EXPLANATORY MEMORANDUM TO

THE EDUCATION (STUDENT LOANS) (REPAYMENT) (AMENDMENTS FOR LIFELONG LEARNING) REGULATIONS 2026

2026 No. 857

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Education and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Baroness Smith, Minister of State at the Department for Education, confirms that this Explanatory Memorandum meets the required standard.

2.2 Laurence Kavanagh, Deputy Director for the Lifelong Learning Entitlement at the Department for Education, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Matthew Hankins at the Department for Education can be contacted by email at the following address with any queries regarding the instrument: matthew.hankins@education.gov.uk

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument amends the Education (Student Loans) (Repayment) Regulations 2009 (SI 2009/470) ("the 2009 Repayment Regulations") as part of the implementation of a new system of post-18[1] student funding known as the "Lifelong Learning Entitlement" (LLE). The instrument splits Plan 5 student loans (explained in section 5.1) into two types – 'LLE' and 'non-LLE' – with LLE loans being those paid under the 2026 Student Support Regulations (explained in paragraph 5.5 below). The instrument sets out how the timing of repayments will work for LLE loans, as well as cancellation of loans for Access to Higher Education (HE) Diplomas.

Where does the legislation extend to, and apply?

4.2 The territorial extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is primarily England and Wales because it concerns the repayment terms in respect of student loans made to borrowers ordinarily resident in England. However, the collection of student loan repayments is managed on a UK-wide basis by the Student Loans Company (SLC), working in partnership with His Majesty's Revenue and Customs (HMRC). This instrument thus extends to

[1] A borrower does not have to be 18 or over to be eligible for a loan, but the higher education funding system is commonly referred to as "post-18" as the vast majority of students do not enter higher education until they are 18 or older.

all of the UK insofar as it amends any provision of the 2009 Repayment Regulations that so extend.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is primarily England.

5. Policy Context

What is being done and why?

5.1 The Government has, since 1998, provided financial support for students in the form of income-contingent repayment ("ICR") loans issued by the Student Loans Company ("the SLC"). The repayment terms of these loans have changed periodically, and there are currently five different ICR loan types in operation in the UK, referred to as "Plans". The Education (Student Loans) (Repayment) (Amendment) (No. 4) Regulations 2022 (SI 2022/1335) ("the 2022 Repayment Regulations") amended the 2009 Repayment Regulations to introduce the current student loan repayment plan type, known as 'Plan 5', for borrowers starting new courses from 1st August 2023.

5.2 In May 2019, an independent panel chaired by Sir Philip Augar published its report on the Review of Post-18 Education and Funding (known as "the Augar Review").[2] The panel recommended a single lifelong learning loan allowance to support more flexible study at levels 4 to 6 (levels of study being a recognised term in the sector), including modular provision. This paved the way for the policy reform known as the "Lifelong Learning Entitlement" (LLE), which takes on board the Augar Review recommendation to increase opportunities for flexible, life-long learning and modular study, as well as strengthening technical education and putting the student funding regimes applicable to HE and Further Education (FE) on a more equal footing.

5.3 Parliament has legislated to provide the primary legislative framework needed to deliver the Lifelong Learning Entitlement through the Skills and Post-16 Education Act 2022 and the Lifelong Learning (Higher Education Fee Limits) Act 2023. The Government is now proceeding to implementation through secondary legislation, including this instrument.

5.4 The introduction of the LLE requires a significant body of new secondary legislation, comprising both new sets of regulations and amendments to existing regulations. The amendments being made by this instrument to the 2009 Repayment Regulations are relatively minor in comparison to the more substantial changes to the regulatory landscape governing tuition fee limits and student support. The amendments are limited to two main aspects of the 2009 Repayment Regulations, covering timing of repayments and cancellation, and other minor consequential amendments.

