



Oxford Students' Union – Budget 2025 Submission

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Executive Summary

The University of Oxford Students' Union (Oxford SU) represents over **27,000 students** across 44 colleges and halls. Oxford students constitute a vital part of the United Kingdom's future workforce: the doctors, engineers, scientists, teachers, civil servants, and researchers who will advance national priorities in productivity, public service renewal, and global competitiveness. However, rising living costs, frozen maintenance thresholds, and student finance arrangements now threaten the sustainability of participation at all levels of higher education.

The cost of studying and living in Oxford has outpaced student support by a wide margin. In 2025, Oxford SU **commissioned two major research projects and appointed two Policy Associates (student staff members) to investigate the Hidden Costs of Study at both undergraduate and postgraduate levels.** These studies, together with Oxford SU's *Attendance Costs Dataset* and the University's own reported *Living Costs* data, provide the most comprehensive picture to date of student expenditure and financial need in Oxford. The findings were **presented to and received by multiple**

University and collegiate committees, including the *Student Life Subcommittee*, *Quality Assurance Subcommittee*, *Student Fees and Funding Group*, and the *Taught Degrees Panel*, where they were **recognised as valuable evidence to inform future University and sector policy work*. Collectively, the research evidences a widening gap between maintenance entitlements and actual expenditure, producing acute financial stress, increased term-time work, food insecurity, and a rising incidence of attrition risk.

Budget 2025 represents a crucial opportunity to prevent a generation of students from being priced out of higher education. Oxford SU therefore urges HM Treasury to implement a set of practical, evidence-based reforms designed to restore fairness, access, and long-term sustainability. These are:

1. **Increase Student Maintenance Loans and Reform Household Income Thresholds:** Index loans annually to real living costs, update thresholds frozen since 2008, and introduce regional uplifts for high-cost cities such as Oxford.
2. **Reintroduce Maintenance Grants Fairly, Without an International Student Levy:** Restore grants through public funding, not by taxing international student fees which underpin research and institutional stability.
3. **Improve Equity and Inclusion:** Introduce a cost-of-living supplement for disabled students, expand allowances for carers and parents, and ensure childcare support for postgraduates.
4. **Freeze Tuition Fees and Reform Student Loan Repayments for Fairness:** Maintain the £9,535 cap, uprate repayment thresholds with earnings, and merge undergraduate and postgraduate repayments into one progressive contribution rate.
5. **Back the Next Generation of Medical and Healthcare Students:** Increase and index NHS bursaries and guarantee full reimbursement for placement travel and accommodation.
6. **Expand Hardship Funding for Students Most in Need:** Establish a national hardship fund distributed to universities, ringfenced for direct student aid.
7. **Make Travel Affordable:** Implement free bus travel for under-22s and a universal student railcard without an age cap.

Each recommendation is grounded in Oxford SU's institutional evidence and supported by national data from HEPI, Advance HE, IFS, ONS, NUS, Public First, the Sutton Trust, and sector bodies such as UUK and the APPG for Students. The submission that follows elaborates the empirical basis for these recommendations and situates Oxford's findings within the wider higher education finance landscape.

Introduction

The University of Oxford is one of the world's leading research and teaching institutions, yet even within its well-resourced ecosystem, students are increasingly unable to meet basic living costs. The data collected through Oxford SU's *Hidden Costs of Study* projects (2025) reveal that the financial strain on students is both severe and structurally embedded. The scale of hardship at Oxford – traditionally perceived as a financially protected environment – signals a national systemic failure.

According to the University's *Fees and Funding* data (2026–27), the estimated cost of living for nine months of study is between **£12,645 and £18,945**, and between **£17,100 and £24,420** for a full twelve months. The maximum maintenance loan for students living away from home outside London, however, is only **£9,978**, leaving a minimum shortfall of approximately **£2,700–£3,000** per academic year against even the lower estimate.

The *Attendance Costs Dataset* (2025) indicates that average college accommodation costs **£7,800** for a typical 37-week contract, consuming approximately **76%** of the maximum loan. Students consequently have around **£40 per week** to cover food, clothing, study materials, and transport. Courses with longer terms or additional practical components – such as Medicine, Engineering, or Chemistry – entail additional weeks in residence and proportionally higher rental exposure.

