

Department of Health Consultation, *Reforming healthcare education funding: creating a sustainable future workforce* A response from the Health Foundation

June 2016

About the Health Foundation

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK. Our aim is a healthier population, supported by high quality health care that can be equitably accessed. From giving grants to those working at the front-line to carrying out research and policy analysis, we shine a light on how to make successful change happen. We use what we know works on the ground to inform effective policymaking and vice versa. We believe good health and health care are key to a flourishing society. Through sharing what we learn, collaborating with others and building people's skills and knowledge, we aim to make a difference and contribute to a healthier population.

Introduction

In our submission to the Comprehensive Spending Review in September 2015, we argued that the undersupply of nurses has very significant consequences for NHS finances and efficiency. These include increased spending on agency staff which our subsequent analysis has shown is one of the key factors associated with NHS providers' financial performance.* We made clear that the NHS needed to expand training places but recognised that in a time of austerity training could not be immune to the requirement to become more efficient and reduce costs. We suggested that one way to do so might be to look again at the financial support offered to nurses, midwives and allied health professionals in training, to bring this closer into line with the position for other degree courses, and use any savings to expand training places to meet future demands.

To support our response we have enclosed as an appendix an extract from the final draft of a forthcoming Health Foundation publication on trends and pressure points in the NHS workforce, written by Professor James Buchan from Queen Margaret University[†] and Anita Charlesworth, Director of Research and Economics at the Health Foundation. This extract

* Lafond, S. Charlesworth, A. and Roberts, A. (2016) A perfect storm: an impossible climate for NHS providers' finances? An analysis of NHS finances and factors associated with financial performance. The Health Foundation. Available at: www.health.org.uk/sites/default/files/APerfectStorm.pdf.

[†] Professor James Buchan, Queen Margaret University, Edinburgh; and adjunct professor at the University of Technology, Sydney, Australia.

includes a case study from Australia where there has been a significant period of change in the funding for student nurses over the last 10 years. In Australia, the government and students contribute to the cost of training. However, reforms over the last 10 years have included reductions and freezes in the contributions student nurses make along with a removal of the cap on places available in 2009, with universities moving to a demand-driven system.

From an analysis of UCAS data on applications for nurse training, the evidence suggests that there is scope to increase the number of student nurses with a change in the financial support regime from bursaries to student loans. However, our analysis of the evidence also suggests there are some important risks and issues that need to be addressed in the detailed design and implementation of the new approach proposed in the consultation. These are discussed below.

Impact of the proposals on applications for training

The impact of reforms to nurse student finance on the number of nurses in training depends on the behavioural response of potential students to the new financial regime. Recent analysis, commissioned from London Economics by UNISON and the National Union of Students, concluded that the change will ‘in all likelihood reduce higher education participation by 6-7% - equivalent to almost 2,000 students in the first year.’* This conclusion is derived by assuming that potential nurses respond to the shift from bursaries to student loans in the same way that other students responded to the increase in tuition fees at the beginning of the decade.

The estimated 6-7% demand response to tuition fees changes by London Economics suggests a price elasticity of demand of -0.087, this figure is calculated from research by the Institute for Fiscal Studies.[†] These figures show a continued demand for university courses despite the introduction of tuition fees. It is obviously difficult to know if student nurses will respond in the same way as other students. The estimate of the price elasticity of demand based on the wider student loans and tuition fee reforms is probably the best estimate available to guide policymaking at the current time. The precise response will depend on the comparative rate of return of a nursing qualification compared to other career options and these data are not available.

To determine the impact on the number of nurses in training this elasticity has to be applied to an estimated applicant pool. The London Economics study assumed the effective demand for places on nursing degrees was equivalent to the current number of successful applicants. However, evidence from UCAS data (presented in the enclosed extract) indicates that there is an excess demand for nurse training in the UK.

* Conlon, G and Ladher, R. (2016) The Impact of the 2015 Comprehensive Spending Review on Higher Education Fees and Funding Arrangements in Subjects Allied to Medicine. London Economics. Commissioned by UNISON and NUS. Available at: <https://www.unison.org.uk/content/uploads/2016/05/UNISON-NUS-Report-Nurse-fees-and-funding.pdf>

† Dearden, L., Fitzsimons E., and Wyness, G. (2010), “The impact of the 2006-07 HE Finance reforms on HE participation”, Department for Business innovation and Skills Research Paper Number 13, September 2010

The Department of Health stated that 57,000 students applied for 21,450 awarded places in England in 2015.^{*} This is substantially above the number of available places. The government has indicated that the bursary reform will allow universities to provide 10,000 extra places by the end of the parliament in 2020. If these are evenly distributed then this would create an additional 2,500 training places a year for nurses, midwives and allied health professionals. If we assume that of these 1,625[†] are used for nursing training that makes a total of 23,075 places to be filled once the bursary is removed: just under 2.5 applicants for every nurse training place. The price elasticity of demand for university nursing training places would therefore need to be dramatically higher than other students for it not to be possible to fill the additional places.

