interim CIO was £312,480 equivalent to 14.6 times the median staff salary paid.

During the year, remuneration for permanent members of staff ranged from £18,140 up to £206,000, which is equal to that of the highest paid director (2019-20: £17,500 to £197,000). No employees were paid more than the highest paid director. The remuneration for the entire ELT was £1.0m (2019-20: £1.0m).

4.4. Staff Numbers and Remuneration (audited)

The below table represents the average full-time equivalent employees:

4.4.1. Staff Numbers by grade and gender for the year to 31 March 2021

	Male	Female	Total
Executive Leadership Team	3	4	7
Senior Management Team	19	9	28
All other employees	1,474	1,690	3,164
Total	1,496	1,703	3,199

Staff Numbers by grade and gender for the year to 31 March 2020

	Male	Female	Total
Executive Leadership Team	3	4	7
Senior Management Team	15	8	23
All other employees	1,523	1,755	3,278
Total	1,541	1,767	3,308

'Permanent staff' in the table below includes all staff with an employment contract with SLC and includes those employees on fixed term contracts. 'Agency costs' incorporates agency staff who are fulfilling a permanent role within the structure; these support short term requirements such as unexpected absences, short term peaks in workload, short term projects or gaps between filling permanent vacancies.

Additionally, SLC has many service contracts to support the delivery of the technology programmes. As these contracts are for an overall service, they are not incorporated within wages and salaries costs, but are incorporated within 'other administrative expenses' within the Statement of Comprehensive Net Income/Expenditure. Consultancy costs during the year are detailed in note 4 to the financial statements. Apart from legal and professional fees, other consultancy costs included costs for data migration, IT and digital print solutions and amounted to £2.0m (2020: £7.7m) during the year.

There has been a small decrease in average staff numbers since last year – from 3,308 to 3,199. The impact on the level of salaries and other staff costs is detailed in the financial review in the Strategic Report. The most significant change in the overall cost of wages and salaries relates to the gain on settlement where members transferred from the SLC defined benefit scheme to the Civil service Pension Scheme. A gain of £1.1m was recorded in 2020-21, compared to £42.3m in 2019-20 with 2019-20 being the year when the bulk of members transferred. Payment of severance is excluded from the table below:

4.4.2. Wages and salaries

	2020-21 Permanent Staff £'000	2020-21 Agency Costs £'000	2020-21 Total Remuneration £'000
Wages and salaries	89,139	6,292	95,431
Social security costs	8,304	-	8,304
Pension costs	13,920	-	13,920
Gain on settlement	(1,120)	-	(1,120)
Direct staff costs	110,243	6,292	116,535
Indirect staff costs	681	-	681
Total staff costs	110,924	6,292	117,216

	2019-20 Permanent Staff £'000	2019-20 Agency Costs £'000	2019-20 Total Remuneration £'000
Wages and salaries	88,071	3,688	91,759
Social security costs	7,968	-	7,968
Pension costs	10,026	-	10,026
Gain on settlement	(42,291)	-	(42,291)
Direct staff costs	63,774	3,688	67,462
Indirect staff costs	1,019	-	1,019
Total staff costs	64,793	3,688	68,481

Severance Payments

SLC agreed and paid one (2019-20: 8) severance payment during the year. All payments in both years were 'other' severance payments, and none represented compulsory redundancy payments.

4.4.3. Number of Severance Payments shown in bands for 2020-21

£ < £10,000	1
£10,000 - £25,000	-
£25,000 - £50,000	-
£50,000 - £75,000	-
Total	1

The total cost of severance payments on a cash basis for the year was £5,000 (2019-20; £303,000).

Number of Severance Payments shown in bands for 2019-20

£ < £10,000	-
£10,000 - £25,000	3
£25,000 - £50,000	2
£50,000 - £75,000	3
Total	8

Off-payroll Arrangements

4.4.4. Off-Payroll Arrangements exceeding £245 per day

	31 March 2021 No.	31 March 2020 No.
No. of existing engagements	29	27
Of which:		
No. that have existed for less than one year at time of reporting.	7	23
No. that have existed for between one and two years at time of reporting.	14	1
No. that have existed for between two and three years at time of reporting.	5	3
No. that have existed for between three and four years at time of reporting.	3	-

	31 March 2021 No.
No. of new engagements, or those that reached six months in duration, between 1 April and 31 March	7
No. determined as in-scope of IR35	-
No. determined as out-of-scope of IR35	7
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which: no. of engagements that saw a change to IR35 status following review	-
No. of engagements where the status was disputed under provisions in the off-payroll legislation	-
Of which: no. of engagements that saw a change to IR35 status following review.	-

	2020-21
No. of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	0
Total no of individuals on payroll and off-payroll that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year	16

4.5. People Strategy (unaudited)

The company has a robust People Strategy which covers all aspects of the employee lifecycle from attract, retain, develop and reward.

Reward: SLC wants to properly recognise and reward its people for their contribution and achievements and be recognised as a company that promotes fair pay. A comprehensive new pay and grading framework was developed to enable the organisation to attract valuable skills and to retain valued employees.

Following recent Government approval, the company will in 2021-22, incorporate the Digital, Data and Technology Pay Framework (DDaT) within its pay and grading structure. The wider proposal to address anomalies in the pay structure, such as wide and varying pay bands was rejected by Government. This decision is impacting the SLC's ability to attract and retain some key skills in the organisation. This is having a critical impact in respect of technology skills. It is the intention that a further business case be presented in early Summer.

Our 2019 gender pay gap report saw a reduction in both the mean and median gender pay gap from 2018. Our 2019 mean gender pay gap of 10.27% represents a decrease of 0.6% (2018: 10.87 %) and the median gap of 1.89% represents a decrease of 0.61 % (2018: 2.5%). We explain the detail behind these results in this report published in April 2020 at <http://www.gov.uk/slc>. The publication report detailing the 2020 gender pay gap has been delayed due to the COVID 19 pandemic and will be published by 5 October 2021.

Skills: The company has developed a suite of leadership development programmes to build the pipeline of senior talent in the organisation. The Executive Leadership team take an active part in the delivery of these programmes. Across all directorates within the company our Emerging Talent initiatives have continued to grow, with a number of interns and apprentices having secured places on our graduate

programmes or substantive roles. The company's 2021-22 Business Plan sets out a commitment to grow our Emerging Talent programme further as part of our wider desire to attract and retain high calibre individuals.

Workforce: Enhanced strategic workforce planning has enabled SLC to take a longer-term view of labour supply and demand, with better scenario-planning which is informing future operating models that are flexible and responsive to strategic goals and changing business objectives.

Equality, Diversity and Inclusion

SLC has an established commitment to equality, diversity and inclusion (EDI). At the turn of year SLC published its new EDI Strategy spanning the next three years, including three objectives:

- To build and maintain a diverse and inclusive workforce
- To cultivate and promote a workforce culture where everyone is included and is encouraged to be their true selves and feels accepted for who they are
- To work together towards an empowered and engaged workforce.

The EDI Strategy outlines our ambitious action plan to support our three objectives as well as containing the annual compliance monitoring report.

In recognition of our diversity and inclusion efforts SLC was awarded Investors in Diversity accreditation - a national equality standard - by the National Centre for Diversity (NCD) in February 2021. This will help us gauge the consequences of our diversity and inclusion effort and provides an opportunity to share and learn from our peers. The accreditation followed an assessment during which SLC was able to demonstrate its ongoing commitment to embedding equality, diversity, inclusion, and fairness in all that it does. Highlights of our activity in this area over the last year included the launch of a brand-new equality diversity and inclusion (EDI) E-Learning module designed and built-in house; a revision of our EDI policy which now also incorporates a clear anti-bullying harassment and discrimination support pathway for employees which in turn is being supported by a toolkit being delivered by all managers across the business to promote a culture of dignity and respect.

The NCD praised SLC's efforts to create an inclusive culture and its swift response in developing policies and procedures to protect and support employees during the COVID-19 pandemic.

We will keep our EDI Strategy under continuous review to ensure its ongoing relevance and to set further actions where new priorities emerge.

The following information sets out data on some of the key protected characteristics which make up the equality profile of SLC as at 31 December 2020. This information is used to compare the profile with the Census from 2011 and other national statistical research. The purpose of this comparison is to measure SLC's workforce to indicate how representative an employer SLC is. Improving equality monitoring, in terms of response rates and better understanding the equality profile of SLC's employees, is one of SLC's key equality outcomes as the data is used as part of the impact assessment process and contributes to organisational decision making.

- **Gender** SLC's gender profile is consistent when compared with other public sector organisations. The percentage of men working at SLC is 45.5% and the percentage of women is 54.5%. The proportion of women employed by SLC is slightly higher than the Office for National Statistics' estimation that women represent 54.0% of UK public sector workers.

- **Ethnicity** There has been an increase since last year from 53.5% to 60.8% of employees sharing their ethnicity as white. Also, from the data, there has been an increase from 2.2% to 3.1% of our employees sharing they are from each of the ethnic minority groups. There has been a decrease of nil responses from 43.8% to 36.2% since last year.
- **Disability** 4.6% of employees have indicated that they have a disability. This is an increase from last year when 3.7% reported a disability. The percentage of employees sharing that they do not have a disability has increased from 54.3% last year to 89.2%.
- **Sexual Orientation** This year 4.2% of employees shared they are gay, lesbian or bisexual, which is a slight decrease from 4.4% last year. 72.1% of employees shared their sexual orientation compared to the previous year when the response rate was 71.7%.
- **Age** The average age of SLC's workforce has increased from 37 to 39 years old compared to last year. This shows that SLC has a relatively young workforce compared to other public sector employers, where the average age is 46 years old.

SLC's Recruitment and Selection Policy outlines and confirms our commitment as a Disability Confident Employer by ensuring candidates identifying as having a disability, and able to meet the minimum criteria for a role, are guaranteed an interview. Practical guidance for recruiting, managing and developing colleagues with a disability or health condition is available for managers. Support for disabled colleagues is incorporated into SLC policies, procedures and processes and SLC offers support for colleagues to manage their disabilities or health conditions.

During the early part of 2021, SLC extended the functionality of the Workday HR system to support the recording of reasonable adjustments and workplace adjustments put in place to support colleagues to be effective and successful in their roles. This new functionality allows SLC to track and monitor the support provided and to adjust as necessary where circumstances require.

SLC encourages colleagues to update their disability status on Workday. This is completely confidential and helps us meet our legal obligations and our aspiration to become a Disability Confident Leader by summer 2022. SLC has also joined the Civil Service Disability Network this year to help inform and develop future thinking in this area. SLC is committed to the development and progression of disabled colleagues and to the provision of an inclusive and accessible working environment for all. SLC provides disability equality awareness training in support of this.

Staff Health – Safety and Wellbeing

SLC understands and discharges its duties under the Management of Health and Safety at Work Regulations 1999. SLC does this through its Health & Safety policy, mandatory annual Health and Safety training for all employees including a workstation assessment, a regular review of Health and Safety risks, regular audits of its working environment, independent 3rd party assurance reviews, regular communications to staff and an annual Health and Safety report to the SLC main Board.

This year SLC took further steps to making health and wellbeing a core part of the culture, with promotions on mental health awareness to all employees. We launched our new Employee Wellbeing policy in November to ensure everyone has access to the information they need to flourish, thrive and be well at work whether they are working from the office or at home and have regularly promoted services available such as our employee assistance programme.

4.5.1 Sickness Absence Report

	31 March 2021 %	31 March 2020 %
Sickness Absence	3.93	4.99

Trade Union Facility Time Reporting

SLC has a longstanding relationship with its recognised trade union, Public and Commercial Services Union (PCS). SLC and PCS hold monthly meetings which provide an opportunity to discuss and resolve employment and business-related matters. PCS provided support across all SLC sites; Glasgow, Darlington and Llandudno Junction.

The Facility Time Agreement implemented in November 2018 permits SLC employees who act as PCS representatives to spend up to a maximum of 50% of their working week on union responsibilities. Overall, 18.45% of time was spent on trade union activities.

4.5.2 Trade Union facility time reporting

	31 March 2021	31 March 2020
Relevant Union Officials		
Employees identified as union officials	10	11
Full time equivalent employees identified as union officials	10	10.9
Percentage of time spent on facility time		
0% of working time	-	-
1-50% of working time	10	9
51-99% of working time	-	2
100% of working time	-	-
Amount of pay bill spent on facility time	£37,150	£28,230
Total Pay bill	£112m	£107m
Percentage of pay bill spent on facility time	0.03%	0.03%
Time spent on paid trade union activities as a percentage of total paid facility time	100%	100%



6 December 2021

Paula Sussex

Chief Executive and Accounting Officer

5. Governance Statement

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5.1. Introduction

As SLC's Accounting Officer, I have personal responsibility for maintaining a sound system of governance, internal control and risk management that supports the achievement of SLC's policies, aims and objectives while safeguarding public funds and assets. This is in accordance with the responsibilities assigned to me by the DfE, as described within the Framework Document, and in accordance with relevant HM Treasury guidance, in particular the FReM and Managing Public Money.

I am personally accountable to the UK Parliament, via and alongside the DfE Principal Accounting Officer, and to the devolved parliaments and administrations, via their Accounting Officers.

