

# HE Briefing Note

## The Cost of Living Crisis and Student Hardship

March 2023

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## Sector Context

Since late 2021, households in the UK, along with much of Europe, have suffered a drop in living standards. The 'cost of living crisis' refers to the fall in 'real' disposable income that is being caused predominantly by high inflation outstripping wage and benefit increases. Recent tax increases have further exacerbated the problem.<sup>1</sup> In 2022, inflation reached a record high in the UK, and this, coupled with the ongoing energy crisis, has resulted in households paying more for essentials such as food, energy, petrol and mortgages, with average increases in income and earnings not being enough to offset these cost increases.

As the cost of living continues to soar, students at university are facing unprecedented financial challenges. Over the past six months, there has been much coverage in the media around students struggling financially. Maintenance loans have not increased in line with inflation (institutions are, collectively, lobbying the UK Government to review this) and annual living support for students is falling below the equivalent of the minimum living wage. In recognition of the financial difficulties facing students, the Government has provided £261 million to the Office for Students (OfS) for the 2022/23 academic year which universities can draw upon to boost their own hardship funds. An additional £15 million has also been made available, bringing the total to £276 million this academic year. The Government has also confirmed that loans and grants to support undergraduate and postgraduate students with living and other costs will be increased by 2.8% for the 2023/24 academic year. Tuition fees will continue to be frozen for a full-time undergraduate course at a maximum of £9,250, which will reduce the initial amount of debt students take on. From the 2023/24 academic year, the Government is to cut interest rates for new students to RPI only so that, under these terms, graduates will not repay more than they originally borrowed, when adjusted for inflation<sup>2</sup>.

Universities are stepping up their efforts to support students through a variety of hardship support schemes and initiatives. Hardship funds are helping the most vulnerable students, and some universities have offered registered students a one-off payment to help with the cost of living. This briefing note examines the impact of the cost of living crisis on students and provides examples of hardship support initiatives identified from across the sector.

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<sup>1</sup> <https://www.instituteforgovernment.org.uk/>

<sup>2</sup> <https://www.gov.uk/government/news/cost-of-living-boost-for-students>

According to a BBC News Freedom of Information request<sup>3</sup>, the number of students requesting hardship funding nearly tripled between 2018-19 and 2020-21 at 95 UK universities. Further to this, a National Union of Students (NUS) survey of 3,500 students in June 2022<sup>4</sup> highlighted that there has been an increase in students seeking financial support. The main sources of support were identified as financial support from family (42%), savings (40%) and using credit cards (33%). A further 20% said they had accessed support from the UK Government and 9% had used their University Hardship Fund. The reliance on credit cards to fund living costs is a concerning trend and inevitably unsustainable. This may lead to future debt issues and increasing financial pressures for some students.

The NUS survey also highlights that around a third of students believe institutions could be doing more to support them, including financial support, addressing tuition fees and support with accessing more affordable food. The National Student Money Survey 2022<sup>5</sup> found that over two in five students in the survey (43%) felt as though they had not received enough information about the funding that could be available to them. This highlights the importance of universities providing clear and concise information and signposting to hardship support schemes, eligibility criteria and application processes. It is also important to ensure that there is clear messaging and timescales around financial support application processing to manage expectations and identify those students who may need more immediate support.

We have undertaken a benchmarking exercise - see Appendix 1 - comparing a sample of university websites in terms of the clarity of messaging, application processes and FAQs. This highlighted a good level of information and signposting in relation to hardship funding and support, including eligibility and processing timescales. The one area that was inconsistent was around information on the documentary evidence that might be required for the application process. This varied between mentioning that bank statements would be required to providing a detailed checklist of the types of evidence that may be required. Providing as much information as possible on supporting evidence up front could help prevent delays with students providing evidence during the application process.