5.5 This instrument amends the 2009 Repayment Regulations to split Plan 5 student loans into two types: "plan 5 LLE loans" and "plan 5 non-LLE loans". Plan 5 LLE loans are those paid under the Lifelong Learning (Student Support) (Amendment of Fees and Awards etc.) Regulations 2026 ("the 2026 Student Support Regulations"), whilst Plan 5 non-LLE loans are those paid under the Education (Student Support) 2011 Regulations (SI 2011/1986) ("the 2011 Student Support Regulations"), or the Further Education Loans Regulations 2012 (SI 2012/1818) ("the FE Loans Regulations").

5.6 The LLE will fund courses starting on or after 1st January 2027. From that date, Plan 5 loans will be categorised as follows:

[2] https://www.gov.uk/government/publications/post-18-review-of-education-and-funding-independent-panel-report

- Borrowers receiving financial support for LLE courses under the 2026 Student Support Regulations will take out Plan 5 LLE loans.
- Borrowers who have existing Plan 5 loans under the 2011 Student Support Regulations, or who take out (further) loans under those Regulations in connection with courses that began prior to 1st January 2027, will have Plan 5 non-LLE loans.
- Borrowers who have existing Plan 5 loans under the FE Loans Regulations, or who take out loans under those Regulations after 1st January 2027, will also have Plan 5 non-LLE loans.

5.7 There will be no difference in headline key terms and conditions such as the interest rate, repayment term, repayment amount or income threshold (i.e. the amount of earnings above which a borrower must begin repaying the loan), and no retrospective changes to existing loans. The limited differences between the two Plan 5 sub-types are explained below.

Timing of Repayments

5.8 Under the ICR student loans system, borrowers are only required to repay towards their student loan once they have reached their statutory repayment due date (SRDD).[3] These Regulations provide that the SRDD for all borrowers taking out Plan 5 LLE loans is the 6th April following course completion, or the 6th April following the termination of their eligibility under regulation 13(4)–(6) of the 2026 Student Support Regulations. A borrower's eligibility could be terminated under that provision for reasons including: their withdrawal from, abandonment of, or expulsion from their course; their being deemed unfitted for support; or, their failure to comply with information requirements.[4]

5.9 In instances where a borrower transfers from one course to another, it is completion of the course to which they transfer which determines the SRDD.

Cancellation

5.10 Access to HE Diplomas are Level 3 qualifications eligible for Advanced Learner Loan ("ALL") funding and designed to prepare adults for entry to HE through a mix of study skills and subject-specific content. ALLs are loans for Further Education courses and are paid under the FE Loans Regulations.

5.11 In order to encourage learners to progress onto HE, completion of a course designated under the 2026 Student Support Regulations will trigger cancellation of an outstanding ALL balance for an Access to HE course loan, with three exceptions.

5.12 The exceptions which will not trigger cancellation are:

- completion of an individual module – it would not be proportionate for completion of a single module to trigger cancellation of an Access to HE course loan, and would be contrary to the spirit of a policy designed to reward learners for progressing and completing an HE *course*;

[3] SRDD is a commonly used term for the date when a borrower's loan enters repayment, although it is not used in the Regulations themselves. What the borrower is required to repay following this date is subject to the earnings threshold.

[4] For ease for the reader, throughout the rest of this explanatory memorandum wherever "completion of the course" or "course completion", etc. is mentioned, it is to be read as including all these circumstances which may trigger the SRDD.

- completion of an "ALL-transfer course" – these are courses which are being brought into the LLE from the ALL system and, as FE courses, these should not trigger cancellation of an Access to HE course loan; and
- completion of a "gateway" course – these are new courses which are being designated (i.e. formally recognised under the 2026 Student Support Regulations as a course for which eligible students can receive government support) for funding for the first time through a qualification gateway, with a similar profile to ALL-transfer courses.

5.13 Where a borrower completes a module which amounts to the completion of a full course which leads to the award of a qualification (i.e., it amounts to completion of a full course which would be designated under the 2026 Student Support Regulations), this will trigger cancellation of the outstanding ALL balance for an Access to HE course loan.

What was the previous policy, how is this different?