This Governance Statement provides information about SLC's corporate governance, risk management and internal control arrangements which have been in place throughout the year. It also outlines issues that have arisen during this and previous years and the mitigations that have been put in place.

5.2. The Governance Framework

The *Framework Document*, which can be found at www.gov.uk/slc, provides comprehensive detail of the roles and responsibilities of Executives, Board members and Shareholders, as well as of the three Board Committees – the Audit and Risk Committee (ARC), the Remuneration, People and Organisational Design (RPOD) Committee and the Evolve Oversight Committee (EOC). The Framework Document is currently being rewritten to establish more relevant and proportionate governance arrangements. This should allow SLC more autonomy to make decisions that will reduce unnecessary bureaucracy and allow change to move at a greater speed while ensuring that SLC remains compliant with Treasury and Cabinet Office guidance. Some improvements to governance assurance were provided during the past year with an interim review and update to Annex C(i) of the Framework Document, and the creation of SLC's Commercial Committee.

SLC's Legal Status

SLC was incorporated in 1989 as a company limited by shares under the Companies Acts and is wholly in public ownership – the UK's four Government administrations are its shareholders. Since April 1996 SLC has been classified as an executive non-departmental public body (NDPB).

Accountability to Government Shareholders

The Secretary of State for Education accounts for SLC's business in the UK Parliament. The DfE Minister with responsibility for Higher Education may also act on his or her behalf as the "Responsible Minister". SLC is separately accountable to the Responsible Minister and to devolved administrations' Ministers for performance in their respective jurisdictions. However, the devolved Governments have agreed that DfE will act as the "Sponsor Department", having the primary relationship with SLC, particularly in relation to corporate governance.

The Responsible Minister appoints the SLC Chair and Non-Executive Directors and determines their terms and conditions. Appointments are made for a period of three years and comply with the *Code of Practice for Ministerial Appointments to Public Bodies*. The Responsible Minister also approves the Board's appointment of the Chief Executive.

The Permanent Secretary of DfE, as the Principal Accounting Officer of DfE, and acting on behalf of the Accounting Officers of the Devolved Administrations, has designated SLC's Chief Executive Officer (CEO) as SLC's Accounting Officer.

SLC's Board

The Board operates within a policy and resources framework determined by the Secretary of State. In summary, its role is: to establish SLC's strategic goals and key business objectives and to monitor performance against these; to ensure that there is effective governance concerning the use of public money; to regularly review financial information and provide assurance to Government that appropriate action is taken over any concerns; and to appoint (with the responsible Minister's approval) the CEO and set their objectives.

Non-Executive Directors of the Board are appointed by the Secretary of State for Education, from a variety of backgrounds based on their knowledge and experience gained in both the public and private sectors in industry, commerce and academia.

The Board is required to demonstrate high standards of corporate governance at all times and to ensure that best practice is followed.

5.2.1 Board Membership and Attendance Record

	From	To	Attendance
Peter Lauener, Non-Executive Chair	April 2020	April 2023	9 / 9
Andrew Wathey, Non-Executive Director ¹	January 2018	January 2024	8 / 9
Mary Curnock Cook, Non-Executive Director ¹	December 2017	December 2023	9 / 9
Simon Devonshire, Non-Executive Director	March 2016	March 2022	9 / 9
David Gravells, Non-Executive Director	March 2016	September 2020	5 / 5
Rona Ruthen, Non-Executive Director	October 2020	October 2023	4 / 4
Gary Page, Non-Executive Director	October 2020	October 2023	4 / 4
Charlotte Moar, Non-Executive Director	May 2019	May 2022	9 / 9
Stephen Tetlow, Non-Executive Director	May 2019	May 2022	9 / 9
Paula Sussex, CEO	September 2018	ongoing	9 / 9
David Wallace, Deputy CEO and Chief Customer Officer	January 2019	ongoing	9 / 9
Jacqui Smillie, CFO ²	January 2019	May 2021	9 / 9
Gary Womersley, Company Secretary	December 2015	ongoing	9 / 9

¹ SLC Non-Executive Director term extended by 3 years

² Jacqui Smillie left SLC in May 2021 and has been succeeded by Audrey McColl who joined SLC as CFO in August 2021.

The Board held nine meetings during 2020-21; the table above shows how many of these each member attended (during the period of their membership).

Matters considered by the Board

At each meeting, the Board reviewed SLC's operational and financial performance alongside its key corporate risks, via the monthly CEO and CFO reports, and discussed progress against the company's policy change programme. The quality of operational and performance data provided to the Board in the form of the company's Interim Performance Pack (which replaced the Corporate Performance Dashboard as a result of the COVID-19 pandemic) is subject to annual audit by the Government Internal Audit Agency (GIAA), who this year reported "moderate" assurance in its framework of governance, risk-management and assurance.

There was close monitoring of operational services throughout the year, including application numbers, delivery capacity and customer satisfaction, alongside regular consideration of progress against SLC's *Evolve* transformational change portfolio. The COVID-19 pandemic, cyber security, disaster recovery capability, and SLC's technology strategy were also the subject of key discussions during the year.

Additionally, the Board considered executive appointments and the terms of reference for its sub-committees, and it reviewed arrangements for the coming financial year (2021-22), including the company's business plan, budget and the Annual Performance and Resource Agreement (APRA).

Board Effectiveness Review and Inductions

In accordance with the Framework Document, an external board effectiveness review took place in early 2021.

The review concluded that the Board is well chaired and has taken steps to ensure a good range of skills and experience in its non-executive Directors, as well as active engagement from executives. The culture of the Board appears to have improved in recent years and the majority of members and attendees feel included, valued and able to effectively contribute to the Board. The Board has improved its relationship with the DfE, as well as enhancing the SLC's focus on its customers and their experience.

The company has a comprehensive induction process for new Board members; inductions for two new members, Gary Page and Rona Ruthen took place this year.

The Audit and Risk Committee (ARC)

ARC is a permanent committee of the Board; in addition, it advises SLC's Accounting Officer on internal control and governance, by reviewing the effectiveness, reliability and integrity of audit, risk management and assurance arrangements.

5.2.2. ARC Membership and Attendance Record

	From	To	Attendance
Charlotte Moar, Non-Executive Director, ARC Chair ¹	September 2019	May 2022	5 / 5
Mary Curnock Cook, Non-Executive Director	September 2018	December 2023	5 / 5
Gary Page, Non-Executive Director	November 2020	October 2023	3 / 3
Douglas Griffin, Independent External Member ²	September 2018	August 2024	5 / 5

¹ ARC Chair from September 2019

² Term extended to August 2024

ARC held five meetings during 2020-21; the table above shows how many of these each member attended (during the period of their membership)

Matters considered by ARC

The committee regularly reviewed key risks and issues, internal audit progress and performance reports and, updates on significant legal matters throughout the year.

Additionally, it fulfilled its role in reviewing:

- The Annual Report and Accounts for 2019 -20
- The plan for the Annual Report and Accounts for 2020-21, incorporating SLC's accounting policies, which was recommended by the ARC for approval by the Board
- The external audit strategy, and interim reports and fees for 2020-21
- Internal audit work undertaken during 2020-21
- The internal audit plan for 2021-22

ARC also reviewed the Departmental Security Health-check, the Internal Audit Annual Report and Opinion, SLC's 2020-21 Governance Statement, and annual audit of the accuracy of student support payments in England and Wales. The latter was part of the Internal Audit plan for 2020-21.

The Remuneration People and Organisational Design (RPOD) Committee

Key matters considered this year included the SLC People Strategy, which covered Operations 2.0 where the Committee reviewed restructuring cases, Pay and Grading and Career Pathways. The committee also reviewed the new reward strategy, the annual pay remit, results of the Employee Engagement Survey, Equality Diversity and Inclusion, the Gender Pay Gap Report and the new Colleague Representative Group.

5.2.3. RPOD Membership and Attendance Record

	From	To	Attendance
David Gravells, Non-Executive Director, Chair ¹	March 2016	September 2020	3 / 3
Andrew Wathey, Non-Executive Director, Chair ²	September 2020	October 2023	4 / 4
Stephen Tetlow, Non-Executive Director	May 2019	May 2022	6 / 6

¹ David Gravells final term end date September 2020

² Andrew Wathey appointed RPOD Committee Chair October 2020

RPOD Committee held six meetings during 2020-21; the table above shows how many of these each member attended (during the period of their membership).

Matters considered by RPOD Committee

Key matters considered this year included the SLC People Strategy, which covered the SLC annual pay remit, new reward strategy and the new Employee Representative Group. The committee also reviewed the results of the employee engagement survey, Equality Diversity and Inclusion and Gender pay gap report.

The RPOD Committee also fulfilled its role in considering

- The performance and objectives of the CEO
- The ELT's terms of appointment, contractual arrangements, performance and year-end reviews
- All other business as determined by the Terms of Reference for the Committee.

The Evolve Oversight Committee (EOC)

The Board has established an Evolve Oversight Committee as a Committee of the Main Board to support it in its responsibilities for SLC's Evolve Programme (the transformation programme). The Committee will operate to the Terms of Reference, which will be reviewed annually.

5.2.4. EOC Membership and Attendance Record

	From	To	Attendance
Simon Devonshire, Non-Executive Director, Chair	July 2019	March 2022	4/4
Mary Curnock Cook, Non-Executive Director	July 2019	December 2023	4/4
Stephen Tetlow, Non-Executive Director	December 2019	May 2022	4/4

EOC held four meetings during 2020-21; the table above shows how many of these each member attended (during the period of their membership).

Matters considered by the Committee

The regular agenda covered the following items:

- Key headlines from in-flight activity
- Key business outcomes to be achieved
- Upcoming milestones across the programme
- Finance, costs and benefits tracking
- Portfolio level risks and issues
- Deep dive topics to solicit input from the EOC members

Shareholders and Assessors

The four Government Shareholders each appoint an Assessor who has the right to attend all main Board meetings and committee meetings on their behalf, and thus has access to SLC's regular internal control and risk reports. Shareholders' key responsibilities include determining policy and maintaining the legislative framework for student support, providing a resource budget and Grant-in-Aid and setting SLC's functions, strategic focus and business objectives.

Register of Interests

All Non-Executive Directors are independent of management and are required to declare any outside interests. They are required to take due care to avoid conflict between their own and SLC interests. Related Party disclosures, as per IAS 24, are included within note 20 to the Financial Statements. A register of interests is available upon request.

The Executive Leadership Team (ELT)

The ELT is responsible for the day-to-day management of the company. ELT controls and monitors SLC's operational and financial management, sets SLC's business priorities and objectives in line with strategies set out by shareholders, and oversees SLC's capacity and capability to deliver within available resources. Each Executive Director is supported by a team of senior managers, who collectively make up the company's Senior Management Team (SMT).

5.2.5. ELT Membership

Paula Sussex, Chief Executive Officer
David Wallace, Deputy CEO and Chief Customer Officer
Jacqui Smillie, Chief Financial Officer *
Stephen Campbell, Chief Information Officer
Derek Ross, Executive Director of Operations
Bernice McNaught, Executive Director of Repayments and Customer Compliance
Morven Spalding, Executive Director, People

* Jacqui Smillie left SLC in May 2021 and has been succeeded by Audrey McColl who joined SLC as CFO in August 2021.

There were no other changes to ELT membership during the 2020-21 financial year.

5.3. Risk Management Arrangements

In 2020-21, activities that support the business through the Pandemic have been prioritised. A COVID-19 risk register was maintained, which provided a dynamic picture to support the decision making of senior management. More widely, the risk framework has continued to mature in line with the roadmap created by the Enterprise Risk and Compliance (ERC) team. The roadmap summarises a detailed plan which contains a series of activities intended to modernise risk management practices and improve risk culture. Highlights in 2020-21 include:

- Following a period of in-depth consultation, an ERC Policy was launched which clearly articulates roles and responsibilities and expected behaviours for SLC staff. This is supported by eight distinct risk management processes and individual training modules.
- A leading-edge software solution has been developed in line with the new policy and processes which creates a single home for all SLC risks, controls and issues.
- A series of risk and control assessment workshops has commenced across SLC. These are generating the data for the new system, in a consistent and systematic manner.
- Standard risk and compliance performance objectives have been rolled out across SLC.
- SLC's Risk Appetite Statement has been enhanced. For the first time risk appetite has been defined for individual risk categories, aligned to HMG's Orange Book. Clearly articulating risk appetite allows the company to assess, more easily, the balance of risk and reward in pursuit of its strategic objectives.

Progress against the roadmap milestones is presented regularly to the ELT and the ARC.

Key Risks in 2020-21

The key risks, as referred to in section 3.6 Risk, under consideration during the year concerned those stemming from the COVID-19 pandemic, information and data handling, cyber security, systems access management and disaster recovery.

Emerging risks are:

Staff Attraction and Retention

In highly competitive recruitment markets, SLC is finding it challenging to attract and retain critical talent across the business, most notably in respect of technology skills. This is compromising SLC's ability to deliver key objectives.

