The MONEY Charity

Set up to fail? The reality of money management at university

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Introduction

At The Money Charity, our vision is for everyone to be on top of their money as a part of everyday life.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

Financial capability starts at a young age, but for many young people it's not until they leave home for the first time that they have to deal with the reality of money management. And as more and more young people are encouraged to go to university, student finance is increasingly important to their financial capability and their future engagement with money.

The way in which young people manage their money at university helps to shape their attitudes towards financial management throughout the rest of their life – that's why every year we publish the Student Money Manual, the essential guide to student finance and managing money at university.

> *Of students don't have enough to live on after accommodation costs, they're being set up to fail*

For the majority of the 360,000 new full-time undergraduate students each year, their first instalment of maintenance loan and grant represents the single largest sum of money they have ever seen or been responsible for. This places a huge amount of pressure on students to use that money sensibly. But if after accommodation costs they don't have enough to live on, they are being set up to fail. We can't expect students to become responsible savers, credit users and planners if staying out of the red at university is impossible.

This research sets out for the first time the minimum cost of university-owned accommodation at universities across the UK. Our analysis, based on over 150 responses to Freedom of Information requests from universities and Oxbridge colleges, shows for the first time how students are expected to part with large amounts of their maintenance support for their halls.

For students from the lowest-income backgrounds, this means that the maintenance support they receive doesn't in fact cover their living costs. Because they're less likely to have money available from their families, this leaves them having to work alongside their studies or rely on credit – not to fund a lavish lifestyle, but just to get by.

That is scandalous enough. But the issue runs deeper than that, and affects students from households at all levels of income. If even the maximum student support available doesn't cover the cost of student living, then students who receive less than this need their parents to contribute, potentially to the tune of thousands of pounds a year.

For some families this will be possible, but for others, the level of contribution they need to make – which could be as high as £750 every month – will come as a huge, unwelcome shock. Both of these scenarios leave students facing the unenviable choice of bearing financial pressures at the very start of their journey into financial independence or dropping out of university. With students starting in September 2014 facing the prospect of graduating with debts of close to £50,000, it's essential for their future financial wellbeing that these pressures aren't compounded by additional, unavoidable debt while at university, and that surviving on maintenance support is not an impossible task.

The inclusion of financial education in the National Curriculum from September 2014 will give a generation of schoolchildren the chance to learn about money and money management, but we are failing them if the moment they enter Higher Education they are left fighting a losing battle to put those skills into practice.

This is an important issue for hundreds of thousands of students and their families every year. We call on governments and universities to be clearer about accommodation costs and the contributions expected by families towards student living, to make maintenance payments and accommodation payments monthly rather than termly, and ultimately to work together to ensure that student support covers reasonable accommodation costs, so that students are supported to develop their financial capability as they stand on the brink of financial independence.

Michelle Highman, CEO, The Money Charity

Executive summary

Student finance has rarely been out of the news since the introduction of tuition fee loans in 2006 – whether it's rebellions in Parliament, student protests in central London, or the current debate over what the repayment system means for public finances.

But the political furore over the cost of a university education has masked an important part of university life: whether the support for living costs actually provides students enough to manage on – and what that means for them in the future.

Successive governments have focused on improving access for disadvantaged students to the best universities. The Office for Fair Access (OFFA) was established in 2004 to "promote and safeguard fair access to higher education for lower income and other under-represented groups", but although it collects data on completion rates it doesn't capture students' experience during their time at university. There is currently no official body tasked with monitoring students' experience of university, including their financial situation.

Access to university is important, but shouldn't mean we ignore how students cope once they are there. Tuition fee loans mean every student can meet the upfront cost of tuition, albeit by incurring significant debt. But there is no such guarantee that maintenance support will match the cost of student living.

At some universities students have to pay two-thirds of their support for even the cheapest accommodation available

This is a vital part of the student experience. Our previous research[1] found that found 27% of students don't have enough money to cover their living costs, while money worries were the single biggest negative aspect of university for current students. Financial stress can also have a big impact on mental health – if students don't have enough to live it not only affects them financially, but can have far wider implications.

For most students, university halls are the biggest expense in their first year, with many universities guaranteeing a room for first-years. These halls have a number of advantages: they are often of good quality, and take the stress out of househunting; they provide social opportunities to students living away from home for the first time; and as most include utilities in their cost, there is less risk of unexpected bills.

But they also come with a cost. We found that the average cost of a room outside of London was £4,100 – in London this was £5,400. Based on the latest research from the Department for Business, Innovation and Skills and our own findings, this means students from England need to find as much as £750 a month on top of their support - whether from family, working, or using credit. Even more worryingly, the lowest-income students outside of London need around £346 a month.

[1] http://themoneycharity.org.uk/media/Credit-Action-Final-Reporting-Presentation-March-2013-22-Mar.pdfCredit-Action-Final-Reporting-Presentation-March-2013-22-Mar.pdf

And looking only at the cheapest university rooms, we found:

- A single, self-catered room cost on average £3,411, or £5,232 in London. For catered accommodation this jumps to £4,521 and £5,985 in London.
- Students at many universities face paying 50% or more of their support on accommodation, even if they receive the maximum possible in loans and grant;
- Almost no universities offer accommodation below 35% of the maximum support – the widely-recognised threshold for affordable housing costs;
- Some universities have no accommodation costing less than two-thirds of the maximum support, leaving the poorest students to pay all of their food, course, and social costs from as little as £40 a week; and
- Students in Scotland from the lowest-income households are left with just £54 a week in the average room in London.

If even the cheapest university rooms are unaffordable, we're setting students up to fail financially, increasing the pressure on them at university and damaging their ability to develop vital money management skills that will have implications throughout their adult lives. And it's not just skills – it can also greatly damage motivation for staying on top of their money. If it's impossible at university, it sends the message that there's no point in doing it once you're working, which could have devastating consequences.

In reality, some students will have no choice but to pay far more than the cheapest accommodation. Although students are often able to express a preference for particular halls, there is no guarantee they will be offered those halls, and we know anecdotally of some students only being given a choice of accommodation that costs far more than their maintenance support.

If universities – and governments that set the levels of student support across the UK – are serious about helping students to stay on top of their money at university, we need to see action now:

Universities and governments should work together to make sure that reasonable accommodation costs are affordable for students – whichever part of the UK they're from.

Parents need to be clear about the support they are expected to provide.

Accommodation costs must be presented clearly and comparably.

Student finance and university accommodation rent should be monthly, to make budgeting easier and to make the transition to renting privately and the world of work smoother.

Findings

The cost of university accommodation

For many students, living in university halls will be their first experience of living away from home. Most universities offer first-year undergraduates university-owned and managed halls, and some guarantee that all new students will get a room.

