

MAYOR OF LONDON

Students studying in London

An analysis of data from the student income
and expenditure survey 1998/99

By Prof Claire Callender with Martin Kemp
South Bank University
For the Mayor of London

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All the views expressed are strictly those of the authors.

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Executive Summary

Introduction

This report, commissioned by the Greater London Authority, compares the income, expenditure and debt of full and part-time students studying at 13 universities in London with those studying at 74 universities elsewhere in the UK. It is based on supplementary analysis of data from the 1998/9 Student Income and Expenditure Survey (SIES). The original survey, carried out for the Department for Education and Employment, consisted of a nationally representative sample of over 3,000 undergraduate students who were interviewed in 1999.

The characteristics of students

- The characteristics of students help explain students' behaviour, their experiences, and their financial circumstances.
- The key differences between full-time students studying in London and those studying elsewhere was that they were far more likely to come from an ethnic minority (31% compared with 4%) and to live at home with their parents (24% compared with 17%).
- Part-time students were a more heterogeneous group. Those studying in London were far more likely than those studying elsewhere to be older, single, and childless and to come from an ethnic minority. They were more likely to be taking academic subjects at 'new universities' and to have full time jobs in middle range jobs, unlike students outside of London who were more likely to work part-time in professional and managerial jobs and to take vocational courses.

Full time students

Full-time students' income

- In 1998/9 students studying in London had significantly higher total incomes than students studying elsewhere (£5,244 compared with £4,897).
- Half their income came from student loans and maintenance grants, and a quarter from their family.
- Students studying in London were less likely than students elsewhere to receive any income from the student support system mainly because of their comparatively low take-up of student loan (39% compared with 64%). This low

take-up can be explained by the facts that more students studying in London than elsewhere, lived at home with their parents and were from an ethnic minority. Both these student groups had the lowest student loan take-up rates and were the most debt averse. When London students did take out loans and were awarded grants, they obtained more money than did students at university outside London because of the London allowances within the student support system (£3,085 compared with £2,618).

- London students were also less likely than non-London students to receive financial help from their family (75% compared with 86%), especially those living at home with their parents, from ethnic minorities, and attending 'new universities'. The amount of money they received varied by their age and housing arrangements. Older students studying in London received more than mature students outside London while London students living with their parents received the least amount of money – instead they received help in kind.
- Students in London were more likely than students studying outside the capital to work during term-time (56% compared with 46%). Their earnings over the whole academic year were higher (£1,538 compared with £1,114) because their hourly wage rates were higher (£4.88 compared with £4.29), and they worked longer hours on average in the weeks they worked (14.84 hours a week compared with 13.81 hours a week).
- So overall, the greatest variation in the total income of students in and out of London over the academic year was associated with their housing arrangements. In other words, students' housing arrangements are the **key** to understanding the differences in total income both among students within London, and between students studying in London and elsewhere.
- London students who were renting or buying their homes had larger incomes than non-London students in similar accommodation (£5,872 compared with £5,246), as did those living in university owned accommodation (£5,474 compared with £4,744). By contrast, students in London staying at home with their parents had lower total incomes compared with students living in their parental home outside the capital (£3,630 compared with £4,024).
- Far more London than non-London students lived with their parents; especially ethnic minority students, and those from lower income families. Their total income over the year was low because they had less need for a student loan and less often received cash from their parents. Instead, they were far more reliant on paid work and consequently, were more likely to feel that their academic work suffered as a result.
- If more students studying in London lived independently of their parents, we would expect to see far larger differences in the total income of London and non-London students.

Full-time students' expenditure

- In 1998/9, students attending university in London had significantly higher expenditure levels than students studying elsewhere in the UK (£6,139 compared with £5,596).
- Three fifths of their expenditure was spent on living costs and a quarter on housing costs, and their housing absorbed a higher share of their overall expenditure compared with non-London students.
- Far fewer London than non-London students incurred any housing costs because more of them lived at home with their parents who subsidised these costs (77% compared with 84%). However, when London students did have to pay for their housing, it was much more expensive (£1,988 compared with £1,470) because of higher London rents both in the private sector and university provided accommodation.
- Students housing costs varied considerably depending on their housing arrangements. Most students living with their parents had no housing costs, especially student studying in London (80% compared with 68%). And when they did contribute, London and non-London students gave their parents about the same amount (£1,065 compared with £1,142). However, London students paid more than non-London for rented housing (£2,147 compared with £1,608) and university provided accommodation (£1,803 compared with £1,250).
- Students' general living costs did not vary by where they studied, but London students spent around £200 more than non-London students on food. And students living independently spent far more on food than those living at home.
- Nor did students' direct costs of studying vary, except for their travel costs to and from university. Students studying in London had higher costs than those studying elsewhere, especially those living at home and from ethnic minorities because they relied on more expensive modes of transport and had to travel longer distances to get to their university.
- For a realistic picture of students' spending (just like students' income), we need to take into consideration their housing arrangements. Once this is done, the difference in total expenditure between London and non-London students increases substantially. So London students renting or buying their homes spent more in total than non-London students in similar accommodation (£6,948 compared with £6,130), as did those in university provided accommodation (£5,909 compared with £5,040). But those living with their parents spent less in total (£4,557 compared with £4,843). Yet, the additional costs of living independently in London were not fully covered by the student loan/grant London allowances.
- So the main way students in London could reduce their costs was to live with their parents. They had no alternative, as the cost of university accommodation was also prohibitively high, unlike outside of London. They could save as much as £2,000 a year on housing, and another £400 on food if their parents could

afford to subsidise them. So this was how many London students from low-income families and ethnic minorities could afford to study in London.

- If more students studying in London lived independently of their parents, we would expect to see far larger differences in the total expenditure of London and non-London students.

Full-time students' savings and debt

- Students had a shortfall between their income and expenditure, which they made up by calling upon their savings or by borrowing money from a variety of creditors.
- Around one in six London and non-London students anticipated having savings at the end of the year, once they had paid off all their debts. However, London students had less savings than non-London students (£1,878 compared with £2,802), which made them more vulnerable financially.
- Students without student loans, living at home, and from high-income families were more likely to have savings and less likely to have debts. However, London students without student loans were less likely to have savings than similar non-London students (31% compared with 44%), because of their higher expenditure.
- Ethnic minority students studying in London had significantly lower savings (£1,636) than ethnic minority students studying elsewhere (£2,367), and white students both in and out of London (£3,795 compared with £3,558).
- Similar proportions of London and non-London students anticipated having debts at the end of the year, once any savings had been taken into account (77% compared with 80%). They also had similar levels of debt of around £3,700, most of which, was in the form of a student loan.
- Students with student loans, living independently and from low-income families were more likely to have debt and less likely to have savings. However, London students living with their parents were less likely to have debts than non-London students living at home (57% compared with 72%). So living at home for London students was very important for reducing expenditure and avoiding debt.
- Students studying in and out of London experienced similar levels of financial difficulties. However, students in London were more likely to identify its negative effects especially on their academic achievement, and so more of them had thought about dropping out of university for financial reasons.

The future of full-time students in London

- Being a full-time student in London may be becoming impossible for some. It is now so expensive, compared with studying outside London, that those from poorer backgrounds who are unable to live with their parents and/or who are debt averse may be being priced out of studying in London. Consequently, only students from more affluent backgrounds will be able to afford to study in London.
- The student population in London and the experiences of London students are becoming increasingly polarised along class, income, and ethnic lines. Ethnic

minority students, and those from low-income families, who live at home and attend their local London university, will have one experience. White students, and those from more well-off families who can afford to live independently of their parents and pay London rents, and who are not worried about building up large debts, will have another experience.

- There is nothing wrong with a diverse higher education system whereby some students choose one type of university rather than another type. The problem arises when these different higher education institutions do not have parity of esteem, which is increasingly the case between 'old' and 'new' universities. It becomes an even more serious problem when some students do not have equal access and opportunities to attend the most prestigious universities and have their choices constrained and restricted purely because of their income.
- To maintain a diverse student population, students studying in London need to be drawn from all areas of the country and all ethnic and income groups. This is vital for students, the future of higher education in London, and society as a whole. If 'new universities' rely increasingly on a local intake and students from ethnic minorities and those from low-income backgrounds while the 'old universities' recruit nationally from a predominately better-off white population there is a very real danger that universities in London will become segregated on class and ethnic lines.
- Such developments are contrary to the current government's desire to increase and widen participation in higher education.

Part-time students

Part-time students' income

- In 1998/9 students studying part-time in London had similar incomes to those studying part-time elsewhere (£8,524 compared with £8,168).
- Nearly all of their income came from earnings.
- London students had significantly higher earnings than non-London students (£9,003 compared with £7,678) because more of them worked full time, especially women.
- Students studying in London were less likely than students studying elsewhere to receive financial help from their families (45% compared with 72%) because more of them were single and older. However, when a London student had a partner, their income was usually higher than their partner's and so they supported them financially. Outside of London, students had lower incomes than their partners and so gained more from them.
- London students were less likely than non-London students to be eligible for social security benefits (28% compared with 38%) because fewer had children

and claimed child benefit. Yet, when they were eligible, they received more money in benefits (£2,576 compared with £1,765).

Part-time students' expenditure

- Students attending universities in and out of London had similar levels of expenditure (£8,802 compared with £8,290).
- Students' patterns of expenditure were very different. London students had much higher housing costs than non-London students (£2,785 compared with £1,892), which absorbed a higher share of their total expenditure (30% compared with 21%). This was despite the fact that they were more likely to be renting rather than buying their homes and living by themselves rather than with a partner and children.
- The direct costs of studying in London were significantly higher than elsewhere (£1,571 compared with £1,075) partly because London students were significantly less likely than non-London students to receive any help with these costs from their employers. So London students spent more on books, equipment, and travelling to and from their place of study.
- Tuition fees at London universities were higher than outside London (£632 compared with £462), and far more London students paid for their tuition fees personally (80% compared with 46%) because they did not receive any financial help from their employers, unlike non-London students. This was in part, because their employers did not require them to take their course, and in part because of the nature of their jobs, their age, ethnicity, and the subjects they studied – all factors influencing employers' sponsorship of education.
- Students studying in London had lower living costs and spent less on children than students elsewhere because they were more likely to be single and childless (£4,534 compared with £5,124).

Part-time students' savings and debt

- Students at university in London were more vulnerable financially than students elsewhere because more of them were in debt (59% compared with 49%) and less of them had savings to call upon (21% compared with 32%). However, the amount London and non-London students owed and had saved was about the same.
- Students studying in London were more likely to experience financial difficulties and feel the effects of these difficulties than those studying outside the capital. This may be because fewer had a partner to share their financial responsibilities and when they did, their partner was financially dependent upon them, whereas the reverse was the case among students out of London.

The future of part-time students in London

- The costs of studying in London may well deter certain groups from participating in higher education, particularly young people, and those with families.
- There is a danger that access to part-time study in London will become restricted to older single people in full-time employment because only they can afford to study in London.

The implications for policy

- To open up access to universities in London for all, to widen participation, and to maintain a socially and ethnically diverse student population the additional costs of studying in London must be addressed.
- Students' choice of university should not be restricted because of financial considerations. Nor should students have to pay more in order to study in London.
- The following areas of policy could be reviewed:
 - Housing - more affordable housing be it in the private sector or provided directly by London universities.
 - Transport - subsidised travel including discounts on over land train fares for full-time students, and the current discounts given to full-time students extended to part-time students.
 - London allowances – an assessment of their adequacy for full-timers, and their introduction for part-time students.
- Finally, there is a need to assess the extent to which the costs of studying in London shape the nature of the student population in London and deter participation. This can only be done by further, more focused research.

1 Introduction

1.1 Introduction

This report is based on supplementary analysis of data from the 1998/9 Student Income and Expenditure Survey (SIES), conducted for the Greater London Authority. The original survey, carried out for the Department for Education and Employment, examined students' income, expenditure and debt, and the initial impact of the changes in student funding arrangements. This report highlights the key differences between students studying in London and those studying elsewhere in the UK.

1.2 Research aims of the 1998/9 Student Income and Expenditure Survey (SIES)¹

The overall aims of the SIES were:

- to collect comprehensive data on the incomes and expenditure of a nationally representative sample of full and part-time undergraduate and PGCE students ordinarily resident in the UK, attending publicly funded Higher Education Institutions (HEIs) in the UK during the 1998/9 academic year;
- to identify any differences in the distribution of income and expenditure between students with different socio-economic characteristics and pursuing diverse courses of study;
- to compare changes over time in the patterns of full-time students' income and expenditure, using published information collected by previous surveys commissioned by the Department;
- to identify the characteristics of which students, if any, face financial difficulties;
- to assess students' experiences and understanding of the new funding regime;
- to provide insights into the initial effects, if any, of the new funding policies on student finances; and
- to explore the impact, if any, of the changes in financial support on students' educational choices and behaviour.

¹ For the full report see Callender C and Kemp M (2000) *Changing Student Finances: Income, Expenditure and the Take-up of Student Loans Among Full and Part-time Higher Education Students in 1998/9* Research Report RR213, DfEE, London. Crown copyright is reproduced with the permission of the Controller of Her Majesty's Stationery Office

1.3 Design of the SIES

A two stage sampling process was used to select the students surveyed. First, the HEIs were randomly selected according to region and size. From the HEIs selected, a stratified sample of students was drawn.

The main study involved a nationally representative survey of 2,800 home students studying at 87 HEIs in the United Kingdom in the 1998/9 academic year. The sample consisted of 2,054 students studying full-time and 750 studying part time on either a designated undergraduate course or on a PGCE/Initial Teacher Training courses.

Face-to-face interviews with the students were conducted between April and June 1999. In addition to the questionnaire, students were asked to complete a diary of their expenditure for one week following their interview.

1.4 Limitations of the SIES

The fieldwork for 1998/9 Student Income and Expenditure Survey (SIES) was conducted in 1999. This was before the complete abolition of student grants and their replacement with student loans for full-time students, which came into force for all new university entrants in 1999/2000, following the 1998 Teaching and Higher Education Act. So the study can not be used to evaluate this reform to the student funding. Nor can the study be used to assess the full impact of tuition fees for full-time students. These were introduced for new entrants in 1998/99. So the 1998/9 SIES sample includes just the first cohort of full-time students liable for tuition fees. We will have to wait until the Summer of 2002 for the first group of full-time students to graduate who have been subject to both these changes in student financial support throughout the whole time they were at university.

Similarly, the study was undertaken before the introduction of loans for part-time students, and tuition fee remittance polices came into force for part-timers.

The 1998/9 SIES was not designed to examine the impact of the changes in student funding on overall participation rates and dropout. Those who chose not to go to university or decided to drop out, for whatever reason, were not included within the remit of the study. The only students who participated in the 1998/9 SIES were those attending university in 1999 and participating in HE. Thus, by definition, these students had overcome, or were dealing with, any potential deterrents or fiscal barriers to initial participation in HE. Until these students were interviewed, they had also dealt with any issues associated with non-completion.

1.5 Students in London

1.5.1 London Higher Education Institutions in the SIES sample

The London students were drawn from the following 13 London HEIs:

- University College, London
- Imperial College
- Brunel University
- School of Pharmacy, University of London
- Birkbeck University
- Queen Mary and Westfield College, University of London
- Roehampton Institute of Higher Education
- University of East London
- Middlesex University
- University of North London
- South Bank University
- University of Westminster
- London Guildhall University

As the list above demonstrates, a good range of HEIs within the London area are included in the SIES sample and so the students included should be representative of the student body in London.

1.5.2 Number of London students and definitions

This report is based on the experiences of full and part-time undergraduate students, (including those undertaking a PGCE) attending the HEIs in London listed above. Within the SIES sample there were:

- 408 unweighted cases (286 weighted) of full-time students attending London HEIs; and
- 133 unweighted cases (160 weighted) of part-time students.

The report will compare the position of students attending these 13 universities in London with those attending the 73 universities elsewhere in the UK. Various tests of significance were conducted but only those which are statistically significant are reported. In addition, all the data used in the report have been weighted.

In the report we refer to - London and non-London students; and Londoners and non-Londoners - as a shorthand for students attending universities in London and students studying at universities outside of London.

1.5.3 Limits of the analysis

The number of London full and part-time students in the SIES sample means some of the findings should be treated with caution and data on certain student sub-

groups could not be analysed. The small number of part-timers in particular, limited the analysis undertaken.

Full and part-time students are considered separately in the analysis. It would be misleading to discuss both student groups together, as they have very different characteristics and experiences of higher education.

1.6 The key characteristics of the students attending HEIs in London and elsewhere

It is essential to have a clear picture of the key characteristics of students attending university in London and those studying outside the capital in order to understand students' finances (Table 1.1 to 1.4). Indeed, some of the differences in students' financial situations can be explained by their diverse characteristics.

1.6.1 Full-time students

The only significant differences in the key characteristics of full-time students at university in London and full-timers at university out of London (Tables 1.1 and 1.2) were their:

- Ethnic origin - The student population in London was much more diverse ethnically than the student population outside the capital. Nearly a third (31%) of students studying in London came from an ethnic minority group compared with about four per cent of students at university outside the capital. Particularly well represented were students from the Asian communities who made up nearly a fifth of all full-time students in London and 58 per cent of all ethnic minority students in London.²
- Housing arrangements – Students studying at London universities were far more likely than those studying elsewhere in the UK to live at home with their parents rather than live independently. For instance, nearly a quarter of all students attending London universities lived with their parents compared with just 17 per cent at universities out of London. Also students in London were less likely to live in university owned accommodation compared with students at university outside of London.

