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Paul Butler
Lord Bishop of Durham

3rd March 2022

Dear Paul,

I would like to thank you and Reverend Neave for meeting with us on 24 February to discuss the amendment you tabled on Universal Credit conditionality at the Lords Report stage of the Skills and Post-16 Education Bill.

As discussed, we wanted to write to you to outline the government's position on the points you raised.

Universal Credit and training

You raised the issue of accessing Universal Credit (UC) while undertaking training. The core objective of UC is to support claimants to enter work, earn more or prepare for work in the future, providing a short-term financial safety net for people who require it and a strong link with making work pay. Universal Credit is not designed to fund educational maintenance. Financial support for students comes from the current system of learner loans and grants designed for their needs.

Universal Credit claimants are able to take on part time training, for any level of course, where the content meets their work-related requirements and it fills a skills gap, improving their prospects of work. Where this is the case and in agreement with their work coach, the learning can be treated as a work preparation requirement and the time spent on the course can be deducted from the hours the claimant is expected to carry out work search activity. There are also instances where students who have needs that are not met through the student support system, such as those responsible for a child may be entitled to Universal Credit.

Additionally, through DWP Train and Progress, UC claimants can access and participate in full-time work-related training for up to 16 weeks. This initiative permits claimants to upskill through UK Government funded opportunities such as Skills Bootcamps, Level 3 courses as part of the Lifetime Skills Guarantee and the equivalent delivered by both the Scottish and Welsh Governments, without losing their entitlement. We are delighted to say that on 21 Feb a written statement ([HCWS612](#)) was laid by the Minister for Employment, Mims Davies MP announcing the expansion of this training flexibility until April 2023.

Furthermore, the UK Government has put into place a substantial employment and skills offer in the round. This includes opportunities such as:

- Sector-based Work Academy Programme;
- traineeships and apprenticeships which are supporting our claimants to develop the work-related skills they need on their journey into employment, including in new sectors.

The Department for Work and Pensions and the Department for Education are working together and engaging with trade bodies and employers to develop the first-ever occupational traineeships in sectors such as construction, transport & logistics, health & science, manufacturing, hospitality & catering, hair & beauty and net-zero & green. Through working collaboratively on this range of policies and others, we have achieved much to improve delivery of skills and employment support and our collective ambition is high on the achievements to come in the months and years ahead.

We remain keen that our claimants – in and out of work – are able to benefit from the skills support available through the [Lifetime Skills Guarantee](#), this government's long-term commitment to help everyone gain skills for life.

We also discussed the importance of the role of DWP work coaches' discretion in applying UC conditionality rules. Baroness Stedman-Scott has spoken to the Minister for Employment, on this matter and both agreed - where claimants are taking part in education/training (other than an apprenticeship) they will still be asked to fulfil all the usual conditionality requirements. Their priority goal whilst claiming UC is to find work, more work or increase their earnings in line with the number of hours they are expected to work. Any possible adjustments to the work-related requirements will need to be agreed with their Work Coach and accepted on their Claimant Commitment.

You will find as an annex to this letter a flow chart which sets out the approach to training as part of claimant conditionality within Jobcentre Plus.

People seeking work in a new area

You asked about support for people claiming Universal Credit who wished to find work in a new area. Through the recently announced Levelling Up White Paper, we aim for greater alignment of the employment and skills system at local level. The Employment and Skills Pathfinders will ensure jobseekers and those in low paid work get the best support available, leading to sustained employment and career progression where they currently live. This is a shared ambition between DWP and DfE and is currently being developed and reinforces the need to ensure that we consider delivery of employment and skills support to help drive economic growth in our regions. This is a key principle of the Government's Levelling Up ambitions. Where people do relocate, the UC system enables continuity of claim and Jobcentre Plus support.

Equivalent or Lower Qualification rules (ELQs) and retraining

You raised the Equivalent or Lower Qualification rules and their impact on reskilling. The Government believes that many learners need to access courses in a more flexible way - to fit study around work, family and personal commitments, and to retrain as both their circumstances and the economy change. That is why we are designing the Lifelong Loan Entitlement to support students to pursue higher and further education more flexibly.

Existing Equivalent or Lower Qualification rules for accessing higher education were designed to help maintain a sustainable system. Moving forward, we want the Lifelong Loan Entitlement to provide value for money to students, the education sector and the taxpayer. The [consultation](#) on the scope and detail of the Lifelong Loan Entitlement was launched last week. This includes questions such as whether restrictions on previous study should be amended to facilitate

retraining and stimulate provision. We will be engaging with peers in more detail on their views on the areas being consulted on and would be delighted if you would like to be involved in this.

For students seeking to do a level 3 qualification, the Free Courses for Jobs offer gives eligible adults the chance to access Level 3 qualifications for free. From April 2022, this offer is being expanded so that any adult who is unemployed or earning under the National Living Wage can also access these qualifications, regardless of their prior qualification level. Any adult without an existing Level 3 will also remain eligible. There are over 400 qualifications on offer in areas such as engineering, social care and accounting – alongside many others. These qualifications can support adults to gain skills to improve their wages and access new job opportunities.

Student Loan Repayments

You raised the student finance reforms that we announced on 24 February as part of our [HE Policy Statement](#). The Augar Panel recognised, as we do, that where borrowers are earning more from the major investment the taxpayer has made in their education, it's right they should continue to repay their student loan for a longer proportion of their careers.

With the current 30-year loan term, the majority of graduates (who finish their course in their 20s) will have unpaid loans written off in their early 50s. This is a period during which the earnings premium for most graduates is still likely to be significant. Therefore, for new borrowers starting study from September 2023, we will extend the loan term from 30 years to 40 years. As is the case with the current system, the loan term will commence from the April after a borrower has left their course (or the April following four years from the start date, for part-time borrowers). This will remain the same for all borrowers, regardless of age.

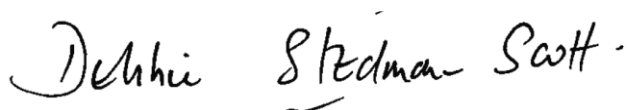
The system will continue to offer unique protections to borrowers. If a borrower's income is below the new repayment threshold of £25,000 per year (increasing annually in-line with inflation from April 2027 onwards), they will not be required to make any repayments at all. In financial year 2018-19 (the most recent period for which data is available), [median annual income](#) for 65 to 69-year old taxpayers was £22,600, for 70 to 74-year old taxpayers it was £20,500, and for those taxpayers aged 75 and over it was £19,200 - borrowers at these median incomes would be protected from requirements to make repayments towards their student loans.

It is the extension to the loan term, combined with the new repayment threshold, which enables the significant reduction in interest rates for the new loans. Under these new terms, no borrower will repay more than they have borrowed, when adjusted for inflation.

Conclusion

I hope you have found these answers helpful, and I would like to thank you again for your questions and your continued contribution during the passage of the Bill in the House. I will place a copy of this letter in the House of Lords Library.

Yours sincerely,



BARONESS STEDMAN-SCOTT

**Minister for Work and Pensions (Lords)
Minister for Women (FCDO)**



BARONESS BARRAN

**Parliamentary Under-Secretary of State
for the School System**

Annex – The approach to training as part of claimant conditionality within Jobcentre Plus.