These halls are often of good quality compared to private housing, and mean students don't have the hassle of trying to arrange viewings – and find housemates – in a new city. They also offer a great opportunity to meet other students outside of their course.

But they're not cheap. In halls outside London, the overall average cost for a room was £4,100, while in London this rose to £5,400. We've mostly looked at the cheapest accommodation for a standard lease of around 39 weeks, but in reality these halls won't be available to all students. Some will be allocated to halls far more expensive than the cheapest a university has to offer – so our findings below are really a 'best-case' scenario.

Students should choose their university based on location and course, not accommodation cost. But by the time they've accepted an offer they could be stuck shelling out. In reality it's pot luck whether a student will end up at a university where they can afford the accommodation.

Students on the maximum support

At **28%** of universities across the UK, the cheapest accommodation **cost more than half** of the maximum student support available for a student from England

At some universities, the cheapest accommodation took up **two thirds** of the support

The average cost of a room would leave a low-income, English student with around **£350 a month**

Students on the maximum support

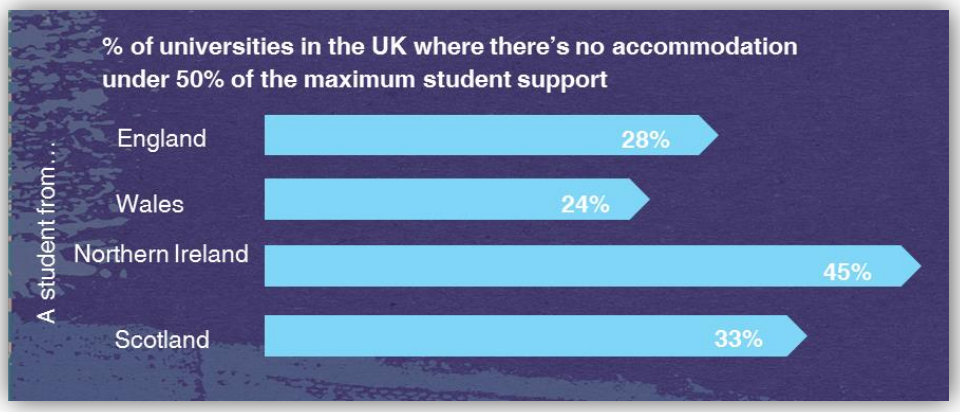
Students who get the maximum support are those from the lowest-income households, so it's essential that the maintenance support they receive covers their living costs. If it doesn't, they can't rely on borrowing money from family, leaving them to work alongside their degree or turn to credit.

There's no single measure of affordability when it comes to accommodation costs. But one definition that's used by the housing charity Shelter is that to be affordable, accommodation costs shouldn't be any more than 35% of income[2].

As this chart shows, finding any university accommodation below this threshold is a challenge. Wales has the highest maximum support of all the countries, but even a student receiving this only has a one in three chance of finding a university where there's any accommodation under this threshold. A student from Northern Ireland, meanwhile, would find that less than one in 10 universities in the UK has nothing below 35% of the maximum support.

Shelter state that the 35% threshold is at the top end of income-to-accommodation cost ratios, although this only covers the cost of the accommodation space – not any associated bills. University accommodation costs include more than just the room: utilities, internet, and even gym membership can come as standard. So it's not unreasonable for the cost of university accommodation to be a bit higher compared to students' income.

However, our research found that high proportions of universities charge at least **half** of students' maximum support for their cheapest accommodation – including shared rooms:



[2] http://england.shelter.org.uk/__data/assets/pdf_file/0008/425708/London_Rent_Watch.pdf

The chart above shows that a student from England would face paying half of their maintenance support on halls at over a quarter of universities across the UK, with a Welsh student faring slightly better. A Northern Irish student, on the other hand, would have to pay over half of their maintenance support at nearly half of universities across the UK.

These figures are for universities across the UK. But England, Wales and Northern Ireland all increase the amount of support available for students in London to account for the higher living costs, so we have also analysed London universities separately.

Despite the higher levels of support available, the situation in London is actually even worse, with even a student under the most generous system paying half their maintenance loan on accommodation at a third of universities.

This puts students at an immediate disadvantage when it comes to managing their money. If half of the maximum support available is swallowed up by accommodation costs, then even students who are trying to be savvy and limit their spending will find themselves with little left.

Students in Scotland are particularly stuck if they want to study in London. Although the maximum they can get is generous compared to Northern Irish students outside of London, their system doesn't take into account the higher living costs in the capital. This leaves them with £800 less a year than a Northern Irish student in London – and a whopping £1,300 worse off than a student from Wales.

The proportion of their maintenance support that goes on accommodation wouldn't be such a problem if the amount left over was enough for students to manage on. The chart on the left shows how much, based on a 39-week academic year, a student getting the most support available would have to live on in the average accommodation.

This amount has to cover everything a student spends outside of their accommodation costs - both their essential and discretionary spending. That includes their food, transport, course books and toiletries, but also their mobile phone contract, nights out with friends, clothes, as well as gigs, music, and tickets home at Christmas and Easter.

[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

For anyone, having £350 a month left after accommodation would be an extremely tight budget – it's the equivalent of an adult on a £21,000 salary paying more than £1,000 a month in rent and bills. But particularly if they're not experienced at budgeting, managing on this budget is likely to put students at risk of becoming reliant on their overdraft or other forms of credit.

The chart also shows the levels of variation between the student finance systems – a Northern Irish studying outside London would have £258 a month to live on while a Welsh student would have nearly £150 more to spend each month. Scottish students in London, on the other hand, would have a monthly budget of £233 - less than half of what a Welsh student would have.

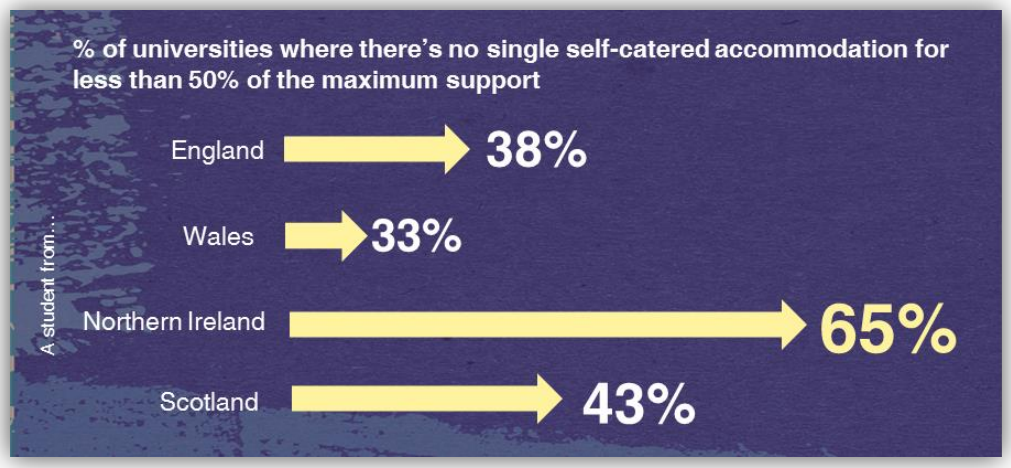
Catered vs self-catered

The average accommodation costs cover both catered and self-catered accommodation – but students would need more money left after the cost of their room in self-catered accommodation as they would have to buy their own food. In our sample the average cost for the cheapest single self-catered room was £3,411 – or £5,232 in London. For catered accommodation this jumps to £4,521 and £5,985 in London.