Part of the reason why the housing arrangements of students studying in London differed from those studying outside the capital was associated the ethnic composition of the student body in London, and their respective housing arrangements.³ Ethnic minority students in London were far more likely to live at home with their parents compared with white students in London (40% compared with 16%). So the high proportion of ethnic minority students studying in London helps explain the significant differences in housing arrangements among students studying in and out of London (Table 1.3).

² The number of ethnic minority students in the total sample of London students was 89, and 70 among the sample of students at university outside of London. Given the small sample size, it has not been possible to sub-divide further ethnic minority groups. This may obscure important differences between ethnic groups. In addition, it is well established that ethnic minority students studying in London are over-represented in 'new universities' but the sample size was not large enough to show this. See Shiner M and Modood T (forthcoming) *Help of Hindrance – Higher Education and the route to Ethnic Equality*, *British Journal of the Sociology of Education*.

³ The number of ethnic minority students is small, and so any findings must be treated with caution.

Furthermore, students' housing arrangements varied significantly by their year of study. The majority of students living with their parents were in their 1st year of study, especially in London (52% compared with 45%). Put another way, a third of London students who were in their 1st year lived with their parents compared with one in five out of London (20%). The majority of students living in university provided accommodation were also in their 1st year (71% in London compared with 65% outside of London). However, only 42 per cent of 1st year students in London were in university accommodation compared with over half studying elsewhere (53%). In subsequent years of study, the proportion living in rented accommodation rose steadily both in and out of London.

First year students were over-represented in London, especially those from ethnic minorities, and they are most likely to live at home with their parents. Consequently, some of the differences observed relate to the composition of the SIES sample. However, it still holds that London students, whatever their year of study are more likely to live with their parents than students outside of London. And even when we control for year of study, ethnic minority students in London are more likely than white students to live with their parents.

Another important difference was that London students at 'new universities' were significantly more likely than those at 'old universities' to live at home with their parents or in rented accommodation (Table 1.4). So, London students at 'new universities' were far more likely to live near their place of study and to be drawn from a local catchment area.

There were no other significant differences between London and non-London students. So the gender, age, and class composition of students at university in London were similar to those at university elsewhere (Table 1.1).

Also students in London were just as likely as students out of London to attend a 'new' and 'old' university; to take a similar qualification; and to study similar subjects except for medicine and subjects allied to medicine.

So overall, full-time students studying in London and elsewhere were a fairly homogeneous group. Typically they were aged under 25, single, and childless, and living independently of their parents who were in professional and managerial jobs. However, those studying in London were more likely to come from an ethnic minority group and to live at home with their parents.

Table 1.1 The socio-economic characteristics of full-time students at HEIs in London compared with full-time students attending HEIs elsewhere in the UK

Percentages

Characteristic	Students in London*	Students elsewhere in the UK **
Gender		
Male	52	47
Female	48	53
Age		
< 25	83	86
>=25	17	14
Social class⁴		
I + II	55	59
IIIN + IIIM	35	33
IV + V	10	8
Ethnic origin		
White	69	96
Black	8	1
Asian	18	2
Other	5	1
Family type		
Single, no children	89	91
Couple, no children	3	4
Single with children	4	2
Couple with children	4	3
Living arrangements		
Lives independently	68	76
Lives with parents	24	17
Lives with partner/children	6	6
Other	2	1
Housing arrangements		
University owned	24	30
Rented/buying	52	53
Living with parents	24	17
TOTAL NUMBER OF STUDENTS	286	1,768

Base: *All full-time students attending HEIs in London

** All full-time students attending HEIs outside of London

Source: South Bank University - Student Income and Expenditure Survey 1998/9

⁴ Social class is based on parents' occupation for students aged 25 and under and on students own occupation prior to studying if aged 25 and over. Note 202 missing cases

Table 1.2 Details about courses of full-time students at HEIs in London compared with full-time students attending HEIs elsewhere in the UK

Percentages

Detail	Students in London*	Students elsewhere in the UK **
Type of institution		
New	49	50
Old	51	50
Type of qualification		
Undergraduate degree	94	94
PGCE/Initial teacher training	2	2
Dip HE	1	1
HND	3	3
Year of study		
1 st year	40	37
2 nd year	32	30
3 rd year +	28	33
Subject studied		
Medicine	16	8
Science	12	14
Maths/computing	7	7
Engineering, Technology, Architecture	8	9
Social Science	29	31
Arts/Humanities	15	21
Education	5	6
Other	8	4
TOTAL NUMBER OF STUDENTS	286	1,768

Base: *All full-time students attending HEIs in London

** All full-time students attending HEIs outside of London

Source: South Bank University - Student Income and Expenditure Survey 1998/9

Table 1.3 Housing arrangements of full-time students by ethnic group

Housing arrangements		Students at London HEIs		Students at HEIs elsewhere	
		White	Other	White	Other
LIVE WITH PARENTS	Valid N	31	36	277	15
	Proportion of students (%)	16	40	16	21
UNIVERSITY OWNED	Valid N	52	16	505	16
	Proportion of students (%)	27	18	30	23
RENTED/ BUYING	Valid N	112	38	916	39
	Proportion of students (%)	57	42	54	56
TOTAL	Valid N	195	90	1698	70
	Proportion of students (%)	100%	100%	100%	100%

Base: All full-time students from 1998/9 SIES sample

Source: South Bank University - Student Income and Expenditure Survey 1998/9

Table 1.4 Housing arrangements of full-time students by 'new' and 'old' university

Housing arrangements		Students at London HEIs		Students at HEIs elsewhere	
		Old	New	Old	New
LIVE WITH PARENTS	Valid N	28	39	90	202
	Proportion of students (%)	19	28	10	23
UNIVERSITY OWNED	Valid N	48	20	341	180
	Proportion of students (%)	33	14	39	20
RENTED/ BUYING	Valid N	70	80	454	501
	Proportion of students (%)	48	58	51	56
TOTAL	Valid N	146	139	885	883
	Proportion of students (%)	100%	100%	100%	100%

Base: All full-time students from 1998/9 SIES sample

Source: South Bank University - Student Income and Expenditure Survey 1998/9

1.6.2 Part-time students

Students studying part time at universities in London and universities out of London were much more diverse, especially when compared with full-time students. The differences between these students help explain their varied financial circumstances.

The main significant differences between part-time students at London universities and those studying elsewhere⁵ (Tables 1.4 and 1.5) were associated with their:

- **Social class** – Students studying part time in London were mostly in skilled middle-income jobs while those studying outside the capital most often had professional and managerial jobs. Only a third of students in London were in the highest level occupations compared with over a half of students outside of London.

Inevitably, the sort of jobs students had, affected their overall income. Their jobs also affected the sort of support they received from employers when undertaking their course, such as help with tuition fees.
- **Ethnic origin** - students attending HEIs in London were much more diverse ethnically than students at universities outside the capital. Some 45 per cent of students in London came from an ethnic minority group compared with about four per cent of students studying elsewhere in the UK. Particularly well represented were Black students who make up nearly a third of all part-time students in London.
- **Age** – Part-time students at university in London were older than students doing part-time courses outside the capital. Over four out of five students in London were aged 25 and over, compared with seven out of ten studying outside London.
- **Family type** – Although students in London were older than students studying elsewhere, they were much more likely to be single and to be childless, even when they had a partner. Three in five London students were single and without children compared with two in five non-London students. Half as many students in London as those out of London were married/cohabiting with children (16% compared with 34%). So altogether, 22 per cent of students in London had children compared to 40 per cent of students outside of London.

And these differences in family type are even more marked among female students. Women made up the majority of part-timers both in and out of London. However, twice as many students studying in London as outside London are single childless women (33% compared with 17%). Conversely, three times as many students out of London as in London were

⁵ The differences between students studying part-time in and outside the capital may well reflect wider differences among the adult population living in London compared with the adult population living elsewhere in the UK. Such data on the general non-student population have not been examined.

married/cohabiting with children (20% compared with 6%). Put another way, over half of female students in London are single and childless compared with under a third out of London. And one in ten female students in London are married/cohabiting with children while a third out of London.

Among men the differences were not as great. Some 70 per cent of male students in London were single and childless compared with over a half outside London. Only 8 per cent of men in London were married/cohabiting with children compared 22 per cent out of London.

- Living arrangements - The stage of a student's family formation influenced directly their living arrangements. So London students were far more likely than non-London students to live independently, and they were far less likely to live with a partner and children. For instance, students in London mostly lived by themselves or with friends (59%) while students out of London most often lived with their partner and/or children (45%). Students' respective living arrangements had a large influence on their housing and living costs.
- Subjects studied - Students at university in London mostly studied social sciences and arts/humanities while students out of London also took vocational courses such as medicine/subjects allied to medicine or engineering.

So overall, part-time students studying in and out of London were a heterogeneous group. Students taking part-time courses at universities in London were typically women in middle range jobs, aged 25 and over, single, childless, lived with friends or by themselves, and studied social sciences or arts/humanities. And they were more likely than students attending university outside the capital to have come from an ethnic minority group.

By contrast, part-time students studying out of London were more likely than students in London to have a managerial or professional job, to be white, to be under 25 years but married/cohabiting with children and living with their nuclear family, and to be taking a vocational course.

Furthermore, women in London were particularly likely to be single and childless while those out of London were much more likely to be married/cohabiting with children.

All these differences help explain some of the variations in the financial position of part-time student in and out of London. But they also suggest that the sort of people attracted to part-time study in London were very different from the sort of people elsewhere in the country who were drawn to part-time study.

Table 1.5 The socio-economic characteristics of part-time students at HEIs in London compared with part-time students attending HEIs elsewhere in the UK

Percentages

Characteristic	Students in London*	Students elsewhere in the UK**
Gender		
Male	41	43
Female	59	57
Age		
< 25	18	28
>=25	82	72
Social class⁶		
I + II	33	54
IIIN + IIIM	60	40
IV + V	7	6
Ethnic origin		
White	55	96
Black	31	1
Asian	4	2
Other	10	1
Family type		
Single, no children	60	40
Couple, no children	18	20
Single with children	6	6
Couple with children	16	34
Living arrangements		
Lives independently	59	35
Lives with parents	11	18
Lives with partner/children	24	45
Other	6	2
Housing arrangements		
University owned	3	0
Rented/buying	86	82
Living with parents	11	18
Employment status		
Working	85	89
Not working	15	11
TOTAL NUMBER OF STUDENTS	160	588

Base: *All part-time students attending HEIs in London

** All part-time students attending HEIs outside of London

Source: South Bank University - Student Income and Expenditure Survey 1998/9

⁶ This is based on the student's occupation. Note 266 missing cases

Table 1.6 Details about courses of part-time students at HEIs in London compared with part-time students attending HEIs elsewhere in the UK

Percentages

Detail	Students in London*	Students elsewhere in the UK **
Type of institution		
New	65	66
Old	35	34
Type of qualification		
Undergraduate degree	97	89
PGCE/Initial teacher training	1	2
Dip HE	1	4
HND	1	5
Year of study		
1 st year	35	32
2 nd year	17	26
3 rd year +	47	42
Subject studied		
Medicine	3	14
Science	11	8
Maths/computing	9	5
Engineering, Technology, Architecture	4	15
Social Science		
Arts/Humanities	38	35
Education	22	15
Other	4	5
	9	3
TOTAL NUMBER OF STUDENTS	160	588

Base: *All part-time students attending HEIs in London

** All part-time students attending HEIs outside of London

Source: South Bank University - Student Income and Expenditure Survey 1998/9

1.6.3 Differences between full and part-time students in London

If we compare Tables 1.1 and 1.2 with Tables 1.4 and 1.5, we can see some interesting variations between full and part-time students in London in terms of

their key characteristics, the institutions they attend, and courses they take. Full-time students were more likely than part-timers to be white, male, under 25 years olds, single, childless, living independently or with their parents, and to attend an 'old' university.

These differences are very important because they highlight how important it is to look at full and part-time students separately. They illustrate how we can not assume that all students, irrespective of whether they study full or part-time, are similar or a homogenous group. In reality, full and part-time students have very different characteristics and so have different needs as students.

1.7 Outline of the report

Chapter 2 examines full-time students' total income and their key sources of income including: money from the student support system namely, student loans, grants, and Access and hardship funds; financial help from parents; and earnings from paid employment; and compares London and non-London students.

Chapter 3 concentrates on full-time students' total expenditure and their main areas of expenditure including their housing and living costs, and their participation costs, highlighting differences among students studying in London and those studying elsewhere.

Chapter 4 explores the extent of full-time students' debt and savings, their subjective perceptions of financial difficulties and its impact on their experiences and lifestyles and any variations among London and non-London students.

Chapter 5 focuses on students studying part-time in and out of London looking at their income, expenditure and debt.

Chapter 6 draws out some of the key conclusions from the study.

2 Full-time students' income

2.1 Introduction

This section will seek to address the following questions.

- What was students' income over the academic year?
- From where, and whom, did they receive their income?
- How much did they receive from each income source?
- How did these vary among students studying in London and those studying elsewhere?

This section, therefore, will look at students' total incomes and their key sources of income including: money from the student support system namely, student loans, grants and Access and hardship funds; financial help from parents; and earnings from paid employment. It will compare students attending London HEIs with students studying outside the capital in the 1998/9 academic year, highlighting differences only when they are statistically significant.

This chapter will examine the probability of receiving money from a particular income source between London and non-London students, controlling for key variables. Also it will look at the chances of receiving more money from a particular income source between London and non-London students, controlling for key variables. Only differences in probability, which are statistically significant will be discussed. Finally, this chapter will examine the position of full-time students only as the situation of part-time students will be explored in a later chapter.

We have included in our definition of student income money borrowed from the Student Loan Company. In reality, this income is borrowed against future earnings. All other forms of credit such as bank overdrafts and commercial credit have been excluded from student income – they have been incorporated within the calculations of students' overall debt.

The period of time over which students' income and expenditure have been calculated is the academic year, which includes the short vacations of Christmas and Easter. In our analysis we have taken into account the fact that the academic

year varies between universities, courses, and sometimes between individual students.⁷

Inevitably, not all students receive money from every income source. Therefore, we can calculate the average (mean) income for all students, irrespective of whether they received money from the source. Alternatively, we can calculate the average income for those students receiving money from a particular source. We have adopted the later approach.

In addition, the tables give the median sum of money received. When interpreted alongside the mean, the median gives an indication of the shape of the skew in each of the underlying income distributions. The standard error is also given in each case – this indicates the precision of the sample mean as an estimate of the unknown value in the student population as a whole or for a subgroup of that population.

2.2 Total income

The total average income of full-time students' attending universities in London over the 1998/9 academic year was £5,244 while for all those outside the London area it was £4,897.⁸ So students attending universities in London had significantly higher incomes than students at university elsewhere in the UK (Table 2.1).

2.3 Sources of income

- Figs 2.1 and 2.2 illustrate from where and whom students studying in London and elsewhere gained an income. The income of students in London was derived from the following sources:
 - 50 per cent from main student support including student loans, maintenance grants, hardship loans, and other sources such as charities;
 - 25 per cent from students' family and friends which included, where applicable, parental contributions to students' maintenance costs but not their fees;⁹
 - 18 per cent from paid work;
 - 5 per cent from miscellaneous sources including presents, sale of items etc; and
 - 1 per cent came from social security benefits.
- The proportion of students' total income derived from each source among students attending universities in and out of London were fairly similar (Fig 1 and 2). However, London students received a larger share of their total income

⁷ The calculations are based on each student's actual academic year.

⁸ It was £4,924 for all students in the UK.

⁹ Parental contributions to tuition fees have not been included in students' total income. This is because the money for fees is paid directly to the students' HEI rather than directly to the student.

from the student support system and paid work, but a slightly smaller proportion of their total income from their family.

