
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Education (Student Loan) (Repayment) Regulations 2009 (S.I. 2009/470) (“the Principal Regulations”), which were made under section 22 of the Teaching and Higher Education Act 1998 (c. 30) and make provision for the repayment of income-contingent student loans in England and Wales.

Regulations 3 to 9 amend the Principal Regulations.

Regulation 3 inserts new definitions, including the “relevant percentage difference in average earnings”, and makes an amendment to the definition of “repayment threshold” in relation to a postgraduate master’s degree loan.

Regulation 4 increases the lower interest threshold for borrowers who are resident in the UK for income tax purposes (“UK borrowers”) with a post-2012 student loan to £25,000, and provides for annual adjustments in line with changes in average earnings. It also makes corresponding changes to the lower interest threshold for borrowers who are not resident in the UK for income tax purposes (“overseas borrowers”) with a post-2012 student loan. Regulation 4 also increases the higher interest threshold for UK borrowers with a post-2012 student loan to £45,000, and provides for annual adjustments in line with changes in average earnings and makes corresponding changes to the higher interest threshold for overseas borrowers with a post-2012 student loan.

Regulation 5 provides that paragraph (14) of regulation 21A of the Principal Regulations applies to new paragraphs (12A) and (13A) of that regulation. It also makes changes to sub-paragraphs (14) (c) and (d) of regulation 21A to explain how ‘bands’ are calculated and to ensure consistency with regulation 76(6) of the Principal Regulations. Regulation 6 increases the repayment threshold for UK borrowers with a post-2012 student loan to £25,000 and provides for annual adjustments in line with changes in average earnings. It also specifies that the repayment threshold for postgraduate master’s degree loans is £21,000.

Regulations 7, 8 and 9 increase the ‘applicable threshold’ for overseas borrowers with a post-2012 student loan in line with the increase in the repayment threshold for UK borrowers with a post-2012 student loan. They also provide for annual adjustments to the ‘applicable threshold’ in line with changes in average earnings.

The measure used for average earnings is taken from the Office for National Statistics (“ONS”) EARN01 dataset. From the table showing Average Weekly Earnings Great Britain Regular Pay (seasonally adjusted), it is the figure indicating the percentage change year on year, comparing the three-month period January to March in a given year with the same period a year earlier. The dataset is available from the ONS website www.ons.gov.uk or by contacting the relevant ONS team at labour.market@ons.gsi.gov.uk or on 01633 455 400. ONS publish the dataset in digital format only. An informally printed copy of the dataset (taken from the ONS website) can be obtained upon request from the Student Loans Repayments Policy Team at the Department for Education on 0370 000 2288.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sectors is foreseen.

The Explanatory Memorandum laid before Parliament is published alongside the instrument on www.legislation.gov.uk.