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 2024

ANNUAL REPORT AND ACCOUNTS FOR FINANCIAL YEAR ENDING 31 MARCH 2024

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1. Chair's Statement

I am delighted that we were able, in the most difficult circumstances, to continue a trend of year-on-year improvement and deliver a further year of improved performance in FY2023-24. We met ten out of the twelve performance targets set by our government shareholders including delivering positive customer outcomes on service, satisfaction, repayments and quality. I was particularly pleased that we met our target for repayments customer satisfaction.

Like all parts of the public sector, the Student Loans Company (SLC) has faced severe financial headwinds and had to make difficult decisions to ensure that we lived within budget. This meant we had to defer and scale back our improvement programme, which has taken us out of risk appetite on three of our twelve risk categories. In line with our now well established three lines of defence risk management model, the Executive Team are managing this with robust oversight from our Audit and Risk Committee.

The Board retains a clear ambition to improve customer service. We have now successfully concluded a programme of digital transformation called 'Evolve.' I am delighted that this delivered an estimated £427m benefits against the £148m original Business Case investment. This success was verified by a two-stage Infrastructure and Projects Authority review which awarded SLC 'green' ratings, which is a great credit to the many colleagues in SLC who delivered the programme so well. We now receive 98% of applications online and it is clear that our customers want and expect digital contact through industry-standard 'Live Chat' and 'Virtual Assistants'. But there is more that we can do, and supporting customers with over-repayment is one example of where we can drive further improvement.

Our work to improve customer experience and digital engagement links to our ambition to better serve the customers who need us most. This year we launched our Charter for Customers with Additional Needs and made substantial progress in delivering improvements to the Disabled Students Allowance (DSA) service. In February we launched a 'one-stop shop' for DSA customers to make it easier for them to get the support that they need.

The Board is also focused on value for money for taxpayers. We delivered value through combatting financial crime, with estimated prevented losses of £49.6m, a return on investment of 29:1. We also worked with the Department for Education (DfE) and the Office for Students (OfS) to identify and tackle issues across the student finance system, and we continue to exceed targets in collecting repayments.

We have now begun the last year of our current Corporate Plan and our priority in FY2024-25 will be the safe delivery of the application cycle and to maintain repayments performance - given current budget constraints we see little scope for immediate further improvement. It is important, therefore, as we prepare for a new spending review period to work with our shareholders on the investment case to ensure that SLC can continue to build on the foundations of "Evolve" to enable better outcomes for our customers, shareholders and the taxpayer, enabling us to operate within risk appetite.

Alongside my thanks to Chris Larmer and his Executive team, SLC's shareholders and my Non-Executive colleagues, I would like to record my gratitude to Andew Wathey, Mary Curnock Cook and Rona Ruthen who stepped down, at the end of their terms, from the SLC Board. Andrew, who chaired the SLC Stakeholder Forum before joining the Board, and Mary who was a member of the forum before her Board appointment, both supported SLC and the student finance system over many years and provided worthy and lasting contributions.

Peter Lauener
Chair

2. Chief Executive's Foreword

I am pleased to introduce the Annual Report and Accounts FY2023-24 as Chief Executive of the Student Loans Company (SLC). Our purpose is to enable opportunity – through access to further and higher education, by providing the first adult relationship many citizens have with government and by playing a key role in the security and integrity of the student finance system.

We are an organisation of significant scale: in the 2023/24 academic cycle there were 1.45 million (SFE and SFW) full time undergraduate applications received and processed; c.£25 billion paid in total to students and institutions; and a loan book in excess of £250bn. Our 'business as usual' is a considerable undertaking but we continue to strive for better customer, colleague and shareholder outcomes. And last year, we did just that.

We met the majority (over 80%) of the annual performance measures set by our shareholders. This was in a year when we experienced budgetary challenges and had to make difficult prioritisation calls on where and how we spent our budget. I'm especially proud that we delivered another 'year of better' for our customers with above-target performance on customer satisfaction and on getting it right first time.

We aim for most of our customers to digitally self-serve, with assistive support available for those who need it. Our primary digital services, Apply for Student Finance and Manage My Balance within the customer's online account, handled a combined 75 million customer interactions in FY2023-24 which equates to over 93% of all customer interactions. A key improvement this year was our new digital evidence upload service for birth certificates, which benefited 100,000 customers. We also delivered an automated solution for customers to claim a refund if they had over-repaid on their student loan balance.

I am delighted that we made progress on our Disabled Students' Allowance (DSA) reforms, with a new service delivered in February 2024. DSA reform was the subject of an Education Select Committee recently, which highlights the importance and indeed the level of scrutiny in continually improving this vital service, which we are committed to do.

We also delivered better outcomes for our colleagues over FY2023-24, with the approval of our pay case being a considerable milestone. The approval was the culmination of our efforts to create pay sustainability, remediate structural pay issues and address recruitment and retention challenges. We still have work to do to improve employee engagement, but with pay being a key engagement driver, I am confident that we can now make progress.

There are other aspects of the colleague journey that contribute to making SLC a great place to work. This year, our Glasgow city centre-based colleagues moved to a new purpose-built office, and the introduction of a new flexible working policy has significantly increased the flexible working options available. In addition, across SLC, seven new colleague-led networks were created covering areas such as disability, menopause and colleagues with caring responsibilities.

In FY2023-24, SLC received a broadly 'real terms' flat cash budget, meaning that we had to absorb cost pressures. We always aim to deliver best value for taxpayers' money, which means creating efficiencies where we can, but also investing where necessary to protect our core services and customer data. Over the year, we made significant strides in detecting and preventing fraud in the student finance system. Our work, alongside partner organisations, was the subject of a National Audit Office investigation, and a subsequent Public Accounts Committee hearing on franchise provider arrangements. SLC's Financial Crime Prevention Unit was instrumental in bringing this issue to light. The Committee recommended that DfE, Office for Students (OfS) and SLC should agree a shared risk culture and risk appetite, supported by a formal reporting framework, and write this into each organisation's risk register and that their different roles and responsibilities should be clearly articulated and written into organisational system statements and operating protocols. SLC are actively engaging with DfE and partners on the committee's recommendations and our activity to protect taxpayer funding continues to be a key strategic priority.

SLC has continued to make progress in preparing for the delivery of Lifelong Learning Entitlement (LLE). The co-design approach with DfE has enabled SLC's delivery expertise to actively shape policy development, which underlines our role as a trusted delivery partner.

Delivering SLC's purpose is a strong Executive Leadership Team with a wide spectrum of backgrounds and experience. We work with resilient, committed colleagues and I would like to express my thanks to them, to our dedicated Non-Executive Chair and Directors, and to our four government shareholders who work shoulder-to-shoulder with SLC in delivering our purpose and priorities.

Chris Larmer
Chief Executive Officer

3. Strategic Report

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 Higher and Further Education across England, Northern Ireland, Scotland and Wales.

It is a non-profit making organisation. The company is wholly in public ownership; the four UK Government Administrations are its shareholders and since April 1996 SLC has been classified as an executive non-departmental public body (NDPB).

As 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 new and returning students and learners each year; manage a total customer base of 9.63 million applicants, students and repayers; and manage a growing loan book of £260.8 bn (up from £227.5 bn at 31 March 2023). The loan book is a significant UK treasury asset and the English Student loan book is recorded on the DfE Balance Sheet. SLC is responsible for the management of this asset, carrying out the tasks as noted, working in partnership with HMRC for collecting repayments due and for ensuring its integrity and for the customer data that underpins it. The value of the Loan Book referred to in this document represents the face value of the total loan book on 31 March 2024, and not the value in accounting terms which is included in the DfE Consolidated Annual Report and Accounts and relates to the English Student loan book only.

The loan book is partly owned by HMG and partly owned by private investors. The value of loans owned by HMG is recorded in the accounts of DfE.

The overall loan book balance across all domiciles, in billions, is split as follows:

England (HE)	Wales	Northern Ireland	Scotland	HE Total	England (FE)	UK grand total
236.2	9.3	5.1	8.4	259.0	1.8	260.8

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

Key Facts

- 9.63m customers at 31 March 2024, comprising:
  - 6.2m with loans in repayment
  - 2.0m with loans but not yet in repayment
  - 0.03m with grants only
  - 0.3m with applications but not yet paid
  - 1.1m sponsors

- 2.0m applications were processed in the 2023/24 Academic Year

- SLC paid out £23.1 billion during FY2023-24, comprising:
  - £10.63 billion maintenance loans
  - £0.04 billion maintenance grants
  - £11.4 billion tuition fee loans

- £0.23 billion tuition fee grants
- £0.8 billion other grants

- Number of education providers receiving payments:
  - 619 HE providers (all UK)
  - 363 Advanced Learner Loan providers (FE England)
  - 452 schools and colleges (FE Wales and NI) for Education Maintenance Allowance – (payments directly to students)

- 1,291,322 confirmations of enrolment were received from education providers (required before SLC release maintenance loan payments)
- 3,394,074 attendance confirmations were received from education providers (required before SLC releases fee loan payment instalments)
- 346,960 notifications of corrections or changes in student circumstances from education providers were received.

Executive Leadership Team

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

Chief Executive Officer (CEO)	Chris Larmer	Throughout
Deputy CEO and Chief Customer Officer	David Wallace	Throughout
Chief Financial Officer	Audrey McColl	Throughout
Chief Information Officer	Stephen Campbell* Jason Dunham*	Until May 2023 Since May 2023
Executive Director: Business Operations	Jacqueline Currie**	Throughout
Executive Director: Change, Data and Repayments	David Beattie**	Throughout
Executive Director: HE/FE Reform	Derek Ross	Throughout
Interim Executive Director: People	Chris Cooke †	Until June 2023
Executive Director: People	Gillian Brydie †	Since July 2023

* To enable a planned handover, Jason Dunham joined SLC on 11 April 2023, before Stephen Campbell left the company (on 21 May 2023). Jason Dunham officially took over as CIO from Stephen Campbell on 2 May 2023.
** Jacqueline Currie and David Beattie began the year as "Interim" in these roles. However, both positions were confirmed as substantive on 19 April 2023.
† There was a small gap between Chris Cooke leaving on 23 June 2023 and Gillian Brydie joining on 26 July 2023. During this period the CEO (Chris Larmer) covered the Executive Director for People's responsibilities.

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. SLC provides the payment and repayment services for Scotland and Northern Ireland. Additionally, Northern Ireland's Education Authorities use 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 master's and doctoral degrees. These have added to the range of loan products delivered by SLC.

In addition to an increase in the number and variety of loan products, these developments have also significantly increased the complexity of SLC's assessment, payment and repayment services. The rules determining eligibility assessments and entitlement calculations across each of these products – both across the different domiciles and across the range of products offered on behalf of a single domicile – are not consistent and are subject to variable exceptions. This has contributed to complex system dependencies and regular reliance on manual assessment. This complexity has also led to increased numbers of customers raising complaints and appeals, which are overwhelmingly not about SLC service but the complexity of student finance rules and regulations.

SLC also manages a growing range of products for students in further education. These too are tailored to the differing requirements of individual shareholders – from Advanced Learner Loans in England, through to the Welsh Government Learning Grant. Northern Ireland and Wales both continue to offer an 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. Over the past year, SLC has led a programme of work to transform the service delivered to students with disabilities through the DSA Reforms project which is covered more substantively in page 14. In February we launched a 'one stop shop' for DSA customers that enables easy, efficient and supported access to student finance. This work has been underpinned by SLC's 'Charter for Customers with Additional Needs'.

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

During FY2023-24, SLC paid out £11.6 billion in tuition fee payments to universities and colleges on behalf of students and £10.6 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.

The loan book of "income-contingent repayment" (ICR) loans continues to grow (both in value and in number of accounts) and SLC works in partnership with HMRC to collect repayments against it. Although the ICR loan book is partly owned by HMG and partly owned by private investors, SLC and HMRC continue to service it in its entirety, including being responsible for the integrity of the loan book and the customer data that underpins it.

The majority of repayments are made through the tax system (via PAYE or self-assessment) but customers may choose to make repayments to SLC by direct debit if they prefer, and the company actively encourages those customers who are nearing the end of their repayment term to use this facility, as it allows them to manage their remaining balance in real-time.

As a result of the regulations which direct how repayments are made, it is possible for HMRC's PAYE deductions to total more for a tax year than the customer was obliged to repay in that tax year, e.g. when a customer's income fluctuates from month to month, a repayment is correctly taken based on earnings in a specific month, however this can potentially mean that PAYE deductions in individual months total more than the customer was obliged to repay during the full tax year.

SLC administers refunds to customers who have over-repaid loans once the relevant information has been received from HMRC, after the end of each tax year at which point SLC becomes able to calculate the amount refundable.

Below threshold customers need to apply for a refund and over the last year, contacting SLC to claim a refund has been promoted in the media. As noted in the Performance Report, this has had a significant and sustained impact on SLC's contact operations. Since May 2024 SLC has had an automated process in place for customers to claim a refund, making it even easier for customers to request a refund without the need to call.

SLC also collects repayments directly from those customers who reside abroad or are outside the UK tax system.

Customer Experience

Supporting our front line A2P and Repayments services, SLC's channel strategy aims to contain the vast majority of customers within a fully automated self-service experience with a diminishing number of customers moving through three supporting layers of our service model resulting in a small minority requiring a bespoke supported service.

Our aim is that:

- the majority of customers will use a fully automated digital service to complete the end-to-end journey without the need for other support;
- a smaller number of customers will use guided self-service, meaning they will complete their journey digitally, but with support from self-service aids such as a virtual assistant (chatbot);
- a smaller number still will need assisted service: light touch support via live-chat, social media or telephone; and
- the remainder will require a more supported service: tailored and ongoing support where appropriate for customers with the most complex circumstances or additional support needs; SLC recently published a Charter for Customers who need Additional Support, which sets out our long-term intent to deliver a more tailored, prioritised and supportive service.

Our Strategy

The company's Vision Statement is: *"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 was set by the Board in 2019 and is underpinned by the five goals that define our current strategy:

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

The vision and the five strategic goals aimed to succinctly describe the organisation that SLC sought to become over the medium-term, and since 2019, they have shaped SLC into an organisation that is able to maintain a focus on delivering its purpose: "to enable people to invest in their futures through further and higher education by providing trusted, transparent, flexible and accessible student finance services".

Our vision, mission and strategic goals have endured since we launched the Evolve Transformation

Programme in 2019 and remain the cornerstones of our current Three-Year Corporate Plan 2022-23 to 2024-25 which is published on gov.uk/slc [SLC Corporate and Business Plan 2022-23 to 2024-25 - GOV.UK (www.gov.uk).] The stability in strategic direction has ensured that we have delivered tangible, sustained benefits for customers, shareholders and colleagues.

Evolve completed in August 2023, following DfE's Stage 5 gateway review in July 2023 which reported that the programme "has delivered a broad envelope of change initiatives impressively, set against a challenging environment that could have derailed it" and recommended official closure, with a rating of "green" from the Government's Infrastructure and Projects Authority.

The programme has delivered an estimated £427m of benefits against the £148m original Business Case investment, via five new technology platforms. Two significant ones are:

- Customer Engagement Management (CEM) which has resulted in millions of pieces of customer data now being collated in one place and millions of customers logging on to self-serve. This generated over £6m, estimated in cumulative cashable benefits over 3 years.

- Online Repayment System (ORS) which has been accessed by 3.3 million customers and resulted in fewer calls and postage costs leading to an overall estimated cashable benefit of just under £3.1m.

The coming year, FY2024-25, is the final year of the current Three-Year Corporate Plan. Alongside our 'business as usual' of delivering the academic cycle with a 'right channel, right time' customer experience, providing a great place to work for colleagues and delivering shareholder priorities as a trusted delivery partner, we are also looking ahead to our next three-year planning cycle.

Over FY2023-24 we developed a longer-term Strategic Blueprint which identifies the tactical and strategic steps we need to take as an organisation across the key areas of customer, organisation, people, and technology and data to meet our vision. This includes, for example, digitising all customer journeys aligned to government ambitions for digital service delivery, tackling legacy IT debt and creating a Strategic Workforce Plan to ensure we have the right skills for the future. Although we continue to make positive progress in all these areas, delivering this scale of ambition requires multi-year investment, similar to Evolve, that goes beyond our current funding envelope.

Like all public sector organisations, it is incumbent on SLC to deliver best value for taxpayer money. This includes creating efficiency where we can but also investing where necessary to protect money and data. As we develop our next Three-Year Corporate Plan, which will remain aligned to our vision and purpose, we will create a business case alongside it, and our Comprehensive Spending Review bid, guided by our Strategic Blueprint, for the investment SLC needs to continue its transformation to support the efficient, effective, and safe delivery of the Student Finance System.

Key Risks and Issues

SLC has a robust risk culture and effective mechanisms in place for the management of Corporate Risks. Risks are discussed in each directorate and collectively by the Executive at the Executive Risk Forum five times a year. Consolidated risk reports and assurance reports covering specialist risk categories are provided to the Audit and Risk Committee four times a year.

In February 2024, the ELT approved a methodology for embedding an effective approach to the oversight and measurement of Risk Appetite which will be implemented in Q1 FY2024-25. The status of appetite for each category of risk, will be determined by a combination of:

- Risk and Control Assessment (RCA) – Very High Residual Risk Scores
- Issues – Volumes of Critical/High rated Issues

- Internal Audit – Open ‘High’ Internal Audit Recommendations
- Key Risk Indicators (KRIs) – Both quantitative where MI exists and qualitative where MI development is required

Initial analysis highlighted that we would be operating out with our stated risk Appetite in 3 risk categories.

The journey for each significant risk is summarised as follows:

Legacy Technology
Risk Description
Failure to define measure and manage the SLC IT estate (‘event horizon’), encompassing legacy and current (products in development, End of Life, End of Service Life and Extended Support) may result in a failure to maintain critical business services.
FY2023-24 Journey
Work has been completed to identify and understand the impacts of aged software and legacy systems and a risk-based plan is being followed which prioritises remediation. SLC is a complex business and operates in a complex system environment which relies heavily on legacy systems. The SLC legacy system position is recognised, and our “top ten” legacy systems are documented in the CDDO Legacy IT Risk Framework. Although a recognised risk, we have invested in remediation activity through both business projects (particularly Evolve) and the annual technology maintenance programme e.g. significant investment in LA Portal which has enabled progress to be made on the path to tolerance. Throughout the year the availability of systems and the performance levels of those systems has been in line with the APRA key performance indicators.

Information and Data Handling
Risk Description
Inappropriate handling and processing of data may lead to a breach of legislative or regulatory requirements.
FY2023-24 Journey
Work on this risk continues, with progress to a more mature compliance position ongoing via a multi-year programme of work.

Cyber Security
Risk Description
Failure to keep pace with a continually advancing external cyber-crime threat.
2023-24 Journey
SLC adjusted focus to ensure that the approach and control response keeps pace with an external threat environment that continues to evolve. A robust assessment of SLC position has been completed to inform the ongoing approach to this enduring key risk, resulting in the addition of resources to the security team. There have been no successful cyber-attacks against the SLC estate during FY2023-24.

Financial Crime
Risk Description
Incomplete or inadequate response to financial crime threats including internal and external fraud, Anti-Money Laundering / Countering Terrorist Financing and financial sanctions.
2023-24 Journey
The Financial Crime Prevention Unit has defined and is now successfully delivering against a detailed three-year roadmap and strategy that will bring SLC in line with risk appetite.

Staff Attraction and Retention
Issue Description
Challenges retaining subject matter experts with deep knowledge and key technical skills may compromise SLC's ability to deliver against key business objectives.
2023-24 Journey
There has been a reduction in the number of areas with 'hard to fill roles', yet there are still specific areas of the business that have higher than average attrition levels and recruitment challenges. However, the recent approval of SLC's Pay Flexibility Case represents a transformative step to address longstanding structural pay issues and challenges.

Financial Pressures and Budget Deficit
Issue Description
Risks and challenges such as the combined impact of product and system complexity, as well as the increasing cost of servicing legacy systems have created a significant gap between the total funding required to manage SLC operations and to deliver shareholders' priorities.
2023-24 Journey
Some significant budgetary pressures have been faced in the year, risk-based decisions have been taken to ensure budget thresholds have been met, while prioritising customer, colleague and shareholder interests.

In addition, SLC continues to monitor and closely manage the risks associated with the delivery of DSA Reforms and LLE, which represent the most significant policy deliverables for shareholders.