Self-catered

Looking only at single, self-catered accommodation (the most common room type, offered by more than 90% of universities), students would be unable to find a room costing less than half of their support at anything from a third to two-thirds of universities.

A student from Wales would be unable to find any single self-catered accommodation costing less than half the maximum support at a third (33%) of universities across the UK. For an English student this rises to 38%, or 43% for a Scottish student. A Northern Irish



student would face paying half of their support at 65% of universities.

We found halls at Heriot-Watt University in Edinburgh with no catering provided but that also had no kitchen space, meaning a student would have to buy all their meals out – a much more expensive option than chucking some pasta and tomato sauce in a pan.

[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

And if you're a thrifty student who happens to be tall, watch out – at Kingston University, the cheapest accommodation of this sort comes with a warning that the room is not suitable for people over 6ft.

At two universities – Liverpool and Aston – the cheapest self-catered accommodation is more than £4,800, a massive two-thirds of an English student's maximum support. A student studying at these universities would find it even harder to make ends meet, even if they got the maximum available in loan and grant:

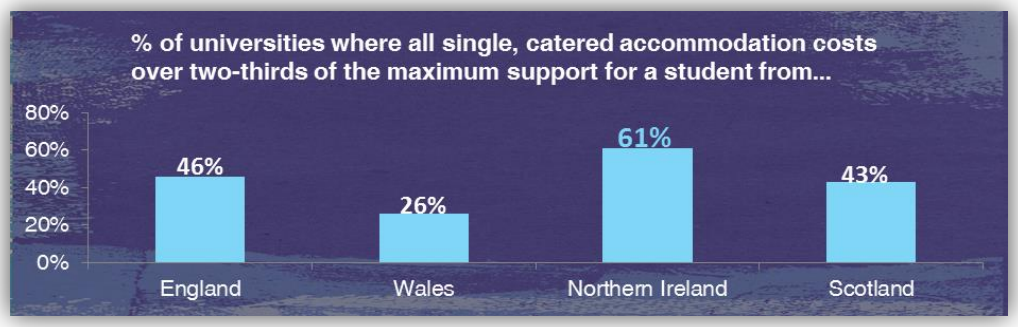
Weekly budget for a student on the maximum support at Aston or Liverpool

England Wales Northern Ireland Scotland

Catered

For catered accommodation, students' spending outside of their accommodation will be lower, as some food will be provided, although the number of meals varies widely from breakfast only to lunch and dinner. However, our research still found that even with a higher threshold of 67% of the maximum loan, lots of universities offer no affordable catered accommodation.

This chart shows that catered accommodation is slightly more affordable than self-catered – Welsh students could find catered accommodation for less than two-thirds of their support at about three quarters of universities that offer it, while Northern Irish students would be able to choose from about 2 in 5 universities.



[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

But this masks a wide range of catering options, and how much additional food a student would need to buy. It's also less available - fewer than two fifths of universities in our sample offered single, catered accommodation.

Two Oxford colleges that do offer catered accommodation – including all meals – are St Benet College and Harris Manchester College. Harris Manchester charges £5,055 for its rooms, while St Benet costs a huge £6,066. These colleges only admit a small number of students, but they're nearly completely out of reach for low-income students, who would spend 70% of their support at Harris Manchester and 84% on a room at St Benet.

And if a student wanted to top up their student support with earned income, they'd have to do it outside of term-time: the University of Oxford's website is very clear that "[t]erm-time employment is not permitted except under exceptional circumstances and in consultation with your Tutor and the Senior Tutor". Charging such high amounts for accommodation then banning students from working to afford it places students in an impossible position. There's nothing wrong with rooms being offered at these prices, but they shouldn't be the only option.

[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

Letting the poorest students down

However you define affordable university accommodation, our findings show clearly that many universities don't offer any halls at an affordable cost.

Students choose their university on a range of factors: the university and course's reputation, its closeness (or distance!) to home, and the town or city they'll be living in. But they don't choose it based on the cost of their accommodation – meaning by the time they've accepted a university's offer, it might be too late work out how they'll manage to live there.

But while the sheer size of the costs might rankle, the real issue is how students on the maximum support will manage. These students are from the lowest-income families, so probably can't rely on the Bank of Mum and Dad to support them, leaving them to find other ways to pay their way through university.

One option is to pay for their living costs by working alongside their studies. But attitudes towards part-time work vary greatly across universities, with many putting restrictions on the number of hours students can work or even banning students from working altogether.

Even if a university does allow part-time work while studying, many courses expect students to spend 35 hours a week or more on their studies. Finding a job that fits around this can be challenging, and could put students at a disadvantage in their studies compared to their coursemates. There's also no guarantee that their work will be regular – which is important if they're relying on it to cover their living costs – or flexible around their exams.

More worrying is the possibility of students relying on credit, whether an overdraft or a credit card, to see them through university. The student finance system has caused controversy because of the amount of debt it leaves young people with, but at least it is only repayable when that student is earning over £21,000 a year. The same can't be said for commercial lending – if a student has racked up a credit card debt while at university, that's real debt that will be due regardless of their earnings, or if they have a job at all, making the already pressured scenario of finding a job and living entirely independently for the first time even worse. If they struggle to repay, their credit rating could be damaged – it is entirely plausible that financial difficulties at university could lead to problems getting credit in future, or even renting a property. This surely isn't a situation we want to put any young person in.

Having no choice than to borrow or work while studying is bad enough. But there is a more fundamental point. The entire principle of fair access is undermined if efforts to improve access to university for low-income students are undone by a high accommodation costs that aren't covered by their support.

[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

Students on the minimum support

English and Northern Irish students would need almost £500 before they could pay for the average accommodation

At 28% of universities, students from England need extra money just to put a roof over their heads

Parents could face paying £750 a month to cover living costs

Students on the minimum support

For students on the minimum support, the situation is different. These are normally students from higher-earning households whose parents are expected to contribute towards their living costs, so the support they receive doesn't need to cover all of their living costs.