Fig 1 Sources of income for students at university in London

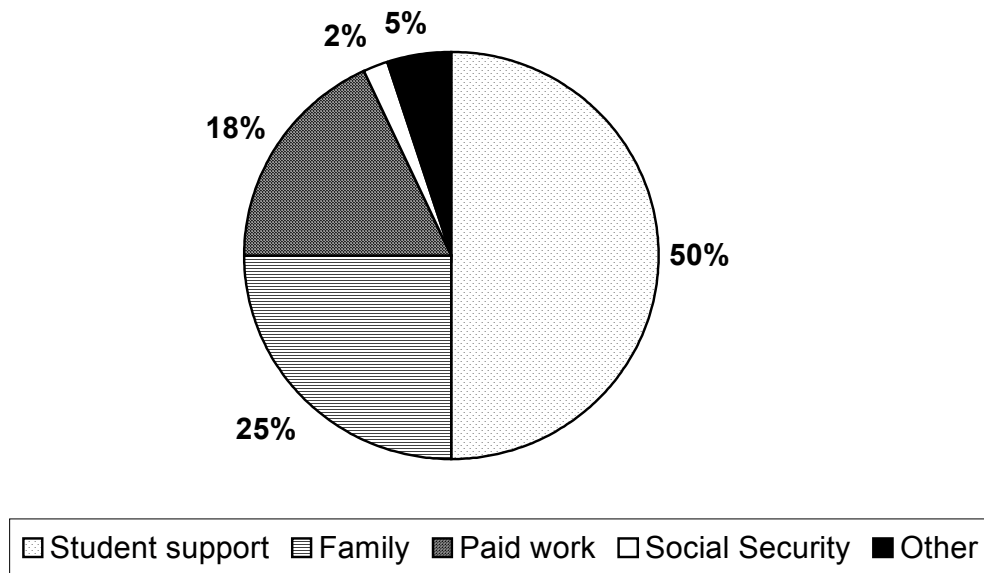
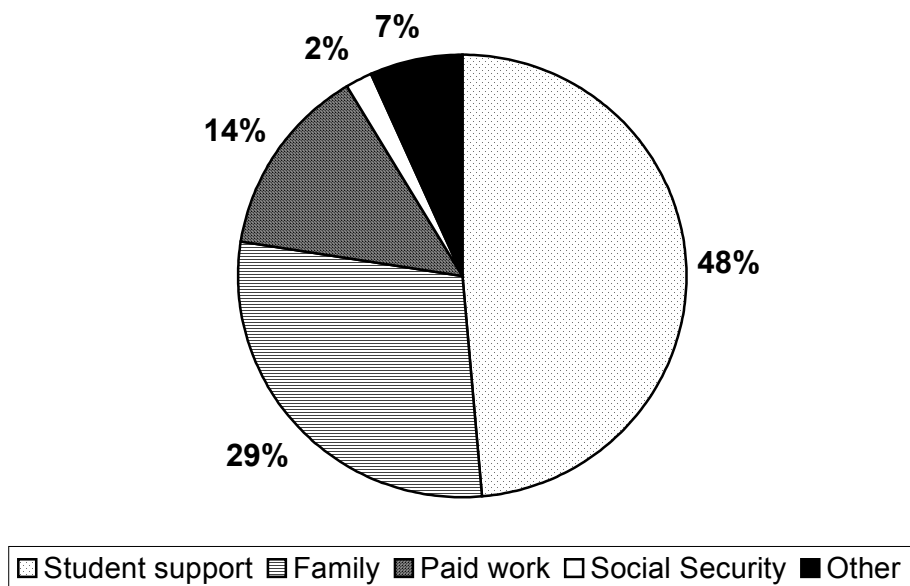


Fig 2 Sources of income for students at university out of London



2.3.1 Proportion of students receiving income from each source and variations among London and non-London students

Table 2.1 shows the proportion of students in and outside of London in 1998/9 receiving income from each source of income. There were some significant differences between the two student groups.

- Student support - students studying in London students were less likely than those attending HEIs elsewhere to receive money from the main sources of student support (82% compared with 88%).
- Family – the chances of students at university in London receiving financial support from their family were significantly less likely than for students studying elsewhere in the UK (75% compared with 86%) (section 2.9).

2.3.2 Amount of income from each source and variations among London and non-London students

Table 2.1 also gives the sums of money students in and out of London received from each source of income, and how it varied. The significant differences in the sums obtained were associated with:

- Student support - students studying in London received more than students studying outside of London from the main sources of student support over the academic year (£3,085 compared with £2,618). This is because student support arrangements vary, *inter alia*, depending on both where in the country a student studies and whether or not they live independently of their parents. So, additional London ‘allowances’ are incorporated within both grant and loan rates for students living independently of their parents.
- Earnings - London students who undertook paid work whilst studying earned more over the academic year than similar non-London students (£1,538 compared with £1,114). This was because students in London tended to work longer hours and were paid more (section 2.10).

2.4 Total income and variations among London and non-London students

The variations in the proportion of students receiving money from a particular source of income combined with the differences in the amounts they received help explain why students in London had significantly higher incomes than students studying elsewhere.¹⁰

¹⁰ In the main SIES, the greatest variations in total income were associated with students' age, family type, and living circumstances. Unfortunately, there were not enough cases of students studying in London to explore differences by living arrangements or family type. In the main SIES study lone parents had the highest income because of the extra allowances in the student support system for their children.

The only significant variation in the total income of students in London compared with those out of London was associated with their housing arrangements.¹¹

- Housing arrangements – students in London who were renting or buying their homes had larger incomes than students in similar accommodation studying outside of London (£5,872 compared with £5,246). Also students studying in London who lived in university owned accommodation had higher incomes than students in accommodation provided by a university outside of London (£5,474 compared with £4,744).

By contrast, students in London staying at home with their parents had lower total incomes compared with students living in their parental home outside the capital (£3,630 compared with £4,024). In fact, London students living at home had the lowest incomes of all student groups – they were one of the poorest student groups.

To understand why students' housing arrangements had such an impact on their total income we have to examine first, differences in housing arrangements in and out of London. Secondly, we need to look at the variations in the components of students' total income discussed above namely, the money they derived from the student support system, the family, and paid work.

As already discussed (section 1.6.1), students studying in London were more likely than those studying out of London to live in their parental home, but they were less likely to live in accommodation provided by their university (Table 1.1). Students from ethnic minorities were particularly likely to live at home with their parents, especially those in London (Table 1.3). So clearly there were marked differences in patterns of housing arrangements in and out of London, some of which was related to the composition of the sample.

Some of the higher income of London students living independently can be explained by the student support arrangements and the additional London allowances within maintenance grants and student loans. Students studying out of London were not eligible for these allowances, nor were students living at home in or out of London.

Students living at home in London also had lower incomes because they were far less likely to take out a student loan. This was especially the case among students from ethnic minorities (section 2.6.3). Finally, students living with their parents had comparatively low incomes because they were least likely to receive financial help from their parents (section 2.9.1).

¹¹ Note student total income varied by a range of factors such as a student's age, ethnicity, family type etc but here we only report on variations that existed between London and Non-London students. So for instance, we have not discussed how total income varied by age because that was the case irrespective of where a student attended university.

Table 2.1 Total income - the proportion of full-time students receiving money from each source and the average amount each student received

		Students at London HEIs	Students at HEIs elsewhere
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	3085	2618
	Median (£)	3039	2735
	Standard Error of Mean	105	32
	Valid N	N=235	N=1547
	Proportion of students receiving (%)	82%	88%
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	895	1193
	Median (£)	500	500
	Standard Error of Mean	270	147
	Valid N	N=24	N=133
	Proportion of students receiving (%)	8%	8%
PAID WORK	Mean (£)	1538	1114
	Median (£)	1204	700
	Standard Error of Mean	101	38
	Valid N	N=171	N=1073
	Proportion of students receiving (%)	60%	61%
FAMILY	Mean (£)	1718	1595
	Median (£)	1000	1080
	Standard Error of Mean	159	45
	Valid N	N=214	N=1565
	Proportion of students receiving (%)	75%	86%
SOCIAL SECURITY BENEFITS	Mean (£)	1269	1624
	Median (£)	922	1122
	Standard Error of Mean	238	165
	Valid N	N=17	N=99
	Proportion of students receiving (%)	6%	6%
OTHER INCOME	Mean (£)	501	549
	Median (£)	84	115
	Standard Error of Mean	82	39
	Valid N	N=153	N=1054
	Proportion of students receiving (%)	54%	60%
TOTAL INCOME	Mean (£)	5244	4897
	Median (£)	4795	4585
	Standard Error of Mean	168	57
	Valid N	N=281	N=1764
	Proportion of students receiving (%)	100%	100%

Base: All full-time students from 1998/9 SIES sample, with income from each source

Source: South Bank University - Student Income and Expenditure Survey 1998/9

2.5 Student financial support

Student financial support consisted of money from student loans, maintenance grants, hardship loans and the Access and hardship funds (Table 2.2). At the time the field work for this study was undertaken all students under 55 were eligible for student loans and hardship loans from the Student Loans Company while means-tested maintenance grants were obtainable from the students' Local Authority. Access and hardship funds, by contrast, are discretionary and allocated by the student's university.

2.5.1 Proportion of students receiving student financial support and variations among London and non-London students

Fewer London than non-London students received money from the student support system (section 2.3.1). However, there were no other significant variations in the likelihood of students in and out of London receiving such support.

2.5.2 Amount of student financial support received and variations among London and non-London students

As we have seen, students in London received significantly more money from the main sources of student support than students living elsewhere (£3,085 compared with £2,618) (section 2.3.2). And the chances of students at university in and out of London receiving a different amount of student support also varied by their:

- Housing arrangements – Students in London who were buying or renting their property received an average of £3,518 from the student support system over the academic year, those in university accommodation obtained £3,256, and those at home £1,938. The equivalent sums for students studying outside the capital were £2,724, £2,678 and £2,139.

These variations were because of the London allowances for students living independently of their parents who were eligible for higher rates of loans and grants.¹² These London allowances are meant to compensate for the additional costs of living in London.

- Ethnicity – In London, white students received an average of £3,301 over the year from student support while students from ethnic minority groups gained £2,642. The equivalent sums for students studying outside the capital were £2,623, and £2,510.

This variation is also associated with the housing arrangements of ethnic minority groups in London (Table 1.3) and their relatively low take-up of student loans (section 2.6.3).

We will now look at these issues in more detail and identify which student groups in London were particularly less likely to receive the main forms of student support.

¹² For full details of all the various additional allowances see DfES website – www.dfes.gov.uk

2.6 Student loans

In 1998/9, the maximum sums students in London could borrow from the Student Loan Company was £ 3,145¹³ - around £400 more than non-London students. This difference has increased with the abolition of student grants, and in 2001/2002 was £800.

2.6.1 *The take-up of student loans*

Students at university in London were significantly less likely than those studying elsewhere to take out a student loan (65% compared with 75%).

2.6.2 *Take-up of student loans and variations among all UK students*

Multivariate analysis¹⁴ of student loan take-up among **all** students in the UK in 1998/9¹⁵ showed that the students least likely to have taken one out were:

- Ethnic minority students, especially Asian students
- Students living at home with their parents
- Students on short courses
- Students attending HEIs in London

By contrast, those most likely to have taken out a student loan were:

- lone parents
- students with the largest maintenance grants
- 1st year students
- students with over £500 of commercial loans such as overdrafts at high-street banks¹⁶

2.6.3 *Take-up of student loans and variations among London and non-London students*

This multivariate analysis can help explain the significantly lower take-up of student loans among London students. The chances of a student who attended university in London taking out a student loan and the chances of a student out of London taking one out varied significantly depending on their:

¹³ This is for students in the 1st and 2nd years. At the time this study was conducted, student loans were not income assessed and all the students interviewed were eligible potentially for the maximum student loan. The equivalent maximum loan in 2001/2 is £4,700.

¹⁴ Multivariate analysis controls for students' similar characteristics.

¹⁵ For full details and discussion see Callender and Kemp (2000) *op. cit.*

¹⁶ The chances of a student taking out a loan increased with the amount of money the individual borrowed from other sources of credit. It also suggests the existence of a sub-group of students who were debt averse – an issue we will return to. Thus some students were willing to go into debt, while others tried to avoid debt if they possibly could.

- Housing arrangements - the higher proportion of London students living with their parents largely explains the influence of this factor (Table 1.1). Students living at home were far less likely to take out a loan than those with other housing arrangements, especially those in London.

In London, only 39 per cent of students living at home had taken out a student loan compared with 74 per cent living in university accommodation and 72 per cent renting or buying a property. The equivalent figures for students at university out of London were 64 per cent, 73 per cent, and 76 per cent. So London students living with their parents were far less likely to take out a student loan than similar students out of London.

Certainly living at home was an important financial strategy used by students. As we will see, they could save money because their parents subsidised their living costs. Consequently, they could avoid taking out a student loan.

- Ethnicity - the high proportion of ethnic minority students attending universities in London largely explains the significance of this factor (Table 1.1). Students from ethnic minority groups were far less likely than white students to take out a student loan, but especially those in London. In London, only a half of students from an ethnic minority had taken out a loan compared with 71 per cent of white students. The equivalent take-up rates for students out of London were 57 per cent and 74 per cent respectively. These take-up rates also were associated with the housing arrangements of different ethnic groups.
- Type of university attended- Only 57 per cent of students at new universities in London had taken out a student loan compared with 71 per cent at old universities. Outside of London the respective figures were 73 per cent and 74 per cent.

This can be explained by the combined effects of: the high proportion of students from ethnic minorities attending universities in London; the low take-up of student loans among ethnic minority students; and the high proportion of students at new universities who lived with their parents. In London, 34 per cent of students attending new universities were from an ethnic minority group while 29 per cent of students attending old universities were non-white. Out of London, only four per cent of students both at new and old universities were from an ethnic minority.

2.6.4 Main reason for taking out a student loan in 1998/9 among students in London

- 74 per cent of London students said that they needed the money.
- 11 per cent said student loans were a cheap way to borrow money and/or tax efficient.

2.6.5 Main reason for not taking out a student loan in 1998/9 among students in London

- 33 per cent of students said they did not need the money;
- 22 per cent cited a dislike of borrowing and concern about debt;
- 14 per cent were concerned about over repayments;
- 12 per cent of students in London claimed their parents or partner did not want them to take out a loan; and
- 12 per cent of students in London said they preferred to have a paid job rather than take out a loan.
- So central to the non-take up of student loans in 1998/9 were worries about the disadvantages of borrowing.

2.6.6 Debt aversion among UK students¹⁷

- In the main SIES, there were some important variations in students' rationales for not having taken out a loan, and these were linked to their social class and gender.
- Those most likely to be deterred by the financial disadvantages of student loans were students from the lowest social classes, especially women.
- In the UK as a whole, some 48 per cent of students from the lowest social classes expressed concerns about borrowing, debt and repayments compared to just 34 per cent of students from the highest social classes, and 37 per cent of all students.

2.6.7 Size of student loans and variations among London and non-London students

Students in London borrowed slightly more money than those out of London (£2,201 compared with £1,847), but this difference was insignificant. So, although students in London could borrow more money, the average amount they borrowed was depressed by their lower take-up of student loans.

¹⁷ There were not enough students in the London sample to undertake this analysis.

Table 2.2 Main sources of student support - the proportion of full-time students receiving money from each source and the average amount each student received

		Students at London HEIs	Students at HEIs elsewhere
STUDENT LOAN	Mean (£)	2201	1847
	Median (£)	2145	1735
	Standard Error of Mean	48	17
	Valid N	N=183	N=1295
	Proportion of students receiving (%)	65%	75%
MAINTENANCE GRANT	Mean (£)	1663	1412
	Median (£)	1500	1325
	Standard Error of Mean	80	28
	Valid N	N=182	N=1119
	Proportion of students receiving (%)	65%	65%
HARDSHIP LOAN¹⁸	Mean (£)	244	233
	Median (£)	250	250
	Standard Error of Mean	12	9
	Valid N	N=3	N=20
	Proportion of students receiving (%)	1%	1%
ACCESS/ HARDSHIP FUND	Mean (£)	563	604
	Median (£)	500	495
	Standard Error of Mean	64	49
	Valid N	N=30	N=122
	Proportion of students receiving (%)	11%	7%
TOTAL STUDENT SUPPORT	Mean (£)	3038	2618
	Median (£)	3039	2735
	Standard Error of Mean	105	32
	Valid N	N=235	N=1547
	Proportion of students receiving (%)	83%	88%

Base: All full-time students from 1998/9 SIES sample, with income from each source

Source: South Bank University - Student Income and Expenditure Survey 1998/9

¹⁸ This is paid to new entrants from 1998/9 and so only 1st year students in the SIES were eligible for them

2.7 Student maintenance grants

In 1998/9, new entrants and existing students could receive grants for living expenses. So all students in the 1998/9 SIES still were eligible potentially for grants. Supplementary grants and allowances for certain students such as lone parents were also still available at the time the survey was conducted. The maximum basic student grant in 1998/9 for students in London living away from home was £2,225 (for 2nd year students and above) - £400 more than for similar students living out of London.

2.7.1 Grant eligibility rate and variations among London and non-London students

Just under two-thirds of students in London were awarded a maintenance grant, a similar proportion as those studying out of London. The only variation in eligibility to student grants among students in London and those elsewhere, was related to housing arrangements.

- Housing arrangements – the main difference was among students living at home with their parents in and out of London. Some 70 per cent of these students in London were awarded a student grant compared with 62 per cent out of London. The proportion of students who were renting or buying their property who were awarded a grant was 64 per cent in London and 67 per cent out of London, while among those living in university provided accommodation it was 58 per cent in London and 56 per cent out of London.

This finding is important because grant eligibility was means-tested. It suggests that London students from low-income families were most likely to live with their parents, unlike low-income students attending university outside the capital. So it is safe to assume that living at home was a key financial strategy for low-income students in London.

2.7.2 Size of grant and variations among London and non-London students

Students studying in London who were eligible for a grant were awarded an average of £1,663. There were no significant differences in the amounts awarded to students studying in and out of London.

2.8 Access Funds and University Hardship scheme funds

In our analysis, money from Access Funds and university Hardship scheme funds have been combined because students often do not know from which fund such help comes. This is not surprising, as universities often amalgamate these two pots of money.

Just over one in ten students in London received money from these funds and each obtained an average of £563 (Table 2.2).¹⁹

2.9 Family

2.9.1 Proportion of students receiving money from their family and variations among London and non-London students

In our study, income from the family included contributions from students' parents and contributions from a student's partner where a student was in a stable relationship. We have assumed in this study that students in a stable relationship both pool their income and share their household expenses. The share of a partner's income, therefore, is a means of adjusting a couple's income for such dynamics within a household.

Not all parents are expected to contribute towards their children's living costs.²⁰ The parents of students classified by the student support system as 'independent' (mostly aged 25 and over) did not have to contribute to their children's maintenance, nor did those whose children received full grants.

As already discussed, London students were significantly less likely than non-London students to receive financial support from their family (75% compared with 86%). In particular, they were less likely to obtain regular financial help from their parents or partner. The probability of students in and out of London receiving money from their family varied depending upon their:

- Housing arrangements - Students living at home were less likely than others to receive regular financial contributions from their family, especially London students. Instead of receiving cash from their parents, these students usually received support in kind by not having to pay for their board and lodging. And as we will see, this is borne out by these students' lower expenditure on housing and food (sections 3.5 and 3.6).