As competitors are offering better salary and benefits, following Government's non-approval of SLC proposed pay structure, a revised business case will be presented in conjunction with Comprehensive Spending Review bids to address anomalies. In addition, to 'speed up' the recruitment process SLC is transitioning to Government Recruitment Services.

SLC will continue its implementation of a comprehensive People Strategy to create a more skilled, motivated and engaged workforce, aligned to current and future organisational needs.

Skills for Jobs, Lifelong Learning (LLL)

Delivering the ambitions set out in the Skills for Jobs White Paper will create several challenges for SLC, work has begun on high level planning and scoping of activities to assess the impact on transformation, strategy and Business as Usual (BAU) services against the backdrop of a pandemic.

5.4. Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, and I take personal responsibility in this Governance Statement for the financial year 2020-21.

My review of the effectiveness of the system of governance, internal control and risk management, which has been in place in SLC throughout the year ended 31 March 2021, and up to the date of approval of the Annual Report and Accounts, is informed by:

- The work of the Internal Auditors, who review all material risks and business areas
- My ELT, who have each provided additional assurance over the controls they have put in place over the activities where they have delegated responsibility
- SLC's Senior Management Team, who certify compliance with key controls twice a year and produce an annual assurance statement
- Comments made by the External Auditors in their management letter and other reports
- The SLC Board, ARC and Company Secretary

These did not identify significant concerns with control.

As with any complex business, however, SLC manages a range of risks which are highlighted in the Strategic Report, section 3.6 Risk.

SLC's system of governance, internal control and risk management is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise risks to the achievement of company policies, aims and objectives, to evaluate the likelihood of those risks occurring, their impact and the need to manage them effectively.

Internal Audit Opinion

Based on the evidence reviewed, GIAA (Government Internal Audit Agency) has concluded that overall, SLC has maintained a sound system of governance, internal control and risk management but there is scope for improvement. This is reflected in the overall level of assurance which is **Moderate** - *some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.*

We noted a significant uplift in reviews exhibiting substantial assurance, alongside a corresponding reduction in limited assurance reviews. 17% of reviews recorded limited assurance in 2019-20 compared to 5% in 2020-21, reflecting a positive trajectory.

While Management has achieved good progress in addressing audit recommendations raised in-year, we note that implementation of a small number of longstanding High-rated recommendations had been delayed, as COVID-19 mitigations were prioritised. Management's action plans to address these will be followed up during 2021-22.

The opinion is based on the findings of planned assignments and contingency work and draws upon the themes GIAA has noted in the company during the course of our work.

As the extent of the pandemic impact became apparent, GIAA undertook an immediate review of the risk landscape adding reviews to provide real-time assurance over COVID-19 related business changes.

At the same time, we ensured that planned priority business area reviews were delivered over major change and strategic initiatives such as the Evolve Programme and People initiatives. We continued to provide assurance to stakeholders over funds disbursed and collected, reviewing internal controls, compliance, technology and cyber risks, in line with the agreed plan.

In order that SLC benefits from cross government insight, GIAA undertook reviews of Data Governance, Cyber Security, and Workforce Strategy. The main themes, and summary of findings are noted below.

COVID-19

The overarching theme for 2020-21 which colours all reflections over Company performance regarding controls, risk management and governance has been the COVID-19 pandemic. We undertook additional COVID-19 related reviews over home working arrangements, re-evaluated fraud risks, and assured the streamlining of operational controls over customer payments. GIAA's perspective is that SLC has responded quickly, securely, and efficiently to the COVID-19 challenge, and continued to provide services to customers in a controlled and safe way.

Service Delivery

During 2020-21 SLC delivered well, reporting against (revised) lenses for payments, despite the impact of home working and connectivity issues which were compounded by higher than anticipated application numbers. GIAA views the service delivery control environment as sound, with some good progress achieved against a challenging working from home environment. There is, however, room for improvement to enhance quality assurance processes across Processing and Customer Compliance activities.

Evolve & Transformation Programmes

While we noted some slippage within the Evolve Programme, work on governance and controls demonstrated robust processes are in place to highlight risks and aid decision making. GIAA views that the Workforce Strategy is well positioned to deliver but remains cognisant that funding constraints and pay business case approvals may delay implementation across the Programmes.

Controls, Compliance, and Governance

Overall, we observed significant improvement to the control environment since 2019-20. However, more remains to be done to strengthen and embed Commercial / Vendor controls, ensure focus on the integrity of the Customer Ledger, achieve full GDPR compliance, and to embed 2nd Line Risk Management improvements throughout SLC.

Cyber, Data, and Technology Risks

GIAA undertook a significant programme of work via its Digital Data & Technology (DDaT) Specialism over Cyber, Data and Technology risks during 2020-21 reflecting SLC's high rated corporate risks and Issues. GIAA also reviewed the rollout of End User Devices, as part of COVID-19 scrutiny. Overall, significant improvement to the control environment since 2019-20 was observed. We noted clear strategy and direction, with security embedded throughout processes. More remains to be done to strengthen programme documentation and governance procedures both for BAU and Programme activities, to embed good risk management practices, and to monitor and manage 3rd party performance and costs.

Personal Data

The introduction of GDPR precipitated a step-change in requirements for all organisations to ensure good governance, quality, and integrity are in place over personal data. Significant funding and resource continue to be invested in order to bring SLC towards full compliance. SLC is continuing to work towards GDPR compliance in respect of customer data it receives, retains and shares. Work will begin in 2021-22 to manage data held on SLC's legacy systems.

Personal data losses are reported within the Directors' Report.

5.5. Conclusion

I have considered the evidence available to me with regard to the production of the annual Governance Statement and conclude that SLC maintains a sound system of governance, risk management and internal control.

A handwritten signature in black ink, consisting of a stylized 'P' and 'S' followed by a horizontal line.

6 December 2021

Paula Sussex

Chief Executive and Accounting Officer

6.Parliamentary Accountability and Audit Report

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6.1. Introduction

The Parliamentary Accountability and Audit Report contains three sections:

- The Directors' Report. This summarises the directors and their interests, the structure of corporate governance within SLC and matters on which SLC is required to report to meet the requirements of the FReM, the Companies Act 2006 and other guidance issued by HM Government.
- The Statement of Directors' Responsibilities'. This details the basis which the financial statements are prepared, that the financial statements are prepared in compliance with the FReM and the Companies Act 2006 and the requirements that must be met in order for the directors to approve the financial statements.
- Independent Auditor's Report to the Members of Student Loans Company Limited.

6.2. Directors' Report

The Directors' Report including Financial Statements for Student Loans Company Limited (SLC) is for the year ended 31 March 2021. The Financial Statements have been prepared in accordance with the Companies Act 2006 and, as appropriate, the FReM, and other guidance issued by HM Treasury and the Secretary of State for Education where the disclosure requirements of these go beyond the Companies Act. The Financial Statements have been prepared and approved by Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU (Adopted IFRSs) and International Financial Reporting Interpretations Committee Interpretations.

SLC at all times remains compliant with DfE, HM Treasury and Cabinet Office guidance.

Principal Activities

The principal activities of SLC are provided within the Strategic Report.

Dividends

SLC has no accumulated reserves and accordingly the Directors do not recommend the payment of a dividend (2019-20: £nil).

Directors and their Interests

6.2.1. Directors

Board Members	From	To
Peter Lauener, Non-Executive Chair	April 2020	April 2023
Andrew Wathey, Non-Executive Director	January 2018	January 2024
Mary Curnock Cook, Non-Executive Director	December 2017	December 2023
Simon Devonshire, Non-Executive Director	March 2016	March 2022
David Gravells, Non-Executive Director	March 2016	September 2020
Rona Ruthen, Non-Executive Director	October 2020	October 2023
Gary Page, Non-Executive Director	October 2020	October 2023
Charlotte Moar, Non-Executive Director	May 2019	May 2022
Stephen Tetlow, Non-Executive Director	May 2019	May 2022

ELT Members	From	To
Paula Sussex, CEO	September 2018	Ongoing
David Wallace, Deputy CEO and Chief Customer Officer	January 2019	Ongoing
Jacqui Smillie*, CFO	January 2019	May 2021
Company Secretary	From	To
Gary Womersley	December 2015	Ongoing

*Jacqui Smillie left SLC in May 2021 and has been succeeded by Audrey McColl who joined SLC as CFO in August 2021.

All non-executive Directors are considered to be independent. Details of any related parties are disclosed in note 20 of the Financial Statements.

No Director had any interest in the shares of SLC throughout either the year ended 31 March 2021 or 31 March 2020.

SLC is wholly owned by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland. All are entered as 'Registrable Relevant Legal Entities' in SLC's Register of Persons with Significant Control.

The Chief Executive Officer is also the Accounting Officer for SLC.

Employees

SLC aims to keep employees informed about its affairs and in particular about those matters that affect them directly. The company has a number of regular digital communications including a daily all-staff newsletter and regularly holds sessions where staff can put their questions directly to the ELT. SLC frequently issues all-staff emails and maintains an intranet site available to all employees.

SLC has a longstanding relationship with its recognised trade union, the Public and Commercial Services Union (PCS). In December 2020 the Colleague Representative Group (CRG) were established internally to promote enhanced colleague engagement through the collation and discussion of collective colleague views. SLC, PCS and CRG hold regular meetings which provide the opportunity to discuss and resolve employment and business-related matters. SLC is an Equal Opportunities Employer and was awarded the Disability Confident Level 2 award (demonstrating commitment to disabled individuals) and the Investors in Diversity award. More information on employees is contained in the Remuneration and Staff Report.

Losses, Special Payments and Write-offs (audited)

There was one redundancy payment in total during the year which is detailed in the Remuneration and Staff Report. This was a voluntary redundancy payment and subject to the appropriate approval from DfE.

There were no donations made during either the year ended 31 March 2021 or 31 March 2020.

Due to the UK Government advice on COVID-19, SLC contact centres were closed temporarily on 24 March 2020 and reopened on 6 April 2020 with reduced hours. This resulted in constructive losses being incurred with SLC's outsourced contact providers during the year ended 31 March 2021 amounting to £406,000. Equivalent payments, which were approved by the CEO, DfE and HMT, were made to the outsourced contact centre providers.

Other than the above, losses for payroll debt write-off were limited to £5,000 during the year, with one individual write-off exceeding £1,000 for which DfE approval was obtained.

Special payments of £138,000 were made during the year. Special payments include not only ex-gratia payments, but all types of special payments as set out in Managing Public Money (MPM). £106,000 of the special payments were approved within SLC's delegated authority of £500 per case up to the delegated authority in 2020-21 of £110,000, with £32,000 of the special payments relating to cases above £500 and for which relevant additional approvals were obtained.

Fees and Charges (audited)

See note 3 to the Financial Statements. Revenue – Fees and Charges

Whistleblowing

SLC has stringent whistleblowing processes and procedures in place.

SLC's Whistleblowing Policy is reviewed on an annual basis, reported to ARC and is available to staff internally and is also published on www.gov.uk. All staff are reminded of the policy on an annual basis and are able to contact SLC's Whistleblowing Officer via a variety of channels, either directly or to a dedicated confidential email address and telephone number.

Out of the five cases referred to SLC's Whistleblowing Officer during the course of FY 2020-21 (including two referred to SLC by the Department for Education who had received the complaints), none were considered formal whistleblowing allegations and four were investigated on a quasi-whistleblowing basis, with the other being established as a data protection concern. All four cases investigated on a quasi-whistleblowing basis were found to be without merit and closed with no case to answer or evidence of wrongdoing.

In addition, as a result of SLC's Staff Whistleblowing Policy being published on www.gov.uk which includes a staff whistleblowing hotline telephone number and email address, there have been a number of contacts made via these channels. These all raised issues unrelated to SLC and the individuals making contact were advised accordingly.

Following an external "whistleblowing" complaint regarding Disabled Students Allowance (DSA) suppliers, the Competitions and Markets Authority has cautioned a number of companies supplying goods and services to disabled university students, subsequent to concerns that there may have been price-fixing.

Details of SLC's whistleblowing policy can be found at:

<https://www.gov.uk/government/publications/staff-whistleblowing-policy>

Ombudsmen Complaints Statement

Depending on which student finance funding authority customers have applied to, the Parliamentary and Health Services Ombudsman (PHSO), the Public Services Ombudsman for Wales (PSOW), the Northern Ireland Public Services Ombudsman (NIPSO) or the Scottish Public Services Ombudsman (SPSO) provide an opportunity for customers who are dissatisfied with the outcome of the three stages of SLC's complaints or appeals processes (third and final stage is an independent and impartial review by an Independent Assessor (IA) to seek a review through referral by their MP.

At the start of the financial year there were 12 PHSO cases that remained open. Of these, six progressed to investigation and six did not. Of the six that progressed to investigation, five were completed with the complaint being partially upheld in four cases and upheld in full in one case. Where a complaint was upheld in full or in part the PHSO required SLC to take further steps in the form of providing additional explanation or offering a higher ex gratia or consolatory award than the IA had recommended.

During the year the PHSO has requested information from SLC in 24 cases, of which three progressed to full investigation and 20 did not. The remaining case is with the PHSO Early Consideration Team.

The PSOW has requested information from the SLC in four cases during the year, none of which progressed to investigation. The PSOW also confirmed a further eight cases had been rejected. During the same period, they also reported, after investigation, on one case which had begun earlier. The complaint in that case had been partially upheld.

