

Clarification on the relationship of HE Bursaries and Universal Credit in relation to care experienced and estranged students that have completed their courses.

Reports indicate that some care experienced or estranged students in receipt of a graduation bursary/grant are being penalised when then applying for Universal Credit (UC) on completing their course.

This briefing note seeks to:

- Set out the relationship between HE bursaries and Universal Credit
- Identify when a graduation bursary or grant could negatively affect a student's entitlement to Universal Credit
- Illustrate how HEI can continue to support care experienced and estranged students with issues of post-graduate income and housing fragility.

1. Bursaries, student finance and Universal Credit

1.1. A student receiving a student finance maintenance loan

Any grant or bursary paid in addition to a student's maintenance loan WILL NOT be taken into account when calculating Universal Credit entitlement. So, for example if a current student receives UC for childcare purposes, their HE bursary will not affect the level of UC they are entitled to.

[DWP Guidance on claiming Universal Credit if you're a student](#)

The exceptions that apply relate to duplication so :

(a) if the grant or bursary is intended to cover the maintenance of another person or b) it is intended to cover a specific amount of rent costs and, in either case the existing UC payment already meets these costs.

[UC regulation 68\(3\)](#)

1.2 A student **not in receipt of a maintenance loan.**

Any payment of UC they are entitled to WILL take into account the amount of any grant or bursary they receive from their HEI.

[UC regulation 68\(4\),](#)

There are exceptions to this. which is listed under [UC regulation 70](#)

2. 'Graduation bursary' and UC

In addition to a general bursary paid in instalments over the course of an academic year, some universities offer a one-off bursary around graduation, or just after, often calling this support a 'graduation bursary'.

The language and form of these payments are subject to two potential interpretations under Universal Credit processes; income and capital. The impact of the distinction between 'income' and 'capital' is important.

- If an individual has **capital** over £6,000 at point of applying for UC (eg a combination of graduation bursary, life savings or other funds) this **WILL** be taken into account by DWP when calculating the individual's level of UC entitlement which will be reduced accordingly.

- If an individual receives regular instalments throughout the academic year. For example a maintenance loan, termly bursary and then a final graduation *instalment*, these are not considered capital and **WILL NOT** be taken into account when calculating the individual's level of UC entitlement.

[UC reg 66\(1\)](#)

- If an individual is not in receipt of a maintenance loan, any bursaries would be taken into account as student grant income, unless it can be disregarded under [UC reg 70](#) (as per 1.2 above).

Therefore if a graduation bursary is perceived as a one-off lump sum, irrespective of when it has been paid, it will be treated as 'capital' rather than 'income' and may take the student over the capital threshold resulting in UC claim reduction.

3 Supporting students to receive Universal Credit

If an additional graduation bursary is identified by the HE as the final instalment of a series of regular bursary payments throughout the year it would count as 'income' and be ignored for UC calculation purposes. **It would be advisable to call the payment as 'final bursary' rather than 'graduation bursary'.**

If the student has not been subject to regular receipt of cash support and current practice is to award a one-off lump sum on completion. **It would be advisable to break that value down into at least two instalments spread over a period of time** (which can be before and after graduation as required).

Students are able to claim Universal credit on completion of their course of study. Many young people are not aware that this is different to graduation date. **It is helpful for the university / college to clearly communicate the end date for a course and advise students that this enables them to initiate a claim for UC if needed.**