

## PARLIAMENTARY BRIEFING

# The future of NHS bursaries and staff recruitment

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## Opposition Day Motion – Wednesday 4<sup>th</sup> May 2016

*'That this House recognises the contribution of student nurses, midwives, allied health professionals and other healthcare staff; has serious concerns about the potential impact of removing NHS bursaries on the recruitment and retention of staff; and calls on the Government to drop its plans to remove NHS bursaries and instead to consult on how it can best fund and support the future healthcare workforce.'*

### BACKGROUND

In the 2015 Autumn Statement (25 November), the Chancellor of the Exchequer announced that the Government intended to replace NHS bursaries with student loans for new students commencing courses in nursing, midwifery and allied health subjects with effect from the 2017-18 academic year.

The government bases its rationale for these changes on six central premises:

- the benefits of the 2012 HE funding system which it says have been 'proved comprehensively correct'
- the potential for universities to create up to 10,000 more nursing, midwifery and allied health degree places during the current Parliament (i.e. by 2020)
- the associated benefits to the NHS of a larger pool of 'highly qualified home grown' staff
- widening access to nursing through increased living cost support
- the creation of a system that 'enables universities to invest in health higher education for the long term by increasing their income for teaching costs and giving them security on the number of places'
- savings to the taxpayer as a result of the reduction in costs associated with the payment and administration of NHS bursaries

MillionPlus believes there are a number of questions regarding many of these assumptions that the government need to answer before moving forward with their plans.

### PARTICIPATION IN HIGHER EDUCATION

The changes to the higher education (HE) funding system in England in 2012 has been much less favourably received by mature students and part-time students. These two groups make up a much greater proportion of the nursing, midwifery and allied health student cohort than the overall current HE cohort. In 2012/13, for example, 61% of all UK full-time first degree students were under the age of 21, whilst only 29% of NHS bursary holders were. It is also worth noting that NHS bursaries for nursing, midwifery and allied health students have been available to students who study in England but who are ordinarily resident in Scotland, Wales and Northern Ireland i.e. the bursary is paid based on where people study not where they are from in the UK. There may therefore be a negative impact on applications from elsewhere in the UK according to the policies adopted by the devolved administrations. No assessment of the impact on cross-border applications has been included in Department of Health's (DH) impact assessment.

Owing to these facts, there remain questions about any statement that extrapolates the potential successes of the overall post-2012 HE changes into this specific field, as the numbers clearly show these cohorts are significantly different in their make up to the majority of their peers.

### Key Questions:

- What evidence does the government have that suggests mature students and part-time students will benefit from these proposed changes?
- What steps can the government take if numbers applying to study these subjects drops significantly after the introduction of these proposals?
- What steps will the government take to ensure applications to study nursing in England by residents of Wales, Northern Ireland and Scotland will not decrease as a result of these proposed changes?
- Will the government commit to undertaking an impact assessment on cross-border applications before proceeding with these changes?

### **10,000 EXTRA STAFF**

There are a number of significant barriers that could mean that it is very difficult for universities to train 10,000 more nurses, midwives and allied health professionals by 2020, as the government has stated. Analysis by London Economics has estimated that the switch to loans will have a significant negative (-5%) impact on participation, at least initially, especially if one bears in mind the composition of the student health cohort (as outlined above)<sup>1</sup>. The DH acknowledges that these students have been predominantly female, older and more likely to have dependents. It is therefore not unreasonable to assume that universities may be faced with instability in the market, as well as a change of provider behavior in respect of admissions in what will be a more competitive market. This could impact on strategic planning and the ability of institutions to provide the necessary numbers.

Furthermore, although it has received much less attention under the DH's plans, pre-registration nursing, midwifery and allied health professionals (AHP) students will be no longer be eligible for an NHS bursary or have their tuition fees paid by the NHS with effect from 1 August 2017. Typically, these students have a relevant bachelor's degree, often in a science or health related subject, and these pre-registration master's degree courses provide opportunities to undertake a course leading to registration with the relevant professional body. DH assumes that these students will apply for one of the new postgraduate masters' loans that will be available from academic year 2017-18 which will provide postgraduate students with a loan of £10,000 to use towards fees and living costs. However, the terms of the postgraduate loan assume that part-time students will study at 50% and all PG loans require repayments of 6% of income above the earnings threshold of £21,000 and for these repayments to be made on a *co-terminus* basis with any undergraduate loans outstanding which themselves require a 9% repayment on earnings over the threshold.

The government's insistence that undergraduate and postgraduate loans will be repaid at the same time will require a repayment rate of 15% above the earnings threshold for those students accessing both undergraduate and postgraduate loans. This will be in addition to any tax, NI and pension contributions that may be due.

Bearing in mind the composition of the nursing, midwifery and AHP cohort in terms of age and gender, the abolition of NHS bursaries for these courses may therefore prove to be a significant disincentive to participation in postgraduate pre-registration study, in particular for those graduates who have accessed the post-2012 student loan system, for NHS students who in the future have to access the latter and for those

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<sup>1</sup> Independent analysis by London Economic for MillionPlus

students who want to study part-time (bearing in mind that the postgraduate loan scheme defines part-time as study at a minimum 50% of a full-time course per annum).

