

Cost of living, hidden costs and student finance work



WONKHE SUs | SUMMER PROGRAMME 2023 | [WONKHE.COM/SUS](https://www.wonkhe.com/sus)
SUS@WONKHE.COM | JIM@WONKHE.COM | LIVIA@WONKHE.COM

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Pre-pandemic

- 36% of undergrads turn to loans, overdrafts and credit cards to pay rent.
- 1 in 10 say rent is a constant struggle (and that's before other living costs).
- Parents are chipping in £2,542 a year for student accommodation – and give loans on top.
- And whilst 36% turn to commercial lenders, the figure jumps to 60% when sources include family, friends and employers.

DO STUDENTS BORROW
MONEY TO PAY FOR RENT?



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And...

- Most UK graduates leave university with about £3,500 of debt on top of student loans, research shows.
- A survey of 1,000 UK graduates found the average Brit leaves uni with about £3,561 of additional debt, while 15% leave with £10,000.
- Overdrafts and other products like credit cards are the source of most debt, the survey found. But over half (55%) of grads also borrow money from parents while studying – with loans from the bank of mum and dad making up £2,188 of their debt.
- And only 57% of these pay their parents back, taking on average 11 months to do so.
- The amount of debt is a concern for graduates, with four in five (79%) worried about their current bank balance, and two in five (43%) admitting they are more worried about their finances than they were at university.
- Of those that borrowed from their parents while at university, two in five (42%) did so because they had gone through their student loan too fast, while 36% had gone too far into their overdraft.



Don't call it a crisis

- New problems lack leaders
- New problems lack best practice
- New problems lack "slots"
- New problems often cross functions

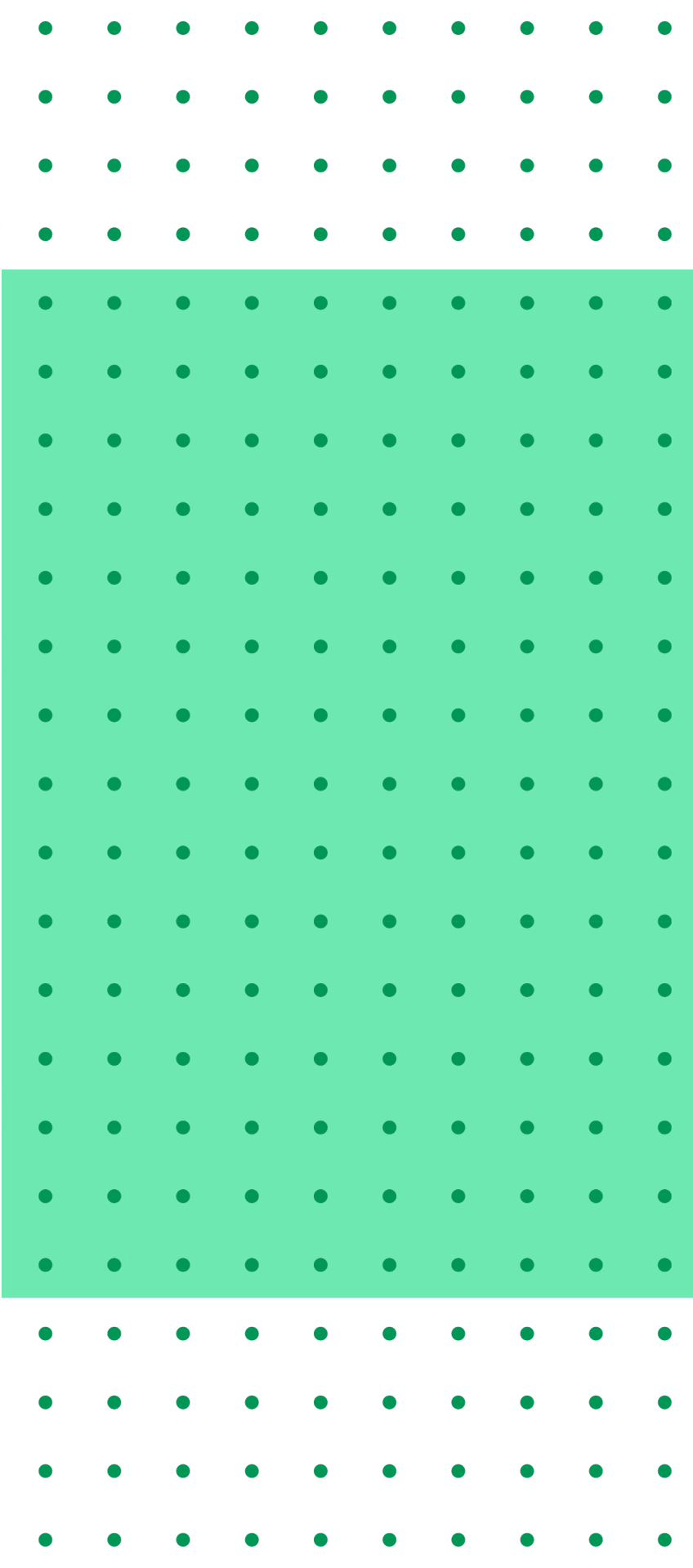




← Excessive student income

← Ideal student income

← Minimum viable income



A new student crisis

- Hardship funds during Covid
 - Least generous in England, focused on unis in a country not students from a country)
- Ukraine energy crisis (+Brexit?) drives inflation crisis
- Students not included in most schemes (except energy price cap)- DWP (not devolved) but education is devolved
 - Low income families defined by UC entitlement
 - Low income households in Treasury – loan income counted as household income
 - Example – Disabled people not DSA recipients