However, that doesn't mean that they're unaffected by high accommodation costs. The entire student maintenance system is based on household income, and the principle that parents who earn more are expected to contribute to their child's education. But we don't believe that this has been made clear enough to families – or society in general. Much more should be done to make sure parents are clear about what they will need to contribute before a student applies, as well as when they receive confirmation of their entitlement to the loan and grant.

There are two issues with this: even if parents do give their child a monthly allowance, they may not realise that they're not just giving 'pocket money' – they are *expected* to do so under the system. The second issue is that parents needs to realise quite how *much* they will need to top their son or daughter up to afford their accommodation and other living costs. It's not impossible that a high-earning household that immediately diverts a large amount of their income to a pension or a notice savings account could find contributions to their child's time at university difficult to manage if they weren't expecting it. Students, and particularly their families, need to know how much extra support they'll need so that they can plan ahead.

Additionally, and most concerning, some students who could be from relatively low-income households might only receive the minimum loan if their parents do not provide proof of income. Anecdotally we are aware of some situations where the parents – or the parent and the student – are not on good terms, so one or both have refused to prove how much they earn. In these cases they would only receive the minimum available loan, even though their family's income might actually be too low to support them.

We've looked below at how university accommodation costs compare to the minimum loan – depending on the system of funding a student comes under, this could apply to households earning over £35,000 (in Scotland), or only to those earning as much as £61,132 (England). But these are in most cases a minority of households. Most families' earnings will fall in between the minimum and maximum thresholds for support – meaning that they will have to provide some degree of extra support.

The obvious thing to do would be to top up their child's maintenance support to the maximum available, as this should in theory be enough to live on. But as our research in the previous chapter highlighted, this isn't necessarily the case, meaning that even for those who *can* afford to support their child through university, the decision about how much is reasonable to give is difficult.

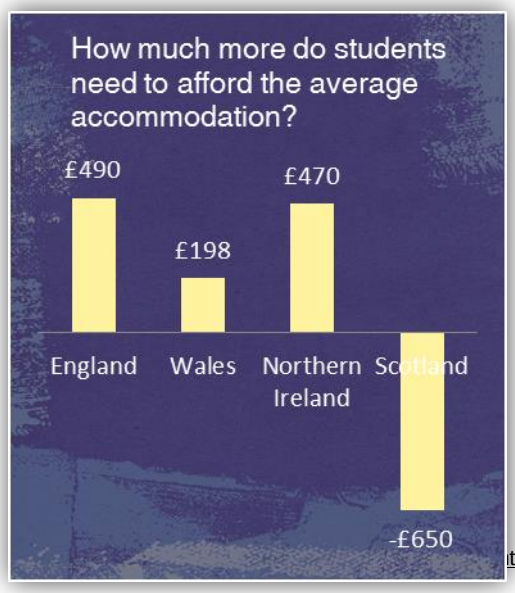
At up to 28% of universities in the UK, parents would need to top up their child's maintenance loan just to put a roof over their heads:

[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

Even under the Scottish system, which has the highest minimum loan, around 1 in 10 universities have no accommodation that the minimum loan would cover. For Welsh students this rises to 1 in 5 – and to over a quarter for English or Northern Irish students.

In London the situation is even worse, with students at up to 42% of universities needing extra money just to cover their accommodation:

As with the students receiving maximum support, the lack of a London weighting means students from Scotland will have a harder task to find accommodation that they can afford with their loan than students from elsewhere in the UK. And even the proportion looks similar to that for English students, it will affect families earning a lot less, as we pointed out earlier.



If we look at the *average* cost rather than the minimum for non-London universities, we can see that students from anywhere except Scotland would need additional money just to afford a room:

English and Northern Irish students would need almost £500 a year before they could pay for their accommodation, while even a student from Wales would need £200. For Scottish students the minimum loan is more generous – at £4,750 it's more than £800 more than any other

t-income-and-expenditure-survey-2011-t0-2012

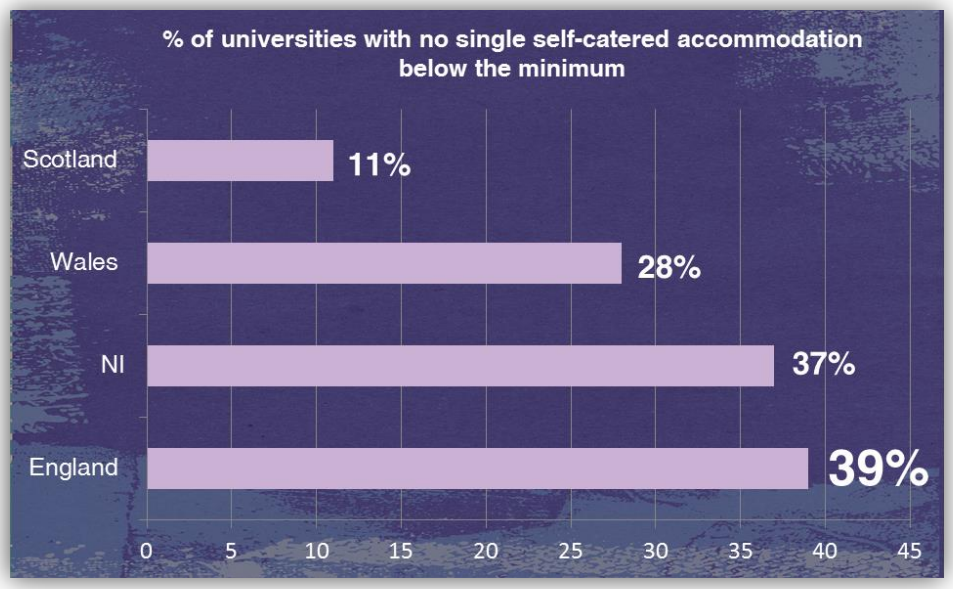
country's – and they would have £650 left over after paying for the average accommodation.

In London, Welsh students would have a small amount left over if they paid the average rent for halls in London – but students from anywhere else would rely on parents to cover their accommodation, never mind their living costs. Scottish students, meanwhile, are almost entirely priced out. A student from a family earning over £35,000 would need to find £650 just to afford their London halls.

At first this might not seem like a huge amount to expect better-off parents to pay – but then you realise that this is before any extra living costs are covered. Somehow that student and their family would need to find thousands of pounds to cover the rest; a major financial commitment.

Self-catered accommodation

Scottish students who only receive the minimum maintenance loan can cover the cost of single, self-catered accommodation at nearly nine out of ten universities – but students from England, Wales or Northern Ireland are more likely to need further support.



