

**EXPLANATORY MEMORANDUM TO**  
**THE EDUCATION (STUDENT LOANS) (REPAYMENT) (AMENDMENT)**  
**REGULATIONS 2007**

**2007 No. 1683**

1. This explanatory memorandum has been prepared by the Department for Education and Skills and is laid before Parliament by Command of Her Majesty.

**2. Description**

2.1 This Statutory Instrument makes amendments to the Education (Student Loans) (Repayment) Regulations 2000 (“the 2000 Regulations”) which deal with the repayment of student loans. The effect of the amendments is to:

- require employers to start or stop making student loan deductions from the first available pay day after receiving notice either to start or stop making student loan deductions.
- enable the Secretary of State to stop student loan repayments by way of the tax system to enable a borrower to repay by an alternative method.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

**4. Legislative Background**

4.1 This instrument is being made under sections 22 and 42(6) of the Teaching and Higher Education Act 1998 and sections 73(f) and 73B of the Education (Scotland) Act 1980. These sections give the Secretary of State the power to make provision for grants and loans to students taking higher education courses, and to make provision for the recovery of student loans.

4.2 The 2000 Regulations have previously been amended by:

- the Education (Student Loans) (Repayment) (Amendment) Regulations 2001 (S.I. 2001/971)
- the Education (Student Loans) (Repayment) (Amendment) Regulations 2002 (S.I.2002/2087)
- the Education (Student Loans) (Repayment) (Amendment) (No. 2) Regulations 2002 (S.I.2002/2859)
- the Education (Student Loans) (Repayment) (Amendment) Regulations 2004 (S.I. 2004/1175)

- the Education (Student Loans) (Repayment) (Amendment)(No 2) Regulations 2004 (S.I. 2004/2752)
- the Education (Student Loans) (Repayment) (Amendment) Regulations 2005 (S.I. 2005/2690)
- the Taxation of Pension Schemes (Consequential Amendments) Order 2006 (S.I. 2006/745)
- the Education (Student Loans) (Repayment) (Amendment) Regulations 2006 (S.I. 2006/2009)

## **5. Extent**

5.1 The regulations extend to the United Kingdom in so far as they impose obligations on borrowers in relation to repayments of student loans granted in England, Wales and Scotland.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to the negative procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 The Student Loan Income Contingent Repayment Scheme, which was introduced in August 1998, requires employers to make student loan deductions from student loan borrowers' earnings where they earn more than £15000 per annum in employment. Deductions cannot start before the Statutory Repayment Due Date (which is the 6 April after leaving full time higher education). One of the triggers for employers to start making deductions is a start notice or "SL1" from Her Majesty's Revenue and Customs.

7.2 Employers currently have to wait 42 days to start or stop making student loan deductions when they receive a form SL1 or SL2 notification from HM Revenue & Customs. The Department for Education & Skills End to End Review of Student Finance in England in 2005 recommended that employers should start making deductions straight away (from the next pay day) instead of having 42 days to start making deductions. This amendment will mean that from 6 April 2008 employers will be required to start or stop making student loan deductions from the first available pay day after the date of the notice to start making student loan deductions (SL1 form) or to stop making student loan deductions (SL2 form).

7.3 Currently under regulation 11 the Secretary of State can notify borrowers that student loan deductions will cease for a variety of reasons, including the fact that the loan has been repaid in full, or that the loan has been cancelled. The amendment to regulation 11 enables deductions to cease because the borrower has volunteered to repay the loan in full by a method other than collection via the tax system.

## **8. Impact**

8.1 A Developmental Impact Assessment was prepared and formal consultation with employer representative bodies and payroll bureaux has confirmed that the changes

are welcome. The final wording of the proposed amendment has taken account of views expressed during the consultation period. There are no other changes to the original design of the Income Contingent Repayment Scheme as intended.

8.2 The impact on the public sector is minimal.

## **9. Contacts**

Andrew Smyth at the Department for Education and Skills Tel: 0207 925 5349 or e-mail: [andrew.smyth@dfes.gsi.gov.uk](mailto:andrew.smyth@dfes.gsi.gov.uk) can answer any queries regarding this instrument.