In London, only 67 per cent of students living at home received money from their family compared with 91 per cent living in university accommodation and 72 per cent renting or buying a property. The equivalent figures for students at university out of London were 83 per cent, 95 per cent, and 87 per cent.

The higher proportion of London students living at home largely account for the lower percentage obtaining regular income from their family.

- Ethnicity - In London, 60 per cent of students from an ethnic minority obtained familial support compared with 83 per cent of white students. The equivalent

¹⁹ There is an insufficient number of students in London getting Access funds to carry out any further analysis such as variations in take-up.

²⁰ Any money received for tuition fees has not been included here as it goes straight to the HEI.

figures for students out of London were 79 per cent and 98 per cent respectively. This was because of the high proportion of ethnic minority students in London living with their parents.

- Type of university attended - Only 60 per cent of students at 'new universities' in London received money from their family compared with 90 per cent at 'old universities'. Outside of London the respective figures were 84 per cent and 93 per cent. This was because of the combined effects of the age profile of students at 'new' and 'old universities'; the fact that more students at 'new universities' lived at home; and that there were more ethnic minorities in London living at home.

The aged composition of students attending 'old universities' in and out of London was very similar. However, students were far more likely to be aged 25 and over at 'new universities' in London compared with students attending 'new universities' elsewhere (27% compared with 18%). And as we have seen, students aged 25 and over are classified as 'independent students'. Thus the means-tested grants are based on their own income rather than that of their parents. As we have seen, more students at 'new universities' in London lived at home and ethnic minorities were over-represented at 'new universities' in London.

2.9.2 Amount students received from their family and variations among London and non-London students

The amount of financial support students receive from their parents is partly influenced by the student funding system. Parental contributions are calculated in relation to student grants. Thus we would expect higher parental contributions among students awarded no grant and lower contributions among those awarded a grant.

Students in London were just as likely as students out of London to receive a similar amount of financial help from their family. However, there was a significant difference when we control for students':

- Age – The amount London and non-London students aged under 25 received from their family was similar (£1,581 compared with £1,586). However, there was a stark difference between older students. Mature students received much more financial help from their family if they lived in London than if they lived elsewhere (£2,693 compared with £1,678). This difference was related to the transfer of income between couples in London. The partners of students in London were usually male and had higher wages, and thus the transfer of income was higher.
- Housing arrangements – The amount of income students in and out of London received from their family varied considerably. London students who were renting or buying their homes obtained significantly more than non-London students in similar accommodation (£2,166 compared with £1,665). Students

living in university owned accommodation received a similar sum (£1,705 in London compared with £1,816 out of London) but London students staying at home with their parents received a third less than non-London students living at home (£660 compared with £905).

2.10 Paid work

2.10.1 Patterns of employment

- Six out of ten students studying in London undertook some paid work during the academic year, a similar proportion to those students studying outside the capital worked.
- 56 per cent of London students worked during term-time, significantly more than the 46 per cent of students outside of London. So students in London appear more pressurised to work during term-time compared with students studying elsewhere.
- 52 per cent of students in London and a similar proportion of students outside of London worked during the short vacations, that is, over the Christmas and Easter holidays.

2.10.2 Students' propensity to work and variations among London and non-London students

The chances of a student in and out of London doing paid work at some time over the academic year varied depending on their:

- Ethnicity – There was no difference in the likelihood of white students working by whether they studied in or out of London (61% worked). However, students from ethnic minority groups who were at university in London were far more likely to do paid work than ethnic minority students at university out of London (57% compared with 37%).

Ethnicity was probably a significant factor in London because of the concentration of ethnic minority students in the capital relative to elsewhere in the UK. Also students living with their parents, both in and out of London, were far more likely to work than students in other types of accommodation.²¹ And as we have seen, ethnic minority students in London were far more likely than others to live with their parents. Paid work may have been particularly necessary for students living at home because they did not receive money regularly from their parents, nor had they taken out a student loan.

²¹ Students living at home with their parents, both in and out of London, were far more likely to do paid work than students in other types of accommodation. Three-quarters of London students living at home with their parents had a paid job sometime over the academic year compared with 57 per cent living in university accommodation and 55 per cent renting or buying their homes

2.10.3 Weeks and hours worked by students during term-time

- Students' employment patterns over term-time fluctuated. They rarely worked the same number of weeks or hours per week every term. So we have calculated the average number of weeks worked over the academic year, and then the number of hours worked for each week they actually worked.
- Using this measure, students in London worked for an average of 21.4 weeks during the term, and for an average of 14.8 hours each week they worked. By contrast, students attending HEIs outside of London worked fewer weeks and hours – 20.3 weeks at 13.8 hours per week.²² Consequently, students studying in London worked significantly more hours on average, than those studying elsewhere.
- In addition, there was a significantly greater chance that London students would work very long hours of 20 hours or more per week. Nearly three out of ten (28%) students with jobs and studying in London worked over 20 hours a week while the figure for students elsewhere was one fifth (20%).

2.10.4 Hourly pay

- Students in London earned on average £4.88 an hour during term-time while non-Londoners earned considerably less, just on £4.29 average.²³
- Students' earnings were well below the national average gross hourly earnings in 1999 for workers aged between 18 and 21 who earned £4.93 per hour, and those aged between 21 and 24 years at £7.10 per hour.²⁴
- Just under a quarter of students in and out of London (22% London and 24% elsewhere) earned below the national minimum wage.

2.10.5 Earnings from paid work over the academic year and variations among London and non-London students

- As a result of London students' longer hours of work and their higher hourly pay, they earned an average of £1,538 over the academic year, which was significantly more than the £1,114 gained by non-London students (Table 2.1). There were, however, no other significant interactions between students' earnings, their socio-economic characteristics and whether they studied in or out of London.

²² If we calculated the number of hours worked averaged out over all weeks in a term, then the average number of hours worked by students in London falls to 11 hours and to 9.3 hours out of London. So using this measure London students still worked more hours a week.

²³ Note these are gross figures

²⁴ ONS (1999) *New Earning Survey 1999*, HMSO, London. Note this study was undertaken before the National Minimum Wage came into force.

2.10.6 Impact of paid work on academic performance

- Nearly a half (46%) of London students who worked ,believed their jobs had had a negative impact on their academic work compared with just a third of non-London students. This was probably because they worked longer hours.
- Students thought that their academic studies suffered primarily because they could not devote enough time to their studies and they became very tired.

2.11 Conclusions

- This chapter has sought to assess whether being a student in London or out of London made any difference to a student's income, their sources of income, and the sums they obtained from each source. In addition, it has identified which factors and student characteristics were associated with any variations.
- Students studying in London had significantly higher total incomes than students elsewhere (£5,244 compared with £4,897). This can be explained by the variations in the proportion of students receiving money from a particular source combined with variations in the amounts they received from each source.
- London students had larger incomes than other students partly because of the additional London allowances within the student support system, which were designed to meet the higher costs of studying in London. Only students living independently of their parents received these allowances. So students in London who were renting or buying their homes, or living in university provided accommodation had higher incomes than those living in their parental home.
- Students' housing arrangements, therefore, accounted for the significant variations in the total income of students in and out of London. And this is not surprising, given the very different housing arrangements among London and non-London students. London students were far more likely to live with their parents, especially ethnic minority students who made up a much larger proportion of the student population in London.
- Students living at home with their parents, especially London students, had much lower incomes than those in other types of accommodation. They had less need to take out a student loan (39% compared with 64%) because their parents subsidised them. Consequently, fewer received cash from their parents (67%), and when they did, they were given less than students in other housing arrangements.
- Instead, students studying in London living at home depended far more on paid work for their income, and worked longer hours than students out of London to boost their income. For instance, three-quarters of London students living at home with their parents had a paid job sometime over the academic year compared with 56 per cent of students living independently. Consequently, they were more likely feel that their academic work was suffering from their paid work.

3 Full-time students' expenditure

3.1 Introduction

This section will seek to address the following questions:

- What was students' expenditure over the academic year?
- What did students spend their money on?
- How much did students spend on different items, or areas of expenditure?
- How did these vary among students studying in London and those studying elsewhere?
- Did the extra London allowances meet any higher expenditure?

So, this section will concentrate on students' total expenditure and the main components of that expenditure namely, their housing, living and participation costs. It will examine differences in spending patterns and levels of expenditure among London and non-London students.. It will report only on those statistical tests which were statistically significant.

As with the analysis of income, the period of time over which students' expenditure has been calculated is the 1998/9 academic year, unless stated otherwise. Both the mean and median expenditure for those students actually incurring a cost will be given.

3.2 Total expenditure

London students' total average expenditure over the 1998/9 academic year amounted to £6,139 significantly more than the £5,596 for students at university elsewhere in the UK.²⁵ So students attending universities in London had significantly higher expenditure (Table 3.1).

3.3 Patterns of expenditure

- Figs 3.1 and 3.2 illustrate what students spent their money on. Of Londoners' total expenditure of £6,139 they spent:

²⁵ This compares with £5,952 among all the students in the 1998/9 SIES.

- 60 per cent went on living costs which included: food, personal items, household goods, non-course related travel, entertainment, clothes;
 - 25 per cent on housing which included rent/mortgage, council tax, household insurance, and utilities;
 - 14 per cent on participation costs; and
 - 1 per cent on children.
- As Figs 3.1 and 3.2 show, patterns of total expenditure among students in London and those out of London were fairly similar except in relation to housing costs and living costs. Students in London spent a larger share on accommodation costs (25% compared with 22%) but a smaller proportion on living costs (60% compared with 64%).
 - If we compare younger students' expenditure patterns throughout the UK with those of other young people in the general population, we see that their patterns of expenditure are very similar to other low-income households headed up by a person aged under 30.²⁶ This is particularly the case with regards to food, consumer spending, and entertainment, which includes alcohol and tobacco.

3.3.1 Patterns of total expenditure and variations among London and non-London students

Table 3.1 shows the proportion of students in and outside of London spending money on each area of expenditure. The only significant difference between London and non-Londoner students was in relation to housing costs, which included rent/mortgage, council tax, and utility bills (excluding telephone).²⁷

- Housing costs - Students studying in London were far less likely than students studying outside the capital to incur any housing costs (77% compared with 84%). This was because they more frequently lived at home with their parents (section 1.6.1) and so their housing costs were subsidised (section 3.5).

3.3.2 Amount spent on areas of expenditure and variations among London and non-London students

Table 3.1 also shows the amount of money students spent on different items of expenditure. Again, the only area where there was a significant difference in levels of expenditure was in relation to accommodation costs.

- Housing costs - Students studying in London who incurred these costs had to pay significantly more than students studying in other parts of the country (£1,988 compared with £1,470). As we will see, this was because of higher London rents (section 3.5).

²⁶ Using data from the Family Expenditure Survey

²⁷ With the advent of mobile telephones, telephone costs were included within living expenses.

Fig 3.1 Mean total expenditure by key components- London students

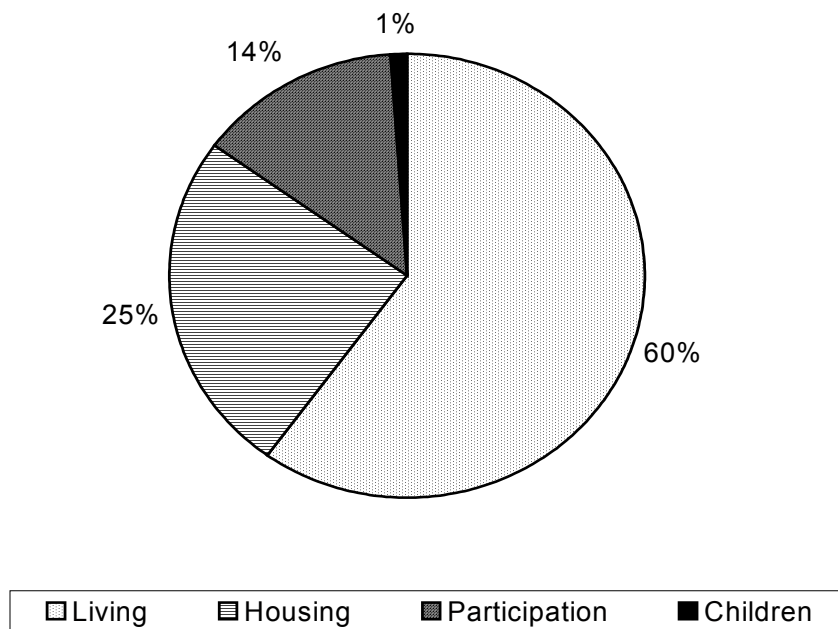
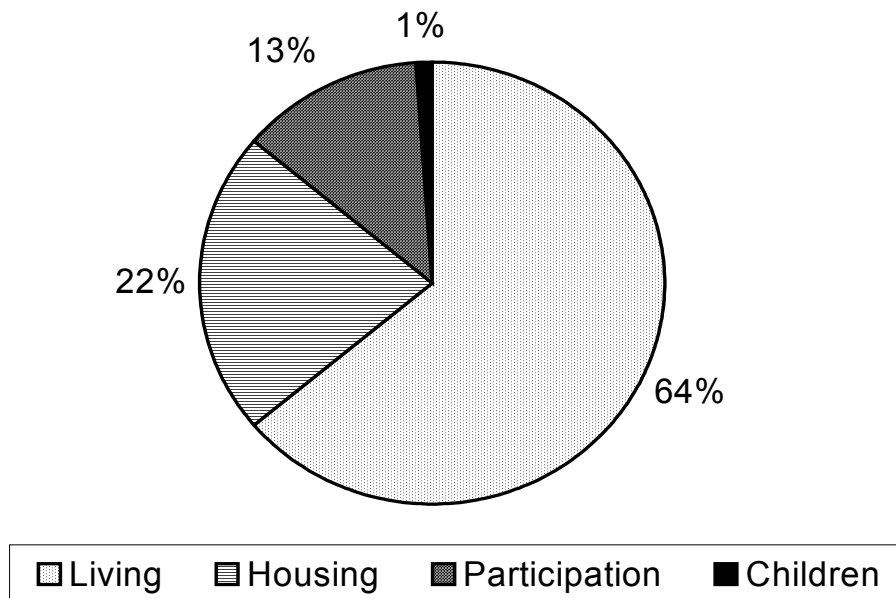


Fig 3.2 Mean total expenditure by key components- Non-London students



3.4 Total expenditure and variations among London and non-London students

Variations in the proportion of students spending money on a particular area combined with differences in the amounts they spent, help explain why students in London had significantly higher levels of expenditure compared with students studying elsewhere.

A range of factors affected what students spent their money on and how much they spent.²⁸ However, the only significant differences in expenditure levels between London and non-London students were associated with their:²⁹

- Housing arrangements – Among students attending a university in London, those renting or buying their home had the highest levels of total expenditure while those living at home had the lowest. London students in rented housing spent £6,948 over the academic year, those in university accommodation spent £5,909, and those who lived with their parents spent an average £4,557. The equivalent sums for students living outside of London were £6,130, £5,040, and £4,843 respectively.

The higher expenditure of London students living independently of their parents was associated with higher London rents (section 3.5). By contrast, the relatively low total expenditure of students living at home in London was associated with the greater proportion of London students living with their parents.

- Ethnicity - The total expenditure of ethnic minority students at university in London was slightly higher than white students in London (£6,286 compared with £6,072), but much higher than ethnic minority and white students studying out of London (£4,936 compared with £5,623). This was primarily because of their higher living costs (section 3.6).

²⁸ In the main SIES, the greatest variations in total expenditure were associated with students' age, family type, living circumstances, and housing tenure. Unfortunately, there were not enough cases of London students to explore differences by living arrangements, family type, or housing tenure. In the main SIES study lone parents had the highest expenditure levels because of the extra costs of children.

²⁹ Note that students' total expenditure varied depending on the interplay of their living arrangements, their family type, housing arrangements, housing tenure, age and where they lived in the country. Often these factors were inter-linked; for example older students were far more likely to have a family and mortgage (and so incur far higher expenditure) compared with a younger single student. However, here we report only on significant differences between London and non-London students.

Table 3.1 Total expenditure - the proportion of full-time students incurring expenditure and the average amount each student spent

		Students at London HEIs	Students at HEIs elsewhere
HOUSING COSTS	Mean (£)	1988	1470
	Median (£)	2089	1464
	Standard Error of Mean	66	22
	Valid N	N=222	N=1483
	Proportion of students incurring cost (%)	77%	84%
LIVING COSTS	Mean (£)	3704	3560
	Median (£)	3100	3173
	Standard Error of Mean	117	60
	Valid N	N=284	N=1768
	Proportion of students incurring cost (%)	100%	100%
PARTICIPATION COSTS	Mean (£)	829	764
	Median (£)	585	467
	Standard Error of Mean	45	25
	Valid N	N=284	N=1766
	Proportion of students incurring cost (%)	100%	100%
CHILDREN	Mean (£)	1157	891
	Median (£)	629	689
	Standard Error of Mean	423	86
	Valid N	N=17	N=82
	Proportion of students incurring cost (%)	6%	5%
TOTAL EXPENDITURE	Mean (£)	6139	5596
	Median (£)	5669	5171
	Standard Error of Mean	165	59
	Valid N	N=284	1768
	Proportion of students incurring cost (%)	100%	100%

Base: All full-time students from 1998/9 SIES sample, incurring cost

Source: South Bank University - Student Income and Expenditure Survey 1998/9

3.5 Housing arrangements and costs

Students' housing costs consisted of their rent or mortgage, council tax, insurance and utility bills, but their rent/mortgage repayments absorbed most of these costs.

