

**THE STUDENT FUNDING GAP**

**1.0 Background**

According to the national Student Money Survey (2018), **78%** of students worry about money, with 61% saying student finance does not stretch far enough[[1]](#footnote-1). The implications of this are wide reaching, with the same study finding that:

* **68%** of respondents felt their **social life** suffers
* **50%** said their **diet** suffers
* **46%** said their **mental health** suffers
* **29%** felt that **relationships** suffer and
* **27%** felt their **grades** suffer

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

At the start of 2019, Durham SU published a paper on the ‘Cost of Attendance’[[2]](#footnote-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 the ‘average’ Durham student’s income, as well as possible maximum and minimum incomes which have then been compared to 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 tables[[3]](#footnote-3)

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** maintenance loan to be calculated.

* Gov.UK Student Finance Calculator[[4]](#footnote-4)

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) by Save the Student. Received over 3000 responses from students across the country.

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.

By using these sources, a maximum, minimum and average income has been calculated for Durham students. This allows 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 other sources of income, such as part time employment or personal savings, have not been included as there is currently a lack of Durham-specific research and data in this area.

**3.0 Research Findings**

**3.1 Maintenance Loans**

According to the Student Money Survey (2018), **83%** of students get money from a student loan (i.e. a maintenance loan). Any student who is eligible for Student Finance[[5]](#footnote-5) is eligible for a maintenance loan, though these are means tested and therefore students receive different amounts dependent upon their household income.

In 2017/18, 8057 Durham students received a maintenance loan from the Student Loans Company (SLC)[[6]](#footnote-6). This is approximately **70%** of full-time, undergraduate UK students at Durham in 2017/18. On average, these students received £4,860 for the academic year.

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

When comparing the percentage of Durham students who received a maintenance loan to this percentage of students in other Russel Group institutions, it is evident that Durham’s percentage is relatively low (see Graph 1). This means that a larger proportion of students at Durham were able to finance their time at University **without** using a maintenance loan.

When comparing the average maintenance loan amounts, Durham students received less than the national average of £5,579.63. The average amount that Durham students received is also lower than at comparable local universities (see Table 1) though higher than at other Russel Group institutions, where the average amount was £4,843.67 (controlling for London universities- see Graph 2).

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| --- | --- |
| **Institution** | **Average Maintenance Loan** |
| Durham University | £4,860  |
| Newcastle University | £4,903 |
| Northumbria University Newcastle | £5,054 |
| Teesside University | £5,296 |
| University of Sunderland | £5,903 |

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

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

These findings demonstrate that:

* A relatively large proportion of Durham students **(~30%)** in 2017/18 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 both the national average and the local average, though **higher** than the Russell Group average.
* The average amount of maintenance loan received by Durham students was £4,860, which, in 2017/18, corresponded with the household income bracket of £50,000 and £55,000.

**3.2 Parental Contributions**

According to the Student Money Survey (2018), **73%** of students received financial support from their parents whilst at University, with the average monthly contribution being £138.50[[7]](#footnote-7). Given that the maintenance loan is means tested, it is reasonable to suggest that households are expected to contribute the difference between maintenance loan payments and the cost of living. Table 2, taken from Save the Student (2018), demonstrates this:

*Figure 1:* [*https://www.savehestudent.org/news/parents-money-students.html*](https://www.savehestudent.org/news/parents-money-students.html)

The final two columns of the table include findings from the Student Money Survey (2018), showing the average monthly contribution from parents and whether this is an under- or over-payment based on the ‘expected’ monthly contribution. All students from households with an income of more than £35,000 receive an ‘under-payment’, with the biggest underpayment seen from households with incomes of £55,001-£65,000.

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). This means that the ‘average’ Durham student falls within the group which receives an under-payment of £111 per month. Thus, despite Durham students being likely to receive higher-than-average amounts of financial support from their households, this is still an underpayment when compared to the ‘expected’ household contribution. To summarise:

* The average parental contribution nationally is £138.50 per month.
* Given that the ‘average’ Durham student’s maintenance loan falls into the £50-55,000 household income bracket, it is reasonable to say that average household contribution to a Durham student is ~£141
* Despite receiving a higher household contribution than the national average, Durham students are still more likely to receive an overall underpayment compared with ‘expected’ contributions.

**3.3 Grants**

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

**3.3(1) The Durham Grant[[8]](#footnote-8) and College Accommodation Bursary[[9]](#footnote-9)**

The full Durham Grant (£2000 per year) is available to full-time, home undergraduate students who come from a household with an income less than £25,000 and who do not already have an undergraduate degree. From 2019/20, extra financial support (£200-£2000) will also be available on a sliding scale to full-time, home undergraduates who do not already have an undergraduate degree and who come from households with an income of between £25,000 and £42,875.

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 students’ bank account. Any student who receives the maximum Maintenance Loan is guaranteed to receive the Durham Grant.

In addition to the Durham Grant, the University also offers a College Accommodation bursary. This bursary offers £1000 per year to full-time, home, first year undergraduates who live in college and whose household income is assessed by Student Finance England as between £25,000 and £35,000.

Notably, the **maximum** amount of grant funding a student can receive from the University is limited to **£2000 per year[[10]](#footnote-10)** (this can be through the Durham grant and/or the College Accommodation bursary).

**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 £2500 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 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 and/or College Accommodation bursary.

**4.0 Maximum/Minimum/Average Incomes**

Taking into consideration the funding options available to Durham students as outlined above, maximum, minimum and 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, though average household contributions are taken from the findings of the Student Money Survey (2018) and are therefore reflective of the 2017/18 academic year.

