

Change of Circumstances and Overpayments

Higher Education Student Finance in England 2016/17 Academic Year – Final *Version 1.3* – *September 2016*

Version 1.2 (Sept 2016) has been updated to reflect the change in Government Department from the Department for Business Innovation and Skills (BIS) to the Department of Education (DfE).

The August version includes updates to correct calculations and figures and give additional clarity on pages 10, 12, 13, 14 and 18.

This guidance applies to full-time students and those who are treated as full-time students for the purposes of the Education (Student Support) Regulations 2011, as amended by -

- The Education (Student Fees, Awards and Support) (Amendment) Regulations 2012, The Education (Student Support and European University Institute) (Amendment) Regulations 2013,
- the Universal Credit (Consequential Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013,
- the National Treatment Agency (Abolition) and the Health and Social Care Act 2012 (Consequential, Transitional and Savings Provisions) Order 2013,
- the Further and Higher Education (Student Support) (Amendment) Regulations 2014,
- the Special Educational Needs (Consequential Amendments to Subordinate Legislation) Order 2014,
- the Education (Student Support) (Amendment) Regulations 2014,
- the Education (Student Support) (Amendment) Regulations 2015 and
- The Education (Student Support) (Amendment) Regulations 2016 (S.I. 2016 No. 270)

These Regulations are referred to as the “Education (Student Support) Regulations 2011 as amended”. Nothing in this guidance can replace the Regulations and if there is any difference between this guidance and the Regulations, the Regulations prevail. This guidance is based on Regulations applying to an academic year which begins on or after 1 August 2016.

If you have any enquiries on this guidance, please contact:

Name	Telephone	E-mail
SLC Student Support Team	0300 100 0618	SSIN_queries@slc.co.uk

For guidance on Postgraduate Loan change of circumstances, please refer to the separate “Postgraduate Loans” guidance chapter.

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INTRODUCTION

This chapter provides policy guidance to Student Finance England (SFE) on how to deal with changes in the circumstances of a student that may have an impact on their entitlement to support in 2016/17, and on the recovery of overpayments of grants and loans from students who have received support under the Education (Student Support) Regulations 2011 as amended.

This chapter deals with the following subjects:

- students who have withdrawn from their course;
- students who have abandoned their course
- students who have suspended their study;
- resuming payment of support; and
- recovery of overpayments of loans and grants.

Policy guidance on previous study, including termination of eligibility and SFE discretion can be found in the 'Assessing Eligibility' chapter.

SFE should refer to the 'Assessing Eligibility' chapter for further policy guidance relating to students transferring courses. In all transfer cases, the written consent of the importing HE Provider is required.

Students are considered to have abandoned their previous course where they do not notify their provider or SLC about a new course which they commence in a later academic year.

An 'overpayment' occurs, for example, when a student's entitlement is reassessed, and the result of this reassessment is that the annual entitlement to support is reduced to an amount less than that which the student has already been paid, or it comes to light that a student has been paid more than he is entitled to.

Student's entitlement can be reassessed for various reasons such as a change to a financial assessment, student's eligibility, suspension, abandonment or withdrawal.

POLICY

WITHDRAWALS (TUITION FEE PAYMENTS)

There are separate provisions in the Education (Student Support) Regulations 2011 as amended and the Education (Student Fees, Awards and Support) (Amendment) Regulations 2011 that govern payment of tuition fee support and living cost support where a student has withdrawn from the course. These are summarised below.

Tuition fee payments (full-time, all current system students; the following paragraphs also apply to students commencing full-time distance learning courses on or after 1 September 2012).

From academic year 2012/13 onwards, tuition fee loans are paid to HE Providers (HEPs) in three termly instalments. The first payment will be made early in the academic year with the remaining two being paid shortly after the start of each term. From 2012/13 onwards this changed to full-time students becoming liable to repay each instalment at three liability dates – the first day of each term. The students' liability for the tuition fee loan extends at each liability date – they become liable for the full amount if in attendance at the third and last liability date. HEPs will have to confirm attendance to SLC at each of the three liability dates to receive payment of each instalment.

The tuition fee payment in the form of a loan is split into instalments of 25%, 25% and 50% of the total tuition fee for the academic year.

No tuition fee loan is payable unless the HEP confirms that the student is in attendance, i.e. if they withdraw before the course starts or never actually enroll. Only 25% of the tuition fee is payable in the form of a loan if the student withdraws during the 1st term, 50% if they withdraw during the 2nd term and the full 100% if they withdraw during the 3rd term.

Where a student withdraws from their course in AY 2016/17, the Department for Education (DfE) expects HEPs to charge that student a fee amount which is no greater than the amount of tuition fee loan the student is liable to repay up to the date of withdrawal from the course.

Tuition fee payments: part-time tuition fee loans (students who commence a part-time course on or after 1 September 2012)

No payment of part-time tuition fee loan will be released until the HEP has confirmed that the student has been undertaking their course for two weeks.

The part-time tuition fee loan will be paid to the HEP in three 'termly' instalments, following receipt that student is undertaking their course. The second and third instalments will not be made if the HEP confirms that the student has withdrawn or suspended their studies before the start of the 2nd term or 3rd term.

Where a student withdraws from their course during an academic year, the HEP should notify SLC as soon as reasonably possible before the next liability point so that the next instalment of tuition fee loan is not paid. The student will only be liable to repay the tuition fee loan instalments paid whilst they were an eligible student.

For students on part time courses that began prior to 1 September 2012 and remain on the 'Fee Grant package of support' the above paragraphs do not apply. Their entitlement following a change of circumstances should be assessed as normal, as detailed in the specific guidance chapter 'SFE Support Part Time Students 2016/17'.

SUSPENSIONS (TUITION FEE PAYMENTS)

If a student suspends their studies, the HEP should notify SLC as soon as reasonably possible before the next liability date. The following rules apply to tuition fee loan payments where a student has suspended study:

A student who suspends their studies during one term and resumes their studies either before the start of the next term or during the next term will be liable for the tuition fee instalment in the form of a loan for both terms. For example:

- **Student A** starts a course on 1 September 2016 and the first tuition fee payment in the form of a loan (25% of the tuition fee for the academic year) is made to the HEP. The student suspends their studies

on 1 November 2016. The student resumes their studies before the 2nd liability point. The 2nd 25% tuition fee loan instalment is paid to the HEP.

