

## UC - POSTGRADUATE MASTER'S DEGREE LOANS

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### INTRODUCTION

- 1 This memo provides guidance on the treatment of a new Postgraduate Master's Degree Loan in UC as a result of changes introduced by the [Social Security \(Treatment of Postgraduate Master's Degree Loans and Special Support Loans\) \(Amendment\) Regulations 2016 \(S.I. 2016/ 743\)](#). The changes come into force on 4.8.16<sup>1</sup>.

*1 The Social Security (Treatment of Postgraduate Master's Degree Loans and Special Support Loans) (Amendment) Regulations 2016 (S.I 2016/ 743)*

### BACKGROUND

- 2 In his 2015 autumn statement, the Chancellor announced a new loan for students wanting to undertake a postgraduate master's degree. A new postgraduate master's degree loan will be available for eligible either full-time or part-time courses starting in September 2016. It will not be available to existing postgraduate master's students.
- 3 Eligible students can apply for a loan of up to £10,000. The loan is not specifically paid for tuition fees and/ or maintenance costs, it will be paid directly to the student and it will be at the student's discretion what they use it for.

### TREATMENT OF THE NEW LOAN IN UC

- 4 Student income<sup>1</sup> in UC usually only includes student loan monies which are paid towards the student's maintenance<sup>2</sup>. As the new postgraduate master's degree loan is

not specifically intended to cover tuition or maintenance costs and can be spent at the student's discretion, these regulations provide for postgraduate loan income to be treated in a way which is broadly consistent with the way other student loan income is calculated. These regulations specify that 30% of the maximum postgraduate master's loan which is available to a claimant is to be taken into account in the UC calculation. If a claimant is eligible for a new postgraduate loan but has failed to take all reasonable steps to acquire it they will be treated as if they are in receipt of the maximum postgraduate master's loan to which they would be entitled<sup>3</sup>. The 30% figure reflects the amount of loan which will typically be available to spend on maintenance costs, taking account of typical masters course tuition fees.

*1 UC Regs, reg 68, 2 reg 68(7), 3 reg 68(5)*

- 5 UC claimants who become eligible for the new loan must still meet the existing entitlement conditions which only allow students to claim UC if they meet certain criteria<sup>1</sup>. Regulations in respect of determining, for UC purposes, whether the course is full-time or part-time, the definition of a long vacation and the method of calculating student income<sup>2</sup>, are unchanged. See ADM chapter [H6](#) for more information.

*1 WR Act 12, s 4(1)(d), UC Regs 12 & 14; 2 UC Regs, reg 68(7), reg 69*

- 6 A claimant who is undertaking a course in accordance with existing UC regulations<sup>1</sup> and receives the new postgraduate master's degree loan in relation to that course, will be treated as having student income in respect of:

- a. an assessment period (AP) in which the course begins **or**
- b. in the case of a course which lasts for two or more years, an AP in which the second or subsequent year begins **or**
- c. any other AP in which, or in any part of which the person is undertaking the course, excluding an AP;
  - c.1 in which the long vacation begins, or which falls within the long vacation **or**
  - c.2 in which the course ends.

*1 UC Regs, reg 68(1)*

### **Example**

Alison receives UC and her AP runs from the 1<sup>st</sup> of each month. On 5.9.16 Alison begins a full-time postgraduate master's degree in Commercial Law. The course will last for one year and she successfully applies for a new postgraduate master's degree

loan of £10,000. The amount of student income for UC purposes is calculated<sup>1</sup> as follows:

Step 1: calculate the annual amount of the loan - £10,000 - £7,000 = £3,000  
(30% of the new loan)

Step 2: determine the number of APs for which the person is treated as having student income – in this example we will assume 12.

Step 3: divide the figure in step 1 by the figure in step 2 - £3,000 ÷ 12 = £250

Step 4: deduct £110: £250 - £110 = £140

Alison's UC award will therefore be reduced by **£140** student income in each AP. This begins in the AP in which the course begins - 1.9.16 to 30.9.16.

*1 UC Regs, reg 71*

## WORK-RELATED REQUIREMENTS

- 7 A claimant who is receiving education<sup>1</sup> but is entitled to UC who
- is under 21, in full-time non-advanced education and is without parent support;
  - in receipt of student income in respect of the course they are undertaking **and**
  - has student income taken into account in the calculation of their award of UC

cannot have work-related requirements placed on them<sup>2</sup>.

*1 WR Act 12, s 4(1)(d) & UC Regs, reg 13, 2 reg 89(1)(e)(ii), reg 14(a)*

- 8 These regulations provide that for the purposes of work-related requirements, the claimant will **not** be treated as having student income where:
- that income is a postgraduate master's degree loan **and**
  - the course which the loan in (a) is paid for is not a full-time course<sup>1</sup>

This means that part-time postgraduate students who are in receipt of the new loan can have appropriate work-related requirements imposed upon them, dependant on the work-related group<sup>2</sup> they are placed in. See ADM chapter [J2](#) for more information on work-related groups and ADM chapter [J3](#) for work-related requirements.

*1 UC Regs, regs 89(4) &( 5)*

### Example

Donna receives UC and on 17.10.16 she begins a postgraduate master's degree in Public Administration. Donna obtains a new loan for the course which is part-time and will run for two years. Her work coach decides that Donna will remain in the all work-related requirements group. An appropriate work availability and work search requirement are imposed upon her, which fit around her periods of study. Donna agrees a claimant commitment reflecting her changed circumstances.

## **ANNOTATIONS**

Please annotate the number of this memo (ADM 20/16) against the following: H6005, H6047, H6116, H6130, J2051, J2071

## **CONTACTS**

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 1S25, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in [Memo DMG 03/13](#) - Obtaining legal advice and guidance on the Law.

**DMA Leeds: August 2016**

**The content of the examples in this document (including use of imagery) is for illustrative purposes only**