
DURHAM\$U

**THE STUDENT
FUNDING GAP**

1.0 Background

According to the national Student Money Survey (2019), **79%** of students worry about money, with 62% saying student finance does not stretch far enough¹. The implications of this are wide reaching, with the same study finding that:

- **79%** of respondents felt their **social life** suffers
- **53%** said their **diet** suffers
- **57%** said their **mental health** suffers
- **35%** felt that **relationships** suffer and
- **35%** felt their **grades** suffer
- **41%** said their **sleep** suffers

Evidently, financial strain is a huge issue for students nationally, and given the rising cost of attending Durham, it is likely that this is reflected throughout the Durham student community.

At the start of 2019, Durham SU published a paper on the 'Cost of Attendance'². The paper outlined the true cost of attending Durham University, and considered the cost of accommodation fees, college costs, books and supplies, transport, wider student experience and personal expenses. The Cost of Attendance was calculated to be approximately **£11,487** per academic year (excluding tuition fees).

For many years, Durham SU has been made aware of a student funding gap; the difference between students' income and what it costs to be a student in Durham. As noted above, the effects of financial strain upon an individual can be wide-ranging and potentially detrimental to wellbeing, academic performance and physical health. This paper seeks to explore this issue, by establishing whether the gap exists, how wide it is and who it effects the most. In order to do this, a range of sources have been consulted to calculate 'average' student incomes, as well as possible maximum and minimums. These have then been compared with national and local averages, as well as the cost of attendance.

2.0 Methodology

The key sources referred to in this paper are:

- Student Loans Company data and supplementary tables³

This data provides a breakdown by individual provider of payments to students and providers for full-time and part-time Higher Education courses. This includes the total amount of maintenance loan paid to Durham students, allowing an **average**

¹Save the Student (2019). Student Money Survey – Results. Available at: <https://www.savethestudent.org/money/student-money-survey-2019.html>

² Cost of Attendance (COA): Durham SU Recommendations (2019).

³ Student Support for Higher Education in England 2019 (2019). Supplementary Tables. Available at: <https://www.gov.uk/government/statistics/student-support-for-higher-education-in-england-2019>

maintenance loan to be calculated. The data used refers specifically to England-domiciled students who studied full-time, undergraduate courses in the 2018/19 academic year⁴.

- Gov.UK Student Finance Calculator⁵

The Student Finance Calculator calculates the amount of maintenance loan available to a student depending on their individual circumstances (i.e. course type, start date, household income etc.). Thus, the data used to calculate maximum and minimum maintenance loan amounts has been taken directly from this tool and is demonstrative of amounts available to UK students beginning a full-time, undergraduate degree in 2019/20, living away from parents and outside of London, and **not** studying teacher training, dental, medical or health care or social work.

- The Student Money Survey (2018; 2019) by Save the Student. Received over 3000 responses from students across the country in consecutive years.

The data collected by this survey provides a national benchmark, and offers a picture of how students finance their time at University, their experiences and the implications of financial strain. Where possible, data from the 2019 research has been used, though there are some instances where only the 2018 data is available.

- The NatWest Student Living Index (2019)

The NatWest Student Living Index presents the results of a national survey of over 3500 students from 35 different Universities in the UK. These include Durham, Newcastle, York, Oxford and Cambridge. 90 Durham students took part in this research.

By using these sources, Durham SU has collated a range of data from a variety of sources, allowing for a comprehensive analysis of affordability. This includes an understanding of what an 'average' Durham students' income is, and how this compares to the cost of attending Durham, subsequently highlighting the student funding gap.

It is notable that alternative sources of income, such as personal savings, have not been included as there is currently a lack of Durham-specific research and data in this area. Further, the Durham-specific data drawn from the NatWest Student Living Index (2019) is from a small sample size, and hence is unlikely to be fully representative of all Durham students' experiences.