[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

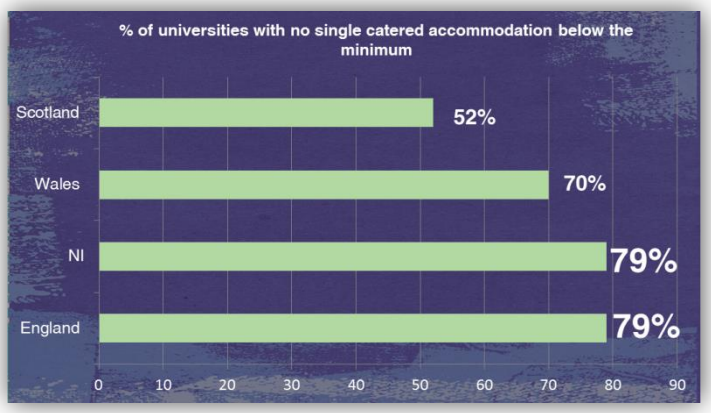
Students at Liverpool and Aston would be left with a shortfall no matter where they were from. The chart below shows how much students would need to find – and how many hours on the minimum wage they would need to work every week to make up the difference.

To expect a student to work for a few hours a week might not at first seem unreasonable. But if you also consider that this is the equivalent of close to a full day's work each week on top of a full-time degree course and the fact that this money is needed *just to afford their accommodation*, the picture starts to look very different.

Catered accommodation

For catered accommodation these figures are even bleaker. Better-off parents might think they're just giving their children a helping hand by giving them some money while they study. But in fact that money is vital for them to afford their accommodation.

Nearly four out of every five universities that have single catered accommodation charge more than the minimum loan for an English or Northern Irish students – and even students from Scotland, which has the highest minimum loan for students studying outside of London, would only find it covers their costs at about half of universities.



[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

An unwelcome surprise

There's nothing wrong with the principle that parents who earn more money should contribute to their child's living costs at university. But our research lays out for the first time just how much they will need to contribute – it's essential for those parents that they are aware of the true cost of university accommodation, and that the amounts they have to contribute are affordable. Otherwise they risk facing an unwelcome surprise – and a hefty bill.

But, of course, it's not just accommodation costs that will need to be covered. The latest Student Income and Expenditure Survey from the Department of Business, Innovation and Skills[3] found that, after tuition fees and housing costs, students outside of London spent an average of £6,266. Students in London actually spent less – £5,236 – possibly because their housing costs were much higher so they had no choice but to cut down on other spending.

This is only an indicator of how much students need to live on, but it's clear that it far outstrips the current level of support available. Adding the figures from the Student Income and Expenditure Survey to the average accommodation costs in our sample, a student outside of London needs around £10,366 a year to live on. A high-earning English household would need to contribute £750 a month outside of London to reach this level – and even the lowest-income students who receive the full amount of loan and grant would have to somehow find £346 each month.

Most households will need to contribute somewhere between these two amounts, but this sets out in stark terms how much they'll need to provide - or how much students will have to cut back their spending or work. Government policies in recent years to widen access to higher education have come with the message that everyone can afford to attend university, but our research shows that this just isn't true, or that at the very least they can't do so without severe financial constraints.

The home nations

These results are for universities across all of the UK, but obviously some students will restrict their choice to 'home' universities. Students from Wales can get a grant for part of their tuition fees, while Scottish students who study in Scotland don't pay tuition fees at all – both of these policies might encourage more Welsh and Scottish students to study at home universities.

We did find that universities in Scotland, Wales, and Northern Ireland tended to offer accommodation that is more affordable for students on their finance systems – whether the maximum or minimum support – than universities across the UK. But if the student support doesn't give them enough to live on, they have their choice of university restricted. And as not all courses are offered by all universities, some students might have no option but to go elsewhere in the UK to study their chosen subject, so it's important that student support covers reasonable accommodation costs across the UK.

[3] https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012

Why this is important

Being left with little money after their accommodation costs undoubtedly makes university life harder and more stressful for students, and it's worrying that even for students from the lowest-income backgrounds, many universities are not offering halls at affordable levels.

Previous surveys we have carried out found that 26% of students are dissatisfied with their financial situation, and a similar proportion found their income from all sources – including support from parents or income from part-time work – insufficient to cover their living costs. Their financial situation was also the aspect of university life with which students were least satisfied.

Research from the Money Advice Service also shows the scale of the problem. Its *Indebted Lives* report found that more than half of their 'struggling student' segment found keeping up with bills a heavy burden, and that nearly three quarters had recently fallen behind with a credit commitment. This segment didn't just include university students, but is another indicator of the hidden financial pressures on this group.

If, even after getting money from their family and working, one in four students can't cover their living costs, that's extremely concerning. And the true figure could be even higher: this doesn't capture students who might be relying on their overdraft each term but don't see that as a problem, but who are in fact just postponing the financial difficulty.

Money worries are the single biggest concern reported by students, and were one of the main reasons cited by students for leaving university. It also puts students off: of students who had intended to go to university but had decided not to, we found nearly a quarter hadn't applied because they couldn't afford to go.

Our focus, however, isn't just on students struggling to make ends meet. Their experience of personal finance at university has a great significance on students' engagement with their money both at and after university. University is often the first time a young person has had to manage their money independently – taking responsibility for balancing their income and expenditure.

> *We wouldn't expect adults to be able to manage their finances on a quarterly basis – why do we think students should have to?*

If staying out of debt is essentially impossible because of the high price of accommodation, the temptation is clear: give up and accept that you can't make ends meet. This is a dangerous message to send to young people at the very start of their journey into financial independence, and paves the way for damaging financial decisions later in life.

Responsible use of credit is a key aspect of financial capability, and one that can have a huge impact on someone's life – positive or negative. But if we're forcing students to turn to

overdrafts or credit cards because of a shortfall in the support they receive, we're saying that it's fine to rely on credit just to cover your day-to-day living costs. If this attitude carries on into adult life, they're at great risk of getting into a very vulnerable financial position or, in the worst case, unmanageable debt. And, of course, debt you owe to a bank has to be paid back. The repayment system for student loans means you only have to repay once your earnings reach a certain level – but there's no such provision for overdrafts and credit cards.

The problems we identify throughout this report don't just affect students. It's right that parents on high incomes should contribute towards their child's time at university, but what's expected of them should be clear, and that expectation should cover a reasonable cost of accommodation. A household in England with a high income would have to find over £1,200 just to cover their child's accommodation costs at some universities – if you add money for living costs on top of that it becomes a big financial commitment, and one that if unexpected could severely damage that family's ability to plan their finances.

Beyond the cost of accommodation, we also found that some universities weren't clear about their accommodation costs, making it difficult for a student to plan their finances before they reach university, such as:

- Giving the cost per room for a twin room – not per student;
- Giving the nightly or weekly cost and number of weeks covered, but leaving the student to do the calculation;
- Giving the termly cost but not the annual cost; and
- Giving the weekly cost of accommodation and the start and end date of the contract, but not the number of weeks that covers.

