

**EXPLANATORY MEMORANDUM TO THE EDUCATION (STUDENT LOANS)  
(REPAYMENT) (AMENDMENT) (No.2) REGULATIONS 2004**

**2004 No. 2752**

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**

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:

- i. enforce provision of information to the Secretary of State by borrowers of student loans and the imposition of penalties upon failure to do so;
- ii. raise the repayment threshold from £10,000 to £15,000.

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

None.

**4. Legislative Background**

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.

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).

## **5. Extent**

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**

The Minister for Higher Education, Kim Howells has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Education (Student Loans) (Repayment) (Amendment) (No 2) Regulations 2004 are compatible with the Convention rights.

## **7. Policy background**

The aim of the information enforcement provisions is to enable the Student Loans Company (SLC), acting on behalf of the Secretary of State, and having been authorised to do so by him, to maintain accurate records on Income Contingent Student Loans borrowers and maximise the numbers making repayment. . The attached regulations will allow the SLC to enforce provision of information through levying penalties of initially £50 followed by a one off penalty of £100 for further non compliance. The SLC will exercise their discretion in the use of penalties, employing their experience of mortgage style loans which already have a penalty system.

From 6 April 2005, the income threshold at which any borrower becomes liable to repay their student loan will be raised from £10,000 to £15,000. This was announced by the Government during the passage of the Higher Education Act 2004 through Parliament.

## **8. Impact**

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is minimal.

## **9. Contacts**

Nick Atkinson at the Department for Education and Skills Tel: 0207 925 7501 or e-mail: [Nick.Atkinson@dfes.gsi.gov.uk](mailto:Nick.Atkinson@dfes.gsi.gov.uk) can answer any queries regarding

the instrument on enforcing provision of information.

Halina Field at the Department for Education and Skills Tel: 0207 925 6715 or e-mail: [Halina.Field@dfes.gsi.gov.uk](mailto:Halina.Field@dfes.gsi.gov.uk) can answer any queries regarding the instrument on raising the threshold.