5.14 The changes being made are limited to those necessary for the repayment system to function correctly for the LLE and there will be little practical difference for borrowers repaying Plan 5 LLE loans versus those repaying Plan 5 non-LLE loans.

5.15 This instrument does not make changes to the income repayment threshold or interest rate terms of Plan 5 loans. These are the same for both Plan 5 LLE and Plan 5 non-LLE loans – i.e. an earnings threshold of £25,000 (below which repayments are not required to be made) for FY 2026-27, rising annually thereafter with reference to Retail Prices Index (RPI) inflation, and a flat rate of interest of RPI both during and post-study.

Timing of Repayments

5.16 This instrument creates differences with regards to timing of repayments between Plan 5 LLE and Plan 5 non-LLE loans. These are minor technical differences which are necessary to ensure borrowers enter repayment at the appropriate time. In the existing Higher Education Student Finance ("HESF") system (i.e. Plan 5 loans paid under the 2011 Student Support Regulations, which become Plan 5 non-LLE loans under this instrument), loans for full-time courses come into repayment at the beginning of the following tax year in which the student ceases to be eligible for support (i.e. the next tax year after their "period of eligibility" – the period over which a learner is eligible for funding for a course – has elapsed). The same applies to Plan 5 loans paid under the FE Loans Regulations.

5.17 For courses based on the typical 1st September to 31st August academic year, this sets the SRDD as the 6th April following completion of the course. However, the LLE introduces modules and shorter courses which could start and finish within the same tax year, and, to prevent the SLC having to repeatedly re-assess borrowers' eligibility for support, a borrower's period of eligibility will run for a minimum of one year under the LLE (unless otherwise terminated). This means that if there were no differentiation for LLE loans, some borrowers may not enter repayment until the second tax year after course completion.

5.18 The new approach to the SRDD for the LLE ensures borrowers will continue to enter repayment at the beginning of the first tax year following course completion. The examples below provide an illustration of: a) what would happen under the LLE system if the existing SRDD rules were applied to study of a short, standalone

module; and, b) how it will work for Plan 5 LLE loans under the new approach to determining the SRDD:

a) a learner takes a standalone module starting in September 2027 and finishing in February 2028. The period of eligibility would run for a full year, ceasing in August 2028. The SRDD would therefore be 6th April 2029, i.e., the 6th April following termination of the period of eligibility.

b) a learner takes a standalone module starting in September 2027 and finishing in February 2028. The SRDD is the start of the first tax year following course completion – in this case 6th April 2028, i.e. one year earlier than example a), and in line with existing practice.

5.19 In the existing HESF system, whilst borrowers on full-time courses enter repayment at the beginning of the tax year following the termination of their period of eligibility, there is an exception for loans for part-time courses, for which the SRDD is set at the earlier of the 6th April following the termination of the period of eligibility, or the 6th April following the fourth anniversary of the course start date. These Regulations do not replicate the different rule for borrowers on part-time courses. The SRDD for all borrowers taking out Plan 5 LLE Loans will be 6th April following course completion, regardless of mode of study.

5.20 There are two main reasons for this. First, the new LLE system moves away from the binary distinction between full-time and part-time courses, towards a more intensity-based system in which there are no longer separate legally-designated full-time and part-time courses. Second, the different timing of repayments rules for part-time courses were introduced as a fairness to borrowers when Plan 2 loan repayment terms applied, i.e. when the in-study interest rate was RPI+3%, while the post-study interest rate was RPI+0-3% (0% to 3% variable, depending on earnings). Setting the SRDD sooner for borrowers studying part-time over a long period prevented excessive amounts of interest being applied to the loan. As Plan 5 loans have a flat rate of RPI interest applied both during and post-study, this had become a legacy rule adding unnecessary complexity to the system. Removing differing rules for full-time and part-time study is in line with the broad principles of the LLE – simplifying, encouraging lifelong study, and not discriminating based on mode of study.