⁴ In Durham, the number of England-domiciled students studying full-time, undergraduate degrees in 2018/19 was 10,235.

⁵ Gov.uk (2019). Student Finance Calculator. Available at: <https://www.gov.uk/student-finance-calculator/y/2019-2020/uk-full-time/9250.0/away-outside-london/24000.0/no/none-of-the-above>

3.0 Research Findings

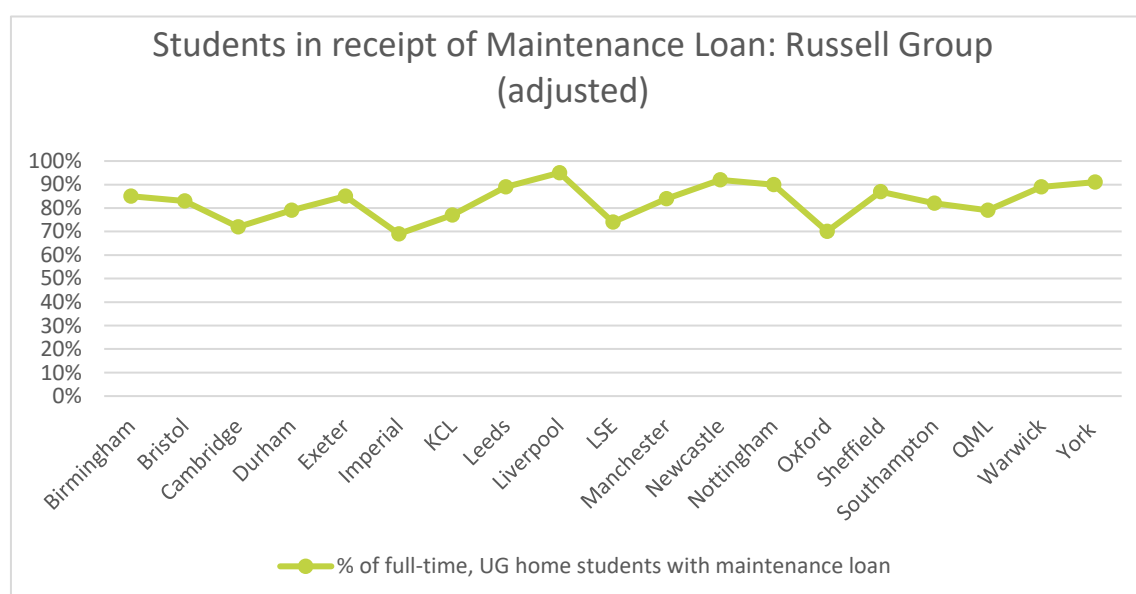
3.1 Maintenance Loans

Any student who is eligible for Student Finance⁶ is eligible for a maintenance loan, though these are means tested and therefore students receive different amounts dependent upon their household income.

According to the Student Money Survey (2019), **74%** of students get money from a student loan (i.e. a maintenance loan), and NatWest (2019) found that on average, this equates to approximately £509 per month.

In 2018/19, 8093 Durham students received a maintenance loan from the Student Loans Company (SLC)⁷. This is approximately **79%** of all England-domiciled, full-time undergraduate students who studied at Durham in 2018/19. On average, these students received £5,310 for the academic year. Notably, the NatWest Student Index (2019) found that Durham students reported receiving a monthly average of £461.40, suggesting that this sample received less than the average maintenance loan.

When comparing the percentage of Durham students who received a maintenance loan to the percentage of students in other Russell Group institutions, it is slightly lower than the average, with 79% of Durham students receiving a loan compared with 83% of Russell Group students on average.



Graph 1: % of students in receipt of a Maintenance Loan: Russell Group. Adjusted to account exclude institutions outside of England.