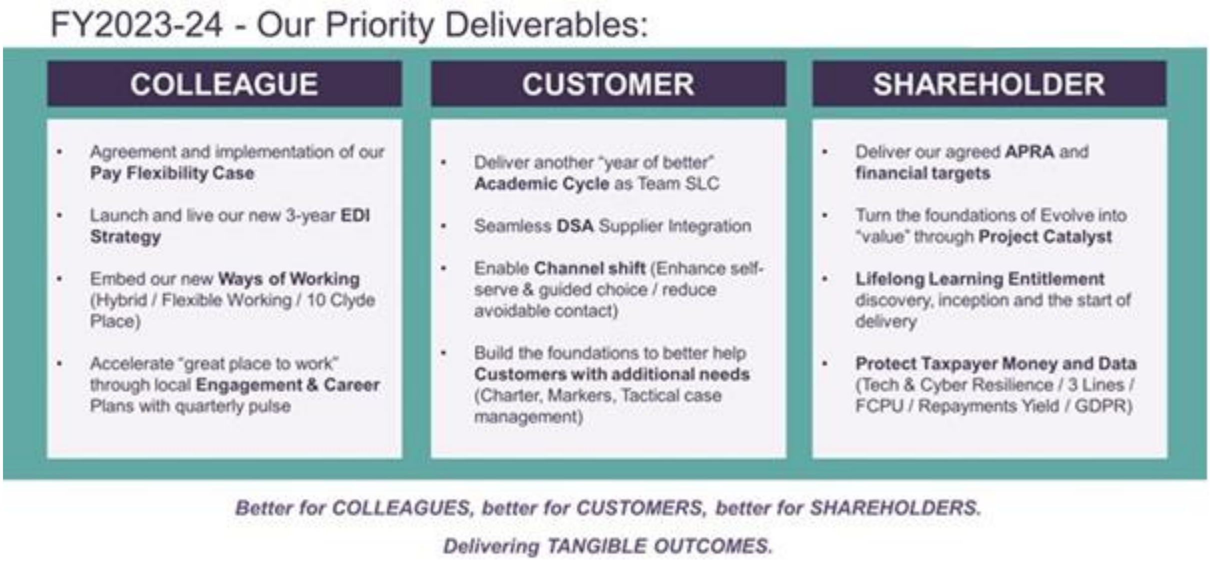
3.2 Performance Analysis

Shareholders confirm SLC's role, core responsibilities and priorities each year in the ***Annual Performance and Resource Agreement (APRA).*** This confirms the company's annual budget and outlines a set of key performance measures and targets which shareholders expect SLC to meet – the APRA measures and targets.

In FY2023-24, SLC received a broadly flat 'real terms' cash budget, meaning that SLC had to absorb cost pressures including inflationary pressures and a mandatory, unfunded non-consolidated payment of £1,500 to eligible colleagues. Like all public sector organisations, it is incumbent on SLC to deliver best value for taxpayer money. This includes creating efficiency where we can but also investing where necessary to protect our core services and taxpayer money and customer data. Within the available budget, SLC had to make difficult prioritisation decisions on where and how we spent money – making sure that we delivered the best possible Customer, Colleague and Shareholder outcomes. This performance analysis demonstrates that through effective prioritisation, we met the majority of our priority deliverables, albeit we were not able to deliver as fully or as effectively as we wanted.

SLC set out its plans and measures performance through three lenses, customer, colleague and shareholder.

Each lens includes priority deliverables, a hierarchy of measures and financial and non-financial performance indicators and targets. SLC priority deliverables for FY2023-24 were:



Performance against these deliverables was tracked and monitoring primarily via Quarterly Business Reviews which bring together SLC's executive, management and business partner teams. Each issue was also considered in depth via executive and supervisory governance, including via the monthly Corporate Performance Dashboard.

Shareholders agreed twelve formal performance measures, each with an associated target, for the FY2023-24 APRA agreement. In ten out of the twelve measures, SLC achieved green ratings for the year. Full details of the twelve measures, and our performance against the agreed targets, are shown within the relevant customer, colleague or shareholder section of this report.

3.2.1 Customers

Delivery of the academic cycle for our applicant and repaying customers is our leading priority each year, and is core to our purpose of enabling opportunity. We aim for the vast majority of our customers to self-serve through our digital channels, with assistive support available for our customers who need support.

We set four key customer priorities for FY2023-24, aimed at delivering tangible improvements for our customers. These were to:

- deliver the **Academic Cycle** as another "year of better";
- progress seamless supplier integration for **Disabled Students' Allowance** (DSA);
- enable **Channel Shift** (enhance self-serve and guided-choice while reducing avoidable contact); and
- build the foundations to better help **Customers with Additional Needs**

The Academic Cycle

The 2023/24 academic cycle was a success with SLC meeting its objective to deliver 'another year of better' customer outcomes in our frontline operations: SLC received 1.45 million (SFE and SFW) full time undergraduate applications and over 99% of these had been fully processed at the end of March 2024, with approximately £13.5 billion paid to students and institutions at that point; (c.£25 billion is expected to be paid in total for this cycle). Customer satisfaction in Apply to Pay, at 81%, exceeded the 75% target and customers reported a smooth, easy experience and considered customer-facing colleagues to be helpful and friendly. Complaints also dropped significantly with an overall 20% reduction on the previous year. SLC's Complaints team are now working with Operational teams to identify and tackle root cases of complaints which, in part, accounted for this significant drop. The level of Appeals, where the validity of a decision SLC has made, based on an interpretation of the relevant regulations is challenged, has increased, reflecting the increasing rule complexity. However, only a small proportion of appeals (c15%) are upheld and where appeals go to Independent Assessors <10% were overturned.

SLC is an increasingly digital business with 98% of applications received online and 85% of evidence in support of applications now digitally uploaded. SLC still receives significant call volumes, with calls handled running to approximately 2.3million. SLC improved its handling rates again for AY2023/24, but this was achieved with higher than desired occupancy in our contact operations, which was consistently higher than the modelled target and industry norms.

SLC's Repayments operation also performed strongly over the year in meeting APRA targets for Customer Satisfaction and Repayment Compliance, but this was achieved against a challenging backdrop. A high-profile media refunds campaign led to widespread online coverage, and resulted in over 21% more incoming phone calls from October than in the previous six months, with concomitant financial and resourcing challenges for SLC.

This high volume of calls was sustained through Q3 and Q4 of the financial year. To manage the unprecedented demand for refunds, an online refund request form was introduced in November 2023 and, with supplementary funding from DfE, a robotics solution was deployed in March 2024 to assist with processing.

This tactical solution provided a platform for further improvement and with additional funding from DfE, SLC are now preparing for the introduction of a new digital refund service in May 2024.

Despite operational challenges in managing this significant and sustained upturn in contact, repayments efficiency remained strong, with 5.9 million customers (91.5%) in a correct repayment channel. Customer satisfaction, at 63%, was above target for the first time in a number of years, and customers have continued to provide positive feedback around response times, helpful advisors, and easy processes.

Disabled Students' Allowance (DSA) Transformation

Creating better outcomes for our customers who need us most is a key strategic aim, as noted in the Strategic Report. SLC has two in-flight projects transforming the service for our customers in receipt of Disabled Student Allowance: DSA Reforms, which delivered in FY2023-24 and DSA Customer Journey Enhancement (formerly DSA Assessment Improvements which is due to deliver in FY2024-25).

SLC mobilised the first phase of the new DSA service in February 2024, to provide a new "one-stop shop" for this group of customers. The company selected two suppliers, who now assess eligibility for, then provide assistive technology and training for disabled students. The suppliers are working to contractual standards, monitored via 23 agreed key performance indicators.

This will enable performance to be tracked at individual stages of the customer journey, (for example previously, when students had to select and contact their supplier themselves, SLC had no visibility of how long that part of the process was taking). With the additional phases of the DSA Transformation Programme scheduled for 2024-25, we expect to see tangible improvements for customers."

Channel Shift

SLC's Customer Vision states: *"We aspire to provide an outstanding customer experience, helping customers to invest in their futures by providing an intuitive, supportive and trusted service."* To support the delivery of this vision, SLC has committed focus to developing and delivering initiatives to improve the experience of customers. Over FY2023-24, we have improved our digital self-serve offering and driven increased digital adoption and containment, worked with Cabinet Office and

Central Digital and Data Office (CDDO) to better align our services to government's digital strategy, and delivered channel improvements via the Catalyst Programme that enabled cost reductions.

SLC is a vast digital business, with our primary digital services Apply for Student Finance and Manage My Balance handling a combined 75 million customer interactions in FY2023-24. Our digital services handled over 93% of all customer interaction with SLC up from 91% the previous year, with customer satisfaction improving to 83%, from 77% over the same period. During FY2023-24:

- 98% applications were received online (up from 97% in FY2022-23); and
- 71m sessions (online visits) to our Apply-to-Pay portals (up by 9% on FY2022-23); and
- 3.8m sessions (online visits) to our Repayment portals (up by 21% on FY2022-23); and
- 411,000 personal details were changed online; and
- 250,000 customers made a repayment online; and
- Live Chat remains our customers' assisted contact channel of choice, with customer satisfaction at 91.5% for this channel, from 185,000 visits; and
- Virtual Assistant (Chatbot) contained 77% of its 510,000 visitors in a digital space.

Through our engagement with CDDO, we are working to improve our digital services which are among the largest in government. Both the Apply for Student Finance and Manage My balance services currently fall short of the mandatory service standards for government digital services and both services have been assessed as requiring improvement by CDDO, with the expectation that these services reach a standard of 'great' by 2025.

SLC is clear how to reach this standard and are defining what a multi-disciplinary team model which is prescribed by CDDO and recommended as best practice by other government departments running large digital services, would mean for SLC's current operating model. The results of this work will be included in the business case for further investment as part of the CSR bid. In addition to this, we are aligning our strategies and plans to those of CDDO and building digital capability across the organisation.

Customers with Additional Needs

It's vitally important that our customers with additional needs get the service they need and have access to the right funding. To support this, SLC created and published a new charter for customers with additional needs in FY2023-24. The charter defines SLC's vulnerable customer groups, explains how we will equip colleagues to identify and support these customers and sets out our longer-term intent to deliver a more tailored, prioritised and supportive service.

We have changed our systems to facilitate indicators which, if the customer consents, can highlight their individual support needs to SLC colleagues. This provides the foundation for providing better help for customers, for example through priority handling or alternative support channels.

A key improvement this year was our new digital evidence upload service for birth certificates, which benefited c.100,000 customers. One reason that we focus on evidence, and reducing the need for customers to send it to us is that the burden of evidence weighs most heavily on customers with additional needs.

FY2023-24 APRA Measures and Targets that Focused on Customers:

The quality of the outcomes provided to customers who had a task processed or who contacted SLC remained strong and above target, and this is also reflected in significantly improved customer satisfaction scores.

	2023-24 Target	2023-24 Result		Comment
Right First Time: processing quality	≥ 92%	93.6%	Green	Processing Quality improved by 1.4 % points compared with the FY2022-23 result (92.2%)
Right First Time: inhouse contact quality	≥ 92%	96.2%	Green	Inhouse Contact Quality also improved: up by 0.8% points compared with FY2022-23 (95.4%)
Customer Satisfaction*: how applicants, students and their sponsors rated the company's overall service	≥ 75%	81.3%	Green	Applicants, students and their sponsors' satisfaction remained steady during FY2023-24, maintaining parity with the improved level set last year (81.4% in FY2022-23, up from 79.1% in FY2021-22).
Customer Satisfaction*: how repayers rated the company's overall service	≥ 62%	63.0%	Green	Repayers' satisfaction significantly improved (from 55.4% in FY2022-23) and has reported "green" for the first time in several years. The repayment service remained highly efficient despite substantially increased customer demand (driven by a high-profile media campaign that encouraged customers to call SLC to claim refunds).
Repayments Compliance Percentage of customers from past cohorts who are compliant with their repayment obligations. ("Past cohorts" means all Income- Contingent Repayment (ICR) customers with an SRDD** before April 2023) to be ≥ 90%	90%	91.5%	Green	Following the media publicity regarding refunds for over-repayments, SLC saw continuous high demand during the second half of the year. Nevertheless, repayments efficiency has remained strong, with 5.9 million customers (91.5%) in a correct repayment channel.

* SLC commissions independent surveys of customer opinions 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.

** SRDD = 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.

3.2.2 Colleagues

Our colleague focused strategic goal is to make SLC a great place to work. Our people are the foundation of our business - we are proud of what each colleague does to help customers invest in their futures. Aligned to our strategic goal, we set four key colleague priorities for FY2023-24. These were to:

- Agreement and implementation of our **Pay Flexibility Case**
- Launch and live our new 3-year **EDI Strategy**
- Embed our new **Ways of Working**
- Accelerate "great place to work" through local **Engagement & Career Plans** with quarterly pulse surveys.

New flexible pay structure

Improving our pay position has been a long-held ambition and a key priority for SLC. Last year, we submitted a Pay Flexibility Case which received final Government approval in March 2024, with the first stage implemented the same month. This achievement was the result of several years of effort to put the company on a more sustainable footing, to address structural pay issues and to address critical recruitment and retention challenges. The implementation of the first stage of the Pay Flexibility Case in FY2023-24 was an important step forward, but SLC remains vigilant to the issues which gave rise to the pay case, and we are determined to create a step change in colleague engagement now that we have established a more sustainable pay structure. The cost of the Pay Flexibility case is self-funded by internal efficiency savings generated across the relevant years of the pay case.

Equality Diversity and Inclusion (EDI) Strategy

SLC launched a refreshed three-year EDI Strategy during FY2023-24 which focuses on embracing the diversity of our workforce and ensuring that no person feels excluded or treated less well than others. A highlight included the creation of seven new colleague-led networks, focused on:

- disability;
- ethnicity;
- carers;
- menopause;
- neurodiversity;
- women's development; and
- wellbeing.

The new networks added to SLC's existing colleague-led networks - Arcus covering LGBT+ colleagues and Green Matters.

We have started work to encourage improved quality in our EDI data, as self-reported by colleagues and have already begun to see some increased coverage. Full details of progress against our EDI Strategy can be found at https://www.gov.uk/government/publications/slc-equality-diversity-and-inclusion-annual-report-2023/slc-edi-annual-report-2023 and our Gender Pay Gap Annual Report https://www.gov.uk/government/publications/student-loans-company-slc-gender-pay-gap-report-for-2023.

Ways of Working

In the first quarter of the year, SLC launched a new hybrid home/office working policy with colleagues asked to attend the office for a minimum of two days per week. At the same time, we substantially increased range of flexible working patterns available to colleagues, for example offering split-shifts and compressed hours. The vast majority – almost 95% - of the 726 requests for flexible working patterns made during FY2023-24 were approved.

SLC's move from Bothwell Street to Clyde Place

SLC has been in Glasgow since the company's inception more than 30 years ago and this year relocated to the city centre's new riverside community at Clyde Place. Following receipt of relevant permissions, including from Cabinet Office which contained a condition that SLC accommodate up to 600 civil servants from other Government Departments, SLC signed the lease for 10 Clyde Place and took possession of the building in May 2023. SLC colleagues moved into the new offices in December 2023, alongside the Criminal Injuries Compensation Authority (CICA, an executive agency of the Ministry of Justice) who occupy one floor of the new building.

The new office is built to modern, sustainable standards which include a living wall, solar panels, and cycle storage area and will contribute to SLC's net zero goals. At the very start of FY2024-25, SLC welcomed Baroness Barran MBE, Minister for the School System and Student Finance to mark the official opening of the new office, with the unveiling of a plaque to commemorate the occasion.

Engagement & Career Plans

SLC's Employee Engagement Survey provides broad insight into colleagues' experiences and views of working at SLC - what they feel is going well, and where they think improvements could be made. In common with many public sector organisations, the overall scores for the last two years' surveys have been lower than we would have hoped, with the annual APRA targets not being met. While pay has been the biggest issue impacting engagement, we have increased our survey rhythm to include quarterly pulse surveys, in addition to the annual survey, to better understand engagement and what we can do to improve colleagues' experience.

A key pillar of our People Strategy is to enable colleagues to grow and develop their careers with SLC. Over FY2023-24 we have run a variety of programmes to support that aim:

- **Career Coaching** has been introduced as a business-as-usual activity, this provides all colleagues with the opportunity to meet individually with a practitioner and explore different career options aligned to our career pathways. Feedback tells us that 100% of colleagues who have used Career Coaching to date would recommend the session to peers.
- **Leap of Faith** – successfully (re)launched in June 2023, this provided colleagues the opportunity to spend time experiencing life in another area of the business area for up to half a day depending on the leap. Designed to complement career pathways and support colleagues along their chosen career path by finding out about a particular role or skill, and perhaps consider if their own skills and capabilities might fit for a potential move in future. 112 colleagues participated in Leap of Faith this financial year**.** Currently exploring with the People group how to provide an 'always on' approach to Leap of Faith.
- The **Aspiring Leaders** programme was created to provide structured opportunity for colleagues to build their career pathway working towards their first leadership role in SLC. This 12-month path finder programme commenced in January 2024 with a total number of 24 colleagues across Operations, PCER and DSA.
- Creating **Prep for success** which are bitesize online learning sessions to support colleagues with CV Writing, Interview Skills and Presentation Skills
- The **Performance Development** process for 2024-25 has been redesigned based on extensive stakeholder feedback.

FY2023-24 APRA Measure and Target Focused on Colleagues:

	2023-24 Target	**2023-24 Result**		**Comment**
Employee Engagement Survey	6.6	5.8	Red	In common with many public sector organisations, the overall scores for the last two years' surveys have been lower than we would have hoped. However, since this year's survey took place, several initiatives are likely to have a positive impact on employee engagement. This includes the agreement of the two-year Pay Flexibility Case, but also SLC's People Star awards and a revised, simpler approach to performance development.

This reflects our average Employee Net Promoter Score (eNPS) – used to measure how willing employees are to recommend SLC as an employer with underlying data used to measure employee satisfaction and engagement levels.

3.2.3 Shareholders

As a trusted delivery partner of our four government shareholders, SLC is committed to protecting taxpayers' money and data as we deliver their policy priorities. During FY2023-24 we made significant improvements in the detection and prevention of fraud and financial crime – both by building capability within SLC and by working with our DfE and Office for Students partners to tackle attempted and actual fraud across the student finance system.

Current funding has a direct impact on the extent to which SLC can progress the activities that we know will deliver tangible shareholder benefits, but we remain committed to delivering the best possible outcomes. Our shareholder priorities for FY2023-24 were to:

- deliver our agreed APRA and financial targets;
- protect taxpayer money and data;
- turn the foundations of Evolve into value through the Catalyst Programme; and
- Discovery, Inception and the start of delivery of Lifelong Learning Entitlement (LLE)

FY2023-24 APRA Measures and Targets Focused on Shareholders:

Finance

	2023-24 Target	2023-24 Result		Comment
Administration Budget (£42.2m) - Variance	Up to 2% underspend; zero overspend.	0.6% (£0.3m) Underspend	Green	SLC are 0.6% underspent on Admin and within APRA tolerance.
Programme Budget (£208.9m) - Variance	Between 5% underspend and 1% overspend	1.2% (£2.4m) Overspend	Green	SLC are 1.2% overspent on Programme, 0.2% above our APRA tolerance. Although above tolerance this is reported as green as DfE agreed this level of overspend.
Capital Budget (£68.5m) - Variance	Between 5% underspend and 5% overspend	20.6% (£14.1m) Underspend	Red	The Capital underspend is 21%, 16% higher than the APRA tolerance. Underspends arose due to the replanning of LLE and the number of projects requiring capital budget decreased significantly.

The timetable for submission of the anticipated split of budgets across Admin, Programme and Capital means that this is required before the Discovery and Inception stages of projects are finalised. Given the complexity of the SLC system landscape and the evolving nature of technology, forecasting the Capital requirement is particularly difficult given that the final design agreed will drive the nature of the funding requirement e.g. a software as a service solution will require revenue whereas the creation of an Intangible asset will require capital.

Change Portfolio Delivery

	2023-24 Target	2023-24 Result	Comment
Policy Portfolio	Green	Green	Online services for the 2023/24 academic cycle were all launched on- time
Evolve Portfolio	Green	Green	Evolve completed in August 2023, following DfE's Stage 5 gateway review in July 2023 which reported that the programme "has delivered a broad envelope of change initiatives impressively, set against a challenging environment that could have derailed it" and recommended official closure with a rating of "green". Evolve has delivered estimated benefits of £427m against the £148m original Business Case investment.

Technology Performance

	2023-24 Target	2023-24 Result		Comment
Technology	87%	90.2%	Green	SLC's Technology Group reports 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. Above target, and improving on FY2022-23 (89.8%), itself an improvement on 2021-22.

Taxpayer Money and Data

This priority covers a range of activities that SLC undertakes in order to protect taxpayer money and data. It includes our work to progress UK Data Protection, technology and cyber resilience, our approach to risk and financial crime prevention as well as Repayments yield. The following sets out some of our achievements in protecting taxpayer money and data:

- SLC continues to invest in complying with GDPR with spend to date in the region of £43m. A milestone achieved in FY2023-24 was the successful completion of the company's One Customer Account (OCA) project and in the year ahead we expect to complete the remaining Targeted Bulk Erasure (TBE) project deliveries alongside the integration of our existing software platform with the TBE service for lapsed applications. Our overarching multi-year Strategic Data Minimisation (SDM) project continues; however, budget pressures will influence the speed at which we can complete the remaining elements of this project.

- A key achievement in technology resilience over FY2023-24 was the without incident move and enhancement of our Datacentre from our Bothwell Street office which was a major aspect of the move to Clyde Place. The exit programme successfully reconfigured the former Bothwell Street Datacentre in a new co-location and allowed SLC to fully utilise Disaster Recovery protocols upgrading from a tier 2 to tier 3 facility. We also lost fewer hours to service outages in our contact operations compared to the previous year and reported 11% fewer major technology incidents.

