

## SUBMISSION

### MillionPlus budget submission

Nicholas Wright, Head of Public Affairs

14 August 2024

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1. MillionPlus, The Association for Modern Universities, welcomes the opportunity to contribute a written representation with practical policy suggestions that would support the Government in delivering on their missions.
2. MillionPlus is the Association for Modern Universities, with 21 member institutions across the UK. We represent modern universities, which make up over half of the entire UK higher education sector, educating more than one million students each year. These institutions are also drivers of social mobility, working with the majority of BAME students (64%) in England, as well as those from areas of the UK which have the lowest participation rates in higher education. This work transforms lives and opens up new possibilities for those with little family experience of university.
3. The sector currently faces a challenging financial environment with funding per student in England having fallen over the last decade. While the solutions MillionPlus are suggesting in this submission will be shorter-term solutions, a sustainable funding model is imperative for the higher education sector, and MillionPlus calls on the Government to urgently establish a Taskforce to support this. The Taskforce should pay particular attention to how a future funding system can preserve the pipeline of skills our economy and public services need. To ease pressure in the shorter term, the Government should implement changes to the timing and profile of Student Finance England payments to support university cash flow management. MillionPlus also calls on Government to reintroduce maintenance grants.
4. Modern universities are directly responsible for training thousands of the backbone public service staff that keep Britain working. Modern universities provide a much-needed pipeline to the NHS and schools in areas of the UK where there is no other local study option, playing an integral role in the regions by providing new cohorts of registered nurses and teachers.
5. 70% of nursing students were at modern universities in 2021-22, as well as 70% of midwifery students. Modern universities also have partnerships with 209 NHS Trusts in England, 93% of all NHS Trusts. While modern universities accounted for 63% of all initial teacher training students in the university sector, and 75% of those were studying the undergraduate pathway in the same period.
6. There is an ongoing crisis in the retention and recruitment of public service staff such as nurses and teachers. We were delighted to see this Government's pledge to recruit 6500 more teachers and commit to creating 7,500 more medical school places and 10,000 more nursing and midwifery clinical placements per year.
7. However to meet these targets, appropriate incentives and policy must be implemented and below MillionPlus recommend several options.

## Fee Loan Forgiveness Scheme

8. Retention issues in public services are exemplified in the below table, which shows the current distribution of nursing, midwifery and ITT graduates by length of service in the public sector:

Length of public sector service	% of graduates by length in public sector service	
	ITT	Nursing & midwifery
A) In the public sector for 5-9 years	7%	8%
B) In the public sector for 10+ years	43%	47%
C) In the public sector for <5 years/not at all	50%	45%
<b>Total</b>	<b>100%</b>	<b>100%</b>

*London Economics analysis commissioned by MillionPlus*

9. With this recruitment and retention crisis in mind, MillionPlus commissioned London Economics to conduct analysis on the cost of a fee loan forgiveness scheme for nurses and teachers. Such a scheme would 'write off' fees for nursing and teacher training students who remained in the NHS or in schools for 10 years (with 50% written off after five years).
10. Around three-quarters of respondents to recent research by Universities UK said they would be more likely to study a healthcare course at university if they received additional financial support.<sup>1</sup>
11. This analysis focuses on the 2023-24 entry cohort of English domiciled full-time students starting first degrees in nursing or midwifery, or initial teacher training (ITT) courses, in England. London Economics assessed the public cost of the current funding system for these students, as well as the impact on these costs of a potential fee loan forgiveness policy where 50% of graduates' outstanding fee loan balance would be written off after five years of working in the NHS or state-funded schools, and 100% written off after 10 years. Loans for graduates never working in the public sector, or for less than five years, would only be written off after 40 years, as under the current system.
12. Previous research by the Royal College of Nursing and London Economics found that the associated savings generated by the 2021-22 cohort of nursing students' subsequent employment in the NHS (measured over the first 10 years post-graduation) and associated savings relative to the recruitment of Bank and Agency nursing staff were estimated at £1.7bn, representing a Exchequer benefit-to-cost ratio of 2.4:1.<sup>2</sup> This is a conservative estimate which cannot fully represent the additional benefits brought about, particularly those that could be achieved through greater retention of staff
13. Accounting for fee loans and maintenance loans, such a policy would increase the cost of the system by £513m per cohort to £603m, compared to the current Exchequer cost for the cohort of £90m, an additional cost of £267m for nursing and midwifery students and £246m for ITT students.
14. Compared to the current system, the Resource Accounting and Budgeting (RAB) charge (the estimated cost to Government of borrowing to support the student finance system) associated with the cohort of nursing and teaching students would increase from 2.1% to 26.2%.
15. Under the current funding system, the overall estimated RAB charge associated with all first-year English domiciled students starting undergraduate qualifications in 2023-24 stands at 4.1%. Under the fee loan