**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

The Student Money Survey (2018) also shows that nationally, this group received an average parental contribution of £54 per month (£540 per academic year) in 2017/18. Thus, students from households with an income of <£25,000 will receive **approximately** **£11,484 per academic year** (not including any additional college bursaries, which *could* increase maximum income to **£13,984**)

**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 Maximum Bursary (College Accommodation and/or Durham Grant)

From 2019/20, students from this group will be entitled to funding from the Durham Grant scheme, with the amount determined by a sliding scale between **£200 and £2000.** However, the total bursary amount will be capped at **£2000**, meaning that if a student is entitled to both the Durham Grant and the College Accommodation Bursary in full, they will still only receive £2000 rather than £3000. Students from this group also receive an average parental contribution of £89 per month[[11]](#footnote-11) (£890 per academic year).

Thus, students from a household with an income between £25,000 and £35,000 will receive **approximately between £11,706 - £10,551.** Notably, this does not include any college bursaries, which *could* increase a recipients’ income to a maximum of **£12,751.**

 **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
* £200 – £1000 Durham Grant (on a sliding scale)

From 2019/20, these students will also be entitled to funding from the Durham Grant scheme, with the amount determined by a sliding scale between £200 and £1000. Average parental contribution for this group, according to the Student Money Survey (2018) was £134 per month (£1340 per academic year). Thus, students from this group will receive **approximately between £9,937 and £8,190.** Again, this is not including any possible college bursaries.

**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 or College Accommodation bursary.

According to the Student Money Survey (2018), the average household contribution to students from this group was £141 per month (£1410 per academic year). Thus, the average income for this group is **approximately between £8,044 and £6568.**

**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 or College Accommodation bursary. On average, they receive household contributions of £193 per month (£1930 per academic year). Thus, in total they have an **approximate income of between £7023 and £6098** (this being the lowest minimum income).

**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 or College Accommodation bursary. On average, they receive household contributions of £287 per month (£2870 per academic year). Thus, in total they have an approximate income of **£7,038.**

**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 **£6,098,** with the ‘average’ Durham student likely to receive an amount between **£8044 and £6568**, it is clear that a funding gap does exist, and affects a large proportion of Durham students.

At its largest, this gap is **£5389 per academic year –** meaning that students would need to work 15 hours per week, earning the living wage[[12]](#footnote-12) (or 22.5 hours earning minimum wage[[13]](#footnote-13)), for the full academic year in order to afford the cost of attendance. Alternatively, household contributions would need to increase by an additional **279%** to **£7319** per academic year.

Taking the average income of a Durham student to be **£7306** (the midpoint of £8044 and £6568), the gap is **£4,181 per academic year.** This equates to approximately 17.4 hours of work per week paid at minimum wage, or a **296%** increase in household contributions to **£5591** per academic year.

Therefore, given that the highest average income is **£11,706** (not including any college bursaries), it is evident that **the vast majority of students are unlikely to be able to afford the full cost of attending Durham**. This includes students from households with an income of less than £25,000, despite being able to access the full Durham Grant.

As noted in 3.2, ‘under-payments’ by households is a significant contributing factor here and it is arguable that this is a flaw of the Student Finance system, which does not take into account extraneous variables such as the number of dependent children in a household or a parents’ additional outgoings. However, it is equally arguable that the rising cost of attending Durham is also a significant factor in widening this gap. For instance, the cost of college accommodation has increased by **25%** in the last 5 years[[14]](#footnote-14), now costing on average **£2190 more** per year than a lower-quartile rent standard of private rented accommodation[[15]](#footnote-15). This is despite the scrapping of maintenance grants from September 2016 and a **13% reduction** in the minimum maintenance loan allowance since 2014/15[[16]](#footnote-16). 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. Subsequently, these students fall into the funding gap, and are either dependent upon alternative sources of income (such as part-time employment) 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-time[[17]](#footnote-17), thus presenting concerns regarding student wellbeing and academic progression.

Overall this paper has illustrated the need for, at the 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 participating in the wider student experience.

1. Student Money Survey (2018). Save the Student. Available at: https://www.savethestudent.org/money/student-money-survey-2018.html [↑](#footnote-ref-1)
2. Cost of Attendance (COA): Durham SU Recommendations (2019). [↑](#footnote-ref-2)
3. Higher Education Statistics for England (2019). Available at: https://www.slc.co.uk/official-statistics/financial-support-awarded/england-higher-education.aspx [↑](#footnote-ref-3)
4. 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 [↑](#footnote-ref-4)
5. 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 [↑](#footnote-ref-5)
6. Supplementary tables – Breakdown of payments in academic years 2018/19 by individual Higher Education provider. [↑](#footnote-ref-6)
7. Save the Student (2018). Student Money Survey 2018 – Results. Available at: https://www.savethestudent.org/money/student-money-survey-2018.html [↑](#footnote-ref-7)
8. Durham University (2019). Durham Grant Scheme: https://www.dur.ac.uk/study/ug/finance/uk/dgs/ [↑](#footnote-ref-8)
9. Durham University (2019). College accommodation bursaries: https://www.dur.ac.uk/study/ug/finance/uk/bursaries/ [↑](#footnote-ref-9)
10. Durham University Access Agreement with the Office for Fair Access (2018-19). [↑](#footnote-ref-10)
11. Student Money Survey (2018). Save the Student. [↑](#footnote-ref-11)
12. 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 [↑](#footnote-ref-12)
13. 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 [↑](#footnote-ref-13)
14. 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). [↑](#footnote-ref-14)
15. Average accommodation cost = £7910 (COA Paper); lower quartile rent standard from findings of SU’s Private Rented Housing Survey (2019) = £5720 [↑](#footnote-ref-15)
16. 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>. [↑](#footnote-ref-16)
17. Durham University (2019). Working Hours Recommendations. Available at: https://www.dur.ac.uk/careers/students/jobs/ses/student/hours/ [↑](#footnote-ref-17)