

## **Explanatory Memorandum to the Education (Student Loans) (Repayment)( Amendment) (Wales) Regulations 2007**

This Explanatory Memorandum has been prepared by the Student Finance Division and is laid before the National Assembly for Wales.

### **Description**

1. These Regulations are intended to amend the Education (Student Loans) (Repayment) Regulations 2000 (S.I. 2000/944) which provide for the repayment and collection of student loans.

### **Matter of special interest to the Subordinate Legislation Committee**

2. These Regulations follow the Negative Resolution procedures and are of a routine nature. The Regulations are of no special interest to the Secondary Legislation Committee.

### **Legislative Background**

3. The powers enabling these Regulations to be made are contained in section 22 of the Teaching and Higher Education Act 1998. These powers have been transferred to the Welsh Ministers by virtue of paragraph 30 of Schedule 11 of the Government of Wales Act 2006.

### **Purpose and intended effect of the legislation**

4. These Regulations make provision for writing off of a borrower's liability to repay his or her student loan in certain circumstances. A student loan is written off if the borrower dies, if the borrower reaches the age of 65, or if the borrower receives a disability related benefit and as a result of the disability is permanently unfit to work. The amendments provide that certain categories of borrowers who took out loans for courses starting on or after 1 September 2006 will have their student loans written off 25 years after they became liable to repay. The remaining borrowers will have their loans written off when they reach the age of 65. In addition the Regulations amend provisions relating to;

- notification requirements by borrowers who move overseas;
- requirement for such borrowers to repay by fixed instalments in certain circumstances;
- provision for such borrowers to repay by income-related instalments in certain circumstances;
- provision setting out how the applicable income threshold and fixed instalments are calculated. These will be calculated by reference to the price level index of a borrower's country of residence;

- provision for borrowers returning to the UK to cease making repayments;
- provision for Welsh Ministers to require a defaulting borrower to repay the whole of his or her loan.

## Implementation

5. It is intended that this Instrument will come into force on 10 January 2008. The Regulations need to be in force at the earliest opportunity in order to implement the conditions for write off of student loans and the provisions for borrowers who move abroad.

## Consultation

6. There is no legal requirement to consult in respect of these Regulations. The amendments made by these Regulations are similar to amendments made to the Assembly Learning Grants and Loans (Higher Education) (Wales) Regulations 2007 (S.I 2007/1045 (W.104)) regarding the write off period.

## Regulatory Impact Assessment

### Options

7. Details of the proposed changes are set out in the *purpose and intended effect of the legislation* section. The options of making or not making the Regulations are:

- **Do nothing** – If these Regulations were not made it would mean that the conditions for write off of student loans and the provisions for borrowers who move abroad would not be implemented. The Regulations would be “out of sync” with the policy intention.
- **Make the legislation** – Implementing these Regulations will enable the Welsh Ministers to make provision for certain categories of borrowers to have their student loans written off 25 years after they became liable to repay. In addition, the Regulations provide for certain requirements in respect of repayments by borrowers who move out of the UK, following their courses of higher education.

### Benefits

8. These Regulations make provision for the period when a student’s liability to repay his or her student loan is to be written off. In addition they make provision to maximise the opportunity to recover repayment of student loans from borrowers who move abroad. The Regulations will provide certainty to the Welsh Assembly Government’s delivery partners

i.e. the Student Loans Company; Higher education Institutions, and Local Authorities.

### **Costs**

9. It is possible that aspects relating to the writing off of a borrower's liability to repay his or her student loan could have some additional costs but the regulations relating to the repayment by borrowers who move overseas following their courses of higher education could offset these costs. The likelihood of substantial additional costs is negligible and in any case can be accommodated within existing budgets.

### **Competition Assessment**

10. The making of these Regulations has no impact on businesses, charities and/or the voluntary sector.

### **Post implementation review**

11. There is an ongoing process of continual review of the Regulations that govern student loan repayments in Wales.

### **Summary**

12. The making of this instrument is cost neutral to the Welsh Assembly Government and we consider that these Regulations should be put in place to make provision for the period when a student's liability to repay his or her student loan is to be written off and to maximise the opportunity to recover repayment of student loans from borrowers who move abroad.