3.5.1 Patterns of housing expenditure and variations among London and non-London students

As Table 3.2 shows, students in London were less likely than students studying elsewhere to incur any housing costs (77% compared with 84%). There were significant differences in this overall pattern, which were most strongly associated with students':

- **Housing arrangements** –As Table 3.2 shows, the majority of students living with their parents paid nothing towards their housing costs. They were heavily subsidised by their parents, especially those at university in London. Four out of five (80%) such students studying in London incurred no housing costs at all, compared with just over two-thirds (68%) studying outside of London. By contrast, nearly all students living independently of their parents, be it in university accommodation or privately rented accommodation in London or out of London, paid for their housing costs.

It is not clear why students living at home in London were less likely than those living at home out of London to contribute towards their housing costs. In part, it was because more London than non-London students lived with their parents (24% compared with 17%).

- **Ethnicity** – A similar proportion of white students in and out of London incurred housing costs but there were very significant differences among students from ethnic minorities in and out of London. Only two-third (66%) of ethnic minority students in London contributed towards their housing costs compared with over four out of five (85%) out of London.

These variations are not surprising given the very different housing arrangements by ethnic origin, and the concentration of ethnic minority students within London. As we saw in Table 1.3, students from ethnic minorities who lived in London were twice as likely as ethnic minorities students out of London to live at home (40% compared with 21%). In addition, a much higher proportion of ethnic minority students attended university in London.

3.5.2 Housing costs and variations among London and non-London students

The different housing costs of London and non-London students are particularly important because they largely explain the variations in overall total student expenditure. As Table 3.2 shows, students studying in London had significantly higher housing costs - paying on average £500 or a third more than students out of London.

Inevitably, students' housing arrangements directly affected these housing costs, and accounted for the very large variations in these costs. Nearly all these costs (86%) consisted of money spent on rent so here we will explore the rents students paid as well as their total housing costs.³⁰

- Housing arrangements
 - Students living at home - had the lowest housing costs because it was by far the cheapest housing option. The minority who contributed towards these costs paid much less than a commercial rent. Those in London gave their parents slightly less money than students living outside of London (£1,065 compared with £1,142). Most students living at home were in their first year of study, especially London students (52% compared with 46%).
 - University provided accommodation - was significantly more expensive for students living in London compared with those outside London. London universities charged rents averaging £1,807 over the year compared with £1,309 charged by universities outside the capital. So students in London staying in university accommodation paid £554 or 40 per cent more in total housing costs than students outside of London (£1,803 compared with £1,250) (Table 3.2). Furthermore, university accommodation proved a much more costly option than living at home for students in London compared with those out of London. The vast majority living in this types of accommodation were in their first year of study (70% in London and 66% out of London).
 - Students renting or buying - their accommodation in London incurred much higher costs than those outside the capital. Average rents were two-fifths higher in London than elsewhere (£2,047 compared with £1,433) while average mortgages were 50 per cent higher (£2,257³¹ compared with £1,509). Thus these London students' total housing costs amounted to an average of £2,147 over the academic year – a third more than that paid by students outside of London (Table 3.2).

Both in and out of London the most expensive form of accommodation was rented housing, followed by university provided housing, and then living at home. However, the difference in the costs of university accommodation and living at home were minimal for students studying outside London (£108 on average) but very considerable for those studying in London (£738 on average). These relatively higher costs of university accommodation may well deter London students from living in halls of residence.

Similarly the differences in the costs of rented accommodation compared to living at home were much more substantial for London students (£1,082 on average) than for non-London students (£466 on average). So it made much more economical sense for London students to live at home. They could survive much

³⁰ Note that in some cases rents are higher than total housing costs because data on rents are missing.

³¹ This figure should be treated with caution, as the numbers involved were small.

more cheaply by living at home. So students studying in London choose to live at home because they could not afford university or private rented accommodation and/or for cultural reasons.

These differing costs demonstrate the extent of savings made by students in London who lived at home with their parents. The majority (80%) paid nothing for their housing so reduced their costs by nearly £2,000 a year. This 'saving' is indicative of just how much students were subsidised by their parents.

London student living at home who gave their parents some money towards their housing costs still were able to save money compared to students living independently of their parents. For instance, they were able to cut their housing costs in half compared to students living in rented accommodation. It is not surprising, therefore, that so many students attending universities in London lived with their parents. Indeed, it may have been the only option for low-income students or those who were debt averse. However, ultimately this may have restricted students' choice of university, course, the subjects they studied, and may have compromised candidates' chances of success. For example, Forsyth and Furlong (2001) concluded that the prospects of large debts through student loans resulted in disadvantaged young people trying to *minimise* debt by enrolling in shorter, less advanced courses at less prestigious institutions. Knowles (2000) found that lower-income students opted for vocational rather than academic courses while Connors et al (1999) found that higher education applicants from low-income families were far more likely those from high-income families to opt for shorter course in response to the cost of higher education.

Table 3.2 Housing costs of full-time students by housing arrangements

Living arrangements		Students at London HEIs	Students at HEIs elsewhere
LIVE WITH PARENTS	Mean (£)	1065	1142
	Median (£)	1013	854
	Standard Error of Mean	189	140
	Valid N	N=13 ³²	N=95
	Proportion of students (%)	20%	33%
UNIVERSITY OWNED	Mean (£)	1803	1250
	Median (£)	1900	1275
	Standard Error of Mean	108	38
	Valid N	N=60	N=448
	Proportion of students (%)	90%	86%
RENTED/ BUYING	Mean (£)	2147	1608
	Median (£)	2180	1578
	Standard Error of Mean	82	25
	Valid N	N=147	N=940
	Proportion of students (%)	98%	99%
TOTAL	Mean (£)	1975	1470
	Valid N	N=220	N=1483
	Proportion of students (%)	77%	84%

Base: All full-time students from 1998/9 SIES sample incurring housing costs

Source: South Bank University - Student Income and Expenditure Survey 1998/9

3.6 Living costs

Students' living costs included money spent on items such as food, personal items, household goods, non-course related travel, entertainment (including alcohol), and clothes.

3.6.1 Living costs and variations among London and non-London students

Studying in London or elsewhere made no difference to the proportion of students who incurred living costs – all of them did (Table 3.1). Nor did it affect the amount spent on living costs - £3,704 and £3,560 respectively. However, expenditure levels did vary by students' ethnic origin.

³² Given the small number of cases, this finding should be treated with caution.

- Ethnicity – White students studying in and out of London spent about the same on their living costs (£3,619 compared with £3,581) but students from ethnic minorities in London had considerably higher expenditure than ethnic minority students out of London (£3,891 compared with £3,047).

This was because ethnic minority students in London spent more money on consumer goods especially computers, car/van, and music equipment than either white students or ethnic minority students studying outside of London. By contrast, ethnic minority students outside of London spent less than ethnic minority students in London, and white students in and out of London, on entertainment and travel not related to attending their course.

It may well be that ethnic minority students in London felt they could afford this additional expenditure because more of them lived at home and more of them worked. However, as we will see, this meant that they had lower levels of savings to call upon (section 4.5.2).

3.6.2 Food and non-course related travel costs and variations among London and non-London students

The amount students spent on the different elements of living costs did not vary greatly by whether or not they lived in London, except in relation to food and travel not related to attending their course.

- Food - Over the academic year, Londoners spent about £150 more on food than non-Londoners (£1,209 compared with £1,068) (Table 3.3). However, the differences were even greater depending on the students' housing arrangements. London students living in rented accommodation spent £1,335 on food, those in university provided housing £1,181, and those living with their parents just £949. The equivalent sums for non-London students were £1,177, £1,039 and £762.

These differences highlight yet another way in which parents subsidised their children living at home. Students living with their parents, therefore, could save around a further £400 on top of their savings on housing costs.

- Travel costs – London students spent on average about £100 more than non-London students on travel not related to attending their course. So they spent around £515 over the year compared with £429, and this was because of the higher costs of travel within London (Table 3.3).

Table 3.3 Living costs of full-time students- the proportion of full-time students incurring expenditure and the average amount each student spent

		Students at London HEIs	Students at HEIs elsewhere
FOOD	Mean (£)	1209	1068
	Median (£)	1126	1046
	Standard Error of Mean	34	13
	Valid N	N=283	N=1764
	Proportion of students incurring cost (%)	100%	100%
HOUSEHOLD GOODS	Mean (£)	551	460
	Median (£)	201	200
	Standard Error of Mean	90	28
	Valid N	N=155	N=1046
	Proportion of students incurring cost (%)	45%	59%
PERSONAL	Mean (£)	740	771
	Median (£)	686	670
	Standard Error of Mean	34	12
	Valid N	N=281	N=1764
	Proportion of students incurring cost (%)	99%	100%
ENTERTAINMENT	.Mean (£)	1038	1089
	Median (£)	1021	1005
	Standard Error of Mean	38	18
	Valid N	N=281	N=1747
	Proportion of students incurring cost (%)	98%	99%
TRAVEL	Mean (£)	515	429
	Median (£)	375	267
	Standard Error of Mean	35	11
	Valid N	N=241	1520
	Proportion of students incurring cost(%)	75%	100%
OTHER	Mean (£)	297	229
	Median (£)	200	120
	Standard Error of Mean	68	31
	Valid N	N=15	N=71
	Proportion of students incurring cost(%)	5%	4%
TOTAL LIVING COSTS	Mean (£)	3686	3560
	Median (£)	3097	3173
	Standard Error of Mean	117	41
	Valid N	N=285	1768
	Proportion of students incurring cost(%)	100%	100%

Base: All full-time students from 1998/9 SIES sample, incurring cost

Source: South Bank University - Student Income and Expenditure Survey 1998/9

3.7 Participation costs

Participation costs were those incurred as a direct result of attending university/college. These amounted to a total of £829 (Table 3.1) on average for students in London over the academic year, of which

- 48 per cent went on books, computers, equipment, photocopying and stationery, and amenity fees;
- 47 per cent was spent on travel to and from university, childcare, and field trips related to the course; and
- 5 per cent on tuition fees.

3.7.1 Travel to and from university

The proportion of students in and out of London who had to pay for transport costs was the same (Table 3.4).

Mode of transport and variations among London and non-London students

- There were significant differences in the modes of transport used by students in and out of London. London students were significantly more likely than non-London students to go regularly to and from university by:
 - underground (32%); and
 - train (9% compared with 5%).
- However, they were significantly less likely than non-Londoners to travel regularly by:
 - foot (38% compared with 53%);
 - their own car or van (18% compared with 11%); and
 - bicycle (6% compared with 11%).
- London and non-London students were equally likely to use buses – just over one in five did.
- Inevitably, choice of transport was influenced by the distance students had to travel.

Transport costs and variations among London and non-London students

Students studying in and out of London had similar transport costs going to and from university - £434 compared with £393.³³ However, their travel costs varied depending on their mode of transport and the distances they had to travel to university.

- The mode of transport - relied upon by students attending universities in London tended to be more expensive than those used regularly by students at

³³ Note since this study was undertaken, some concessions for students on London transport have been introduced.

universities elsewhere in the country. For instance, the average travel costs for a London student using either the underground or a train amounted to £604 over the year. For non-Londoners, the average travel costs for those going to university by foot or bicycle was around £180 over the year.

In turn their housing arrangements and ethnicity affected their mode of transport and the distances they travelled.

- Housing arrangements - The highest travel costs were incurred by students living with their parents, and the lowest by students living in university provided accommodation. London students living at home spent an average of £658 over the year getting to and from university compared with £443 for students living in rented housing, and £234 for those in university accommodation. The equivalent sums for non-London students were £715, £401, and £239 respectively. The relatively higher costs for students living with their parents suggest that they had to travel longer distances and/or use more expensive modes of transport.³⁴
- Ethnicity – White students at universities in and out of London had similar transport costs but ethnic minority students living in London had far higher costs than ethnic minority students studying elsewhere (£560 compared with £287). There were several inter-related reasons for this. First, ethnic minority students in London were significantly more likely than white students in London to use the underground (42% compared with 27%) and trains (14% compared with 7%) regularly to get to their university. Both these modes of transport were relatively more expensive than other forms of transport. Secondly, a higher proportion of ethnic minority students in London lived at home with their parents, and all students living at home incurred high travel costs because they had to travel some of the greatest distances.

3.7.2 Tuition fees

- The 1st year students surveyed in the 1998/9 SIES were the first cohort of students affected by the introduction of tuition fees.
- Among 1st year students attending London HEIs a significantly higher proportion of them had their fees paid in full by their local authority compared with students outside of London (54% compared with 40%). Again, this confirms that overall students in London were more likely to come from lower-income families and to be slightly older.
- In the UK, students' age and social class accounted for variations in these overall patterns.

³⁴ Given the sample size it is not possible to explore this in more depth. In the main SIES study there was evidence that students living with their parents lived quite some distance from their HEI.

Table 3.4 Participation costs - the proportion of full-time students incurring expenditure and the average amount each student spent

		Students at London HEIs	Students at HEIs elsewhere
BOOKS, EQUIPMENT, COMPUTER, ETC	Mean (£)	399	353
	Median (£)	209	194
	Standard Error of Mean	28	22
	Valid N	N=283	N=1763
	Proportion of students incurring cost (%)	99%	100%
TRAVEL TO HEI, CHILDCARE, FIELD TRIPS	Mean (£)	460	425
	Median (£)	350	200
	Standard Error of Mean	30	23
	Valid N	N=238	N=1549
	Proportion of students incurring cost (%)	83%	88%
CONTRIBUTION TO FEES	Mean (£)	909	837
	Median (£)	1000	1000
	Standard Error of Mean	122	61
	Valid N	N=14	N=83
	Proportion of students incurring cost (%)	5%	5%
TOTAL PARTICIPATION COSTS	Mean (£)	829	764
	Median (£)	585	467
	Standard Error of Mean	45	25
	Valid N	N=284	N=1766
	Proportion of students incurring cost (%)	100%	100%

Base: All full-time students from 1998/9 SIES sample, incurring cost

Source: South Bank University - Student Income and Expenditure Survey 1998/9

3.8 The London allowance

As we have seen, students in London living independently of their parents are eligible for an additional allowance in their grant and can borrow more money from the Student Loan Company. In 1998/9 when this study was undertaken, the additional London allowance for students receiving the maximum maintenance grant was £415, while those taking out the maximum student loan could borrow an additional £410. So, the maximum extra 'income' a London student could have obtain was £825. However, the London allowance of the maintenance grant was means tested. Only about one in five students were eligible for the full grant, and consequently would have received all of the £415.

Table 3.5 shows the differences in the total level of expenditure for students studying in and out of London by their housing arrangements. The additional costs of studying in London for students living in university provided accommodation amounted to £869 while for those in rented accommodation it was £818. So these students' extra costs were not fully met by the additional London allowances in both the grant and loan.

Table 3.5 Differences in the total expenditure of students studying in and out of London by housing arrangements

Housing arrangements	Students at London HEIs	Students at HEIs elsewhere	Difference in expenditure between London and non-London students
UNIVERSITY OWNED	£5909	£5040	£869
RENTED/ BUYING	£6948	£6130	£818
LIVE WITH PARENTS	£4557	£4843	-£286

Base: All full-time students

Source: South Bank University - Student Income and Expenditure Survey 1998/9

3.9 Conclusions

- In 1998/9, students attending university in London had higher costs on average than students studying elsewhere in the UK, especially ethnic minority students.
- London students' higher expenditure was primarily because their housing was more expensive and consequently, absorbed a higher share of their overall expenditure. In addition, Londoners spent more than non-Londoners on food and on travelling to and from their university.
- Some students attempted to reduce these costs by living at home with their parents. These students had much lower than average housing and living costs because their parents rarely charged them rent, and usually provided them with food. However, students living with their parents often had to travel longer distances to their university and so their travel costs were higher than average.
- In addition, their choice of university and course may have been restricted. So debt-adverse students may opt for financial security at the expense of cultural

and human capital by enrolling in less advanced, vocationally orientated, short courses run at less prestigious institutions near their parental home.

- So it made much more economical sense for students studying in London to live at home - they could survive much more cheaply by living at home. Some could save as much as £2,000 a year on housing and a further £400 on food. In reality, poorer students studying in London were priced out of university accommodation and the rented sector because rents were so high. They could not afford the rents in these sectors. And, their housing choices were far more restricted than students studying outside the capital because the differences in the costs of living at home and university accommodation were so great, unlike elsewhere in the UK.
- For a realistic picture of students' spending, we need to take into consideration their housing arrangements. Once we do this the difference in expenditure between London and non-London students increases substantially. For example in 1998/9, students in London living in university provided accommodation spent £869 more a year than students in similar accommodation at a university outside the capital. Similarly, students living in rented housing or buying their home in London spent £818 more over the academic year. These extra costs of living in London were not fully covered by the student loan/grant London allowances. And there is a danger that poorer students are being priced out of living in London.

4 Full-time students' debt and financial difficulties

4.1 Introduction

This section addresses the following questions.

- How many students were in debt and how much did they anticipate owing by the end of the academic year?
- To whom, and how much, did they owe money?
- What was the impact of students' financial situation on their lifestyles and academic life?
- How did these vary among students studying in London and those studying elsewhere?

So, this section will explore the extent and nature of student debt, their savings, students' subjective perceptions of financial difficulties, and the impact of these perceptions on their thoughts about dropping out and their academic performance.