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Energy bills

- Student finance not keeping up with inflation anywhere
- Students at home – parental or own contribution increases as total v maintenance
- Students in halls – no help as “price already fixed”
- Students in houses – got help via the £400 per household (or did they)
 - Only if energy bills were “itemized” as a separate component of rent
- Hardship funds

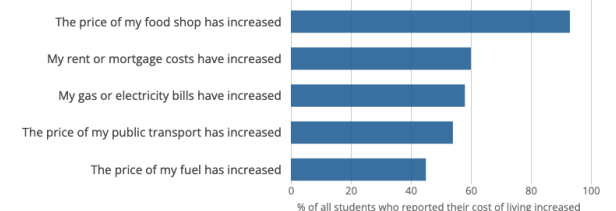


ONS (Nov, Feb, Eng)

- One in four students are taking on extra debt (3 in 10 by Feb)
- Over six in ten are spending less on food shopping and essentials.
- Four in ten are using less fuel such as gas or electricity.
- 1 in 4 are using credit more than usual – credit cards, buy now pay later, loans or overdrafts to purchase essentials.
- A third are buying more secondhand goods, a fifth have sold personal possessions, and 7 per cent have gambled or invested in stuff like crypto.

Shop now.
Pay later
with Klarna.

Klarna.



Source: Office for National Statistics – Student Cost of Living Insights Study

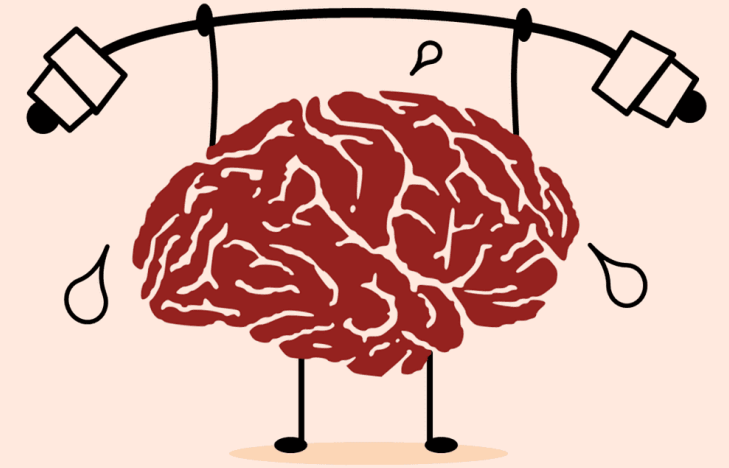
ONS - Impacts

- A third reported that they are now less likely to do further study once they have completed their course
- Nearly 3 in 10 were skipping non-mandatory lectures or tutorials to save on costs
- More than 3 in 10 were not attending additional course-related events that cost money (such as field trips or conferences).
- Four in ten students were studying more at home to save on costs
- Almost a third travelling to campus less frequently
- 1 in 5 attending lectures remotely where possible.



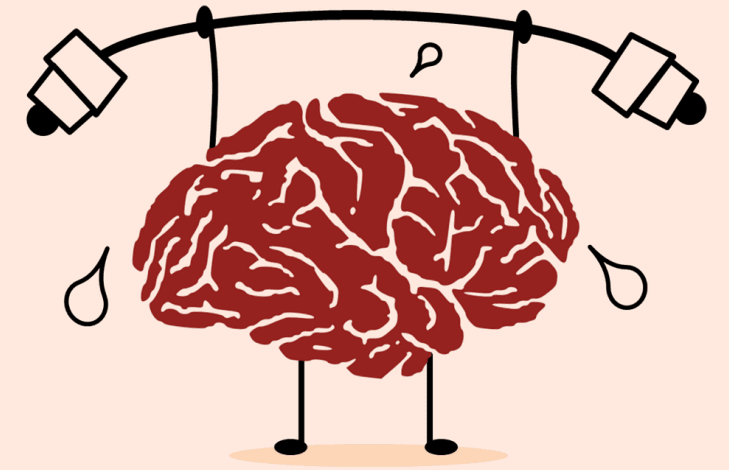
ONS- Mental Health (Nov 22)

- Average results on the four main wellbeing questions are broadly comparable to 18-29 year olds in the wider population
- But nearly one in five students said they feel lonely often or always (significantly higher than both the general adult population and those aged 16 to 29)
- Students who reported they were experiencing major or minor financial difficulties had worse scores on all four well-being measures.



