

*These notes refer to the Student Loans (Amendment) Act (Northern Ireland) 2011 (c.2) which received Royal Assent on 25 January 2011*

# Student Loans (Amendment) Act (Northern Ireland) 2011

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

1. These Explanatory Notes relate to the Student Loans (Amendment) Act (Northern Ireland) 2011, which received Royal Assent on 25 January 2011. They have been prepared by the Department for Employment and Learning in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.
2. The notes need to be read in conjunction with the Act. They do not provide, and are not meant to be, a comprehensive description of the Act.

### **BACKGROUND AND POLICY OBJECTIVES**

3. Student loans are currently excluded by provisions in the Higher Education (Northern Ireland) Order 2005 (“the 2005 Order”) from a borrower’s bankruptcy debts, so that upon discharge from bankruptcy the borrower remains liable to repay the student loan.
4. The Department considers that it is anomalous to exclude student loans from bankruptcy but not from Individual Voluntary Arrangements (IVA). Student loans are made on non-commercial terms, including low interest rates, with the obligation to repay being linked to a borrower’s subsequent income. In addition, as student loans are paid out of and subsidised by public funds, it is not considered appropriate to allow borrowers to reduce or limit their liability to repay by entering into IVAs.

### **CONSULTATION**

5. A public consultation on the legislative proposals ran for more than 13 weeks from 23 July 2009 until 23 October 2009. The consultation document was circulated to organisations in accordance with guidance from the Machinery of Government Division of the office of the First Minister and deputy First Minister and the Equality Scheme of the Department for Employment and Learning.
6. The Department received 13 responses to the consultation, none of which elicited any alternative to, nor any objection against, the proposals.

## **OVERVIEW**

7. The Act contains two sections.

## **COMMENTARY ON SECTIONS**

### *Section 1*

This substantive section amends the Education (Student Support) (Northern Ireland) Order 1998 by extending the Department's regulation making powers under that Order (and the Education (Student Loans) (Northern Ireland) Order 1990, to the extent that it exists under savings provisions) to provide that a student loan made to a borrower who enters an IVA will be treated in a similar way as it is currently treated under a bankruptcy.

### *Section 2*

This section provides that the new legislation shall be known as the Student Loans (Amendment) Act (Northern Ireland) 2011.

## **HANSARD REPORTS**

The following table sets out the dates of the Hansard reports for each stage of the Act's passage through the Assembly.

<i>STAGE</i>	<i>DATE</i>
First Stage - Introduction to the Assembly	25 May 2010
Second Stage debate	8 June 2010
Committee Stage – briefing from Departmental officials	9 June 2010
Committee Stage - briefing from Assembly Legal Services	15 September 2010
Committee Stage – evidence from representatives of the National Union of Students-Union of Students in Ireland	22 September 2010
Committee Stage – Clause by clause scrutiny	29 September 2010
Committee's report on the Act - Report number 19/10/11/R	3 November 2010
Consideration Stage in the Assembly	22 November 2010
Further Consideration Stage	30 November 2010
Final Stage	14 December 2010
Royal Assent	25 January 2011