MillionPlus

The Association for Modern Universities

CONSULTATION RESPONSE

Call for Evidence: APPG for Students inquiry into the impact of the cost-of-living crisis on students

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QUESTION 1: THE IMPACT OF THE COST-OF-LIVING CRISIS ON STUDENTS – BOTH IN TERMS OF INCOME AND EXPENDITURE

In September 2022, MillionPlus published a policy brief titled 'Learning with the lights off: students and the cost-of-living crisis'. The report showed that in April 2022, prior to the cost-of-living crisis fully biting through late summer and autumn, more than 300,000 students were at-risk of hardship. Evidence suggests that left unchecked, the cost-of-living crisis would have a disproportionate impact on student groups, entrenching inequality and setting back widening participation advances.

Rising prices have been felt hard in three areas: transport fuel prices, food prices and domestic energy costs. This has increased the expenditure of students significantly. Indeed, the purchasing behaviour and living arrangements of many students are similar to those in lower earning households who have experienced an effective inflation rate around 2.5% higher than higher earning households. As show under question 3 below, the cost of living crisis is having an impact on specific groups of students more than others. Rent, especially in the private sector, have also increase in line with inflation. In the year to August 2022, students renting in the private sector saw their rents increased by 10% on average.

Sources of income for students take three main forms: maintenance payments, money received from family members and earnings from work. The cost of living crisis places pressure on all of these income sources, but analysis by MillionPlus shows that students in the 'at-risk of financial hardship' category are more likely to rely on maintenance funding to cover their costs of living. More students are taking up part-time work or increasing their hours it make ends meet. While part-time work has some benefits for students if kept at a manageable level, there is a link between unmanageable hours of paid employment and reduced academic performance. The significant cost of living pressures experienced by some students is likely to be pushing more students into undertaking unmanageable hours of employment.

QUESTION 2: THE EFFICACY AND EXTENT OF EXISTING SUPPORT TO STUDENTS FROM GOVERNMENT, EDUCATION PROVIDERS AND OTHER BODIES, AND MAINTENANCE SUPPORT MORE WIDELY, INCLUDING AND ANY GAPS IN THIS SUPPORT.

The response to the cost of living crisis facing students by government has been limited. Programmes designed to ease cost of living pressures on individuals have largely omitted students. Much of the assistance is unavailable to most students, either as a result of being linked to means tested benefits or available to those over retirement age (e.g Winter Fuel Payments). Council tax exemption also fails to help students who are already exempt from paying it.

Energy bill relief has also not been as effective a solution as for the wider population. Around one-third of students live either alone or in shared accommodation, with the majority of these renting from private sector landlords. A large number of students have begun to rent with bills included, which sees a single payment covering both accommodation and household costs, such as utilities, internet and television. Legislation has left a grey area around how, or even whether, landlords as the bill payer are legally required to pass on savings to student tenants.

Changes to income tax and national insurance also fail to ease pressures facing students. Guidance for full-time students states that part-time work should be limited to between 10-15 hours. At these levels, even students earning over three-times the national minimum wage would only save around £8 per week as a result of National Insurance relief and 58p per week from the changes to income tax thresholds.

Maintenance loans have remained unchanged in the 2022/23 academic year and planned increases for the 20223/24 year are likely to see many students struggle further. The UK government’s decision to use the projected, rather than the effective, rate of inflation will see maintenance payments increase by less than 3% for 2023/24 despite an inflation rate of nearly 10%. This is estimated to leave students up to £1500 worse off compared to an inflation-level increase in maintenance funding. The £15 million set aside for additional hardship funds is welcomed by MillionPlus members, but does not go far enough to mitigate planned real-term decreases to maintenance funding.

However, MillionPlus members have been working hard to ease the cost-of-living crisis for its students. Hardship funds have been increased and widened at each of the MillionPlus universities. Staffordshire University convened a cost of living working group in the summer of 2022 which saw direct help given to students in need and an additional £500,000 to support students as part of Staffordshire Action on Cost across the 2022/23 academic year. The University of Sunderland increasing the number of automatically awarded funds (e.g., maternity grants) and adapting their hardship fund to cover rising rent and energy bill costs. The University of East London has allocated funds on a proportional basis to any student citing financial difficulties as a reason for considering withdrawing from their studies. The University of Central Lancashire has increased its hardship fund for the 2022/23, as has The University of Bolton, which will increase its student support fund from £150,000 to £250,000 for the coming year. In the case of Bolton, this will see inflation-level increases to the composite living costs used to calculate support fund levels and a review of their international crisis fund. The challenges facing international students, who are often excluded from such assistance, has led Edinburgh Napier University to widen their hardship programme to include overseas students. Institutions have also recognised a stigma attached to asking for financial assistance and are developing programmes designed to reduce the barriers preventing some students applying for help. One example at The University of Bolton has seen collaboration with the Students' Union to advertise and normalise applying for assistance, with particular focus on students during their induction period and at freshers’ events.