There were no requests for information or complaints from either the NIPSO or SPSO.

SLC conducts a full lessons learned exercise after each Ombudsman engagement in order to prevent and mitigate any ongoing occurrences of issues concerned.

Information, Equipment and Personal Data Losses

In the year 2020-21 SLC reported five incidents to the Information Commissioner's Office (ICO) (2019-20: eleven). ICO did not take any further action in relation to three of the breaches and we are awaiting the outcome for the remaining two.

SLC recorded the loss of 1 computer (2019-20: 21 Computers and mobile phones). All devices were encrypted and carried no company data or personal information.

Corporate Governance

As an Executive NDPB, SLC's control framework is set out in the SLC Framework Document, drawn up by the DfE in consultation with SLC and the relevant departments of the Devolved Administrations. The Framework Document refers to the appropriate HMG guidance on corporate governance, including HM Treasury's Managing Public Money. As defined within Managing Public Money and in the Accounting Officer Delegation Letter, the AO is charged with ensuring that SLC operates with propriety and regularity; with maintaining a sound system of internal control that supports the achievement of SLC's policies, aims and objectives; and with regularly reviewing the effectiveness of that system.

SLC carries out periodic reviews to assess levels of compliance with the requirements as set out in the Framework Document, where any actions raised are tracked to closure.

The AO is also responsible for preparing and signing the Governance Statement (section 5). Due to its structure and objectives, SLC has limited exposure to financial risk. An assessment of the credit, liquidity and cash-flow risk is provided at note 11.

SLC is bound by 'Internal Control: Guidance for Directors on the Combined Code' (the Turnbull guidance).

SLC Board

The SLC Board is responsible for ensuring that effective corporate governance arrangements are in place that set out how SLC is directed and controlled and the assurance on risk management and internal control is provided.

The Board is required to demonstrate high standards of corporate governance at all times and to ensure that best practice is followed. The responsibilities of the Board are set out in the Governance Statement, section 5.

Remuneration

The remuneration for the Chair and Non-Executive Directors is determined by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland.

The remuneration of the CEO is determined by the Board, subject to approval by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland.

The method of appointment of the Non-Executive Directors is referred to in the Governance Statement, section 5.

Remuneration, People and Organisational Design Committee (RPODC)

Members of the committee are appointed by the Board for an initial three-year term of office after which they may be appointed for one further term of office. Assessors have the right to attend all committee meetings on behalf of the shareholders. The Board determines the membership and terms of reference.

The Chair of the committee will report back to the Board after each meeting as required and the minutes of committee meetings are provided to Board members for information.

Committee meetings will normally be attended by the CEO and the Executive Director responsible for People. For further information, refer to the Remuneration and Staff Report, section 4.

Audit and Risk Committee (ARC)

Members of the committee are appointed by the Board for an initial three-year term of office. Members are independent of management and free of any business or other relationships (including cross Directorships or day-to-day involvement in the management of the business) which could interfere with the exercise of their independent judgement.

The Board has appointed a Chartered Accountant as an independent external member of ARC. Throughout the year, both external and internal audit had the right of independent access to the Chair and members of ARC, and regular discussions have taken place.

Further details regarding ARC and its responsibilities can be found in the Governance Statement, section 5.

Evolve Oversight Committee (EOC)

Members of the committee are appointed by the Board for an initial three-year term of office after which they may be appointed for one further term of office, or until the conclusion of the Evolve programme. Assessors have the right to attend all committee meetings on behalf of the shareholders. The Board determines the membership and terms of reference.

The Chair of the committee will report back to the Board after each meeting as required and the minutes of committee meetings are provided to Board members for information.

Committee meetings will normally be attended by the CEO and the Evolve programme SRO. Further details regarding EOC and its responsibilities can be found in the Governance Statement, section 5.

External Auditor

All non-audit work undertaken by the external auditor is approved by ARC. There was no non-audit work undertaken by the National Audit Office during the year. Details of all fees earned by the external auditor are provided in note 4 of the Financial Statements.

The Comptroller and Auditor General, the head of the National Audit Office, has been reappointed for the financial year ended 31 March 2021.

Remote Contingent Liabilities (audited)

Under IFRS, contingent liabilities that are considered to be remote are not disclosed, however their narrative disclosure is required by the FReM. Remote contingent liabilities occur where the possibility of future settlement is very small.

There are outstanding litigations which SLC fully intends and expects to defend that are currently ongoing. The potential to incur losses as the result of these litigations is considered to be remote.

By Order of the Board

A handwritten signature in black ink, appearing to be 'P. Sussex', written over a horizontal line.

6 December 2021

Paula Sussex

Chief Executive and Accounting Officer

6.3. Statement of Directors' Responsibilities

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which SLC's external auditor is unaware. Each Director has taken all appropriate steps to make themselves aware of any information relevant to the audit, and to establish that SLC's external auditor is suitably informed.

Directors are responsible for preparing the Directors' Report in accordance with applicable law and regulations. Company law requires them to prepare Financial Statements for each financial year. Under the Framework Agreement they are required to follow the principles of the FReM. Consequently, they have elected under the Companies Act to prepare the Financial Statements in accordance with IFRS as adopted by the EU and applicable law and to provide the additional disclosures required by the FReM where these go beyond the requirements of the Companies Act 2006.

In preparing the accounts, the Accounting Officer is required to comply with the FReM and in particular to:

- Observe the Accounts Direction issued by DfE, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis; state whether applicable accounting standards as set out in the Companies Act 2006 and FReM have been followed, and disclose and explain any material departures in the Financial Statements
- Prepare the Financial Statements on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

Under company law Directors must not approve Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the net income/expenditure of the company for the year. In preparing Financial Statements, Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRS as adopted by the EU
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors are responsible for keeping adequate accounting records sufficient to show and explain the company's transactions and disclose, with reasonable accuracy, at any time the financial position of the company, and that will enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors have prepared a Remuneration and Staff Report, section 4, in order to comply with the requirements of the FReM and in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, to the extent that they are relevant. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding SLC's assets, are set out in Managing Public Money published by HM Treasury.

A handwritten signature in black ink, appearing to be 'Paula Sussex', written over a horizontal line.

6 December 2021

Paula Sussex

Chief Executive and Accounting Officer

6.4. Independent Auditor's Report to the Members of Student Loans Company Limited

Opinion on financial statements

I have audited the financial statements of the Student Loans Company Limited for the year ended 31 March 2021 which comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflow and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Accounting Standards in conformity with the requirements of the Companies Act 2006.

I have also audited the information in the Remuneration Report and Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), and applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Student Loans Company Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Student Loans Company Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of cash flows, obtaining details of Grant in aid agreed with the Department for Education for the financial year ended 31 March 2022 and reviewing evidence of the commitment by the Department for Education to the longer term business of the Student Loans Company Limited referenced in management's going concern assessment.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Student Loans Company Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the of the Remuneration Report and Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements

Matters on which I report by exception

In the light of the knowledge and understanding of the Student Loans Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Student Loans Company Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Student Loans Company Limited's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Student Loans Company Limited's controls relating to the framework agreement with the Department for Education and the Companies Act 2006.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- obtaining an understanding of the Student Loans Company Limited's framework of authority as well as other legal and regulatory frameworks that the Student Loans Company Limited operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Student Loans Company Limited. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, Employment Law and tax legislation; and
- performing testing on a sample of contracts and contractor costs to ensure that appropriate approval was sought in line with the Student Loans Company Limited's framework of authorities, to confirm that this expenditure is regular.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



8 December 2021

Peter Morland (Senior Statutory Auditor)

for and on behalf of the
Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

7. Financial Statements

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7.1. Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

	Note	2021	2020
		£'000	£'000
Revenue	3	1,228	1,330
Staff costs	5	(117,216)	(68,481)
Restructuring costs	5	(5)	(209)
Depreciation, amortisation and impairments	9,10	(41,265)	(41,112)
Other administrative expenses	4	(81,652)	(83,892)
		(240,138)	(193,694)
Operating profit		(238,910)	(192,364)
Finance income	6	6	17
Finance costs	7	(851)	(1,724)
Net financing expense		(845)	(1,707)
(Loss) on ordinary activities before taxation		(239,755)	(194,071)
Tax on result of ordinary activities	8	-	(3)
(Loss) on ordinary activities after taxation		(239,755)	(194,074)
Other comprehensive (expenditure):			
Actuarial (loss) on defined benefit pension scheme	16	(15,308)	(9,158)
Total comprehensive net (expenditure) for the period		(255,063)	(203,232)

The notes in section 7.5 form an integral part of these Financial Statements.

All income and expenditure reported is derived from continuing operations.

7.2. Statement of Financial Position as at 31 March 2021

	Note	2021	2021	2020	2020
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	9	22,949		28,915	
Intangible assets	10	104,027		99,436	
Retirement benefit obligation surplus	16	-		10,557	
Total non-current assets			126,976		138,908
Current assets					
Trade and other receivables	12	12,357		7,835	
Cash and cash equivalents	13	4,097		6,003	
Corporation tax	8	3		3	
Total current assets			16,457		13,841
Total assets			143,433		152,749
Current liabilities					
Trade and other payables	14	(28,831)		(29,745)	
Provisions	15	(209)		(135)	
Total current liabilities			(29,040)		(29,880)
Total assets less current liabilities			114,393		122,869
Non-current liabilities					
Trade and other payables	14	(4,830)		(9,399)	
Provisions	15	(2,412)		(2,322)	
Retirement benefit obligation deficit	16	(2,306)		-	
Total non-current liabilities			(9,548)		(11,721)
Net assets			104,845		111,148
Capital and reserves					
Called up share capital	18	-		-	
General reserve		104,845		111,148	
Total equity			104,845		111,148

The notes in section 7.5 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 30 July 2021 and were signed on its behalf by the Accounting Officer, who authorised these accounts for issue on the date of the Statutory Auditor's certificate.

A handwritten signature in black ink, consisting of a stylized 'P' followed by a horizontal line.

6 December 2021

Paula Sussex, Chief Executive and Accounting Officer

7.3. Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

General Reserves 2021	Note	General Fund	Pension Reserve	Total
		£'000	£'000	£'000
Balance as at 1 April		100,591	10,557	111,148
Net (loss)/profit		(242,200)	2,445	(239,755)
Actuarial (loss) in retirement benefit obligations	16	-	(15,308)	(15,308)
Grant from sponsoring department	20	248,714	-	248,714
Lease capital reserve		46	-	46
Balance at 31 March		107,151	(2,306)	104,845

General Reserves 2020	Note	General Fund	Pension Reserve	Total
		£'000	£'000	£'000
Balance as at 1 April		98,040	(31,138)	66,902
Net (loss)/profit		(244,927)	50,853	(194,074)
Actuarial (loss) in retirement benefit obligations	16	-	(9,158)	(9,158)
Grant from sponsoring department	20	241,718	-	241,718
Lease capital reserve		5,760	-	5,760
Balance as at 31 March		100,591	10,557	111,148

The notes in section 7.5 form an integral part of these Financial Statements.

The General Fund represents total assets less liabilities, to the extent that the total is not represented by other reserves and financing items for the Company.

The Pension Reserve represents the net (obligation to)/ surplus from the defined benefit pension scheme.