The implications are reflected in behavioural responses: Oxford SU's undergraduate survey found that **39% of students had skipped meals** because of cost, **27% had considered withdrawing** due to financial pressure, and **61% had encountered unanticipated course-related expenses** averaging £100–£400 per term. These figures are consistent with national trends reported by *ONS (2023)* and *Save the Student (2023)*, which found that **58% of students' maintenance loans do not cover necessary costs**, and that students experience an average monthly shortfall of **£582**.

The crisis is not confined to undergraduates. Postgraduate students, particularly those from overseas, face cumulative costs between **£39,000 and £56,000 per year**, including tuition fees, visa fees, NHS surcharges, flights, and deposits. These figures make postgraduate study inaccessible to those without substantial financial resources, diminishing the UK's future research and teaching base.

The consequences are wide-ranging. Students are undertaking more paid work during term-time: *Advance HE/HEPI (2025)* reports that **68% of full-time undergraduates now work during term**, compared with **42% in 2020**, with direct impacts on academic performance and wellbeing. Food insecurity, housing precarity, and unmet medical needs have increased across the sector. For Oxford, whose mission depends on attracting talent on merit, this represents a fundamental threat to equity and excellence.

Oxford SU's proposals therefore align with the Government's core missions: ensuring that no student is priced out of opportunity, that the higher education system continues to produce a highly skilled workforce, and that public service renewal – particularly in health and education – remains viable.

1. Increase Student Maintenance Loans and Reform Household Income Thresholds

The maintenance loan system in England no longer reflects real living costs. The **£25,000 lower household income threshold**, used to determine eligibility for the maximum loan, has been frozen since **2008**. If uprated with average earnings, it would now stand at approximately **£34,000**. The failure to adjust this threshold has eroded the value of student support in real terms and produced a “middle-income trap” in which families too wealthy to qualify for full support are too financially stretched to contribute effectively.

Oxford SU's evidence indicates that even students from low-income backgrounds receiving the full loan cannot cover basic subsistence. The gap between maintenance entitlements and expenditure forces reliance on overdrafts, credit cards, and precarious employment. *IFS (2024)* modelling confirms that real-terms maintenance entitlements are **11% lower** than in 2020 and **over 30% lower** than in 2010, relative to inflation-adjusted costs.

The lack of regional differentiation compounds the problem. While students in London receive an enhanced rate recognising the capital's cost of living, there is **no equivalent uplift** for other high-cost areas such as Oxford, Bristol, or Cambridge, where rental markets are among the most expensive in the UK. The *HEPI–Unipol Student Housing Survey (2023)* recorded average rent outside London at **£7,566**, just **£24 per year** less than the average loan. In Oxford, where average rents exceed **£8,000**, students face conditions equivalent to London prices without London support.

The consequences are visible in housing behaviour. Many students seek cheaper accommodation far from the city centre, resulting in longer commutes and higher transport costs. Others take multiple part-time jobs, increasing dropout risk and mental health pressures.

Oxford SU recommends a **structural reform of the maintenance system**:

- Index maintenance loans annually to the *Minimum Income Standard* used by the Joseph Rowntree Foundation;
- Raise the lower threshold to at least **£34,000**, with proportional adjustments to upper thresholds;
- Introduce regional uplifts of **10–15%** for cities where average rents exceed 75% of maintenance entitlements; and
- Create a dedicated **Postgraduate Maintenance Loan** separate from tuition borrowing, with the repayment threshold raised from **£21,000 to £29,000**, adjusted for inflation since 2016.

Such reforms would ensure maintenance support meets the basic standard of subsistence and align with the Government's stated ambition to make skills and higher education accessible across social backgrounds.

2. Reintroduce Maintenance Grants fairly, without an international student levy

The abolition of maintenance grants in 2016 marked a turning point in student finance policy. Subsequent reliance on loans has disproportionately burdened students from lower-income families, who now graduate with the highest debt levels. Oxford SU supports the reintroduction of means-tested maintenance grants as a matter of fairness and fiscal sustainability but opposes funding them through an international student levy.

