

Russell Group response to All-Party Parliamentary Group for Students inquiry into the impact of the cost-of-living crisis on students

1. Summary

- 1.1 The cost-of-living crisis is severely affecting students. It is impacting on their mental health and increasing the risk that they will not complete their studies. If students drop out because of financial pressures, it will damage their futures and the pipeline of skilled workers needed in the UK's businesses and public services.
- 1.2 **Russell Group universities are investing tens of millions of pounds in additional hardship funding to support students, but wider support from Government is needed.** Ahead of the 2023/24 academic year we are asking Government to:
 - (a) Uplift student maintenance loans, so they reflect actual inflation since 2020/21.
 - (b) Review parental earnings thresholds so more of the most disadvantaged students are eligible for the maximum level of support.
 - (c) Increase levels of central hardship funding.
- 1.3 Providing this additional financial support would be a sound investment by Government as more students will likely finish their studies, enter the workforce, pay back their student loans and contribute positively to the economy. A single cohort of UK-domiciled students at Russell Group universities is estimated to contribute more than £20 billion to the economy over the course of their working lives, including £11 billion in tax and NI contributions¹.
- 1.4 In the longer term, we recommend the Government addresses flaws in the maintenance loans system to protect students against sudden increases in inflation. The Government should also consider reintroducing maintenance grants to support the most disadvantaged students and ensure they do not graduate with the highest debt.
- 1.5 In this response, we provide an overview on behalf of our members, but we encourage the APPG to review individual university submissions for specific examples and for information on the local variance of the impact of cost-of-living on students.

2. Impact of cost-of-living on students

- 2.1 Our members are very concerned about the impact the cost-of-living crisis is having on their students. There have been a number of surveys evidencing the severity of the issue including from ONS², the Sutton Trust³ and NUS⁴. These show:
 - (a) **Students are concerned the cost-of-living crisis will impact their studies:** 29% of students are skipping non mandatory lectures/ tutorials to save on costs,² and ¼ of students say they are less likely to finish their degree because of the cost-of-living crisis.³
 - (b) **Students' finances are being severely impacted:** 42% of students are living off £100 or less a month after covering rent and bills,⁴ and 30% of students have taken on new debt (a significant increase from the proportion reported to have taken on new debt in an earlier ONS survey conducted in November 2022 (25%)), 71% of these students reported they did so because their student loan was not enough to support their living costs.²

¹ [The economic impact of Russell Group universities](#), London Economics, October 2017

² [Cost of living and higher education students, England: 30 January to 13 February 2023](#), ONS, February 2022

³ [Cost of living and university students](#), The Sutton Trust, January 2023

⁴ [Cost of living crisis HE students](#), NUS, November 2022

(c) **Concerns are affecting students' mental health and their basic everyday activities:** $\frac{1}{4}$ of students noted financial worries are having a major impact on their mental health,⁴ $\frac{1}{3}$ of students from working class families say they have skipped meals to save on food costs³ and the average level of life satisfaction among higher education students (5.8) was significantly lower than the adult population in Great Britain (6.9)².

2.2 We are aware that the Russell Group Students' Union network has undertaken a large survey of students on cost-of-living impacts. Whilst the findings are unpublished at the time of writing this response, we would encourage the APPG to consider these as part of its inquiry.

2.3 We also note that it is likely too early to assess the full extent of the impact that the cost-of-living crisis has had on students. Whilst inflation is predicted to fall slightly in 2023, it will remain high⁵ and we can expect the cost-of-living crisis to be an ongoing concern in future academic years.

3. Russell Group universities are providing a wide range of support for students

3.1 Supporting students through the current cost-of-living crisis is a top priority for our universities. Russell Group universities have committed tens of millions of pounds of additional hardship funding, bursaries, and other financial assistance to help students and ensure they can continue in their courses. This includes all Russell Group universities matching the UKRI 10% uplift to its minimum 2022-23 postgraduate research stipends to help PhD students cope with rising costs.

3.2 **As well as significantly increasing student financial support (Annex 1), Russell Group universities are taking a range of other measures to help students with day-to-day living costs**, including providing subsidised food, extending access to campus facilities, and looking for ways to extend campus employment opportunities. For example:

- (a) Keeping study and social spaces open longer for students to keep warm if they are struggling to heat their homes, offering facilities such as free hot showers, free tea and coffee, access to microwaves and subsidised lunches and hot meals on campus, as well as using bulk-buying power to sell food staples at significantly discounted prices.
- (b) Reviewing and reducing any 'hidden' course or service costs, providing free access to non-perishable goods, reducing costs for activities or sports and transport discounts.
- (c) Helping students with managing finances, including providing guidance on keeping costs down, information on available financial assistance and access to trained money advisors.
- (d) Extending on-campus job roles and promotion of other employment opportunities near campus where it's possible for a student to balance limited employment alongside their studies.

