

Explanatory Memorandum to the Cancellation of Student Loans For Living Costs Liability (Wales) Regulations 2015

This Explanatory Memorandum has been prepared by the Department for Education and Skills and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Cancellation of Student Loans for Living Costs Liability (Wales) Regulations 2015.

Huw Lewis AM
Minister for Education and Skills
June 2015

1. Description

These Regulations provide for up to £1,500 of each student's living cost loan (also known as a maintenance loan), for academic year 2015/2016, to be cancelled in certain circumstances. The cancellation will take effect from the day after the date on which the student's first loan repayment is received.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

None.

3. Legislative background

These Regulations are made by the Welsh Ministers in exercise of the powers conferred upon the Secretary of State by sections 22 and 42(6) of the Teaching and Higher Education Act 1998 ("the THEA") and which are now exercisable by them.

The relevant functions of the Secretary of State under section 22 of the THEA were transferred to the National Assembly for Wales by section 44 of the Higher Education Act 2004 and were then transferred to the Welsh Ministers by virtue of section 162 of and paragraphs 30(1) and 30(2)(c) of Schedule 11 to the Government of Wales Act 2006.

Students who receive a living costs loan from the Welsh Ministers in academic year 2015/2016 will do so under the Education (Student Support) (Wales) Regulations 2015 (WSI 2015 No.54 (W.5)). The Education (Student Support) (Wales) Regulations are made every year, also under sections 22 and 42(6) of the THEA.

Provisions relating to the repayment of living costs loans are contained in the Education (Student Loans) (Repayment) Regulations 2009 (SI 2009/470), (as amended) which are made under section 22 and 42 of the Teaching and Higher Education Act 1998, and by sections 5 and 6 of the Sale of Student Loans Act 2008.

This instrument will follow the Negative Resolution procedure.

4. Purpose & intended effect of the legislation

These Regulations make provision for students who receive a living costs loan from the Welsh Ministers for academic year 2015/16 to have up to £1,500 of their living costs loan liability cancelled once they start to make repayments.

These Regulations will enable students ordinarily resident in Wales, who take out a maintenance loan in the academic year 2015/2016, to benefit from a reduction in the balance of their loan of up to £1,500 when they start repaying

their loan. This will not be in the form of a cash lump sum; rather the Student Loans Company will reduce the balance of an individual's loan by the appropriate amount when they receive notification of a borrower's first repayment.

A student can only receive a partial cancellation once; they cannot receive a partial cancellation in academic year 2015/16 if they have already received a cancellation in any previous academic year. A student will not be entitled to a partial cancellation if there are any outstanding charges or penalties or if they are in breach of their loan agreement.

Were these Regulations to be annulled, students receiving a living costs loan from the Welsh Ministers in the academic year 2015/2016 would not receive a partial cancellation of their loan liability.

5. Consultation

No consultation or Regulatory Impact Assessment has been undertaken as these Regulations are technical in nature and simply update the academic year for which this scheme will operate.

6. Monitoring and Review

Once the Regulations come in to force, powers are delegated to the Student Loans Company (SLC) to administer the scheme on behalf of Welsh Ministers to ensure Welsh domiciled students receive a partial cancellation in certain circumstances. SLC monitor how much partial cancellation is awarded and provide quarterly figures to officials in the Welsh Government. Feedback from students indicates that the scheme is widely appreciated as the Welsh Government continues to provide a more generous student support package compared with the Westminster Government. The Regulations also assist in reducing the level of debt for eligible students.