International students already contribute significantly to UK higher education. Their fees cross-subsidise research and help sustain teaching in high-cost disciplines. According to *Public First's ISL Modelling (2025)*, a **6% levy** on international fee income would remove approximately **£621 million per year** from English universities, concentrated in research-intensive institutions. The same modelling estimates that a levy of this scale would reduce international enrolments by **~16,100 students in Year 1**, corresponding to a **£240 million revenue loss** in that year alone, rising to **£2.2 billion over five years**.

Oxford SU's postgraduate data confirm the sensitivity of international demand to price changes. For many courses, total study costs (tuition, rent, and living) already exceed **£50,000 per annum**. Students face additional visa fees (£490), NHS surcharges (£776), and travel costs (£1,000). Any further increase would risk significant attrition of demand, especially from lower-income markets in South Asia and Africa.

Moreover, research funding in the UK remains structurally under-costed: universities recover only **67 pence per £1** of research expenditure from public grants. International income therefore cross-subsidises domestic research and public good functions. A levy that reduces this cross-subsidy would weaken the UK's global competitiveness.

If Ministers choose to pursue the levy, Oxford SU recommends statutory conditions: full hypothecation of proceeds to maintenance; transparent annual reporting of receipts and spending; a ringfenced share for international student welfare; and an independent review within twelve months, based on realistic demand elasticities and institutional impact modelling.

Reintroducing maintenance grants through public funding remains the most stable, equitable approach. A properly designed grant would reduce debt burdens, improve access, and stimulate regional economies by increasing students' spending power.

3. Improve Equity and Inclusion: Support Disabled Students and Student Carers

Financial inclusion in higher education extends beyond tuition and rent. Disabled students, carers, and parents face distinct cost pressures insufficiently recognised by existing support mechanisms. Oxford SU's *Hidden Costs of Study – Postgraduate* report identified additional average monthly expenses of **£900–£1,000** for disabled students, stemming from higher energy use, specialist diets, assistive technologies, and accessible accommodation. The *Disabled Students' Allowance (DSA)*, while valuable, does not cover these ongoing living expenses. Many disabled students also have limited capacity to undertake part-time work, compounding financial strain.

Similarly, student carers and parents experience structural disadvantages. Childcare costs in Oxford exceed **£1,500 per month** for full-time provision, and transport costs increase with dependants. The

current *Parents' Learning Allowance* and *Adult Dependants' Grant* are not indexed to inflation and exclude postgraduates.

Nationally, the *APPG for Students (2024)* found that disabled and caring students were **twice as likely** to experience severe financial hardship and **1.5 times more likely** to consider withdrawal. These groups are also underrepresented in postgraduate study, perpetuating inequalities in academic and professional progression.

Oxford SU therefore calls for:

- A **Cost-of-Living Supplement** for disabled students, provided alongside DSA and benchmarked against real energy and subsistence costs;
- Inflation-indexed increases to childcare and adult dependants' grants;
- Extension of childcare support to postgraduates; and
- Recognition of carer status for independent financial assessment by the Student Loans Company.

Such measures would align student finance policy with the Government's broader inclusion and equalities agenda and remove barriers to participation for underrepresented groups.

4. Freeze Tuition Fees and Reform Student Loan Repayments for Fairness

Oxford SU supports maintaining the **£9,535 tuition fee cap** throughout this Parliament and reforming the repayment framework to restore progressivity and transparency.

The current *Plan 5* terms introduced in 2023–24 lower the repayment threshold to **£25,000**, freeze it until 2026–27, and extend repayment to **40 years**. *IFS (2024)* analysis shows that typical middle earners will pay **£9,000 more** over their lifetime than under previous arrangements, while high earners pay less overall. This shift transfers cost risk from the Exchequer to graduates, functioning as a long-term regressive tax.

For those with both undergraduate and postgraduate loans, combined deductions of **15% (9% + 6%)** from income above thresholds create punitive marginal rates, discouraging further study. This contradicts the aims of the *Lifelong Learning Entitlement* to promote continuous reskilling.

