

Factsheet: student mental health, cost of living increases, and financial hardship

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The cost of living crisis is having an ongoing, serious impact on our students, which is influencing their university experience and mental wellbeing. Qualitative research from the Office for National Statistics shows that students are **finding it increasingly difficult to balance work and study**, are **socialising less**, are **struggling to afford course materials**, and are worried about how the crisis will **impact their future** (ONS, 2023).

Issues like inflation, rising rent costs, and spiralling energy bills, are piling up, while policy interventions designed to alleviate the pressure of the crisis often don't reach students. When asked in April what they'd **most like to see improve** in the next ten years, **cost of living** was the second most popular response after climate change (The Student Room, 2023).

Facts and figures

A survey of over 8,800 students across fourteen Russell Group Institutions (Students' Union UCL, 2023) found that:

- o **94%** of respondents were **concerned about the cost of living crisis**.
- o **72%** of respondents felt their **mental health suffered** due to the cost of living crisis.
- o **One in four** respondents regularly went without **food** or **necessities** due to a lack of affordability.

In February, Blackbullion (2023) reported that:

- o **32%** of students were less likely to be able to **get financial help** from their **parents/guardians** than before.
- o **60%** believed they received a **lower grade than expected** on an exam or assignment in the last twelve months **because of job commitments**.
- o **31%** of students were working more than fifteen hours a week.

Previous research from the Office for National Statistics (ONS, 2022) found that **91%** of student respondents say they're **worried about the rising cost of living**. Other key findings were:

- o Around **45%** of respondents **reported their mental health and well-being had worsened** since the start of the **Autumn term 2022**.
- o **50%** of respondents said they were **experiencing financial difficulties** - **15%** were facing **major financial difficulties**.
- o Students are having to make significant decisions to support themselves. **62% are cutting back on food and essentials; 29% are skipping non-mandatory classes; 25% have taken out new debt**.
- o **25% of students had taken on new debt** in response to rising cost of living, including those who borrowed more or used more credit than usual. Of these, **66% reported they did so because their student loan was not enough to support their living costs**. (ONS, 2022).

Financial hardship and poor mental health: the connection

There is a well-evidenced relationship between financial hardship and poor mental health, including within the student population in the United Kingdom.

- o Among a sample of **British university undergraduates, financial difficulties were a predictor of greater depression and stress** cross-sectionally (Richardson et al., 2017).
- o Students with financial difficulties were predicted to be **more likely to have poorer mental health**, have greater rates of **alcohol dependence**, and **greater rates of anxiety** (Richardson et al., 2017).
- o Financial concerns can also have a negative impact on a student's mental health indirectly, such as **by influencing their academic outcomes** (Reid et al., 2020) or **their physical health** (Jessop et al., 2020).
- o A 2018 study of first-year British undergraduates found that **“financial difficulties increased psychosis risk cross sectionally both in terms of symptoms and distress”** (Richardson et al., 2018, p61).

What needs to change?

Students are exposed to rises in cost-of-living but are often unable to access existing policy remedies:

- o The majority of students **do not pay council tax** and so **will not benefit from any council tax rebate**; similarly, most students **will not benefit from reductions in National Insurance** or income tax payments.
- o Students also cannot access the income tax relief granted to those working from home, as the majority do not earn enough to pay income tax to begin with. **However, many students will have studied from home during the pandemic, increasing their energy usage.**
- o In England, the maximum maintenance funding available from Student Finance England **has not increased at or above the rate of inflation in over five years.** This means in real terms, **students are receiving less financial support** than they were five years ago.

For this reason, we are calling for tailored policy interventions to support students through the recent cost-of-living increases. Keeping students from financial hardship is key to ensure good academic outcomes, physical health, and mental health, all of which enable them to successfully join the workforce and enjoy a better quality of life.

References

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