It is a crude estimate, but we would need a 60% fall in applications for nurse training as a result of the proposed changes before we see a fall in filled training places.[‡] This would be equivalent to a price elasticity of demand of -0.845 for student nurses. This is almost 10 times larger than the elasticity estimate of -0.087 by London Economics.

Total number of awarded nurse training places in 2015	Estimated number of additional nursing training places following the removal of the NHS bursary	Estimated total number of nursing training places following the removal of the NHS bursary	Number of applicants for nurse training places in 2015	Implied applicants per place
21,450	1,625	23,075	57,000	2.5

Return on investment

The impact of reformed nurse student finance will ultimately depend on the comparative rate of return offered by a nursing career. Other things being equal, this will fall with the proposed changes. According to London Economics, nursing students undertaking a full-time three year degree are set to incur a debt of approximately £48,788 once student fee loans and maintenance costs are considered.

Without bursaries, aspiring nurses will be in the same system as all other UK students. However, the rate of return for anyone considering higher education in the UK in general is high. Based on research commissioned by the Royal Society of Chemistry and Institute of Physics the average graduate will earn 23% more over their working life than an equivalent person holding two or more A levels.[§] Taking into account the costs of undertaking a degree,

^{*} www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-06-15/40829.

[†] Nurses made up 65% of Nurses, Midwives and AHPs as at September 2015. NHS Workforce statistics February 2016 – provisional statistics, Health and Social Care Information Centre. Available at: www.hscic.gov.uk/searchcatalogue?productid=20878&topics=1%2fWorkforce%2fStaff+numbers&sort=Relevance&size=10&page=1#top

[‡] While this evidence pertains to nurse training only it is not a stretch to expect similar circumstances for midwives and allied health professionals, all of whom will be affected by the proposal.

[§] Royal Society of Chemistry and Institute of Physics (2005), 'The economic benefits of higher education qualifications', a report produced by PricewaterhouseCoopers LLP, January 2005

this equates to a net present value of investing in higher education of £117,342 in 2010: an internal rate of return of 12%.

The medium-term impact of nurse bursary reform will depend on the comparative employment and pay prospects for potential nurses. Given that the NHS is the dominant employer of nurses in England the comparative pay, terms and conditions of NHS staff will be critical. Reforming student finance alongside the government's policy of pay restraint in the public sector does pose risks.

If earnings in the wider economy grow at a significantly faster rate than for nursing, in the medium-term the NHS may need to improve nursing terms and conditions to maintain the supply of trainees. But, a failure to expand the supply of nurses also presents risks around the recruitment and retention of existing NHS nurses. Competitive pay, as well as terms and conditions, will be important if the NHS is going to attract and retain nurses, who may well contemplate moving into the agency market as pressures and workloads increase and wages in the wider economy rise.

The balance of these risks depends on how big an impact these reforms would have on the rate of return for nursing students and the amount of excess demand for nursing degrees. It will be important to monitor these effects closely as the policy is introduced. We also note the lack of evidence in the impact assessment on the rate of return for nursing students. The failure to measure these key indicators is one of many examples of significant gaps in the information necessary to design and implement effective workforce policies across the NHS. It should be addressed and we encourage the Department of Health to commission research into the rate of return for the full range of health and care careers.

For instance, while pay comparisons are fraught with definitional difficulties, our analysis suggests that hospital nurses in the UK earn just above the average wage in the UK, similar to the OECD average but lower than nurses in some other OECD countries. When converted into US dollars to allow a more direct comparison of purchasing power parity (PPP), UK hospital nurse remuneration is ranked as fifteenth out of thirty OECD countries, just above the OECD average, but below the USA, Canada, Australia and most countries in north and west Europe.