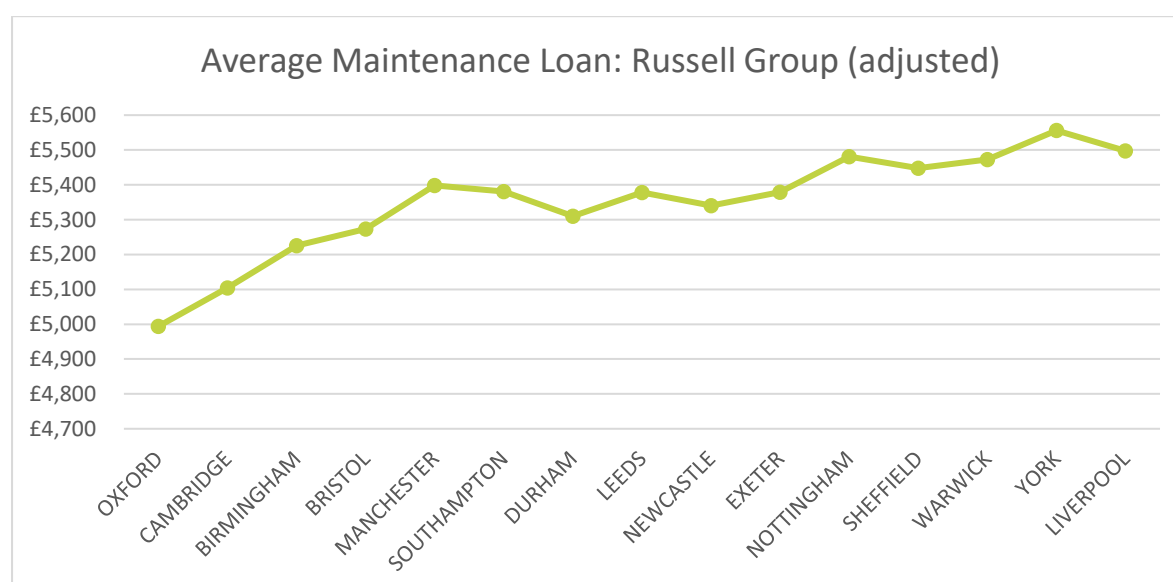
⁶ Eligibility is dependent upon numerous factors. Criteria can be found here: <https://www.gov.uk/student-finance/who-qualifies?step-by-step-nav=18045f76-ac04-41b7-b147-5687d8fbb64a>

⁷ Supplementary tables – Breakdown of payments in academic year 2018/19 by individual Higher Education provider. Available here: <https://www.gov.uk/government/statistics/student-support-for-higher-education-in-england-2019>

When comparing the average maintenance loan amounts, Durham students received less than the national average of £6,150. The average amount that Durham students received was also lower than at comparable local universities (see Table 1) and at other non-London, English Russell Group Universities, where the average was £5,349.

Institution	Average Maintenance Loan
Durham University	£5,310
Newcastle University	£5,340
Northumbria University Newcastle	£5,805
Teesside University	£6,234
University of Sunderland	£6,821

Table 1: Average maintenance loan amounts at universities in the north-east



Graph 2: Average maintenance loan received at Russell Group Universities – adjusted to account for London Universities

These findings demonstrate that:

- A relatively large proportion of full-time, England-domiciled undergraduate students at Durham (~20%) in 2018/19 did not receive a maintenance loan at all, and thus financed their time at University using alternative means (e.g. financial support from parents, savings, wages etc.)
- Of the Durham students who did receive a maintenance loan, the average amount received was **lower** than the national average £6,150, local average (£5,902) and the average for Russell Group Universities (£5,349).