7.4. Statement of Cashflows

For the year ended 31 March 2021

	Note	2021	2021	2020	2020
		£'000	£'000	£'000	£'000
Cashflow from operating activities					
(Loss) on ordinary activities after taxation		(239,755)		(194,074)	
Adjustments to (loss) on ordinary activities:					
Depreciation	9	8,271		9,466	
Impairments - Property, plant and equipment	9	4		337	
Amortisation	10	32,766		30,921	
Impairments - Intangible assets	10	224		388	
Loss on disposal of fixed assets	4	1,521		169	
Taxation	8	-		3	
Finance costs	7	230		1,724	
Finance income	6	(6)		(17)	
Pension valuation movements		(2,445)		(50,853)	
		(199,190)		(201,936)	
(Increase) in trade and other receivables		(4,528)		(2,671)	
(Decrease) in trade and other payables		(525)		(4,750)	
Increase/(Decrease) in provisions		164		(900)	
Corporation tax paid	8	-		-	
Stamp Duty Land Tax Paid	8	-		6	
Net cash (outflow) from operating activities			(204,079)		(210,251)
Cashflow from investing activities					
Finance income	6	6		17	
Acquisition of property, plant and equipment	9	(4,928)		(5,250)	
Acquisition of intangible assets	10	(37,841)		(36,015)	
Proceeds from sales of property, plant and equipment		117		15	
Net cash outflow from investing activities			(42,646)		(41,233)
Cashflow from financing activities					
Grant in Aid funding received from sponsoring department	20	248,714		241,718	
Cash payments for the principal portion of the lease liability		(3,895)		(1,536)	
Net cash inflow from financing activities			244,819		240,182
Net (decrease) in cash and cash equivalents	13		(1,906)		(11,302)
Cash and cash equivalents at 1 April	13		6,003		17,305
Cash and cash equivalents at 31 March	13		4,097		6,003

	Note	As previously reported 2020	As previously reported 2020	Presentation of pension valuation movements	Presentation of pension valuation movements	Restated 2020	Restated 2020
		£'000	£'000	£'000	£'000	£'000	£'000
Cashflow from operating activities							
(Loss)/profit on ordinary activities after taxation		(194,074)		-	-	(194,074)	
				-	-		
Adjustments to (loss)/profit on ordinary activities:				-	-		
Depreciation	9	9,466		-	-	9,466	
Impairments - Property, plant and equipment	9	337		-	-	337	
Amortisation	10	30,921		-	-	30,921	
Impairments - Intangible assets	10	388		-	-	388	
Loss on disposal of fixed assets	4	169		-	-	169	
Taxation	8	3		-	-	3	
Finance costs	7	1,724		-	-	1,724	
Finance income	6	(17)		-	-	(17)	
Pension valuation movements		-		(50,853)	-	(50,853)	
		(151,083)		(50,853)	-	(201,936)	
				-	-		
(Increase)/decrease in trade and other receivables		(2,671)		-	-	(2,671)	
Increase/(Decrease) in trade and other payables		(4,750)		-	-	(4,750)	
Increase/(Decrease) in provisions		(900)		-	-	(900)	
Corporation tax paid	8	-		-	-	-	
Stamp Duty Land Tax Paid	8	6		-	-	6	
Net cash inflow/(outflow) from operating activities			(159,398)	-	(50,853)		(210,251)
				-	-		
Cashflow from investing activities				-	-		
Finance income	6	17		-	-	17	
Acquisition of property, plant and equipment	9	(5,250)		-	-	(5,250)	
Acquisition of intangible assets	10	(36,015)		-	-	(36,015)	
Proceeds from sales of property, plant and equipment		15		-	-	15	
Net cash outflow from investing activities			(41,233)	-	-		(41,233)
				-	-		
Cashflow from financing activities				-	-		
Grant in Aid funding received from sponsoring department		190,865		50,853	-	241,718	
Cash payments for the principal portion of the lease liability		(1,536)		-	-	(1,536)	
Net cash inflow from financing activities			189,329	-	50,853		240,182
				-	-		
Net increase/(decrease) in cash and cash equivalents	13		(11,302)	-	-		(11,302)
Cash and cash equivalents at 1 April	13		17,305	-	-		17,305
Cash and cash equivalents at 31 March	13		6,003	-	-		6,003

Prior year comparatives have been restated upon SLC's reassessment of the presentation of pension valuation movements in the cashflow statement.

The notes in section 7.5 form an integral part of these Financial Statements.

7.5. Notes to the Financial Statements

1.1 Accounting Policies

SLC is a company incorporated in England and Wales and domiciled in the UK. SLC is owned by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland.

The Financial Statements have been prepared on an accruals basis in accordance with the Companies Act 2006 and, as appropriate, the Government Financial Reporting Manual (FReM) and other guidance issued by HM Treasury and the Secretary of State for Education where the disclosure requirements of these go beyond the Companies Act 2006 and do not conflict. The Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs) and International Financial Reporting Interpretations Committee interpretations. There have been no significant changes to the FReM during the year.

Disclosure of Assessment of the Impact of Accounting Standards not yet Adopted

There is one international accounting standard issued but not yet required to be applied in the preparation of these Financial Statements. This is IFRS 17 which relates to insurance contracts. It is not anticipated that this will have any material impact on the company's Financial Statements as the company does not issue insurance contracts.

The application of this standard has now been delayed until January 2023.

1.2 Impact of New Accounting Standards

There are no newly adopted accounting standards for 2020-21

There have been updates during the last year which impact reporting periods beginning on or after 1 January 2020. These include amendments to IFRS 3 (definition of a business), amendments to IAS1 and IAS 8 (definition of material in alignment with the definition in the Conceptual Framework) and amendments to IFRS 9, IAS 39 and IFRS 7 (interest rate benchmark reform in hedge accounting). None of the amendments have an effect on the notes to the Annual Report and Accounts for the year.

There have also been additional accounting implications on disclosures due to the effects of COVID-19 for the past year on leases, revenue recognition, government grants and going concern. None of the disclosures have an effect on the notes to the Annual Report and Accounts for the year.

1.3 Measurement Convention

The Financial Statements are prepared on the historical cost basis, with the following exceptions which are stated at fair value:

- Financial instruments, namely payables and receivables, are measured at amortised cost - see note 1.11 for further detail
- Cash is stated at fair value
- Tangible and intangible assets, other than assets under development, are stated at depreciated historic cost, as this accurately represents their value in use – see note 1.9 for further detail
- Assets under development are valued at historic cost, calculated using expenditure incurred to date, and are subject to impairment review - see note 1.10 for further detail

1.4 Going Concern

The terms of the Framework Document between SLC and the Secretary of State for Education, the Advanced Learning and Science Directorate of the Scottish Government, acting on behalf of Scottish Ministers, the Department for the Economy in Northern Ireland and the Directorate for Skills, Higher Education and Lifelong learning of the Welsh Government requires SLC to conduct its affairs so as to remain solvent within the total resources made available to it by the funding bodies. These Financial Statements have been prepared on this basis.

Grant-in-Aid for SLC's business as usual operating expenditure for 2021-22 has already been included in the sponsoring departments' estimates for that year, which have been approved by Parliament. The total budget has been confirmed by the Department for Education as set out in the Annual Performance and Resource Agreement (APRA) Letter 2021-22. The APRA letter also confirms initial funding for the delivery of HE Reform, reflecting a commitment to SLC continuing to operate longer term as the delivery vehicle for student finance and the development of future HE Reform. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the 2020-21 financial statements.

All active members of SLC's defined benefit pension scheme have been transferred to the Civil Service Pension Scheme with minimal deferred members and pensioners remaining in the residual scheme as at 31 March 2021. The assets of the scheme as at 31 March 2021 are limited to cash and debt instruments with a low level of liquidity risk.

SLC's COVID-19 spend to date has been relatively low, however the closure of the Europa property during the year has resulted in a net loss on disposal of property, plant and equipment, with savings in rental costs and a corresponding adjustment to the IFRS 16 calculation detailed in the subsequent notes to the accounts. The organisation transitioned quickly to home working and to be able to provide its core objectives on student finance: processing applications, tuition fee payments to Institutions and living costs to students and starting up its contact centres after a temporary closure in late March 2020.

1.5 Unsold Loans

SLC administers a loan book on behalf of all four UK administrations. Neither the loans nor the related obligation to repay the funding bodies is included in the Financial Statements of SLC because:

- In accordance with the terms of the SLC Framework Document any interest earned on funds made available for making loans to students and on money repaid to SLC by borrowers under the scheme shall be returned to the funding bodies
- Under the SLC Framework Document, there is an agreement between SLC and the funding bodies that SLC is liable to transmit to these bodies only those repayments which are made to SLC. Therefore, SLC is not liable for repayments due which ultimately may not be recovered.

1.6 Use of Estimates and Judgement

The preparation of the Financial Statements in conformity with IFRS requires Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Lease term: SLC has determined the lease term to be that to the earliest break clause in the lease. This reflects the business requirement for flexibility.

Dilapidations provisions: The dilapidations provision is based on external valuations provided by SLC's property consultants. The latest formal valuations were provided in March 2021 for premises in Darlington and in January 2021 for Glasgow Hillington, and in March 2020 for Bothwell Street. Key assumptions are based, in addition to management judgement, on the likely obligation at the lease expiry date and lease stipulations on the property condition on that expiry date.

Legal provisions: Legal provisions as at 31 March 2021 have been assessed up until the signing date of the Annual Report and Accounts. This assessment has taken into consideration the estimated cost of settlement, including fees, and the probability that a settlement will be required.

Accruals and Prepayments: SLC recognises accruals based on receipted purchase orders, other accruals and/or prepayments where the invoice value is over £10,000 de minimis. The exceptions to this de minimis rule include accruals in respect of internal rechargeable resource costs and project milestone-based contracts. Accruals and prepayments are estimated using the best available sources of information at the date of calculation.

Retirement Benefit Obligations: SLC's retirement benefit obligations are based on external valuations provided annually by qualified actuaries.

The following key assumptions are used to determine estimated future cash outflows anticipated to settle SLC's pension obligations:

- Discount rate
- The rate of salary increases
- Inflation
- Life expectancy
- Deferred pension increase rate
- Pensions-in-payment increase rate
- Duration of the defined benefit obligation

The pension scheme's actuary carries out triennial valuations on behalf of the pension scheme trustee. The final results of the section 179 valuation undertaken in November 2020 projected forward are reflected in the actuarial valuation as at 31 March 2021. This valuation predicts a deficit, and the pension liability is reflected in these financial statements.

Intangible Assets: Development costs that meet IFRSs intangible asset recognition criteria where the assets are intended to be used internally or otherwise, are capitalised as an intangible asset. Capitalisation will only occur when management identify the technological and economic feasibility of the project as detailed in 1.10 below. Assets under development and other intangible assets are tested annually for impairment with an assessment undertaken as to whether the asset will be, or continues to be, technologically and economically viable. Impairments are based on key assumptions made by management on the value in use of the intangible asset.

1.7 Income

Revenue Recognition: Revenue is recognised when the amount of revenue can be reliably measured and where probable future economic benefit will flow to the entity.

Grant-in-Aid: Grant-in-Aid is drawn down from the DfE and recorded on a cash basis in line with DfE's own reporting requirements and in line with the FReM. Grant-in-Aid will be credited to SLC's reserves.

Finance Income: Finance income comprises interest income on funds invested and is recognised as it accrues in the Statement of Comprehensive Net Expenditure (SOCNE).

1.8 Taxation

Corporation Tax: Tax on the profit or loss for the year comprises current tax. Tax is recognised in the SOCNE. Current tax is the expected tax due on the taxable profit or loss for the year and any adjustment to tax due in respect of previous years.

VAT: Income and expenditure are shown net of VAT with irrecoverable VAT charged to the SOCNE under the relevant expenditure heading.

The net amount due to HM Revenue and Customs in respect of VAT is included within trade and other payables within the Statement of Financial Position (SOFP).

1.9 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised where: its value is greater than £5,000 (grouped) at the date of purchase; it is held for use in delivering services or for administrative purposes; it is probable that future benefits will flow to, or service potential be provided to, SLC; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

Measurement

Items of property, plant and equipment are initially measured at cost, representing the costs directly attributable to the acquisition or construction of the asset.

Revaluation and Impairment

The assets' net book values are reviewed for impairment, and adjusted if appropriate, at the date of each SOFP. Apart from right-of-use assets, assets are valued at depreciated historical cost less impairment. PPE assets held are of short life and or low value and depreciated historical cost has been used as a proxy for fair value.

There is no revaluation reserve balance within the SOFP, as SLC does not have a policy of revaluing its assets.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other administrative expenses in the SOCNE.

Right of use Assets

Where leases were recognised as operating leases, Company has measured the right of use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments recognised in the SOFP immediately before the date of initial application and including the carrying amount of the dilapidations provision.

For leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application of IFRS 16 at the same amounts as under IAS 17 immediately before the date of application.

For new leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line-basis over the remaining lease term.

Depreciation

Depreciation is charged on all property, plant and equipment when substantially all the risks and rewards of the asset have been transferred to SLC. It is calculated to write off the cost of each asset less estimated residual value, evenly over its expected useful life as follows:

Right-of-use assets	Over the term of the lease
Short leasehold improvements	Over the unexpired period of the lease
Computer and other electronic equipment	3 to 5 years, or the lease period where applicable
Furniture, fixtures and fittings	Over 8 years, or the lease period where applicable
Motor vehicles	3 to 5 years

1.10 Intangible Assets

Recognition

Intangible assets valued greater than £5,000 are recognised where the costs can be measured reliably and there is a clear future benefit or service potential attributable from the asset that will flow to SLC.

SLC determines phases during each project's life cycle.

1. Discovery
2. Inception
3. Delivery and Implementation
4. Run and Warranty

As costs accumulate during the discovery and inception phases, expenditure is not capitalised, as feasibility is only determined at the end of these stages. A stage gate report or alternative equivalent assessment is used to determine each project as ready for delivery.

Expenditure on delivery and implementation is then capitalised where all the following can be demonstrated in accordance with IAS 38:

- The project is technically feasible to the point of completion and will result in an intangible asset for use in the provision of services to SLC or to SLC customers
- SLC intends to complete the asset and use it
- SLC could use the asset
- the intangible asset will generate probable future economic or service delivery benefits
- adequate financial, technical and other resources are available to SLC to complete the development and use the asset
- SLC can reliably measure the expense attributable to the asset during development

Only expenditure directly attributable to the cost of developing software in-house is capitalised. Costs directly attributable are capitalised by way of an estimated standard cost for each development team. Any other expenditure is taken to the SOCNE as an expense.

Websites represent website developments for delivering specific services to customers in the payment and repayment of products within the portfolio.

Implementation costs in relation to cloud-based developments are also capitalised and held within internally generated software.

Measurement

All intangible assets, with the exception of perpetual licences, recognised have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. In accordance with the assessment of capitalisation methods for software development conducted, the cost for internally generated intangible assets has been assessed as the direct labour and management costs directly attributable to the development of the intangible asset.