Although there is greater support available for students in London, it still falls short for a lot of students. And determining whether a university counts as being in London requires some very niche knowledge, as we found when we looked into it – how many of us know where the boundaries of the former Metropolitan Police District lie? So the only realistic way a student can know how much they'll receive is to apply to that university then apply for student finance, meaning they can't plan ahead until the decision has been made. These are not insurmountable hurdles, but they are unnecessary obstacles in the way of students trying to plan their finances before going to university.

Even once a student does know the cost of their accommodation, it can be difficult to compare this with their support for living costs. Entitlement to support for living costs is given as an annual amount, and so too should the cost of university accommodation. This would make it far easier for students to work out how their finances will be affected by their choice of accommodation.

We want to see governments provide student support monthly, as is the case under the Scottish student finance system. This would align student finance with Universal Credit and how most salaries are paid, and would allow students to directly use the same budgeting skills at university, in work, and if they find themselves out of work.

But this would only be possible if universities also let students pay their rent monthly. Some universities already do this, and we believe that it supports students in managing their money, as well as making the transition to privately-rented accommodation much more

straightforward. If student support and university accommodation payments both moved to monthly systems, it would reduce the risk of students overspending. If a student *does* overspend badly when they receive their first payment, they won't have used up money that should have lasted them for three months. They can then start getting back on track from the next month, rather than having to wait until the next term, during which time they might struggle badly.

Ultimately, it comes down to simple common sense. We wouldn't expect adults to be able to manage their finances on a quarterly basis – why do we think students should have to?

Conclusion and recommendations

Our research paints a worrying picture of high student accommodation costs across the UK. Even though we have only focused on the cheapest accommodation available, we found that students face the prospect of spending high proportions of their loan and grant on their accommodation – forcing them to turn to parents, credit, or part-time work – which could affect their studies.

This most obviously affects students from the lowest-income households, because they're less likely to be able to rely on their families to support them at university. But the high cost of student accommodation also affects those students who receive the minimum loan or somewhere in between. Some students receiving the minimum won't actually be from high-income backgrounds, and even those that are need to be aware of how much they will be expected to pay (as do their parents, who are expected to cover some of the costs).

In practice, students might not be allocated the cheapest accommodation even if they request it, so for many students the financial pressure is even greater. We found that the average cost of accommodation outside London was around **£4,100**, while in London it was closer to **£5,400**, and students could be left as little as £54 a week.

While skills such as budgeting and prioritising spending can make a difference, they can't and shouldn't be expected to compensate for insufficient student support or overly expensive accommodation. Solving this issue is not just a matter for governments – universities themselves need to ensure that their accommodation is affordable for students, and that their awards of bursaries take the cost of their accommodation into account. It is hard to justify the fact that two universities operate no accommodation that costs less than 67% of the maximum student support available for a full-time undergraduate student from England.

We want to see action from governments and universities in three key areas: making accommodation affordable; making the cost of accommodation clear; and supporting students' financial capability management. Taken together these would mean students aren't left scrambling to afford their university accommodation and are better able to manage the money they have left, giving them more time to worry about what really matters: their education.

What we want governments to do:

- Designate a department or official body as responsible for ensuring the maintenance support is enough to live on in countries across the UK, and to influence universities to support students' money management.
- Conduct regular research into the cost of student living to inform the setting of levels of maintenance loans and grants.
- Governments and student finance bodies must explain to parents clearly and at the earliest stage possible how much they are expected to contribute, so they can plan ahead financially.

- The Department for Business, Innovation and Skills should produce a list of universities that fall within 'London' for the award of London-weighted maintenance support, so students can be sure of whether they will be eligible.
- Make funding available – either centrally or through the Money Advice Service – across the UK for financial education workshops in school that focus on student finance and money management before students reach university.
- Move towards monthly payments of student support – already done in Scotland – reflecting the reality of private renting, the world of work, and to be consistent with wider Government policies such as Universal Credit.

What we want universities to do:

- Consider the loan and grant amounts when setting rents, and not to increase rents more than the loan or grant increases in any year unless there are extenuating circumstances.
- Include a set proportion of 'affordable student accommodation' in new accommodation, which for self-catered accommodation could be set at 50% of the maximum loan or grant available.
- Take the cost of their halls into account when designing and awarding bursaries, as well as students' personal situations.
- Make information on annual accommodation costs clearly available online, so students can easily compare it with what the support they'll get. It should also be clear exactly what is included – particularly for accommodation advertised as 'catered'.
- Take a lead from Greenwich, Salford, and Southampton Solent universities, and move towards monthly payments for halls. This would ease the transition into private rented accommodation (which many students make in second year).
- We have anecdotal evidence of some universities – and some private halls – requiring the first rent instalment before the first instalment of student support has been delivered. This is indefensible; and universities should also have flexibility around payment dates if a student's maintenance support is delayed.
- Ensure that information about money management, like our Student Money Manual, and details of student money advisers, is available and publicised to students. This could be done in welcome packs in halls, or be placed in accommodation common rooms and reception areas.

Appendix 1: Methodology

We submitted Freedom of Information requests to all Higher Education Institutions across the UK asking for a range of information regarding the cost of their undergraduate accommodation. The exceptions were Oxford and Cambridge, where we submitted the requests to individual colleges. In the main report where we refer to “universities” this includes Oxbridge colleges as well as individual universities.

In total we received 154 responses. In some cases the figures were provided directly by the university or college, but in others we were directed to information provided on universities’ websites, and in these cases the figures were collated by The Money Charity in good faith.

We have not included accommodation that is specifically cited as for families or couples, or for students on certain courses (such as nursing).

Extra benefits

The vast majority of university accommodation includes more than simply the cost of rent – in nearly every case, for example, the cost of utilities (including internet) are included.

We have not controlled for additional benefits, such as gym memberships, that are included in the cost of some accommodation. We have only looked at the mandatory cost.

Catered accommodation

Where figures for catered accommodation are cited, this refers to accommodation where some meals are included in the cost. The actual number of meals per week, and the number of weeks over the year in which these are provided, varies between accommodation.

Contract lengths

Where possible, we have used figures for accommodation on a ‘standard-length’ contract, which varies from 38 to 43 weeks. Some accommodation offers shorter contracts – for example over term-time only, with a requirement to vacate the accommodation over Christmas and Easter.

While these are cheaper, we have excluded them from our analysis to aid comparison. The exception to this is some Oxbridge colleges, which have a standard lease of 30 weeks. Similarly, we have excluded longer contracts except in rare cases when these are the only length of contract available for that university’s accommodation.

Intercollegiate halls

Students at universities that are part of the University of London in some cases have the option to take accommodation in intercollegiate halls. These have been included in our analysis under ‘University of London’, but not its constituent colleges.

