

Our response to the APPG Students inquiry into the impact of the cost-of-living crisis on students

Universities UK (UUK) is the collective voice of 140 universities in England, Scotland, Wales and Northern Ireland. Its mission is to create conditions for UK universities to be the best in the world, maximising their positive impact locally, nationally and globally. Universities UK acts on behalf of universities, represented by their heads of institution.

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Introduction

1. 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 an impact on their livelihoods as students.
2. We continue to work with our members to understand the changing situation and impact of the cost-of-living crisis on students and institutions, and how government can alleviate financial pressures.
3. This submission is a culmination of feedback from our member institutions, polling completed by Savanta ComRes on behalf of UUK (July 2022), and the recent ONS survey on the cost-of-living and higher education students (February 2023).

The impact of the cost-of living crisis on students – both in terms of income and expenditure.

4. As a result of rising living costs, students have indicated a need to adjust their financial behaviour to ensure they have a sufficient budget while at university. In a weighted poll of around 1000 students carried out by Savanta ComRes on behalf of UUK, 96% of respondents said they would need to make changes to their finances in the autumn semester of this academic year. The poll found that 53% envisaged needing to look for or increase their part-time work; 49% cutting back on expenditure when seeing family and friends; and 45% using less gas and electricity due to high costs.
5. The recent ONS survey reveals similar concerns for students. The survey found that 92% of students said the cost-of-living has increased compared to a year ago, with 91% being worried or very worried about the rising cost-of-living in the last two weeks.
6. The same survey found that student behaviours have changed to respond to the cost-of-living crisis. 64% of respondents noted using their savings or credit more than usual; 48% of respondents have been making energy savings; and 7% have been using support from charities or foodbanks.
7. With student maintenance loans being the lowest level in seven years according to the Institute for Fiscal Studies, many students are struggling . The findings from the recent ONS survey further demonstrate the worrying impact of the cost-of-living crisis on students' income. 30% of respondents noted they have taken on a new debt in response to rising living cost; an increase of 25% from November 2022. For 71% of these students, they have acquired a new debt due to their maintenance loan being insufficient in supporting their living costs.
8. Anecdotal concerns about students being able to make payments for expenses have been gathered by our members, and the main areas of concern include:
 - a. **Course-related expenses.** For some students, additional costs are incurred as part of their programme of study; particularly for students on health- or education-related courses. Students are expected to fund these costs upfront and claim expenses after, however some have indicated significant delays to having expenses reimbursed from the NHS.

The efficacy and extent of existing support to students from Government, education providers and other bodies, and maintenance support more widely, including any gaps in this support.

11. Universities are responding to the impact of the cost-of-living crisis on students and will continue to do so in the next academic year.
12. Universities are undertaking a wide range of actions to support students by:
 - a. Anticipating an increased use of student services on entry and through the study journey, particularly in relation to increased demands for financial advice, mental health services and students looking for part-time work. Manchester Metropolitan Students' Union advice centre assists students with applications for Government support and university funds, making the case for additional student finance and debt counselling.
 - b. Engaging with their Students' Unions and student representatives to understand and monitor the extent of the problem, and consulting on actions. The University of York is working in partnership with the Students' Union to actively find, create and promote more job opportunities on campus and off campus for York students during this academic year.
 - c. Improving and updating their information on course and living costs so students can budget effectively, improving financial literacy and access to debt counselling. Through its Financial Assistance Programme, the University of Leeds is focussing on financial literacy to encourage students to think about how to budget and appropriately manage their money.
 - d. Increasing their hardship and crisis support funds, revisiting measures on how to alleviate digital poverty, and improving access to emergency loan support. The University of Manchester ensures that the Cost of Living Support Fund is never empty and has taken to topping it up when necessary.
 - e. Providing targeted support to keep rental, energy and food costs low, for example on negotiating energy deals, support with private landlord rents, food vouchers or food bank access, and affordable eating

schemes. The University of Cumbria delivers Keep Me Going boxes to students to provide emergency food supplies for one person for three days.

