NASMA
National Association of Student Money Advisers

Dear Gillian Keegan,

We are the National Association of Student Money Advisors; an organisation with members supporting students at Higher Education Institutions across the UK.

We're writing to you as we are concerned about the students we already support and concerned for students yet to begin their higher education journey.

It's disappointing that the Department for Education (DfE) has failed to address the rising costs and financial pressures for students in England. The recent announcement of a 2.8% increase in maintenance loans in England lacks meaningful impact against inflation rates in excess of 9% and a national cost of living crisis. While the 2.8% figure may be an accurate projection of inflation over the next 12 months, this fails to address the inaccuracies of previous forecasts. If maintenance loans had kept in line with inflation, the Institute for Fiscal Studies (IFS) estimates that the maximum maintenance loan should be approximately £1.5k more. We have seen the costs of energy, fuel, food and rent increase significantly over the past year, and we had hoped that the DfE would have taken these into account. The 'lower household income threshold' (the threshold for receiving the maximum maintenance loan) has been frozen at £25,000 since 2008 and students have experienced real-terms cuts to maintenance loans since 2020.

The student funding system relies on parents and family members to be able to supplement the maintenance loan. However, as parents and families are facing increasing financial pressures themselves, their ability to support students with financial contributions is reducing quickly. Recent research suggests that if the 'lower household income threshold' had risen in line with inflation, this would now be in the region of £35,000. However, parents and families with a household income of £30,000 are currently expected to contribute around £700/year to support a student – money that they simply don't have due to the cost-of-living crisis. This example highlights the disproportional impact of these decisions on students from disadvantaged areas; inconsistent with the Government's "Levelling Up" agenda.

Our members see first-hand the impact of these decisions on students. Across the country, we are already seeing significant increases in students experiencing severe financial hardship. Many universities are struggling to cope with the volume of applications to hardship funds and are facing significant pressure to support these students who have nowhere else to turn to. Universities have increased levels of hardship funding available to their students by millions in response to the cost-of-living crisis. However, hardship funds will be simply unable to bridge the gap for all students.

Our members are deeply concerned about the impact of the DfE's decision on our students' wellbeing and on their ability to progress and succeed. We're also very

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concerned about the additional pressure our members will inevitably face next academic year, as it's anticipated that we will see even higher numbers of students needing financial advice and support.

Reviewing the 'lower household income threshold' and increasing maintenance loans to address the approximate £1.5k shortfall determined by IFS are necessary steps to correct the issues of the past, and to ensure that students can afford enough food and essentials to get them through their studies.

Additional Government support is urgently needed. We're writing to you to request an immediate review of maintenance loan figures for 2023/24.

Yours sincerely,

K. McAlonan

Kellie McAlonan

Chair

National Association of Student Money Advisors