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<sup>3</sup> <https://www.bbc.co.uk/news/education-61883656>

<sup>4</sup> [https://assets.nationbuilder.com/nus/pages/38/attachments/original/1666094362/NUS Cost of Living Research June 2022 - Students and Apprentices.pdf?1666094362](https://assets.nationbuilder.com/nus/pages/38/attachments/original/1666094362/NUS_Cost_of_Living_Research_June_2022_-_Students_and_Apprentices.pdf?1666094362)

<sup>5</sup> <https://www.savethestudent.org/money/surveys/student-money-survey-2022-results.html>

## Impact on Students

The cost of living crisis has come in the wake of the COVID-19 pandemic, which itself brought many challenges for students. In dealing with the impact of COVID-19, student mental health was a concern. In July 2022, Student Minds commissioned a survey of 500 university students, half (51%) of the students surveyed said that the rising cost of living was impacting their mental health. This was the number one issue identified, above studying and exams (45%), loneliness (36%), and the Covid-19 pandemic (12%). The survey also found that almost one in three students were struggling financially.<sup>6</sup>

Findings from the National Student Money Survey 2022 also highlighted that:

- students are experiencing inflation that is higher than the national average. Living costs have seen a 14% increase since 2021, with the average student now spending £924 per month. In London, the average is £1,089 per month
- the average student's Maintenance Loan falls short of covering their living costs by £439 every month. This is a big increase from last year, when the shortfall between average Maintenance Loans and living costs had been £340
- one in ten students in the survey has used a food bank in the last academic year
- eighty-two percent of students worry about making ends meet
- four in five have thought about dropping out of university at some point. This includes 52% who have thought about dropping out due to money worries.

This shows that financial pressures are impacting on students' mental health and forcing many students to think about leaving their studies. Demand for pastoral support services is likely to rise, given the reported increases in student mental health issues and anxiety associated with the cost of living crisis.

The NUS survey also highlighted that two in five respondents indicated that the cost of living crisis is having a major impact on their income, while a third claim it is having the same effect on someone who supports them financially. Disabled respondents, parents and carers and estranged respondents are particularly affected. The increased cost of living is hitting all households and students who have, in the main, relied on financial support from their parents, may now not have access to the same level of support. This also means that students from low-income families are under even more financial pressure and will be disadvantaged if they do not receive adequate support. With increased travel costs, students who commute to university have also been further impacted, and international students who do not have access to maintenance and support will be experiencing the pressure of the rising cost of living.

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<sup>6</sup> <https://www.moneyandmentalhealth.org/cost-of-living-students/>

## Examples of University Hardship Support Initiatives

Universities have introduced a diverse range of initiatives to help students with basic living costs. From a review of website information, we have identified the following examples of practices relating to these schemes across the sector:

- **Food voucher schemes** – providing students with a £50 gift card for a low cost supermarket near the university. The card allows students to purchase essentials such as: groceries, infant formula milk, toiletries such as shower gel and toothpaste and home essentials such as laundry products.
- **Emergency food boxes** – emergency boxes with three days' worth of food.
- **Grocery shelves** - across campus and in halls with food and essentials to take for free.
- **Warm and welcome campus** – providing warm spaces, charging for mobile devices and showers within campus.
- **Affordable food options** – providing affordable food options on campus, free breakfasts and free lunches and Café discounts, providing campus catering vouchers for some students.
- **Accommodation discounts** - some institutions are freezing or discounting rents for university-owned and managed accommodation.
- **Emergency loan schemes** - emergency loans intended to support students in crisis. They are relatively small (e.g., max of £100 per student) and must normally be paid back within six weeks. Bridging loans are offered to students if loans are late in coming through.
- **Microwaves and hot drinks** – some universities offer free tea and coffee to all students and kitchens with microwaves.
- **A cost of living website hub** – a dedicated cost of living website hub which includes signposting to hardship fund information and schemes such as food discounts and emergency food boxes.
- **Promoting job opportunities** – promoting job opportunities to help increase student income.
- **IT equipment** - offering free recycled IT equipment to students.
- **Online cookery classes** – providing recipe cards and bags of ingredients needed to make a weekly meal during online cook-along sessions.

Considerations for universities in relation to hardship support schemes, are ensuring that the practices are communicated to all students, universities are clear about how long the support/services will be in place, and ensuring that they can continue to be funded and delivered if demand is high.