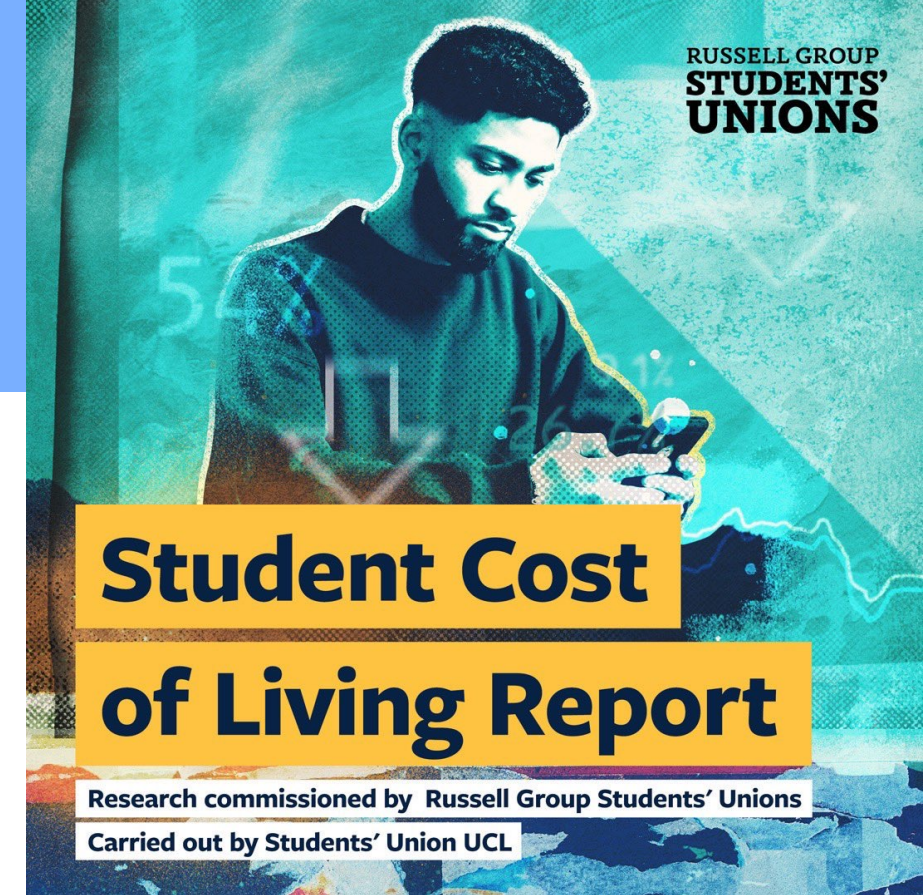
ONS impacts (Nov 22)

- 55 per cent of those in major financial difficulty report a deterioration in their mental health since the start of term – compared with 29 per cent of those comfortably off.
- 53 per cent of those in major financial difficulty report high anxiety – compared with 35 per cent of those comfortably off.
- 63 per cent of the financially comfortable are satisfied with the academic experience when compared with 21 per cent of those facing major financial difficulties – with a less pronounced but significant difference on social experience too.



Plus...

- Sutton Trust
- NUS
- Save the Student
- Russell Group SUs
- Office for Students
- APPG on students did a Now! Album
- Eng/Wales SIES commissioned in 2020 but results are missing...
- Scotland has commissioned a new SIES but results will be a while off