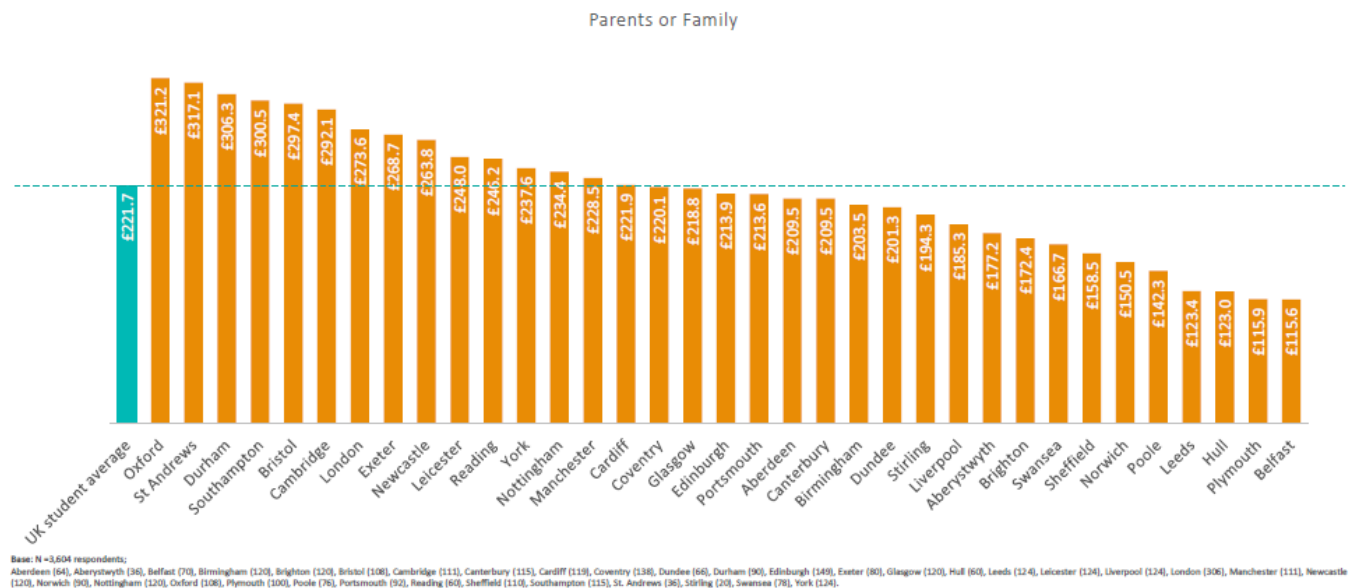
- In 2018/19, the average amount of maintenance loan received by Durham students was £5,310, which, in 2018/19, corresponded with the household income bracket of £50,000 and £55,000⁸.

3.2 Contributions from parents and/or family

Given that the Maintenance Loan is means tested, it is not uncommon for students' parents and/or families to be 'expected' to bridge the gap between loan income and the cost of attending University.

According to the Student Money Survey (2019), **73%** of students received financial support from their parents whilst at University, with the average monthly contribution being £134.25 (£4.25 per month **less** than in 2018). In contrast, the NatWest Student Living Index (2019) found that the average monthly parental contribution is around £221.70, highlighting the extent to which research findings regarding parental contributions differ. Furthermore, the NatWest Student Living Index (2019) reports that the average monthly parental contributions for Durham students is as high as £306.30; the third highest figure behind only Oxford (£321.20) and St Andrews (£317.10)⁹ (see Graph 3).

Q7. "On average, how much does each of the following sources contribute to your income during term time each month?"



Graph 3: Average income from parents or family by institution (NatWest Student Living Index, 2019)

⁸ Information from Warwick University (2018). Available at: <https://warwick.ac.uk/services/academicoffice/funding/fundingyourstudies/2018/>

⁹ NatWest (2019). NatWest Student Living Index. Available at: <https://personal.natwest.com/personal/life-moments/students-and-graduates/student-living-index.html>

When considering the amount that parents and families contribute monthly, it is important to acknowledge that households with higher incomes are likely able to contribute more, and that for these students, loan income will be lower. This is demonstrated below in Table 2, taken from Save the Students (2018). The table shows the amount which parents are ‘expected’ to contribute based on household income, and the average monthly contribution in comparison.