5.21 Overall, though, there will be little practical difference for borrowers as a result of the differing timing of repayments rules for Plan 5 LLE and Plan 5 non-LLE loans. The only substantive difference will be for borrowers who study part-time for longer than four years, who will not have to begin repaying their loan until they complete their course (and then any repayments will be subject to earnings thresholds).

Cancellation

5.22 Under the HESF system which the LLE replaces, completion of a course designated for funding triggers cancellation of an outstanding ALL balance for a prior Access to HE course, to encourage learners into HE. This policy is being maintained under the LLE, with the exceptions listed in the previous section. This is effectively a continuation of the existing policy, with the exceptions preventing perverse incentives such as a borrower's loan balance being cancelled by completion of a single standalone module or an FE course.

5.23 It is a feature of all ICR loan plan types that they are cancelled (i.e., the borrower is no longer required to repay the outstanding balance, including interest) after a period of time which varies depending on plan type. This instrument does not make any changes to the period of time after which loans are cancelled; all Plan 5 loans will

continue to be cancelled on the 40th anniversary of the SRDD. Other cancellation rules also remain the same.

6. Legislative and Legal Context

How has the law changed?

6.1 Income-contingent repayment (ICR) student loans were first introduced in the UK in 1998, with their repayment initially governed by the Education (Student Loan) (Repayment) Regulations 2000 (SI 2000/944) ("the 2000 Repayment Regulations"). The 2000 Repayment Regulations were revoked and consolidated with amendments by the 2009 Repayment Regulations. There have been numerous amendments to the 2009 Repayment Regulations. Notably, the 2022 Repayment Regulations amended the 2009 Repayment Regulations to introduce a new plan type – Plan 5 – for borrowers starting courses from 1st August 2023.

6.2 This instrument amends the 2009 Repayment Regulations and splits Plan 5 loans into two types – Plan 5 LLE loans and Plan 5 non-LLE loans. Plan 5 LLE loans are those paid under the 2026 Student Support Regulations, while Plan 5 non-LLE loans are those paid under the 2011 Student Support Regulations (i.e., HESF courses) or the FE Loans Regulations (i.e., ALL courses).

Why was this approach taken to change the law?

6.3 An alternative approach would have been to produce a set of standalone Regulations governing the repayment of LLE loans. This would have necessitated duplicating a significant volume of regulations whilst making only a small number of relatively minor changes. Consequently, amending the 2009 Repayment Regulations was favoured as a more efficient approach.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Department for Education launched a consultation on the LLE on 24th February 2022 which closed on 6th May 2022. The consultation sought views on various elements of the LLE such as ambition, scope, and supporting flexible learning. A consultation response was published on 7th March 2023.[5]

7.2 There is no statutory requirement to consult on student loan terms, and no formal public consultation was undertaken specifically on this instrument. LLE loans will be Plan 5 loans, and the Plan 5 reforms were based on recommendations made in the Augar Review, which included a public call for evidence.

8. Applicable Guidance

8.1 Detailed practitioner guidance on the LLE will be made available to universities, colleges and other HE stakeholders on Student Finance England's (SFE) practitioners' website by Summer 2026.[6]

8.2 Guidance materials are being produced by SFE for students intending to apply for financial support for the LLE for the 2026/27 academic year and will be available ahead of the first applications for LLE support in September 2026.

[5] https://www.gov.uk/government/consultations/lifelong-loan-entitlement
[6] https://www.practitioners.slc.co.uk/ SFE is the SLC's trading name for its administration of loans in England.

8.3 The Department for Education and SLC have also prepared an online guide that providers can use to prepare for the LLE.[7]

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because no, or no significant, impact on the private, voluntary or public sector is foreseen.

9.2 A policy impact assessment was published when the LLE consultation was launched in February 2022,[8] with an updated impact assessment published alongside the consultation response in March 2023.[9]An impact assessment was published alongside introduction of the Lifelong Learning (Higher Education Fee Limits) Bill in February 2023.[10] An Equalities Impact Assessment (EIA) for the LLE was also undertaken and published in March 2023,[11] and an updated EIA has been prepared and was submitted alongside The Lifelong Learning (Fee Limits) Regulations 2026 ("the 2026 Fee Limits Regulations") on the legislation.gov.uk website in May 2026.

