

PARLIAMENTARY BRIEFING

House of Lords - Financial pressures on higher education debate, 30 March 2023

Nick Wright, Head of Public Affairs

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1. On Thursday 30 March, members of the House of Lords will debate the financial pressures on higher education and the impact on local communities, UK science and innovation exports.
2. MillionPlus is the Association for Modern Universities in the UK, and the voice of 21st century higher education. We champion, promote and raise awareness of the essential role played by modern universities in the UK's world-leading university system. Modern universities make up 52% of all UK undergraduates and 37% of all postgraduates, with over one million students studying at modern institutions across the UK. They are major anchor institutions, generating £17bn in expenditure-related gross value add. These institutions are drivers of social mobility and an important cog in regional growth agendas.

Funding Pressures

3. Higher education institutions in England continue to deliver world-class teaching and research against a backdrop of economic uncertainty. By 2024–25, the £9,250 annual tuition fee will only be worth £6,600 in 2012–13 prices.
4. As with other sectors of the economy, the effects of the Covid-19 pandemic are still being keenly felt, exacerbated by the cost-of-living crisis and paired with a near decade-long freeze of tuition fees means that universities are year-on-year being compelled to do more with less. This leads inevitably to cost-cutting measures, including course closure. Action is rapidly required to ensure that higher education funding is appropriate and sustainable if standards and option for students are not to be further eroded.
5. Modern universities are committed to environmental sustainability and energy efficiency. However, the substantial rise in energy costs is having a significant impact on modern universities' finances, while there are many competing calls on their budgets and they face continued real-term cuts to funding.

COST-OF-LIVING CRISIS

6. Analysis from MillionPlus's recent [Learning with the Lights Off report](#) shows that nearly 300,000 students will be at risk due to the cost-of-living crisis, with traditionally underrepresented groups in higher education hit the hardest. The Government should implement an immediate increase to maintenance funding for students, ideally in the shape of maintenance grants, and ensure students are included in any further cost-of-living measures introduced.

MINIMUM ENTRY REQUIREMENTS

7. Reports last weekend in *The Sunday Times* suggested that minimum entry requirements were expected to be announced by the Department for Education before the Summer recess.
8. Any minimum grade threshold for accessing higher education will fall hardest on those from areas of greater deprivation and lower participation, the very areas the government has pledged to level up. For

prospective students who have followed non-traditional paths into higher education, or indeed have been failed by the school's system, there should be a pathway still open to them into higher education. There is little evidence that such students are not being well served by university education.

9. Universities are autonomous institutions, and if a student can meet the requirements, is willing to take on that investment and is assessed to be capable, MillionPlus has questioned why government thinks placing additional barriers in their way is the correct way forward.

PUBLIC SERVICES

10. Modern universities help to ensure a healthy pipeline of local graduates entering key public workforce professions in their regions. Analysis of graduate outcomes data shows that 65.9% of modern university graduates in work are found in the public administration, education and health sectors

Nursing

11. The [latest](#) application figures for the upcoming year shows nursing has suffered the most significant fall in applications at 18.6%. This worrying trend follows exceptional growth in applications to nursing courses during the pandemic. UCAS polling suggests that students are re-evaluating their career prospects in the face of cost-of-living pressures. Given high-profile pay disputes and industrial action in the nursing profession, this may go some way to explaining the downward trend in applications to nursing courses.
12. The number of applicants for nursing courses in Scotland has decreased by 24% compared to the same period last year, the largest drop in nursing applicants across the UK. This is the second year in a row where nursing applicants have decreased in Scotland. The decline in nursing applicants is a cause for concern as there are over 4,600 registered nurse vacancies in the Scottish NHS alone.
13. MillionPlus's recent report '[Who trains the nurses – universities and the placement shortfall](#)' identified that a 20% increase on forecast numbers would be needed to meet nursing targets. Working with NHS Trusts and Boards across the UK, modern universities stand ready to support this increase. However, increasing the recruitment of student nurses is only half the solution; the requirement for student nurses to undertake training through a clinical placement before qualifying presents a clear barrier for growth. MillionPlus has been calling for the government to invest in expanding clinical training placements as this is vital in ensuring a pipe-line of skilled workers in the NHS and social care.
14. Government should also provide universities with stable and longer-term funding streams with the flexibility to innovate and to celebrate the diversity of regional healthcare providers while allowing universities to plan for the longer-term.

Teacher Education

15. Applications for teaching courses were also down by 15.6%. While it is unclear exactly what has driven this decline, similar issues within the teaching profession as in nursing might be driving the fall in applications. The data also indicates a decline in the number of teacher training applications from international students. This decline may potentially worsen the existing shortage of teachers in the UK, particularly given the growing population.
16. Issues around recruitment and retention of teachers are long-standing, exacerbated by the cost-of-living crisis impacting on applications for the upcoming year. The Government should apply an in-year uplift to initial teacher training bursaries to help tackle these concerns while prioritising the strategic planning of bursaries for future years.

17. The government can create resilient public services by supporting students and graduates to become key workers. By offering a maintenance grant of up to £10k for all students, investing in the NHS, social work and teacher-training placements, and providing fee-loan forgiveness for those remaining in relevant professions for at least five years, the government can secure the foundations of strong, robust, sustainable public services.

REPLACEMENT OF EUROPEAN FUNDING SCHEMES

18. MillionPlus were pleased the Windsor Framework has been adopted and that the UK Shared Prosperity Fund is to deliver much of the valuable funding universities previously received via the European Regional Development Fund.
19. However, the distribution of the UK Shared Prosperity Fund is still unclear, with more deprived areas likely to suffer under current plans. Government should clarify its strategy, more fully commit to its policy of investment zones targeted at levelling-up more deprived areas and provide bridging funding where needed to prevent the loss of jobs and investment.
20. Government must also ensure that the UK Shared Prosperity Fund is devolved, based on long-term funding cycles, and accessible to universities and local businesses as MillionPlus called for previously in our report [Levelling up to £22 billion: research, innovation & local business support](#).
21. Modern universities also produce applied and translational research which delivers impact in their communities. MillionPlus welcomes the Government's commitment to increased R&D and calls for this investment to be focused on supporting regional economic growth, for example through the Higher Education Innovation Fund and the UK Shared Prosperity Fund.
22. Securing full UK access to the Horizon scheme should be a government priority.

For more information please contact: Nick Wright, Head of Public Affairs | e: headofpublicaffairs@millionplus.ac.uk | m: 07527 336 990