4.2 Total borrowing

Students in London experienced a shortfall between their income and expenditure of nearly £883 while those out of London had a shortfall of around £700 on average. They made up this shortfall by borrowing money from a range of creditors and by calling upon their savings.

London students anticipated having debts of £3,961 on average by the end of the 1998/99 academic year, and *before* any of their savings were taken into account.³⁵ Students outside of London expected to owe about the same £3,763 (Table 4.1).

4.3 Sources of borrowing

- Of this average debt among students studying in London:
 - 78 per cent was owed to the Student Loans Company ;
 - 14 per cent was in the form of overdrafts;
 - 6 per cent was in the form of other commercial credit including credit cards, HP, and bank loans; and
 - the remainder 2 per cent was owed to a variety of other creditors.
- The composition of Londoners' borrowings was very similar to non-Londoners.

³⁵ Mortgages were excluded from these calculations.

4.3.1 The proportion of students borrowing from each source and variations among London and non-London students

Table 4.1 shows the proportion of students owing money to various creditors. Overall, there were no significant differences in the proportion of students studying in and out of London who had borrowed money (82% compared with 87%), but there were some variations in their propensity to borrow from certain sources.

- Overdrafts – students in London were less likely to borrow from this source compared to students studying outside the capital (51% compared with 61%).

4.3.2 The amount borrowed from each source and variations among London and non-London students

Table 4.1 also shows the amount students owed to their various creditors. The significant differences in the sums borrowed were related to:

- Student loans - students in London owed an average of £3,612 to the Student Loan Company, which was significantly more than the average of £3,171 owed by students studying outside of London. This was mainly because Londoners were allowed to borrow more, to meet the extra costs of being in London.
- Arrears – students in London had built up more debts through not paying their bills than those out of London. So students in London owed an average of £369 while those out of London owed £246.³⁶

³⁶ The number of cases involved is small so this finding should be treated with caution.

Table 4.1 Total borrowings - the proportion of full-time students in debt and the average amount each student borrowed

		Students at London HEIs	Students at HEIs elsewhere
STUDENT LOAN DEBT	Mean (£)	3612	3171
	Median (£)	3145	2735
	Standard Error of Mean	114	37
	Valid N	N=200	N=1369
	Proportion of students borrowing (%) ³⁷	70%	75%
OVERDRAFT	Mean (£)	897	959
	Median (£)	800	800
	Standard Error of Mean	51	37
	Valid N	N=142	N=1081
	Proportion of students borrowing (%)	51%	61%
COMMERCIAL CREDIT	Mean (£)	839	763
	Median (£)	367	350
	Standard Error of Mean	187	83
	Valid N	N=67	N=480
	Proportion of students borrowing (%)	24%	27%
BILL ARREARS	Mean (£)	369	246
	Median (£)	300	114
	Standard Error of Mean	75	26
	Valid N	N=19	N=92
	Proportion of students borrowing (%)	7%	5%
OTHER	Mean (£)	218	273
	Median (£)	150	150
	Standard Error of Mean	48	28
	Valid N	N=23	N=161
	Proportion of students borrowing (%)	8%	9%
TOTAL DEBT	Mean (£)	3961	3763
	Median (£)	3541	3300
	Standard Error of Mean	160	64
	Valid N	N=233	N=1545
	Proportion of students borrowing (%)	82%	87%

Base: All full-time students from 1998/9 SIES sample with debts

Source: South Bank University - Student Income and Expenditure Survey 1998/9

³⁷ The percentage of students owing money on student loans is higher than the proportion of students who had taken out student loans in 1998/9 quoted in Section 2.3.1 above. This is because a student may have taken out a loan in an earlier academic year but not in the 1998/9 academic year.

4.4 Overall financial position

Table 4.1 outlines students' borrowing before any of their savings were taken into account. By contrast, Table 4.2 outlines students' final debt once these had been taken into consideration, and gives details of students who had savings once their debts had been deducted.

4.5 Savings

4.5.1 The proportion of students with savings and variations among London and non-London students

In 1998/9, only a minority of students studying in and out of London – around one in six – expected to have any savings left at the end of the academic year and once they had paid off all their debts. There were no significant differences in the proportion of London and non-London students with savings (Table 4.2). However, the overall proportion varied considerably depending on:

- Student loans – Given our earlier finding that most of student debt consisted of money borrowed from the Student Loan Company, it is not surprising that students without a loan were far more likely than those with one to have savings. Nearly a third (31%) of students without a loan who studied in London had savings compared with only 4 per cent with a student loan. The comparable figures for students out of London were 44 per cent and 5 per cent respectively. So students without a student loan studying outside the capital were significantly more likely to have savings to call upon, once all their debts had been paid off.
- Housing arrangements – Students who lived with their parents were much more likely than students living independently to have savings left, especially those studying in London. Thus a quarter of London students who lived in their parental home had savings – nearly two and half times the proportion who lived independently in London, be it in rented accommodation (11%) or accommodation provided by their university (12%). These findings are stark evidence of the financial benefits of living in the family home. They also reflect the fact that students living at home were far less likely to take out a student loan (see section 2.6).

By contrast, students studying outside of London living in university accommodation were more likely than students in London in similar accommodation to have savings (18% compared with 12%).

- Social class – Within London, there were no significant variations in the propensity to save among students of different social classes. However, there were considerable differences among students studying outside the capital. The likelihood of a student having savings rose with social class. So students from social classes I and II were twice as likely to have savings as students from social classes V and IV (18% compared with 9%).

4.5.2 The amount of students' savings and variations among London and non-London students

Students studying in London had significantly less money in savings than students studying outside the capital (£1,878 compared with £2,802) (Table 4.2). There were also other variations of significance related to students':

- Housing arrangements – the most marked difference was between students who were renting or buying their accommodation and students in other types of accommodation. Among students pursuing courses in London, those in rented accommodation had accumulated the most savings - £3,903, followed by those living with their parents £1,782, with those in university provided accommodation having the least - £1,605. The equivalent sums for those out of London were £4,568, £2,168, and £2,174.
- Ethnicity – White students had more in savings than students from ethnic minority groups and the gap was particularly wide among students studying in London. Thus white students in London had savings worth £3,795, on average – more than double the average savings of ethnic minorities in London who had £1,636 to fall back on. The equivalent figures for non-London students were £3,558 and £2,367 respectively.

4.6 Debt

4.6.1 The proportion of students in debt and variations among London and non-London students

In 1998/9, similar proportions of students studying in London and elsewhere anticipated having outstanding debts at the end of the academic year once their savings were deducted (77% compared with 80%)(Table 4.2). These were some important variations in these, which were related to:

- Student loans – students who had taken out a loan were much more likely, than those without them, to have outstanding debts. Among students at university in London, those with loans were twice as likely as those without them to be in debt (96% compared 47%). The equivalent figures for students attending universities outside the capital were 94%, and 43% respectively.
- Housing arrangements – Only 57 per cent of London students living with their parents had outstanding debts compared with 83 per cent of students in other types of accommodation. Students studying outside of London who lived at home also were less likely than those living independently to have debts, but the differences were not as marked (72% compared with 78% in university accommodation, and 83% in rented housing). This is because, as we have seen, student loan take-up was much lower among students in London, especially if they lived at home with their parents.

4.6.2 The amount of student debt and variations among London and non-London students

Overall, London and non-London students had similar levels of debt with each owing an average of £3,761 and £3,690 respectively.³⁸ Needless to say, levels of debt varied significantly depending on a variety of factors.³⁹ For instance, whether or not a student had taken out a loan⁴⁰ had a considerable impact as did students' housing arrangements,⁴¹ but the sums borrowed were not significantly different among London and non-London students.

4.6.3 Future student debt

- Given the changes in student funding arrangements that have been introduced since this study was undertaken in 1999, we can anticipate that students leaving university in future years will have much larger debts than students in the 1998/9 SIES. Moreover, now that a quarter of the maximum student loan is income-assessed, we can anticipate that students from low-income families are likely to have even larger student loan debts.
- If a student starting university this September, lives away from home in London, takes out the maximum student loan⁴² and has other outstanding debts of £700 per year, they could leave university three years later with a final debt of around £15,000.⁴³

³⁸ The equivalent figure for all students in the main SIES was £3,721.

³⁹ The greatest variations in the levels of outstanding debts in the UK as a whole were associated with: whether or not students had taken out a student loan; their year of study (given the changes in student funding arrangements); students' family and living situations; and their social class. Lone parents in the main SIES, were in the most difficult financial position because they had the largest debts, followed by students from the lowest socio-economic groups.

⁴⁰ London students with loans owed £4,350 on average, and those without them £1,857. The equivalent sums for non-London students were £4,035 and £1,826.

⁴¹ London students living at home had debts of £2,906 while those living in university provided accommodation owed £3,104, and those renting or buying their home owed £3,653. The comparable figures for students out of London were £2,959, £3,020, and £3,797.

⁴² In 2001/2002 the maximum loan is £4,700 for a student living away from home in London.

⁴³ This calculation assumes that the loan rates do not increase - but in fact the maximum loans are up-rated annually.

Table 4.2 Final savings and debt - the proportion of full-time students with savings or debt and the average amount each student saved or owed

		Students at London HEIs	Students at HEIs elsewhere
SAVINGS MORE THAN DEBT	Mean (£)	1878	2802
	Standard Error of Mean	511	253
	Valid N	N=40	N=284
	Proportion of students borrowing (%)	14%	16%
DEBT MORE THAN SAVINGS	Mean (£)	-3761	-3689
	Standard Error of Mean	169	69
	Valid N	N=219	N=1414
	Proportion of students borrowing (%)	77%	80%
NO SAVINGS OR DEBT	Mean (£)	00	00
	Standard Error of Mean	00	00
	Valid N	N=25	N=70
	Proportion of students borrowing (%)	9%	4%

Base: All full-time students from 1998/9 SIES sample with debts or savings

Source: South Bank University - Student Income and Expenditure Survey 1998/9

4.7 Financial difficulties

4.7.1 The extent of financial difficulties among students in London

- 84 per cent of all students attending London HEIs identified some financial concerns.⁴⁴
- 79 per cent worried about money.
- 54 per cent worried about debt.
- 23 per cent experienced financial difficulties.
- There were no significant differences in all these areas of financial difficulties between students in and out of London.

⁴⁴ This is composite measure made up of responses to a series of questions about students' financial concerns.

4.7.2 The experience of financial difficulties among students in London

- Similar proportion of London and non-London students had not bought books they needed for their course because they could not afford to buy (40% compared with 36%).
- The main reason London and non-London students did not own a computer was because they could not afford one (45% compared with 40%).
- Significantly more students attending London universities than universities elsewhere were affected by high travel costs. Twice as many London as non-London students had missed going to university because they could not afford the transport cost (12% compared with 6 %).

4.7.3 The impact of financial difficulties on students in London

- 65 per cent of all London students believed that financial difficulties had affected negatively how well they were doing at university, especially students from social classes IV and V (85%), those aged 25 and over (82%), and those in their last year at university (76%). By contrast, only 59 per cent of students outside of London felt that financial difficulties had negatively affected their academic performance.
- More than a third (34%) of all London students had thought about dropping out of university/college, significantly more than the 28 per cent attending universities elsewhere.
- Students in London at 'new universities' (42%) and older students were particularly likely to think about dropping out.
- Of those London student considering dropping out, 31 per cent gave financial reasons compared with 38 per cent of students studying outside the capital. So overall, 11 per cent of all London students and the same proportion of non-London students had considered dropping out purely for financial reasons.

4.8 Conclusions

- Students had a shortfall between their income and expenditure which they made up by calling upon their savings or by borrowing money from a variety of creditors.
- However, where students studied had no significant impact on the chances of them being in the black or in the red. So around one in six students both in London and out of London - expected to have savings left at the end of the academic year, once they had paid off all their debts. By contrast, 77 per cent of London students and 80 per cent of non-London students - anticipated having debts at the end of the year, once any savings had been taken into account.

- Students in London had around £1,000 less in savings to call upon compared with students outside of London, which made them that much more vulnerable financially. Yet, all students had similar levels of debt, owing around £3,700.
- Most of students' debt was in the form of student loans. So student loan take-up was a significant predictor of whether students had savings or were in debt, and how much money they owed creditors. Students without loans were far more likely than those with loans, to have saved money. Conversely, students with loans were much more likely than those without them, to have debts, and much larger debts.
- As we have seen, students in London were less likely than those out of London to take out loans. We would expect, therefore, that more Londoners than non-Londoners without loans would have some savings. But this was not the case student because Londoners had to call on their savings to meet their higher expenditure. We also would expect that more ethnic minority students studying in London than those out of London would have some savings because of their lower take-up of student loans and their propensity to live at home with their parents. However, again this was not the case. In fact, ethnic minority students in London had particularly low levels of reserves compared with ethnic minority students out of London and white students in and out of London. And this fits with our earlier finding of the particularly high expenditure among ethnic minority students in London.
- In line with the low take up of students loans among students living at home in London, these students were much less likely to have debts than those living with their parents outside the capital. So living at home for London students was not only a very important way of reducing expenditure, but also a very effective means of avoiding debt.
- Students studying in and out of London experienced similar levels of financial difficulties but students in London were more likely identify the negative effects of financial difficulties. For example, more of them believed that financial difficulties had had a detrimental impact on their academic achievement, and so more of them had thought about dropping out of university for financial reasons. Finally, some could not fully participate in their courses and had missed going into university because they could afford the travel costs – reflecting their higher travel costs.

5 Part-time students' income, expenditure and debt

5.1 Introduction

Within the SIES sample there were a total of 161 (weighted) part-time students studying in London. Given this relatively small number of cases, the type of analysis that can be undertaken is much more limited compared to our preceding analysis of full-time students. In particular, it is not possible to examine all the variations within the population of London part-time students.⁴⁵

The financial position of part-time students was very different from that of full-time students. As we will see, not only were they much more affluent by comparison but also they relied on very different income sources. In 1999, when the fieldwork for this study was undertaken part-timer students were ineligible for the main sources of student support, with a few exceptions.⁴⁶ So they were not eligible for either student loans or grants.⁴⁷ Consequently, they had much smaller debts.

This section will seek to address the following questions.

- What was part-time students' income and their main sources of income, including the amount they received from each source?
- What was part-time students' expenditure and what did they spend their money on, including the amounts spent?
- What were their overall financial position, and did they experience financial difficulties?
- How did all of these vary among part-time students studying in London and outside of London?

As we have seen, students' characteristics help to explain students' behaviour and the resulting differences in their financial situations. Part-time students were a much more heterogeneous group than full-time students. Unlike full-time students, there were many more significant differences between students studying part time in London and those studying part time elsewhere (section 1.6.2). In particular, part-time students in London were older, and were more likely to be single and childless, especially female students. They also were more likely to come from an

⁴⁵ This is because the sample size is too small and so the results would not be robust.

⁴⁶ The exceptions were students studying towards an HND and PCGE. In 1998/9 part-time students became eligible for the first time to Access Funds, which are discretionary payments made by the students' university. Students studying pre-registration health professional course are eligible for NHS bursaries.

⁴⁷ Since Autumn 2000/1 part-time students under the age of 54 have been able to apply for means-tested loans of a maximum of £500. The size of the loans do not vary depending on where in the country they study or their housing arrangements. In addition, part-time students now can apply for help with their tuition fees.

ethnic minority who were over-represented in 'new universities'. These variations have to be taken into consideration when interpreting any financial differences.

5.2 Part-time students' total income

Part-time students attending universities in London had a total income of £8,524 on average in the 1998/9 academic year while for those outside London had an income of £8,168, but these differences were not significant.

5.2.1 Sources of income

- London students' total income came from the following sources:
 - 87 per cent from paid work;
 - 8 per cent from social security benefits.
 - 3 per cent from miscellaneous sources including presents, sale of items etc;
 - 2 per cent student support.
- Part-time students' key source of income was paid work, unlike full-time students who relied primarily on the student support system and their parents.
- The proportion of London students' income derived from each source is practically identical to that of part-timers outside of London.

5.2.2 Sources of income and variations among London and non-London students

Table 5.1 shows the proportion of students in and outside of London receiving money from each source and the amount each student obtained. There were some significant differences between London and non-London students in terms of both the proportions gaining an income from a particular source, and when they did receive income from a source, in the average amount they received..

The significant differences were as follows:

- Paid work – similar proportions of part-time students in and out of London were employed, but Londoners earned significantly more on average (£9,003 compared with £7,678) because they were more likely to work full time (see section 5.3).
- Family – London students were far less likely than non-London students to receive financial support from their family including a transfer from their partner (45% compared with 72%). This was because more of them were single and so could not call upon a partner's income, and more of them were older and consequently, were financially independent of their parents.

However, where there were transfers of income within couples, the dynamics were very different among students in London and out of London.⁴⁸ London students in a couple were more likely to have higher incomes than their partners and so helped to support them financially. This was partly because these students were in full-time employment. The opposite was true among non-London students. Their income was lower than their partners' income and so they were being supported financially by their partner. This was probably because most of them were women with dependant children who either did not work or worked part-time while their partner worked full time.

- Social security benefits – Students studying in London were less likely to claim benefits (28% compared with 38%) but when they did, they received significantly more money (£2,576 compared with £1,765). This is probably because more of them were childless and so were ineligible for the child benefit. And when they did claim benefits, they were more likely to be for their personal maintenance, and thus higher.
- Student support – Students in London were less likely to have obtained any income from sources such as Access/Harship funds and miscellaneous support for organisations and charities (19% compared with 26%). However, when they did receive support it was significantly more than students studying elsewhere.