Revaluation and Impairment

The assets' net book values are reviewed for impairment, and adjusted if appropriate, at the date of each SOFP. The assets are valued at depreciated historical cost.

Intangible assets are carried at fair value that is determined by reference to an active market where possible. As there is no active market, we use depreciated historical cost as a proxy fair value.

Assets under construction are not amortised but are assessed for impairment annually.

Amortisation

Amortisation is recognised in the SOCNE on a straight-line basis over the useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The expected useful lives for the current and comparative year are as follows:

Internally generated software	2 to 10 years
Websites	5 years
Software licences	Over the period of the licence

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

1.11 Financial Instruments**(a) Financial Assets****Classification**

IFRS 9 requires financial assets to be measured at either amortised cost or fair value. Changes in fair value should either be reflected in profit or loss in the SOCNE or taken to 'other comprehensive income and expenditure' (OCI) with no recycling. As at the date of the SOFP, SLC has financial assets included in current assets; these comprise of, 'other trade receivables' and 'cash and cash equivalents'.

Recognition and Measurement

Financial assets are recognised when SLC becomes party to the contractual provisions of the financial instrument. These assets are recognised at amortised cost. Financial assets are de-recognised when the rights to receive the cash flows from the assets have expired or have been transferred and SLC has transferred substantially all risks and rewards of ownership.

Cash and cash equivalents represent cash in hand, and deposits held with banks, excluding deposits held in trust for the payments and repayments of student funding.

(b) Financial Liabilities**Classification**

Any changes in fair value is reflected through the SOCNE. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

As at the date of the SOFP, SLC has financial liabilities included as current liabilities comprising of 'trade payables', 'accruals and deferred income, 'VAT, other taxation and social security' and 'lease liability' in the SOFP.

Recognition and Measurement

Financial liabilities are recognised when SLC becomes party to the contractual provisions of the financial instrument. These liabilities are recognised at amortised cost.

A financial liability is removed from the SOFP when it is extinguished, that is when the obligation is discharged, cancelled or expired.

1.12 Provisions

Provisions are recognised when:

- There is a present legal or constructive obligation as a result of past events
- It is more likely than not that an outflow of resources will be required to settle the obligation
- The amount can be reliably estimated

The provision's value is discounted when the time value of money is considered material. Changes in the discount rate applied will be recognised in the year in which the change occurred. The discount rate applied is in line with HM Treasury's Public Expenditure System Announcement of Rates which was published on 11 December 2020.

1.13 Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised, for the amount expected to be paid under a short-term cash performance related award, if SLC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of annual leave earned but not taken by employees at the reporting date of the SOFP is recognised to the extent that employees are permitted to carry forward leave to the following year.

SLC contributed to the Civil Service *alpha* and *partnership* schemes and NOW: Pensions scheme during the year.

Civil Service Pension Scheme (the CSPA)

The *alpha* scheme provides benefits on a career-average basis, with a normal pension age equal to the member's state pension age. Pensions payable under the *alpha* scheme are increased annually in line with the relevant legislation relating to defined benefit pensions increases. The *alpha* scheme is a defined benefit pension scheme in accordance with IAS 19.

Employee contributions are salary-related for *alpha*. Benefits in *alpha* build up with an accrual rate of 2.32%. In all cases, members may opt to give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

The *partnership* pension account is a stakeholder pension arrangement and classified as a defined contribution pension scheme in accordance with IAS 19. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a personal pension product. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement).

These statutory arrangements are unfunded, as the cost of the benefits is met by monies allocated by Parliament each year. Further details about the civil service pension arrangements can be found at the website: www.civilservicepensionscheme.org.uk. It is not possible to separately identify SLC's share of the underlying assets and liabilities.

The *alpha* scheme is a multi-employer defined benefit scheme. For accounting purposes this is recognised as a defined contribution scheme in accordance with the FReM. SLC recognises contributions payable to the *alpha* scheme and the *partnership* scheme in the Statement of Comprehensive Net Expenditure.

NOW: Pensions

NOW: Pensions is a defined contribution scheme which had met SLC's statutory obligations to enrol all employees in a pension scheme in prior years, and still retains some active membership. Contributions are recognised in the SOCNE as they are incurred. SLC has no further liability once contributions are paid to the pension scheme.

Student Loans Company Limited Retirement and Death Benefits Scheme (the SLC Pension Scheme)

The SLC Pension Scheme is defined under the Pensions Act 1993 (part 1) and operates in accordance with the Pension Act 1995 as a trust, established by its Definitive Trust Deed and Rules (June 2004).

The scheme is legally separated from SLC and governed by the Board of Trustees which has control over its operation, funding and investment strategy. The Board is chaired by an independent trustee. The scheme is regulated by the Pensions Regulator, and its Annual Report and Accounts are subject to audit by an independent auditor. SLC is the 'principal employer' and as such, retains responsibilities within the Definitive Trust Deed and Rules.

The scheme closed to future accrual of benefits and all active members were moved to the CSPA during the year ended 31 March 2020. This included the bulk transfer of the benefits for those with more than two years' pensionable service into the *nuvos* final salary section. Members with less than 2 years' service (around 400 members) were given the option of either a refund of contributions or an enhanced cash transfer sum payable during the year ended 31 March 2021. The final transfers have been recognised in the pension asset and liability movements for the year, and a gain on settlement has arisen as a result.

The Trustee reviews the scheme's investment strategy at least every three years following the actuarial valuation of the scheme. The last full triennial valuation was carried out as at 5 November 2019, with the most recent investment strategy dated September 2020. The accounting actuarial valuation as at 31 March 2021 is based on the section 179 valuation from November 2020.

In order to manage the investment risks within the scheme, all the scheme's growth mandates were fully disinvested in February 2020. As such, the Trustee adopted an interim investment strategy which consists of the remaining holdings in the corporate bond funds and the liability-driven investment (LDI) mandate. The Trustee adopted a strategy which balances the need to meet the investment objectives of the scheme and the risks taken by the scheme. They have reduced this risk by allocating assets which aim to match the interest rate and inflation sensitivities of the scheme's liabilities. The Trustee operates a bank account and invests Additional Voluntary Contributions (AVCs) on behalf of the members in insurance policies. The AVC policies are reviewed on a regular basis to ensure they remain appropriate.

The Trustee has delegated the responsibility for the day-to-day management of the scheme's assets to Legal & General Investment Management (LGIM). Subject to respective benchmarks and guidelines, the manager is given full discretion over the choice of investments and is expected to maintain a diversified portfolio.

The defined benefit scheme provides a pension and lump sum based on pensionable service and final pensionable salary. The final pensionable salary is the average of the best three continuous pensionable salaries in the ten years before retirement. Benefits are also accessible to a spouse on the death of a scheme member.

SLC's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the prior years. That benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted to determine the net obligation. The liability discount rate is the yield at the reporting date on 'AA' credit rated bonds denominated in the currency relating to the terms of the bonds and having maturity dates approximating to the terms of SLC's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to SLC, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements. Actuarial gains and losses that arise are recognised by SLC in the year they occur through the SOCNE.

1.14 Leases

Leases are capitalised at the present value of the minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the principal capital component and finance charges. The finance charges are allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Interest on leases is charged to the SOCNE in the year to which the lease payment relates.

Leases which are low in value or represent a short-term lease of up to 12 months are recognised as expenses on a straight-line basis and charged to the SOCNE in the year to which they relate.

1.15 Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting as provided to the ELT, Board and to DfE. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO).

The CEO reviews performance based on three segments: Operating Budget, Change Programme and Evolve and this is the basis for SLC's reporting to DfE.

The Operating Budget represents day to day operating activities undertaken by SLC. The Change Programme represents additional activities undertaken by SLC in the financial year to create new activities. On completion, these activities will become part of the operating activities in subsequent years. The Evolve Programme represents the transformation programme.

2 Segmental Reporting

Segmental information can be analysed as follows for the reporting years under review:

	2021				2020 Restated			
	Operating Expenditure	Change Programme	Evolve Programme	Total	Operating Expenditure	Change Programme	Evolve Programme	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segmental Revenue:								
Grant income	-	-	-	-	105	-	-	105
Administration fees receivable from third parties	1,224	-	-	1,224	1,200	-	-	1,200
Other income	4	-	-	4	25	-	-	25
Total revenue	1,228	-	-	1,228	1,330	-	-	1,330
Segmental Expenditure:								
Total expenditure	(199,489)	(23,683)	(16,966)	(240,138)	(145,924)	(28,399)	(19,371)	(193,694)
Operating profit/(loss)	(198,261)	(23,683)	(16,966)	(238,910)	(144,594)	(28,399)	(19,371)	(192,364)
Capital expenditure	(1,681)	(21,479)	(17,807)	(40,967)	(3,916)	(21,403)	(12,839)	(38,158)
Total Segmental Expenditure	(199,942)	(45,162)	(34,773)	(279,877)	(148,510)	(49,802)	(32,210)	(230,522)

Segmental information after operating profit before interest and tax has not been provided on the basis that these costs are determined at corporate level and are not separately reportable to management.

SLC has updated this note to bring it in line with the internal reporting for the company. Business Optimisation and Maintenance as reported in 2020 has been incorporated into Operating Expenditure.

3 Revenue

	2021	2020
	£'000	£'000
Grant income	-	105
Administration fees receivable from third parties	1,224	1,200
Other income	4	25
	1,228	1,330

In accordance with the FReM, NDPBs are required to provide additional analysis on the services for which a fee is charged. Details of the bursary and scholarship schemes that SLC operates are detailed below:

Bursary Administration Service

SLC supports Higher Education Providers (HEPs) in England, Northern Ireland, Scotland and Wales, in providing mandatory and discretionary bursaries, scholarships and fee waivers to students, by providing an administration service. HEPs may subscribe to the full service or the core service. The full service includes payment of the bursary, scholarship or fee waiver entitlement to the student. The core service is an information-only service.

Financial Objective

The main financial objective of the HEP subscribers is to utilise the service as a low-cost way of executing their commitments, in their Fair Access Plans (or equivalents), to provide financial support to students recruited into HE under widening participation agendas. The level of subscription is intended to both pay for the planned operational costs incurred by SLC and to fund a programme of ongoing enhancements. Enhancements that provide future economic benefit for the service will be capitalised in line with company policy as set out in note 1.

Any net surplus will be reinvested to ensure continued systems enhancement to improve efficiencies in the end-to-end process. Any net deficit will be fully funded in the next financial year.

Fees and Charges

The inclusion of the analysis of income and expenditure relating to services for which a fee is charged is provided below to ensure compliance with the FReM, and not to comply with IAS 8.

Included within the Statement of Comprehensive Expenditure	2021	2020
	£'000	£'000
Included in Statement of Comprehensive Expenditure		
Revenue	949	762
Expenditure	(949)	(762)
Surplus before tax	-	-
Included within the Statement of Financial Position	2021	2020
	£'000	£'000
Included within Statement of Financial Position		
Capital expenditure	-	-

4 Net Expenditure before Interest and Tax

(a) This is stated after charging or (crediting):

	2021	2020
	£'000	£'000
Dilapidations provision	(121)	(991)
Depreciation, amortisation and impairments - owned assets	41,265	41,112
Net loss on disposal of fixed assets	1,521	169
Directors' remuneration	786	670
Auditors' remuneration:		
- Audit of these financial statements	132	144
Operating lease rentals:		
- Land and buildings	2	120

Other consultancy costs included costs for data migration, IT and digital print solutions and amounted to £2.0m (2020: £7.7m) during the year. The higher value in 2019-20 reflects costs incurred during the implementation of Workday, SLC's ERP solution.

(b) Directors' remuneration:

	2021	2020
	£'000	£'000
Fees	155	145
Executive emoluments (including benefits in kind)	489	463
Pension contributions	140	46
Taxable expenses	2	16
	786	670

The remuneration of each individual Director is analysed in the Remuneration and Staff Report. The highest paid Director during the year was the CEO, Paula Sussex, with a salary of £190,000 (2019-20: £190,000).

5 Staff Costs

The aggregate payroll costs were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	89,139	88,071
Social security costs	8,304	7,968
Pension service costs	13,920	10,026
Gain on settlement at transfer of pension fund (see note 16)	(1,120)	(42,291)
	110,243	63,774
Other staff costs	6,973	4,707
	117,216	68,481
Restructuring costs	5	209

Pension service costs include employer's contributions of £14.1m (2020 £1.1m) to the new *partnership* and *alpha* pension schemes, £1.1m (2020 £18.2m) to the SLC Pension Scheme, £0.5m (2020 £0.7m) to NOW: Pension, with a credit adjustment of £2m (2020 £10m) due to the net expected return on asset on the IAS 19 valuation of the SLC pension scheme.

The net gain on settlement of £1.1m (2020: £42.3m) relates to the transfer of members of the defined benefit pension scheme to the Principal Civil Service Pension Scheme ("*nuvos*" section).

Other staff costs represent the additional cost to SLC for agency workers, contractors, the apprenticeship levy and other indirect staff costs.

Restructuring costs of £5,000 (2020: £209,000) represents the severance payment made in year. Full details of the number of payments and corresponding costs on a cash basis are included in the Remuneration and Staff Report, and the movement in the provision for severance is set out in note 15.