- **Student B** starts a course on 1 October 2016 and the first tuition fee payment in the form of a loan (25% of the tuition fee for the academic year) is made to the HEP. The student suspends their studies on 1 December 2016. The student resumes their studies after the 2nd liability point but before the 3rd liability point. The 2nd 25% tuition fee loan instalment is paid to the HEP.

A student who suspends their studies during the first term, remains suspended during the whole of the 2nd term and resumes their studies during the third term (on or after the 3rd liability date) will be liable for the first and third tuition fee instalment in the form of loans but not the second tuition fee loan instalment. For example:

- **Student C** starts a course on 1 September 2016 and the first tuition fee payment in the form of a loan (25% of the tuition fee for the academic year) is made to the HEP. The student suspends their studies on 1 November 2016. The student resumes their studies after the 3rd liability point. The 2nd 25% tuition fee loan instalment will not be paid to the HEP. However the 3rd 50% tuition loan instalment is paid to the HEP.

Where a student suspends their studies before a liability point and informs the HEP, but the HEP does not notify SLC of this suspension until after the liability point (giving the effective date of suspension as occurring before the liability point) the payment made should be clawed back from the HEP on receipt of the suspension notification.

Where a student decides to suspend their studies before a liability point but does not inform the HEP that they are no longer undertaking the course, and the next payment of tuition fee loan for a part-time course is automatically made to the HEP, the student would be liable for that instalment of the tuition fee loan.

TRANSFERS (TUITION FEE PAYMENTS)

CURRENT SYSTEM STUDENTS – TUITION FEE LOANS

Where a student transfers course and/or HEP after the start of the academic year to a course with a different tuition fee amount, the total tuition fee loan which can be paid out in the academic year will never exceed the highest tuition fee available in that academic year.

Where students transfer courses between HEPs, it will be up to the HEPs to agree between them how to apportion the tuition fee for that term (but subject to the annual tuition fee that applied at the start of that term and the maximum tuition fee loan instalment paid for that term). Any change in the annual tuition fee for the new course will only be applied at the start of the next term; the amount already paid for the term in which the student transfers will not be adjusted.

Where a student transfers to a course at a new HEP during an academic year, the HEP to which they transfer will only receive a percentage of the maximum tuition fee for that course in the form of a loan. The amount paid to the new HEP will depend on when the student transfers. For example if the student transfers after the start of term 1, the new HEP will only receive 75% of the tuition fee for the second course in the form of a loan. If the student transfers after the start of term 2 the new HEP will only receive 50% of the tuition fee for the second course in the form of a loan, and if the student transfers after the start of term 3, the new HEP will not receive any further loan payment for tuition until the start of the following academic year.

For example:

Student A commences a course in September 2016, for which the tuition fee is £6,000. Student A's attendance for the 1st term is confirmed and the first instalment of the tuition fee loan of £1,500 is paid.

During the 1st term, Student A transfers to a new course at a different HEP (HEP2) which has the same tuition fee of £6,000.

HEP2 will only receive 75% of the £6,000 tuition fee (£4,500) in the form of a loan for the second course. This total amount will be split 33% and 67 % for instalments 2 and 3 respectively. (This equates to 24.75% and 50.25% of £6,000.) Note that these figures are a slight variance on the normal 25% / 50% instalment split where a student studies on only one course during the academic year; the revised split is necessary to accommodate SLC's IT systems.

Student A's attendance is confirmed by the new HEP for the 2nd term and the second instalment of £1,485 is paid to HEP2.

Student A's attendance is confirmed for the 3rd term and the third instalment of £3,015 is paid to HEP2.

Student B commences a course in September 2016, for which the tuition fee is £6,000. Student B's attendance for the 1st term is confirmed and the first instalment of the tuition fee loan of £1,500 is paid.

Student B's attendance for the 2nd term is confirmed and the second instalment of the tuition fee loan of £1,500 is paid.

Student B transfers during the 2nd term to a new course at a different HEP, which has a higher tuition fee of £9,000

HEP2 will only receive 50% of the £9,000 tuition fee (£4,500) in the form of a loan for the second course.

Student B's attendance for the 3rd term is confirmed and the third instalment of the tuition fee loan of £4,500 (50% of new TF amount) is paid.

Student C commences a course in September 2016, for which the tuition fee is £6,000. Student C's attendance for the 1st term is confirmed and the first instalment of the tuition fee loan of £1,500 is paid.

Student C's attendance for the 2nd term is confirmed and the second instalment of the tuition fee loan of £1,500 is paid.

Student C's attendance is confirmed for the 3rd term and the third instalment of £3,000 is paid.

Student C transfers during the 3rd term to a new course at a different HEP, which has the same tuition fee of £6,000. As the third liability date passed, no tuition fee loan payment is made to the new HEP.

GRANTS AND LOANS FOR LIVING COSTS (GENERAL)

Regulation 107(b) defines a 'payment period' as a period in respect of which an instalment is payable, or would have been payable if the student's period of eligibility had not terminated.

The loan for living costs and the long courses loan are paid in respect of three academic quarters in the academic year (which is defined in Regulation 2(1) as a period of 12 months). An academic quarter usually corresponds to a term. The three academic quarters may not necessarily comprise 75% of the academic year.

The loan for living costs does not cover the academic quarter in which the longest vacation falls, or in the case of a compressed degree, any one of the four academic quarters. The long courses loan is not payable for any one of the four academic quarters. Both loans for living costs and long courses loans are paid in three instalments. Where the first instalment is paid in the first quarter of an academic year, the loan is payable in three instalments of 33% for the first quarter, 33% for the second quarter and 34% for the third quarter. Where the first instalment of loan is paid in the second quarter, it is paid in two instalments and where the first instalment is paid in the third quarter, the whole amount for the academic year is paid in one instalment.

Where students withdraw part-way through a payment period, regulations 109(14) and 109(15) gives SFE discretion to determine whether a payment of grant for living costs should be made in respect of the whole of that payment period or only for the portion of that period during which the student was undertaking the course.

