

Professional and Career Development Loans

Frequently Asked Questions

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About the Loan

- **What is a Professional and Career Development Loan?**
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- **Will benefits be affected by claiming a Professional and Career Development Loan?**
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What is a Professional and Career Development Loan?

A Professional and Career Development Loan is a commercial bank loan to help learners pay for learning that leads to work. While they are in learning and for up to one month afterwards, we will pay the interest on the loan, then they start repaying the loan to the bank at a fixed rate of interest.

The scheme complements existing adult learner support schemes offered by the YPLA and over the next two years, will help us to encourage a further 45,000 individuals back into learning or training that will improve their prospects of progressing into a new occupation, trade or profession, during this difficult economic period.

Which banks offer Professional and Career Development Loans?

Barclays and the Co-operative Bank currently offer Professional and Career Development Loans.

How much support is available?

Learners can apply for any amount between £300 and £10,000. This can be used to help with the cost of their course fees, other course costs including books, childcare and travel and even living expenses, such as rent or food. With a Professional and Career Development Loan it is up to the learner to responsibly decide how much money they need to borrow. It is an investment in their future and like any investment, there are associated risks. Learners must consider all aspects of these risks when applying for a Professional and Career Development Loan, especially their ability to repay the loan when they stop their course.

Can learners apply for 100% of their course fees?

The maximum amount that a learner can borrow with a Professional and Career Development Loan is £10,000. If a learner wishes to undertake a

course with fees totalling over £10,000, they will not be able to borrow 100% of these fees. If the course fees amount to less than £10,000, a learner can borrow 100% of their course fees if they have been registered as unemployed for at least three months prior to their learning. If the course fees amount to less than £10,000 and they have not been registered as unemployed for at least three months, they will only be able to borrow a maximum of 80% of their course fees.

Can a learner use their loan to top-up any other funding they may be in receipt of?

The loan can be used to supplement other forms of public funding as long as a learner does not receive "double-funding". For example, if a learner has a grant that only covers half of their course fees, they can apply for a loan to cover the costs of the remainder of the course fees, plus any other associated course or living costs.

Is there any management information about the types of learners that take out the loans?

With the change to Professional and Career Development Loans, we are updating our information systems and processes in order to capture and record important learner information. In the future, we hope to provide you with a more comprehensive picture of Professional and Career Development Loan learner profiles.

Can a learner re-pay the loan earlier, for example before they have finished their course? Can they pay the loan back in a lump sum?

Learners must start to repay their loan one month after they have stopped their course, regardless of whether they are in employment or not. However, there are no restrictions if they are able to repay the loan earlier, for example before they have completed their course. Learners can avoid paying any interest on the loan if they repay the amount before they finish their course. Where repayments have commenced but the learner chooses to repay the loan before the full term, a settlement payment will apply on any outstanding interest that has accrued.

Eligibility

- Who is eligible for Professional and Career Development Loans?
- What about students who have just returned from a Gap Year/Working Abroad?
- Can undergraduates or people undertaking their first degree at University benefit from a Professional and Career Development Loan?
- Can recent graduates apply for a loan to fund postgraduate study?
- Which courses are eligible?
- What courses are not eligible?
- Can students doing teacher training apply for a Professional and Career Development Loan?
- Can students receiving NHS bursaries apply for a Professional and Career Development Loan?
- Can learners with a bad credit history still apply for a Professional and Career Development Loan?
- What if a learner already has a Career Development Loan?

Who is eligible for Professional and Career Development Loans?

The Learner must:

- Be aged 18 years old or over at the point of application
- Be 'settled'* in the UK, and been ordinarily resident** in the UK for at least the three years prior to the start of your learning programme
- Be intending to work in the UK, the EU or the EEA (European Economic Area) when the course finishes

* 'Settled' means having either indefinite leave to enter or remain (ILE/R) or having the right of abode in the UK

** The YPLA regards as **ordinarily resident** in a given country or region any individual who habitually, normally and lawfully resides from choice and for a settled purpose in that country. Someone who has been abroad temporarily for six months or less will be treated as though the person had been ordinarily resident in the relevant area. Absences between six months and three years can be counted as temporary, provided evidence is available to support the claim. For the purposes of the Professional and Career Development Loans Programme, the country of residence is the United Kingdom: that is, England, Scotland, Wales or Northern Ireland.

Please note:

Before applying a learner must ensure their chosen Learning Provider is registered or willing to be registered with the Programme. Please call 0845 000 0045 for more information on this.

Learners' financial circumstances must meet the requirements of the participating bank, which are in line with FSA requirements and responsible lending guidelines.

What about students who have just returned from a Gap Year/Working Abroad?

Where an absence is between six months and three years it will be necessary to determine the purpose of the absence to identify if it was intended to be temporary. This will require a consideration of all the circumstances of the absence. For example, if an individual had left the UK with the intention of emigrating permanently and had then returned because of unforeseen circumstances, we would not consider the absence to be temporary, as this was clearly not the original intention.