- During FY2023-24 we made significant improvements in the detection and prevention of fraud and financial crime – both by building capability within SLC and by working with our DfE and Office for Students partners. An example of this is our investigative work which revealed financial crime exposures at some franchise providers, triggering continued activity across the public and private sectors.

- SLC's Financial Crime Prevention Unit has contributed savings and estimated prevented losses totaling £49.6m during FY2023-24, which constituted a Return on Investment of 29:1.

Repayments Yield

SLC works to confirm 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.

Against a backdrop of a challenging operating environment and increasing number of customers, SLC has again exceeded its repayments targets for FY2023-24.

Efforts to increase the number of customers who have verified their residency and employment status have been successful, with the final percentage of verified customers reaching 91.5% against a target of 90%. Each 1% increase in this rate equates to circa 60k additional customers being verified and an additional circa £27m being repaid to the Exchequer.

SLC takes a responsible approach to all debt collection activity and is mindful that customers may find themselves in difficult circumstances. We strive to ensure fair and supportive treatment of customers with additional needs and those facing financial hardship, and frontline colleagues undertake training to support customers with additional needs.

Despite this strong performance we believe that there is more that can be achieved. SLC will submit an Invest to Save business case as part of the next Comprehensive Spending Review bid which could deliver an additional Yield of c£277m.

The Catalyst Programme

In FY2023-24 we established the Catalyst Programme to identify and deliver efficiency savings in FY2023-24 and beyond. A Catalyst board was established, led by SLC's Chief Financial Officer, aligned to existing Change Governance through SLC's Investment Committee and Change Board.

Lifelong Learning Entitlement (LLE)

Current Government Policy is that from Academic Year 2026/27, LLE will provide individuals with a loan entitlement to the equivalent of four years of post-18 higher education to use over their lifetime. It will be available both for modules and for full years of study at higher technical and degree levels (levels 4 to 6). This will facilitate flexible study – allowing individuals to space out their studies, transfer credits between FE and HE institutions, and take up more part-time study. It is expected that the first LLE learners will apply for their funding in September 2025 and commence study of their courses and modules from January 2027.

SLC is responsible for the application and assessment service that will enable LLE delivery. We are working in partnership with DfE and other stakeholders, following user-centred design principles, to deliver an efficient and effective student finance system that will support LLE.

In October 2023, SLC commissioned a review of development work undertaken so far. After delivering several technical proofs of concept, we determined a preferred approach which is to build upon our existing technical capability and procure an industry-standard business-rules engine.

3.2.4 Financial Performance and Position

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

This 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.

Grant-in-Aid Funding

As part of the Government's Budgeting Framework, Grant-in-Aid funding is allocated each year from the original Departmental Expenditure Limit (DEL). This consists of two separate budgets: net resource spending (resource DEL) split into Administration and Programme expenditure; and net Capital expenditure (capital DEL).

Resource DEL is further split into cash and non-cash. The cash element for Resource DEL in 2023-24 was £251.1m (2022-23: £255.2m). The non-cash element covers items such as depreciation and amortisation. The non-cash element of funding amounted to £30.8m in 2023-24 (2022-23: £43.0m).

Grant- in-Aid Funding for Delivery of SLC Core Activities and Change Projects

	2023-24 DEL Administration £'000	2023-24 DEL Programme £'000	2023-24 DEL Capital £'000	2023-24 Total £'000
Non-ringfenced (Cash)	42,174	208,929	68,505	319,608
Ringfenced (Non-cash)	7,700	23,100		30,800
Total	**49,874**	**232,029**	**68,505**	**350,408**

	2022-23 DEL Administration £'000	2022-23 DEL Programme £'000	2022-23 DEL Capital £'000	2022-23 Total £'000
Non-ringfenced (Cash)	42,174	213,000	36,000	291,174
Ringfenced (Non-cash)	10,750	32,250		43,000
Total	**52,924**	**245,250**	**36,000**	**334,174**

In addition to DEL funding, SLC receives Grant-in-Aid funding for Annually Managed Expenditure (AME). This covers expenditure which cannot be fully controlled. The AME element of funding granted from DfE amounted to £1.6m credit (2022-23: £1.4m charge). This was due to recognising budget for a provision releasing in year.

The non-ringfenced (cash) Grant-in-Aid of £319.6m shown in the table above is the budgeted figure for FY 23-24, this is £22.7m more than the £296.9m shown in Changes in Tax Payers' Equity which reflects actual expenditure and excludes the AME credit of £1.6m above. Non cash transactions account for the difference between budget and actual.

AME Expenditure

	2024 £'000	2023 £'000
Pension interest charge / (income)	837	(50)
Pension administration expenses	1,117	431
Provisions *	606	926
Depreciation *	25	185
	2,585	**1,492**

* Prior year figures have been restated to include movements in provisions recognised in SOCNE from £1,098k to £926k and to include depreciation recognised in the SOCNE.

Non-Grant-in-Aid Funding

SLC continued to receive other income amounting to £974,000 (2022-23: £1,132,000) from those universities and colleges that choose to have SLC administer their bursaries and scholarship payments under the Bursary Administration Scheme. Further income was received from third parties in relation to the historic sales of Mortgage Style Loans; this amounted to £70,000 (2022-23: £85,000). SLC received income in year from CICA to cover fit-out costs of the first floor in Clyde Place which they occupy. This amounted to £1.0m and fully reimburses SLC for expenditure incurred.

Year-End Outturn

The overall outturn was £335.0m (2022-23: £321.4m), an underspend of £11.9m against our non-ringfenced cash (2022-23: £6.2m) and an underspend of £3.5m (2022-23: £6.6m) against our ringfenced cash, a total of £15.4m (2022-23: £12.8m) against the APRA budget, as shown below:

Final budget outturn position of net expenditure

	2023-24 Budget £'000	2023-24 Outturn £'000	2023-24 Variance £'000
Non-Ringfenced (Cash)	319,608	307,709	11,899
Ringfenced (Non-cash)	30,800	27,314	3,486
Total DEL	**350,408**	**335,023**	**15,385**

The non-ringfenced cash underspend consists of a small underspend against our administration budget of £0.3m, an overspend on Programme of £2.4m, this is within agreed tolerances as set out in SLC's APRA where permission to incur additional expenditure may be sought from DfE to maintain service delivery. £1.5m of the Programme overspend related to the replanning of LLE and the remainder relates to a range of operational pressures. The underspend of £14.1m on capital included £6m of LLE spend not being capitalised, the remainder is a result of projects requiring less capital budget as noted in section 3.2.3.

Ringfenced non-cash budgets were underspent by £3.5m due to useful lives of a large portion of intangible assets being extended out during the year.

The table below reconciles the net expenditure for the year as shown in the Statement of Net Expenditure with the outturn for the year, as noted above, in respect of our budget position as reported to DfE.

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

Reconciliation to Financial statements	**2024**
	£’000
Total expenditure per SOCNE:	
Staff and restructuring costs	137,700
Depreciation, amortisation and impairments	27,300
Other administrative expenses	117,800
Finance Costs	2,900
	285,700
Non Grant-in-Aid income (note 3)	(2,500)
Capital Expenditure	56,100
Add back: AME income recognised on SOCNE	(2,600)
Add back: AME income recognised on SOFP	(1,700)
Total Outturn	**335,000**

Staff and Restructuring Costs

Total Staff costs have increased by £12.1m (9.7%) from £125.4m in 2022-23 to £137.7m in 2023-24.

Of this increase £4.1m relates to changes in Employer’s National Insurance and Pension contributions. £4.6m reflects an additional non-consolidated payment of £1,500 per person for colleagues in delegated grades (which in SLC is up to and including SLC grade 19) in August, in line with the addendum to the Civil Service Pay Remit Guidance released by Cabinet Office, following discussions with trade unions. A further £3.8m relates to the approved Pay Flexibility Case, implemented in March 2024 backdated to October 2023. The remainder of the increase, around £2m is from a 7.5% increase in average headcount including higher average fte levels, e.g. An increase of 77 fte in Operations and 17 fte in Technology Group, offset by a reduction in overtime of £0.5m.

In addition, SLC employee costs charged to capital projects increased from £3.9m in 2022-23 to £6.4m in 2023-24. An increase of 64.0% (£2.5m).

Indirect Staff costs have increased from £0.8m in 2022-23 to £1.2m in 2023-24 with the movement evenly split across Operations, TG and PCER directorates.

Depreciation, Amortisation and Impairments

Depreciation, amortisation and impairment charges of £27.3m (2022-23 £36.6m) are in line with capitalisation policies on both existing assets and additions net of disposals in 2023-24. There is a reduction of £9.3m in the charge for the year reflecting a lower asset base, reduced activity and a review of useful economic lives.

Other Administrative Expenses

Overall other Administrative spend decreased by £12.5m to £117.8m compared to £130.3m in 2022-23.

As Technology underpins the services SLC provides to customers, understandably the majority of the in-year movement relates to our Technology Service Delivery. This decreased by £14.3m from £56.8m in 2022-23 to £42.5m in 2023-24. Within this movement spend on the Change and Evolve Programmes reduced by £4.1m and £8.3m respectively. This was driven by changes in requirements and the removal of overheads.

Our new Catalyst programme incurred £0.7m of expenditure having only recently started.

The business saw increased spend in Technology, Licences, Voice & Data costs of £1.9m partly due to supplier price increases.

Note 2 to the accounts shows spend by operating segment but does not split staff and other administrative expenditure. More detail on the movement by category can be seen in Note 4 to the accounts showing smaller movements totaling a reduction in spend of £0.2m covering all other administration expenditure excluding Technology Service Delivery and Technology, Licences, Voice & Data costs. This reflects in-year efficiencies by the business and pausing some spend to ensure we remained within control totals.

Financial Risks and Challenges

Other risks and challenges such as the combined impact of product and system complexity, as well as the increasing cost of servicing legacy systems have created a significant gap between the total funding required to manage SLC operations and to deliver shareholders' priorities for 2024-25, and the amount of funding that has been formally allocated to SLC by DfE in the draft APRA letter. We are reviewing our priorities on an ongoing basis and are engaging with DfE regularly on our in-year financial performance. To mitigate the risk of overspending, we have additional budget controls in place. Funding for LLE has been approved with a phased timescale of delivery meaning the first LLE learners will apply for their funding in September 2025. It is essential that SLC meet project milestones for this go-live date to be achieved.

3.2.5 Summary of key items from the Financial Statements

Pension Scheme

As stated in the Remuneration and Staff Report, SLC is a member of the Civil Service Pension Arrangements and makes the Alpha and Partnership schemes available to all its employees. The pension schemes are unfunded, that is, no financial liabilities or asset management rests with SLC for these Schemes. Employee contributions are salary related. Details of the scheme can be found at www.civilservicepensionscheme.org.uk

Transfer arrangements for deferred and pensioner members from the previous SLC scheme are currently paused pending the outcome of sector wide pension litigation (not directly involving SLC). In the 2022-23 financial statements the pension deficit of £16.9m as at 31 March 2023 has been revalued as at 31 March 2024 reflecting the latest actuarial valuation issued by Mercer on 19 April 2024. The deficit has increased to £19.7m. This change has been caused mainly by the fall in the fair value of plan assets due to inflation. Note 15 also summarises the agreed future funding arrangements for this scheme. Upon transfer, DfE will cover any liability in the scheme.

Special Payments (audited)

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for SLC or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

There were no losses or special payments exceeding £300,000, either individually or in aggregate, made in 2023-24.

There were no donations made during the year.

Fees and Charges (audited)

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.

Contingent Liabilities (audited)

As of 31 March 2024, SLC had one active legal case in respect of which a contingent liability of c£0.11m has been made.

SLC are currently engaging with their (former) Landlord of the premises at 100 Bothwell Street, Glasgow, in respect of dilapidations.

Remote Contingent Liabilities (audited)

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

At the year-end SLC had no remote contingent liabilities.

3.2.6 Sustainability

Greening government commitment performance

As an executive non-departmental public body of the DfE, SLC reports quarterly Greening Government Commitment (GGC) figures to the department. In line with the broader GGC goals, we aim to reduce our emissions, waste and water consumption. This is reflected in the targets we have set out below. The GGC targets use 2017-18 as a baseline to demonstrate progress.

Performance against baseline

Category	2023-24	2017-18 baseline	Percentage change from baseline	Target
Overall greenhouse gas emissions (t CO_2e)	1,431	2,261	-37%	Reduce overall greenhouse gas emissions by 56% from baseline
Direct greenhouse gas emissions (t CO_2e)	449	646	-30%	Reduce direct greenhouse gas emissions by 36% from baseline
Overall waste generated (tonnes)	478	352	+36%	Reduce overall waste generated by 15% from baseline
Proportion of waste that is recycled	54%	50%	-4%	Increase the proportion of waste that is recycled to at least 70% of waste

Paper consumption (A4 equivalent reams)	1,419	3,780	-62%	Reduce paper consumption by 50% from baseline
Water consumption	9,727	7,905	+23%	Reduce water consumption by at least 8% from baseline
Domestic air travel	19.08	57.93	-67%	Reduce the emissions from domestic flights by 30% from baseline

Proportion of waste going to landfill is not reported as it does not apply to SLC.

<u>Task Force on Climate related Financial Disclosures (TCFD)</u>

Compliance Statement

SLC has reported on climate-related financial disclosures consistent with HM Treasury's disclosure application guidance. This is aligned with the Taskforce for climate-related financial disclosure (TCFD), which it interprets and adapts the framework for the UK public sector.

SLC has voluntarily applied the TCFD recommendations and recommendations disclosures around:

1) Governance (all recommended disclosures)
2) Metrics and targets (disclosures (b))

Governance and Management

Climate-related risks are fully considered by the business and are governed by a variety of internal and external governance mechanisms. There is a Sustainability Board and a Carbon Management Plan, as well as an Environmental and Sustainability Policy, see page 50. The business recently achieved ISO 14001 accreditation and provides numerical quarterly reports to DfE detailing all aspects of historic and current energy and resource usage. Reporting Sustainability upwards to ELT and the Main Board is in development within SLC and planned to be introduced in the first half of next year.

The Sustainability Board is comprised of staff from across the business led by Head of Estates and Sourcing and our Health and Safety Manager. To date 6 members of Estates staff have completed their climate literacy training with more training sessions planned. This training will allow those colleagues who have attended to train others internally.

SLC has not identified any specific climate related risks and has identified multiple opportunities which are called out within the Sustainability Strategy.

1. Moving towards fully decarbonising the estate.
2. A focus on recycling.
3. Reducing the estate footprint.
4. Encouraging the use of technological solutions such as Teams to reduce employee travel.
5. Educating colleagues on the theme of climate literacy.

Metrics and Targets – recommended disclosures:

Emissions: We report our scope 1, scope 2 and scope 3 greenhouse gas emissions in line with the scope of the Greening Government Commitments and the methodology described in the Sustainability Reporting Guidance 2023-24 Sustainability Reporting Guidance.docx (publishing.service.gov.uk), see table on page 29.

This is in line with the central governments TCFD-aligned disclosure implementation timetable. SLC plans to provide recommended disclosures for Strategy, Risk Management and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable.

Environment, Sustainability and Corporate Responsibility

SLC have been unable to collect and apportion financial information for the waste, water and paper sustainability disclosures for 2023-24 but are continuing to work with the third- party suppliers with the aim of providing the disclosure for next year's APRA. The percentage of fleet cars categorized as Ultra Low Emission vehicles is currently not provided by SLC as the relevant emission data is not yet available.

SLC was unable to produce its sustainability strategy in FY2023-24 but will publish it in FY2024-25, we will use this as a platform to broaden and enhance reporting that helps demonstrate SLCs commitment to sustainability and ensures we conform with the requirements of FReM. This new sustainability strategy will set reduction targets and objectives for the company for the next 3 years and will be supported by SLC's Sustainability Working Group.

Mitigating climate change and Net Zero 2050

In line with the reporting requirements, energy use, energy savings and associated carbon emissions data for FY2023-24 are detailed below. SLC's gas and electricity consumption is captured from electricity and gas bills, our resultant emission figures are calculated by the GCC annual return spreadsheet provided to us, waste figures come from our Total Facilities Management provider (including percentage of waste recycled or converted to energy) as part of their monthly reporting. Business travel data is provided by SLC Commercial and Finance and comes from expenditure and contract detail/analysis.

The subheadings on our Sustainability Strategy, page 27 highlight the initial measures for mitigating actions SLC will take to meet our targets. SLC remains committed to reducing waste.

Following guidance published by the Department for Energy Security and Net Zero and the Department for Environment, Food and Rural Affairs, total greenhouse gas emissions are calculated using current conversion factors for the reporting year.

SLC greenhouse gas emissions (tonnes of CO_2e)

More detailed figures are now available than in previous years. SLC's figures for FY2023-24, as provided in its Greening Government Commitments (GGC) return, are shown below.

	2017-18	2019-20	2020-21*	2021-22	2022-23	2023-24
Total gross emissions for Scope 1 (direct emissions)	646	532	-	781	828	449
Total gross emissions for Scope 2 (energy indirect)	1,615	1,433	-	1,109	1,073	982
Total gross emissions for Scope 3 (other indirect)	-	-	-	-	-	-
Total emissions	2,261	1,965		1,890	1,901	1,431

*no data was captured for 2020-21 due to the Covid-19 pandemic.

Note: CO_2e is a carbon dioxide equivalent, and is the number of metric tonnes of CO_2 emissions with the same global warming potential as one metric tonne of another greenhouse gas. It allows bundles of greenhouse gases to be expressed as a single number.

SLC's year-on-year reduction of CO2 (470 tonnes reduction in 2023-24) is equivalent to saving the total carbon footprint of 53 SLC employees. WWF confirm that the UK average person's footprint for 2024 is 8.8 tonne. The primary reason for the drop in emissions is around the use of natural gas and SLCs move away from this to electricity. The reduction in floor space and moving into a brand new building has contributed to the drop in emissions.

Business travel

Business travel emissions have increased by 48% compared to 2022-23 as business travel has returned to pre-pandemic levels. The total cost of business travel in 2023-24 was £338,000 including accommodation costs, which is an increase of £65,000, 19% from 2022-23. The business is making more use of public transport.

	Unit	2017-18	2019-20	2020-21*	2021-22	2022-23	2023-24
Fleet	000's Km	107.3	220.5	32.7	148.2	177.3	222.4
Non Fleet		157.3	128.1	3.9	20.2	71.1	23.3
Rail		369.5	2,142.1	22.4	38.4	516.1	844.6
Air		161.6	388.2	-	19.8	110.7	154.7
Total business travel	000.s Km	795.7	2,878.9	59.0	226.6	875.2	1,245.0
	Tonnes of CO_2e	201.15	217.43	8.04	34.84	89.59	91.54

*No air travel in 2020-21 due to the Covid-19 pandemic.

SLC's greenhouse gas emissions from air travel

	Unit	2017-18	2019-20		2020-21*	2021-22	2022-23	2023-24
Domestic flights	Tonnes of CO_2e	57.93	52.34		-	2.57	20.08	19.08
Total emissions	Tonnes of CO_2e	57.93	52.34		-	2.57	20.08	19.08

*No air travel in 2020-21 due to the Covid-19 pandemic.

Waste minimisation and management

In 2023-24 SLC generated 323 tonnes of waste of which 110 tonnes was ICT waste (excluding waste reused). Over the past year, our generation of waste has increased by 79 tonnes to 323 tonnes. This is due to more staff returning to our offices post pandemic and in line with our hybrid working policy. The cost of waste disposal in 2023-24 was £62,494 (2022-23 £50,759). Food waste is included in the energy from waste figure, there is no separate compostable waste figure.

ICT and Digital

SLC Technology Group work with a Secure Recycling partner, CCL North, who collect IT equipment SLC no longer requires. Items are securely erased before refurbishing, reusing, or dismantling into components to maximise recycling ensuring nothing is sent to landfill. CCL North hold accreditations in quality management, environmental management, and information security management.

	Unit	2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
Non-recycled waste	Tonnes	176	275	84	153	224	87
Waste – recycled at source	Tonnes	176	227	85	153	132	111
Total waste	**Tonnes**	**352**	**502**	**169**	**306**	**356**	**198**
Total waste recycled at source	(%)	50	45	50	50	37	56
Total ICT waste recycled, reused and recovered (externally);	Tonnes	11	5	3	49	112	27.19
Total waste incinerated with energy recovery	Tonnes	165	270	81	104	112	87.24
Total waste incinerated without energy recovery	Tonnes	0	0	0	0	0	0
Total waste to landfill	Tonnes	0	0	0	0	0	0

Water, energy and paper consumption

Water consumption increased across the estate to 9,922 m^3 (6,537m^3 for 2022-23), with the increase attributable to greater footfall across the estate as hybrid working changes saw staff in the office more.

As shown in the table below, there has been a 141% increase in the use of A4 paper in the last year, mainly due to the increased footfall in the office.

