

The impact of the cost-of-living crisis on students in further education



Inquiry Report - July 2023

All-Party Parliamentary Group for Students

All-Party Parliamentary group for Further Education
and Lifelong Learning

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Introduction

The APPG for Students' inquiry and report into the impact of the cost-of-living on students, which was published in March, focused on the experiences of students in higher education, but we agreed to conduct more detailed research into the experiences of students in further education (FE) faced with the current cost of living pressures. We were pleased to work in partnership with the APPG for FE and lifelong Learning, and their secretariat the Association of Colleges, and conducted further polling and oral evidence sessions to better understand the financial pressures on students in further education colleges.

Whilst many of the issues outlined in the first report represent pressures on the student experience across both further and higher education, there are some key areas where further education is experiencing unique difficulties. This report aims to unpack how FE students are struggling, to investigate how wider support available – such as bursaries, college provisions, and localised measures – has been able to assist them and provide recommendations to FE providers and government outlining what additional support is needed.

This report identifies both the immediate issues that FE students are experiencing as well as highlighting some of the longer-term consequences that the current financial pressures are going to have on students in FE colleges. As such, we collated written evidence and survey data from FE colleges and students, as well as holding an oral evidence session.

Based on the evidence we received, we believe that most FE students are feeling the effects of current financial pressures, and this is causing many to need to work insecure jobs and excessive hours alongside their studies, with some forced to drop out of their studies to make ends meet. Unlike those in HE, many are under pressure to provide financial support not just to themselves but also to wider family members, meaning that continuing in education is no longer a viable option. Many students in further education aim to complete technical education and studies that would enable them to fill essential skills gaps in the current UK workforce, and we predict that these ongoing cost of living pressures coupled with the longer-term pressure on FE funding is likely to impact not only a generation of students but on skills that are essential to the UK workforce.

We recognise the demands and pressures across every area of government spending but feel that our recommendations for both an immediate spending commitment to support students who have been placed in significant financial hardship, as well as longer-term changes are needed for both current and prospective students.

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Background

We received survey submissions and evidence from over 700 students and just under 80 colleges. We acknowledge that this is a small sample, but it confirmed information from sector bodies such as the Association of Colleges and the National Union of Students, and wider evidence on FE from the Sutton Trust and the Institute for Fiscal Studies. The main themes were also reflected in the oral evidence session, where officers of the APPG heard from students and sector experts about current financial difficulties in further education.

As well as dealing with the current cost-of-living crisis, the evidence we received highlighted many aspects of the further education funding system that have been failing to keep up with student need. The financial strain that many colleges are facing has been compounded by a decade of cumulative funding cuts that have exacerbated the impact of the current financial crisis. As a result, the cost-of-living crisis is disproportionately impacting students in FE whilst also contributing to entrenching disadvantage among students, who are losing out on the benefits of further education for skills development and social mobility.

Firstly, it is already well known that young people from a disadvantaged background who remain in post-compulsory education are much more likely to study within an FE college and that FE students are more likely than their peers in higher education to have qualified for free school meals.¹ Given that we know the cost-of-living crisis is disproportionately affecting disadvantaged students, this

¹ The Sutton Trust, "[Going Further: Further education, disadvantage, and social mobility](#)", 2021.

43% of young people from a more disadvantaged background are likely to attend a further education college, compared to 32% from a more advantaged background.

means that FE students – as a proportion of the wider student population – are more likely to be experiencing increased financial difficulty due to cost-of-living pressures. Our evidence suggested that this is having a knock-on impact on their ability to complete studies.

With rising food and energy costs compounding, FE students are struggling to prioritise their studies over maintaining jobs and working more hours to make ends meet.

Secondly, whilst it's clear the current crisis is having an extreme impact in the immediate term on students' daily lives and colleges abilities to provide high-quality education, many of the financial pressures facing FE colleges have built up over the longer term, in the context of continuing erosion of state funding for further education since 2010. It is important to recognise the challenging financial situation in the FE sector, and the impact this, coupled with the cost-of-living crisis, can ultimately have on students. Substantial reforms have been made to the funding of 16-19 education since 2010, in particular with the introduction of a new funding formula for 2013-14. At the same time as this reform, the funding provided to the sector as a whole has been reduced.