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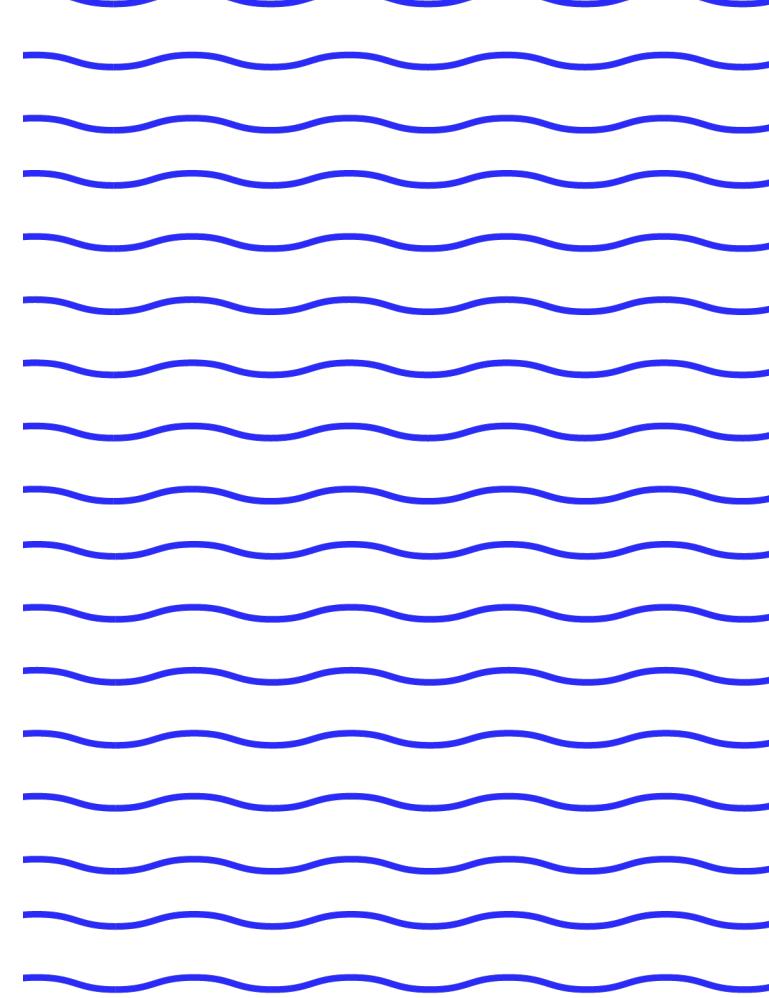
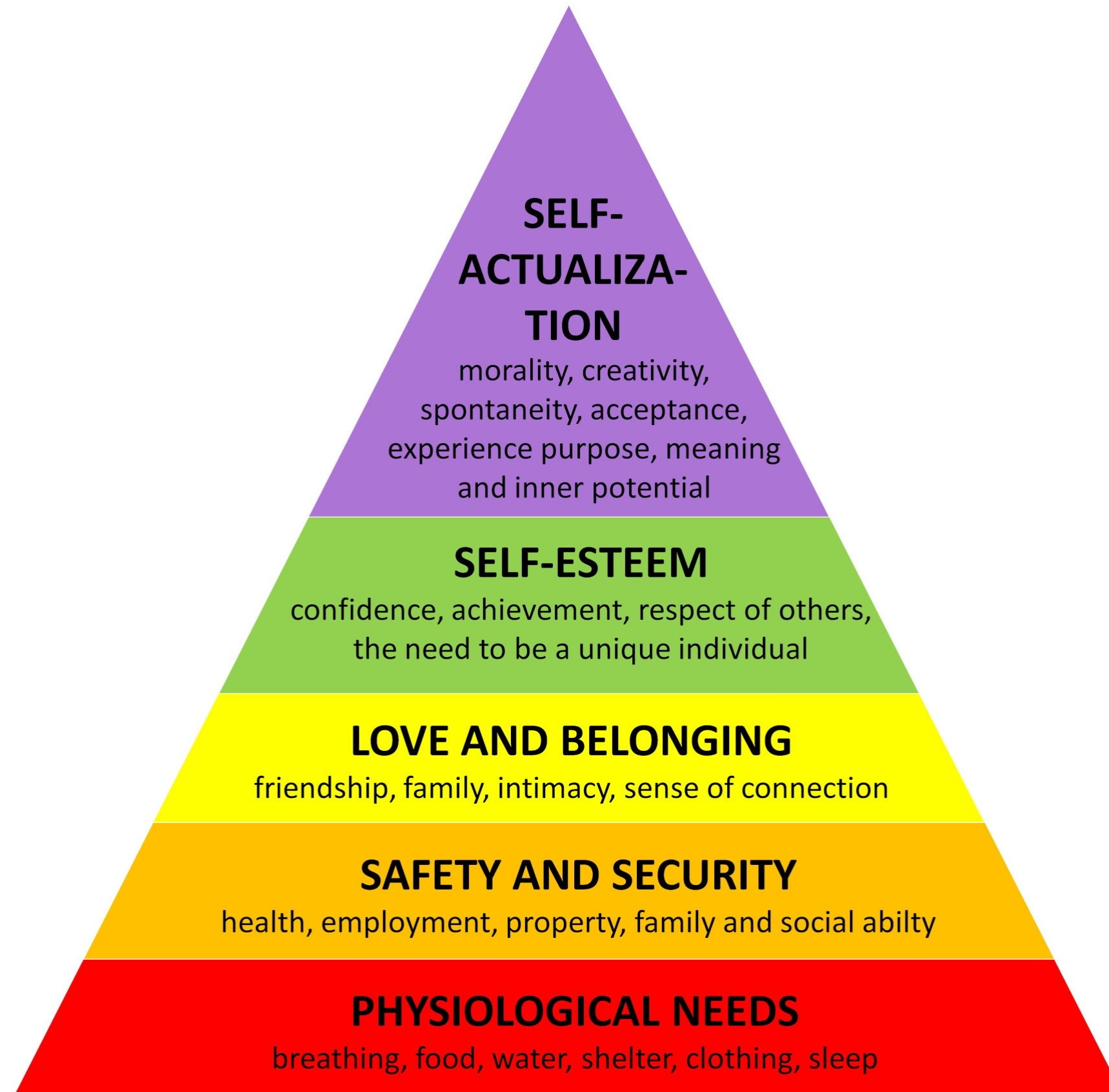
What have students done?

- Some drop out (although reliable figures not yet available)
- Significant increase in part time work
- Significant decrease in campus engagement
- Patchy take up of student hardship schemes
- Going out less, eating less, being colder
- Taking on extra debt