	Unit	2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
Paper	A4 reams equivalent	3,780	4,568	750	759	589	1,419
Water	Cubic meters (m^3)	7,905	2,719	1,983	1,995	6,537	9,727
	£'000	110	153	53	12	15	34
Electricity	Megawatt-hours	3,920	5,608	5,073	5,222	5,551	5,174
	£'000	651	776	637	724	1,437	1,396
Gas	Megawatt-hours	3,258	6,445	5,771	6,339	3,942	2,747
	£'000	36	65	55	70	113	190
Diesel	Megawatt-hours	39	34	18	25	23	16
	£'000	-	1	20	9	18	10
Total utilities	£'000	797	995	765	815	1,583	1,630

*spend per year is based on actuals posted to each ledger code

Measures to mitigate water and paper usage will be included in our Sustainability Strategy due to be published in 2024-25.

Energy use across SLC's estate has decreased by 23% this year compared to 2022-23. This is mainly due to moving from the gas-fired plant within Memphis office and also moving to our new Glasgow office which is entirely electric.

The energy and water resources consumed in the course of staff working from home are not measured here.

Consumer Single Use Plastics (CSUPs)

CSUPs	2023-24	2022-23	Target
Number of items	40	50	Reduce to zero

SLC has reduced the use of CSUPs by 20% from 2022-23. We are working towards reducing this further to our target of zero waste. Baseline data for 2017-18 is not available. A re-use initiative to supply all employees with bamboo cups has been implemented and no single use plastics are used in SLC catering facilities.

Office Usage

SLC employs staff in 4 locations with a total of 2,009 desks, a reduction of 14% from 2,334 desks in 22-23. Our Glasgow city Centre footprint has reduced from 101,000 sqft to 61,000 sqft.

Sustainable procurement

SLC use Crown Commercial Services (CCS) Frameworks (FW) predominately. During the selection criteria at the commencement of the any procurement process requires any bidding entity to self-declare that they meet the standards required from the outset of the tender process, see link to PPN 03_24 Standard Selection Questionnaire 2024 Update FINAL.docx (publishing.service.gov.uk) . Legislation also dictates that a contracting authority must include an element of Social Value 10% weighting in their evaluation as per Procurement Policy Note 6/20.

The framework owner would carry out the above steps including adhering to Government Buying Standards and monitor the Management Information and SLC would call off from the framework.

Where SLC have carried out their own competition (not via a framework), SLC would be responsible for managing the above steps (selection, evaluation) as well as stating the measuring and reporting requirements.

Agreements exist for all office catering and food, in relation to sustainability, food waste is recorded by estates and sustainable materials only are used within the agreements and no use of plastics. SLC have in-house staff outlets in Darlington and Glasgow ran by Baxter Storey and Madisons respectively. Both use recyclable consumables and compostable cups, neither use single use plastics.

SLC was required to measure and report on food waste from 2022 (for office estate with over 50 fte or over 500m^2 of floor area offering a food service). SLC has been unable to collect and apportion financial information for the sustainability disclosures for 2023-24. Food waste is reported as part of our waste with energy recovery.

Government Buying Standards are adhered to when buying goods and stated in the specification as part of the CCS procurement process. SLC do not have reporting systems at present to capture this however we carried out an Assurance check in 2023 to ensure compliance with Procurement Policy Notes for Carbon Reduction and Social Value (inclusive of ethical, environmental and economic) to ensure the legislation was adhered to.

SLC do not use the prioritisation tool as most of our procurement activity is via Frameworks and this would have formed part of the Framework owner's tender assessment. With any competition carried out by SLC the considerations against the relevant legislation (PPNs) is captured in the Procurement Strategy and any action identified and monitored via Contract Management.

Sustainable construction
In late 2023 SLC relocated within Glasgow city centre to a new, purpose-built office at 10 Clyde Place, providing a working environment configured to suit SLC's post Covid-19 ways of working. It will also support SLC's net zero carbon aspirations as the building is net zero carbon and rated BREEAM (Building Research Establishment Environmental Assessment Method) excellent by design.

3.2.7 Performance against key non-financial requirements

Supplier Payment Policy

SLC aims to comply with the Government's Better Payment Practice Code for the prompt payment of SMEs. 96% (2022-23: 94%) of all invoices were paid within the normal trading terms of 30 days, with 44% (2022-23: 44%) being paid within 5 days. In FY2023-24 SLC began SME reporting with 9% of all prompt payments being to SMEs.

Task Force on Climate related Financial Disclosures (TCFD)

Compliance Statement

SLC has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector.

SLC has complied with the TCFD recommendations and recommendations disclosures around
1) Governance (all recommended disclosures)
2) Metrics and targets (disclosures (b))

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, and to continually improving SLC's practices to combat these crimes.

Overall, the nature of SLC's business means that the risk of modern slavery and human trafficking in its directly managed business activities and the first line of its supply chain is considered to be relatively low. Nevertheless, the company continues to review its operations to identify areas where the risk could arise, and considers what policies and safeguards are in place to prevent this.

Statutory guidance states that organisations should publish their Modern Slavery Statement within six months of their financial year-end and accordingly SLC's full statement for 2022-23 was approved by the Board in July 2023 and then published online. It can be viewed at www.gov.uk/slc.

Anti-Fraud and Anti-Corruption

SLC is committed to combatting fraud and corruption in all its activities, consistent with SLC's commitment to the Nolan Principles of Public Life. The company's Internal and External Fraud Policies set out its overall position, with due regard to relevant law and guidance. SLC has a dedicated Financial Crime Prevention Unit (FCPU).

In addition, the company maintains related policies, for example, in relation to Money Laundering, Whistleblowing and Gifts and Hospitality, supplemented by regular training for SLC employees. SLC’s Head of FCPU acts as the company’s Money Laundering Reporting Officer and the Company Secretary is SLC’s Whistleblowing Officer.

Declaration and Signature

This Strategic Report forms only part of the annual report and accounts 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 12 December 2024 and signed on the Board’s behalf by:

Chris Larmer
Chief Executive and Accounting Officer
12 December 2024

4. Accountability Report

Corporate Governance Report

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 (AO) 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. Throughout FY2023-24 SLC operated to the 2022 Framework Document.

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.

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

4.1 Directors' Report

The Directors' Report including Financial Statements for Student Loans Company Limited (SLC) is for the year ended 31 March 2024. 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 UK (Adopted IFRSs) and International Financial Reporting Interpretations Committee Interpretations.

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

Principal Activities

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

Dividends

SLC has no accumulated reserves and accordingly the Directors do not recommend the payment of a dividend (2022-23: £nil).

Directors and their Interests

Directors

Non-Executive Board Members	From	To
Peter Lauener, Non-Executive Chair	April 2020	March 2026
Andrew Wathey, Non-Executive Director	January 2018	December 2023
Mary Curnock Cook, Non-Executive Director	December 2017	December 2023
Rona Ruthen, Non-Executive Director	October 2020	October 2023
Gary Page, Non-Executive Director	October 2020	October 2026
Charlotte Moar, Non-Executive Director	May 2019	May 2025
Stephen Tetlow, Non-Executive Director	May 2019	May 2025
Natasha Toothill, Non-Executive Director	April 2023	March 2026

Executive Board Members (Statutory Directors)	From	To
Chris Larmer, CEO	November 2022	Ongoing
David Wallace, Deputy CEO and Chief Customer Officer	January 2019	Ongoing
Audrey McColl, Chief Financial Officer	August 2021	Ongoing
Company Secretary	**From**	**To**
Gary Womersley	December 2015	Ongoing

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 2024 or 31 March 2023.

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 ex officio also the Accounting Officer for SLC.

Employees

SLC aims to keep employees informed about its affairs and specifically about those matters that affect them directly. The company has several regular digital communications including weekly all-staff newsletters, a weekly update from the CEO and further ad hoc communications as required. SLC regularly holds sessions where colleagues can put their questions directly to the Executive Leadership Team/ Senior Management Team (SMT) and has processes such as 'Ask Chris' where colleagues can directly ask questions of the CEO. SLC frequently issues all-colleague emails and maintains an intranet site available to all colleagues. Details of this year's Employee Engagement Survey is set out in section 3.2.1 and in the Remuneration and Staff Report.

SLC has a longstanding relationship with its recognised trade union, the Public and Commercial Services Union (PCS). The Colleague Representative Group (CRG) continues 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. More information is contained in the Remuneration and Staff Report.

SLC give full and fair consideration for the employment, retention, training and development for those with a disability through the application of the following.

- Recruitment and Selection Policy
- Flexible Working Policy and Procedure
- Equality Diversity and Inclusion Policy
- Employee Wellbeing Policy
- Apprentices Policy, Learning & Development Support Policy, Performance Development and Improvement Policy and Procedure

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 (at https://www.gov.uk/government/publications/staff- whistleblowing-policy). All staff are reminded of the policy and undertake training on an annual basis. All staff are also able to contact SLC's Whistleblowing Officer via a variety of channels, either directly or to a dedicated confidential email address and telephone number.

In FY2023-24 there were no formal matters raised with SLC's Whistleblowing Officer, however the Whistleblowing Officer concluded their investigation of a complaint received at the end of the previous FY and the findings and recommendations reported to SLC's Chief Executive Officer and relevant Executive Directors. One further matter was also investigated by the Whistleblowing Officer on quasi-whistleblowing basis and was found to be without merit.

Ombudsmen 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 SLC's complaints or appeals processes (the final stage of which is an independent and impartial review by an Independent Assessor (IA)) to seek a review through referral by their MP.

Details of engagement are shown in the table below:

Engagements with Ombudsmen in 2023-24

	Open cases as at 1 April 2023	Cases Referred in year	No further investigation	Progressed to further investigation	Still being considered as at 31 March 2024
PHSO	10	25	8	5	22
PSOW	0	8	8	0	0
NIPSO	0	0	0	0	0
SPSO	0	1	0	0	1
TOTAL	**10**	**34**	**16**	**5**	**23**

Outcome of those referred for further investigation

	Completed and not upheld	Completed and complaint partially upheld	Upheld in full	Await outcome
PHSO	0	1	1	3
PSOW	0	0	0	0
NIPSO	0	0	0	0
SPSO	0	0	0	0
TOTAL	**0**	**1**	**1**	**3**

As at March 2024, 26 cases remain open (23 being considered + 3 awaiting outcome).

Where a complaint was upheld in full or in part the PHSO required SLC to take further steps in the form of setting out service improvements and offering a higher ex gratia or consolatory award than the IA had recommended.

SLC conducts a full lessons-learned exercise after each Ombudsman engagement in order to mitigate the risk of the reoccurrence of issues raised.

Information, Equipment and Personal Data Losses

In the year 2023-24 SLC reported ten incidents to the Information Commissioner's Office (ICO) (2022-23: five)**,** and the ICO did not take any further action in relation to any of these breaches.

These incidents related to:

Six instances of customer emails being sent to an unintended recipient. One instance of information disclosed in the supply chain and three instances of information disclosed not in line with policy/procedures.

During 2023-24 two laptops were reported as lost. All devices are encrypted and carry no company data or personal information.

SLC remain in active engagement with the ICO civil investigations team in respect of an ongoing formal investigation being undertaken by them, following a former complaint to the ICO.

SLC continues to invest in complying with GDPR with spend to date in the region of £43m. A milestone achieved in FY2023-24 was the successful completion of the company's One Customer Account (OCA) project and in the year ahead we expect to complete the remaining Targeted Bulk Erasure (TBE) project deliveries alongside the integration of our existing software platform with the TBE service for lapsed applications. Our overarching multi-year Strategic Data Minimisation (SDM) project continues; however, budget pressures will influence the speed at which we can complete the remaining elements of this project.

Environment, Sustainability and Corporate Responsibility

SLC will publish their sustainability strategy and targets during 2024-25, we will use this as a platform to broaden and enhance reporting that helps demonstrate SLCs commitment to sustainability and ensures we conform to the requirements of FReM. This new sustainability strategy will set reduction targets and objectives for the company for the next 3 years and will be supported by SLC's Sustainability Working Group.

SLC continues to monitor its energy use, energy savings and associated carbon emissions data. Energy use across SLC's estate has decreased by 23% this year compared to 2022-23. Detail is provided above, in section 3.2.6.

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 that 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.

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, excluding the CEO, 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 included in the Governance Statement. Details of the standing Committees of the Board can be found in the Governance Statement.

External Auditor

The Comptroller and Auditor General, the head of the NAO, has been reappointed for the financial year ended 31 March 2024.

Details of fees earned by the external auditor are provided in note 4 of the Financial Statements.

Contingent Liabilities

At the year-end SLC had one active legal case in respect of which a contingent liability of c£0.11m has been made.

SLC are currently engaging with their (former) Landlord of the premises at 100 Bothwell Street, Glasgow, in respect of dilapidations.

Remote Contingent Liabilities

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

At the year-end SLC had no remote contingent liabilities.

Chris Larmer
Chief Executive and Accounting Officer
12 December 2024

4.2 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 and applicable law and to provide the additional disclosures required by the FReM where these go beyond the requirements of the Companies Act 2006. 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 UK.
- 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, 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.

Chris Larmer
Chief Executive Officer
12 December 2024

4.3 Accounting Officer's Responsibilities

In preparing the accounts, I am required to comply with the FReM in addition to the Directors' Responsibilities under the Companies Act 2006 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.

As Accounting Officer, I am responsible for ensuring;

- The propriety and regularity of financial transactions under my control;
- For keeping proper records and for safeguarding SLC's assets;
- The economical, efficient, and effective use of resources placed at the Board's disposal as set out in Managing Public Money published by HM Treasury; and
- Safeguarding the assets of the Board.

Chris Larmer
Chief Executive and Accounting Officer
12 December 2024

4.4 Governance Statement

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.

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 two standing Board Committees – the Audit and Risk Committee (ARC) and the Remuneration Committee (RemCo). Following review of the Framework Document in 2021-22 more relevant and proportionate governance arrangements were established. These arrangements allow SLC more autonomy to make decisions, reduce unnecessary bureaucracy and allow change to move at a greater speed while ensuring that SLC remains compliant with Treasury and Cabinet Office guidance.

SLC's Legal Status

SLC was incorporated in 1989 as a company limited by shares under the Companies Act 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 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.

Shareholders and Assessors

The four Government Shareholders each appoint an Assessor who has the right to attend all main Board and Committee meetings on their behalf, and thus have access to SLC's regular business, financial and 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.

SLC's Board

The Board operates in accordance with the Companies Act, and the Board responsibilities set out at section 8.2 of the Framework Document. 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 and academia.

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

Board Membership and Attendance Record 2023-24:

	From	To	Attendance in 23-24
Peter Lauener, Non-Executive Chair	April 2020	March 2026	8/8
Andrew Wathey, Non-Executive Director	January 2018	December 2023	5/6
Mary Curnock Cook, Non-Executive Director	December 2017	December 2023	6/6
Rona Ruthen, Non-Executive Director	October 2020	October 2023	4/4
Gary Page, Non-Executive Director	October 2020	October 2026	8/8
Charlotte Moar, Non-Executive Director	May 2019	May 2025	8/8
Stephen Tetlow, Non-Executive Director	May 2019	May 2025	8/8
Natasha Toothill, Non-Executive Director	April 2023	April 2026	7/8
Chris Larmer, CEO	November 2022	Ongoing	8/8
David Wallace, Deputy CEO and Chief Customer Officer	January 2019	Ongoing	8/8
Audrey McColl, CFO	August 2021	Ongoing	7/8
Gary Womersley, Company Secretary	December 2015	Ongoing	8/8

As scheduled, the Board held eight meetings during 2023-24; the table above shows how many of these each member attended (during 2023-24).

Matters considered by the Board

At each meeting, the Board reviewed and took assurance on SLC's operational and financial performance via the monthly CEO Report, Corporate Performance Dashboard and the CFO Report.

There was close monitoring of operational services and planning throughout the year, including application numbers, delivery capacity and customer satisfaction. Customer Experience, Repayments, the Application Cycle, LLE and HE reforms, DSA Reforms, the Pay Flexibility Case, Fraud, the move to 10 Clyde Place, Complaints and Appeals, Risk Appetite and Policy Framework and the Independent Assessors Report were also the subject of key discussions during the year.

The Board took assurance from Committee updates and minutes and reviewed their Terms of Reference.

The Board reviewed and approved arrangements for the coming financial year (2024-25), including the company's draft business plan and draft budget and the draft APRA letter, provided by DfE on behalf of shareholders.

The Board's formal schedule of meetings was augmented by a series of deep dive sessions which support continuing development and learning for Non-Executive Directors and support colleague engagement. Over the year, additional sessions were held which focused on LLE, Operational Effectiveness and Efficiency, and SLC Strategy.

Board Effectiveness Review and Inductions

In accordance with the Framework Document, an annual board effectiveness review commenced in April 2023 and the results were discussed with the Chairs of the Board and committees in July 2023. At the Chairs' meeting areas for consideration were reviewed with the results informing the work of the Governance team throughout the year.

The 2023 Board Effectiveness Review progress update was sent out to attendees with the 2024 questionnaire and highlighted work including the Strategy Day which was held in Glasgow in November 2023; the 2023 Non-Executive Director recruitment campaign; and the publication of the annual schedules for the Board and its Committees.

The Board regularly provide feedback on the quality of information and data that is presented in Board papers. In this Financial Year, the Board has endorsed the usefulness of the Corporate Performance Dashboard and welcomed the improvements in People data presented at the Remuneration Committee.

The Audit and Risk Committee (ARC)

ARC is a standing committee of the Board. The Board established ARC to provide it and the Accounting Officer with assurance on the operation of SLC's internal risk and control systems, to oversee the provision of internal and external audit services, and to provide assurance on the adequacy of SLC's corporate governance arrangements.

The Board determines the membership and Terms of Reference of ARC. Assessors, representing the shareholders, have the right to attend all committee meetings.

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. Executive Directors, the Company Secretary, the Head of Internal Audit and the representative of External Audit have free and confidential access to the Chair of the committee.

The Chair of the committee reports to the Board after each meeting and the minutes of committee meetings are provided to Board members for information.

Committee meetings will normally be attended by the CEO, Deputy CEO, CFO and Company Secretary.

ARC Membership and Attendance Record

	From	To	Attendance in 23-24
Charlotte Moar, Non-Executive Director, ARC Chair	September 2019	May 2025	5/5
Mary Curnock Cook, Non-Executive Director	September 2018	December 2023	2/3*
Gary Page, Non-Executive Director	November 2020	October 2026	5/5
Donall Curtin, Independent External Member	January 2023	December 2025	5/5

*Two ARC meetings took place after Mary Curnock Cook stepped down.

As scheduled, ARC held five meetings during 2023-24; the table above shows how many of these each member attended (during 2023-24).

Matters considered by ARC

The committee regularly reviewed key risks and issues, internal audit progress and ARC assurance reports throughout the year. The committee took assurance on how SLC was managing a range of matters including cyber security, financial crime prevention, information security, disaster recovery, business continuity and commercial.

Additionally, it fulfilled its role in reviewing:

- The Annual Report and Accounts for FY2022-23, which was recommended by ARC for approval by the Board.
- The plan for the Annual Report and Accounts for FY2023-24, incorporating SLC's accounting policies.
- The external audit strategy, and interim reports and fees for FY2023-24.
- Internal audit work undertaken during FY2023-24.
- The internal audit plan for FY2024-25.
- The annual review of Risk, relating to the previous financial year.

The Remuneration Committee (RemCo)

RemCo is a standing committee of the Board. Members of the committee are appointed by the Board.

The Board determines the membership and Terms of Reference of RemCo. Assessors, representing the shareholders, have the right to attend all committee meetings.

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 Chair of the committee reports to the Board after each meeting and the minutes of committee meetings are provided to Board members for information.

Committee meetings are attended by the CEO, the Deputy CEO, and the Executive Director, People, except where the Committee is in closed session and, for example, conducting the annual performance review of the CEO. For further information, refer to the Remuneration and Staff Report.

Key matters considered this year included the SLC People Strategy, the Pay Flexibility Case, and Employee Engagement. The committee also reviewed the Remuneration Report, the EDI Annual Report, and the Gender Pay Gap Annual Report.

RemCo Membership and Attendance Record

	From	To	Attendance in 2023-24
Andrew Wathey, Non-Executive Director, Chair	September 2020	December 2023	2/2
Stephen Tetlow, Non-Executive Director	May 2019	May 2025	2/3
Gary Page, Non-Executive Director, Chair*	July 2021	October 2026	3/3
Rona Ruthen, Non-Executive Director	August 2021	October 2023	2/3

*Although a member of the committee from July 2021, Gary Page was appointed Chair of RemCo when Andrew Wathey left SLC in December 2023.

Peter Lauener, the Chair of the main board, has a standing invitation to attend this Committee, although he is not a member.

As scheduled, RemCo held three meetings during 2023-24; the table above shows how many of these each member attended (during the period of their membership). Two extra meetings were convened to discuss and approve Executive recruitment and Executive and Senior Managers' pay.

Matters considered by RemCo

In accordance with its Terms of Reference, the committee met in closed sessions to approve the CEO objectives and performance measures as proposed by the SLC Chair, and the ELT objectives and performance measures as proposed by the CEO.

In 2023-24, RemCo supported the appointment of the new Executive Director, People. RemCo considered the People Strategy at each of its meetings, reviewing updates on key strands of activity including Career Pathways and performance management. RemCo also supported SLC in developing the Pay Flexibility Case which was approved in March 2024.

