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Dear Denise

First let me thank the Committee for their interest and for raising these important points. I want to thank the Committee also for their understanding, given the need to work at pace to provide the necessary regulations for the coming academic year.

Turning to the Committee's specific concerns:

1. The fit with the existing regime is clear in principle. Where a person in education is eligible for a means-tested social security benefit, support for tuition costs is disregarded and support for maintenance costs is taken into account when assessing the benefit award. The complication arises because the loan for postgraduate Master's degree study is not expressed to be exclusively either for tuition costs or maintenance costs. It will be paid directly to the student to cover either tuition or maintenance or both costs at the student's discretion. That is why we have taken the approach of apportioning elements of the loan for each, in order to apply that principle.
2. We thought carefully about adopting an approach whereby the loan is treated in a manner exactly consistent with the current treatment of undergraduate student loan funding. To do so, DWP would need to disregard the actual cost of tuition and take into account the balance of the loan as a maintenance cost on an individual basis. However, individualising is inherently more complex to administer. It also does not make sense in the context of this loan. The postgraduate Master's degree loan is a maximum amount of £10,000, which does not vary according to individual tuition fees and which the student can

spend as they see fit. So we believe our proposal is fairer and a closer reflection of the existing principles.

3. We acknowledge the Committee's concerns that DWP did not consult representatives of those likely to be affected by the proposals. Given that the regulations do not constitute a substantive policy change and are favourable to claimants, we decided against a formal consultation. The proposals on treatment of the postgraduate Master's degree loan in assessing claims for benefit largely mirror how students claiming benefit are treated currently, including couples where one, or both, is a student. Although affected claimants may receive less benefit than they otherwise would, as a result of the proposed treatment of the new postgraduate Master's degree loans, they will not receive less financial support overall from the Government if they take up the loan to which they are entitled. In addition these claimants will benefit from the disregard in place when student income is deducted when calculating benefit awards. They will have to repay the loan but only when their income is over the threshold for repayments. This is in line with the system of primary financial support available to students generally.
4. As you say, conditionality for those pursuing a part-time course of study is not affected by these regulations. Indeed most students are not supported by Universal Credit for precisely the reason stated, which is that Universal Credit is a work focussed benefit. It is designed to ensure that people who need additional financial support are better off in work. We are confident the arrangements we have in place strike the best balance.

We very much welcome the Committee's helpful input on these regulations and note your ongoing interest in how these arrangements work in practice.

Yours sincerely,



James Wolfe
Deputy Director, Universal Credit Policy