For example, the 16 to 19 bursary fund, which was introduced to replace the Education Maintenance Allowance (EMA) in 2011, represented less than a third of the EMA budget and targets a much smaller group of young people. Funding for FE learner bursaries has continued to be cut since 2011, and the total programme funding for 16-19 providers fell from £6.09 billion in 2013-14 to £5.49 billion in 2018-19 – a reduction of 10% in cash terms and 17% in real terms.²

Finally, further education does not receive as much funding or financial support as other areas of the tertiary education sector, meaning that students in further education do not have the same access to bursary or financial support as their peers in higher education. The most recent spring budget didn't mention further education at all, and despite announcements of an increased financial package to address cost-of-living pressures for students in higher education,³ nothing has been announced for an equivalent in further education.

In 2018, the House of Lords Economic Affairs Committee published a report on the structure and funding of the post-16 education sector which outlined the difference in respect for the further and higher education sectors, and the unequal public funding system.⁴

Further education is the poor relation to higher education and its position has been weakened and undermined by reductions to its budgets and a complex funding architecture. The separate funding mechanisms create educational silos that prevent innovation. The system accentuates the perception that routes into higher education that begin in further education are inferior to the A-Level/ undergraduate degree option.

As a result of additional funding in the 2021 Spending Review, total spending per student in 16–18 education is set to rise by 6% between 2021–22 and 2024–25. Yet even with this additional funding, college spending per pupil in 2024–25 will still be around 10% below 2010–11 levels.⁵

² House of Commons Library Briefing, "16-19 education funding in England since 2010", 2020.

³ UK Government, [Cost of living boost for students](#), 2023.

⁴ House of Lords Economic Affairs Committee, "[Treating Students Fairly: The Economics of Post-School Education](#)", 2018.

⁵ Institute for Fiscal Studies, [Annual Report on Education Spending in England](#), 2021.

With FE student numbers expected to rise by 10% between 2021 and 2024, the introduction of T-levels and nearly a decade of real-term budget cuts,⁶ the pressures on FE colleges when delivering education have been steadily increasing even before the cost-of-living crisis, and this is inevitably having a knock-on impact on students and their experiences during the current financial crisis, where colleges are struggling to provide support to all who need it.

Further education students' experience of the cost-of-living crisis

Many students in further education have been pushed to tipping point by the cumulative effect of ever-increasing food and energy bills, transport, rent and living expenses. Much like students in higher education, the cost of living has impacted FE students in similarly devastating ways.

FE students who responded to our survey reported difficulties with transport, rent and bills, working more hours to make ends meet, struggles with prioritising their course load and classes, and negative impacts on their mental health because of the cost-of-living crisis. 72% said they are facing costs that are putting them in financial difficulty, and of those costs 23% said energy was the main cost pressure, and 21% said transport was the main issue.

In terms of transport, many students told us that they are receiving bursary support to cover their bus fares and their placement travel costs and many reported walking long distances to college to save on bus and transport fares. A [recent report](#) from NUS found that a significant portion of students' weekly budgets is being taken up on travel.⁷ In Scotland, some FE students benefit from the Young Scot National Entitlement Card providing free travel to under 22s, however with 55% of Scottish Students aged 22 or over, there are calls for this to be extended to ease financial pressures on students.⁸

On top of this, students in FE report taking on more paid work and completing more hours throughout the week to cover costs. Almost one half of those in paid employment in our survey have increased their hours due to cost-of-living pressures. Although this was similar for HE students, those in FE were very different in one important respect - colleges who responded to our survey reported a high percentage of students are working to support not just themselves but also their families, which has a direct impact on their studies. Both students and colleges reported that the need to work more hours means students miss classes and fall behind on their studies and attendance because they need to prioritise earning money.

I started to work on the weekend, rather than focusing on my revision. (17-year-old student, East Midlands)

I can't get the grades needed due to excessive working hours. (16-year-olds, Southwest)

I'm struggling to meet deadlines due to having to support my family (16-year-old student, Northwest)

Colleges are also reporting evidence of extreme financial desperation in students and their families at an unprecedented level. Colleges are now regularly reporting cases of extreme student poverty.

⁶ House of Commons Library Briefing, "Further education Funding in England", 2022

⁷ National Union of Students, "[Move it: Student Travel Survey Report](#)", May 2023.

⁸ Transport Scotland, [Young Persons' Free Bus Travel](#), 2022.

NUS Scotland, [Give all students and apprentices half price bus and train travel](#), 2023.

For example, students wearing the same clothes every day for long periods, students wearing college workplace protective clothing outside of college, students staying in college for all their meals and students coming to college to be warm on days when they have no classes.