The committee reviewed SLC's Gender Pay Gap and EDI Reports, supporting SLC's aim to close the gender pay gap and increase diversity.

The Transformation Oversight Committee (TOC)

As set out in the Framework Document, the Board may establish committees as required. The Board established a Technology and Evolve Oversight Committee (TEOC) in July 2019 as a Committee of the main Board. Over the course of 2023-24, with the formal close-down of the Evolve Programme, TEOC transitioned to become the Transformation Oversight Committee (TOC). TOC supports the Board in its responsibilities for overseeing SLC's Technology Strategy, implementation of LLE and change management.

The Board determines the membership and Terms of Reference of TOC. Assessors, representing the shareholders, have the right to attend all Committee meetings.

The Chair of the committee reports to the Board after each meeting and the minutes of committee meetings are provided to Board members for information.

Committee meetings will normally be attended by the CEO, DCEO, CFO, CIO, Executive Director of Change, Data and Repayments, and the Executive Director of HE and FE Reform.

TEOC and TOC Membership and Attendance Record

	From	To	Attendance in 2023-24
Stephen Tetlow, Non-Executive Director, Chair	December 2019	May 2025	3/3 TEOC and TOC
Mary Curnock Cook, Non-Executive Director	July 2019	December 2023	2/2 TEOC only
Natasha Toothill, Non-Executive Director	April 2023	March 2026	1/3 TEOC and TOC
Charlotte Moar, Non-Executive Director	December 2023	May 2025	1/1 TOC only
Joanna Davinson, Independent Advisor	September 2023	August 2024	2/2 TEOC and TOC

TEOC and TOC held three meetings during 2023-24; the table above shows how many of these each member attended.

Matters considered by TOC

The TOC agenda covered the following items:

- The Technology Strategy and its execution, specifically tracking exposure to technical debt, resilience to cyber-attack and long-term VFM.
- The progress and delivery of LLE as an SLC Programme
- Target operating model changes
- As TEOC – the committee oversaw the official closedown of Evolve

Register of Interests

All Non-Executive Directors and members of the ELT 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 the Board and 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).

ELT Membership 2023-24

Chief Executive Officer	Chris Larmer	Throughout Year
Deputy CEO and Chief Customer Officer	David Wallace	Throughout Year
Chief Financial Officer	Audrey McColl	Throughout Year
Chief Information Officer	Stephen Campbell* Jason Dunham*	Until May 2023 Since May 2023
Executive Director: Business Operations	Jacqueline Currie**	Throughout Year
Executive Director: Change, Data and Repayments	David Beattie**	Throughout Year
Executive Director: HE/FE Reform	Derek Ross	Throughout Year
Interim Executive Director: People Executive Director: People	Chris Cooke† Gillian Brydie†	Until June 2023 Since July 2023

* To enable a planned handover, Jason Dunham joined SLC on 11 April 2023, before Stephen Campbell left on 21 May 2023. (Jason officially took over from Stephen as CIO on 2 May 2023)

** Jacqueline Currie and David Beattie began the year as "Interims" in these roles. However, both positions were confirmed as substantive on 19 April 2023.

† There was a small gap between Chris Cooke leaving in June 2023 and Gillian Brydie joining in July 2023. During this period the CEO (Chris Larmer) covered the Executive Director for People's responsibilities.

Risk Management Arrangements

SLC continued to mature its approach to risk management and compliance throughout 2023-24. The system of internal control is based on processes that identify, prioritise and manage the principal risks facing the organisation.

Enterprise Risk and Compliance Framework

In 2023-24, the Roadmap created by the Enterprise Risk and Compliance (ERC) team to mature SLC's Risk Framework, entered its final year. The Roadmap summarises a detailed plan of activities aimed at modernising risk management practices, creating a culture of compliance and strengthening the three lines of defense. Significant key milestones have been reached in the year as SLC moves to its desired levels of risk maturity.

Modernising Risk Management Practices:

- The SLC **Executive Risk Forum** (ERF) is now firmly established within the SLC governance structure, driving consistent decision making and prioritisation across SLC's most significant risks. With a clear governance route and these expectations now expanded to directorate level risk forums, this will support and bring consistency to all levels of risk management governance.
- A full suite of **Risk and Control Assessments** (RCAs) continue to be developed and embedded and following the full transition of our largest directorates onto the Governance, Risk & Compliance (GRC) system, live risk data is now being reported from the GRC system to the ERF. This represents a significant improvement and step change in risk maturity, supporting the movement to a more robust and data driven approach to reporting and analysis.
- An ERC led review of SLC's approach to **Issue/Incident Management** concluded in the year with a revised process launched, providing a holistic and consistent approach to the escalation, oversight and management of the most significant issues and incidents within SLC. This addresses gaps which exist across categories of risk with no established process.
- A methodology for the active use and measurement of SLC's **Risk Appetite Statements** has now been fully developed and approved. The approach brings together a formal reporting approach utilising key measures from RCAs, the Issue Management process, Internal Audit and Key Risk Indicator MI to inform a dynamic assessment of risk appetite performance. This provides a clear path in and out of appetite, in turn enhancing Executive decision making.

Creating a Culture of Compliance:

- The compliance community continues to grow via the **Compliance and Policy Working Group** (CPWG). Significant steps have been taken in the year to embed a robust and consistent approach to horizon scanning to proactively identify upcoming compliance obligations that could impact SLC in the future. In the year this has been augmented by a Compliance Standard which has further clarified expected standards and behaviours.
- The **Key Control Questionnaire** continues to be improved to meet the needs of ELT members, SMT and policy owners, with a number of revisions made to strengthen understanding of policy compliance across SLC. In FY23-24 results continue to indicate good levels of policy and procedural awareness.
- The **Assurance Framework** continues to operate and evolve within SLC, setting out specific requirements for governance, reporting and mapping of assurance activity. The requirement to provide annual assurance reports has now been expanded to include key areas of risk across People, Customer and Technology, further strengthening understanding of holistic policy adoption, internal control and risk exposure.
- A further assessment of compliance with the mandatory elements of the **Government Functional Standards** (GFS) was completed, this time including an additional sample spot check of evidence. Similarly to previous years, this indicated that SLC is broadly compliant with some improvement areas identified.

Assurance Framework

Strengthening the three lines of defence:

- SLC's **mandatory risk management training**, developed in partnership with the Institute of Risk Management (IRM), was formally launched in the year. This, in conjunction with material now available via the dedicated ERC Learning Zone, provides the breadth of training and support colleagues require to understand the essentials of risk management.
- The **Financial Crime Prevention Unit** (FCPU) continues to embed a preventative model that focuses on minimising financial crime losses, with a detailed Roadmap now created to reduce underlying risk exposure over time. SLC via the FCPU has worked effectively with DfE and OfS teams to reduce risk exposures in the wider student finance system, as evidenced by cross-collaboration to address identified fraud within franchised higher education providers.
- **Control Function Teams** continue to be established to strengthen the 1st Line of Defence, support Enterprise Risk and Compliance Policy adoption and implement a robust three lines of defence model. The final **Control Function** covering Corporate Functions has now been established meaning that all directorates now have dedicated risk management support and expertise.
- As planned, **risk management objectives** were extended to the ELT in addition to 'all staff' and 'SMT only' levels, demonstrating SLC's commitment to embed risk management responsibilities at all levels of the organisation.

Developments in risk management arrangements and with the company's risk profile are presented regularly to the ERF and the Audit and Risk Committee.

Key Risks in 2023-24

The key risks under consideration during the year were:

- Resilience and performance of legacy systems and software. However, as noted in the Strategic Report, throughout the year the availability of systems and the performance levels of those systems has been in line with the APRA key performance indicators.

- Information and Data Handling due to the nature of SLC's operations, the scale and complexity of the legacy IT environment and the pervasiveness of personal data within SLC.
- Cyber Security due to a need to ensure approach keeps pace with a continually evolving threat environment.
- Response to financial crime threats and SLC's role in identifying and reducing risk within the student finance system.
- Staff attraction and retention pressures remained significant, though the approval and implementation of the Pay Flexibility Case, now implemented, is expected to positively influence this particular issue.
- The delivery of (LLE) due to fixed and challenging timelines and the scale and complexity of the overall programme of work.

These are referred to in more detail in section 3.1 – About SLC.

Emerging Risks

Emerging risks continue to be anticipated and monitored within SLC, in particular, decisions taken to manage inherent budgetary pressures have been closely managed to understand the associated risks. Capacity to deliver additional policy change will be reduced as DSA Reforms and LLE remain the overall priority, this will be a key consideration as SLC develops the Annual Business Plan for FY24-25.

Sustainability Board

The Sustainability Board considers climate related risks and initiatives. It is comprised of staff from across the business and colleagues from our Green matters colleagues network. It is led by SLCs Head of Estates and Business Continuity and the SLC Health and Safety Manager.

Any relevant risks and opportunities are called out in the SLC Carbon Management Plan which will be published in FY 24/25. This will set reduction targets and objectives for the company and develop reporting to demonstrate SLCs commitment to sustainability.

Sustainability reporting to ELT and the Main Board is also planned to be introduced in FY24/25.

Internal Audit Opinion

Based on the evidence reviewed, GIAA 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*.

Notable highlights from internal audits carried out during the year include the successful move to Clyde Place, good progress made in maturing of the second line of defence as well as on environmental sustainability. Digital Strategy requires further assurance.

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 FY2023-24.

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 2024, 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.
- The work of my Enterprise Risk and Compliance team, providing ‘second line assurance’ and supporting the continuous improvement of our risk management, governance and control across the company. This year has seen good progress in the maturing of the second line with quality assurance reporting in Operations, Risk Management and the Financial Crime Prevention Unit all showing a step up in effectiveness.
- Control Functions providing robust first line risk management.
- 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 SMT, who certify compliance with key controls once a year supporting the production of an annual assurance statement.
- Comments made by the External Auditors in their management letter and other reports.
- The SLC Board, ARC and Company Secretary

None of the assurance mechanisms identified any significant control issues. However, the SLC has identified the importance of improving the digital strategy and consistent review of third-party cyber security.

From the Public Accounts Committee hearing on franchise provider arrangements, the recommendations were that DfE, Office for Students (OfS) and SLC should agree a shared risk culture and risk appetite, defining their different roles and responsibilities. SLC are actively engaging with DfE and partners on the committee’s recommendations.

As with any complex business, SLC manages a range of risks and 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.

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.

Chris Larmer
Chief Executive and Accounting Officer
12 December 2024

Remuneration and Staff Report

4.5 Remuneration Report

The Remuneration Report sets out the remuneration of all members of the Executive Leadership Team (ELT), including Statutory Directors, Executive and Interim Directors. It also includes Non-Executives 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 and includes any additional disclosures required by the Financial Reporting Manual.

Remuneration Committee

The Terms of Reference of RemCo and matters considered are set out in the Governance Statement section 4.4.

Committee Membership

	From	**To**	**Attendance in 2023-24**
Andrew Wathey, Non-Executive Director, Chair	September 2020	December 2023	2/2
Stephen Tetlow, Non-Executive Director	May 2019	May 2025	2/3
Gary Page, Non-Executive Director, Chair*	July 2021	October 2026	3/3
Rona Ruthen, Non-Executive Director	August 2021	October 2023	2/3

*Although a member of the committee from July 2021, Gary Page was appointed Chair of RemCo when Andrew Wathey left SLC in December 2023.

Peter Lauener, the Chair of the main board, has a standing invitation to attend this Committee, although he is not a member.

Two extra meetings were convened to discuss and approve Executive recruitment, and Executive and Senior Managers' pay.

Remuneration Policy

SLC aims that the remuneration packages offered to the ELT:

- Enables SLC to attract, retain and motivate high calibre executives.
- Remunerates individuals fairly for individual responsibility and contribution, while providing an element of performance related pay reflecting the individual performance of each ELT member, 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.

As a Non-Departmental Public Body, SLC's Senior Civil Service (SCS) equivalent graded staff are not Civil Servants and therefore not in scope of the Senior Salaries Review Body's remit. Nevertheless, SLC recognises the importance of public sector pay policy. Therefore, any annual pay increase or decision to award performance-related pay to SLC's SCS equivalent staff is considered alongside and according to the same general principles that apply to SCS.

SLC aims to review ELT pay annually, in line with the SCS pay guidance. However, this had not been possible for several years due to circumstances such as the public sector pay pause in 2021-22 and

SLC's decision to direct its pay remit to its lowest paid colleagues in FY2022-23. Therefore, the review in 2023-24 was the first in several years.

The notice period for ELT members who are permanent employees is six months, and they are on standard SLC contracts of employment.

Non-Executive Remuneration

Remuneration of the Non-Executive Directors (including the Chair of the Committee) 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 may attract further remuneration.

Pensions

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.

SLC, since March 2020 is an affiliated employer of the Civil Service Pension Arrangements (CSPA) and made the *alpha* and *partnership* schemes available to all its employees. SLC auto-enrols all new employees into the CSPA and provides new staff with the options of joining the *alpha* or *partnership* schemes of the CSPA, or remaining a non-pension member until the next re-enrolment date when they would be auto-enrolled into *alpha*.

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

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

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 RemCo. Subject to RemCo 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 RemCo. The terms of the CEO's 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.

Other Benefits and Expenses

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

Non-Executive Directors and Executive Leadership Team Salary and Pension Information (subject to audit)

Remuneration of Board Members

There were no redundancy payments to members of the Board for loss of office made during the year (2022-23: £nil), Non-Exec members of the Board are not entitled to redundancy under the conditions of their tenure.

Fees Paid to Chair and Non-Executive Directors

	2023-24 Remuneration £'000	2022-23 Remuneration £'000
Peter Lauener	50-55	50-55
Mary Curnock Cook (to 10/12/23)	15-20 (20-25)*	15-20
Charlotte Moar	15-20	15-20
Stephen Tetlow	20-25	10-15
Andrew Wathey (to 10/12/23)	10-15 (15-20)*	15-20
Gary Page	15-20	15-20
Rona Ruthen (to 18/10/23)	5-10 (15-20)*	15-20
Natasha Toothill (from 01/04/23)	15-20	-

* Denotes the Full Year Equivalent salaries for those Non-Executive Directors who were not in post/position was not held for the full financial year

Any increase in Non-Executive remuneration is the result of retrospective payments for additional duties relating to the leadership of board committees.

Remuneration of ELT

The ELT is responsible for the day-to-day management and leadership of SLC's activities and operations. 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 (2022-23: £nil).

Remuneration of ELT 2023-24

Name	Position	2023-24 Remuneration £'000	2023-24 Other Taxable Benefits and Expenses (to the nearest £100)	2023-24 Accrued Performance Related Pay £'000**	2023-24 Employer Pension Contribution (nearest £1,000) £'000	2023-24 Total Remuneration £'000
Chris Larmer*	Chief Executive	190-195	-	15-20	58	265-270
David Wallace*	Deputy Chief Executive	145-150	-	5-10	45	200-205
Audrey McColl*	Chief Financial Officer	135-140	-	5-10	41	185-190
Jason Dunham (from 2 May 2023)[5]	Chief Information Officer	140-145 (145-150)[1]	-	5-10	43	190-195
Stephen Campbell (to 21 May 2023)	Chief Information Officer	15-20 (135-140)[1]	0.2[3]	n/a	4	20-25
Gillian Brydie (from 26 July 2023)	Executive Director	95-100 (135-140)[1]	-	0-5	29	125-130
Chris Cooke (Interim to 23 June 2023)	Executive Director	30-35 (130-135)[1]	3.6[4]	n/a	9	45-50
David Beattie	Executive Director	140-145[2]	-	n/a	45	185-190
Derek Ross	Executive Director	130-135	1.0[3]	0-5	40	175-180
Jacqueline Currie	Executive Director	130-135	-	5-10	40	175-180

* Denotes that the individual is a statutory SLC Board Member under the Companies Act 2006

1 Denotes the Full Year Equivalent salaries for those members of ELT who were not in post/position was not held for the full financial year

2 Movement in banding from the prior year reflects annual leave purchased.

3 Represents benefit in kind expenses.

4 Represents taxable expenses from having 2 principle offices.

5 To enable a planned handover, Jason Dunham joined SLC on 11 April 2023, before Stephen Campbell left the company (on 21 May 2023). Jason Dunham officially took over as CIO from Stephen Campbell on 2 May 2023.

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

Remuneration of ELT 2022-23

Name	Position	2022-23 Remuneration £'000	2022-23 Other Taxable Benefits and Expenses (to the nearest £100)	2022-23 Accrued Performance Related Pay £'000 ¤	2022-23 Employer Pension Contribution (nearest £1,000) £'000	2022-23 Total Remuneration £'000
Permanent Members of ELT						
Paula Sussex* (to 22 December 2022, CEO until 27 November 2022)	Chief Executive	150-155 (190-195) **	-	10-15	42	205-210
Chris Larmer* (from 28 November 2022)	Chief Executive	65-70 (190-195) **	-	5-10	20	90-95
David Wallace*	Deputy Chief Executive	140-145	-	5-10	43	190-195
Audrey McColl*	Chief Financial Officer	130-135	-	5-10	39	175-180
Stephen Campbell	Chief Information Officer	135-140	1.4	5-10	26	170-175
Derek Ross	Executive Director	130-135	1.0	n/a	39	170-175
Bernice McNaught (to 9 January 2023)	Executive Director	105-110 (140-145) **	-	n/a	32	140-145
Chris Larmer (to 27 November 2022) ****	Executive Director	85-90 (130-135) **	-	5-10	26	115-120
Morven Spalding (to 15 December 2022) ***	Executive Director	80-85 (120-125) **	-	n/a	26	110-115
Interim Members of ELT						
Jacqueline Currie (from 28 November 2022)	Interim Executive Director	40-45 (115-120) **		n/a	9	45-50
David Beattie (from 19 December 2022)	Interim Executive Director	40-45 (145-150) **	-	n/a	13	50-55
Chris Cooke (from 12 December 2022) ***	Interim Executive Director	35-40 (130-135) **	1.7	n/a	12	50-55

* Denotes that the individual is a statutory SLC Board Member under the Companies Act 2006
** Denotes the Full Year Equivalent salaries for those members of ELT who were not in post/position was not held for the full financial year
*** Following the resignation of the permanent Executive People Director in December 2022, interim support was secured by SLC to facilitate the transitional position until the recruitment/appointment of a new permanent Executive People Director. Some of this cover was provided by Paula Sussex on leaving the CEO role.
**** Chris Larmer was a permanent member of the ELT for the full 2022-23 financial year. He held two roles over this period as highlighted in the table above. The total remuneration for the year was Remuneration £150k-£155k, Accrued Performance Related Pay, £10k-£15k, Employer Pension Contribution (to nearest £1,000), £46k, Total Remuneration, £205k-£210k.

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

Retirement Benefits for the ELT

	Accrued pension and related lump sum at pension age as at 31 March 2024 £'000	Real increase in accrued pension and related lump sum at pension age during the year to 31 March 2024 £'000	CETV as at 31 March 2024ɸ (to nearest £1,000) * £'000	CETV as at 31 March 2023 (restated) ɸ (to nearest £1,000) * £'000	Real increase in CETV (to nearest £1,000) * £'000	Employer Contribution to partnership pension scheme 31 March 2024 (to nearest £1,000) * £'000	Employer Contribution to partnership pension scheme 31 March 2023 (to nearest £1,000) * £'000
Chris Larmer	10-15	2.5-5	166	90	50	-	-
David Wallace	35-40	2.5-5	768	637	60	-	-
Audrey McColl	5-10	2.5-5	134	77	38	-	-
Derek Ross	60-65	2.5-5	1,322	1,180	76	-	-
Jacqueline Currie	5-10	2.5-5	132	80	33	-	-
Gillian Brydie (from 26 July 2023)	0-5	0-2.5	30	-	23	-	-
David Beattie	0-5	2.5-5	68	14	41	-	-
Jason Dunham (from 2 May 2023)	0-5	2.5-5	48	-	37	-	-
Chris Cooke (from 12 December 2022)	0-5	0-2.5	26	14	8	-	-
Morven Spalding (to 15 December 2022)**	-	-	-	157		-	-
Stephen Campbell (to 21 May 2023)	-	-	-	-	-	-	26

(i) *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. Taking account of inflation, the CETV funded by the employer has decreased in real terms.

(ii) **CETV figures provided to cover Executive People Director role only.

(iii) Φ CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance has been used in the calculation of 2023-24 CETV figures.

(iv) The 2023 CETV balances presented have been restated following a change in methodology used by the actuaries to calculate pension benefits. Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

(v) To enable a planned handover, Jason Dunham joined SLC on 11 April 2023, before Stephen Campbell left the company (on 21 May 2023). Jason Dunham officially took over as CIO from Stephen Campbell on 2 May 2023.

4.6 Staff Report

Median and Fair Pay (audited)

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 lower quartile, median and upper quartile remuneration of the organisation's workforce.

SLC's highest-paid director in the financial year 2023-24 was the CEO.

The reduction in ratio can be attributed to the higher percentage increases applied to SLC's lowest grades through SLC's approved two year pay case and subsequent increase in SLC's median pay. This reduction is consistent with SLC's desire to uplift its median pay and create greater differentials between its lowest pay and the National Living Wage.