Every effort has been made to ensure the accuracy of any quoted figures. If you believe any of the figures are incorrect please contact us and we will be happy to amend any errors.

Appendix 2: Full-time student living costs support - the current system

Most first-year students in the United Kingdom receive support for living costs made up of two elements: a maintenance loan and a grant (or bursary). The systems for these are different for students in England, Wales, Northern Ireland and Scotland.

The amount students receive in total depends on several factors – in England, Wales, and Northern Ireland awards are made based on household income, whether the student is living at home, and whether they're studying in London. For Scottish students only household income is taken into account.

For this report we have only considered the 'standard' loans and grants available. Some additional support is available in some cases, for example through Special Support Grants, for students who themselves receive some form of benefit, or for students with dependants. Students might also be eligible for a bursary from their university, and different arrangements can apply for students on particular undergraduate courses. If another member of a student's household is currently claiming student support, the calculation of their household income can also be affected.

Below we outline the standard levels of support available for students living away from home starting in 2014/15:

England[1]

The maximum total support a student from England can receive in maintenance loan and grant is £7,249, or £9,445 if they are studying in London.

Maintenance grant

Students in households earning up to £42,620 are eligible for some form of maintenance grant. If their household income is under £25,000 they receive the full maintenance grant of £3,387, and for every £5.28 they earn above that the amount of grant they receive reduces by £1.

Maintenance loan

The maximum maintenance loan a student can receive is £5,555. This is reduced by £1 for every £2 of grant received. For students in households earning over £42,785, the loan amount is reduced by £1 for every £9.90 earned over this threshold, to a minimum of £3,610.

For students studying in London, the maximum loan is £7,751, and the minimum loan for students from high-earning households is £5,038.

[1] http://www.practitioners.slc.co.uk/media/724200/bis_1415_financial_memorandum_1415_25-2-2014_final_1.5.pdf

Wales[2]

The maximum total support a student from Wales can receive in maintenance loan and learning grant is £7,783, or £9,869 in London.

Learning grant

Students in households earning up to £50,020 are eligible for some form of maintenance grant. If their household income is below £18,371 they receive the full grant of £5,161.

For houses earning between £18,371 and £26,500, this is reduced by £1 for every £3.653 earned above the lower bound. For households earning between £26,501 and £34,000 it's further reduced by £1 for every £4.18 earned above £26,501. Finally, for houses earning above this, it's reduced by £1 for every £14.67 earned.

Maintenance loan

The maximum maintenance loan a student can receive is £5,202. This is reduced by £1 for every £2 of grant received. For students in households earning over £50,753, the loan amount is reduced by £1 for every £5 earned over this threshold, to a minimum of £3,902.

For students studying in London, the maximum loan is £7,288, and the minimum loan for students from high-earning households is £5,466.

Northern Ireland[3]

The maximum total support a student from Northern Ireland can receive in maintenance loan and grant is £6,428, or £8,368 if they are studying in London.

Maintenance grant

Students in households earning up to £41,065 are eligible for some form of maintenance grant. If their household income is under £19,203 they receive the full maintenance grant of £3,475. For every £4.55 of household income between £19,203 and £29,019 this is reduced by £1, then it is further reduced by £1 per £9.50 earned between £29,020 and £41,065.

Maintenance loan

The maximum maintenance loan a student can receive is £4,840. If a student receives more than £1,318 of grant, their loan is reduced by £1,887 minus £1 for every £17.25 earned above £19,203. For receiving under £1,318 of grant, their loan is reduced by £1 for every £1 of grant received. For students in households earning over £41,540, their loan is reduced by £1 for every £9.50 earned above this, to a minimum of £3,630.

For students studying in London, the maximum loan is £6,780, and the minimum loan for students from high-earning households is £5,085.

[2] http://www.studentfinancewales.co.uk/media/8664/sfw_assessing_financial_entitlement_1415.pdf

[3] http://www.studentfinanceni.co.uk/pls/portal/docs/PAGE/NPIPG001/NPIPS001/NPIPS129/SFNI_HYAP_1415.PDF

Scotland[4]

The maximum total support a student from Scotland can receive in maintenance loan and bursary is £7,500. There is no additional support available for students studying in London.

Bursary

Students with a household income of under £34,000 are eligible for some sort of bursary. This is £1,750 if household income is below £17,000; £1,000 if household income is between £17,000 and £24,000; and £500 if it is between £24,000 and £34,000.

Maintenance loan

The maximum maintenance loan a student can receive is £5,750. This decreases to £4,750 if household income is above £34,000.

The table below illustrates the rates of student support available for students living away from the family home in 2014/15, in a household earning £25,000 a year:

Country of residence	**Loan amount**	**Grant/bursary amount**	**Total**
England	£3,862	£3,387	£7,249
England (studying in London)	£6,058	£3,389	£9,445
Wales	£3,529	£3,347	£6,876
Wales (studying in London)	£5,615	£3,347	£8,962
Northern Ireland	£3,289	£2,202	£5,491
Northern Ireland (studying in London)	£5,229	£2,202	£7,431
Scotland	£5,750	£500	£6,250

This clearly shows the disparities between the different maintenance support available for students from households on the same income – students living in England receive more money for living costs than any other part of the UK. A student in England studying outside of London, in a household with an income of £25,000, would receive £1,758 more than a Northern Irish student in the same situation (£45 a week for a 39-week course).

This gap is dwarfed, however, by the difference in support available between English and Scottish students studying in London. Because there is no 'London weighting' for the available loan for Scottish students, this gap is £3,195 – or £82 a week for a standard 39-week course.

4 http://www.saas.gov.uk/full_time/ug/young/funding_available.htm

Appendix 3: Data

The table below shows universities in the UK by their cheapest accommodation for first-year students based on a standard lease period of around 39 weeks (with some exceptions – see Appendix 2 for details). It also shows the percentage of the minimum and maximum support for a student from England these costs would take up.