Regulation 109(11) provides that no grants for living and other costs are payable in respect of a payment period beginning after an eligible student's period of eligibility terminates. This covers cases where the student has withdrawn from, abandoned or been expelled from their course; cases where students' eligibility has been terminated because they have shown by their conduct that they are unfit to receive support; and cases where students' eligibility has been terminated because they have failed to provide requested information or who have knowingly provided materially inaccurate information. SFE does not have discretion to determine otherwise in these circumstances. Discretion is limited to the payment period during which the student withdraws from the course.

Regulation 116(4) provides that the first instalment of a loan for living costs or long courses loan (or in cases where the support is not being paid in instalments, any payment of a loan) must not be paid to an eligible student before the provider has sent an attendance confirmation, unless an exception applies. Regulation 116(5) provides that an exception applies if SFE determines that owing to exceptional circumstances it would be appropriate to make a payment without receiving an attendance confirmation.

Regulation 116(11) provides that no loans for living costs or long courses loan are payable in respect of any payment period beginning after an eligible student's period of eligibility terminates.

Since September 2008, any student who has been a prisoner within the academic year will not be entitled to any maintenance support whilst they are in prison. Maintenance support will be calculated on a pro-rata daily basis excluding the time in prison (see regulations 38(10) and 116(9)).

GRANTS FOR LIVING COSTS

Maintenance Grant (MG), Special Support Grant (SSG), Higher Education Grant (HEG), Adult Dependants' Grant (ADG) and Parents' Learning Allowance (PLA) are payable in respect of a full 'academic year' (which is defined in Regulation 2(1) as a period of twelve months) and are intended to support students for this whole period of 365 days. (This differs from the loan for living costs which is paid in respect of three academic quarters in the academic year. The three academic quarters may not comprise 75% of the academic year). The maintenance grant, special support grant and dependants' grants (Parents Learning Allowance, Adult Dependants' Grant and Childcare Grant) are paid in three equal instalments by SFE at the start of each term.

Where a student withdraws from their course part-way through a payment period, a reassessment of these grants should normally be based on the number of days that the student was undertaking, or can be treated as undertaking, the course from the first day of the academic year to the date of withdrawal.

However, under regulations 109(14) and 109(15) SFE has discretion, taking into account the student's circumstances, to extend the student's eligibility in respect of grants for living and other costs to the end of the payment period in which the student leaves the course. Example

Student A has an academic year starting 1 September 2016.

His PLA entitlement for a full year, after income assessment, is £900.

Student A leaves his course on 25 October 2016.

The first term ends on 13 December 2016.

SFE determines that PLA should not be paid beyond the date of withdrawal.

Therefore number of days for reassessment purposes = 55 (1 September – 25 October).

So, revised entitlement is as follows:

$$55/365 \times £900 = £135.62$$

If a student who has attended their course in the AY ceases to attend that course as a result of going to prison, all payments should cease from the time of withdrawal and no discretion is to be given.

Disabled Students' Allowances (DSAs), Childcare Grant (CCG) and Travel Grant (TG) are based on a student's actual requirements. Where the student withdraws part-way through a payment period SFE has discretion under regulations 109(14) and 109(15) to extend the student's eligibility in respect of grants for living and other costs to the end of the payment period. However, the very nature of the DSAs, CCG and TG are that they are based on a student's actual requirements in respect of expenditure incurred whilst undertaking the course. Therefore, the fact that support may be extended to the end of the payment period in which the student withdraws from the course does not mean that these three grants should continue to be paid.

If a student ceases to be eligible for any of the grants for living or other cost part way through an academic year, they should be reassessed from that point onwards, for example: If a person ceases to become an adult dependant during the academic year; this will occur if the adult dependent becomes an eligible student or receives a statutory award themselves. For example:

Student B commences a course on 1 September 2016.

Student B's partner has been deemed a dependant of the student and the student has been awarded ADG, the entitlement for the full year has been assessed as £2,757.

Student B's partner subsequently starts an HND on 2 January 2017. ADG cannot be claimed if the partner is also an eligible student.

ADG eligibility is assessed based on the number of quarters in which the student remains eligible (other than the one quarter during which the longest of any vacation occurs). Therefore ADG should not be paid in any quarter where the partner is also an eligible student.

As the partner became an eligible student within quarter 2 Student B's is only entitled to ADG for one quarter.

Therefore the revised entitlement to ADG is as follows:

$$£2757/3 = £ 919$$

LOANS FOR LIVING COSTS

Where a student withdraws at the end of a term, it will not be necessary for SFE to reassess the amount of loan payable if the loan amount was properly calculated. The system will calculate the student's revised loan entitlement on the basis of a third of the assessed loan where the student leaves the course at the end of first term, two thirds at the end second term and 100% if the student completed the full year. The loan will be recovered in the normal way through the income contingent repayment procedure. This applies to all students including those who cease to attend that course on commencement of a custodial sentence, all payments should cease from the date of withdrawal.

Loans for living costs should not be paid beyond the date of withdrawal, where the withdrawal happens midway through a term, the system will reassess the loan entitlement. The revised loan entitlement is calculated using the method outlined in the following worked example.

A 2016 cohort student is a student who started their course on or after 1 September 2016. (*Note that in all examples students are not eligible for benefits and are aged under 60.*)

Student B, a 2016 cohort student, has an academic year starting 1 September 2016. There are 75 days in the first term. He is eligible for the full 'elsewhere' rate of loan (£8,200).

The 'elsewhere' rate of loan for living costs is that paid to students living away from their parental home and studying outside London.

Having received the instalment of loan payable in respect of the first payment period, Student B leaves the course on 3rd October 2016 (having attended for 33 days) and does not return.

SFE decides that Student B is only eligible for support for the number of days that he was undertaking the course.

The student's revised entitlement is as follows:

Maximum loan: £8,200 (full 'elsewhere' rate)

Number of days attended in term: 33

Number of days in term: 75

Number of terms in academic year: 3

33

———— x £8,200 = £3,608 ÷ 3 = £1,202.67

75

REASSESSMENT OF A STUDENT'S LOAN ENTITLEMENT RESULTING IN AN UNDERPAYMENT

When a student withdraws from a course, it is possible that they are entitled to a higher amount of loan than they have so far claimed (for example, because their original assessment, which was provisional, has now been

finalised). Regulation 89(3) provides that where an eligible student has applied for a loan for living costs or long courses loan of less than the maximum amount to which he is entitled in relation to the academic year, he may apply to borrow an additional amount which, when added to the amount that he has already applied for, does not exceed the relevant maximum applicable in his case. Please note: Regulation 89(3) can apply in circumstance other than when a student withdraws from a course.