Household income	‘Expected’ monthly contribution*	Average monthly contribution	Under- or over-payment
Less than £25,000	£0	£54	£54
£25,001 - £35,000	£51	£89	£38
£35,001 - £45,000	£151	£134	-£18
£45,001 - £55,000	£252	£141	-£111
£55,001 - £65,000	£353	£193	-£160
£65,001+	£375	£287	-£88

Table 2: Comparison between ‘expected’ monthly contribution and average actual contribution (Save the Students, 2018). Available at: <https://www.savethestudent.org/news/parents-money-students.html>

Evidently, a large proportion of students nationally are receiving less than the ‘expected’ amount from their parents and/or families.

When considering the Durham context, it is notable that the average maintenance loan received by Durham students is consistent with a household income of between £50,000 and £55,000 (see 3.1) Thus, ‘expected’ contribution is approximately £252 per month. When comparing this figure with the findings of the NatWest Student Living Index (2019), it is apparent that the parents and/or families of Durham students are, on average, contributing far more than expected (~£306.30). This is likely due to the Cost of Attendance, and the extent of the gap between this figure and the average Maintenance Loan received by Durham students. This also suggests that a large proportion of Durham students come from high-income households who are able to contribute this much.

3.3 Grants, Bursaries and Scholarships.

Durham University offers a range of opportunities for students to receive financial support, including grants, bursaries and scholarships.

3.3(1) The Durham Grant¹⁰

As of 2019/20, The Durham Grant is available to home undergraduate students who do not already hold an undergraduate degree and whose household income is less than £42,875. The amount of grant available to students ranges from £200 to £2000, dependent upon their household income – see Table 3 below.

Household Income	Durham Grant
£25,000	£2,000
£30,000	£1,500
£35,000	£1,000
£40,000	£500
£42,875	£200

Table 3: Value of Durham Grant available to students based on their household income.

The full Durham Grant (£2,000 per year) is available to eligible students who come from a household with an income of <£25,000. For students whose household incomes are between £25,000 and £43,875, the grant value is calculated using a sliding scale.

The Durham Grant is paid every year of study in three instalments and is either taken off the cost of college accommodation or paid directly into the student's bank account. Students do not have to apply for the Durham Grant, as long as they have applied to Student Finance England for government funding.

3.3(2) College Grants, Bursaries and Scholarships

Some colleges also offer grants, bursaries or scholarships with eligibility criteria ranging widely from household income to academic achievements and contribution to college life. Examples include:

- Dr Joe Cassidy Memorial Bursaries (St Chads)
- Shattock Family Scholarships (St Chads)
- The Leadbeater College Accommodation Award (St Johns)
- The Fairburn Scholarships (St Mary's)
- The Cicely Alice Campbell Awards (St Mary's).