MillionPlus members have also sought to reduce some of the costs for students outlined under question 1. These approaches have largely taken two forms. First, programmes provide students with cut-price goods and services by working collectively with local businesses, councils and student unions. Amongst such programmes, Leeds Trinity University, The University of Sunderland and Canterbury Christ Church University have all worked to reduce the cost of food and other household products sold on campus. The University of Bolton has worked with local supermarkets and transport providers to offer food vouchers and discounted travel to students. The University of the West of Scotland provides students with a free breakfast twice a week. While Staffordshire University has worked with catering outlets to provide subsidised food for staff and students.

The second is by providing greater flexibility and work opportunities for their students. The high number of commuter students attending modern universities raises the prospect of fuel poverty. As such, MillionPlus institutions in more remote areas of the UK have moved to reduce the requirements to travel to campus. This includes the University of the West of Scotland who will provide more flexibility around timetabling (e.g., earlier release of timetables to allow for advanced planning) and attendance to reduce the travel costs of students. Likewise, the University of the Highlands and Islands will broaden the availability of hybrid models of learning for its students. Other universities, in recognising issues around increased hybrid delivery first encountered during the pandemic, have moved to re-implement programmes designed to lessen digital poverty. For example, both Abertay University and the University of Bolton have begun to review the impact of digital poverty on learning, with Bolton reintroducing their Laptop Loan scheme. Staffordshire University has taken a multi-faceted approach by making safe spaces available to students on campus seeking a warm learning environment, collaborating with civil mission partners to combat digital poverty and by providing meaningful work experiences to students whatever their level of study.

QUESTION 3: 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.

Analysis conducted by MillionPlus shows that the cost-of-living crisis has, and will continue to, entrench inequalities by having a disproportionate effect on already marginalised and under-participating groups of students. The two strongest predictors of being at-risk are 'age' and belonging to a 'black' ethnic group. More than one-quarter of students aged over-25 are at-risk, as opposed to 16% of students aged 25 and under. Similarly, 27% of black students are at-risk of financial hardship. This represents between 40,900-44,000 students aged over 25, and 40,000-43,000 black students.

Several other factors are associated with a higher likelihood of being at-risk. The first is the socio-economic classification (or social grade as it is commonly referred) to which a student belongs, with students from upper-middle- and middle-class backgrounds less likely than students from working class backgrounds of being at-risk. This places 48,000-53,000 students from working class backgrounds in the at-risk category. There are also large numbers of at-risk students that either commute to campus or have remained living at home during their studies. Given the additional costs associated with commuting, it should not be surprising that between 61,900-68,400 commuter students face financial difficulties. While 36,0000-39,800 live-at-home students are at-risk as the cost-of-living bites.

The established relationship between students experiencing financial difficulties and them considering quitting their studies increases the likelihood of high drop-out rates in the short-term. This link is both direct and indirect. The indirect pressure comes via deteriorating mental health as a result of financial hardship. Problems with mental or emotional health are cited as the main reason students had considered quitting, with one-third of students (representing between 579,000-615,000 undergraduates) stating mental health issues as the main reason for having thought of leaving university. Findings by UUK and NUS have shown a clear link between financial worries and deteriorating mental health in students. This hints at greater attrition arising from the cost-of-living crisis. The more direct impact comes from students simply finding studying too financially difficult. MillionPlus estimate that around 90,000-108,000 students fall into this category. Evidence suggests that first generation students and students from lower participating areas of the country are being impacted hardest from these direct pressures.

Left unchecked, the emerging cost of living crisis is likely to result in significantly increased drop-out rates in the coming academic year. MillionPlus analysis shows that the unequal distribution of pressure to certain groups of students will be detrimental to the social justice and widening participation policies pursued by government over recent years. Most of the student groups evidenced as at-risk have been traditionally underrepresented in higher education, and policymakers and institutions have worked hard to increase their representation. These policies are at significant risk, and it is imperative that government take immediate action to ensure that current and future measures introduced also embrace higher education students.

QUESTION 4: WHAT FURTHER ACTION MIGHT BE TAKEN THIS ACADEMIC YEAR TO SUPPORT STUDENTS IMPACTED BY ONGOING FINANCIAL PRESSURES.

Action can be taken by both government and universities to support students impacted by the cost-of-living crisis. The first is an immediate increase to maintenance funding for students. Ideally these should be in the shape of maintenance grants to avoid requiring at-risk students to incur more debt. The maintenance funding settlement for the 2023/24 academic year should also be brought in line with inflation. Government should also ensure that energy bill relief received by landlords is passed on to student tenants who have paid 'bill inclusive' rents. These should be back dated where needed and tighter rules put in place to ensure future assistance is passed on.

Students should also be included in future cost of living assistance programmes. An important barrier is the link between much of the assistance and access to means tested benefits. One effective way to provide greater access for at-risk students would be to recognise their low-earner status so allowing access to assistance linked to means-testing. This would have provided much needed assistance to students over the last 6 months.

For their part, universities can work with student unions to widen the reach and lessen the stigma of the use of financial assistance programmes. MillionPlus institutions have put in effective processes to help with this alongside clearly signposting mental health services for students under strain. This would help break the link between financial pressures, mental health issues and dropping out of university. Finally, universities can work with local businesses and councils to agree measures to reduce the financial burden on at-risk students. This includes providing discounted food, free breakfasts, travel vouchers and additional shared space on campus for study.