Pay Ratios of Highest Paid Director (audited)

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023-24	8.6:1	7.4:1	5.3:1
2022-23	9.6:1	8.2:1	5.8:1

The above figures contain overtime. Adjusting the calculation, taking account of the removal of overtime, the current year ratios are 8.8:1, 7.9:1 and 5.4:1 respectively.

The remuneration and salary cost information used to calculate the above ratios are shown below.

Remuneration and Salary Information used to calculate pay ratios (audited)

	2023-24 Total Pay and Benefits	2023-24 Salary Component	2022-23 Total Pay and Benefits	2022-23 Salary Component
25th percentile	23,302	21,462	21,282	20,299
Median	27,135	24,161	24,726	22,523
75th percentile	37,964	35,277	35,350	33,500

The above figures contain overtime. Adjusting the calculation, taking account of the removal of overtime, the current year figures are 23,185 and 21,467; 25,973 and 24,171; and 37,657 and 35,283 respectively.

The percentage change in the remuneration of the highest-paid Director and of the employees of SLC taken as a whole are shown in the tables below.

Percentage change of salaries and allowances and performance related pay and bonuses of the highest paid Director and all employees (excluding the highest paid Director) (audited)

	Highest Paid Director	All employees (excluding highest paid Director)
	2023-24	**2023-24**
Salary and allowances	0.0%	12.7%
Performance pay and bonuses	0.0%	-48.7%

This table above and the fair pay workings relate to performance related payments made in 2023-24 relating to 2022-23. The %s above reflect movement in the midpoints of the bands. Performance pay figures are not known at the end of the financial year and therefore using amounts paid ensures comparability. The remuneration table on pages 55 and 56 include accrued performance pay for 2023-24 and 2022-23

Additional payments have been made to staff in each of the last two financial years. In 2022-23 a non-consolidated payment of £450 per person was made to support significant cost-of-living pressures. This was included in Performance pay & bonuses. The £1,500 one-off payment to staff in 2023-24 was paid under Salary & allowances. This accounts for the year-on-year movement.

During 2023-24, remuneration for permanent members of staff ranged as follows:

	2024	2023
Range of lowest scale remuneration	£20,000-£25,000	£19,000-£19,500
Range of highest scale remuneration	£205,000-£210,000	£200,000-£205,000

No employees were paid more than the highest paid director. The remuneration for the entire ELT, excluding performance-related pay was £1.2m (2022-23: £1.2m).

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.

Staff Numbers and Remuneration (audited)

The below table represents the average headcount of employees. SLC's Senior Management Team and Executive Leadership Team are Senior Civil Service (SCS) equivalent roles.

Staff Numbers by grade and gender for the year to 31 March 2024 (unaudited)

	Male	Female	Total
Executive Leadership Team	5	3	8
Senior Management Team	22	14	36
All other employees	1,556	1,798	3,354
Total	**1,583**	**1,815**	**3,398**

Staff Numbers by grade and gender for the year to 31 March 2023 (unaudited)

	Male	Female	Total
Executive Leadership Team	5	4	9*
Senior Management Team	22	12	34
All other employees	1,485	1,632	3,117
Total	**1,512**	**1,648**	**3,160**

*There are only 8 Permanent members of the ELT. This short-term increase in 2022-23 reflected the cross-over period for the Executive Director, People post.

There has been an increase of 7.5% in average staff numbers since last year – from 3,160 to 3,398. This is mainly due to the cooling of the employment market and the strengthening of SLC's internal recruitment team, meaning SLC was able to recruit more successfully compared to the previous year. In absolute terms, headcount increased month on month from April to July. Since July, absolute headcount has decreased steadily and at the end of March 2024 was 3,320, compared to 3,423 at end March 2023. The impact on the level of salaries and other staff costs is detailed in the financial review within the Strategic Report.

Wages and salaries (audited)

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

	2023-24 Permanent Staff £'000	**2023-24 Agency Costs £'000**	**2023-24 Total Remuneration £'000**
Wages and salaries	108,982	422	109,404
National Insurance costs	10,927	-	10,927
Employer Pension costs	22,468	-	22,468
Capitalised Staff costs	(6,418)		(6,418)
Direct staff costs	**135,959**	**422**	**136,381**
Indirect staff costs*	1,175	-	1,175
Total staff costs	**137,134**	**422**	**137,556**

*Indirect staff costs relate to the apprenticeship levy and health insurance premiums.

	2022-23 Permanent Staff (Restated *) £'000	**2022-23 Agency Costs £'000**	**2022-23 Total Remuneration (Restated *) £'000**
Wages and salaries	98,090	1,247	99,337
National Insurance costs	9,874	-	9,874
Employer Pension costs	19,453	-	19,453
Capitalised Staff costs	(3,943)		(3,943)
Direct staff costs	**123,474**	**1,247**	**124,721**
Indirect staff costs**	709	-	709
Total staff costs	**124,183**	**1,247**	**125,430**

*Capitalised staff costs reflects the cost of SLC staff time on the development of in house assets. Prior year has been restated to reflect a comparative decrease of £3,943k where the capitalised internal staff recharge was incorrectly shown under other administrative expenditure.

**Indirect staff costs relate to the apprenticeship levy and health insurance premiums.

Total Permanent Staff costs have increased by £13.0 million (10.3%), which primarily relates to the increase in average staff numbers; and the pay awards for October 2023, which were secured following a pay flexibility case being approved by HM Government allowing SLC to make a pay award greater than the Civil Service Pay Remit Guidance for 2023-24 provided. The £1,500 one-off payment to staff in August 2023 cost £4.6m. More successful recruitment has seen a significant reduction in Agency costs for the second year in a row, from £1.24m in 2022-23, to £422k in 2023-24.

Capitalised staff costs increased from £3.9m in 2022-23 to £6.4m in 2023-24. This reflects a 64% increase in the use of SLC internal staff across a range of projects.

Consultancy costs are included within other administrative expenses within the Statement of comprehensive net expenditure which are detailed in Note 4 to the financial statements, under outsourced services. Other consultancy costs amounted to £0.9m (2022-23: £1.7m) during the year.

Severance Payments (audited)

SLC have progressed two voluntary severance payments which have been agreed with Cabinet Office. At March, one case has been offered and accepted, but not paid, the other is in progress and a provision has been made, (2022-23:2).

Number of Severance Payments

Payment Band	2023-24	2022-23
£< £10,000		-
£10,001 - £25,000		1
£25,001 - £50,000		1
£50,001 - £75,000	1	-
£75,001 - £100,000	1	
Total	**2**	**2**

The total cost of severance payments offered in year was £154,000 (2022-23: £54,000).

Off-payroll Arrangements (unaudited)

Off-Payroll Arrangements exceeding £245 per day

	31 March 2024 No.	31 March 2023 No.
No. of existing engagements as of 31 March 2024	**2**	**20**
Of which...		
No. that have existed for less than one year at time of reporting.	1	15
No. that have existed for between one and two years at time of reporting.		1
No. that have existed for between two and three years at time of reporting.		2
No. that have existed for between three and four years at time of reporting.		1
No. that have existed for four or more years at time of reporting.	1	1

The 2 remaining arrangements were secured via the CCS Framework Public Sector Resourcing. This is the government wide service for contingent labour provision and the internal controls to manage access to this framework are within the People Directorate.

	31 March 2024 No.
No. of temporary off-payroll workers engaged during the year ended 31 March 2024	6
Of which...	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	6
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
No. of engagements reassessed for compliance or assurance purposes during the year	1
Of which: no. of engagements that saw a change to IR35 status following review.	-

	31 March 2024 No.
For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024	
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	-
Total number of individuals on- and off- payroll that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both on- and off-payroll engagements	10

People Strategy (unaudited)

In line with our corporate objective of being 'a great place to work', our comprehensive People Strategy programme aims to create a skilled, motivated, and engaged workforce, aligned to current and future organisational needs.

This year we have conducted a review of the existing People Strategy, focusing on the next 12 months which will lay the foundations and ensure alignment to the SLC's next three-year Corporate Plan. Following this review, we have identified a new priority to add to the strategy of an SLC-wide culture programme; and increase our focus on skills. Most recently we have commenced the work to develop our Strategic Workforce Plan (SWP), which will deliver the future capacity and capability needs our organisation will require over the next 3-5 years.

Our 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. However, the recent economic climate and public sector pay constraints has placed pressure on our pay arrangements.

Recognising the need for more substantive pay reform, in May of 2023, SLC submitted a pay flexibility case to HM Government for approval. Following consideration by the Department for Education, Cabinet Office and HM Treasury, the case was approved in March 2024. The approval allows SLC to increase our overall paybill by 12.41% over the two years 2023-24 and 2024-25. This will make pay at SLC more sustainable; address structural pay issues in our lowest grades, which have been driving our long-standing pay challenges; tackle unsustainable issues of recruitment and retention; and, by year two, have our pay bands better aligned with other public sector organisations. The length of time taken to gain approval for the pay case had a knock-on impact on Employee Engagement and resulted in a 6 month delay to the payment of annual salary uplifts to all colleagues at SLC. The cost implications of the pay flexibility case have had to be funded by internally generated efficiency savings.

As part of the approval process for our Pay Flexibility Case, SLC agreed to review its grading structure. As a result of this, from April 2024 SLC removed one grade from its structure (Grade 10). SLC will continue to review its structure and organisational design principles over the year ahead to look for opportunities to make further improvements.

Our 2023 Gender Pay Gap Report noted a slight increase in the mean gender pay gaps from 2022, by 0.6 percentage points from 12.1% to 12.7%. However, the report also noted a reduction in our median gender pay gap of 3.5 percentage points from 7.6% in 2022 to 4.1% in 2023. SLC also saw a significant reduction in its bonus gender pay gap of 10.9 percentage points from 12.6% in 2022 to 1.7% in 2023. We explain the detail behind these results and our action plan to reduce our gender pay gap in this report published in March 2024 at: https://www.gov.uk/government/publications/student-loans-company-slc-gender-pay-gap-report-for-2023.

Our Workforce:

This year saw the development and launch of our new three-year Equality Diversity and Inclusion Strategy, which was published in August 2023. Through specific and measurable objectives, this strategy outlines the next steps in our journey to develop our EDI maturity; empower our people to embed Equality, Diversity and Inclusion into everything we do; and support our people to thrive.

Early progress against this strategy is available in our latest EDI annual report, published here: https://www.gov.uk/government/publications/slc-equality-diversity-and-inclusion-annual-report-2023/slc-edi-annual-report-2023

SLC is committed to the development and progression of colleagues with disabilities and to the provision of an inclusive and accessible working environment for all. In 2022-23, SLC received the highest level of recognition under the Government's Disability Confident scheme – Disability Confident Leader. This is a multi-year accreditation, and we will be assessed again next year. Through the external accreditation process we were commended for improving support for colleagues through the launch of our remote mental health first aid service; and for continually reviewing our policies to ensure they are inclusive, accessible, and allow for discretion to help break down potential barriers and facilitate the development of colleagues with disabilities.

SLC's Recruitment and Selection Policy outlines and confirms our commitment as a Disability Confident Leader 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 colleagues with disabilities is incorporated into SLC policies, procedures and processes and SLC offers support for colleagues to manage their disabilities or health conditions.

The following information sets out a summary of the equality profile of the Student Loans Company as of 31 December 2023. This data has been used in the development of SLC's new three-year EDI strategy. It is also used to provide company employee information as part of the equality impact assessment process.

- **Age:** The median age of SLC colleagues in 2023 was 38; down from 39 in 2022. This shows that we continue to have a young workforce when compared to other Civil Service employers, where the median age is 44.

- **Gender:** The company gender profile is broadly consistent when compared with other public sector organisations. The percentage of men working at SLC is 46.52% and the percentage of women is 53.48%. The proportion of women employed by SLC is slightly lower than in the wider Civil Service, in which women represent 54.5% of employees.

- **Race/Ethnicity:** Our Ethnicity data shows we have reduced our 'prefer not to say' data from 24.36% down to 20.86% in 2023. This reflects the data monitoring campaign held within SLC and hopefully increased confidence from colleagues regarding the way their data is used. Employees sharing their ethnicity as white has increased from 65.83% to 67.94%; as Asian from 2.83% to 3.81%; as Black from 0.58% to 0.82%; while those sharing that they have mixed ethnicity has reduced from 0.58% to 0.56%; and other ethnic group of 0.21% to 0.18%.

- **Religion and belief**: This year we hold data for 74.45% of our employees, which is a slight increase from 73.59% in 2022. The percentage of employees who prefer not to share their religion or belief has slightly increased from 3.01% in 2022 to 3.40% this year; while the percentage of blank or unknown data has decreased from 23.39% in 2022 to 22.15% this year.

- **Disability:** SLC data shows that 5.25% of colleagues currently report having a disability. While this is an increase on 2022, which was 3.58%, it still falls well below the Civil Service figures of 14.4%. We still have a large amount of unknown data, up 5 percentage points to 29.42%. The establishment of SLC's new Disability Network will help gain insight into why we have such a high percentage of unknown data.

- **Sexual Orientation:** This year 5.63% of employees shared they are gay, lesbian, bisexual or other, which is a slight increase from 4.65% last year; however, slightly behind the wider Civil Service who report 6.1% of their colleagues reporting as LGBO.

Employee Engagement

SLC conducts an annual Employee Engagement Survey and three pulse surveys each year to gain insight into colleagues' experiences and views of working at SLC. Results are used to help inform and enable our strategic goal of making SLC a great place to work.

Our 2023 Employee Engagement Survey, undertaken in November 2023, attracted responses from 77% of SLC employees (while this is a high response rate it does reflect a 1% decrease on the rate for the survey issued in November 2022).

The average Employee Net Promoter Score (ENPS) measured on a 0-10 scale based on the question 'How likely is it you would recommend SLC as a great place to work' has fallen to 5.8. This is a reduction from the 2022 score of 6.1 and is lower than our target of 6.6.

Analysis of qualitative responses from the surveys highlighted the key factors impacting colleague sentiment - pay and reward, the shift in post-pandemic working patterns and how satisfied colleagues are working for SLC. These themes are not unique to SLC with many of the same key drivers of sentiment also evidenced in the Civil Service People Survey.

Positive areas evidenced in the survey results included colleagues' connections within their teams, the support they receive from their direct manager, and their understanding of their contribution to our organisation's overall success.

Staff Health, Safety and Wellbeing

SLC understands and discharges its duties under the Management of Health and Safety at Work Regulations 1999 and the Health and Safety Act 1974. SLC does this using a broad strategy incorporating regularly reviewed and updated policies, mandatory annual Health and Safety training for all employees including a workstation assessment, a regular review of Health and Safety risks, regular audits of the working environment, independent third-party assurance reviews such as ISO 45001, regular communications to staff and an annual Health and Safety report to the SLC main Board.

Sickness Absence Report

	2023-24 %	**2022-23 %**	**2021-22 %**
Sickness Absence	4.13	3.75	3.83

Sickness absence is shown as a percentage of total available working days in year. This shows that our absences have been trending up, which is in line with UK-wide trend in sickness absence as reported by the Chartered Institute of Personnel Development (CIPD). There is also a recognised correlation between decreased employee engagement and increased sickness absence, therefore we should expect to see our sickness absence trend up as our employee engagement trended down in 2023-24.

Staff turnover

Staff turnover percentage includes all staff employed at SLC. For a given period, the turnover figure is calculated as the number of leavers within that period divided by the average of staff in post over the period.

Staff Turnover Report

	2023-24 %	2022-23 %	2021-22 %
Staff turnover percentage	14.84	15.17	18.41

2023-24 staff turnover has reduced for the second year in a row.

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.

Trade Union facility time reporting

Table 1 - Relevant Union Officials	31 March 2024	31 March 2023
Employees identified as relevant union officials	13	13
Full time equivalent employee number	13	13

Table 2 - Percentage of time spent on facility time	31 March 2024	31 March 2023
0% of working time		
1-50% of working time	13	13
51-99% of working time		
100% of working time		

Table 3 – Percentage of pay bill spent on facility time	31 March 2024	31 March 2023
Total cost of facility time	£44,609	£33,041
Total pay bill	£137m	£125m
Percentage of pay bill spent on facility time	0.02%	0.03%

Table 4 – Paid Trade Union activities	31 March 2024	31 March 2023
Time spent on paid trade union activities as a percentage of total paid facility **time**	100%	100%

Parliamentary Accountability Report

Losses, Special Payments, and Write-offs (audited)

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for SLC or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

There were no losses or special payments exceeding £300,000, either individually or in aggregate, made in 2023-24.

There were no donations made during the year.

We are custodian of taxpayers' funds and have a duty to parliament to ensure the regularity and propriety of our activities and expenditure. We manage public funds in line with MPM. The importance of operating with regularity and the need for efficiency, economy, effectiveness and prudence in the administration of public resources to secure value for public money, is the responsibility of our Accounting Officer whose responsibilities are also set out in MPM.

They include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable. To discharge this responsibility and ensure our control totals are not breached, the following activities are in place:

- formal delegation of budgets
- detailed monitoring of expenditure
- monthly management reporting against control totals

Fees and Charges (audited)

There are no material fees and charges to disclose.

Remote Contingent Liabilities (audited)

At the year-end SLC had no remote contingent liabilities.

Government Functional Standards

SLC complies with relevant Government Functional Standards.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STUDENT LOANS COMPANY LIMITED

Opinion on financial statements

I have audited the financial statements of Student Loans Company Limited for the year ended 31 March 2024.

The financial statements comprise the Student Loans Company Limited's

- Statements of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006

In my opinion the financial statements:

- give a true and fair view of the state of the Student Loans Company Limited's affairs as at 31 March 2024 and its loss on ordinary activities for the year then ended; and
- have been properly prepared in accordance with the UK adopted International Accounting Standards; 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 (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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 obtaining details of Grant in aid agreed with the Department for Education for the financial year ended 31 March 2024 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 the information included in the Annual Report, but does not include 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.

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 the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 Limited 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;
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the directors for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Student Loans Company Limited from whom the auditor determines it necessary to obtain audit evidence.
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- preparing the Annual Report, which includes the Directors' Remuneration Report, in accordance with the Companies Act 2006; and
- assessing the Student Loans Company Limited'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 the applicable law and International Standards on Auditing (UK) (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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Student Loans Company Limited's accounting policies, key performance indicators.
- inquired of management, 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 on:
    - identifying, evaluating and complying with laws and regulations;
    - detecting and responding to the risks of 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 Student Loans Company Limited's compliance with the Companies Act 2006 and Managing Public Money;
- inquired of management, Student Loans Company Limited's head of internal audit and those charged with governance whether:
    - they were aware of any instances of non-compliance with laws and regulations; and
    - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the internal and external specialists where relevant, how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Student Loans Company Limited for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Student Loans Company Limited's framework of authority and other legal and regulatory frameworks in which the Student Loans Company Limited operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in 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, and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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 communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists, where relevant 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.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Peter Morland (Senior Statutory Auditor)

12 December 2024

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

	Note	2024	2023 (Restated*)
		£'000	**£'000**
Revenue	3	**2,522**	**1,519**
Staff costs *	5	(137,556)	(125,430)
Restructuring costs	5	(154)	(54)
Depreciation, amortisation and impairments	8,9	(27,339)	(36,599)
Other administrative expenditure *	4	(117,777)	(130,306)
Total operating expenditure		**(282,826)**	**(292,389)**
Net operating expenditure		**(280,304)**	**(290,870)**
Finance income	6	79	30
Finance costs	7	(2,967)	(470)
Net financing expense		**(2,888)**	**(440)**
(Loss) on ordinary activities before taxation		(283,192)	(291,310)
Tax on result of ordinary activities		-	-
(Loss) on ordinary activities after taxation		**(283,192)**	**(291,310)**
Other comprehensive (expenditure)/income:			
Items that will not be reclassified to net operating costs:			
Actuarial gain/(loss) on defined benefit pension scheme	15	(818)	(18,507)
Total comprehensive net (expenditure) for the period		**(284,010)**	**(309,817)**

*22-23 Staff costs and Other Administrative expenditure have been restated to account for capitalised staff costs, now reported under Staff Costs instead of Other Administrative expenditure (see Notes 4 and 5).

All income and expenditure reported is derived from continuing operations.

The notes on pages 79 to 107 form part of these Accounts.

Statement of Financial Position as at 31 March 2024

	Note	2024	2024	2023	2023
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	8	**49,566**		**24,815**	
Intangible assets	9	**65,779**		**60,169**	
Retirement benefit obligation surplus	15	**-**		**-**	
Total non-current assets			**115,345**		**84,984**
Current assets					
Trade and other receivables	11	**17,038**		**15,702**	
Cash and cash equivalents	12	**10,134**		**10,103**	
Corporation tax		**3**		**3**	
Total current assets			**27,175**		**25,808**
Total assets			**142,520**		**110,792**
Current liabilities					
Trade and other payables	13	**(27,887)**		**(31,706)**	
Provisions	14	**(3,452)**		**(2,785)**	
Total current liabilities			**(31,339)**		**(34,491)**
Total assets less current liabilities			**111,181**		**76,301**
Non-current liabilities					
Trade and other payables	13	**(27,003)**		**(9,376)**	
Provisions	14	**(2,959)**		**(1,360)**	
Retirement benefit obligation net deficit	15	**(19,665)**		**(16,893)**	
Total non-current liabilities			**(49,627)**		**(27,629)**
Net Assets			**61,554**		**48,672**
Capital and reserves					
Called up share capital	17	**-**		**-**	
General reserve		**61,554**		**48,672**	
Total equity			**61,554**		**48,672**

These Financial Statements were approved by the Board of Directors on 12 December 2024 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.