Sustaining wide social participation in affected professions

The UK needs more nurses but it is also important to make sure that all sections of society have access to nursing education. The evidence of the impact on socio-economically disadvantaged applicants following the reforms of student financing more broadly suggest that increased tuition fees have not had the negative impact on participation that many expected. According to UCAS, in 2016 application rates of 18 year olds living in disadvantaged areas in England, Scotland, and Wales increased to the highest levels recorded. The application rates from the most disadvantaged areas were 22 per cent in England, 24 per cent in Northern Ireland, 16 per cent in Scotland, and 20 per cent in Wales.*

* UK application rates by the January deadline, 2016 cycle. UCAS analysis and research 2016. Available at: www.ucas.com/sites/default/files/jan-16-deadline-application-rates-report.pdf

Students on nursing degrees have a different demographic profile than other degree students. As our appendix shows, the age profile of nursing students has been falling but it remains the case that almost 4 in 10 are 25 and over. Compared to other students, student nurses are more likely to have children and many will be coming to nursing after a first degree. Furthermore, UNISON highlights that nurses, midwives and allied health professionals are much more likely to be women and are slightly more likely to be from black and minority ethnic backgrounds.* The arrangements for targeted financial support, childcare and housing will be very important. But ensuring fair access is not just about the financing regime, some of these issues may be improved by reforms to the training system.

Innovative models of training

Alongside the international evidence and experience of reforms to wider student finance, it is useful to look at the experience of specific projects in the NHS which have offered courses without bursaries. These courses, while funded through the Student Loans Company (SLC), offer successful graduates guaranteed employment at the end of their study. Serious policy attention should be given to some of these innovative models of training being developed in the NHS.

For example, in February 2015 Lancashire Teaching Hospitals Foundation Trust and the University of Bolton launched the first degree course to offer student nursing places that are not commissioned or funded centrally. The aim was to help address local nursing shortages, with all students completing the programme being offered a job at the trust after graduation. Fifty places have been made available each year via UCAS application and students self-fund their study through the SLC.[†] The course at the University of Bolton was oversubscribed with over 650 applications for approximately 25 places in the September 2015 intake. Other local NHS employers have subsequently joined the initiative.[‡] Birmingham Children's Hospital NHS Foundation Trust and Birmingham City University have initiated a similar scheme, with a three-year course to train to become a registered children's nurse. Successful graduates are offered a full-time permanent position with the hospital. As with the course at the University of Bolton, the places are not NHS funded and students will be required to pay course fees and access finance via the SLC.[§]

Similarly, Northumbria Healthcare NHS Foundation Trust and Northumbria University recently launched a joint 18 month work-based programme for students with a previous record of academic study and substantial experience in the nursing or health care sector, such as healthcare assistants. The course will lead to an honours degree in nursing that is

* Finance for student nurses, midwives and allied health professions – Westminster Hall debate, 11 January 2016. Joint briefing from UNISON, National Union of Students, Royal College of Midwives, British Dental Association, Royal College of Nursing, College of Occupational Therapists, Society of Radiographers, Society of Chiropractors and Podiatrists. Available at: www.unison.org.uk/content/uploads/2016/01/NHS-bursary-debate-briefing-for-11-01-16-FINAL.pdf

[†] Hazell W (2015) First self-funded nursing course launched to tackle shortage in NW. Nursing Times online, January 7th. www.nursingtimes.net/roles/nurse-educators/first-self-funded-nursing-course-launched-to-tackle-shortage-in-nw/5077980.fullarticle

[‡] Update on the first fee paying nursing course in the country at University of Bolton. www.fabnhsstuff.net/2015/10/11/update-first-fee-paying-nursing-course-country-university-bolton/

[§] Ford S (2016) Students offered job guarantee but must pay for course. Nursing Times online, 13 May. Available at: www.nursingtimes.net/7004781.article?WT.src=email&WT.mc_id=Newsletter302&cm_ven=ExactTarget&cm_cat=NT+Daily+News+

compliant with standards set by the Nursing and Midwifery Council and offers students guaranteed employment at the trust once they've completed their training.*

While the end of bursaries represents a national policy change, these local precedents offer a useful basis for comparison. The Department of Health should first evaluate the impact of self-funded training on students at Lancashire Teaching Hospitals Foundation Trust, Birmingham Children's Hospital NHS Foundation Trust and Northumbria Healthcare NHS Foundation Trust, and any similar local initiatives. This will help the government to see whether these models are attractive to prospective students and offer an effective way to offset the risks associated with the removal of the NHS bursary.

Incentives to meet professional, specialty and geographic shortfall placements

A liberalisation of the system is unlikely to succeed if arrangements for training placements do not enable funding for placements to follow the trainee. Opening up degree applications to the market while retaining central planning for placements is likely to create the same conditions that have led to planning failures in the past, where short-term affordability issues resulted in a failure to plan for actual demand.

A proportion of the savings made from abolishing bursaries should be used to fund additional placements. In addition, the relevant government departments, Health Education England, universities and employers need to look closely at:

- whether current training placements constitute value for money or whether further efficiencies might be available;
- the scope to diversify the provision of training placements;
- the volume of efficiency gains to be made by a substantial increase in places commissioned;
- the contribution which private and independent sector employers - significant users of health professionals whose training has been funded by the public - might make to the costs of securing the workforce from which they benefit.