The Association of Colleges reported in their evidence that bursaries and hardship funds are becoming an essential item for family budgets, for example students will walk several miles to college to give their transport bursary to their family for food or energy costs, students may get very anxious about the breaks and holiday periods even if they get food vouchers to tide them over the break.⁹ While there are similarities with students in higher education, it's clear that extreme financial desperation for FE students is linked to their families and households – 25% of student survey respondents said family financial situation was their biggest cause of financial worry.

In addition to these concerns that reflect those highlighted in the APPG for Students' earlier report, our further evidence and survey data illustrates that in further education, there are some specific and unique experiences that are impacting colleges and students because of the cost-of-living crisis.

Firstly, our evidence indicated that colleges have been reporting increased safeguarding issues resulting from the current financial pressures. The Association of Colleges reported that colleges are dealing with a significant rise in family tensions and domestic abuse because of cost-of-living pressures and have been referring more students to supported housing. The number of 'at risk' learners is greater than ever, and colleges must work with a range of different agencies to support these students. Additionally, some colleges have noted an increase in students that are victims of criminal and sexual exploitation and involvement with criminal gangs. Vulnerable students are often drawn into lawbreaking because of extreme financial destitution, which puts them at serious risk whilst also having a negative impact on their studies. With reduced capacity in external social and public services, many colleges reported that there are limited options when seeking further support for disadvantaged students.

Secondly, there are problems in FE colleges relating to their support of apprentices. Those students on apprenticeship placements, currently earning an average wage of £5.28 an hour, are not eligible for receiving bursaries because of the government limitations on further education bursaries. The National Union of Students (NUS) shared data as part of their evidence highlighting that 91% of apprentices reported that the cost-of-living crisis was having an impact on their income.¹⁰ Additionally, colleges reported that on average students on apprenticeships must travel further than others to reach their placement programme (due to limited apprenticeship placement availability particularly in rural areas), and the required number of hours spent in placements means that apprentices are struggling to afford their travel. Consequently, students are leaving apprenticeships to seek out better paying but often more unstable employment.

I intended on getting an apprenticeship, but the apprenticeship rate doesn't compare to my current wage, so I am debating whether to continue studies. (16-year-old, Isle of Wight)

I don't want to carry on with education after college as I need a better paying job, rather than an apprenticeship wage (16-year-old female student)

Finally, both the written and oral evidence suggested that one of the largest impacts on FE students has been on retention. Whereas in the HE sector, our evidence did not highlight an immediate impact on the number of students dropping out, for colleagues in further education, student

⁹ Association of Colleges, evidence submission to the APPG inquiry, February 2023.

¹⁰ National Union of Students, Evidence submission to the APPG inquiry, June 2023.

retention and attendance has been cited as one of the key issues that colleges have had to focus on this academic year. London Southeast Colleges Group highlighted that a decline in student attendance has been one of the main challenges for their colleges this academic year. Hartlepool college have introduced welfare and retention monitors (“WARMs”) in response to a long tail of students who are finding it hard to engage. Many colleges responding to our survey noted that they are funnelling resources into ensuring they retain students, and they do not drop out of their studies this academic year. Whilst further data has not yet been collected this academic year on student retention in further education, colleges advised us that they are seeing an immediate impact that they expect will play out in the longer term.

Bursary funding and other mitigations

Colleges are reporting a massive increase in students requesting bursary support. Hartlepool College reported that 95% of their 16-18 cohort of students applied for a bursary this year, compared to 65% in the previous year. Around 50% of the 95% who applied came from working families, and there was a 75% increase in request for support with food. On top of this, the Association of Colleges reported that 50% of those on bursaries are from working families. Our own polling found that 83% of colleges noticed an increase in demand for hardship and bursary funding and 87% have increased their welfare casework because of the cost-of-living crisis.

However, many students who have been requesting support do not meet the threshold for the bursaries that are available, as more students than ever from working families request support. The National Association for Managers of Student Services reported that only 40% of students who are requesting support for subsistence are eligible for free college meals.¹¹

In response to this increased demand, many colleges have increased the income threshold for access to bursary funding to accommodate more students. But with no extra funding announced to support this, colleges are struggling to meet demands. Colleges are topping up bursaries from their own college budget, for example adding additional discounts to supplemented food, but this puts unsustainable strain on finances. By using existing college finances to support student bursaries for immediate financial need, this is taking away from enrichment activities and experiences such as visiting open days and extra-curricular support, which ultimately diminishes the student experience for those worst off in further education. Beyond bursary funding, colleges have implemented additional support programmes to help students. Much like universities, colleges have been providing their own dedicated and localised support to students on top of the available bursary schemes – but with far less resources available to them. Colleges reported creating food parcels for students, increasing mental health and counselling support, providing warm spaces and free breakfasts as well as subsidising food and drink.