For example:

Student C, is a 2016 cohort student who is eligible for benefits and is living away from home and studying in London. Student C begins a course in October 2016, has a household income provisionally assessed as £60,000, therefore has been assessed as entitled to £4,078 for the year payable in three instalments.

Student C then withdraws from the course in the December 2016 of the same academic year. He receives a revised support notification from SFE, following confirmation of a lower household income of £40,000, showing his loan entitlement for the period in which he withdrew to be £1,911.87 based on the calculations below

Student C is only eligible for support for the number of days that he was undertaking the course.

The student's revised finalised entitlement is as follows:

Loan: £6,618 (loan entitlement with household income of £40,000)

Number of days attended in term: 91

Number of days in term: 105

Number of terms in academic year: 3

$$\frac{91 \times £6,618}{105} = £5,735.60 \div 3 = £1,911.87$$

As he received £1,345.74 for his first instalment in October he may apply for the remaining £566.13 if he wishes to, provided that he does so not later than one month before the end of the academic year, or one month after the date on which he receives the revised support notification, whichever is the latter.

EXTRA WEEKS LOAN/ LONG COURSES LOAN

Where students have in an academic year attended their course for longer than 30 weeks and 3 days, they may be eligible for long courses loan (or extra weeks' loan as it is known for most students who commenced their course before 1 September 2008). The amount of extra weeks' loan / long courses loan is added to the main student loan and paid in three instalments. Please note, student is eligible for third of their loan for each term attended, however payment system is paying the instalments slightly differently, in instalments of 33%, 33%, 34%. Students are only eligible for the extra weeks' loan / long courses loan when they have attended for at least 30 weeks and 3 days.

If they have not attended for more than 30 weeks and 3 days a reassessment should be processed showing the amount of main student loan reassessed less any extra weeks loan / long courses loan awarded. For example:

Student D is a 2016 cohort student, who is eligible for benefits and is living away from home and studying outside London. Student D commenced study in September and his course has an academic year of 33 weeks.

Original assessment:

Student loan: £9,347 (full 'elsewhere' rate)

Long courses loan: £264 (3 extra weeks @ £ 88 per week)

Total loan for year: £9,611

Student D withdraws during the first quarter, therefore:

Loan received in first quarter: £3,171.63 (33% of £9,611)

Loan due on reassessment: £3,115.67 (one third of £9,347).

THE HOUSEHOLD CONTRIBUTION TOWARDS LIVING COSTS

In cases where a 2008, 2009 or 2012 cohort student is the only student in a family and the student's residual household income includes the income of his or her parents, entitlement to loan for living costs is calculated by deducting the assessed contribution from the maximum loan for living costs. If the student leaves their course before the end of the academic year, the amount of assessed household contribution is not altered when the final calculation of loan for living costs is made as the parents' residual income has been included in the calculation of household income.

For 2016 cohort students, while the income assessment of the loan for living costs starts at a household income of £25,000, the assessed contribution for the loan for living costs will apply for students with household incomes of more than £42,875.

For 2016 cohort students aged under 60 who are not eligible for benefits, whose household income exceeds £42,875, the assessed contribution is calculated by:

- a) Calculating the amount of loan to be deducted from the maximum loan at a household income of £42,875. This is known as the contribution disregard;
- b) calculating the amount of loan to be deducted from the maximum loan at the student's household income – this is known as the income assessment to loan;
- c) calculating the assessed contribution by deducting the contribution disregard from the income assessment.

For 2016 cohort students aged under 60 who are eligible for benefits, the assessed contribution is calculated by:

- a) Deducting £42,875 from the student's household income ;
- b) dividing the result by the appropriate income taper.

An assessed contribution is not applicable for the loan for living costs paid for 2016 cohort students aged 60 or over at the start of the first academic year of their course.

For all current system cohorts the assessed contribution figures are used to determine entitlement for supplementary support (i.e. dependants' grants, travel grant, long courses loan). They are also used to

determine entitlement to loans for living costs and supplementary support for households where there is more than one student in the household.

The following examples help to illustrate this:

2012 cohort example

Student E is a 2012 cohort student eligible for the 'elsewhere' rate of loan (£5,878). Her residual household income is such that the contribution to loan for living costs is assessed as £227. She is not eligible for any supplementary support products (Adult Dependents' Grant, Childcare Grant, Parents' Learning Allowance, Long Courses Loan or Travel Grant); therefore this is the only contribution that is applied here.

The assessed household contribution is applied to Student E's loan for living costs entitlement. Student E withdraws from the course at the end of the first term.

As a result, she is only eligible for support in respect of the first quarter of the academic year. Her revised entitlement will be as follows:

- a) one third of the full-year loan rate (£5,878) = £1,959.
- b) £1,959 less the assessed household contribution to the loan for living costs (£227) gives a loan entitlement of £1,732.

2016 cohort example not eligible for DWP benefits

Student F is a 2016 cohort student eligible for the 'parental' rate of loan available to 2016 cohort students who are not eligible for DWP benefits (maximum available loan rate is £6,904). The residual household income is £45,000 therefore the income assessment to loan is calculated as £2,328. For 2016 cohorts the assessed household contribution is calculated at household income of £42,875 and above. For this scenario, the assessed household contribution is £248 (£2,328 - £2,080 [the home rate income assessment to loan at £42,875, known as the contribution disregard]). Student F's loan entitlement is £4,824 (entitlement at a household income of £42,875) - £248 = £4,576.

Student F is not eligible for any supplementary support (Adult Dependents' Grant, Childcare Grant, Parents' Learning Allowance, Long Courses Loan or Travel Grant); therefore this is the only contribution that is applied to her.

Student F withdraws from the course at the end of the first term. As a result, she is only eligible for support in respect of the first quarter of the academic year. Her revised entitlement will be as follows:

- one third of her full year's entitlement of loan rate (£4,576) = £1,525

2016 cohort example eligible for DWP benefits

Student G is a 2016 cohort eligible for the 'London rate' of loan available to 2016 cohort students who are eligible for DWP benefits (maximum available loan rate is £11,671). The residual household income is £50,000 therefore the income assessment to loan is calculated to be £3,966 and student G's loan entitlement is £7,705.