5.3 Earnings

5.3.1 Patterns of employment and propensity to work

- The employment patterns of part-time students did not fluctuate over the academic year, unlike full timers. The majority of students both in London (71%) and outside of London (77%), worked in the same job throughout the academic year.
- Part-time students in London were just as likely to be employed as those studying outside of London (83% compared with 86%).

5.3.2 Hours of work

- A significantly higher proportion of students studying in London than outside London had full-time jobs⁴⁹ (73% compared with 64%). So those in London worked an average of 34.4 hours a week while those attending universities outside of London worked an average of 32.7 hours a week.
- Women studying part time in London were just as likely as men, both in London and elsewhere, to have full-time jobs. However, women attending university outside the capital were much more likely to have part-time jobs because they were more likely to have children (section 1.6.2). The lower proportion of

⁴⁸ See section 2.9.1 for a fuller explanation of the transfer of income within households.

⁴⁹ Defined as 31 or more hours per week.

students outside of London with full-time jobs, reflects the labour market behaviour of female students.

Table 5.1 Total income - the proportion of part-time students receiving money from each source and the average amount each student received

		Students at London HEIs	Students at HEIs elsewhere
MAIN SOURCES OF STUDENT SUPPORT	Mean (£)	533	1424
	Median (£)	400	1200
	Standard Error of Mean	101	307
	Valid N	N=6	N=33
	Proportion of students receiving (%)	3%	6%
OTHER SOURCES OF STUDENT SUPPORT	Mean (£)	837	403
	Median (£)	600	263
	Standard Error of Mean	152	32
	Valid N	N=30	N=152
	Proportion of students receiving (%)	19%	26%
PAID WORK	Mean (£)	9003	7678
	Median (£)	8126	7264
	Standard Error of Mean	661	226
	Valid N	N=133	N=508
	Proportion of students receiving (%)	83%	86%
FAMILY	Mean (£)	-556	94
	Median (£)	338	250
	Standard Error of Mean	608	177
	Valid N	N=72	N=424
	Proportion of students receiving (%)	45%	72%
SOCIAL SECURITY BENEFITS	Mean (£)	2576	1765
	Median (£)	1314	863
	Standard Error of Mean	388	145
	Valid N	N=45	N=222
	Proportion of students receiving (%)	28%	38%
OTHER INCOME	Mean (£)	668	1256
	Median (£)	70	328
	Standard Error of Mean	179	142
	Valid N	N=53	N=268
	Proportion of students receiving (%)	33%	46%
TOTAL INCOME	Mean (£)	8524	8168
	Median (£)	7937	7725
	Standard Error of Mean	404	186
	Valid N	N=157	N=585
	Proportion of students receiving (%)	100%	100%

Base: All part-time students with income from each source

Source: South Bank University - Student Income and Expenditure Survey 1998/9

5.3.3 Pay

- London students earned on average £6.60 an hour while non-Londoners earned very slightly less £6.53 an hour on average.
- Given the fact that students in London were more likely than those outside the capital to work full time, it is not surprising that their average earnings over the academic year were significantly higher (£9,003 compared with £7,678) (Table 5.1).

5.3.4 Impact of paid work on academic performance

Nearly three in five (57%) London students who worked, believed it had had a negative impact on their academic work primarily because they could not devote enough time to their studies. However, two in five of them believed that combining paid work and academic work benefited their studies.

Overall, student studying in London were more likely than those studying elsewhere, to identify the negative aspects of paid employment and this is probably because more of them worked full time, and less of them had paid time off work to study.

5.4 Part-time students' expenditure

London students' total expenditure over the 1998/9 academic year amounted to an average of £8,802 compared with the average expenditure of £8,290 among part-time students at university elsewhere in the UK (Table 5.2). However, this difference was not statistically significant.

5.4.1 Patterns of expenditure

- Of Londoners' total expenditure of £8,820 they spent:
 - 51 per cent on living costs which included: food, personal items, household goods, non-course related travel, entertainment, clothes;
 - 30 per cent on housing which included rent/mortgage, council tax, household insurance;
 - 18 per cent on participation costs; and
 - 1 per cent on children.
- As Figs 5.1 and 5.2 show, the overall pattern of London students' total expenditure was different to those living elsewhere. London students spent a far larger share on housing and participation costs, while non-London students spent more on living costs (62%) and on their children (4%).

5.4.2 *Patterns of expenditure and variations among London and non-London students*

- As Table 5.2 shows, there were no significant differences in the proportion of students studying in and out of London spending money on a particular area of expenditure, with the exception of children. Students out of London were twice as likely to spend money on them, not surprisingly, because they were far more likely to have children (section 1.6.2).
- However, students' levels of expenditure on particular areas did vary significantly depending on where in the country they studied.
- Students studying in London spent significantly more than students outside of London on:
 - housing costs, and
 - participation costs.
- Students outside London spent significantly more than students in London on their:
 - living costs; and
 - children.

Fig 5.1 Pattern of expenditure for students at university in London

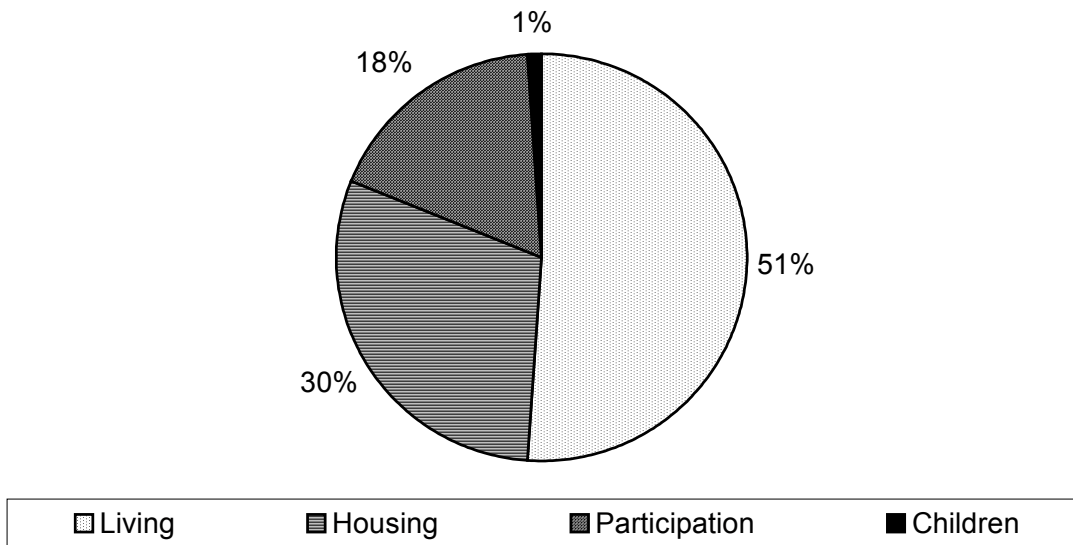


Fig 5.2 Pattern of expenditure for students at university outside London

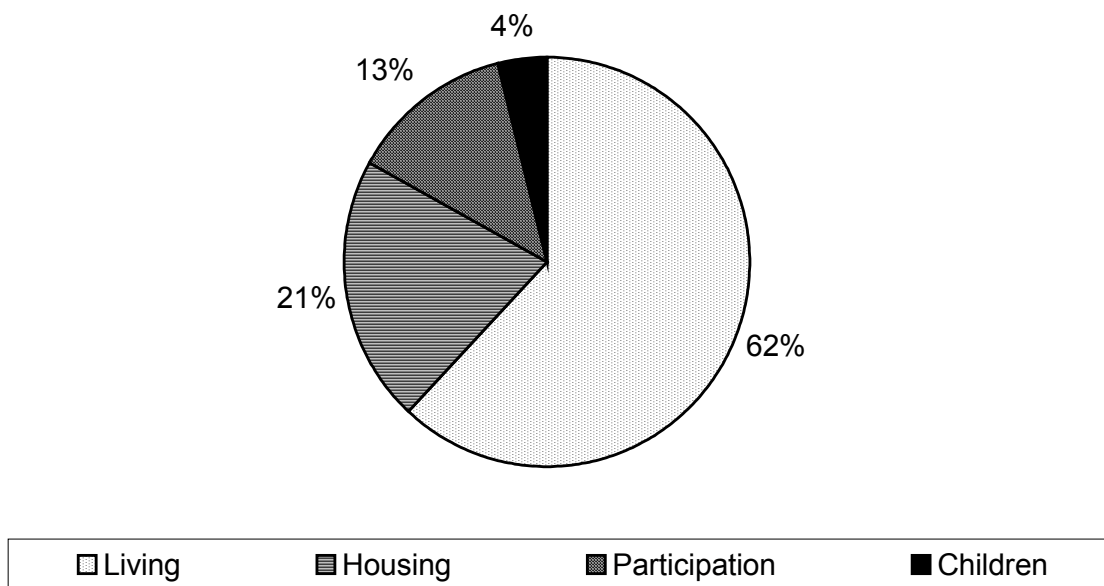


Table 5.2 Total expenditure - the proportion of part-time students incurring expenditure and the average amount each student spent

		Students at London HEIs	Students at HEIs elsewhere
HOUSING COSTS	Mean (£)	2785	1892
	Median (£)	2567	1713
	Standard Error of Mean	146	54
	Valid N	N=150	N=556
	Proportion of students incurring cost (%)	94%	95%
LIVING COSTS	Mean (£)	4534	5124
	Median (£)	3842	4457
	Standard Error of Mean	196	109
	Valid N	N=160	N=588
	Proportion of students incurring cost (%)	100%	100%
PARTICIPATION COSTS	Mean (£)	1571	1075
	Median (£)	1449	871
	Standard Error of Mean	80	32
	Valid N	N=160	N=588
	Proportion of students incurring cost (%)	100%	100%
CHILDREN	Mean (£)	575	902
	Median (£)	577	617
	Standard Error of Mean	75	71
	Valid N	N=26	N=198
	Proportion of students incurring cost (%)	16%	34%
TOTAL EXPENDITURE	Mean (£)	8802	8290
	Median (£)	8452	7534
	Standard Error of Mean	274	151
	Valid N	N=160	588
	Proportion of students incurring cost (%)	100%	100%

Base: All part-time students from 1998/9 SIES sample, incurring cost

Source: South Bank University - Student Income and Expenditure Survey 1998/9

5.5 Housing arrangements and costs

- Hardly any part-time students lived in university provided accommodation and only a minority lived with their parents although students studying outside of London were more likely to live with their parents than students in London (11% compared with 18%) (Table 1.5). This was probably because students outside the capital were younger, and overall students under the age of 25 were more inclined to live with their parents.
- Students at university in London were far more likely than those elsewhere to be renting their accommodation (50% compared with 27%), and far less likely to be buying their homes (32% and 55%).⁵⁰
- Not surprisingly, rents in London were far more expensive than rents outside the city (£2,503 compared with £1,248⁵¹) and so were mortgage repayments (£2,382 compared with £1,535), because of the higher house prices in London.
- In addition, the housing situation of students in London was qualitatively different from those studying elsewhere in the UK. Londoners' rents were higher than the mortgage repayments of non-Londoners. So students in London tended to be in a much weaker position in the housing market.
- So overall, students attending London universities had significantly higher housing costs but for less sought after types of housing.

5.6 Participation costs

Table 5.3 shows how much students spent more on their total participation costs and on each component of these costs. Students studying in London spent just under £500 more on their participation costs, or nearly half as much again as students outside of London spent. This was partly because London students were significantly less likely than non-London students to acquire help with these costs from their employers.

5.6.1 Financial help from employers⁵²

London students who worked for their employer continuously over the academic year were far less likely than similar non-London students to receive help from their employers with the costs of studying including:

- tuition fees (23% compared with 55%);
- paid time off to study (24% compared with 50%);

⁵⁰ Some 18% of students in and out of London paid nothing towards their rent/mortgage either because they received housing benefit or because they lived with their parents.

⁵¹ Note these sums include 'rents' paid by students living at home with their parents.

⁵² Note these proportions reported here are based on students in continuous employment whereas the base for the other costs reported in this section is all part-time students.

- the costs of books, material and equipment (13% compared with 20%); and
- travel expenses (8% compared with 16%).

It is well established that employers are very selective about the type of employees they are prepared to help with the costs of studying.⁵³ They are much more likely to help them if they require their employee to undertake the course. London students in this study were significantly less likely than non-London students to be taking a course required by their employer (15% compared with 6%). And this goes some way to explaining why students studying in London received less help than those studying elsewhere.

However, there are other reasons why London students were less likely to receive financial support. When employers help out with the costs of studying, they tend to favour full-time permanent employees higher up the occupational ladder, especially when the costs are high. They are also more likely to support younger employees and white employees.⁵⁴

As we have seen, part-time London students in our study mostly had non-manual middle range jobs while the majority of those studying elsewhere were in professional and managerial jobs (Table 1.5). In London, students tended to be older and they were far more likely to come from an ethnic minority group. Moreover, the subjects they were studying tended to be academic, and so perhaps of less direct relevance to their job (Table 1.6). So it is not surprising that students pursuing courses in London were less likely to be supported by their employer, given the nature of their jobs and the courses they were taking, and the fact that they tended to be older and from an ethnic minority.⁵⁵ Thus, the most disadvantaged in the labour market had the least access to the most valuable employer support.

5.6.2 Travel and childcare

Students in London and out of London used very different modes of transport to get to and from their courses. Students in London, most frequently used the underground (65%), buses (29%) and car (27%) while students out of London depended on their cars (70%).⁵⁶

Overall, students attending courses in London, therefore, spent considerable more on their transport costs than students out of London (£651 compared with £538). However, their higher travel costs were offset by their lower childcare costs because fewer students in London had children. So, when these two costs are combined there were not statistically significant different.

⁵³ For example, Callender C (1997) and Brennan *et al* (1999).

⁵⁴ Brennan *et al* (1999) found that employees in small and medium-sized enterprises were less likely to get any help. In addition, they found that younger employees were much more likely to get help than older ones, as were white students in contrast to ethnic minorities.

⁵⁵ In the main SIES study, we found that those most likely to receive help from their employers were men in high status jobs who were permanently employed.

⁵⁶ Note these figures do not add up to 100% because respondents could give more than one answer.

5.6.3 Books, equipment and computers

London students spent significantly more than non-London students on books and equipment because of the subjects they were studying, and the fact they were less likely to be supported by their employer with these costs.

5.6.4 Tuition fees

Certain part-time students now can receive help from the state with the costs of their tuition fees.⁵⁷ When the fieldwork for this study was undertaken in 1999, no such help was available. Consequently, the vast majority of part-timers were responsible for the payment of their fees.⁵⁸

A much higher proportion of London students paid for their tuition fees personally, unlike students attending courses outside of London (80% compared with 46%). This was primarily because students in London were far less likely to have their fees paid for them either by their employer (13% compared with 44%) or their partner (2% compared with 6%). When they did receive financial support, they were given similar amounts of aid (£725 compared with £702).

The lower proportion of students studying in London obtaining financial help with their fees from their partner can be explained by differences in students' family circumstances. As we have seen, London students were more likely to be single and so did not have a partner who could help out with the costs. Even when they did have a partner, their partners were more likely to be dependent financially on the student – so they were unable to help out with the fees. By contrast, students out of London were more likely to have a partner on whom they were finally dependent, and who could, therefore, contribute towards their fees (section 5.2.2).

The significantly higher fees paid by London students compared to students outside London were related to what universities charged for tuition. It would appear that universities in London charged higher fees than universities elsewhere, but some of the differences were related to the qualification being taken by the students, as well as the type of courses and the subjects they studied (Table 1.6). For example, a higher proportion of students at London universities were studying towards an undergraduate degree (97% compared with 89%) and such courses tend to be more expensive than HNDs or diplomas. This is not surprising, given that fewer London students were taking courses required by their employer.

⁵⁷ Students who lose their jobs after their course has started can get their fees remitted as can those on social security benefits and on low incomes but in receipt of tax credits. Part-time students have to apply directly to their HEI to get their fees remitted. Students studying health professional courses can also get help with their fees from the NHS.

⁵⁸ The exceptions were part-time students studying towards an HND or PCGE who could receive discretionary awards from their awarding body.

Table 5.3 Participation costs - the proportion of part-time students incurring expenditure and the average amount each student spent

		Students at London HEIs	Students at HEIs elsewhere
BOOKS, EQUIPMENT, COMPUTER, ETC	Mean (£)	473	325
	Median (£)	205	105
	Standard Error of Mean	51	21
	Valid N	N=158	N=551
	Proportion of students incurring cost (%)	99%	99%
TRAVEL TO HEI, CHILDCARE, FIELD TRIPS	Mean (£)	707	628
	Median (£)	574	520
	Standard Error of Mean	51	20
	Valid N	N=136	N=529
	Proportion of students incurring cost (%)	85%	95%
CONTRIBUTION TO FEES	Mean (£)	632	462
	Median (£)	640	450
	Standard Error of Mean	23	17
	Valid N	N=128	N=258
	Proportion of students incurring cost (%)	80%	46%
TOTAL PARTICIPATION COSTS	Mean (£)	1571	1075
	Median (£)	1449	871
	Standard Error of Mean	480	32
	Valid N	N=160	N=586
	Proportion of students incurring cost (%)	100%	100%

Base: All part-time students from 1998/9 SIES sample, incurring cost

Source: South Bank University - Student Income and Expenditure Survey 1998/9

5.7 Living costs

Perhaps surprisingly, students at universities in London had significantly lower living costs than those attending universities elsewhere in the UK. In particular, London students spent significantly less on personal effects, household goods, and travel not related to attending their course. Some of the higher expenses of students studying outside the capital can be explained by the fact that they were far more

likely to have a family and to own their homes. In addition, students out of London incurred significantly higher travel costs, which were not related to attending their course non-course related travel costs (£890 compared with £668).