Meanwhile, value perceptions are deteriorating: *HEPI/Advance HE (2025)* found that only **37% of students** believe they receive good value for money, the lowest figure in a decade. Oxford SU's consultation with its academic representatives indicates widespread anxiety about debt levels, particularly among first-generation students.

Oxford SU recommends:

- Maintaining the current fee cap;
- Up-rating repayment thresholds annually with earnings, not CPI; and

- Merging undergraduate and postgraduate loans into a single progressive contribution rate based on total income.

Such reforms would simplify repayment, restore fairness, and sustain public confidence in the system.

5. Backing the Next Generation of Medical and Healthcare Students

The NHS Long Term Workforce Plan aims to double medical school places by 2031 and significantly expand nursing and allied health training. However, financial barriers threaten this objective.

Healthcare students face additional costs not borne by peers: travel to clinical placements, temporary accommodation, uniforms, and equipment. These are often unreimbursed or subject to inconsistent trust-level policies. Oxford SU's *Attendance Costs* data show that medical students can spend over **£1,200 per term** on placement-related costs.

Nationally, *BMA (2024)* found that **40% of medical students** have considered leaving their course for financial reasons, while the *Royal College of Nursing (2023)* reports a **21% attrition rate** in nursing programmes since bursary removal.

Oxford SU supports RGSU's recommendation to **increase and index NHS bursaries** to inflation, ensure **full reimbursement** for placement travel and accommodation, and introduce **flexible bursary components** for students with caring responsibilities. These measures would improve retention, support workforce sustainability, and deliver better value for public investment in training.

Without financial reform, ambitious workforce targets risk being undermined by attrition driven not by academic performance but by unaffordability.

6. Expand Hardship Funding for Students Most in Need

University hardship funds are an essential safety net, but their scale and accessibility are inconsistent across the sector.

At Oxford, hardship applications have increased by **48% since 2022**, with central and college funds oversubscribed. While the collegiate system provides a degree of protection, it cannot offset national underfunding.

The *ONS (2023)* found that **58% of students** report that their loan does not cover basic costs. The *Save the Student (2023)* survey identified an average shortfall of **£582 per month**, and **1 in 10 students now use food banks**, double the proportion in 2022. The *UUK (2025)* hardship briefing warned that nearly half of providers anticipate reducing hardship spending without government support.

Oxford SU therefore calls for the establishment of a **National Student Hardship Fund**, with an initial allocation of **£50 million**, distributed according to need, ringfenced for direct grants, and administered through universities using clear eligibility and simple application processes.

Priority should be given to students experiencing food or housing insecurity, estranged or care-experienced students, single parents, carers, and those demonstrably unable to meet essential costs despite receiving the full maintenance loan.

A nationally coordinated approach would prevent postcode inequalities in student welfare and reinforce the principle that no student should have to choose between eating and studying.

7. More Affordable Travel for Students

Transport costs are an often-overlooked dimension of student finance but have significant implications for attendance, participation, and inclusion. Oxford's geography and housing market compel many students to live in peripheral areas such as Cowley, Headington, and Summertown. Monthly bus and rail travel costs average **£60–£90**, a substantial share of limited disposable income.

The *NUS Cost of Living Survey (2023)* found that **20% of students missed classes** due to travel costs, **35% reduced extracurricular participation**, and **32% skipped meals** to afford transport. The *Transport Select Committee (2024)* recommended piloting free bus travel for under-22s and introducing a universal student railcard.

Scotland's free bus scheme for under-22s demonstrates the impact: **69%** of beneficiaries report increased independence and **missed opportunities due to cost halved** among participants.

Oxford SU supports these recommendations, emphasising that a national scheme would particularly benefit students in rural and high-rent regions, enabling them to live affordably while accessing their campus. Expanding eligibility for discounted travel to all full-time students, regardless of age, would also improve inclusion for mature learners.

Conclusion

The University of Oxford Students' Union urges the Government to take forward these recommendations in the 2025 Budget to ensure that higher education remains a driver of national progress. Investing in students is an investment in the country's future workforce, research capacity, and public services.