<sup>1</sup> <https://www.universitiesuk.ac.uk/latest/news/huge-interest-among-young-people-nhs>

<sup>2</sup> <https://londoneconomics.co.uk/blog/publication/analysing-loan-forgiveness-for-nurses/>

forgiveness policy for nursing, midwifery, and teaching students, this overall average RAB charge across all students in the cohort would increase to an estimated 6.9%.

16. Importantly, the analysis here focuses exclusively on the Exchequer cost associated with a potential fee loan forgiveness policy. However, we do not account for the associated Exchequer benefit in terms of higher recruitment into and retention within these key public sector professions, including likely increases in the number of students starting nursing, midwifery, and ITT courses at university; the number of graduates from these courses who subsequently start working in the public sector; and the number who subsequently remain working in the public sector throughout their careers.

Resource flows	Current system	Loan forgiveness	Difference
Net Exchequer cost (adjusted for RAB)			
Maintenance loans	(£19m)	(£240m)	(£221m)
Tuition fee loans	(£25m)	(£316m)	(£291m)
Teaching Grants	(£46m)	(£46m)	-
Total	(£90m)	(£603m)	(£513m)
RAB charge (%)	2.10%	26.20%	+24.1 pp

*London Economics analysis commissioned by MillionPlus*

17. Costs of implementing a fee loan forgiveness scheme have increased based on the Government's recent changes to the student funding system. Nonetheless, the system is expected to reap significant benefits for the Exchequer.
18. Citing personal circumstances, finances, for example, and workload pressure, combined with poor clinical placement experiences, since 2008 an average of 25% of student nurses per year leave their course prior to beginning work as a registered nurse.
19. Recent analysis by the Nuffield Trust reported that in the past year, 40,365 nurses have left the NHS in England and 7,470 have left NHS Scotland.<sup>3</sup> To put these figures into perspective, in the last year one in every nine nurses have left the profession in England and Scotland.
20. Similarly, in teacher training, the total new entrants to initial teacher training courses in 2023-24 is 26,955, down 5% from 28,463 in 2022-23. The percentage of the Department for Education's postgraduate initial teacher training (PGITT) target achieved for all subjects (primary and secondary) was 62%, down from 70% in 2022-23.<sup>4</sup>
21. The National Foundation for Educational Research's (NFER) annual labour market report concluded the recruitment and retention crisis showed "no signs of abating", with teacher supply in a "critical state".<sup>5</sup> It predicted secondary recruitment will improve, but still miss its target by about 40%, with 10 out of 17 secondary subjects likely to have shortfalls. Last year, the target was missed by 50%. Primary recruitment is forecast to be about 17% below target, far worse than the 4% seen last year. It comes after the DfE slashed its secondary school teacher recruitment targets by almost a tenth.
22. Recent research by Universities UK found that almost three-quarters of young people have considered a career in healthcare, with 'improving the lives of others' the main appealing reason.<sup>6</sup> But there are several significant factors which the majority of young people say would put them off a healthcare career, including perceptions of long hours, high pressure and low pay.

<sup>3</sup> <https://www.nuffieldtrust.org.uk/resource/nursing-strikes-facts-and-figures-on-uk-nursing-staff>

<sup>4</sup> <https://explore-education-statistics.service.gov.uk/find-statistics/initial-teacher-training-census/2023-24>

<sup>5</sup> <https://www.nfer.ac.uk/publications/teacher-labour-market-in-england-annual-report-2024/>

<sup>6</sup> <https://www.universitiesuk.ac.uk/latest/news/huge-interest-among-young-people-nhs>

