

## POLICY NOTE

### THE REPAYMENT OF STUDENT LOANS (SCOTLAND) AMENDMENT REGULATIONS 2021

SSI 2021/8

The above instrument was made in exercise of the powers conferred by sections 73(f), 73B and 74(1) of the Education (Scotland) Act 1980. The instrument is subject to negative procedure.

**These Regulations make amendments to the Repayment of Student Loans (Scotland) Regulations 2000 (“the Principal Regulations”). The principal purpose of the Regulations is to make provision for the increase in the student loan repayment threshold to £25,000, which will take effect from the tax year commencing April 2021.**

#### Policy Objectives

Update to the definition of ‘repayment threshold’ to reflect the increase to the student loan repayment threshold to £25,000.

Regulation 3 of the Regulations amends the definition of ‘repayment threshold’ in regulation 2 (interpretation) of the Principal Regulations to increase the repayment threshold. The purpose of the amendment is to ensure that all Scottish students start to repay their student loan on earnings over £25,000, as confirmed by the Minister for Further Education, Higher Education and Science in June 2018 as part of the response to the recommendations of the Student Financial Support in Scotland Independent Review. The changes will take effect from the tax year commencing 6 April 2021.

Correction of an inaccuracy in regulation 9 (refunds) of the Principal Regulations relating to repayment dates for the purpose of processing a refund.

Regulation 4 amends regulation 9(d)(ii) of the Principal Regulations to remove the incorrect impression that HMRC has discretion to select the date of the deemed receipt of any repayment where an adjustment is made. This relates to a caution from the UK Government Joint Committee on Statutory Instruments indicating that equivalent provision in the Education (Student Loans) (Repayment) (Amendment) Regulations 2019 was phrased in such a way that it could be interpreted that HMRC exercises a discretionary function when determining the date of any adjusted repayment, which would not be supported by the enabling Act.

Operationally, HMRC notifies the Student Loans Company (“the SLC”) of the date of any adjusted repayment, which is determined by the actual date the deduction was made by the borrower’s employer from their salary. HMRC does not decide the date of any of the adjusted repayments.

*Change to the manner in which service of documents under the Principal Regulations can be made to support the introduction of the SLC's online Confirmation of Customer Details service ("COCD").*

Regulations 5, 6 and 7 amend wording in regulations 11B, 11C and 11F of the Principal Regulations dealing with 'Information Requests' to support the introduction of the COCD service within the SLC and enable them to issue email correspondence to customers as part of their longer term digital strategy to simplify processes and ensure efficiency in their communications with customers. The current requirement is for the SLC to issue correspondence to a borrower at their home address only. The amendments enable service of documents to be carried out either by post or by electronic means.

*Update to the calculation tables setting out the fixed instalment and relevant applicable thresholds which relate to borrowers who are resident outside of the United Kingdom.*

Regulation 8 substitutes updated tables which are to be used by the SLC to calculate the repayment threshold rate and the fixed instalment which are applied to borrowers who are resident outside of the United Kingdom, following the increase in the student loan repayment threshold to £25,000 from the tax year commencing 6 April 2021. These tables show the equivalent repayments that an overseas borrower, whose deductions are not made through the HMRC PAYE system, will make.

*Inclusion of a savings provision*

Regulation 9 makes savings provisions which ensure the SLC are able to calculate and collect any outstanding repayments that might still be owed, based on the previously applicable income repayment threshold, for tax years falling before April 2021.

## **Consultation**

A consultation was not considered necessary due to the nature of the amendments.

## **Impact Assessments**

An Equality Impact Assessment ("EQIA") has been completed for the amendments relating to the changes to the student loan repayment threshold and is attached. EQIA's for the other amendments were not considered necessary due to the nature of the amendments. There are no equality impact issues.

## **Financial Effects**

The Minister for Further Education, Higher Education and Science, Richard Lochhead confirms that no BRIA is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Government  
Directorate for Advanced Learning and Science  
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