4. Gaps in Government support and suggestions for further action

Hardship funding

4.1 In January, the Government announced an additional £15m in hardship funding to support students. This represents an increase of less than £10 per student⁶. Not only does this funding not address the scale of the issue but from the university perspective, this only brings the funding available to "support successful student outcomes" back up to the amount it was in 2018/19, despite it needing to cover more students and a wider range of activities⁷. In

⁵ In its November 2022 Monetary Policy Committee report, the Bank of England predicted that inflation will likely remain high in 2023, decreasing below 10% after March 2023 and by the end of the year will be between 5% and 6%.

⁶ [Large real cuts to student financial support to become permanent](#), IFS, January 2023

⁷ [Cut cut cut cut cut cut cut cut](#), Jim Dickinson WonkHE, February 2023

spite of this, our universities continue to prioritise students and are diverting millions from other university activities to provide additional support to students (Annex 1). This is not a sustainable solution if the need for this level of hardship support continues.

- 4.2 We recently published evidence⁸ showing university activity is at risk in the long term due to real-terms cuts in public funding for education, an increased need for universities to provide support services despite this reduction in funding, and an increase in the deficits incurred when delivering research activity. If delivery costs keep rising - including a continued need to provide increased hardship support – and Government funding does not increase, universities will inevitably be forced to make difficult choices. These will impact staff, students and research activity but ultimately will threaten the pipeline of skills and innovation needed to help the UK economy recover quickly and grow. More information on these funding deficits and potential impacts can be found [here](#).
- 4.3 **We are calling on the Government to meaningfully increase hardship funding for students to support them through the cost-of-living crisis. Whilst significant, the help universities are providing is unlikely to be enough to fully support students for the duration of the crisis and additional Government investment is therefore needed.**

Maintenance loans

- 4.4 Currently, 58% of students report that their student loan does not cover their living costs². The Department for Education (DfE) recently announced a 2.8% uplift to maintenance loans and grants. This is below the 9.4%⁹ uplift announced by the Welsh government and even further below the inflation level for food - 13.3%¹⁰ in December - arguably a more relevant figure for students than RPIX. This 2.8% uplift does not correct for the cuts resulting from forecast errors made over the past two years. These are now effectively baked into future support and there is no sign of this being fixed for future allocations. This means that next year the maximum amount available for students will be over £1,500 short of the £11,500 the loan would be had it increased by inflation (RPIX) since 2020/21¹¹. A recent report by the House of Commons library concluded that the 11% cut in the maximum value of support between 2021/22 and 2023/24 is larger than any real cuts seen in student support going back to the early 1960s¹². Even DfE's own equality assessment noted that uplifting maintenance loans by just 2.8% next year will have a negative impact on all students¹³.
- 4.5 Within the maintenance loan allocation, the level of support available varies according to a parental earnings threshold. The threshold for receiving the maximum loan amount has been frozen in nominal terms at £25,000 since 2008, despite average earnings rising significantly. In December the IFS reported that had the threshold increased with earnings it should now be closer to £35,000¹⁴. This means that not only will students from the most disadvantaged backgrounds receive less financial support than in previous years in real-terms, but fewer students will be entitled to the maximum level of support each year, even though their parents are not better off in real-terms.
- 4.6 **To better support students in the short term, we are asking Government to uplift maintenance loans, so they reflect actual inflation since 2020/21, and review the parental earnings thresholds so more of the most disadvantaged students are eligible for the maximum level of support.** These changes should be implemented as soon as

⁸ [Securing a resilient higher education funding system to support students and boost the UK economy](#), Russell Group, November 2022.

⁹ [Welsh Students to Get More Help with Living Costs](#), Gov.wales, January 2023.

¹⁰ [Inflation to continue into 2023](#), BRC, January 2023

¹¹ [Large real cuts to student financial support to become permanent](#), IFS, January 2023

¹² [The value of student maintenance support, House of Commons Library](#), January 2023

¹³ [Higher education student finance 2023 to 2024: equality analysis](#), DfE, February 2023

¹⁴ [Annual report on education spending in England: 2022](#), December 2022

possible, at the latest before the 2023/24 academic year. **In the longer term, we recommend addressing flaws in the maintenance loans system to protect students against sudden future increases in inflation, and for Government to consider reintroducing maintenance grants to support the most disadvantaged students.**

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Annex 1: Additional financial support for students announced by Russell Group universities

Some examples of increased financial assistance for students at Russell Group universities can be found below¹⁵. The nature of support reflects local contexts, including the size of the student body. As well as boosting hardship funds, many universities are increasing the amount of support provided to students from low-income families or those eligible for bursaries, and are widening student eligibility for support.