For 2016 cohort students the assessed household contribution is calculated at household income of £42,875 and above therefore the income assessment to loan is calculated as £3,996. For this scenario, the assessed contribution is £854 (£50,000 - £42,875/£8.34). Student G's loan entitlement is the maximum loan entitlement of £11,671 minus the income assessment to loan of £3,966 = £7,705.

Student G is not eligible for any supplementary support (Adult Dependents' Grant, Childcare Grant, Parents' Learning Allowance, Long Courses Loan or Travel Grant); therefore this is the only contribution that is applied in this case.

The assessed household contribution is applied to Student G's loan for living costs entitlement. Student G withdraws from the course at the end of the second term.

As a result, he is only eligible for support in respect of the first and second quarters of the academic year. His revised entitlement will be as follows:

- two thirds of his entitlement to loan rate (£7,705) = £2,568

2016 cohort example over 60 on the 1st day of the 1st AY of the course

Student H is a 2016 cohort who is 60 on the 1st day of the 1st AY of the course. Her residual household income is £21,000 therefore student H is entitled to the full rate of loan of £3,469.

N.B there is only one maximum rate of loan for living costs of £3,469 and there is no assessed household contribution for students who are 60 or over on the 1st day of the 1st AY of the course.

Student H is not eligible for supplementary support (Adult Dependents' Grant, Childcare Grant, Parents' Learning Allowance, Long Courses Loan or Travel Grant).

Student H withdraws from the course partway through the second term and does not return.

As a result, she is eligible for support in respect of the entire first quarter and for the days in attendance in the second quarter of the academic year. Her revised entitlement will be as follows:

a) one third of the full-year loan rate (£3,469) = £1,156 for term 1.

b) one third of the full-year loan rate pro rated by the number of days spent in attendance in the second term which was in this case 16 days of the 75 day term.

$£1,156 * 16/75$ days in attendance = £246 for term 2

Add together £1,156 + £246 to get the loan entitlement £1,402.

Part Year repeats

For 2016 cohort students, there is no loan reduction dependent upon the amount of maintenance grant therefore the entitlement for part year repeats should be calculated as follows.

Student J is completing part of their 1st year but will be in attendance for term 2 only. Student J has applied for the income assessed loan for students who are not eligible for DWP benefits and is living at home.

Student J was in attendance for term 2 in full, therefore is entitled to one third of the full year 'Parental' rate of the Loan for living costs (£6,904) = £2,301.

SUSPENSIONS

CIRCUMSTANCES WHEN A STUDENT MAY SUSPEND THEIR STUDIES

Some full-time students may have to interrupt their studies for a variety of reasons. These may include illness, pregnancy, caring responsibilities, financial difficulties, bereavement or premature termination of a work placement. In some of these cases, when the students are ready to resume their studies, their HE Provider may not allow them to do so immediately. The provider may often require the student to wait until the beginning of the next academic year, or require the student to resume their studies at some later point in the next academic year, for example at a point comparable to when the student had left the course in the previous academic year.

REASSESSMENTS FOR STUDENTS WHO ARE ABSENT FROM THEIR COURSE

Regulations 109(17) and 116(12) relate to a relevant payment period during any part of which a student is absent from the course. Regulation 109(17) provides that no grants for living and other costs shall be payable during that period, unless the Secretary of State determines that, taking into account the circumstances of the individual case, part, or indeed all, of the grants otherwise due in respect of that period may be paid. Regulation 116(12) makes similar provision for loans for living costs and long courses loans.

In the case of full-time undergraduates, regulation 109(19), in the case of grants for living and other costs, and 116(14), in the case of loans for living costs and long courses loans, allow for an automatic disregard of absence for 60 days if the student is ill. Such students are eligible for full support during this period. If a student has spent any time in prison the first 60 days are not disregarded in these cases.

Regulations 109(17) and 116(12) respectively give SFE the discretion to determine that all or part of the grant or loan support due is payable where the student is absent from the course for reasons other than illness, or where the illness exceeds 60 days. Regulations 109(18) and 116(13) respectively provide that in deciding whether it would be appropriate to pay all or part of the grant or loan support, consideration should be given to:

- The reasons for the student's absence;
- the length of the absence; and
- the financial hardship caused by not paying all or part of the support.
- if the student is in prison then no further support should be paid for that time.

Where students find themselves in hardship they should contact their University or college immediately for further information and advice.

EXTENDING STUDENT SUPPORT TO STUDENTS WHO SUSPEND THEIR STUDIES

The lack of financial support has often led to financial hardship and to some students withdrawing from their courses. Clearly, it is not in the public interest for students to withdraw from their courses in these circumstances, given that any expenditure on their tuition fee and living costs support would therefore have effectively been wasted. This is not in the interests of either the student or the taxpayer. It is important that SFE use the discretionary powers available to them to avoid students having to drop out due to financial pressures.

SFE should be aware that their discretionary power to determine that part or all of the student support is payable can be exercised in circumstances other than illness. The list of circumstances in paragraph 45 is

neither prescriptive nor exhaustive. SFE should be particularly sympathetic towards those students who have dependants.

In deciding on the exercise of their discretion, SFE should consider each case on its own merits. SFE may wish to consider the reasons for the absence, whether the student will face financial hardship during their absence, and the prospect of the student returning to the course. SFE should also take account of how the provider treats the student's absence, particularly if the provider has given the student permission to be absent, and on what terms.

BENEFIT PROVISION FOR STUDENTS WHO HAVE SUSPENDED THEIR STUDIES

Full-time students who have suspended their studies due to illness or caring responsibilities and who are required to wait until their provider allows them to rejoin their course are able to claim Jobseekers Allowance (JSA) and Housing/Council Tax Benefit or Universal Credit from when they recover from illness or the caring duties end, until the day before they rejoin their course, but not exceeding one year.

JSA is not payable to students who are entitled to a student loan. However, JSA can be paid subject to the student satisfying the normal criteria for receipt of that benefit. JSA is payable up until the day before the student rejoins their course but not exceeding one year.

Students who have suspended their studies were not eligible for payments from the Access to Learning Fund (ALF) while in receipt of JSA. **Please note:** From academic year 2014/15, the ALF has been replaced. Students should contact their university or college to find out about any other available funds.