6 Finance Income

	2021	2020
	£'000	£'000
Bank interest	6	17

7 Finance Costs

	2021	2020
	£'000	£'000
Pension interest (income)/charge	(256)	495
Pension administration expenses	877	927
Lease finance charge	230	302
	851	1,724

8 Tax Results on Ordinary Activities

	2021	2020
	£'000	£'000
Current taxation refund for the period at the small companies' rate of 19% (2019: 19%)	-	(3)
Stamp Duty Land Tax	-	6
Tax on result of ordinary activities	-	3

Tax is chargeable at 19% of the taxable profits arising on administration fees receivable from third parties, after charging the costs associated with the administration of the associated service, plus bank interest.

The tax assessed for the year varies from the standard rate of corporation tax in the UK (19% in 2020-21 and 2019-20). The differences are explained below:

	2021	2020
	£'000	£'000
(Loss) on ordinary activities before taxation	(239,754)	(194,071)
(Loss) on ordinary activities subject to small companies UK corporation tax rate	(45,553)	(36,873)

(Loss) subject to corporation tax is broken down as follows:		
Amounts not subject to corporation tax	45,553	36,870
Reversal of prior year liability	-	-
Current taxation refund for the period	-	(3)

Legislation was introduced in the Finance Bill 2020 to amend the main rate of Corporation Tax for all non-ring-fenced profits to 19% for financial year 2020. This differs from the standard rate of corporation tax of 17%. The Corporation Tax charge will also be set at 19% for all non-ring fence profits for financial year 2021.

9 Property, Plant and Equipment

	Short leasehold improvements	Computer and other electronic equipment	Furniture, fixtures and fittings	Motor vehicles	Assets under construction	Right of Use Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
At 1 April 2019	17,066	15,772	3,500	86	406	-	36,830
Adjustments	-	(92)	-	-	-	20,547	20,455
Additions	401	2,468	688	18	1,445	230	5,250
Disposals	(1,274)	(344)	(15)	(18)	-	(2,993)	(4,644)
Transfers	999	-	37	-	(1,036)	-	-
Impairment	-	(888)	-	-	-	-	(888)
At 1 April 2020	17,192	16,916	4,210	86	815	17,784	57,003
Adjustments	-	-	-	-	219	-	219
Additions	-	2,031	31	50	2,694	122	4,928
Disposals	(3,716)	(1,933)	(515)	(39)	-	(2,070)	(8,273)
Transfers	1,267	2,301	-	-	(3,568)	-	-
Impairment	-	-	-	-	-	-	-
At 31 March 2021	14,743	19,315	3,726	97	160	15,836	53,877
Depreciation							
At 1 April 2019	7,992	11,217	1,507	16	-	-	20,732
Adjustments	-	(92)	-	-	-	-	(92)
Charge for the year	1,939	2,535	392	27	-	4,573	9,466
On disposals	(1,115)	(334)	(9)	(9)	-	-	(1,467)
Impairments	-	(551)	-	-	-	-	(551)
At 1 April 2020	8,816	12,775	1,890	34	-	4,573	28,088
Charge for the year	2,225	2,095	396	31	-	3,524	8,271
On disposals	(2,313)	(1,864)	(360)	(26)	-	(872)	(5,435)
Impairments	-	4	-	-	-	-	4
At 31 March 2021	8,728	13,010	1,926	39	-	7,225	30,928
Net book value							
At 1 April 2020	8,376	4,141	2,320	52	815	13,211	28,915
At 31 March 2021	6,015	6,305	1,800	58	160	8,611	22,949

The refurbishment of parts of the leased premises in Darlington, Lingfield Point and the lift replacement at Bothwell Street, Glasgow were included in the category Assets under Construction. On completion of the work in the current financial year, the costs were transferred to short leasehold improvements and capitalised in the financial year to 31 March 2021.

10 Intangible assets

	Intangible assets under development	Internally generated software	Websites	Software licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 April 2019	17,063	126,860	3,711	10,970	158,604
Adjustments	209	(208)	(2)	(1,846)	(1,847)
Additions	34,010	-	-	2,005	36,015
Disposals	-	-	-	(525)	(525)
Transfers	(24,795)	24,776	19	-	-
Impairment	(255)	-	-	(594)	(849)
At 1 April 2020	26,232	151,428	3,728	10,010	191,398
Adjustments	204	(424)	-	-	(220)
Additions	37,131	-	-	710	37,841
Disposals	-	-	(1,764)	(2,884)	(4,648)
Transfer	(35,628)	35,016	612	-	-
Impairment	(224)	-	-	-	(224)
At 31 March 2021	27,715	186,020	2,576	7,836	224,147
Amortisation					
At 1 April 2019	-	51,432	3,678	8,763	63,873
Adjustment	-	-	-	(1,846)	(1,846)
Charge for the year	-	29,853	14	1,054	30,921
Disposals	-	-	-	(525)	(525)
Impairment	-	-	-	(461)	(461)
At 1 April 2020	-	81,285	3,692	6,985	91,962
Charge for the year	-	31,425	57	1,284	32,766
Disposals	-	-	(1,764)	(2,844)	(4,608)
At 31 March 2021	-	112,710	1,985	5,425	120,120
Net book value					
At 1 April 2020	26,232	70,143	36	3,025	99,436
At 31 March 2021	27,715	73,310	591	2,411	104,027

Amortisation for intangible assets is recognised as a charge in the SOCNE.

Assets under Development represent the ongoing internal development of SLC's systems to allow the delivery of services to customers and the policy change requested by the shareholders. The completed developments to date are included within Internally Generated Software.

11 Financial Instruments

As the cash requirements of SLC are met through Grant-in-Aid, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Most financial instruments relate to contracts to buy non-financial items in line with SLC's expected purchase and usage requirements and SLC is therefore exposed to little liquidity or market risk. Credit risk exists for trade and other receivables, which are detailed in note 12.

Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposure to customers. For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Credit risk is the risk of financial loss to SLC if a customer fails to meet their contractual obligations.

Other trade receivables comprise sums due from third party portfolio administration and HEPs for the bursary administration service. 94% of other trade receivables are not older than 3 months and do not represent any credit risk, therefore no allowance for credit loss is required.

Liquidity Risk

SLC's net revenue resource requirements and capital expenditure requirements are financed by fees charged to universities and colleges and Grant-in-Aid funded by Parliament. The Annual Performance and Resource Agreement letter, which confirms the top-level budget delegated to SLC, for the financial year 2021-22 has been presented to SLC and provides assurance that funding of its activities will continue. Cash requirements are presented to the Department for Education on a monthly basis, and any cash flow requirements are forthcoming as required. SLC is therefore not exposed to any material liquidity risks.

Market and Currency Risk

SLC does not borrow or invest funds. Financial assets and liabilities are generated by day-to-day activities and are not held to manage the risks facing SLC in undertaking its activities.

The Financial Statements are presented in 'Pound Sterling' (£), which is SLC's functional and presentation currency. SLC does not ordinarily enter foreign currency transactions.

The carrying value approximates to the fair value due to the short maturity of the instruments.

As at 31 March	2021	2021	2020	2020
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
Trade receivables due within 1 year	6,175	6,175	1,766	1,766
Cash and cash equivalents	4,097	4,097	6,003	6,003
Trade payables due within 1 year	28,831	28,831	29,745	29,745
Trade payables due after 1 year	4,830	4,830	9,399	9,399

The maturity analysis of lease liabilities that shows the remaining contractual maturities are shown below.

		2021	2020
Property	End Date of lease	Lease liability £'000	Lease liability £'000
Darlington Building 13	27/04/2023	97	151
Darlington Memphis Building	28/04/2023	1,858	2,803
Llandudno	23/06/2023	-	-
Bothwell Street	24/12/2023	5,205	7,334
Europa	24/12/2023	-	1,745
Darlington Studios	13/08/2024	422	557
Hillington	15/08/2025	516	690
Total liability		8,098	13,280

Liquidity risk arising from maturity dates is managed in line with the SLC's approach to liquidity risk above.

A break clause was exercised and the lease on the Europa building was exited on 1 March 2021.

SLC entered into one short-term low value lease in 2020-21. As provided by IFRS 16, lease rental costs are expensed as incurred. A charge of £2,000 was recorded in the SOCNE for the year.

12 Trade and Other Receivables

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Other trade receivables	6,175	1,766
VAT	-	1,058
Prepayments and accrued income	6,094	4,884
	12,269	7,708
Amounts falling due after more than one year:		
Prepayments and accrued income	88	127
Total trade and other receivables	12,357	7,835

13 Cash and Cash Equivalents

	2021	2020
	£'000	£'000
Balance at 1 April	6,003	17,305
Net (decrease) in cash and cash equivalents	(1,906)	(11,302)
Balance at 31 March	4,097	6,003
The balances at 31 March were held at:		
Government banking scheme accounts	4,097	5,999
Cash vouchers	-	4
	4,097	6,003

At 31 March 2021 £97,836,000 (2019-20: £73,080,000) was held in trust on behalf of third parties.

14 Trade and Other Payables

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade payables	843	6,600
VAT	4,050	-
Other taxation and social security	2,197	2,033
Accruals and deferred income	18,473	17,448
Lease liability	3,268	3,664
	28,831	29,745
Amounts falling due after more than one year:		
Lease liability	4,830	9,399
Total trade and other payables	33,661	39,144

15 Provisions

	Severance	Legal costs	Dilapidations	Deferred lease improvement	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	100	571	5,012	376	6,059
Arising in year	24	100	329	32	485
Amounts utilised	(124)	(108)	(1,772)	(290)	(2,294)
Amounts reversed unutilised to the SOCNE	-	(463)	(1,320)	(10)	(1,793)
At 31 March 2020	-	100	2,249	108	2,457
Amounts falling due within one year	-	100	-	35	135
Amounts falling due after more than one year	-	-	2,249	73	2,322
	-	100	2,249	108	2,457

At 1 April 2020	-	100	2,249	108	2,457
Arising in year	-	129	121	-	250
Amounts utilised	-	(10)	-	(30)	(40)
Amounts reversed unutilised to the SOCNE	-	(46)	-	-	(46)
At 31 March 2021	-	173	2,370	78	2,621
Amounts falling due within one year	-	173	-	36	209
Amounts falling due after more than one year	-	-	2,370	42	2,412
	-	173	2,370	78	2,621

The provision for legal claims represents the estimated cost to SLC for ongoing legal work. The provision is the best estimate, based on the value of the claims made and the circumstances surrounding the claims.

The provision for dilapidations represents the estimated settlement cost to SLC of the dilapidation's clauses included in its property leases. These costs are expected to be incurred on the termination of the property leases as follows: £286,000 in August 2025, £97,000 in August 2024, £1,151,000 in December 2023 and £836,000 in April 2023. The provision has been made based on the best estimate using independent professional assessments.

Deferred lease improvement represents future improvements to the leased property on Bothwell Street which are part of the specific works required under the terms of the lease agreement until its expiration.

16 Retirement Benefit Obligation

Until 1 March 2020, SLC operated the SLC Pension Scheme for all permanent staff. This scheme was a defined benefit scheme that provides benefits based on final pensionable salary. The assets of the scheme have been held separately from those of SLC, being invested by the Trustees of the scheme.

At 29 February 2020, the SLC Pension Scheme closed to future accrual of benefits and most active members were transferred ('bulk transfer') to the Principal Civil Service Pension Scheme ('*nuvos*' section) on 1 March 2020 where they retained their salary link.

On 1 March 2020 SLC became a member of the Civil Service Pension Arrangements and made the *alpha* and *partnership* schemes available to all its employees and provided non-scheme members with the options of joining *alpha*, *partnership*, or remaining a non-pension member until next re-enrolment date when they would be auto enrolled into *alpha*.

Members with less than 2 years' service had their salary link broken and were given the option of either a refund of contributions or an enhanced cash transfer sum, payable by the end of March 2021. Of the 444 short service members, 180 elected to receive enhanced cash transfer (CETV) sums and the remainder are assumed to have received, or will shortly receive, refunds of contributions.

Any payments in respect of the short service members that had not been made by 31 March 2021 have been included as a current liability in the fair value of assets and a corresponding settlement cashflow has been allowed for within the current fiscal year. There is a gain on settlement of £982,000 in respect of the short service members recognised as at 31 March 2021.

95% of the full payment in respect of the transferring members as at 1 March 2020 was made on 2 March 2020 with the remaining 5% payment made in June 2020 following final data reconciliations. The settlement gain in the year ended 31 March 2020 allowed for the impact of the estimated full 100% payment of £76,498,000, however the actual payment in June 2020 was £135,000 lower than this. The difference has been included as a further gain on settlement for the year ended 31 March 2021.

Under the SLC Pension Scheme rules, if the actuary certified that there is sufficient surplus in the scheme, the trustees may be liable to pay all or part of the surplus to the employer, however this is subject to specific funding rules. The Scheme actuary would have to certify that the scheme liabilities are fully funded under an actuarial valuation conducted under the Pensions Act 1995 (as amended) and SLC does not propose to request a refund given that is not the current position of the Scheme.