At a national policy level, there is little maintenance support for young people in further education, unlike at university where students can take out a loan for both tuition fees and maintenance costs. The 16 to 19 Bursary Fund was introduced to replace the Education Maintenance Allowance (EMA) in 2011, and the UK Government allocates this funding to local authorities, publicly funded schools and colleges, and other education and training providers in England to support financially disadvantaged students. Its purpose is to provide financial support to help students overcome specific barriers to participation, so they can remain in education. The Education and Skills Funding Agency (ESFA) outlines that there are two types of bursaries available, bursaries for defined

¹¹ National Association of Managers of Student Services, Evidence given at APPG evidence session, June 2023.

vulnerable groups (up to £1,200 per student) and discretionary bursaries which institutions award using policies they set, in line with these funding rules.¹² Working within these frameworks, and the continuing erosion of bursary funding levels for further education, the cost-of-living crisis has made an increasingly difficult funding landscape much more challenging.

In Wales and Scotland, further education students still receive the Education Maintenance Allowance, providing an additional £30 per week to students from low-income backgrounds.¹³ Many colleges in England however said that the re-introduction of EMA alone will not address the current hardship experienced by students, not least because colleges are seeking support for measures that target not only the individual but also wider programmes for the student cohort as a whole, such as counselling and subsidised food.

On top of this, colleges have outlined in their evidence to the APPG that they experience further administrative difficulties in providing the right level of support. Whereas schools automatically receive data about student background and financial data allowing them to provide the right levels of support, this is not true of colleges. Many respondents outlined that colleges would be able to better support students if this was the case, as the additional administrative burden in collecting the data from students to award bursaries places strain on resources and causes processing delays. Better integration with local services in not only sharing data but also coordinating local authority support could greatly benefit FE students. The National Association of Managers of Student Services and others highlighted that because FE colleges are more embedded in local communities and economies, a more localised approach to solutions would help equip colleges to improve the level of support they can provide students.

Long term consequences for students in further education

Evidence submitted to the inquiry identified several longer-term consequences for students resulting from the cost-of-living crisis.

Firstly, following the immediate issue of student retention which has been highlighted, colleges and sector experts predict that over the longer-term we will see this cost-of-living crisis impact on students' continuation of studies, and on their choice of study with a consequent impact on their careers. Students told us how the cost-of-living crisis was affecting their decision to not only remain in education but the type and length of course, with many leaning towards choosing shorter courses or courses that lead more quickly to securing work. Rather than making longer term career decisions and achieving their potential, students are having to think about what will allow them to best support themselves and their families in the short term, sacrificing longer-term educational goals. Many now consider it impossible to continue into higher education, or to continue into their chosen (higher paid) training route.

Learners are making the decision to not continue with their studies to access work and looking very short term about their careers. (College, South West)

I won't be doing midwifery if I pass, as I have to go into working full time (Student, 21, East Midlands)

¹² Education and Skills Funding Alliance, [16 to 19 Bursary Fund guide 2022 to 2023 academic year](#), 2022.

¹³ Scottish Government, [Support for Further Education Students](#), 2022-23.

I had been thinking of getting into work sooner which may mean a level below what my qualification would offer (student, 16, Northwest)

I really wanted to go to university but due to this situation I have to go to work (25, East Midlands)

I was planning to go for further and higher education but now all I'm thinking of is to find a good paid job (Student, 30 Leicester)

Stakeholders at our oral evidence session outlined their concerns that students who ultimately decide to leave education often do so to take up precarious, insecure jobs. Colleges noted that in the longer-term, we must consider what impact this will have on attempts to plug the skills gap in the UK, for example in areas like construction and social care, courses for which are primarily conducted in further education colleges.

Secondly, the evidence gathered highlighted the severe impact on students' mental health. The Association of Colleges conducted a mental health survey in March 2023 which highlighted that 82% of colleges are encountering a significant number of learners experiencing mental health difficulties without a formal disclosure.¹⁴ The biggest increase of disclosed mental health difficulties is among 16 to 18-year-olds, with 95% of colleges reporting a significant or slight increase within this cohort. Notably, 8 in 10 colleges have made a referral to A&E in the last year related to learner mental health and over 9 in 10 of colleges say they are aware of attempted suicides by learners in the last 12 months, with 70% of colleges reporting an increase in the frequency of these occurrences.