## Appendix 1 - Hardship Support Benchmarking Activity

Completed across February 2023, we provide a comparison of four universities' websites to assess how they compare in terms of clarity, helpful pointers (FAQs), progress updates, turnaround targets, etc., in relation to hardship fund support. We selected these four institutions due to their varied student population sizes and anecdotal evidence that they were offering a good range of hardship initiatives.

	Student Population
Institution A	<10,000
Institution B	~23,000
Institution C	10,000
Institution D	>40,000

Institution A	<ul style="list-style-type: none"> <li>• This University offers Student Support Fund grants to help students with essential living costs.</li> <li>• There is information on eligibility and the application process on the University website. There is also a FAQ section which provides further information, including processing timescales and the initial supporting evidence required.</li> <li>• This University has a Food Pantry which is funded through the University's hardship fund budget. Any student can choose five items each week from the shelves of food, stocked with essentials such as pasta, rice, tinned goods, cereal, and bread.</li> </ul>
Institution B	<ul style="list-style-type: none"> <li>• This institution has launched a cost of living hub which includes links to the following support:</li> <li>• Information on the Student Support Fund – there is information on eligibility, the application process and the types of evidence that may be required, e.g., bank statements; however, there is no exhaustive list of evidence that might be required. There is information provided on processing timescales and signposting to the money advice team if further support is required.</li> <li>• Students applying for hardship funding are signposted to the Blackbullion money management website to complete a budgeting module.</li> <li>• The cost of living hub also contains information on: <ul style="list-style-type: none"> <li>○ Food vouchers</li> <li>○ Café discounts</li> <li>○ Emergency food boxes with three days' worth of food items</li> <li>○ Grocery shelves</li> <li>○ Warm and welcome campus - warm library, charging for mobile devices and showers</li> <li>○ Stationery offers</li> <li>○ Free recycled IT kit</li> <li>○ Gym membership discounts</li> </ul> </li> </ul>

Institution C	<ul style="list-style-type: none"> <li>• This institution has a dedicated web page for cost of living support which includes a section for both students and staff.</li> <li>• The student support page contains information on the following support: <ul style="list-style-type: none"> <li>- Funds and food vouchers for students in urgent need</li> <li>- Warm spaces – on campus spaces, facilities and evening activities</li> <li>- Improved free Wi-Fi and access points within campus and at some external locations</li> <li>- Affordable food on campus</li> <li>- Subsidised bus travel</li> <li>- Free access to period products</li> <li>- Free TV and Film via Box of Broadcasts</li> <li>- Free laptop loans</li> </ul> </li> <li>• This institution has a Student Hardship Fund web page which includes information on eligibility, the application process, timescales and how the funds will be paid. This institution does not provide a list on the web page of the types of supporting documentary evidence that may be required. Students are signposted to the Blackbullion money management website to complete a budgeting module.</li> <li>• This University has revised its Exceptional Circumstances process, which now allows students to access a seven-calendar day extension to coursework up to three times per semester. No evidence is required for students to access this, and it is in place to ensure students have the flexibility to balance study with other commitments, such as paid work.</li> <li>• The University is increasing the level of stipend payments as part of its own scholarship programme by 10% and topping up the level of scholarship payments made by third-party scholarship funders by an additional 10% or up to the UKRI stipend level of £17,668.</li> </ul>
Institution D	<ul style="list-style-type: none"> <li>• This institution has a dedicated web page for cost of living support. There is clear signposting to mental health and well-being support on the cost of living web page. There is also signposting to further support and extra financial support including emergency loans, grants, budgeting guidance and signposting to the food bank.</li> <li>• This University provides clear guidance on eligibility and how applications are assessed, clear information on how long the application will take to complete, a document/evidence checklist is provided prior to application so that students are clear on what documentation is required.</li> <li>• There is a step by step guidance document on completing the application and an email address for the funding team should further support be required with the application.</li> <li>• There is clear information on processing timescales, when payment will be received and how students will be notified.</li> </ul>

## We can help

We have undertaken student hardship related reviews as part of our annual programmes. It's also clear that the cost of living crisis impacts across university activities – and we factor that into our work as well. If you want to know more about Uniac and our specialist staff, visit us at [www.uniac.co.uk](http://www.uniac.co.uk)



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