STUDENTS WITHOUT FINANCIAL SUPPORT

Although JSA, Housing Benefit (or Universal Credit) may be available to students who are waiting to resume their studies following a period of suspension due to illness or caring, there may be cases where students do not qualify for benefits and may be left without any source of financial support. These may include:

- Students waiting to rejoin their course after the expiry of one year since suspension;
- Students who remain sick unless they are entitled to DLA or Personal Independence Payment (PIP) or Armed Forces Independence Payment (AFIP); and
- Students who cannot meet the work-related requirements for JSA (or Universal Credit) because they are doing significant amounts of study in preparation for their return to their course.

PROCEDURES FOR SUSPENDING STUDY

Although SFE has the discretion to determine continuation of student support, HEPs and students themselves have an important role in this process. It is essential that there is prompt interaction between the student and the provider, and that providers promptly notify SFE when students temporarily suspend, or indeed withdraw from their courses. This will enable SFE to make the decision efficiently.

Where students wish to suspend their study and be considered for continuation of student support they must, in the first instance and at the earliest opportunity, contact their provider. The suspension process should involve the student receiving support and advice from a range of staff at the provider, particularly course tutors, welfare and financial advisers. Providers should consider the reasons for suspension and reach an agreement on the best course of action for the student, either suspension (or withdrawal where appropriate).

The student and the HEP should agree the likely period of absence and then arrange to keep the position under review. The student should then ask the provider to complete the agreed 'Notice of Student Suspending Study' form confirming that they are suspending their studies, giving the reasons for suspending and providing an agreed date of return.

It is the responsibility of the HE Providers to notify SFE as soon as it is agreed that the student will suspend study. The student should also be advised to approach SFE, requesting that they be assessed for continued support if required. Whenever possible a joint approach to SFE from the provider (supporting the case to extend student support) and the student is recommended. The process would enable SFE to make a timelier and better informed decision on whether to continue student support, and it would also reduce the possibility of confusion arising over whether a student has withdrawn from the course or has suspended their studies.

STUDENTS SUSPENDING THEIR STUDIES AND RETURNING LATER IN THE SAME TERM (TUITION FEE PAYMENTS)

All current system students who suspend their studies during one term and resume their studies either before the start of the next term or during the next term will be liable for the tuition fee for both terms. For example:

Student A starts a course on 1 September 2016 and the first tuition fee loan payment (25% of the tuition fee for the academic year) is made to the HEP. The student suspends their studies on 1 November 2016. The student resumes their studies before the 2nd liability point. The 2nd 25% tuition fee loan instalment is paid to the HEP.

Student B starts a course on 1 September 2016 and the first tuition fee loan payment (25% of the tuition fee for the academic year) is made to the HEP. The student suspends their studies on 1 November 2016. The student resumes their studies after the 2nd liability point but before the 3rd liability point. The 2nd 25% tuition fee loan instalment is paid to the HEP.

GRANTS AND LOANS FOR LIVING COSTS

In accordance with regulations 109(17) and 116(12) no grants or loans for living costs will be payable during the period in which the absence falls, unless SFE decides that, in view of the circumstances underlining the absence, payment should be made either in full or in part (e.g. financial hardship). If the period of absence falls across two periods, then whether or not the student should receive support during either of those two periods will depend upon the extent of the absence in each period. If the absence covers more than half of one period, then the student might not receive support at all for that period. Again, SFE has the discretion to decide whether or not it would be appropriate to pay full, partial or no support, in respect of either of those two periods. If a student spends any time in prison they are ineligible for any support whilst serving a custodial sentence.

Prior to the 2016 Cohort, where the student is deemed to be eligible for support for only part of the academic year, the Regulations do not allow the assessed student contribution to be reduced.

STUDENTS SUSPENDING THEIR STUDIES AND RETURNING LATER IN THE SAME ACADEMIC YEAR

For Example:

Student C is a 2016 cohort student who is eligible for benefits and begins the first year of his course in September 2016. However, he suspends his attendance in October, having attended for 45 days of the first term and having received payment of the instalment of loan for living costs due in respect of the first period. There are 75 days in the first term.

Student C is eligible for the full £9,347 'elsewhere' rate of loan for living costs. As a student whose household income is below the threshold a contribution would not be applicable.

However, instead of returning to the original course, Student C starts a new course in January 2017, the academic year of which runs from 1st January 2017 to 31st December 2017.

STEP 1: SFE will need to action the case as a transfer.

Original course

Student C was attendance on 1st September 2016 and will not return to the original course.

New course

Student C starts the new course in January 2017. As the academic year of the new course runs from January 2017 to December 2017 his loan for living costs entitlement for the first academic year of the new course will still be payable in three instalments, the first becoming due in the quarter beginning on 1st January 2017. SFE should reassess as follows:

Student C is eligible for the £9,347 'elsewhere' rate of loan for living costs, with no household contribution applicable.

SFE would calculate loan for living costs entitlement as normal, and adjust payment accordingly, taking into account any overpayments from a previous assessment.

PART YEAR REPEATS

Pro rating funding for part year support and termly repetitions: where the student has not completed/passed all the required modules to progress to the next year of their course, HEP's may allow students to repeat the missed/failed modules. This may not always be a repeat of the full year but more commonly a repetition of specific terms or part terms. If a student is in attendance for only part of a term, they will be entitled to maintenance funding for the period they are in attendance at their HEP.

Maintenance grant (only applicable to returning pre 2016 cohort students) is payable over 365 days of the year, therefore to manually calculate a student's entitlement, the full maintenance grant entitlement should be divided by 365 and then multiplied by the number of days the student is in attendance on their course. Days must be calculated from the 1st day of the academic year. For example if a student begins a course in September, their entitlement would be calculated from the 1st September until their attendance ceases or to the end of the term, whichever is sooner. For term 3 repeats the calculation would be from the date of 1st day of term three to the end of the Academic Year (31st August for September AY starts). Please see below for academic year start dates:

Date started course	Academic Year start date
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Between 1 st August and 31 st December	1 st September
Between 1 st January and 31 st March	1 st January
Between 1 st April and 30 th June	1 st April
Between 1 st July and 31 st July	1 st July

Loan for living costs is calculated termly. Loan entitlement per term should be divided by the number of days attended in that term. If the student is repeating the full term, then the full loan entitlement for that term should be paid, in these circumstances no pro-rata calculations are required. Any entitlement to long courses loans should be removed where the student has attended for less than 30 weeks and 3 days. Any students repeating one full term and part of another should have the full term loan paid and the days from the partial term re calculated.