In addition to this, nursing, midwifery and AHP students are required to complete 2,300 hours of clinical placements during their degree in order to obtain professional registration. HEE funds clinical placements at a nationally agreed tariff of £3,175 per full-time equivalent student per year multiplied by a Market Forces Factor which takes account of costs differences according to the geographic location of providers. This tariff is paid directly to placement providers (and not to universities) to cover direct costs of providing placement supervision, administration and infrastructure. Unless DH allocates more funds for placements, the market will be limited by the availability of funding for placements allocated by local NHS providers. The DH consultation is silent on this and parliamentary questions have so far elicited no clear answers on future placement funding. It is also worth noting that in response to the Spending Review the RCN claimed that 'the ring-fence to nursing student funding has been removed .... making it harder to plan for the future workforce.'<sup>2</sup>

#### Key Questions:

- How does the government propose to ensure student numbers do not fall when the loan system is introduced, particularly in relation to mature and part-time students?
- Does the government have plans to work with local NHS providers to allocate more funds for clinical placements, so that the market is not limited?
- Does the government believe a 15% repayment rate, before tax, would be a disincentive for students wishing to study these subjects?

#### **STUDENT SUPPORT**

Unlike the current NHS bursary scheme, the BIS standard support system does not provide for the payment of temporary accommodation costs if a student relocates for the purpose of a placement. It also assumes that students contribute an excess (around £300) towards their placement travel costs before any costs are reimbursed. This could make it much more difficult for students to move in order to work in areas of greater need.

Furthermore, in spite of previous promises the government has yet to introduce a system of student support that is Sharia-compliant for those students who regard interest-bearing loans as problematic. The removal of all maintenance grants from the standard HE student support system from the 2016-17 academic year without the provision of an alternative finance product based upon the Takaful model may exacerbate this problem in the future.

#### Key Questions:

- What evidence does the government have that the new system will provide better levels of student support?

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<sup>2</sup> Janet Davies, RCN Chief Executive and General Secretary 25 November 2015

- When will the government commit to introducing a Sharia-compliant loan system, so that students who wish to be sharia-compliant will be able to train in these professions?

## **UNIVERSITY INVESTMENT**

The DH assumption that universities will have more funding to invest in health education rests in part on the assumption that there will be more and greater 'security in training places'. However, the background paper and consultation take no account of the potential for instability in the market and there is no acknowledgment of the future role of Health Education England and Local Education Training Boards (LETBs) in workforce planning.

Nursing, midwifery and allied health students will have to be included in Access Agreements and therefore the DH assumption that universities will receive the full £9k fee per annum to invest with is not wholly correct. The current system, whereby courses receive funding related to a Benchmark Price (BMP), will see the national average amount of tuition paid to universities for nursing and midwifery courses at £8,458, and £9,135 for those in London (see Appendix A for more details). However, with the financial support to students that universities are obliged to cover with the £9k fee it may well be the case that there is less money for institutions to invest with under the new system. For example, Access Agreement information released by the Office for Fair Access (OFFA) shows that the average fee, net of all institutional financial support, for new students in 2016/17 will be £8,391 – which in many cases is less than the amount in the current system<sup>3</sup>.

The extent to which universities will receive any teaching grant for nursing, midwifery and allied health courses remains under discussion but in any case the overall allocation of residual teaching grant and Student Opportunity Funding (SOF) to the Higher Education Funding Council for England (HEFCE) by BIS will reduce further in the future and the cuts that have been made to SOF are in part a result of the assumed cost of the transfer of these health students from DH to BIS.

### **Key Questions:**

- How much of the £9000 fee does the government expect universities to receive under the proposed system?
- How much workforce planning does the government believe will be required to meet the needs of regional NHS services all across the UK?
- How much does the government believe universities should receive as a teaching grant per student for teaching nursing, midwifery and subjects allied to medicine, in order for them to have an increase in the amount of resources they can invest with?

## **SAVINGS FOR THE TAXPAYER**

The DH estimate that taxpayers will be better off as a result of this switch is very much a short-term calculation. In fact, it is much less likely that these students will repay their loans as graduates in the 30-year repayment period than the general HE cohort. Essentially this is a switch in responsibility for the funding of the education of the health workforce from the state to the workforce itself and is primarily designed to reduce the departmental budget in DH. This is particularly true for students studying these subjects who are

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<sup>3</sup> <https://www.offa.org.uk/wp-content/uploads/2015/07/Access-agreements-for-2016-17-key-statistics-and-analysis.pdf> (p9)

already in possession of a first degree in another subject – as they will have loans that they only pay back after their original loans are repaid, which may mean these secondary loans are written off in their entirety.

#### Key Questions:

- Has the government estimated what percentage of any second degree student loans will be written off after the 30-year repayment period ends?
- Why does the government believe the finding of the future health workforce should fall predominantly on the workforce itself and not on the government?
- By how much does the DH estimate the taxpayer will be better off as a result of these changes, and how has it reached that figure?

#### APPENDIX A

<b>BMP rates for nursing, midwifery and AHP undergraduate tuition payments (2016/17)</b>			
	National	With London Weighting	Average
Nursing degree	£8,315	£8,980	£8,481
Midwifery degree	£9,561	£10,326	£9,752
<b><i>Nursing &amp; Midwifery</i></b>	<b><i>£8,458</i></b>	<b><i>£9,135</i></b>	<b><i>£8,628</i></b>
Dieticians	£10,095	£10,903	£10,297
Occupational Therapy	£8,778	£9,480	£8,954
Operating Dept. Practitioners	£8,311	£8,976	£8,477
Orthoptists	£10,094	£10,902	£10,296
Orthoptists/Prosthetist	£10,519	£11,361	£10,729
Physiotherapy	£8,778	£9,480	£8,954
Podiatry/Chiropody	£10,095	£10,903	£10,297
Radiography-diagnostic	£10,518	£11,359	£10,728
Radiography-therapeutic	£10,518	£11,360	£10,729
Speech & Lang. Therapists	£10,095	£10,903	£10,297
<b><i>AHP</i></b>	<b><i>£9,390</i></b>	<b><i>£10,141</i></b>	<b><i>£9,577</i></b>