What h

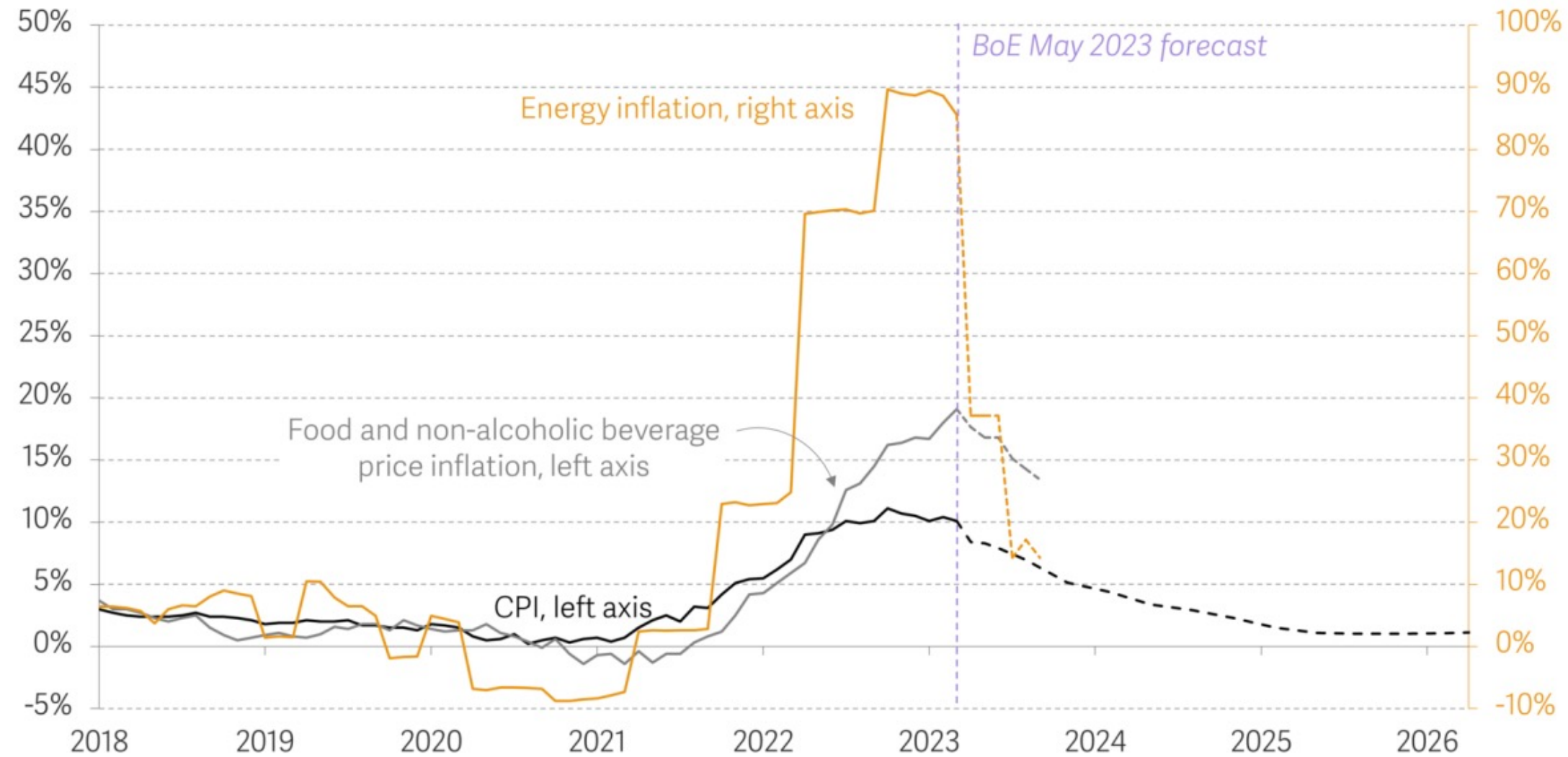
- Some drop out yet available
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- Going out le
- Taking on ex



What's next?

Annual overall, energy and food and non-alcoholic beverage CPI inflation: UK

Resolution
Foundation



Notes: Forecasts for food and energy inflation are inferred from rounded estimates of the contributions to CPI inflation taken from Bank of England staff projections and so are indicative.
Source: Bank of England, Monetary Policy Report, May 2023; ONS, Consumer Price Inflation.

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Food (insecurity)

- Food prices on average have gone up by 25 per cent over the past year and a half – food price inflation actually 19 per cent in March
- Factory gate prices – which tend to lead movements in consumer food prices – suggest that the level of food prices could easily continue rising into the summer
- As a result, food prices will be contributing much much more than energy to CPI inflation through the remainder of 2023
- The lower your income, the bigger the proportion of your basket of goods it makes up.
- And in the CPI basket it's staples and basics like eggs, cheese, milk and pasta – the sort of things on the meal cards that get published to students – that are going up even harder and faster
- When the price of some food products rises, consumers switch to others – not something that those on lower incomes can do, because they're already on the lowest rungs on that ladder
- We won't see deflation!

Food strategy

- Food insecurity as a policy issue – pressure to measure
- Some initiatives have reduced the cost of food for students on campus
- Some have developed, maintained and stocked food pantries
- A number of universities have gone beyond foregoing some profit from their catering company and combined food events with social and belonging events.
- Some have worked up initiatives focussed on helping students to cook cheaply at home too.
- Some are working with local businesses to facilitate cheaper catering on campus for societies, or film screenings, or talks or other co/extracurricular events.
- More fridges, microwaves and food preparation spaces are being made available for students to eat their own food more cheaply on campus.
- Some are enabling student societies to use catering kitchens to cook for other students (with relevant health and safety considerations managed carefully).
- “Food safari” in Jonkoping in Sweden
- International students often dominant users of a facility

Don't call it a crisis

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How to fix cost of living

Students should be able to afford to live so they can thrive as a student

Warn them about costs so they can make informed choices about whether to be a student

Raise student incomes to meet their costs

Lower/control the costs faced by students to participate

Students & Graduates

Student Living Index 2022

- 2021: London pint £9.10
- Average student monthly rents have fallen 12 percent this year
- Cambridge rents have fallen from £579 a month to just £225 a month

The benefits of research

Heading to university for the first time can be exciting. It's a chance to meet new people and explore a new city. But it's also natural to feel a bit nervous or even scared. Some careful research can help you prepare for this next chapter in your life. You'll need some insider knowledge, which is where the NatWest Student Living Index comes in. From money management to wellbeing, we've got it covered.