For pre 2016 cohort students, the loan reduction is impacted by the student's Maintenance Grant entitlement. This only needs to be calculated on means tested assessments. For 2012 Cohort the maximum amount of main loan for living costs will be reduced by £0.50 for every £1 of maintenance grant received. This is known as 'substitution'

For example:

Student A is repeating 1 term of the second year of their course only, and will be in attendance for whole of that term.

Term 1 dates - 22/09/2016- 16/12/2016

Calculation for the grant is from 01/09/2016-16/12/2016 = **107 days**

Maintenance grant of £3,387/ 365 x 107 = **£993**

Loan reduction (substitution) is £993 / 2 = **£496**

Loan for living costs - As the student will be studying for one full term only the full amount of loan should remain for term 1. There is no entitlement for Term 2 and 3 or any Long Courses Loan. The Loan reduction amount of £496 should be applied to the remaining loan for living costs entitlement. Please note where the student is entitled to Special Support Grant instead of the Maintenance Grant, no loan reduction should be applied.

Student B is completing part of their first year in AY 2016/17 but will be in attendance term 3 only

Term 3 dates - 07/04/2017- 09/06/2017

As the student is repeating their first AY and will be attending in the following AY, the calculation should be up to and including 31/08/2017 (this is including the summer vacation). If the student was repeating their final year then the calculation should be until the course end date.

Calculation for the grant is from 07/04/2017- 31/08/2017= **147 days**

Maintenance Grant of £3,387/365 x 147 = **£1,364**

Loan Reduction (substitution) is £1,364 / 2 = **£682**

As the student is in attendance for all of term three only the loan for living costs for the third term should remain. Any loan reduction amount is applied and the loans for living costs for term 1 and term 2 and any Long Courses Loan amount removed.

Student C starts the second academic year of their course on 1 September 2016. Student C is repeating all of term 1 and part of term 2 in 2016/17. Student C will be in attendance from **23/09/2016-31/01/2017**

Calculation for the grant is from the 1st day of the Academic Year until the last date of attendance- 01/09/2016 - 31/01/2017 = **153 days**

Maintenance grant of £3,387 / 365 x 153 = **£1,420**

Loan reduction (substitution) £1,420 / 2 = **£710**

As the student will be studying for all of term 1 the full Non means-tested/means tested loan for living costs should be left in place for term 1. The loan for living costs for term 2 will be pro-rated, and any loan for living costs amount for term 3 and any Long Courses Loan removed.

The total number of days in term 2 is 70 days. However, as the student is completing their studies on the 31/01/2016, the student will only be in attendance for 26 days of that term.

The student is entitled to full elsewhere rate of loan for living costs of **£5,878** (for a full year)

1st term Loan instalment total is **£1,959**

Calculation for the loan for term 2 is £1,959 / 70days in term x 26 days in attendance = **£728**

The total Loan payable is **£1,959** for the 1st instalment and **£728** for the 2nd instalment less the loan reduction of **£710**, making the total loan to be paid for 2016/17 of **£1,977**

Student D is repeating part of their 1st year but will be in attendance term 2 only. Student has not applied for any Means tested support and is therefore only entitled to the full term 2 non-means tested loan for living costs.

Student D was in attendance for term 2 in full, therefore entitled to one third of full year non-means tested Loan for living costs (£3,820) = **£1,273**

OVERPAYMENTS

In order to provide the maximum amount of flexibility, the Student Support Regulations allow for an overpayment of any **grant for living and other costs** to be recovered from any other grant or loan that is payable to the student in respect of a later academic year of the same or a different course under regulations made under section 22 of the Teaching and Higher Education Act 1998 (regulation 119(3)). Recovery of

overpayments under this regulation should only need to be implemented following recovery of grant overpayment from further instalments of that specific grant due in that academic year (or loan and other grants, if deductions from the original loan or grant still leave an outstanding overpayment). See next section below for further details.

All withdrawals and suspensions will be treated in the same manner, so recovery is possible whether the student stays on the same course or changes course, irrespective of whether the course is full-time, part-time or postgraduate.

Prior to AY 2012/13, the Regulations allowed SLC to recover a loan for living costs and/or grant overpayment directly from the student. There was previously no discretion to do so for overpayments of tuition as overpayments of these loans had to be recovered directly and immediately from the HEP. From AY 2012/13 onwards, the regulations (see regulations 117, 118 and 157) allow SLC some discretion in certain circumstances to recover the overpayment directly from the student through the normal Income Contingent Repayment process.

Changes to the 2011 Student Support Regulations for the recovery of overpayment of grants and loans mean that any overpayment, whether it is for grant or loan, should be recovered from the student as soon as possible and while the student continues to study. This amendment allows for overpayments to be recovered from future instalments of either grant or loan (regulation 119(11)). While some overpayments can be subtracted from certain future payments (including if the student returns to study at a later date), recovering directly from the student as soon as possible after the overpayment arises maximises the probability of recovery and ensures value for the taxpayer.

Recovery of overpayments whilst a student continues to study may cause difficulties for some students. If a student provides reasonable evidence that recovery would result in hardship for the student, the recovery of the overpayment may be suspended until they leave or finish their course. Where part or all of an overpayment is outstanding when the student leaves or completes their course, the method of recovery will depend on the circumstances in which the overpayment occurred.

These changes apply from the date these amendment regulations came into force (2015 no 1951).

OVERPAYMENTS OF GRANTS FOR LIVING AND OTHER COSTS

Regulation 109(20) applies where SFE has already paid out grants for living and other costs and then reassesses the amount due.

If the amount of grant to be paid has increased, SFE should process the reassessment as soon as possible. The student's instalments of grant for the year will be increased to reflect the increased entitlement to support.

If the reassessment results in a reduction in entitlement to grant, the amount overpaid will be recovered in full from the next instalment(s) of that grant or any other grants or loans which remain to be paid within the current academic year.

The student will receive a payment schedule letter detailing the amounts to be recovered.

If there is still an amount outstanding after any remaining instalments of grants or loans due in the current academic year have been reduced to zero, then that amount is to be recovered in accordance with regulation 119.