Table 5.4 Living costs – the proportion of part-time students incurring the cost and the average cost incurred

		Students at London HEIs	Students at HEIs elsewhere
FOOD	Mean (£)	1520	1433
	Median (£)	1407	1404
	Standard Error of Mean	55	31
	N	N=160	N=581
	Proportion incurring cost (%)	100%	100%
HOUSEHOLD GOODS	Mean (£)	731	1093
	Median (£)	366	453
	Standard Error of Mean	97	86
	N	N=90	N=360
	Proportion incurring cost (%)	56%	61%
PERSONAL	Mean (£)	1041	1194
	Median (£)	870	1071
	Standard Error of Mean	58	28
	N	N=159	N=588
	Proportion incurring cost (%)	100%	100%
ENTERTAINMENT	Mean (£)	1076	1041
	Median (£)	1062	917
	Standard Error of Mean	58	32
	N	N=158	N=584
	Proportion incurring cost (%)	100%	100%
TRAVEL	Mean (£)	668	891
	Median (£)	400	600
	Standard Error of Mean	67	37
	N	N=106	N=517
	Proportion incurring cost (%)	66%	88%
OTHER	Mean (£)	1145	781
	Median (£)	352	250
	Standard Error of Mean	676	329
	N	N=10	N=20
	Proportion incurring cost (%)	6%	4%
TOTAL LIVING COSTS	Mean (£)	4534	5124
	Median (£)	3842	4457
	Standard Error of Mean	196	109
	N	N=160	N=588
	Proportion incurring cost (%)	100%	100%

Base: All part-time students from 1998/9 SIES sample, incurring cost

Source: South Bank University - Student Income and Expenditure Survey 1998/9

5.8 Total borrowing

Students in London experienced a shortfall between their income and expenditure of nearly £315 while those out of London had a shortfall of around £141, on average. They made up this shortfall by borrowing money from a range of creditors and by calling upon their savings.

Just over two-thirds (68%) of students in London each anticipated having debts of £2,507 on average by the end of the 1998/99 academic year, and before any of their savings were taken into account. A slightly smaller proportion (61%) of students at university out of London expected to owe £2,274.⁵⁹ These differences were not significantly different.

5.8.1 Sources of borrowing

- London students debt consisted of:
 - 78 per cent was some form of commercial credit such as a bank loan, credit card, and HP;
 - 19 per cent was in the form of overdrafts; and
 - the remainder 2 per cent was owed to a variety of other creditors.
- The composition of Londoners' debt was similar to that of non-Londoners.

5.8.2 Sources of borrowing and variations among London and non-London students

- Table 5.5 shows the proportion of students owing money to various creditors and how much money they owed on average.
- Significantly more London than non-London students had overdrafts and were behind in paying their bills but the size of both their overdrafts and bills were not significantly different.

⁵⁹ Mortgages were excluded from these calculations.

Table 5.5 Total debt - the proportion of part-time students in debt and the average amount each student borrowed

		Students at London HEIs	Students at HEIs elsewhere
COMMERCIAL CREDIT	Mean (£)	2859	2271
	Median (£)	1224	1279
	Standard Error of Mean	380	159
	Valid N	N=74	N=296
	Proportion of students borrowing (%)	46%	50%
OVERDRAFT	Mean (£)	786	669
	Median (£)	500	400
	Standard Error of Mean	129	68
	Valid N	N=67	N=180
	Proportion of students borrowing (%)	42%	31%
BILL ARREARS	Mean (£)	253	243
	Median (£)	200	184
	Standard Error of Mean	46	42
	Valid N	N=20	N=27
	Proportion of students borrowing (%)	13%	5%
OTHER	Mean (£)	289	293
	Median (£)	150	199
	Standard Error of Mean	97	56
	Valid N	N=9	N=28
	Proportion of students borrowing (%)	6%	5%
TOTAL DEBT	Mean (£)	2507	2274
	Median (£)	1108	1365
	Standard Error of Mean	298	141
	Valid N	N=109	N=358
	Proportion of students borrowing (%)	68%	61%

Base: All part-time students from 1998/9 SIES sample with debts

Source: South Bank University - Student Income and Expenditure Survey 1998/9

5.9 Overall financial position

Table 5.5 outlines students' borrowing before any of their savings were taken into account. By contrast, Table 5.6 outlines students' final debt once their savings had been taken into consideration, and gives details of students who had savings once their debts had been deducted.

5.9.1 Savings

In 1998/9, students studying in London were significantly less likely than those studying outside the capital to have any savings, once their debts had been deducted (21% compared with 32%). However, where they studied made no difference to the amount of savings they had been able to accumulate (£4,524 compared with £4,600).

5.9.2 Debts

In 1998/9, students studying in London were significantly more likely than those studying elsewhere to have outstanding debts once their savings had been taken into account (59% compared with 49%). However, where they studied made no statistically significant difference to the sums they owed to a variety of creditors (£2,884 compared with £2,584).

Overall, London students were more vulnerable financially than students outside of London because more were in debt, and fewer had savings to fall back upon.

5.9.3 Future student debt

With the introduction of means-tested loans of £500 for part-time students, it is possible that student debt will increase in the future. The size of the loans do not vary depending upon where in the country the student studies. So on the one hand, London students may not have larger debts than those living elsewhere. On the other hand, they may make more use of these special loans given their greater propensity to borrow and their higher costs of participation.

Table 5.6 Final savings and debt - the proportion of full-time students with savings or debt and the average amount each student saved or owed

		Students at London HEIs	Students at HEIs elsewhere
SAVINGS MORE THAN DEBT	Mean (£)	4524	4600
	Valid N	N=34	N=186
	Proportion of students borrowing (%)	21%	32%
DEBT MORE THAN SAVINGS	Mean (£)	-2884	-2584
	Valid N	N=95	N=285
	Proportion of students borrowing (%)	59%	49%
NO SAVINGS OR DEBT	Mean (£)	00	00
	Valid N	N=31	N=117
	Proportion of students borrowing (%)	20%	19%

Base: All part-time students from 1998/9 SIES sample with savings or debts

Source: South Bank University - Student Income and Expenditure Survey 1998/9

5.10 Financial difficulties

- Overall, students in London were more likely to report some form of financial difficulties or concern than those studying elsewhere in the UK.
- 86 per cent of all students attending London HEIs identified some financial concerns, significantly more than the 73 per cent studying outside the capital.
- 78 per cent of students at university in London worried about money, significantly more than the 63 per cent at universities out of London.
- 55 per cent of students attending London HEIs worried about debt, significantly more than the 35 per cent at universities elsewhere.

5.10.1 The experience of financial difficulties

- One in five part-time students at universities in and out of London walked regularly to and from university in order to save money.
- More than a third (35%) of all London students had not bought books they needed for their course because they could not afford to buy them, compared with 28 per cent of students studying outside London.

- The main reason London students did not own a computer was because they could not afford one (54% compared with 36%) and they were significantly less likely to own a computer compared with students studying elsewhere.

5.10.2 The impact of financial difficulties on students in London

- Three times as many London as non-London students had missed going to college because they could not afford the cost of the transport – reflecting their higher travel costs.
- 59 per cent of London students believed that financial difficulties had affected how well they were doing at university but significantly fewer students studying elsewhere believed this – just 32 per cent.
- One in three (30%) students in London had thought about dropping out of university/college compared with 36 per cent attending universities elsewhere.
- Of those London student considering dropping out, 42 per cent gave financial reasons compared with 23 per cent of students studying outside the capital. So overall, 13 per cent of all London students and 8 per cent of non-London students had considered dropping out purely for financial reasons.
- Some 73 per cent of part-time students in and out of London agreed with the statement People are discouraged from doing postgraduate degrees because they do not want to take on additional debts.

5.11 Conclusions

- Students studying part time were mostly women pursuing courses at ‘new universities’. Those studying in London were more likely than those studying elsewhere to be older, single, and childless and to be a member of an ethnic minority group. In addition, London students more often worked in middle range jobs unlike those outside of London who had managerial and professional jobs. These characteristics help explain students’ behaviour and their financial situations.
- Part-time students’ main source of income was their wages. However, students studying in London had higher earnings because they were more likely to work full time. Most of them felt paid employment had a negative impact on their studies, especially London students working full time who were less likely to have paid time off work to study.
- Overall, students attending universities in and out of London had similar levels of expenditure but their patterns of expenditure were very different. Those in London had much higher housing costs than students outside the capital. This was despite the fact that they were more likely to be renting rather than buying their homes, and living by themselves rather than with a partner and children.

- In addition, the direct costs of studying were significantly higher in London than outside of London partly because London students were much less likely to receive help from their employers with the costs of studying. So students pursuing courses in London spent more on books, equipment, and travelling to and from their place of study. Their tuition fees were also more expensive. As important, a far higher proportion of students studying in London had to pay for their tuition fees personally as their employers did not help them out, unlike those studying elsewhere in the UK. This lack of help was associated with the fact that their course was not required by their employer, they were in lower status jobs than students studying outside of London, and they were older and more likely to come from an ethnic minority.
- By contrast, students in London had lower living costs than students outside of London but this was because they were more likely to be single rather than married/cohabiting with children.
- Overall, students at university in London were more vulnerable financially than students elsewhere because more of them were in debt and less of them had savings to call upon. And although the levels of outstanding debts were similar among students in and out of London, those in London were more likely to experience financial difficulties and feel the effects of these difficulties. This may well be because more of them were single, and when they did have a partner, their partner was financially dependent upon them, whereas the reverse was the case among students outside of London.

6 Conclusions

6.1 Limitations to the study

The 1998/9 Student Income and Expenditure Survey (SIES) upon which this report is based, did not assess the impact of the changes in student funding on overall participation and dropout rates in HE. It was not designed to do so. Those who chose not to go to university or decided to drop out, for whatever reason, were not included within the remit of the study. The only students who participated in the 1998/9 SIES were attending university in 1999 and were participating in HE.

The 1998/9 SIES was conducted in 1999. This was before the major changes in the funding arrangements for full-time students namely, the complete abolition of student grants and their replacement with student loans, which came into force for all new university entrants in 1999/2000. Only the first cohort of full-time students who were liable for tuition fees were included in the 1998/9 SIES. We will have to wait until the Summer of 2002 for the first group of full-time students to graduate, who have been subject to both these changes in student financial support throughout the whole time they were at university.

The 1998/9 SIES also was undertaken before the introduction of loans for part-time students and before tuition fee remittance policies had come into force for part-time students.

As a result, the 1998/9 SIES was unable to capture the full impact of these changes in student funding arrangements, and of any other reforms that have been announced subsequently.

A total of 286 full-time students in the SIES sample were attending HEIs in London and 160 part-time students. Given these sample sizes especially of part-time students, some of the findings should be treated with caution. So more focused research is required for a better understanding of both full and part-time students in London.

The socio-economic characteristics of full and part-time students, their access to students financial support, and hence their financial situations are very different. Thus these two student groups have to be examined separately.

6.2 Full-time students

6.2.1 Their characteristics

There are two very marked differences between students studying in London and those pursuing studies elsewhere in the UK. In London, students are far more likely to come from an ethnic minority and to live at home with their parents. This means that housing arrangements and ethnicity are the key factors in understanding the position of students in and out of London and their respective financial circumstances.

6.2.2 Their financial position and experiences

The costs of studying in London are significantly higher than the costs of studying outside of London primarily because housing is so much more expensive. The main way students at university in London could reduce these costs substantially was to live with their parents - the alternatives such as living in university provided accommodation were still too expensive, and much more so than for those studying outside London.

So, students studying in London more often lived at home than students studying elsewhere, especially ethnic minority students and those from low-income families. Their parents were far less likely than others to give them cash, but instead supported them by not charging them for their board and lodging, so they saved on both housing and living costs, especially food. This meant they could avoid taking out a student loan, and building up large debts. However, on the whole, they had to travel longer distances to their place of study and to use more expensive modes of transport than students living independently. To meet these costs and to compensate for their lack of income from student loans or their parents, they were more likely than students living independently to undertake paid work during term-time and to work longer hours. This in turn, was likely to have a negative affect on their academic performance and their chances of completing their course successfully.

Students studying in London who lived independently of their parents paid for their significantly higher housing costs by taking out larger student loans than similar students studying outside London. They also met their higher expenses by not paying their bills and by having less savings to call upon. In part this was necessary because the London allowances within both their grants and student loans, infrequently met all the additional costs of living in London.

6.2.3 The future of full-time students in London

There is evidence that being a full-time student in London is becoming impossible for some. It is now just too expensive for those whose parents do not live within commuting distance of London or who, for whatever reason, can not live at home.

In particular, students from poorer backgrounds or who are debt averse, and do not want to take out a student loan and accumulate large debts, are increasingly being excluded. Such students are being priced out of studying in London. Ultimately, there is a danger that only students from more affluent backgrounds will be able to afford to attend university in London.

This may mean that only students from more affluent backgrounds can afford to live independently in London. There is a danger that the student population in London and the experiences of London students will become polarised along class, income, and ethnic lines. Those who come from low-income families will have one experience, those from more well-off families another.

There is nothing wrong with a diverse higher education system whereby some students choose one type of university rather than another type. The problem arises when these different higher education institutions do not have parity of esteem, which is increasingly the case between 'old' and 'new' universities in London. It becomes an even more serious problem when some students do not have equal opportunities to attend the most prestigious universities and have their choices and options constrained and restricted purely because of financial issues.

To maintain a diverse student population in London, those studying in London need to be drawn from all areas of the country and all ethnic groups. This is important for the student experience and their learning. It is also vital for the future of universities in London, and society as a whole. If 'new universities' rely increasingly on a local intake and students from low-income families and ethnic minorities while the 'old universities' recruit nationally from a predominately better-off white population there is a danger that universities in London will become segregated on class and ethnic lines.

6.3 Part-time students

6.3.1 Their characteristics

Most students studying part time are women but part-timers are a very heterogeneous population. Those in London are very different from part-time students studying elsewhere in the UK. They tend to be older, single, and childless compared with students elsewhere, and to come from an ethnic minority. They are more likely to be studying academic courses at 'new universities' and to have full-time jobs in middle range occupations. By contrast, part-timers outside the capital, are more likely to have professional and managerial jobs and to work part-time. These socio-economic characteristics are vital for understanding differences in part-timers' behaviour and experiences of studying in and out of London.

6.3.2 Their financial position and experiences

Students studying in London had higher housing costs than those studying outside the capital, but unlike full-time students far fewer had the option of living at home to reduce these costs. Instead they lived in rented accommodation while students elsewhere were more likely to be buying their own homes.

The direct costs of being a student in London were also greater because these students were less likely than students studying elsewhere, to receive help from their employer with the costs of studying. Travelling to and from their place of study was more expensive and they spent more on books and equipment needed for their course. Particularly striking was the much higher proportion of students studying in London who had to pay for their tuition fees personally. They rarely received help from their employers with the costs of their studies, unlike students elsewhere, because their courses were not a requirement, their jobs were of a lower status, they were older, and they came from an ethnic minority. Also their fees were more costly because they pursued more expensive but less vocational courses, especially undergraduate degrees rather than HNDs.

Unlike full-time students, part-timers have very limited access to any type of student support to meet the costs of studying. Instead, they relied on paid work. However, students at university in London were more likely to work full time than students elsewhere. So they were more likely to believe that their studies suffered as a result. Nor could they rely on a partner to support them while those in couples more often had a financially dependent partner, unlike part-timers studying outside London. Consequently, they were unable to build up savings to call upon, unlike students studying elsewhere. And they were far more likely to experience financial difficulties.

6.3.3 The future of part-time students in London

The costs of studying in London may well deter certain groups from participating in higher education, particularly young people and those with families. So there is a danger that access to part-time study in London will become restricted to older single people in full-time employment because only they can afford to study in London.

6.4 The implications for policy

To open up access to universities in London for all, to widen participation, and maintain an ethnically diverse student population, the additional costs of studying in London must be addressed. Students' choice of university and course should not be restricted because of financial considerations. There should be no need for debt-adverse students to opt for financial security at the expense of their cultural and human capital by enrolling in less advanced, vocationally orientated, short courses run at less prestigious institutions near their parental home. Nor should students have to pay more in order to study in London.

More affordable and cheaper housing is needed, be it in the private sector or provided directly by London universities.

More subsidised travel for London students similarly is important because of London students' particularly high transport costs compared with those studying outside London. Further financial aid with transport costs into London would mean that students do not have to miss their lectures because they can not afford the costs of travelling to their place of study. Although full-time students now have discounts on the underground and bus fares, they still receive no reductions on over land train fares. However, part-time students are ineligible for any such help.

London allowances need to be reviewed. For full time students, their adequacy in meeting the additional costs of studying in London needs to be assessed. However, they do not exist for part-time students in London, despite these students' higher study costs. So consideration should be given to introducing them for part-timers as well.

Student debt is particularly an issue for full-timers. Both the levels of debt and the proportion with debts are similar among London and non-London students. Policies aimed at reducing debt levels, and the concomitant potential deterrent effect of debts would benefit both current and prospective students. Such policies may help improve the recruitment of students to certain universities in London. They may also help in attracting a more representative group of students to study in London.

Finally, there is a need to assess the extent to which the costs of studying in London shape the nature of the student population in London and potentially deter participation. This can only be done by further more focused research.

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