However, if an individual had left the UK for between six months and three years to look after a sick relative, with a clear intention to return, then this could be considered a temporary absence if it falls within the criteria outlined, and evidence can be provided to support the claim. All evidence supporting a claim for temporary absence must be forwarded to the participating bank to which the individual is applying for Professional and Career Development Loan support. This evidence may be forwarded to the PCDL Operations team, if additional investigation and verification is required.

Examples of the types of evidence that could be used to prove that an absence of between six months and three years from the UK was intended to be temporary are as follows:

- evidence of maintaining a home in the UK that is available for use upon return, for instance, proof of mortgage or rent for a particular property (or properties), or proof of an individual's status on the electoral roll for that property (or properties) for the three years prior to the start of the course;
- evidence that charges were being paid on the property or properties by the individual, for example, council tax, utility bills; and
- evidence of a temporary work contract covering the period of absence, if the absence was for employment purposes.

Can undergraduates or people undertaking their first degree at University benefit from a Professional and Career Development loan?

No. Professional and Career Development Loans cannot be used to support the cost of a learner's undergraduate course or first degree. For more information on support available for undergraduate students, please visit www.direct.gov.uk/studentfinance

Can recent graduates apply for the loan to fund postgraduate study?

During these difficult economic times, we understand that job vacancies for graduates are increasingly competitive and that many will look to undertake a second degree or postgraduate study in order to increase their skills and chances of securing a job in the future. Professional and Career Development Loans are one way of helping to fund students through postgraduate study and they can be used to supplement a grant or bursary; however, they should

be considered as a last resort form of support for learners, especially those with outstanding debt where the risks associated with taking on more debt are significantly greater.

The decision on whether a learner is successful in their application for a Professional and Career Development Loan is up to the participating bank. As with any application for a personal loan, banks will assess an individual's ability to repay the loan and their credit history.

For learners who have had financial difficulties in the past, it's best to discuss these with the chosen bank before applying for the loan. Learners can only apply to one bank at a time – however if one bank turns a learner down, they may succeed in securing a loan with another.

Which courses are eligible for this scheme?

Professional and Career Development Loans offer learners a choice over the type of course they want to study. Learners can use the loan for any full-time, part-time or distance learning course. Examples include:

- Specialist courses at private institutions eg homeopathy
- Management or technician level training eg in Accounting
- National or Scottish Vocational Qualifications (N/SVQs) eg in Hospitality
- Diplomas e.g. in Manufacturing and product design
- Postgraduate courses e.g. MSc in Environmental Science

The Professional and Career Development Loan can cover up to two years' study, plus up to one year's practical work experience if this is part of the course. If the course is longer, learners can use the loan for the latter part. If learners use the loan to fund the final two years of their course, they won't have to start repaying it until they have completed their course.

What courses are not eligible?

- a foundation or access course used as a step towards a degree course (however, a stand-alone foundation course that leads to employment in its own right would be eligible)
- the Graduate Diploma in Law (GDL, otherwise known as the Common Professional Examination or CPE) as this is a course that can lead to the Legal Practice Course (LPC) or Bar Vocational Course (BVC)
- careers advice or help with job hunting
- the costs of running or starting up a business (for example, marketing or buying a franchise licence)

Can students doing teacher training apply for a Professional and Career Development Loan?

Students receiving a teacher training bursary CAN apply for a Professional and Career Development Loan to cover costs not intended to be covered by the bursary. The bank will require a breakdown of exactly what the bursary covers. The final decision rests with the bank. People on either the GTP or RTP can apply for a Professional and Career Development Loan to cover living expenses, but nothing else as all other costs are met under the terms of the Programmes. Banks must be satisfied the Professional and Career

Development Loan is necessary and is not being used as a means solely to top-up an applicant's salary.

Can students receiving NHS bursaries apply for a Professional and Career Development Loan?

Students in receipt of a means tested NHS Bursary CAN apply for a Professional and Career Development Loan to top-up their award. However, the loan cannot cover anything towards course fees as these are already covered by the bursary. Students in receipt of a non-means tested NHS Bursary are NOT entitled to a Professional and Career Development Loan

Can learners with a poor credit history and/or previous loan history apply for the loan?

The decision on whether a learner is successful in their application for a Professional and Career Development Loan is up to the participating bank. As with any application for a personal loan, banks will assess an individual's ability to repay the loan and their credit history.

For learners who have had financial difficulties in the past, it's best to discuss these with the chosen bank before applying for the loan. Learners can only apply to one bank at a time – but if one turns a learner down, they may succeed with another.

What if a learner already has a Career Development Loan?

If a learner already has a CDL they will still have to repay the money they have borrowed under the terms and conditions agreed with the participating bank.