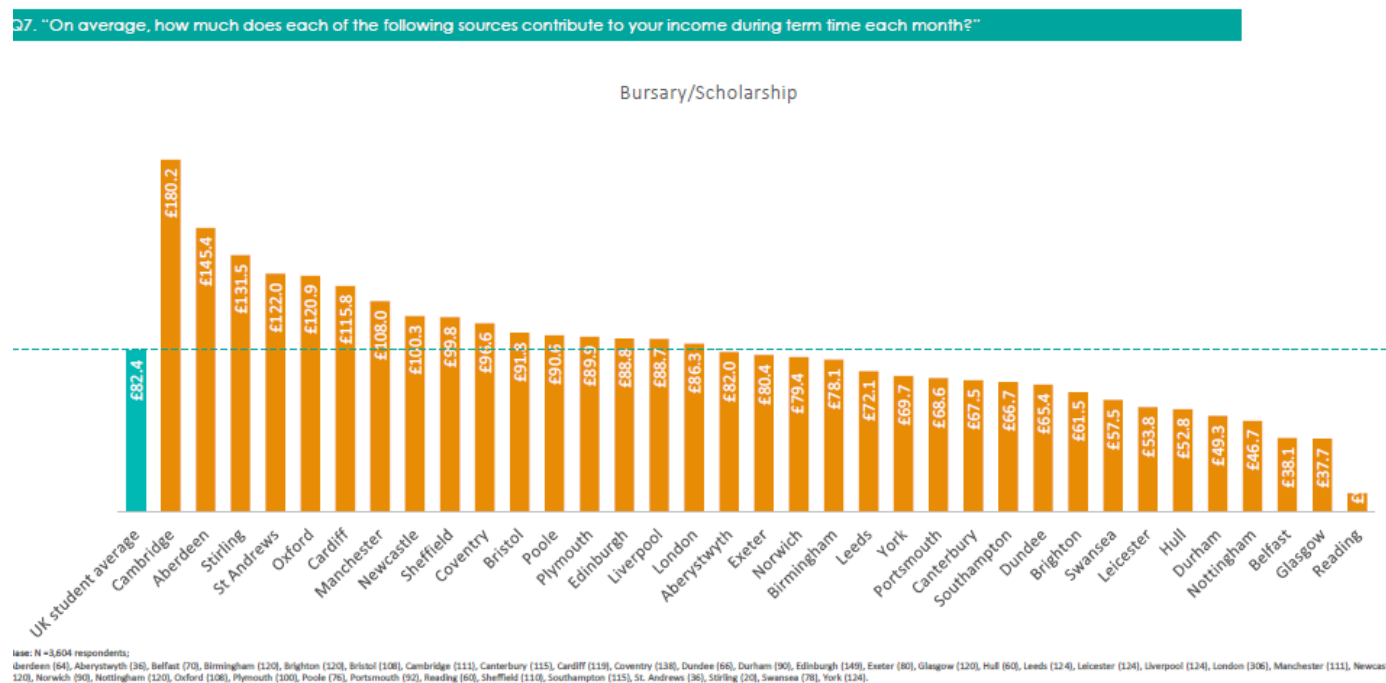
The value of these grants, bursaries and scholarships varies from between £200 to £2,500 per year. Where household income is included in eligibility criteria, brackets range from <£25,000, <£40,000, £25-£35,000 to <£50,000. Some criteria also states

¹⁰ Durham University (2019). Durham Grant Scheme: <https://www.dur.ac.uk/study/ug/finance/uk/dgs/>

that the recipient cannot be in receipt of any other bursaries (such as the Durham Grant), whilst others do not make any reference to this.

Thus, it is possible for a student to receive a college grant, bursary or scholarship in addition to the Durham Grant.

When considering the amount that Durham pays in bursaries and scholarships compared to other institutions, the University ranks poorly according to the NatWest Student Living Index (2019). This research found that on average, Durham students received £49.30 per month during term-time, compared with a UK average of £82.40. Cambridge students received the highest on average (£180.20), with Oxford (£120.90), Newcastle (£100.30) and York (£69.70) all also ranking higher than Durham (see Graph 4).



Graph 4: Average income from bursary/scholarships by institution (NatWest Student Living Index, 2019).

3.4 Part-time employment

According to the Student Money Survey (2019), **67%** of students have a part-time job alongside their studies, though **half** say their studies suffer as a consequence. This is down from **76%** of students who reported having a part-time job in 2018¹¹. The NatWest Student Living Index (2019) found that on average, students earn £106.20 per month through part-time work during term time – though Durham students reported earning much less (£46.90), working 6 hours per month on average. This was the second lowest figure, only above Reading. This further

¹¹ Save the Student (2018). Student Money Survey – Results. Available at: <https://www.savethestudent.org/money/student-money-survey-2018.html>

highlights Durham students' reliance upon alternative means of funding, such as higher-than-average parental contributions.