23. Similarly, in the teaching profession, the Education Select Committee's inquiry into teacher recruitment, training and retention heard from teachers and school leaders that teaching was no longer a financially attractive or even viable career for graduates or career changers and was no longer competitive with other employment options.<sup>7</sup> That group also supported the idea of a fee loan forgiveness model for teachers.
24. Due to data limitations, this analysis has focused on nurses, teachers and midwives. However, the Government should also consider the inclusion of other key public sector roles, in particular social care workers. Social care shares many of the same retention and recruitment challenges which could be improved through a fee loan forgiveness scheme.
25. Our analysis also focuses on nurses going on to work in the NHS, however there would be value in extending forgiveness to all public sector registered nurses, which would increase the cost of a fee loan forgiveness scheme for nurses by 5-6%.
26. Fee loan forgiveness provides a positive solution to tackling recruitment and retention issues in key public sector professions. However it cannot be the solution to all challenges faced in these professions. More must be done to address the challenges in the environment that are leading to greater attrition. Nursing, teaching and midwifery must be seen as providing a positive career path alongside a wider cultural shift where these professions are better respected. A fee loan forgiveness scheme may support this, in re-emphasizing the importance of these careers.
27. It is clear that action must be taken to address the significant challenges in recruitment and retention of staff within the education system and NHS, particularly in order to meet the Government's targets for increasing teacher numbers and the goals set out within the NHS long-term workforce plan. The Government should implement a fee loan forgiveness scheme for nursing, teaching and midwifery, to increase the number of teachers, nurses and midwives entering and staying in the professions.

## Social Mobility Premium

28. Modern universities are proud placemakers and advocates for their local communities. They do much of the heavy lifting in terms of widening participation and invest considerable resources into recruiting and retaining students from less advantaged backgrounds. The challenge of ensuring students from widening participation backgrounds remain in higher education has grown in recent years, in light of rising inflation and the cost-of-living crisis. In the academic year 2023/24 alone, approximately 30,000 students dropped out of higher education, highlighting the scale of this issue. Without additional and urgent support for the most vulnerable, we risk reversing much of the progress on access that the higher education sector has witnessed in recent years.
29. This trend must be urgently addressed and we urge the new Government to recommit to widening participation to ensure we continue to drive social mobility, widen opportunities, and ensure the ambitions of higher education students can be reached, irrespective of background.
30. In the same way that the pupil premium recognises the additional challenges school pupils from less advantaged backgrounds face, the introduction of a Social Mobility Premium would help to ensure that this much needed support continues into higher education. This would support the Government's Opportunity mission, by recognising the higher costs associated with educating students from widening participation backgrounds. This would be especially valuable in the aftermath of the Covid pandemic which led to a significant period of lost learning, which had a disproportionate impact on the least advantaged<sup>8</sup>. This additional resource will be crucial to supporting retention among these students, as

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<sup>7</sup> <https://committees.parliament.uk/work/7357/teacher-recruitment-training-and-retention/>

<sup>8</sup> <https://www.suttontrust.com/wp-content/uploads/2021/01/Learning-in-Lockdown.pdf>

well as enabling them to thrive and fully engage in the opportunities available to them throughout their higher education experience.

31. We recommend this funding is paid directly to universities that create opportunities for students and that do not traditionally enter higher education in recognition of the additional support these institutions need to put in place to enable these students to thrive throughout their studies.
32. A Social Mobility Premium could be provided based on student numbers from IMD1 backgrounds and be linked both to access and outcomes, as measured by the Office for Students. This funding should be allocated as an addition to the Strategic Priorities Grant that is allocated by the OfS each year under the guidance of the Secretary of State.
33. The Table below shows that a £1000 premium for each student from an IMD1 background would cost £240m annually.

First Degree			
Year	Category	Number	Percentage
2018/19	No Parental education	490,615	43%
	Low participation neighbourhood (POLAR4)	131,855	12%
	Quintile 1 – most deprived (IMD)	186,225	18%
2019/20	No Parental education	495,970	43%
	Low participation neighbourhood (POLAR4)	136,450	12%
	Quintile 1 – most deprived (IMD)	195,765	18%
2020/21	No Parental education	523,350	43%
	Low participation neighbourhood (POLAR4)	149,020	13%
	Quintile 1 – most deprived (IMD)	218,795	19%
2021/22	No Parental education	533,305	43%
	Low participation neighbourhood (POLAR4)	156,590	13%
	Quintile 1 – most deprived (IMD)	232,955	20%
2022/23	No Parental education	519,925	42%
	Low participation neighbourhood (POLAR4)	162,260	13%
	Quintile 1 – most deprived (IMD)	240,825	20%

*MillionPlus analysis*

Social Mobility Premium	Number IMD Q1 Students	Social Mobility Premium Total Cost
£1,000	240,825	£240,825,000

*MillionPlus analysis*