

THE STUDENT COST OF LIVING CRISIS

This briefing highlights how current and proposed levels of student maintenance support are falling short, and makes the case for improved student maintenance support in line with inflation.

The latest proposed changes to student maintenance will have a ‘negative impact for students’

On Thursday 25 January, the government announced that maintenance loan payments would rise by 2.5% from September 2024 for students in England.

On Friday 26 January, the Department for Education released [its Equality Impact Assessment](#) for HE student finance in 2024/25;

- This admitted that the 2.5% increase to grants and loans for 2024/25 **“will not provide any catch up of the real terms losses already seen by students in the 2023/24 academic year due to high inflation.”**
- The analysis concedes that **“increases in maximum loans and grants for 2022/23 and 2023/24 have not maintained their value in real terms.”**
- They pointed out that a 21.6% uplift in 2024/25 would now be required to maintain the value of maximum loans and grants in real terms (as measured by RPIX using 2020/21 as the baseline. A 15.5% uplift would be needed if CPI is used as a baseline).
- The DfE’s overall assessment is that the **“proposed changes will have a negative impact for students with and without protected characteristics.”**

Student maintenance support is now falling far short of student living costs:

- The student maintenance package in England is at its lowest real terms value in seven years.
- According to the [National Student Money Survey 2023](#), the average student’s maintenance loan falls short of covering their living costs by £582 per month (up from £340 in 2021).
- In December 2023, [the Sutton Trust](#) found that for 57% of students, their essential spending was higher than the current maximum maintenance loan (£9,978). For 19% of students, their housing costs alone were higher than the maximum loan.

Students from the poorest families are the most impacted, and social mobility may be threatened as a result:

- Given the parental earnings threshold has been frozen since 2008, fewer students are eligible for higher loans than in previous cohorts. [Analysis from the IfS](#) shows that students from the poorest families are therefore £1,500 worse off this academic year as a result.

- In 2023, the [ONS found that](#) young teenagers from lower-income households were less likely to plan to still be studying in two years' time.

Universities, Students' Unions and the Government have increased support, but current hardship funding cannot meet demand:

- A 2023 [Save the Student](#) survey found 21% of students said they had received hardship funding from their university in the past year. This is up from 12% who said the same in the previous year.
- The additional £15m delivered for hardship support in England in early 2023 was welcome but was far outstripped by demand. [This was worth only £10 per student.](#)

Increasing maintenance support for students commands popular support:

- In October 2023, a [Public First report](#) found that student maintenance support is broadly popular among the public. 55% were in support of reintroducing maintenance grants, even assuming the extra cost would be paid for through increased taxation.
- 50% of respondents said they would be more likely to vote for a party which pledged to reintroduce maintenance grants. Just 8% said they would be less likely to do so.

UA RECOMMENDATIONS

- In the short-term, **student maintenance loans should be uprated to keep pace with the increased cost of living.** Any uprating should be linked to the minimum wage, as proposed in the [Augar Review](#)
- In the medium-term, we recommend the **reinstatement of means-tested maintenance grants** for the students who are most in need of them. This will ensure that everyone is able to access higher education in a fair and equitable way.