- f. Ensuring all students (including international students) are aware of university support available to them and of their eligibility. Imperial College Union Advice Service data suggests that international students are to be the largest group seeking advice about finances at the university.
13. Members have indicated the effectiveness of these provisions anecdotally, however many have indicated concerns around their sustainability due to constrained budgets. For example, the Keep Me Going food support at the University of Cumbria has been paused due to higher than expected demand. Without sufficient resource to deliver the initiatives to support students, students will continue to be impacted by their inability to afford necessities.
 14. Universities are also seeing an increase in students seeking support due to rising living costs. The recent ONS survey shows that 11% of students have applied for university hardship funding and almost one quarter (23%) have applied for bursaries.
 15. In January 2023, the Department for Education announced that students in England this September will receive an uplift in the maximum maintenance loan of 2.8%. However, this means that students from the poorest households will be around £1,500 worse off than if maintenance loans were aligned with inflation (RPIX inflation for Q1 2023 was 12.1%). Though an increase in maintenance loans is welcomed, this support will do little to address the concerns outlined in this submission and will place greater pressure on universities to increase their financial assistance for students, despite being financially stretched.
 16. We strongly believe that the uplift in maintenance loans for students needs to be considered as the 2.8% increase for the 2023/24 academic year does not make up for a real terms cut in the level of financial support available to students. The recent ONS survey findings show that of the 68% of students who receive a student loan, 58% say it does not cover their living costs. Government must be aware of students' concerns and open to engaging about further options for hardship injections.
 17. We believe that maintenance grants should be reinstated for those who are most in need. Our members have indicated that disabled students and those

with caring responsibilities, mature students, and socioeconomically disadvantaged students are the most affected by the cost-of-living crisis.

The varying impact on different groups of students, including those who are mature, commuters, part-time, disabled, and international, as well as those from different social backgrounds.

18. The poll completed by Savanta ComRes on behalf of UUK 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. Less than half of those aged 30 years or over were confident about managing their finances over the next 12 months compared to 82% of those aged between 18-20.
19. Postgraduate students are more concerned (79%) about living costs compared to 49% of undergraduates. Only 61% of postgraduate research (PGR) students are confident about managing their finances over the next twelve months compared to 85% of postgraduate taught (PGT) students. However, 76% of PGT students felt money worries were having more of a negative impact on their mental health compared with only 49% of PGR students.
20. Disadvantaged students are much less likely to feel confident about managing their finances over the next 12 months. 68% of those from the most disadvantaged groups feel confident compared to 77% for more advantaged groups.
21. International students are not eligible to access government benefits and are limited to working a maximum of 20 hours per week. Some are unaware they are eligible for university sources of funds, and some food banks are seeing increased demand from international students.
22. Our members have identified similar student populations as being disproportionately affected by the cost-of-living crisis including:
 - a. **Disabled students:** institutions have identified disabled students as being heavily visible in the applicants for university hardship funding.
 - b. **Commuter students:** institutions recognise that commuter students are facing difficulties with affording travel costs to and from campus.

- c. **Mature students:** many institutions have identified mature students in relation to those incurring course-related costs as part of health courses, in addition to mature students who have dependents and incur additional food and childcare costs.
23. The recent ONS survey findings highlight the impact of the cost-of-living crisis on disabled students and those with caring responsibilities who are significantly more likely to have financial difficulties. The survey reveals 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.
24. There is a dearth of evidence about the impact of the cost-of-living crisis on these specific student groups. Institutions have identified these students through internal evidence gathering, however we strongly believe that more specific data collection would allow Government and institutions to understand the extent to which these students are impacted and target support accordingly.

What further action might be taken this academic year to support students impacted by ongoing financial pressures.

25. As cost-of-living pressures intensify, it will become increasingly apparent where some groups of students are missing out on support and where there is a need for extra support. Universities are operating with a severely stretched funding base due to the tuition fee freeze in England, and so Government and universities will need to work together to assess how increased support is given to those who are most in need through:
- Targeted government hardship funding for UK students
 - The reinstatement of maintenance grants for those most in need. In 2022/2023 maintenance loans are at their lowest level in seven years, and due to the freeze in parental earnings thresholds, many students will be only eligible for smaller maintenance loans
 - Action to ensure that support for students is protected against inflation
 - Reviewing of existing sources of Government support to students, particularly postgraduate researchers

- Ensuring that any Government action to support people with rising costs, such as energy, can be accessed by students across the UK, including those in halls.