4.0 Minimum, Maximum and Average Incomes

Taking into consideration the funding options available to Durham students as outlined above, average incomes have been calculated for each household income bracket, in order to establish whether a gap exists and who is affected.

The amounts used for the Maintenance Loan are correct for the 2019/20 academic year. Average household contributions have been taken using the findings from Save the Student's Student Money Survey (2018), as this research accounts for the variation in household income and the effect on contribution. The comparable findings from the NatWest Student Living Index (2019) are considered in Section 5.

Household income <£25,000.

Students who come from a household with an income of less than £25,000 are entitled to the following:

- £8944 Maintenance Loan
- £2000 Durham Grant

According to the Student Money Survey (2018), nationally, students from these households received an average household contribution of £54 per month (£540 per academic year). Durham students also earn an average of £46.90 per month¹² (£469 per academic year) through paid employment.

Thus in total, students from households with an income of <£25,000 have an income of approximately **£11,953**. This is not including any college bursaries, which *could* increase income further.

Household income £25,000-£35,000

Students from a household with an income between £25,000 and £35,000 are entitled to:

- £8816 - £7661 Maintenance Loan
- £2000 - £1000 Durham Grant

Nationally, this group also receive household contributions of £890 per academic year¹³ and Durham students earn an average of £469 per academic year. Thus,

¹² NatWest (2019). Student Living Index. Available at: <https://personal.natwest.com/personal/life-moments/students-and-graduates/student-living-index.html>

¹³ Save the Student (2018). *Parents cough up £138.50 every month to plug Student Finance gap*. Available at: <https://www.savethestudent.org/news/parents-money-students.html>

students from a household with an income between £25,000 and £35,000 receive approximately between **£12,175 and £10,020** (not including any college bursaries).

Household income £35,000 - £42,875

Students from a household with an income between £35,000 and £42,875 are entitled to:

- £7597 - £6650 Maintenance Loan
- £1000 - £200 Durham Grant (on a sliding scale)

Average parental contribution for this group, according to the Student Money Survey (2018) was £134 per month (£1340 per academic year) and again, part-time work contributes an average of £469 per academic year¹⁴. Thus, students from this group receive approximately **between £10,406 and £8,659**.

Household income £42,875- £55,000

Students from households with an income of £42,875 and £55,000 are entitled to:

- £6634 - £5158 Maintenance Loan

Students from this group are currently **not** entitled to the Durham Grant.

According to the Student Money Survey (2018), the average household contribution to students from this group was £141 per month (£1410 per academic year). In addition, on average, Durham students earn £469 per academic year (NatWest, 2019). This gives an average income of between **£8,513 and £7,037** per academic year.

Notably, in 2018/19, the average maintenance loan received by Durham students corresponded with this income bracket.

Household income £55,000 - £65,000

Students from households with an income of £55-£65,000 are entitled to:

- £5093 - £4168 Maintenance Loan

Students from this group are currently not entitled to the Durham Grant. On average, Save the Student (2018) found household contributions to be £193 per month (£1930 per academic year) and NatWest (2019) found average term-time earnings to

¹⁴ NatWest (2019). Student Living Index. Available at: <https://personal.natwest.com/personal/life-moments/students-and-graduates/student-living-index.html>

be £469 per academic year. Thus, in total the approximate average income is between **£7,492 and £6567** per academic year.

Household income £65,000+

Students from households with an income of more than £65,000 are entitled to:

- £4168 Maintenance Loan

Students from this group are currently not entitled to the Durham Grant. According to Save the Student (2019), this group receives an average household contribution of £287 per month (£2870 per academic year). The NatWest Student Living Index (2019) also found an average term-time income of £469 per academic year. This gives a total income of **£7,507**.

5.0 – The Gap: Conclusions

As identified in 1.0, Durham SU recently calculated the cost of attending Durham to be approximately **£11,487** per academic year. Given that the research findings of this paper have identified an approximate minimum student income of between **£6,567 and £7,492**, and a gap in the majority of income brackets, it's clear that this is an issue effecting many Durham students.