Learners can't apply for a Professional and Career Development Loan if they already have a CDL for the same course. However if they pay back their CDL, they will be able to apply for a Professional and Career Development Loan if they start a new course.

If they need extra funds for their CDL learners must get in touch with their participating bank. The limit on what learners can borrow through a CDL is £8,000, and they can't switch to a Professional and Career Development Loan in order to borrow more.

Application Process

- **How does a learner apply for a Professional and Career Development Loan?**
- **Where and when are application forms available from?**
- **If a learner is studying on a course that is longer than two years, what is the best time within that course to apply for a loan?**
- **Who can learners speak to when deciding whether the Professional and Career Development loans is right for them?**
- **What criteria do the banks use when assessing an application?**
- **Can the LSC or bank supply a guarantee of fee or sponsor letter to the Learning/Training Provider whilst the loan is being sanctioned or approved?**

How does a learner apply for the scheme?

Learners should complete an application form with one of the participating banks. Learners should call the helpline on **0800 585 505** to request an application pack.

Learners must ensure that their Learning Provider is on the Professional and Career Development Loans Register of Learning Providers. For more information Providers should call the Learning Provider Helpline on **0845 000 0045**.

Learners should then submit the completed application form to their chosen bank, which will process the form to determine the learner's eligibility for the loan.

Where can you get an application form?

Learners can request application packs now by calling the Professional and Career Development Loans helpline on **0800 585 505**.

You can also order a sample application pack that provides guidance about the loans and how learners can apply by calling **0800 585 505**.

If a learner is studying on a course that is longer than two years, what is the best time within that course to apply for a loan?

In these cases, a learner may find it most useful to take out a loan to cover the latter two years of their course (or three if it has a practical element), as they must start to repay the loan one month after they have stopped their course.

Who can learners speak to when deciding whether the Professional and Career Development Loan is right for them?

Learners should talk to the Careers Advice Service on **0800 100 900** and/or visit their local Nextstep advisor to talk through their learning options and financial support available to them.

Learners may also want to speak to one of the participating banks or an independent financial advisor to explore the implications of taking out a loan to pay for learning.

For more information on financial advice visit www.moneymadeclear.fsa.gov.uk/loans

What criteria do the banks use when assessing an application?

The banks will take a number of factors into account when assessing a learner's application. They will:

- Check learners meet the eligibility criteria for the programme
- Assess the learners' ability to repay the loan when they have completed their course by checking their credit history.

The bank may be reluctant to agree the loan if a learner has had problems with their credit rating in the past. If a learner is worried about their credit history it is worth discussing this with their chosen bank before they complete and submit an application form.

Can the YPLA or bank supply a guarantee of fee or sponsor letter to the Learning/Training Provider whilst the loan is being sanctioned or approved?

No. A Professional and Career Development Loan is a commercial bank loan, which must be taken out with one of the participating banks (Barclays and The Co-operative Bank). It is not possible for the YPLA to sanction or guarantee the provision of a loan to either a learner or Learning Provider. The Learning Provider must complete and return the Course Start Notification form (provided by the banks) in order for the bank to initiate payment.

Raising Awareness of the Loans

- Are there any leaflets or supporting materials for promoting Professional and Career Development Loans?
- Can we promote or raise awareness of the loans to students? What wording should we use?
- How do I find out more?

Are there any leaflets or supporting materials for promoting Professional and Career Development Loans?

As part of the new government's commitment to reducing public expenditure, marketing across the public sector has been restricted. As a result, printed copies of the Professional and Career Development Loan leaflets, posters and business cards are no longer available to order. The YPLA apologises for the inconvenience this has caused.

Please be aware that the Professional and Career Development Programme will continue to operate in the 2010/11 academic year.

Can we promote or raise awareness of the loans to students? What wording should we use?

Yes. For website and prospect programme information, please use the following text:

'Professional and Career Development Loans are bank loans that can be used to help pay for work related learning. You can borrow between £300 and £10,000 to help support the cost of up to two years of learning (or three years if it includes one year's relevant unpaid practical work). The Government will pay the interest on the loan while you are learning and for one month afterwards. The loan can be used to pay course fees or other costs such as travel and living expenses. You can also use the loan to supplement other forms of support such as grants or bursaries. Because the Professional and Career Development Loan is a commercial loan product, they should only be considered as an option once all other student funding options have been investigated. For further information on financial assistance to support your learning, please visit www.direct.gov.uk/adultlearning or contact Careers Advice on **0800 100 900**.

How do I find out more?

You can find out more about Professional and Career Development Loans by calling the helpline on **0800 585 505**. We also produce a monthly e-newsletter to keep you informed and up-to-date with the latest information on Learner Support Schemes, including Professional and Career Development Loans. To receive our e-newsletter, email pcdladvice@ypla.gov.uk