A reconciliation of the scheme movements to the Statement of Financial Position is given below:

Reconciliation to Statement of Financial Position	2021		2020	
	£'000	£'000	£'000	£'000
Opening pension net (asset) / liability		(10,557)		31,138
Administrative expenses		877		921
Interest (Income) / costs		(256)		501
Employer contributions		(1,959)		(17,603)
Other staff costs		12		7,619
Actuarial loss / (gain) in fair value of plan assets	2,154		(5,382)	
Actuarial (gain)/loss in defined benefit obligation:				
- effect of changes in demographic assumptions	(132)		(256)	
- effect of changes in financial assumptions	11,782		16,118	
- effect of experience adjustments	1,504		(1,322)	
Total actuarial loss		15,308		9,158
Gain on settlement at transfer of pension fund		(1,119)		(42,291)
Net liability / (assets) as at 31 March		2,306		(10,557)

The SLC Pension Scheme closed to future accrual on 29 February 2020. Following this the 2019 triennial actuarial valuation was concluded and resulted in a new Schedule of Contributions, postponing all payments into the SLC Pension Scheme from SLC. The basis of this was the additional agreement with the Cabinet Office and HM Treasury that the residual parts of the SLC Pension Scheme (being deferred members and pensioners) would transfer to the CSPA by 30 September 2022, generating a surplus for HM Treasury.

Should this transfer not transpire, then the Schedule of Contributions sets out that deficit payments would resume in October 2023, with SLC required to pay contributions of:

- £nil in the years ended 31 March 2022 and 31 March 2023;
- £18,800,000 in the year ended 31 March 2024; and
- £20,300,000 in each of the years ended 31 March 2025, 2026 and 2027.

Net defined (asset)/liability reconciliation	2021 £'000	2020 £'000
Opening net defined benefit (asset) / liability	(10,557)	31,138
Defined benefit cost included in Statement of Comprehensive Net Expenditure	(486)	(33,250)
Total re-measurements included in Statement of Comprehensive Net Expenditure	15,308	9,158
Employer contributions	(1,959)	(17,603)
Net liability / (asset)	2,306	(10,557)
Amounts recognised in the Statement of Financial Position		
Present value of funded obligations	87,492	78,581
Fair value of plan assets	(85,186)	(89,138)
Net liability / (asset)	2,306	(10,557)

The defined benefit obligations are estimated based on the projected unit cost method. They have been rolled forward from a projection from the results of the scheme's statutory funding valuation as at 5 November 2019 to 31 March 2021.

Change in defined benefit obligation	2021		2020	
	£'000	£'000	£'000	£'000
Benefit obligation as at 1 April		78,581		170,813
Current service cost		-		9,639
Past service costs		12		(2,020)
(Gain) on settlements		(1,119)		(42,291)
Settlement payments from plan assets		(3,272)		(76,498)
Interest cost		1,788		4,038
Benefits paid		(1,652)		(1,184)
Plan participants' contributions		-		1,782
Insurance premiums for risk benefits		-		(238)
Actuarial (gain)/loss:				
- effect of changes in demographic assumptions	(132)		(256)	
- effect of changes in financial assumptions	11,782		16,118	
- effect of experience adjustments	1,504		(1,322)	
Total actuarial loss		13,154		14,540
Benefit obligation as at 31 March		87,492		78,581

Change in fair value of plan assets	2021	2020
	£'000	£'000
Fair value of plan assets as at 1 April	89,138	139,675
Interest income	2,044	3,543
Employer contributions	1,959	17,603
Settlement payments from plan assets	(3,272)	(76,498)
Plan participants' contributions	-	1,782
Benefits paid	(1,652)	(1,184)
Administrative expenses	(877)	(927)
Insurance premiums for risk benefits	-	(238)
Actuarial (loss) / gain	(2,154)	5,382
Fair value of plan assets as at 31 March	85,186	89,138

Components of defined benefit cost	2021		2020	
	£'000	£'000	£'000	£'000
Current service cost	-		9,639	
GMP Equalisation / past service costs	12		(2,020)	
Total service cost		12		7,619
Gain on settlements		(1,119)		(42,291)
Interest cost	1,788		4,038	
Interest (income) on plan assets	(2,044)		(3,543)	
Total net interest (income) /cost		(256)		495
Administrative expenses		877		927
Defined benefit cost included in Statement of Comprehensive Net Expenditure		(486)		(33,250)
Re-measurements (recognised in other comprehensive income):				
Effect of changes in demographic assumptions	(132)		(256)	
Effect of changes in financial assumptions	11,782		16,118	
Effect of experience assumptions	1,504		(1,322)	
Return on plan assets (excluding interest income)	2,154		(5,382)	
Total re-measurements		15,308		9,158
Total recognised in the Statement of Comprehensive Net Expenditure		14,822		(24,092)

There are now no active members in the SLC Pension Scheme, and so the below table shows the new analysis of the defined benefit obligation by remaining member type:

Defined benefit obligation by participant status	2021 £'000	2020 £'000
Vested deferrals	69,185	62,602
Retirees	18,307	15,979
Total	87,492	78,581

Prior to the transfer of assets and liabilities to the Civil Service Pension Scheme, previously held equity instruments, real estate and funds were realised. Assets held on behalf of the remaining scheme are now limited to cash and debt instruments:

Fair value of plan assets	2021 £'000	2020 £'000
Cash and cash equivalents	619	(1,000)
Debt instruments	84,567	90,138
Total	85,186	89,138
Actual return on plan assets	(110)	8,924

The assumptions used to determine the actuarial calculations are shown below. There have been no changes in methodology since the prior valuation.

Weighted average assumptions used to determine benefit obligations	2021 %	2020 %
Discount rate	2.20	2.30
Salary increase rate	n/a	n/a
Rate of price inflation (RPI)	3.10	2.40
Rate of price inflation (CPI)	2.70	1.90
Deferred pension increase rate (pre-/post-2009)	2.70/2.50	1.90
Rate of increase of pension in payment	2.90	2.40

Weighted average life expectancy for mortality tables used to determine benefit obligation	2021 (years)	2020 (years)
Male member age 65 (current life expectancy)	20.70	20.70
Male member age 45 (life expectancy at aged 65)	21.80	21.80
Female member age 65 (current life expectancy)	22.70	22.70
Female member age 45 (life expectancy at aged 65)	24.30	24.30

Weighted average assumptions used to determine defined benefit cost	2021 %	2020 %
Discount rate	2.30	1.80 / 2.50
Salary increase rate	n/a	2.90 / 3.10
Rate of price inflation (RPI)	2.40	2.70 / 3.10
Rate of price inflation (CPI)	1.90	1.90 / 2.10
Deferred pension increase rate	1.90	1.90 / 2.10
Pensions-in-payment increase rate	2.40	2.60 / 2.90

As a mid-year remeasurement occurred due to the Scheme's bulk transfer in 2019-20 two sets of assumptions were used for the full 12 months.

The weighted average duration of the defined benefit pension obligation is 28 years.

The funded status of the scheme and the amounts recognised as a liability as at 31 March 2021 are compared to the corresponding amounts given a range of sensitivities below.

Sensitivities from Base - Analysis of amounts recognised in the SOFP

	2020 £'000	2021 £'000	Minus 0.25% discount rate £'000	Plus 0.25% discount rate £'000	Minus 0.25% inflation rate £'000	Plus 0.25% inflation rate £'000	Mortality: Minus one- year age rating £'000
Fair value of plan asset	92,963	85,186	85,186	85,186	85,186	85,186	85,186
Defined benefit obligation	82,406	87,492	93,383	82,074	83,940	90,617	91,112
Funded status	(10,557)	2,306	8,197	(3,112)	(1,246)	5,431	5,926
Net defined benefit liability /(asset) excluding any effect of asset ceiling	(10,557)	2,306	8,197	(3,112)	(1,246)	5,431	5,926

Sensitivities on actuarial assumptions

	2020 %	2021 %	Minus 0.25% discount rate %	Plus 0.25% discount rate %	Minus 0.25% inflation rate %	Plus 0.25% inflation rate %	Mortality: Minus one- year age rating %
Discount rate	2.30	2.20	1.95	2.45	2.20	2.20	2.20
Rate of RPI assumption	2.40	3.10	3.10	3.10	2.85	3.35	3.10
Rate of CPI assumption	1.90	2.70	2.70	2.70	2.45	2.95	2.70
Rate of salary increase	1.90	-	-	-	-	-	-

Contributions in 2021-22

SLC is obliged to contribute between 26.6% and 30.3 % to the alpha scheme and 8.0% to 14.75% to the partnership scheme in 2021-22

17 Capital and other financial Commitments

At 31 March SLC had placed contracts for the purchase of the following:

	2021	2020
	£'000	£'000
Tangible assets	87	1,026
Intangible assets	809	1,219
Software licences	2,253	1,086

18 Called up Share Capital

	2021	2020
	£	£
Authorised		
200 ordinary shares of 50p each	100	100
Allotted, called up and fully paid		
20 ordinary shares of 50p each	10	10

19 Controlling Parties

SLC is owned by the Secretary of State for Education, the Welsh Ministers, the Scottish Ministers and the Minister for the Economy in Northern Ireland.

20 Related Party Transactions

SLC is a NDPB that is funded by the bodies detailed in note 1 to the financial statements. Those funding bodies are regarded as related parties.

During the year, SLC had various material transactions with the above departments. Grant-In-Aid funding received is detailed in 7.3 and 7.4 the Statement of Changes in Taxpayers' Equity, and Statement of Cashflows respectively.

Dependants of Directors, executive management and staff who are students, are eligible to participate in the student loans scheme on the same terms and conditions as are available to other students. During the period, certain Non-Executive and Executive Directors held the following positions with higher education providers with which SLC transacts for student funding or bodies which are closely associated with higher education.

- The Chair, Mr Peter Lauener, is Chair of the Newcastle College Group and Chair of Orchard Hill College & Academy Trust.
- Ms Mary Curnock Cook CBE is a Council Member of the Open University; Chair of Council at the Dyson Institute of Engineering and Technology; Chair of Trustees of The Access Project, Trustee of the United Church Schools Trust; Non-Executive Director of the London Interdisciplinary

School; Non-Executive Director of The Student Room; Non-Executive Director of Education Cubed Limited; Trustee of the Higher Education Policy Institute and Director of MCC Education Intelligence Limited.

- The wife of Mr Simon Devonshire OBE is the Director of the Entrepreneurship Institute at King's College London.
- Ms Charlotte Moar is a Council Member at the University of Bath and an independent member of the Audit and Risk Committee at DfE.
- Prof. Andrew Wathey CBE is Vice Chancellor and Chief Executive Officer of Northumbria University and a Council Member of the All-Party University Group.

SLC is exempt from the disclosure requirements in relation to transactions and outstanding balances, where not individually or collectively significant, with any of the above related parties where the UK Government has significant influence over UK universities.

In addition to the above related party disclosure, a register of interests for Non-Executive and Executive Directors is held by SLC and is available upon request.

Transactions with bodies in which the Non-Executive Directors held interests during the year have been examined. One related party transaction was identified:

During the year SLC contracted with the Student Room £60,000 in respect of digital marketing services.

Compensation for key management personnel is disclosed in the Remuneration and Staff Report, section 4.

21 Statement of Loans Administered by SLC

Funding for the purpose of making loans to students is received by SLC from the Department for Education, the Welsh Government, the Scottish Government and the Department for the Economy in Northern Ireland.

As at 31 March 2021 the total face value of the loan portfolio administered by SLC on behalf of the funding bodies was £177.9bn

(31 March 2020: £156.5bn), which excludes all non-repayable student support.

22 Events after the Reporting Period

The Accounting Officer authorised these accounts for issue on the date they were certified by the Comptroller and Auditor General.

New Lease

SLC has entered into an agreement to lease new offices at Buchanan Wharf in Glasgow City Centre when the lease on its Bothwell Street offices expires towards the end of 2023. Rental costs for Buchanan Wharf will be £717,000 per annum lower compared to Bothwell Street. The initial lease term is 20 years.

Cloud Computing / Software as a Service

In April 2021, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision in relation to configuration and customisation costs in cloud computing arrangements. The IFRIC decided that in

many cases configuration and customisation costs would not usually meet the definition of intangible assets under IAS 38, Intangible Assets (IAS 38). As a result, SLC's cloud computing arrangements may not give rise to an intangible asset under IAS 38 as they do not give SLC the power to control the cloud-based software to obtain the future economic benefits flowing from the asset, and to restrict the access of others to those benefits.

SLC has not had sufficient time to fully assess the impact on its financial position and results and has consulted with its sponsor, DfE, to establish any additional impacts on SLC itself or DfE's consolidated financial statements. Therefore, the impact cannot be reasonably estimated at 31 March 2021, although the impact may be material. At the date the accounting officer authorised these financial statements, a detailed review of the SLC's cloud computing arrangements was underway. The costs under review are included within Internally Generated Software and are estimated to have a carrying value of £21.7m at 31 March 2021.

SLC has updated its accounting policy to reflect the IFRIC decision and will be applying this from 1 April 2021. Any adjustments resulting from the change in accounting policy will be reported in the 2021-22 accounts.



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