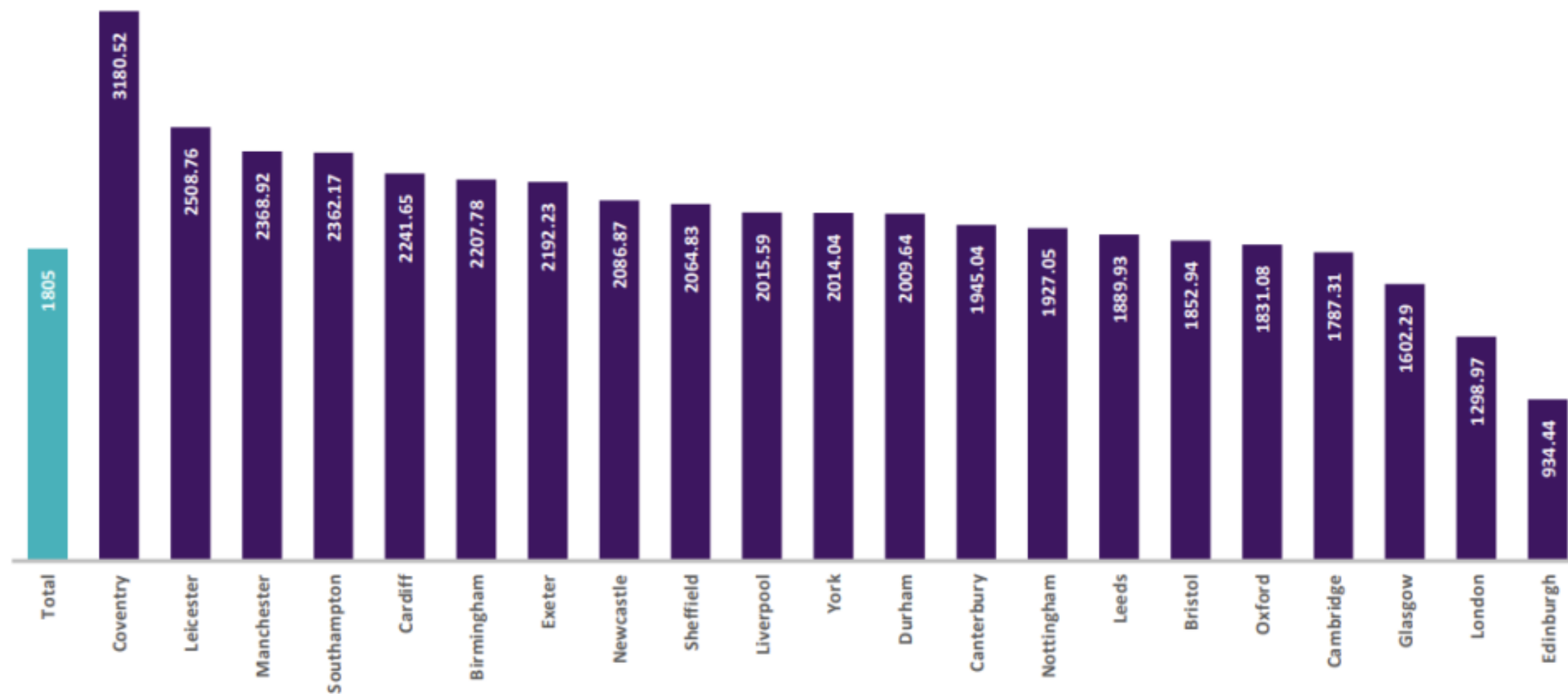
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Income

Average monthly income
2022

Term Time Income

Includes all sources of
income



Estimated All other course costs

General expenses	Approximate yearly cost
University accommodation (from 39 - 51 weeks)	From £5,483 to £7,013
Food, and other shopping	£2,600
Gas and electricity	£2,080
Insurance for personal belongings	£15 - £117
Laundry (using a laundrette)	£240
Course related costs: books/stationery/photocopying/binding	£450
Subscriptions to journals/magazines	£36
Bus pass – 3 terms + summer pass (travel)	£390
Television licence	£145.50
Mobile telephone	£240
Social activity costs – depends on activities	£600 - £960
Kitchen utensils, plates and cutlery	£35
Police registration (if applicable)	£34

Based on

Family and expenses

Yearly income

se

HE SUs

Income?

- Student finance campaigning
- Hardship schemes
- Part time work
- Debt
- Parental contribution
- Saving up (via understanding of costs)

**Raise
student
incomes
to meet
their
costs**

101 ways to get the cost of living down for students

If you're choosing between heating and eating when studying you're certainly not volunteering or socialising. Jim Dickinson sources 100 ideas to help get the cost of being a student under control in the year ahead

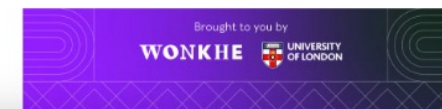
COMMENT | 25/07/22



Image: Shutterstock



One of the things I'm often struck by is the extent to which quite senior people in higher education seem to rely almost exclusively on adopting and copying from other universities when addressing identified problems



Ten years of SU costs campaigns



Hidden costs

What's the real University price tag?
Put a stop to less pennies in your piggy bank.

Coming Clean: our Hidden Course Costs campaign

Izzy John, Welfare Officer

the real costs of study

Additional course costs at UEA



HIDDEN COSTS



The Costs

MON, 1ST OCTOBER, 11AM TO 3PM
(1ST FLOOR, SU BUILDING)

Get Tom Platt (President) about the unexpected costs while studying

HIDDEN COURSE COSTS CAMPAIGN DAY



free-ua.org.uk/campaign



UASU represents your academic interests at all times through campaigns, gathering your feedback and meetings with the most senior figures at the Uni.