At its largest, the gap between student income and the Cost of Attendance is **£4,920 per academic year** – meaning that students would need to work 13.6 hours per week, earning the living wage¹⁵ (or 20 hours earning minimum wage¹⁶), for the full academic year in order to afford the cost of attendance. Alternatively, household contributions would need to increase by 254.9%, to £685 per month.

The NatWest Student Living Index (2019) highlights that currently, this gap is being (partially) bridged by above-average and above-expected household contributions, with Durham students receiving an average of £306.30 per month. However, even accounting for this additional parental contribution, the gap still exists for students from households with incomes above £35,000.

Therefore, it is evident that the vast majority of students are unlikely to be able to afford the full cost of attending Durham. This includes a proportion of students from households with an income of £25-35,000, despite being able to access funds from the Durham Grant.

¹⁵ Living Wage = £9 per hour: Gov.uk (2019): National Minimum Wage and National Living Wage rates. Available at: <https://www.gov.uk/national-minimum-wage-rates>

¹⁶ Minimum Wage for 18-20 year olds = £6.15 per hour: Gov.uk (2019): National Minimum Wage and National Living Wage rates. Available at: <https://www.gov.uk/national-minimum-wage-rates>

Whilst some fault lies with the Student Finance system, and the presumption that households will be able and willing to account for the gap in student finances - Durham University must accept some responsibility for the size of the gap, which is a direct result of the cost of attendance.

To illustrate: the cost of college accommodation has increased by **25%** in the last 5 years¹⁷, now costing on average **£2190 more** per year than a lower-quartile rent standard of private rented accommodation¹⁸. This is despite the scrapping of maintenance grants from September 2016 and a **13% reduction** in the minimum maintenance loan allowance since 2014/15¹⁹. These figures demonstrate that the University is pricing-out students from households who cannot afford to offer enough financial support to account for the difference between maintenance loans and the cost of attendance – and is relying on the parents of current students to bridge some of the gap.

Subsequently, many Durham students fall into the funding gap, and are either dependent upon alternative sources of income (such as part-time work, bank loans, gambling or adult work²⁰) or are restricted from fully participating in the wider student experience. Furthermore, as noted above, the number of hours in part-time employment required to fill the finance-gap in some groups significantly exceeds the University's recommendation of 12 hours per week during term-time²¹, thus presenting concerns regarding student wellbeing and academic progression.

Overall this paper has illustrated the need for, at the very least, further research into the way Durham students finance their time at University and the effects that the funding gap is having upon student wellbeing, participation in the wider student experience and attendance. Furthermore, the research findings demonstrate the need for Durham University to either seriously consider widening the accessibility of additional support funds (particularly to reach students from mid-income families), or reduce the cost of attendance by revising the cost of college accommodation and participation in the wider student experience.

¹⁷ Based on figures from Durham SU: Ripped Off Campaign, accommodation fees. Available at: <https://www.durhamsu.com/su-campaigns/ripped-off-campaign-page>. Cost of 2019/20 accommodation as an average of £7910 (COA Paper).

¹⁸ Average accommodation cost = £7910 (COA Paper); lower quartile rent standard from findings of SU's Private Rented Housing Survey (2019) = £5720

¹⁹ Student Finance England (2014). Higher Education Student Finance: How you're assessed and paid 2014/15. Available at: https://cpb-eu-w2.wpmucdn.com/blogs.ucl.ac.uk/dist/e/309/files/2014/01/sfe_assessed_guide_1415_d.pdf.

²⁰ See Save the Student (2019). Student Money Survey – Results (<https://www.savethestudent.org/money/student-money-survey-2019.html>) for national statistics.

²¹ Durham University (2019). Working Hours Recommendations. Available at: <https://www.dur.ac.uk/careers/students/jobs/ses/student/hours/>