



Skills Funding
Agency

Professional and Career Development Loans

Frequently Asked Questions

September 2013

Of interest to learning providers, providers of information, advice and guidance and participating banks.

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Please note:

Before applying for a Professional Career and Development Loan, a learner must ensure that their chosen learning provider is registered, or willing to register, with the programme. For more information, please call 0300 303 8610.

A learner's financial circumstance must meet the requirements of the participating bank, which are in line with the requirements of the Financial Services Agency and responsible lending guidelines.

Section 1 - About the Loan

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, the Skills Funding Agency will pay the interest on the loan. Learners then start to repay the loan to the bank at a fixed rate of interest.

Which banks offer Professional and Career Development Loans?

Barclays and the Co-operative Bank currently offer Professional and Career Development Loans. However, all learners should contact the National Careers Service for a learner pack and application forms, and not contact the bank directly.

How much support is available?

Learners can apply for any amount between £300 and £10,000. They can use the loan 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 or finish 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. Up to this limit, a learner can borrow 100 % of the course fee only if they have been registered as unemployed for at least three months before starting their course. If a learner has 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 receive?

Learners can use the loan to supplement other forms of public funding, but this depends on what they are. For confirmation, learners must check with the National Careers Service on 0800 100 900.

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

Yes. Learners can avoid paying any interest on the loan if they repay the amount before they finish their course. Where repayments have started, but the learner chooses to repay the loan before the full term, a settlement payment will apply on any outstanding interest that has accrued.

Section 2 - Eligibility

Who is eligible for Professional and Career Development Loans?

Learners must be:

- aged 18 years old or over at the point of application
- 'settled'^{*} in the UK, and ordinarily resident[†] in the UK for at least the three years before the start of their learning programme
- intending to work in the UK, the EU or the EEA (European Economic Area) when the course finishes.

What about learners 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 as temporary, since 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 there is evidence to support the claim).

Learners must forward all evidence supporting a claim for temporary absence to the participating bank to which they are applying for a Professional and Career Development Loan.

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

† The Skills Funding Agency 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 the following examples of the types of evidence that learners could use to prove that an absence of between six months and three years from the UK was intended to be temporary:

- evidence of maintaining a home in the UK that is available for use upon return, such as 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 before the start of the course
- evidence that charges were paid on the property (or properties) by the individual, such as council tax and utility bills
- evidence of a temporary work contract covering the period of absence, if the absence was for employment purposes

Can people undertaking their first degree at university benefit from a Professional and Career Development Loan?

Learners cannot use a Professional and Career Development Loan to support the costs of a first degree. For more information on support available for undergraduates, please visit www.gov.uk/studentfinance.

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

Yes. Professional and Career Development Loans are one way of helping to fund learners through postgraduate study. However, learners should only consider them as a last resort, 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.

Learners who have had financial difficulties in the past will need to discuss these with their chosen bank before applying for the loan. Learners can only

apply to one bank at a time, but 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 full-time, part-time or distance-learning courses such as the following:

- specialist courses at private institutions
- management or technician level training
- diplomas
- postgraduate courses

A Professional and Career Development Loan can cover up to two years' study, plus up to one year's practical unpaid work experience, if this is part of the course. If the course is longer than two years and is eligible, learners can use the loan to fund the final two years of their course.

Which 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)
- any course that leads to further learning is not eligible for a loan

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

Learners receiving a teacher training bursary can apply for a Professional and Career Development Loan to cover costs for which the bursary is not intended. The bank will require a breakdown of exactly what the bursary covers.

People on either the Graduate Teacher Programme (GTP) or Registered Teacher Programme (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.

Learners must satisfy the bank that the Professional and Career Development Loan is necessary, and that they are not using it solely to top up their salary.

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

Learners 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 the bursary already covers these. Learners 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.

Learners who have had financial difficulties in the past will need to discuss these with their 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 the other.

What if a learner already has a Career Development Loan?

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

Learners cannot apply for a Professional and Career Development Loan if they already have a Career Development Loan.

If they need extra funds for their Professional and Career Development Loan learners must contact their participating bank. The limit on what learners could borrow through a Career Development Loan is £8,000 and they cannot switch to a Professional and Career Development Loan to borrow more.

Section 3 - Application Process

How does a learner apply for a Professional and Career Development Loan?

Learners should call the National Careers Service on **0800 100 900** to request an application pack and complete the relevant application form with one of the participating banks.

Learners must ensure that their learning provider is on the Professional and Career Development Loans Learning Provider List. For more information, providers should call the Learning Provider Helpline on **0300 303 8610**.

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

Where can learners get an application form?

Learners can request application packs by calling the National Careers Service on **0800 100 900**.

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 stop or finish 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 National Careers Service on **0800 100 900** to talk through their learning options and the financial support available to them.

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

For more information on financial advice, please visit

<http://www.moneyadvice.service.org.uk/>.

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:

- confirm that a learner meets the eligibility criteria for the programme
- assess the learner's 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 them discussing this with their chosen bank before they complete and submit an application form.

Can the Skills Funding Agency or bank supply a guarantee of fee or sponsor letter to the learning/training provider while the bank is processing the loan?

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 Co-operative Bank). It is not possible for the Skills Funding Agency 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) for the bank to initiate payment.

Section 4 - Raising Awareness of the Loans

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

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

'Professional and Career Development Loans are bank loans that learners can use 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. You can use the loan 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, you should only consider them as an option once you have investigated all other student funding options.

For further information on financial assistance to support your learning, please visit www.gov.uk/education or contact the National Careers Service on **0800 100 900**'.

How do I find out more?

You can find out more about Professional and Career Development Loans by calling the Learning Provider Helpline on **0300 303 8610**.



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