Regulation 119(3)(a) provides for an overpayment of grant for living and other costs to be subtracted from 'any kind of grant or loan payable to the student from time to time pursuant to regulations made under section 22 of the Teaching and Higher Education Act 1998'. In other words, the overpayment may be recovered from a grant payable in respect of a later academic year of the current course, or in respect of a later course (irrespective of whether the later course is full-time, part-time or postgraduate).

Alternatively, under regulation 119(3)(b) SFE may recover an overpayment of a grant for living and other costs by taking such other action as is available. The amendments to Regulation 119 allow any overpayment to be recovered from any instalment of grant or loan. Where the student is no longer attending the course, SFE may seek to recover the overpayment directly from the student, for example by initiating proceedings in the county court.

SFE is obliged by regulation 119(2) to recover overpayments from any grant or loan unless they consider that it is not appropriate to do so. SFE/SLC do, however have some limited discretion as to how and when to recover overpayments.

DISABLED STUDENTS' ALLOWANCES PAID TO THIRD PARTIES

DSAs are generally paid direct to the suppliers of equipment or other support. It is an option for SFE to recover an overpayment of grants for living or other costs from DSA monies earmarked to pay a supplier.

For example, a student is assessed to be eligible for DSAs and equipment worth £3,500 is ordered from a supplier. It subsequently comes to light that there is an overpayment of grants for living and other costs of £1,000 outstanding from a previous course. SFE has the option to recover the overpayment from the DSA monies earmarked to pay the supplier. This will mean, of course, that the student's remaining DSA is not enough to pay the supplier in full. The question then arises as to who is liable to pay the balance. Whether SFE is liable will depend on the facts of the particular case, and before seeking to recover an overpayment from DSA money earmarked to a supplier SFE should satisfy itself that it will not be liable to pay the supplier.

EQUIPMENT SUPPLIED BEFORE THE STUDENT STARTS THE COURSE / DELIVERED AFTER THE STUDENT HAS LEFT THE COURSE

A DSA assessment may be provided before a student has started their course to ensure that any equipment or other support that they need can be arranged and delivered for the beginning of term. In some cases it may be appropriate to supply DSA equipment early as well, for example where training in the use of the equipment is necessary before the student starts their course. However, if the student subsequently does not start the course, this may constitute an overpayment (see regulation 119(4) in the case of a full-time student, regulation 156(5) in the case of a part-time student or regulation 168(4) in the case of a postgraduate student).

Similarly, a student may start his course, then abandon it and then receive DSA payments or equipment after he has abandoned the course (possibly because SFE had not been notified that the student had left the course). This constitutes an overpayment (see regulations 119(6)-(8) in the case of a full-time student, regulations 156(7)-(9) in the case of a part-time student or regulations 168(6)-(8) in the case of a postgraduate student).

SFE will be able to accept the return of the equipment, a monetary repayment or a combination of both. For example, where the student has received two items of equipment through the DSA, the value of the items is equal to the amount of the overpayment and it is possible to return one item to the supplier and secure a full refund but not possible to return the other item, the amount of the overpayment can be reduced by the

amount refunded and paid to SLC with the student still having to make up the difference if the remaining amount of the overpayment cannot be recovered from any other grantor loan.

'WORKER' STATUS

Paragraphs 85 -113 of the 'Assessing Eligibility' guidance details the conditions for status of *EEA migrant worker, EEA frontier worker, EEA frontier self-employed person, an EEA self-employed person, the Swiss equivalents or family member of these persons*. It is possible that a student can cease to be eligible under this status during the academic year; for example if they or the family member voluntarily stop working. SFE should reassess their entitlement in line with the guidance for each product detailed earlier in this chapter, from that point onwards.

OVERPAYMENTS OF LOAN FOR LIVING COSTS OR LONG COURSES LOAN

Regulation 116(15) applies where a loan for living costs or long courses loan has already been paid and SFE then reassesses the amount due.

If the amount of loan for living costs or long courses loan to be paid has increased, SFE should process the reassessment as soon as possible. The student's instalments of loan for the year will be increased to reflect the increased entitlement to support.

If the reassessment results in a reduction in entitlement to loan for living costs or long courses loan, the amount overpaid will be recovered in full from the next instalment(s) of loan for living costs or long courses loan which remain to be paid within the current academic year.

If there still remains an amount outstanding, then it is to be recovered in accordance with regulation 119.

The student will receive a payment schedule letter detailing the amounts to be recovered.

Regulation 119(10) provides that SFE may recover "Any overpayment of a loan for living costs or a long courses loan in respect of any academic year is recoverable by the Secretary of State from the student to whom the payment was made."

The methods of recovery that are available to the Secretary of State are now expanded into three and Regulation 119(11) states that:

- (a) Subtracting the overpayment from any kind of grant or loan payable to the student from time to time pursuant to regulations made by the Secretary of State under section 22 of the 1998 Act;
- (b) requiring the student to repay the loan in accordance with regulations made under section 22 of the 1998 Act;
- (c) taking such other action for the recovery of an overpayment as is available to the Secretary of State.

Where the reason for the overpayment is not one listed in regulation 119, SFE may subtract the amount of the overpayment from any loan for living costs, long courses loan or any grants payable to the student under regulations made under section 22 of the Teaching and Higher Education Act 1998.

These methods for recovering an overpayment can be carried out before the income contingent repayment procedure begins.

OVERPAYMENTS MADE AS THE RESULT OF AN INTERNAL ERROR

The Regulations do not specifically cover circumstances where a miscalculation by SFE results in a student receiving payment of a higher amount than he or she is entitled to. However, regulation 119(1) provides that student must, if required by the Secretary of State, repay any amount paid to him under Part 5 or Part 6 of the Regulations which for whatever reason exceeds the amount of support to which he is entitled under Part 5 or Part 6. And regulation 119(2) provides that the Secretary of State must recover an overpayment of any grant for living and other costs unless he considers it is not appropriate to do so.

SFE should always carry out the re-assessment even when the overpayment has resulted from an internal error. The circumstance that caused the overpayment to arise should be taken into consideration when negotiating the most appropriate method of recovery where the student is unable to make repayment in full. SLC will negotiate the recovery of the overpaid amount on a case by case basis and in line with DfE guidelines.