9.3 A regulatory impact assessment has been published alongside the 2026 Fee Limits Regulations and the 2026 Student Support Regulations on the legislation.gov.uk website.

9.4 As stated above, this instrument simplifies policy with regards to timing of repayments. It removes separate rules for full-time and part-time borrowers, setting the SRDD for all borrowers taking out Plan 5 LLE Loans as 6th April following course completion. Analysis undertaken by the Department for Education showed the impact of this change on borrowers to be minimal. It is rare that, even if earning, a borrower's income will exceed the repayment threshold during study. Furthermore, as Plan 5 loans are not written off for 40 years, the impact of relatively small variations in timing of repayments over the lifetime of the loan is negligible.

9.5 There is no, or no significant, impact on business, charities or voluntary bodies.

9.6 The legislation does not impact small or micro businesses.

9.7 There is no, or no significant, impact on the public sector. Department for Education modelling shows the change to the SRDD for some part-time borrowers is expected to have a very small (c. -0.1% to -0.3%) impact on the Resource Allocation and Budgeting (RAB) charge – representing a possible modest saving for the taxpayer.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is that the Department for Education, the SLC and HMRC will continue to monitor the collection of student loan repayments as part of their ongoing work in this area.

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[7] https://www.heinfo.slc.co.uk/lle/lle-resources/

[8] https://consult.education.gov.uk/lifelong-learning-entitlement-team/lifelong-loan-entitlement-consultation/supporting_documents/Lifelong_loan_entitlement_impact_assessment_.pdf

[9] https://assets.publishing.service.gov.uk/media/64061f08d3bf7f25f61ff7df/Lifelong_loan_entitlement_-_impact_assessment.pdf

[10] https://publications.parliament.uk/pa/bills/cbill/58-03/0240/ImpactAssessment.pdf

[11] https://assets.publishing.service.gov.uk/media/64061b31e90e0740d2e5a80b/Lifelong_loan_entitlement_-_equality_analysis.pdf

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 These Regulations are laid as part of a suite of LLE secondary legislation comprising three instruments subject to parliamentary procedure: these Regulations (negative procedure), the 2026 Student Support Regulations (negative procedure) and the 2026 Fee Limits Regulations (affirmative procedure).

11.2 These Regulations interact with the 2026 Student Support Regulations. Plan 5 LLE loans are those paid under the 2026 Student Support Regulations, and these Regulations cross-refer to those Regulations for provisions relevant to the timing of repayments.

11.3 There are also cross-references in the negative procedure 2026 Student Support Regulations to the affirmative procedure 2026 Fee Limits Regulations. So as not to presume the will of Parliament with regards to the affirmative Regulations, the 2026 Student Support Regulations and these Regulations are not being made and laid until the affirmative Regulations have been approved by Parliament and made.

11.4 However, as this is a complex package of secondary legislation, in order for Parliament and wider stakeholders to have a full view of how the legislation is intended to operate, these Regulations and the 2026 Student Support Regulations were published in draft on gov.uk alongside laying the affirmative Fee Limits Regulations in Parliament.[12]

11.5 Two related commencement instruments have been made in advance of laying the package: the Lifelong Learning (Higher Education Fee Limits) Act 2023 (Commencement and Saving Provision) Regulations 2026 and the Skills and Post-16 Education Act 2022 (Commencement No. 1) Regulations 2026.

11.6 Further matters of special interest to Parliament more specifically relating to the 2026 Fee Limits Regulations and the 2026 Student Support Regulations are set out in the explanatory memoranda for those instruments.

12. Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023.

[12] https://www.gov.uk/government/publications/lifelong-learning-entitlement-lle-overview/lifelong-learning-entitlement-overview#next-steps