Although 68% of colleges now employ their own counsellors, this is much lower than the provision within universities. The report also noted the increased stress levels of staff, which was reflected in our survey data and inevitably has a knock-on impact on students. Furthermore, APPG polling data showed that 91% of colleges have reported an increase in student mental health issues related to financial pressures. Difficulties in accessing CAMHS for 16-19 learners puts added pressure on colleges when students can't receive help from elsewhere. Additionally, FE providers noted that the lack of data sharing with local authorities means colleges have no data about pre-existing mental health issues or previous support accessed. This data vacuum causes delays in students being identified for support and getting the help they need, both from the college and wider mental health services.

With ongoing pressures caused by the pandemic now compounding under the cost-of-living crisis, mental health issues for students in further education are likely to continue into the longer-term with far-reaching repercussions.

The impact of other services being underfunded, such as social care and mental health means a greater impact on caseloads for college workers (College, Southwest)

Additional services have been needed with no further funding for mental health counselling and mentoring services, external supervision is needed for front line staff working with students with significant mental health issues. (College, East Midlands)

The third long-term consequence identified for students in further education was the impact of the cost-of-living on widening participation and access to education for disadvantaged groups. Colleges

¹⁴ Association of Colleges, [mental health survey report](#), March 2023.

reported that there are increasing numbers of young people in further education experiencing disadvantage or other vulnerabilities which affect their trajectories through the education system.

Whilst the APPG's previous report underlined the disproportionate impact that the cost-of-living was having on already marginalised and under-participating groups of higher education students, our research shows that the same is occurring for students in further education, with students from different backgrounds with unique vulnerabilities experiencing a disproportionate impact. In further education, these present in characteristics including homelessness, Free School Meals, social housing, intergenerational unemployment, learning disabilities and caring/carer responsibilities, Looked After Children and Unaccompanied Asylum Seekers. Many colleges also outlined that adult learners seem to be struggling significantly and have reported a decline in adult enrolments this academic year.

London South-East Colleges said that potential adult learners are prioritising opportunities in the labour market over learning.¹⁵ With adult learners enrolled in 'English for Speakers of other Languages' (ESOL) more likely to be living on low incomes, there has been a significant increase in non-attendance rates amongst this group of learners.

Asylum seekers exist on very little money and are often rehoused far from the college where they are studying mid-course. This creates financial issues and often ends in poor attendance or leaving the course early. This is not helpful to students or colleges. (College, Greater London)

Ultimately, many of the young people and adults who might benefit most from further education and training are now - because of the cost-of-living crisis - less likely to take up opportunities to study, attend courses and achieve their potential in qualifications studied. Therefore, at an individual level students may be less likely to secure stable employment, progress in work and increase their incomes, and we will not see the desired economic growth and social mobility at local, regional, and national levels which is critical to delivering the skills and levelling-up policy agendas. Given the longer-term consequences on mental health, career choices and access to education, addressing these issues in further education with targeted and localised interventions must be an essential part of any government response to students concerns during the cost-of-living crisis.

Recommendations

To government:

1. **Provide additional funding support for further education** so that providers can increase bursaries and target those most in need.
2. **Review the mandated eligibility criteria for bursary funds** to provide colleges with more flexibility to determine the students that are eligible and the support that is needed. Providers can then introduce more adaptive initiatives to support students.
3. **Consider the case for extending free school meal eligibility** and increase the free meal rate from £2.41 per student, so that colleges can provide more subsistence support.

¹⁵ London Southeast Colleges, submission to the APPG inquiry, February 2023.

4. **Introduce free or subsidised travel** for all 16–19-year-olds in further education or training to help with travel costs.
5. **Increase the apprenticeship minimum wage** and enable providers to use bursary funds to support apprentices.
6. **Take steps to ensure further education providers receive the appropriate and timely data** from local authorities to establish bursary needs in their student cohort, as currently happens in schools.

To further education providers:

- **Undertake research on patterns of paid employment by college students** and its impact on engagement, attainment, and outcomes, working with government on appropriate policy responses.
- **Assess the mental health impact of the cost-of-living crisis on the student body** and take appropriate measures to address it through student support services where possible.
- **Recognise the role of student voice**, and local communities, in ensuring FE provision meets localised needs and work with government to address this.