The backdrop

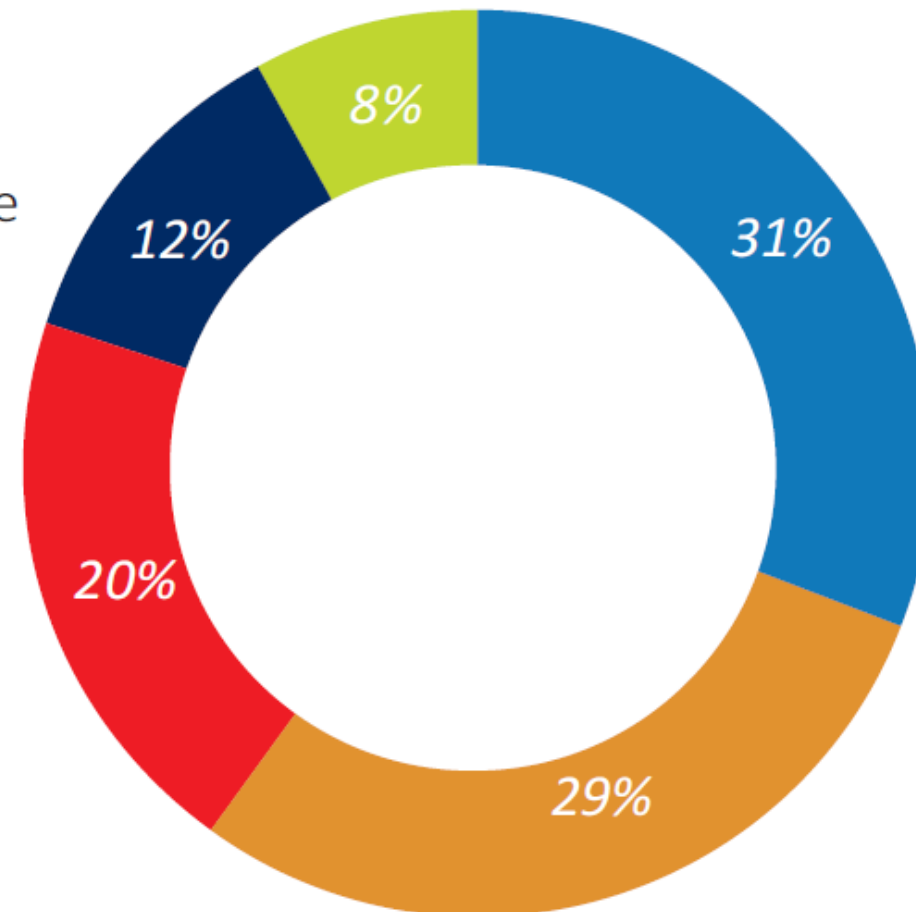
- Expansion – particularly in “small cities and large towns”
- Transfer – removal of HEFCE capital funding
- Transfer – of several streams of funding (ie bits of DSA, hardship etc)
- Competition – on features (at additional costs) rather than rather than costs
- Sleepwalking – students as revenue stream and dependency on the income
- Parental contribution – reality of way HE is funded
- Catering – major shift in profitability (almost all outsourced)
- Students as things to be profited from – the student market

**In almost all student
cost areas “the market”
(where competition
drives down price) isn’t
working/hasn’t worked**

Other charges/fees/costs at my university represent/represented good value for money

- Definitely agree
- Mostly agree
- Neither agree nor disagree
- Mostly disagree
- Definitely disagree

39%
agreement



What's going on?

A lot of costly extra's have been supplied or covered by the university where possible. Great Library service.

Accommodation has increased by 30% as of two years ago. Library fees (due to returning laptops a few minutes late) from a year ago are being chased up with monthly emails, affecting my anxiety and adding further stress. Gym

I am able to access anything I need at University for a reasonable price that doesn't have a negative impact on my way of living.

Canteen food is and overpriced- no healthy soever

The price for books that you "have to have" but only look at once is disgusting. The price of trips is still too much for the average student. The price of accommodation has gone up so that it is more expensive than the amount of loan that I get. That is not including food, trips, social life and anything else the university wants us to participate in.

why do we get charged an admin fee for paying our fees for the course? its a con the course fee should include all costs - this is not ryanair!

Other charges/fees

- Dissatisfaction in the comments has four themes
 - Unexpected charges
 - Unnecessary costs
 - Perception of being “milked”
 - Intersection with student hardship
- Satisfaction related to
 - Inclusivity of costs
 - Perception of subsidy
 - Perception that efforts made to keep costs down

Regrets, I've had a few

- We have reviewed a decade's worth of efforts by SUs to reduce costs that face students
- There may be lessons/implications for your work



Normal?



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1. Who do you love

- Significant confusion over who costs campaigns aimed at
- Poorer students = deficit model handled through bursaries
- All students = derided (privately and publicly) as middle class subsidy
- Argument on “all” (or squeezed middle) largely absent