The notes on pages 79 to 107 form part of these Accounts.

Chris Larmer, Chief Executive and Accounting Officer
12 December 2024

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

General Reserves 2024	Note	General Fund	Pension Reserve	Total
		£'000	£'000	£'000
Balance at 1 April		65,565	(16,893)	48,672
Net (loss)		(281,238)	(1,954)	(283,192)
Actuarial loss in retirement benefit obligations	15		(818)	(818)
Grant from sponsoring department		296,892	-	296,892
Balance at 31 March		81,219	(19,665)	61,554

General Reserves 2023	Note	General Fund	Pension Reserve	Total
		£'000	£'000	£'000
Balance at 1 April		72,933	1,995	74,928
Net (loss)		(290,929)	(381)	(291,310)
Actuarial loss in retirement benefit obligations	15	-	(18,507)	(18,507)
Grant from sponsoring department		283,561	-	283,561
Balance at 31 March		65,565	(16,893)	48,672

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 surplus from/(obligation to) the defined benefit pension scheme.

The notes on pages 79 to 107 form part of these Accounts.

Statement of Cash Flows For the year ended 31 March 2024

	Note	2024 £'000	2024 £'000	2023 (Restated*) £'000	2023 (Restated*) £'000
Cashflow from operating activities					
(Loss) on ordinary activities after taxation		**(283,192)**		(291,310)	
Adjustments to (loss) on ordinary activities:					
Depreciation	8	**9,102**		9,016	
Impairments - Property, plant and equipment	8	**-**		-	
Amortisation	9	**16,614**		27,582	
Impairments - Intangible assets	9	**1,623**		-	
(Gain)/Loss on disposal of fixed assets	4	**(55)**		(18)	
Taxation		**-**			
Finance costs	7	**1,013**		89	
Finance income	6	**(79)**		(30)	
Pension valuation movements	15	**1,954**		381	
		(253,020)		(254,290)	
(Increase)/decrease in trade and other receivables	11	**(1,336)**		(392)	
Increase/(Decrease) in trade and other payables[1]	13	**(3,598)**		206	
Increase/(Decrease) in provisions[2] *	14	**606**		926	
Cash payments for interest portion of lease liability *	7	**(1,013)**		(89)	
Net cash (outflow) from operating activities			**(258,361)**		(253,639)
Cashflow from investing activities					
Finance income	6	**79**		30	
Acquisition of property, plant and equipment[3] *	8	**(11,595)**		(4,217)	
Acquisition of intangible assets	9	**(23,848)**		(17,363)	
Proceeds from sales of property, plant and equipment		**68**		44	
Net cash (outflow) from investing activities			**(35,296)**		(21,506)
Cashflow from financing activities					
Grant in Aid funding received from sponsoring department		**296,892**		283,561	
Cash payments for the principal portion of the lease liability *		**(3,204)**		(3,276)	
Net cash inflow from financing activities			**293,688**		280,285
Net increase/(decrease) in cash and cash equivalents	12		**31**		5,140
Cash and cash equivalents at 1 April	12		**10,103**		4,963
Cash and cash equivalents at 31 March	12		**10,134**		10,103

(1) The movement in trade and other payables noted above excludes movements on amounts due under leases of £17,406k, which are non-cash movements.
(2) The movement in provision excludes movement on capitalised dilapidations provisions of (£1,600k), which are non-cash movements.
(3) The acquisition of property, plant and equipment excludes o Right of Use assets where the full lease term is recognised in line with IFRS 16, which are non-cash, totaling £22,527k (2022-23: £10,076k).

*Prior year restatement:

- *Increase/(Decrease) in provisions - Prior year has been restated to reflect the non-cash payments movement relating to capitalised dilapidations provisions through the SOFP. The restatement has resulted in the figure decreasing from £1,098k to £926k, a movement of (£172k).*

- *Cash payments for interest portion of lease liability – Per IFRS 16.50 cash payments of interest portion of lease liability should be disclosed separately. Prior year cashflow was not in line with this guidance. The restatement has resulted in the separate disclosure of the figure, a movement of (£89k).*

- *Cash payments for the principal portion of lease liability – Prior year figure incorrectly included the netting off of non-cash Right of Use asset acquisitions and the non-cash movement in capitalised dilapidations due to the relationship with lease payments. The figure also included the cash payments of interest portion of lease liability which should have been disclosed separately. The restatement has resulted in a reduction from £6,538k to (£3,276k), a movement of (£9,814k).*

- *Acquisition of property, plant and equipment – Prior year figure included non-cash PPE acquisitions. Figure has been restated to remove non-cash Right of Use asset movements. This restatement has resulted in a reduction from (£14,293k) to (£4,217k), a movement of £10,076k.*

The notes on pages 79 to 107 form part of these Accounts.

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 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 have been applied in relation to the financial statements. We have also elected to comply with FReM disclosures in the Annual Report where it is deemed more transparent to do so and where there is no conflict with the Companies Act 2006. The Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the UK (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

1.2 Impact of New Accounting Standards

IFRS 17 Insurance Contracts was effective for accounting periods on or after 1st January 2023. This will have no impact on the company's Financial Statements as the company does not issue insurance finance or insurance contracts.

1.3 Measurement Convention

The Financial Statements are prepared on the historical cost basis, with the following exceptions:

- Financial instruments, namely payables and receivables, are measured at amortised cost - see note 1.11 for further detail.
- Cash is stated at fair value.
- 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 2024-25 has been included in the sponsoring departments' estimates for that year, which have been approved by Parliament. The total budget is expected to be confirmed by the Department for Education as set out in the Annual Performance and Resource Agreement (APRA) Letter 2024-25. The APRA letter will also confirm 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. 2024-25 is the final year of the current 3-year Comprehensive Spending Review (CSR) meaning funding is confirmed up to March 2025. It has therefore been considered appropriate to adopt a going concern basis for the preparation of the 2023-24 financial statements.

The transfer of the remaining deferred members and pensioners of SLC's defined benefit pension scheme to the Civil Service Pension has been paused. At this time, we do not have a date for derecognition of the scheme and final signature. The pension scheme deficit is underwritten by DfE.

1.5 Student Loans

SLC, in conjunction with HMRC through whom most repayments are collected, services the entire loan book. The loan book is partly owned by HMG and partly owned by private investors. The value of loans owned by HMG is recorded in the accounts of DfE.

1.6 Use of Estimates and Judgement

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

Estimates and underlying assumptions are reviewed on a continuing 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 to the lease end date, as the expectation is SLC are unlikely to terminate any existing leases early.

Dilapidations provisions: The dilapidations provision is based on external valuations provided by SLC's property consultants. The latest formal desk top valuations were provided in March 2024. 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 2024 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
- RPI and CPI 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 2022 projected forward are reflected in the actuarial valuation as at 31 March 2024. This valuation predicts a deficit, and the pension liability is reflected in these financial statements.

Intangible Assets: Much of the development of SLC's systems was undertaken in-house with costs that meet the recognition criteria of IAS38 Intangible Assets capitalised as an intangible asset. A detailed assessment was required to determine the level of capitalisation of such work. Each team working on projects is assessed against IAS 38 to determine whether their activity is capitalisable, and timesheets are used to determine the costs to be capitalised. In addition, management undertook an annual review to identify any impairments or disposals required, and to confirm the likely asset life over which these systems should be amortised.

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.

Useful Economic Lives: Estimates and judgement are included in determining amortisation and useful economic lives. Useful lives of assets are based on the characteristics of assets, contract end dates and expected re-investment periods. There is uncertainty around when an asset will be replaced or will stop being used due to SLC's funding model, in addition to the uncertainty around technological advances. The estimation uncertainty is counteracted by carrying out an annual useful life review to determine if the useful lives applied remain reasonable. A change in a useful life is applied when it is management's judgment to do so after reviewing information supplied during the process or through the normal course of business.

1.7 Revenue

Revenue: SLC complies with IFRS 15 Revenue from Contracts with Customers which requires revenue to be recognised when the reporting entity has completed performance obligations stipulated in its contracts with customers.

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 is credited to SLC's reserves.

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). Net VAT of £5.3m was an increase of £0.8m (22-23: £4.5m). The majority of the VAT payable relates to VAT on the April Grant-in-Aid invoice raised in late March.

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.

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, SLC 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 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
Furniture, fixtures and fittings	8 years
Motor vehicles	3 to 5 years

1.10 Intangible Assets Recognition

Intangible assets valued greater than £5,000 (grouped) 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 phase, expenditure is not capitalised, as feasibility is only determined at the end of the discovery phase. 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.

Measurement
All intangible assets recognised, with the exception of perpetual licences, 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. Perpetual licences are held at their carrying value, with an indefinite useful life. When using an indefinite useful life, SLC considers the nature of the licence and whether the use of the licence is for a set period or indefinitely.

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.

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

Internally generated software assets cover SLC's core systems. Their subsequent enhancements to these systems including application of Government policy is built upon these systems. The useful lives of these assets are based on the best information available, including average course length, end dates of underlying technology licences and expected re-investment in technology.

Amortisation, useful lives and residual values are reviewed at the end of each financial year on an individual asset basis to determine if the most appropriate lives are reflected and remain in line with our policy. If SLC expect to use an asset for longer or shorter than originally estimated or funding is approved to upgrade system functionality, this may trigger an adjustment to an asset's useful life.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing SLC with the right to access the cloud provider's application software over the contract period. As such SLC does not recognise a software intangible asset at the contract commencement date.

A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	• Fee for use of application software • Customisation by third party not separately identifiable from right to receive access to the application software.
Recognise as an operating expense as the service is received	• Configuration costs • In-house customisation costs • Distinct customisation costs by a third party • Data conversion and migration costs • Testing costs • Training costs
Recognise as an intangible asset	Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset.

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 'trade and other 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 4 December 2023.

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 set at one of four rates in the range 4.6% to 8.05% of pensionable earnings, based on salary bands. 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 Government Actuary's Department undertakes a valuation of the CSPS every four years. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners. In 2023-24 employer contributions were in the range 26.6% to 30.3% of pensionable earnings with a move to a flat rate of 28.97% from April 2024.

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).

There is no change to the employee contribution rates for the *partnership* pension scheme in 2024-25.

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. The scheme is an unfunded, defined benefit scheme that covers civil servants across a number of government departments and arms length bodies. The scheme is not designed to be run in a way that would enable bodies to identify their share of the underlying scheme liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme. 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 was in place in prior years to meet SLC's statutory obligations to enrol all employees in a pension scheme. This still maintains 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.

SLC has the ability to receive a surplus following a gradual settlement of the Scheme and therefore recognises scheme assets within the financial statements. The scheme currently has a deficit of £19.7m (note 15).

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 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 2022, with the most recent investment strategy dated April 2023. The accounting actuarial valuation as at 31 March 2024 is based on the section 179 valuation from November 2022.

At the point the investment strategy was revised the transfer of the deferred and pension population was imminent, so in preparation of the scheme being moved to Cabinet Office, all scheme assets were moved into a liquidity cash fund. No further amendments have been proposed by DfE despite the delay in transfer. 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). The remaining funds are held in the Sterling Liquidity Fund.

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 five segments: Operating Activities, Change Programme, Evolve, LLE and Higher Education (HE) Reforms and Catalyst. This is the basis for SLC's reporting to DfE.

- Operating Activities represents day to day operating business undertaken by SLC.
- The Change Programme represents additional activities undertaken by SLC in the financial year to create new activities. Once complete they will become part of normal operating activities.
- The Evolve Programme was the SLC transformation programme which closed in August 2023.
- LLE and HE Reform are Government initiatives.
- Catalyst Programme has identified initiatives through a series of gateways which can deliver a net benefit outcome.

There is no measure of assets or liabilities reported by segment to the CEO.

2 Segmental Reporting

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

	2024					
	Operating Activities £'000	**Change Programme £'000**	**Evolve Programme £'000**	**HE FE Reform £'000**	**Catalyst £'000**	**Total £'000**
Segmental Revenue						
Grant Income	-	-	-	-	-	-
Administration fees receivable from third parties	1,044	-	-	-	-	1,044
Other income	1,478	-	-		-	1,478
Total revenue	**2,522**	**-**	**-**		**-**	**2,522**
Total expenditure	(243,975)	(27,320)	-	(10,289)	(1,242)	(282,826)
Net operating expenditure	**(241,453)**	**(27,320)**	**-**	**(10,289)**	**(1,242)**	**(280,304)**
Capital expenditure	(35,535)	(16,510)	-	(4,031)	-	(56,076)
Total Segmental Expenditure	**(276,988)**	**(43,830)**	**-**	**(14,320)**	**(1,242)**	**(336,380)**

	2023				
	Operating Activities £'000	**Change Programme £'000**	**Evolve Programme £'000**	**HE FE Reform £'000**	**Total £'000**
Segmental Revenue					
Grant Income	1	-	-	-	1
Administration fees receivable from third parties	1,217	-	-	-	1,217
Other income	301	-	-	-	301
Total revenue	**1,519**	**-**	**-**	**-**	**1,519**
Total expenditure	(229,199)	(34,008)	(23,787)	(5,395)	(292,389)
Net operating expenditure	**(227,680)**	**(34,008)**	**(23,787)**	**(5,395)**	**(290,870)**
Capital expenditure	(15,428)	(13,110)	(330)	(2,860)	(31,728)
Total Segmental Expenditure	**(243,108)**	**(47,118)**	**(24,117)**	**(8,255)**	**(322,598)**

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.

3 Revenue

	2024 £'000	2023 £'000
Grant income	-	1
Administration fees receivable from third parties	1,044	1,217
Other income	1,478	301
	2,522	**1,519**

The Administration fees receivable from third parties in the table above includes £1.0m of Bursary fee income (2022-23: £1.1m). These are fees raised for the administration services provided by SLC to support Higher Education Providers (HEPs) in England, Northern Ireland, Scotland and Wales, in providing mandatory and discretionary bursaries, scholarships and fee waivers to students. 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. 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.

The increase in Other Income is primarily associated with a sub-letting arrangement in Clyde Place, where the tenant, CICA reimburses fit-out costs. The corresponding expenditure is accounted for in other administration expenditure.

4 Items included in Net Expenditure before Interest and Tax

Other Administrative Expenditure

	2024 £'000	2023 £'000 (Restated*)
Technical Service Delivery*	42,521	56,772
Technology, Licences, Voice & Data	30,973	29,066
Outsourced Services	21,120	21,183
Professional Services	6,814	6,891
Premises Costs	7,808	6,590
Postage & Courier	4,615	4,805
General Expenditure	1,381	1,099
Bank Charges	1,071	1,229
Office Services	795	1,494
Other	383	516
Recruitment	296	661
TOTAL	**117,777**	**130,306**

*Technical Service Delivery FY2324 includes £6,418k of capitalised staff costs for the development of in-house assets. Prior year has been restated to reflect a comparative increase of £3,943k where the capitalised internal staff recharge was incorrectly shown under other administrative expenditure.

The table above provides the breakdown of other operating expenditure. An explanation of the decrease in expenditure in 2023-24 can be found in section 3.2.4. of the annual report and accounts.

The following analysis is provided to show key items included in net expenditure before interest and tax.

	2024 £'000	2023 £'000
Dilapidations provision *	669	1,039
Depreciation, amortisation and impairments	27,339	36,599
Net (gain)/loss on disposal of fixed assets	(55)	(18)
Directors' remuneration **	817	781
Auditors remuneration:		
- Audit of these financial statements	216	200

Depreciation has reduced by £3.4m in line with reduced activity.

*Dilapidations provision includes amounts expensed in year. Prior year has been restated from £1,211k to £1,039k to reflect this.
**Directors' remuneration includes bonus payments. Prior year has been restated from £787k to £781k to reflect the final position last year.

Directors' remuneration:

	2024 £'000	2023 £'000
Non-Executive Directors' Fees	163	147
Executive emoluments (including benefits in kind)	510	490
Pension contributions	144	144
Taxable expenses		-
	817	**781**

There are three statutory Executive Directors at SLC, the Chief Executive Officer, the Deputy Chief Executive Officer and Customer Officer, and the Chief Financial Officer. The remuneration of each individual Director is analysed in the Remuneration and Staff Report.

Highest paid Director

The highest paid Director during the year was SLC's CEO, Chris Larmer. In 2022-23 it was outgoing CEO, Paula Sussex.

	2024 £'000	2023 £'000
Total remuneration attributable (excluding pension)	208	204
Total contributions to pension scheme	58	42
Accrued pension balance (MyCSP)	11	32

5 Staff Costs

The aggregate payroll costs were as follows:

	2024 £'000	2023 £'000 (Restated*)
Wages and salaries	109,404	99,337
Social security costs	10,927	9,874
Pension service costs/(income)	22,468	19,453
Capitalised SLC staff costs*	(6,418)	(3,943)
	136,381	**124,721**
Other staff costs	1,175	709
	137,556	**125,430**
Restructuring costs	154	54

*Capitalised staff costs reflects the cost of SLC staff time on the development of in house assets. Prior year has been restated to reflect a comparative decrease of £3,943k where the capitalised internal staff recharge was incorrectly shown under other administrative expenditure. Capitalised staff costs have increased in year by £2.5m.
Average staff numbers for the year were 3,398 compared to 3,160 in 2022-23 as noted in the Remuneration and Staff Report.

The increase in Wages and Salaries primarily reflects the impact of SLC's Pay Flexibility Case, £3.8m and an additional £1.5k one-off payment to staff directed by the Cabinet Office, £4.6m. Increases in average fte accounts for the remaining movement. In absolute terms, headcount increased month on month from April to July. Since July, absolute headcount has decreased steadily and at the end of March 2024 was 3,320, compared to 3,423 at end March 2023. Other staff costs represent the additional cost to SLC for agency workers, contractors, the apprenticeship levy and other indirect staff costs at times of peak demand or to cover vacant posts whilst recruitment is underway.

Restructuring costs of £154,000 (2022-23: £54,000) represents the severance costs relating to the financial year. Full details of the number of payments and corresponding costs are included in the Remuneration and Staff Report.

6 Finance Income

	2024 £'000	2023 £'000
Bank Interest	79	30
	79	30

Bank interest increased mainly as a result of increased interest rates.

7 Finance Costs

	2024 £'000	2023 £'000
Pension interest charge/(income)	837	(50)
Pension administration expenses	1,117	431
Lease finance charge	1,013	89
	2,967	**470**

Pension interest was charged in 2023-24 as the scheme is in deficit. This results from increased interest expense on defined benefit obligations and a reduction in interest received on plan assets. Administration expenses paid from plan assets also increased mainly on actuarial fees.

The increase in year of £0.9m for the lease finance charge relates to the new lease at Clyde Place and a full year of charges for the Memphis extension and renewal that took effect in 22-23.

8 Property, Plant and Equipment

	Short leasehold improvements	Computer and other electronic equipment	Furniture, fixtures and fittings	Motor vehicles	Assets under construction	Right of Use	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
At 1 April 2022	**14,920**	**20,341**	**4,229**	**101**	**950**	**16,306**	**56,847**
Adjustments	-	-	-	-	-	110	110
Additions	125	2,608	20	29	1,094	10,427	14,303
Disposals	(319)	(3,342)	(155)	(18)	-	-	(3,834)
Transfers	1,261	-	-	-	(1,261)	-	-
Impairment	-	-	-	-	-	-	-
At 1 April 2023	**15,987**	**19,607**	**4,094**	**112**	**783**	**26,843**	**67,426**
Adjustments		(15)	34				19
Additions	76	861	13	-	10,175	22,997	34,122
Disposals	(6,056)	(1,626)	(366)	(40)		(11,226)	(19,314)
Transfers	5,553	3,504	348	-	(9,405)	-	-
Impairment	-	-		-	-	-	-
At 31 March 2024	**15,560**	**22,331**	**4,123**	**72**	**1,553**	**38,614**	**82,253**
Depreciation							
At 1 April 2022	**10,569**	**14,139**	**2,108**	**38**	**-**	**10,539**	**37,393**
Charge for the year	1,771	3,074	398	32	-	3,741	9,016
On disposals	(319)	(3,341)	(120)	(18)	-	-	(3,798)
Impairments	-	-	-	-	-	-	-
At 1 April 2023	**12,021**	**13,872**	**2,386**	**52**	**-**	**14,280**	**42,611**
Adjustments	-	42	-	-	-	-	42
Charge for the year	1,604	2,959	409	27	-	4,103	9,102
On disposals	(5,988)	(1,618)	(343)	(35)	-	(11,084)	(19,068)
Impairments							
At 31 March 2024	**7,637**	**15,255**	**2,452**	**44**	**-**	**7,299**	**32,687**
Net book value							
At 1 April 2023	3,966	5,735	1,708	60	783	12,563	24,815
At 31 March 2024	**7,923**	**7,076**	**1,671**	**28**	**1,553**	**31,315**	**49,566**

The main additions in the year relate to the new 20-year lease for Clyde Place from June 2023, £22.7m, and the related fit-out of the building, £5.3m. The main disposals in the year related to our exit from Bothwell Street lease.