In addition, the relevant national players should look at whether the newly commissioned placements provide an opportunity for more innovative training approaches, with a greater emphasis on the integration of health and social care and multi-disciplinary working.

The Department of Health and employers will need to work with the Nursing and Midwifery Council and the Health and Care Professions Council to confirm that the provision of current placements and related supervision and mentoring are of a sufficiently high quality to ensure that graduates have the skills and experience needed to give safe, effective, efficient and compassionate care. Equally they will need to assure themselves that the rapid expansion of placements in the context of cost constraints does not reduce the quality of new health professionals, who will be working in the health and care system for decades to come, or add to the workload of already hard pressed clinical staff.

* Ford, S. (2016) Unique fast-track nursing degree course for HCAs in Northumbria. Nursing Times online, 11 April. Available at: <http://www.nursingtimes.net/news/education/fast-track-nurse-degree-course-for-northumbria-hcas/7003943.article>

In reforming both bursaries and placements there are opportunities to design in incentives to meet shortfalls in particular professions, specialties and geographical locations. These include:

- providing placements in employing organisations where there are particular shortfalls
- employers subsidising loan repayments as a means of attracting staff
- providing subsidies during training for particular areas or specialties.

For example, the experience of Australia suggests that just expanding training numbers does not in itself solve systemic problems related to geographic variations in levels of nurse staffing shortfalls. The international evidence base suggests that locating initial training of health professionals in underserved geographic areas can have a pay back in terms of subsequent improved recruitment and retention of these staff in these areas.* The Department of Health should seek to develop as wide a range of incentives as possible to enable employers to address shortfalls in supply more easily and more rapidly.

Conclusion

The available evidence suggests that reforming student finance for nursing is likely to be effective at expanding the number of nursing students. However, it will be important to ensure that support is available to protect the diversity of nursing graduates. This will need specific measures with the finance package but also potential reforms to the training system for nurses wishing to enter training either as a second degree or from other health care roles. But most of all the NHS needs more qualified nurses and it needs them quickly. Reforming the financing system will only increase supply if close attention is paid to the arrangements for funding placements so that sufficient numbers of innovative and high quality placements are available to meet the demand from trainees.

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* WHO (2010) Increasing access to health workers in remote and rural areas through improved retention: Global policy recommendations. WHO Geneva. Available at: <http://www.who.int/hrh/retention/guidelines/en/>

Appendix: The impact of the change in student nurse bursary arrangements on the future supply of student nurses [DRAFT]*

Student nurses: The issue

The government has announced that, from 1 August 2017, new nursing, midwifery and allied health students will no longer receive NHS bursaries. Instead, they will have access to the same student loans system as other higher education students. In essence the change will remove the bursary funding cap on the number of training places that can be made available to suitably qualified applicants in England. The government claims that the new system will provide:

- more nurses, midwives and allied health professionals for the NHS
- a better funding system for health students in England
- a sustainable model for universities.¹

Health Education England (HEE), which is responsible for making recommendations on pre-registration intakes for nursing and midwifery, as well as other health professions in England, has stated that this represents ‘fundamental changes to under graduate supply planned for 2017’.²

While the changes apply to nursing, midwifery and allied health students, this paper focuses on student nurses in particular.

Applications/applicants to pre-registration nurse education have outstripped available funded places in recent years. The government reported in late 2015 that ‘last year we turned away 37,000 applicants to nurse training places, even though we would have liked to have taken on a great number of them’.³ This point was then used to argue that the new funding approach will enable universities to provide ‘up to 10,000 additional nursing, midwifery and allied health training places over this parliament’.¹

Initial responses from stakeholders showed that the proposal was controversial. The Royal College of Nursing and Royal College of Midwives both raised concerns about the negative impact on mature entrants and those from lower income backgrounds. In contrast the change was welcomed by Universities UK and the Council of Deans of Health as a means of increasing student nurse numbers.⁴ A consultation on how the proposed reforms can be successfully implemented ran from 6 April to 30 June 2016.⁵

The NHS Pay Review Body (PRB) noted that removal of the student bursary for nurses in England and the shift to a more demand-led system could over time lead to a better match between demand and supply. However, the removal of the incentive of the bursary could have ‘an unsettling effect’ on the number and quality of applications for nursing training places in the early years. In addition, the reduction of net pay in the early years, as nurses repay their loans, ‘will make the employment package and medium to long-term reward offer an important factor in attracting high calibre students who are choosing between courses