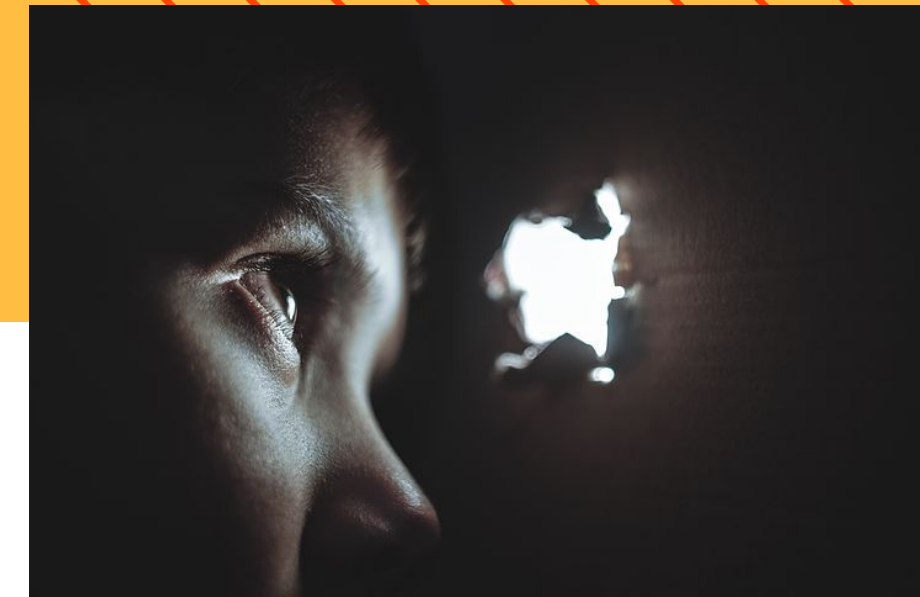
2. Locally produced spirits

- Some campaigning had the “all inclusive holiday” as its goal
- Early price competition in £9k fees regime drove limited adoption
- Inability to levy compulsory additional fees seen as a significant hurdle
- Coventry (UNI) an early success (and later withdrawn) and Bucks New (SU) a type (although now being rowed back)



3. In plain sight

- Bulk of campaigning in early 2000s focussed on “hidden costs”
- Assumption was that if they could be seen, universities would a) compete or b) be shamed
- Complexity of aggregation and lack of price competition in general has harmed
- CMA regulation has generated “in plain sight” regime



Plain sight...

- “Other extra costs students are likely to incur”, in the guidance includes examples such as field trips, equipment, materials, bench fees or studio hire. In other documents they say “for example field trips for geography or geology courses or studio hire for design courses”.
- THIS YEAR “Providers should also be clear about any extra costs that students might need to bear to access resources or buy equipment as a result of the changes to teaching”.

4. Failure to get at finances

- Almost all SU costs campaigns have focussed on the student as the “frame”
- We can find little evidence of universities opening up on costs/income from students
- “Partnership” not meaningfully achieved over costs of running services
- Sleepwalking into huge surplus, attempts to hide via TRAC accounting



5. Whose job is this

- Lack of focus on “whole institution” responsibilities
- Data not there or hard to obtain
- Affordability pinned on university central management rather than general policy duty (eating, sports, graduation)
- Are decisions made by academics/depts and could a policy target (reading lists, trips, lab coats etc)



6. Salami slicing

- Lost of evidence that initiatives and schemes that start in single academic areas are easier to leverage into institutional policy
- Little evidence that SU campaigns have focussed here (ie costs of placements and equipment for medics)



7. We won a thing

- A number of defensive wins that are nuggeted and not enshrined in wider policy
- Free printing
- Scrap additional charges for med certs
- English language testing



8. Going public

- Theory of public (student) information is focussed on getting info into hands of applicants
- Almost all attempts at doing this by SUs have been met with major/significant hostility
- There may be opportunities in the English regulatory landscape but would require coordinated pressure



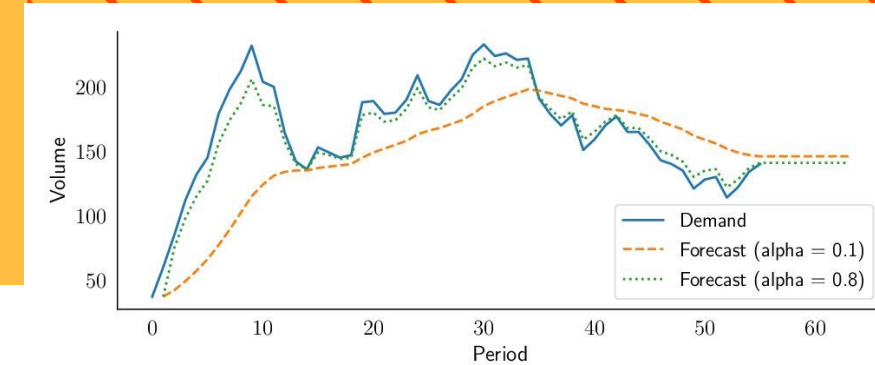
9. Home and away

- Almost all campaigning has focussed on home student experience
- Major costs for international students (and, increasingly, disabled students) rarely a focus
- See lecture capture as moral crowbar for importance of focus here



10. All or nothing

- Trade offs between choices and compulsories often confused in the work
- Acceptance of some low cost choices (meals, some accomm rooms, shared text books)
- Much easier to win but much harder to extrapolate
- Some smoothing (see Liverpool Guild – Rent)



11. And there's more

- Little involvement of graduates and parents
- University expansion a major pressure on accommodation costs
- SUs haven't helped – operate similar model(s) and across the board cost reductions extremely rare
- Emergence of Cut the Rent groups (sometimes as factional offshoots) – rent strikes and direct action (SUs usually as honest brokers) – but major barriers/risks to participation.
- Lived experience as “compound impact” crowbar



Why Do We
Need to Eat?

Killer questions

1. What do you have a duty to be seen to be doing?
2. What drives your decision making?
3. What do you know, and what do you need to know?
4. All or some students (soak the middle classes)
5. Are you more interested in choice or blankets?
6. What is the impact of student numbers/uni finances?
7. Departmental, Functional, Institutional, local or national (could you spend your time/resources more widely)
8. Where might you have to lead the student body?
9. What are the stories you can get out there (this is a crisis)

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