9 Intangible assets

	Intangible assets under development	Internally generated software	Websites	Software licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 April 2022	**11,380**	**191,966**	**2,583**	**6,561**	**212,490**
Additions	17,329	-	-	34	17,363
Disposals	-	-	-	(2,377)	(2,377)
Transfer *	(18,408)	18,408	-	-	-
Impairment	-	-	-	-	-
At 1 April 2023 *	**10,301**	**210,374**	**2,583**	**4,218**	**227,476**
Additions	20,955	-	-	2,893	23,848
Disposals	-	(4,251)	-	(548)	(4,799)
Transfer	(16,261)	16,261	-	-	-
Impairment	(1,285)			(338)	(1,623)
At 31 March 2024	**13,710**	**222,384**	**2,583**	**6,225**	**244,902**
Amortisation					
At 1 April 2022	**-**	**135,823**	**2,124**	**4,150**	**142,097**
Charge for the year	-	26,201	139	1,242	27,582
Disposals	-	-	-	(2,372)	(2,372)
At 1 April 2023	**-**	**162,024**	**2,263**	**3,020**	**167,307**
Adjustment					
Charge for the year	-	15,297	129	1,188	16,614
Disposals	-	(4,251)	-	(547)	(4,798)
At 31 March 2024	**-**	**173,070**	**2,392**	**3,661**	**179,123**
Net book value					
At 1 April 2023 *	10,301	48,350	320	1,198	60,169
At 31 March 2024	**13,710**	**49,314**	**191**	**2,564**	**65,779**

*Balances have been restated in prior year to reflect a transfer between Intangible Assets under development to Internally generated software due to an asset being put into use in 2022/23 in which it was not reflected in transfers within that year amounting to £4,575k.

In 2023-24, our annual review of useful lives identified intangible assets that are expected to last longer than anticipated but still within our policy range. This was due to having more information available from undertaking an initial system mapping exercise. As a result, we have extended the useful lives of the current year assets resulting in a £5.9m reduction to the charge in the year compared to the previous basis. If we had not extended the lives of the assets, the values would have been £22,467k.

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.

The most significant additions to Assets under Development and Internally Generated Software relate to work on updating systems for the new academic year and to bring systems in line with Shareholder policy initiatives.

Of the £2,564,000 of Software Licences £510,000 relates to perpetual licences (2022-23: £735,000). There were no new perpetual licences in year or in 2022-23.

Carrying value of material intangible assets

Carrying value of material intangible assets	2023-24 Gross book value £'000	2023-24 Net book value £'000	2023-24 Average use life years	2022-23 Gross book value £'000	2022-23 Net book value £'000	2022-23 Average use life years
LA Portal	54,258	17,472	4.12	46,093	13,819	4.33
Customer Portal	45,426	7,920	3.99	42,578	8,580	4.46
Assess Platform	46,559	6,557	4.07	44,745	7,246	4.76
CLASS	22,969	5,022	4.35	22,211	5,752	4.48
FE Portal	18,345	3,856	4.39	17,032	4,145	4.95
ORS	10,493	4,067	4.07	10,415	4,736	5.83

10 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. 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. 99% 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 2023-24 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.

	2024	2024	2023	2023
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Trade receivables due within 1 year	**7,089**	**7,089**	5,509	5,509
Cash and cash equivalents	**10,134**	**10,134**	10,103	10,103
Trade and other payables due within 1 year	**19,033**	**19,033**	24,763	24,763
Trade and other payables due after 1 year	**27,003**	**27,003**	9,376	9,376

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

Property	**End Date of lease**	**2024 Lease liability £'000**	**2023 Lease liability £'000**
Darlington Building 13	13/08/2024	9	74
Darlington Memphis Building	28/04/2033	7,923	8,365
Data Centre Co-Location	14/12/2027	1,173	1,572
Bothwell Street	24/12/2023	-	1,062
Darlington Studios	13/08/2024	-	183
Hillington	15/08/2025	174	339
Clyde Place	14/05/2043	19,722	
Total liability		**29,001**	**11,595**

SLC's Darlington Studios lease was voluntarily terminated a year early in August 2023. The Bothwell Street lease lapsed in December 2023 and a new lease for Clyde Place was signed in May 2023.

Total future minimum lease payments under finance leases are given in the table below for each of the following periods

Obligations under finance leases for the following periods comprise:	**2024 £'000**	**2023 £'000**
Buildings		
Not later than one year	2,994	2,578
Later than one year and not later than five years	13,327	6,777
Later than five years	21,548	4,013
Less interest element	(8,868)	(1,774)
Present Value of obligations	**29,001**	**11,595**
Analysed as:		
Payables: amounts falling due within 1 year	1,998	2,219
Payables: amounts falling due after more than 1 year	27,003	9,376
Total	**29,001**	**11,595**

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

11 Trade and Other Receivables

Amounts falling due within one year:	2024 £'000	2023 £'000
Other trade receivables*	7,089	5,509
Prepayments and accrued income	9,154	9,622
	16,243	**15,131**
Amounts falling due after more than one year:		
Prepayments and accrued income	795	571
Total trade and other receivables	**17,038**	**15,702**

*includes vat receivable relating to Grant in Aid

12 Cash and Cash Equivalents

	2024 £'000	2023 £'000
Balance at 1 April	10,103	4,963
Net increase/(decrease) in cash and cash equivalents	31	5,140
Balance at 31 March	**10,134**	**10,103**
The balances at 31 March were held at:		
Government banking services	**10,134**	**10,103**

At 31 March 2024 £123.1m (2022-23: £132.2m) was held in trust on behalf of third parties. These are not SLC funds but are accessed by SLC as part of its function to service the loan book which is partly owned by HMG and partly owned by private investors. This cash balance, and any movements in year, are recorded, along with the value of the loans outstanding, in the accounts of the owners of the loan book.

13 Trade and Other Payables

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade payables	1,688	3,575
VAT*	5,373	4,543
Other taxation and social security	3,481	2,400
Accruals and deferred income	15,347	18,969
Lease liability	1,998	2,219
	27,887	**31,706**
Amounts falling due after more than one year:		
Lease liability	27,003	9,376
Total trade and other payables	**54,890**	**41,082**

There has been a £3.6m decrease in accruals. This is a result of both reduced business activity in year and efficiencies across the business to process invoices before year end. The increase of £17.6m for lease liability falling due after more than one year reflects the new lease for Clyde Place and extension to Memphis.

*The majority of the VAT payable relates to VAT on the April grant in aid invoice raised in late March.

14 Provisions

	Legal costs £'000	Dilapidations £'000	Deferred lease improvement £'000	Redundancy Provision £'000	Total £'000
At 1 April 2022	185	2,794	68	-	**3,047**
Arising in year	15	1,211	-	-	**1,226**
Amounts utilized	(18)	-	(4)	-	**(22)**
Amounts reversed unutilised	(52)		(54)	-	**(106)**
At 31 March 2023	**130**	**4,005**	**10**	-	**4,145**
Amounts falling due within one year	130	2,645	10	-	**2,785**
Amounts falling due after more than one year		1,360		-	**1,360**
	130	**4,005**	**10**	-	**4,145**

	Legal costs £'000	Dilapidations £'000	Deferred lease improvement £'000	Redundancy Provision £'000	Total £'000
At 1 April 2023	130	4,005	10	-	**4,145**
Arising in year	-	3,244	-	72	**3,316**
Amounts utilized	(11)	(291)	(10)	-	**(312)**
Amounts reversed unutilised	(114)	(624)	-	-	**(738)**
At 31 March 2024	**5**	**6,334**	**(0)**	**72**	**6,411**
-					
Amounts falling due within one year	5	3,375	(0)	72	**3,452**
Amounts falling due after more than one year		2,959			**2,959**
	5	**6,334**	**(0)**	**72**	**6,411**

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. In 2023-24 £114,500 was unutilised from previous provision.

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. Ongoing discussions between legal representatives are underway to finalise the valuation and settlement of this amount. The provision has been made based on the best estimate using independent professional assessments.

As at 31 March 2024, a provision has been made for our Clyde Place property.

15 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*.

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. In the event of a deficit position, the position will be as provided for in the formal Transfer Agreement among DfE, SLC and the SLC Pension Trustee. 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	**2024**		**2023**	
	£'000	**£'000**	**£'000**	**£'000**
Opening pension net (asset) / liability		16,893		(1,995)
Administrative expenses		1,117		431
Interest costs (income)		837		(50)
Actuarial loss in fair value of plan assets	4,795		44,120	
Actuarial (gain) / loss in defined benefit obligation:				
- effect of changes in demographic assumptions	349		(995)	
- effect of changes in financial assumptions	(1,438)		(29,002)	
- effect of experience adjustments	(2,888)		4,384	
Total actuarial (gain) / loss		**818**		**18,507**
Net (assets) / liability as at 31 March		**19,665**		**16,893**

The SLC Pension Scheme closed to future accrual on 29 February 2020. There is an agreement in place 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. The transfer was expected to take place in October 2023. It has been paused while the pension community awaits the outcome of the Virgin Media case where it was found amendments made to the scheme were not valid as they did not have the relevant section 37 certificate signed by the Scheme Actuary. This interpretation issue has wider impacts for other pension schemes and the Trustee of SLC’s scheme has identified potential issues in this regard with the SLC Scheme, hence the transfer pause. The pension industry was awaiting the outcome of the appeal. Further detail is given at Note 22 to the Accounts, Events after the Reporting Period.

Effect of changes in Financial Assumptions has moved by £27.6m since FY2022-23 primarily from changes to the discount rates applied as well as them being applied to a reduced benefit obligation. At 31 March 2023 year end this was primarily driven by the large increase in the discount rate, supplemented by a reasonable fall in inflation. While at 31 March 2024 year end there was a much smaller change in inflation, resulting in a smaller impact to the benefit obligation. For information the benefit obligation at 31 March 2022 was £78.1m, while at 31 March 2023 it was £53.7m and at 31 March 2024 it was £50.7m.

The Trustee's most recent triennial actuarial valuation was in November 2022.

Net defined (asset) / liability reconciliation	**2024 £'000**	**2023 £'000**
Opening net defined benefit (asset) / liability	16,893	(1,995)
Defined benefit cost included in Statement of Comprehensive Net Expenditure	1,954	381
Total re-measurements included in Statement of Comprehensive Net Expenditure	818	18,507
Employer contributions	-	-
Net (asset) / liability		
Amounts recognised in the Statement of Financial Position	**19,665**	**16,893**
Present value of funded obligations	50,708	53,706
Fair value of plan assets	31,043	36,813
Net (asset) / liability	**19,665**	**16,893**

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 2022 to 31 March 2024.

Change in defined benefit obligation	**2024 £'000**	**2023 £'000**
Benefit obligation as at 1 April	53,706	78,141
Current service cost	-	-
Past service cost	-	-
Gain on settlements	-	-
Settlement payments from plan assets	-	-
Interest costs	2,540	2,174
Benefits paid	(1,561)	(996)
- effect of changes in demographic assumptions	349	(995)
- effect of changes in financial assumptions	(1,438)	(29,002)
- effect of experience adjustments	(2,888)	4,384
Total actuarial gain / (loss)	**(3,977)**	**(25,613)**
Gain on settlement at transfer of pension fund	-	-
Benefit obligation as at 31 March	**50,708**	**53,706**

Change in fair value of plan assets	2024 £'000	2023 £'000
Fair value of plan assets as at 1 April	36,813	80,136
Interest income	1,703	2,224
Employer contributions	-	-
Settlement payments from plan assets	-	-
Plan participants' contributions	-	-
Benefits paid	(1,561)	(996)
Administrative expenses	(1,117)	(431)
Insurance premiums for risk benefits	-	-
Actuarial (gain) / loss	(4,795)	(44,120)
Fair value of plan assets as at 31 March	**31,043**	**36,813**

Components of defined benefit cost	**2024**		**2023**	
	£'000	**£'000**	**£'000**	**£'000**
Current service cost		-		-
GMP Equalisation / past service costs		-		-
Total service cost		-		-
Gain on settlements		-		-
Interest cost	2,540		2,174	
Interest (income) on plan assets	(1,703)		(2,224)	
Total net interest cost / (income)		**837**		**(50)**
Administrative expenses		1,117		431
Defined benefit cost included in Statement of Comprehensive Net Expenditure		**1,954**		**381**
- effect of changes in demographic assumptions	349		(995)	
- effect of changes in financial assumptions	(1,438)		(29,002)	
- effect of experience adjustments	(2,888)		4,384	
Return on plan assets (excluding interest income)	4,795		44,120	
Total re-measurements		**818**		**18,507**
Total recognised in the Statement of Comprehensive Net Expenditure		**2,772**		**18,888**

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

Defined benefit obligation by participant status	**2024** **£’000**	**2023** **£’000**
Vested deferral	36,876	40,432
Retirees	13,832	13,274
Total	**50,708**	**53,706**

In preparation of the transfer of assets and liabilities to the Civil Service Pension Scheme, assets held on behalf of the remaining scheme are now limited to cash and cash equivalents:

Fair value of plan assets	**2024** **£'000**	**2023** **£'000**
Cash and cash equivalents	31,043	4,932
I-L Gilts		25,296
Corporate bonds		6,585
Total	**31,043**	**36,813**
Actual return on plan assets	**(3,092)**	**(41,896)**

The assumptions used to determine the actuarial calculations are shown below. The valuation methodology remains consistent with prior years.

Weighted average assumptions used to determine benefit obligations	**2024** **%**	**2023** **%**
Discount rate	4.90	4.80
Rate of price inflation (RPI)	3.00	3.10
Rate of price inflation (CPI)	2.70	2.80
Deferred pension increase rate (pre-/post-2009)	2.70/2.50	2.80/2.50
Rate of increase of pension in payment	2.80	2.90

Weighted average life expectancy for mortality tables used to determine benefit obligation	**2024** **Years**	**2023** **Years**
Male member age 65 (current life expectancy)	20.2	20.4
Male member age 45 (Life expectancy at aged 65)	21.5	21.3
Female member age 65 (current life expectancy)	22.7	22.4
Female member age 45 (Life expectancy at aged 65)	24.5	23.9

Weighted average assumptions used to determine benefit cost	**2024** **%**	**2023** **%**
Discount rate	4.80	2.80
Rate of price inflation (RPI)	3.10	3.50
Rate of price inflation (CPI)	2.80	3.30
Deferred pension increase rate (pre-/post-2009)	2.80/2.50	3.30/2.50
Pension-in-payment increase rate	2.80	2.90

Weighted average life expectancy for mortality tables used to determine benefit obligation (Mortality)	2024	2023
Post-retirement male mortality assumption	S3PMA CMI 2022 1.5% with Sk = 7, weightings of 126% for non-pensioners and 121% for pensioners	S3PMA CMI 2021 1.25% with Sk = 7.5, weightings of 135% for non-pensioners and 128% for pensioners
Post-retirement female mortality assumption	S3PFA "Middle" CMI 2022 1.5% with Sk = 7, weightings of 112% for non-pensioners and 113% for pensioners	S3PFA "Middle" CMI 2021 1.25% with Sk = 7.5, weightings of 125% for non-pensioners and 124% for pensioners

The weighted average duration of the defined benefit pension obligation is 20 years compared to around 21 years last year end.

The funded status of the scheme and the amounts recognised as a liability as at 31 March 2024 are compared to the corresponding amounts given a range of sensitivities below.

Sensitivities from Base - Analysis of amounts recognised in the SOFP

	2023	2024	Minus 0.50% discount rate	Plus 0.50% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality: Minus one-year age rating
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of plan asset	36,813	31,043	31,043	31,043	31,043	31,043	31,043
Defined benefit obligation	53,706	50,708	55,659	46,362	49,384	51,974	52,136
Funded status	16,893	19,665	24,616	15,319	18,341	20,931	21,093
Net defined benefit liability /(asset) excluding any effect of asset ceiling	**16,893**	**19,665**	**24,616**	**15,319**	**18,341**	**20,931**	**21,093**

Sensitivities on actuarial assumptions

	2023	2024	Minus 0.50% discount rate	Plus 0.50% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality: Minus one year age rating
	%	%	%	%	%	%	%
Discount rate	4.80	4.90	4.40	5.40	4.90	4.90	4.90
Rate of RPI assumption	3.10	3.00	3.00	3.00	2.75	3.25	3.00
Rate of CPI assumption	2.80	2.70	2.70	2.70	2.45	2.95	2.70

Contributions in 2023-24

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 2023-24. Contributions to NOW: Pensions remain fixed at 3% and 5%.

16 Capital and Other Financial Commitments

16.1 Capital Commitments

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

	2024 £'000	2023 £'000
Tangible fixed assets	292	1,096
Intangible fixed assets	129	2,954
Software licences	1,922	3,908
Total	**2,343**	**7,958**

16.2 Other Financial Commitments

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

	2024 £'000	2023 £'000
Software licences:		
Not later than one year	2,913	3,319
Later than one year and not later than five years	-	95
Later than five years	-	-
Software-as-a-Service		
Not later than one year	5,194	1,134
Later than one year and not later than five years	4,321	-
Later than five years	-	-
Total	**12,428**	**4,548**

The above tables are represented to meet disclosure requirements.

The 2 material commitments are Year 2 and Year 3 licence costs. These relate to a cloud-based Customer Relationship Management Software and the value within software licences for each year is £3.7m.

17 Called up Share Capital

	2024 £	2023 £
Authorised		
200 ordinary shares of 50p each	**100**	**100**
Allotted, called up and fully paid		
20 ordinary shares of 50p each	**10**	**10**

18 Prior Year Comparatives Restatement

The following prior year comparatives have been made;

- Note 9, Intangible Assets has restated the prior year to reflect a transfer between Intangible Assets under development to internally generated software.

- Capitalised staff costs have been separately identified resulting in comparative restatements in the Wages and Salaries table on page 60, Note 4 Items included in Net Expenditure before Interest and Tax and Note 5 Staff Costs.
- The Statement of Cash Flows has been restated to reflect the correct treatment of IFRS 16 transactions.

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 and Secretary for education. The Department for Education is the majority shareholder.

20 Related Party Transactions

SLC is a NDPB that is funded by the bodies detailed in notes 1.1 and 19 to the financial statements. Those funding bodies are regarded as related parties.

During the year, SLC had various material transactions with the above departments in the form of Grant-In-Aid funding received which is detailed in the Statement of Changes in Taxpayers' Equity, and Statement of Cashflows respectively. In addition, SLC has had a small number of transactions with other government departments and other central government bodies including DWP and the Passport Office. We also make pension contributions into public sector pension schemes.

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 Orchard Hill College & Academy Trust.

- Ms Mary Curnock Cook CBE (stepped down in December 2023) is Chair of Council at the Dyson Institute of Engineering and Technology; Chair of Pearson Education Limited; Non-Executive Director of the London Interdisciplinary School; Non-Executive Director of The Student Room Group; Non-Executive Director of Education Cubed Limited; and Trustee of the Higher Education Policy Institute.

- 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 (stepped down in December 2023) is an external member of Council at the University of Cambridge.

	2024		2023	
	Net payments / (receipts)	Receivable / (Payable)	Net payments / (receipts)	Receivable / (Payable)
	£	£	£	£
Other education sector bodies				
London Interdisciplinary School	(54)		(37)	54
University of Bath	(6,963)	7,720	(6,761)	6,963
University of Cambridge	(13,110)	-	(12,831)	13,110
University of Bristol	(11,611)	11,399	(12,026)	11,611
Royal College of Art	(47)	67	-	47
Newcastle College Group	-	-	(2,662)	-
University of Northumbria	-	-	(11,161)	11,196
Non-Government bodies				
The Student Room Group	-	-	72,000	-
Pearson Education Limited	-	-	(854)	-

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. All amounts include vat.

Compensation for key management personnel is disclosed in the Remuneration and Staff Report

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 2024 the total face value of the loan portfolio administered by SLC on behalf of the funding bodies was £260.8bn, (31 March 2023: £227.5bn*), which excludes all non-repayable student support.

*This value of the Loanbook has been restated to agree to published ONS figures. (2022-23 published £203.3bn)

22 Events after the Reporting Period

- Contingent Liability of £0.11m. The claim was dismissed in April 2023, with judgment in SLC's favour. The Claimant subsequently appealed to the High Court, and the appeal was dismissed by the High Court in June 2024, however the Claimant has sought permission to appeal this decision. As at 21st October 2024 we are awaiting the Court of Appeal's decision as to whether permission to appeal will be granted.
- On 25th July 2024, in the case of Virgin Media Ltd vs NTL Pension Trustees, the Court of Appeal upheld the High Court's decision that, based on the relevant legislation at the time, a written actuarial confirmation was required where an alteration to a scheme's rules affected pension benefits attributable to past or future service benefits related to section 9(2B) rights. Without such a confirmation, an amendment would be void. There remains wider implications for the pension community following this and the transfer of SLC's scheme remains paused.

The Accounting Officer authorised these accounts for issue on the date the independent auditor's report was signed by the Comptroller and Auditor General.

Student Loans Company

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