- The **University of Birmingham** has allocated more than £10 million to support students in the current academic year. Students in need of additional financial assistance can apply for the University's Student Support Fund, and the Guild of Students' Hardship Fund. It also continues to provide financial support awards to students from low-income backgrounds and those with particular support needs.
- The **University of Bristol** has increased the amount available in its Financial Assistance Fund from £600,000 to £1m.
- The **University of Cambridge** has increased funding to the University's Student Hardship Fund by 50%.
- **Cardiff University** has increased the budget for its Financial Assistance Programme to £1m for those who need help covering their essential living or study costs, and extended additional support to postgraduate student care leavers, young carers, estranged students and those students who served in the military. It has removed late return fines in its libraries and given every student on a bursary a £10 printer credit.
- As well as significantly increasing its Student Support Fund for the academic year 2022/23, **Durham University** has increased the Durham Grant scheme by 10%, offering grants to students with a household income of up to £47,200, including £2,200 for those with a household income of less than £27,500.
- The **University of Edinburgh** has increased funding to the University's Student Hardship Fund by 50%. It has a dedicated website and a video in collaboration with University of Edinburgh Students' Association encouraging students who are facing financial difficulty to reach out for help.
- The **University of Exeter** has set aside an additional £1.25m in hardship funds and has committed further investment through a winter support bursary payment to low-income students and in initiatives to provide low cost food and warm spaces on its campuses.
- The **University of Glasgow** has more than doubled its student hardship support, increasing its contribution by over £1m. This is alongside providing a range of practical

¹⁵ Correct at November 2022

services and advice, including accessible, warm spaces on-campus, low-cost hot food and wellbeing support.

- **Imperial College London** has more than doubled its Student Support Fund, by £500,000, and increased the maximum grant from the fund by £1,000 to £5,000 per academic year.
- **King's College London** has announced a £3m cost-of-living package, including a one-off additional payment of £150 to all students in receipt of a King's living bursary, representing £1m of additional support, as well as £750k of additional hardship funding, £750k to support subsidised food and drink and a further £500k held as contingency.
- The **University of Leeds** has increased its student Financial Assistance Fund almost five-fold to £1.9m, with £500,000 ring-fenced to support PGRs. A total of £320,000 has also been allocated to boost existing student support schemes, including support for care leavers and estranged students, the Leeds Masters Scholarships and testing for the Disabled Students' Allowance, with free period product provision extended across more locations on campus.
- The **University of Liverpool** is tripling the University Hardship Fund to £1.5m from £500,000, which provides grants to those experiencing financial difficulties. The Liverpool Guild of Students also offers a short-term (4 week) emergency loan service for students in immediate hardship which can be used for food and other essential items.
- **LSE** has doubled its hardship funding and frozen residential costs. The School is also providing more low-cost meal options and in discussions with the SU about further assistance, including no-cost/low-cost options for activities on campus. This is alongside existing bursaries and scholarships (£22m+ in 2022-23) to support those most in need, in recognition of the high cost-of-living in London.
- In recognition of the significant challenges faced by students over rising costs, the **University of Manchester** is dedicating £9m to providing further student support, building on an initial programme of wellbeing and financial assistance provided together with the Students' Union. Registered students will each receive a one-off cost-of-living payment. Full-time students will receive £170 and part-time students will receive £85, paid into their UK bank account.
- **Newcastle University** has increased the package of support available to students at all stages to more than £1.7m which includes an increase in student financial support, participation bursaries through the Students' Union and additional jobs for students through Jobs on Campus.
- The **University of Nottingham** has increased its Student Hardship Fund by 50% to £750,000 to provide grants and interest free loans to any student who is experiencing financial difficulties, as well as access to free kitchens, shower facilities, heated study spaces and period products.
- The **University of Oxford**, Oxford Bursaries and Crankstart Bursaries have been increased by up to £500 for all on-course students eligible for bursary support.
- **Queen Mary University of London** has a bursary scheme which is automatically provided to any domestic undergraduate from a family whose annual taxable income is below £20,000. Currently, 35% of its home undergraduate population are in receipt of a bursary under this scheme. Any student facing financial hardship can apply to its Financial Assistance Fund.

- At **Queens University Belfast**, a total of 3,600 students who come from families earning under £25,000 per year will receive a one-off payment of £400 each with all other students receiving a one-off payment of £150. The university will also allocate £600,000 into a student support fund focused on international students as part of a £5.7m investment from the university.
- The **University of Sheffield** committed up to £3m to support students facing financial difficulties due to the rising cost-of-living. All eligible students can apply for financial support to help cover unpaid placement costs, employability-related costs like new interview clothes, graduation costs, IT equipment, living costs, energy costs and house hunting costs for students with dependents.
- The **University of Southampton** has committed an additional £550,000 for Financial Support lifting the total to £1.1m in the 2022/23 academic year to cover emergency costs, additional funding for equipment as well as health and wellbeing costs. In addition, they are working with their Students' Union to support a new food bank on campus, offering free or subsidised food each day and keeping a greater number of campus buildings open later each evening.
- **UCL** has committed over £2.3m of additional funding for its student support package, which includes bursaries, increased doctoral stipends, emergency loans and grants and mental health support. Its student support budget this year is greater than in any previous year.
- The **University of Warwick** has allocated £3.5m to help students from low-income families from December 2022, with additional funds paid through the existing bursary schemes targeted at those on the lower income. It is also opening the doors to its world class arts centre to the local community which will act as a community warm bank, with a programme of free activities planned over the winter.
- The **University of York** announced that £150 would be given to student households who are finding it difficult to pay their bills as part of a £6 million package to support students most in need. The Household Energy Grant will be given to 2,000 houses.