Professional and Career Development

Loans

Briefing session

July 2009
Agenda

10.15: Welcome and introduction
10.25: Setting the context for change
10.40: What are Professional and Career Development Loans?
11.05: Table discussions
11.25: Refreshments and networking
11.40: How can we raise awareness of the loans with learners?
11.55: Table discussions
12.15: Next steps
12.25: Questions and answers
12.45: Lunch
13.15: Depart
Objectives for today

- Explain the rationale for the changes to Career Development Loans (CDLs)
- Raise awareness of the changes to CDLs
- Provide an overview of key benefits and basic eligibility criteria
- Explain how learners get more information and apply for the loans
- Explain your role in promoting the loans
- Explore channels for promoting the scheme more widely
New Opportunities White Paper - Fair Chances for the Future (Jan 2009):

• Focused on the Government’s plans to both improve social mobility and tackle the economic downturn in the UK

• Highlights the Government’s need to do more to enable people to invest in their own future – to enable them to move up the skills ladder

• Outlines the intention to increase the number of loans available to 45,000 by 2011
Professional and Career Development Loans: the policy context for change

The UK Government plans to:

- Tackle the economic downturn, through offering greater scope for individuals with limited resources to improve their employability and progress in their careers.

- Use loans to complement support for learners wishing to undertake level 3 (technician), postgraduate or professional qualifications – and those people facing redundancy who may wish to re-skill.

- Reach the audience at the right point on their learning journey.
What is a Career Development Loan (CDL)?

A deferred repayment **bank loan** set at a competitive **fixed interest rate** that can be used to help learners aged **18 years or over** pay for learning or training that enhances their **job skills** or **career prospects**.
Career Development Loans – the history

• Over 260,000 people have benefited from CDLs since they were first introduced in 1988
• CDLs have been used to fund a huge variety of courses at different skill levels – from technical qualifications to postgraduate university study
• Around a quarter of learners would not have participated in learning without CDLs
• 85% would recommend CDLs to others.
What is a Professional and Career Development Loan?

A deferred repayment bank loan set at a competitive fixed interest rate that can be used to help learners aged 18 years or over pay for learning or training that enhances their job skills or career prospects.
<table>
<thead>
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<th>Change</th>
<th>Reason for change</th>
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<td>1. Re-named Professional and Career Development Loans</td>
<td>Re-energise the product</td>
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<td>2. Proactive approach to marketing and promotional activity</td>
<td>Raise awareness of loans</td>
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<td>3. Increase in the loan amount from a maximum of £8000 to £10,000</td>
<td>Improve support and information for learners</td>
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<td>4. Will be available in Northern Ireland</td>
<td>Reflects increasing cost of living and learning</td>
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<td>5. Learners with savings of up to £16K, will be eligible to apply</td>
<td>Learners across all of the UK will be able to benefit from the loan</td>
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<td>6. More competitive fixed interest rate for repayment</td>
<td>Reflects current economic climate and redundancy packages</td>
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<td>Learners benefit from a lower rate of interest for repaying the loan</td>
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Who are the loans aimed at?

Individuals aged **18 years or over**, who are ‘settled’ in the **UK** and have been ordinarily resident in the UK for at least the three years prior to the start of learning and are **intending to work in the UK**, the EU or the EEA when the course finishes.

- **Unemployed**
  - Recently made redundant and looking to re-skill or start their own business
  - Long term unemployed and on benefits

- **Employed**
  - Full/part-time employed looking to advance their career/increase salary prospects
  - Full/part-time employed looking for a change in career

- **Students**
  - Students looking to undertake an additional degree, postgraduate course or professional qualification
  - Students looking for work but with a skills gap
What are the benefits of the loans?

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<th>Interest free period</th>
<th>Choice</th>
<th>Flexibility</th>
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<td>• Learners enjoy an interest free period while they’re in learning so they can focus on their course and building their career</td>
<td>• Learners choose the course they want to study – as long as it enhances their job skills or career prospects</td>
<td>• Can be used to support course fees, other course costs including books, childcare and travel and even living expenses</td>
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<td>• Interest rate for repayment set at a fixed rate that is competitive compared to many commercial unsecured loans</td>
<td>• Learners choose where they want to study – as long as the learning provider is on or applying to go on the register*</td>
<td>• Can be used to top up other forms of support for learning, e.g. bursaries, grants etc.</td>
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<td>• Learners choose how much they are prepared to borrow – anything from £300 to £10,000</td>
<td>• Learners who wouldn’t normally qualify for a personal bank loan are able to apply</td>
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* In order for a learner to be able to be supported in their learning by a Professional and Career Development Loan, their chosen Learning Provider must be registered or willing to be registered with the Programme. Learners should call 0845 000 0045 for more information on this.
Learners who have already benefited from CDLs

“The CDL enabled me to pursue a career in interior design and land my dream job at a boutique design agency.”
A former learner at the KLC School of Design, London

“Taking out a CDL to fund a sound engineering course put me in touch with the industry. Now I run my own company and am working with world famous artists, like Radiohead and Coldplay.”
A former learner at the School of Sound Recording, Manchester

“The CDL gave me the opportunity I would not have otherwise had, without it I would have been unable to secure a training contract at a leading City law firm. The only other avenue available to me was a standard bank loan, but this would have been a far more expensive option.”
Current learner at the University of Cambridge
The loans can be used for a whole range of courses with different learning providers….