University/College	Cheapest accommodation	As % of maximum support	As % of minimum support
Royal Academy of Music*	£8,385	89%	166%
City University, London*	£7,820	83%	155%
Heythrop College*	£6,500	69%	129%
Trinity Laban*	£6,323	67%	126%
Guildhall School of Music and Drama*	£6,160	65%	122%
St Benet College, Oxford	£6,066	84%	168%
Royal Veterinary College*	£5,880	62%	117%
University of the Arts, London*	£5,236	55%	104%
London South Bank*	£5,152	55%	102%
Harris Manchester College, Oxford	£5,055	70%	140%
Middlesex*	£5,049	53%	100%
Liverpool	£4,873	67%	135%
Aston	£4,872	67%	135%
Kingston*	£4,841	51%	96%
St Mark and St John	£4,810	66%	133%
Roehampton*	£4,525	48%	90%
Norwich University of the Arts	£4,508	62%	125%
New College, Oxford	£4,440	61%	123%
Brunel*	£4,440	47%	88%
Dundee	£4,376	60%	121%
University of London*	£4,370	46%	87%
University of the Arts Bournemouth	£4,356	60%	121%
Greenwich*	£4,300	46%	85%
Bournemouth	£4,275	59%	118%
Durham	£4,234	58%	117%
Bucks New University	£4,199	58%	116%
Bath Spa	£4,185	58%	116%
University of the West of England	£4,095	56%	113%
Brighton	£4,095	56%	113%
Bedfordshire	£4,074	56%	113%
University of East London*	£4,018	43%	80%
Reading	£3,996	55%	111%
Heriot-Watt	£3,996	55%	111%
Queen Mary University of London*	£3,988	42%	79%

Derby	£3,981	55%	110%
Royal Holloway*	£3,978	42%	79%
York St John	£3,971	55%	110%
Queen Margaret	£3,960	55%	110%
Coventry	£3,928	54%	109%
Birmingham City	£3,920	54%	109%
Lucy Cavendish College, Cambridge	£3,915	54%	108%
Edinburgh Napier	£3,914	54%	108%
Trinity College, Oxford	£3,907	54%	108%
Bradford	£3,906	54%	108%
Oxford Brookes	£3,892	54%	108%
Imperial College London*	£3,876	41%	77%
Magdalen College, Oxford	£3,868	53%	107%
University College London*	£3,848	41%	76%
Kent	£3,842	53%	106%
Gloucestershire	£3,800	52%	105%
Nottingham	£3,799	52%	105%
Leeds Metropolitan	£3,655	50%	101%
Somerville College, Oxford	£3,647	50%	101%
Northumbria	£3,645	50%	101%
Manchester	£3,614	50%	100%
Plymouth	£3,610	50%	100%
Leeds Trinity	£3,608	50%	100%
Canterbury Christ Church	£3,600	50%	100%
Westminster*	£3,591	38%	71%
Fitzwilliam College, Cambridge	£3,569	49%	99%
Cardiff Met	£3,560	49%	99%
Chicester	£3,559	49%	99%
Nottingham Trent	£3,551	49%	98%
Sheffield	£3,525	49%	98%
Aberdeen	£3,510	48%	97%
Lincoln College, Oxford	£3,500	48%	97%
Lancaster	£3,456	48%	96%
Goldsmiths*	£3,444	36%	68%
Mansfield College, Oxford	£3,441	47%	95%
Birmingham	£3,420	47%	95%
Southampton Solent	£3,404	47%	94%
Sheffield Hallam	£3,403	47%	94%
King's College, Cambridge	£3,400	47%	94%
Harper Adams	£3,399	47%	94%
Glasgow Caledonian	£3,361	46%	93%
Strathclyde	£3,354	46%	93%
Glasgow	£3,331	46%	92%
University of Central Lancashire	£3,319	46%	92%
Anglia Ruskin	£3,306	46%	92%
Regent's Hall, Oxford	£3,300	46%	91%

University of the West of Scotland	£3,280	45%	91%
Swansea	£3,280	45%	91%
Leeds	£3,276	45%	91%
Worcester	£3,268	45%	91%
York	£3,262	45%	90%
London School of Economics*	£3,254	34%	65%
Loughborough	£3,243	45%	90%
Newman University College	£3,222	44%	89%
South Wales	£3,192	44%	88%
Brasenose College, Oxford	£3,191	44%	88%
Sidney Sussex College, Cambridge	£3,169	44%	88%
Stranmillis University College	£3,168	44%	88%
St Andrews	£3,163	44%	88%
Cardiff	£3,161	44%	88%
Warwick	£3,159	44%	88%
Bishop Grossteste	£3,135	43%	87%
St George's*	£3,120	33%	62%
Sunderland	£3,102	43%	86%
Leicester	£3,085	43%	85%
Manchester Metropolitan	£3,080	42%	85%
Staffordshire	£3,040	42%	84%
Falmouth	£3,031	42%	84%
Exeter	£3,031	42%	84%
Murray Edwards Hall, Cambridge	£3,005	41%	83%
Winchester	£2,996	41%	83%
Aberystwyth	£2,988	41%	83%
Bolton	£2,983	41%	83%
Newcastle	£2,978	41%	82%
Corpus Christi College, Oxford	£2,968	41%	82%
Bristol	£2,954	41%	82%
Emmanuel College, Cambridge	£2,940	41%	81%
Lincoln	£2,928	40%	81%
Hull	£2,912	40%	81%
Bangor	£2,910	40%	81%
Keele	£2,906	40%	80%
Balliol College, Oxford	£2,884	40%	80%
St Edmund's Hall Oxford	£2,880	40%	80%
Chester	£2,856	39%	79%
Essex	£2,853	39%	79%
Salford	£2,825	39%	78%
Magdalen College, Cambridge	£2,791	39%	77%
Liverpool Hope	£2,772	38%	77%
Corpus College, Cambridge	£2,766	38%	77%
Robert Gordon	£2,760	38%	76%
The Queen's College, Oxford	£2,730	38%	76%

Pembroke College, Cambridge	£2,693	37%	75%
Wolverhampton	£2,664	37%	74%
Cumbria	£2,642	36%	73%
University of East Anglia	£2,620	36%	73%
Hertfordshire	£2,616	36%	72%
Glyndwr	£2,553	35%	71%
Surrey	£2,546	35%	71%
Northampton	£2,520	35%	70%
Churchill College, Cambridge	£2,517	35%	70%
Queen's University Belfast	£2,508	35%	69%
Homerton College, Cambridge	£2,457	34%	68%
Sussex	£2,418	33%	67%
St John's College, Cambridge	£2,412	33%	67%
Jesus College, Cambridge	£2,382	33%	66%
Edge Hill	£2,360	33%	65%
Selwyn College, Cambridge	£2,340	32%	65%
Teeside	£2,298	32%	64%
Bath	£2,280	31%	63%
University of West London*	£2,242	24%	45%
Abertay	£2,242	31%	62%
Edinburgh	£2,197	30%	61%
St Catharine's College, Cambridge	£2,136	29%	59%
Trinity St David	£2,120	29%	59%
Ulster	£2,109	29%	58%
Stirling	£1,998	28%	55%
Peterhouse College, Cambridge	£1,998	28%	55%
Portsmouth	£1,971	27%	55%
Worcester College, Oxford	£1,950	27%	54%
Trinity Hall, Cambridge	£1,844	25%	51%

*University based in London.

The MONEY Charity

The Money Charity is the UK's leading financial capability charity.
We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.