The Rt Hon Nicky Morgan MP  
Chair of the Treasury Select Committee  
House of Commons  
Committee Office  
London  
SW1A 0AA

Dear Nicky,

Thank you for your questions on the Government’s proposals to increase the income threshold for the repayment of student loans. I have provided answers to these in turn below.

We will increase the repayment threshold for student loans from its current level of £21,000 to £25,000 for the 2018-19 financial year.

Prior to the changes we announced at the party conference, the proportion of the loan book to be written off over that period was approximately 30%, but it will have risen as a result of the changes announced, and we will make the new amount public in due course. We will then consider any implications for the Treasury’s target for the RAB.

Increasing the repayment threshold will put more money in the pockets of graduates by lowering their monthly repayments. They will benefit by up to £360 in the 2018-19 financial year. This will reduce the repayments received by £1.5 billion from 18/19-20/21 for all English Plan 2 loans.

The Government plans to invest around £9.3 billion in 2017-18 on further education for 16-19 year olds and adults, this includes spend on apprenticeship training. It is not possible to provide a figure for the average funding per student, because figures for adult education and apprenticeships are determined by course and by learner characteristics, not per student.

I am copying this letter to the Secretary of State for Education & Skills, and the Minister for Universities.

PHILIP HAMMOND