Universities UK

Impact of the increases in the cost-of-living on further and higher education students

Universities UK (UUK) parliamentary briefing- Westminster Hall debate, 19 September 2023

Introduction

The cost-of-living crisis is having a profound impact on many students and universities across the UK. Students are expressing concerns about their ability to manage their finances, the impact of rising costs on their mental health, and the impact on their overall university experience. The university experience should involve opportunities to socialise and join clubs and societies which can be limited by financial pressures and having to cut back on non-essentials.

Universities UK, as the voice of 142 universities across all four nations, is working with its members to understand the changing situation and the impact of the increased cost-of-living on students, including through our Cost-of-Living Advisory Group chaired by Professor Karen Cox, the Vice-Chancellor of the University of Kent.

Key points and asks of government (see final paragraph for more details)

- Maintenance support for students should be protected against inflation. The maintenance loan available to students in England is the lowest value it has been in seven years in real terms.
- Reintroduce targeted maintenance grants for those most in need. Under the current system, students from the least advantaged backgrounds leave university with the highest levels of debt.
- Increase targeted hardship funding from government to students. Universities are bolstering their own hardship funds but cannot do enough. The £276 million student premium funding from government is intended for wider support for students most at-risk of not completing their studies, and not solely for acute hardship support.
- The Department for Education should publish the latest Student Income and Expenditure Survey to improve the evidence base on the financial position of higher education students in England and Wales.

The impact on higher education students

In July 2022 polling by Savanta ComRes of 1,000 students commissioned by UUK gave an early indication of how the cost-of-living crisis was affecting levels of anxiety amongst students.

- 67% were concerned about managing their living costs in Autumn 2022.
- 55% of those who felt concerned about managing their living costs were also worried that this might prevent them from continuing their studies.
- 53% envisaged needed to look for or increase their part-time work,
- 72% agreed that money worries were having more of a negative impact on their mental health now than at the start of the academic year.

The findings of this survey have since been confirmed by subsequent polling of students.

The 2023 HEPI/AdvanceHE Student Academic Experience survey found that three quarters of students polled felt their studies had been affected by the cost-of-living crisis. Financial concerns were cited by students as the main reason behind low value for money perceptions; 41% of those that that said they received 'poor' or 'very poor' value for money attributed this to cost of living concerns, more than gave 'tuition fees' as a reason.

An ONS survey from February 2023 found:

- 92% said the cost-of-living had increased compared to a year ago, with 91% being worried or very worried about this over the previous two weeks.
- 30% of students had taken on additional debt.

Increases in rent are a significant source of concern for students. According to Dataloft, the average student is paying 23% more in rent this academic year than last year. Landlords selling up due to increases in mortgage payments is adding pressure to the market by reducing supply and pushing up rental prices.

A Sutton Trust survey of more than 1,000 undergraduate students earlier this year found that a quarter said they were less likely to finish their degree as a result of the cost-of-living crisis.

Cost-of-living pressures affect **different groups of students** in different ways:

- UUK/Savanta ComRes polling found that:

    - Those aged 30 years or over are the most concerned (85%) about living costs, compared to 55% of those aged between 18 and 20.
    - Postgraduate students are more concerned (79%) about living costs compared to 49% of undergraduates.
    - Disadvantaged students were much less likely to feel confident about managing their finances over the next 12 months. 68% of those from the most disadvantaged groups felt confident compared to 77% for more advantaged groups.

- The February 2023 ONS survey found that 63% of **students who care for children** under 18, and 58% of students who care for adults have experienced a decrease in their income in the last year, compared to 48% of students with no caring responsibilities.

- **International students** are not eligible to access government benefits and are limited to working a maximum of 20 hours per week. Some are aware they are eligible for university sources of funds (universities are working to increase awareness of available support).
- Topping up student loans with paid employment is often not an option for **healthcare students,** and those on other time-intensive courses, which puts further pressure on personal finances.

How students are responding

According to Student Loans Company (SLC) data, 2.1% of undergraduate students in receipt of a loan **dropped out of university** in the last academic year (up to May 2023). The figure for the previous year was 1.9%, which is a statistically significant increase.

The 2023 HEPI/AdvanceHE survey found that 55% of students are now in **paid employment**, and more than half of students are looking for work or looking to increase their hours.

Analysis of the HEA/HEPI Student Academic Experience Survey from 2018 found that students were less likely to report they had 'learnt a lot' since starting their course if they were undertaking more than 17 hours of paid work per week. Therefore, it appears that that necessity to increase hours in employment has a detriment impact on academic attainment.

What universities are doing

Hardship support funds

Universities are improving access to emergency loan support, bolstering the available hardship funding, and revisiting measures to alleviate digital poverty that were rolled out during the pandemic.

The additional £15 million in hardship funding in England is welcome, but has been far outstripped by demand. Members of the UUK advisory group reported increases in demand of between 30% and 130%.

The tuition fee freeze in England means universities are already operating with a severely stretched funding base, and cannot meet demand for financial support through boosting their own hardship funding alone.

Example- Last academic year Leeds Beckett University doubled its allocation of hardship funds from £1.5 million to £3 million

Targeted support

Universities are supporting students through food vouchers (51% of universities according to a recent HEPI report), food bank access (27%), access to health products (47%), digital access, warm spaces during winter months and facilitating the provision of extracurricular activities.

Example- The University of Essex, working with its Students' Union, introduced all day meal deals where students and staff can access £2 hot meals.

Example- The University of York works with its Students' Union to actively find, create and promote more job opportunities on campus and off campus.

Example- Buckinghamshire New University launched 'The Big Deal' which makes participation in skills sessions, sports clubs and activities free for students.

What can government do

The government should **reintroduce maintenance grants for those most in need**. Maintenance grants were replaced by loans in 2015/16; even though the most disadvantaged students are eligible for additional loans, it means they leave university with more to pay back.

The **real-terms value of the maintenance loan is at its lowest in 7 years**; there was an uplift of 2.8% for this academic year.

The Institute for Fiscal Studies (IFS) has highlighted that inflation forecasting errors over the past two years have led to a reduction in the real term value of the maintenance loan, however the system has not been reformed to avoid a repeat of such errors in future. The value of the **maintenance loan should therefore be protected against inflation**.

Similarly, the household income threshold for students to receive the maximum maintenance loan has been frozen at £25,000 since 2008, meaning fewer students qualify.

We are awaiting the publication of the **DfE's Student Income and Expenditure survey** which will provide better evidence on the financial position of students and therefore enable more effective interventions from government and universities themselves.