- MSc in Environmental Management at University to help become a technical engineer
- Part-time course in Acupuncture at a private college while setting up an acupuncture clinic.
- Diploma in professional cookery at a private cookery school
- Boat building maintenance and support course
- Level 4 Higher Professional Diploma in Early Years at College
- MBA at Open University for a manager looking to move up the career ladder
- National Vocational Qualification Level 3 in Health and Social Care
- Postgraduate in Business Studies by distance learning
How do learners apply?

1. Check you meet the eligibility criteria
2. Choose a course
3. Choose a learning provider
4. Ask your learning provider if they are registered or willing to be registered with the programme
5. Choose how much money you need to borrow
6. Choose a participating bank to apply to
7. Complete and submit application form to chosen bank

For advice and to request an application pack, call the Professional and Career Development Loan helpline on 0800 585 505
When should learners apply?

• Application forms are available NOW

• The length of time it takes to process applications may vary from bank to bank but can take anything from six weeks to three months

• Learners looking to benefit from a loan for courses starting from September 2009 should apply NOW

• Learners can only apply to one participating bank at a time. If they’re not successful with their first choice, they can apply to another bank.
What do learners need to be made aware of when applying for the loan?
What should learners consider before applying?

1. Have they considered all learning support options available?
   Remember, a loan is just one of a range of support on offer for taking part in learning. Visit [www.direct.gov.uk/adultlearning](http://www.direct.gov.uk/adultlearning)

2. Have they thought about how much money they need to borrow?
   Do they need money for course fees only or for other course costs such as books, travel and even living expenses?

3. Have they checked how much their monthly repayments would be and how they would meet them?
   Are they confident their course will lead to a job that will enable them to repay the loan over an agreed fixed period?

4. Have they thought about committing to the course?
   Remember if they fail to complete their course, they will still be responsible for repaying the full amount to the bank.
Learners must repay the loan

• Like any loan, learners must repay the money they borrow

• To help learners calculate their likely monthly repayments, they should speak to their chosen bank or use the loan calculator on the FSA Money Made Clear website

Example scenario

• Jenny applies for a Diploma in Secretarial Administration at a private provider

• The course is part-time for six months and costs £1500 (inc VAT)

• Jenny can cover her rent, the cost of travel and any books etc through her part-time job but she needs support to help pay for the course fees.

• When speaking to the College Careers Adviser, she finds out that she may be able to get a Professional and Career Development Loan to support her course costs. The adviser gives Jenny a leaflet with more information on the loans.

• Jenny is nervous about taking out a bank loan and wants to know more about how much her monthly repayments will be. After calling the loan helpline and reading the application pack, Jenny seeks some impartial financial advice using the FSA’s Money Made Clear website.
Example scenario – using the FSA loan calculator

Currently, banks offer the loans at a reduced customer rate of 9.9% per annum, equivalent to a typical APR of 5-6% over the lifetime of the loan. However, interest rates may vary from bank to bank. For further information, consult the participating banks.
Using the FSA loan calculator, Jenny works out that she can afford to make monthly repayments over a five year period – especially if she can get a promotion at work based on her new qualification.

However, to be sure, Jenny calls one of the participating banks using the phone number on their application pack to talk through more details on her likely repayments.

After talking through the loan conditions and repayment process with the bank, Jenny decides to apply for £1500 to cover the full cost of her course. If she pays this back every month over five years, she will need to set aside around £31.80 every month.

If Jenny needs to extend or shorten the period of repayment, she must contact the bank to discuss this further.
How can you help raise awareness of the loans with learners?

Later this summer, there will be a national marketing campaign to raise awareness of the loans with learners – this will include PR and online advertising activities.

1. Leaflets
2. Posters
3. Business Cards

To order, call the Professional and Career Development Loan helpline on 0800 585 505

www.direct.gov.uk/pcdl
Example of leaflet

Go to [http://pcdl.lsc.gov.uk/resourceadvisors/](http://pcdl.lsc.gov.uk/resourceadvisors/) to review the sample leaflet
How can you help raise awareness of the loans with learners?

What can we do to support you?
Your role in raising awareness of the loans

**Advisers/Providers of IAG**

- Provide impartial advice about courses and funding options
- Hand out leaflets on the loans
- Provide advice on what to consider before applying
- Signpost learners to call 0800 585 505 or visit [www.direct.gov.uk/pcdl](http://www.direct.gov.uk/pcdl)

**Learning Providers**

- Provide advice to learners about specific courses and fees
- Provide information to learners about whether you are registered or willing to be registered with the programme
- Hand out leaflets on the loans
- Signpost learners to call 0800 585 505 or visit [www.direct.gov.uk/pcdl](http://www.direct.gov.uk/pcdl)
Support for you

Stakeholders


• E-bulletin

• [pcdladvice@lsc.gov.uk](mailto:pcdladvice@lsc.gov.uk)

• For leaflets, posters and business cards call 0800 585 505

Learners

• Helpline 0800 585 505

• [www.direct.gov.uk/pcdl](http://www.direct.gov.uk/pcdl)

• Application pack

• [pcdlinfo@lsc.gov.uk](mailto:pcdlinfo@lsc.gov.uk)
Next steps

• For further information, you can visit our LSC website on [http://pcdl.lsc.gov.uk/](http://pcdl.lsc.gov.uk/)

• Sign up to our e-bulletin to receive updates – email [pcdladvice@lsc.gov.uk](mailto:pcdladvice@lsc.gov.uk)

• For advice, email [pcdladvice@lsc.gov.uk](mailto:pcdladvice@lsc.gov.uk)

• Call our helpline on **0800 585 505** to order leaflets, posters and business cards to help promote the scheme with learners.
Questions