* This appendix is an extract from the final draft of a forthcoming Health Foundation publication on the current profile and trends of the workforce of the NHS in England. This is written by Professor James Buchan from Queen Margaret University and Anita Charlesworth, Director of Research and Economics at the Health Foundation.

and career options.⁶ The Migration Advisory Committee noted that evidence was mixed as to the impact of removing bursaries on the supply of nurses.⁷

In their review of NHS clinical staffing, published May 2016, the Public Accounts Committee noted that ‘there is no guarantee’ that numbers of applicants would continue to outstrip places if the funding system was reformed. The committee recommended that the Department of Health and HEE should assess the likely effect of the new funding system on rates of applications and report back in autumn 2018 after the first year of the new funding system.⁸

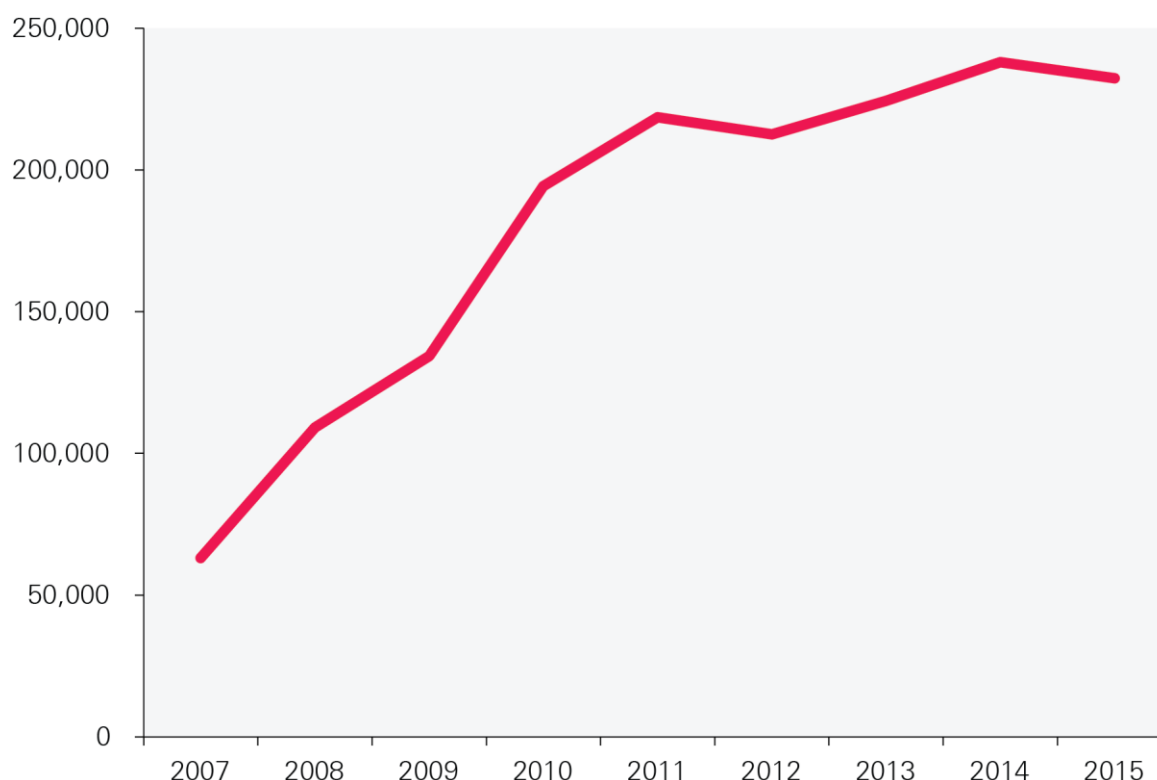
While the ending of bursaries represents a national policy change, there are local precedents. In February 2015 Lancashire Teaching Hospitals Foundation Trust and the University of Bolton launched the first degree course to offer student nursing places that are not commissioned and funded centrally. The aim is to help address local nursing shortages, with all students completing the programme being offered a job at the trust after graduation. The planned 50 students per year apply through UCAS and self-fund their study via the student loan system.⁹ Other local NHS employers have subsequently joined the initiative.¹⁰ Birmingham Children’s Hospital NHS Foundation Trust and Birmingham City University have initiated a similar scheme, with a three-year course to train to become a registered children’s nurse, and successful graduates offered a full-time permanent position. The places are not NHS-funded and students will be required to pay course fees and access finance via the Student Loans Company.¹¹

Student nurses: The evidence

In recent years, applications/applicants for nurse education have outstripped funded places; this has been the expressed rationale for the announced removal of the cap. A more detailed examination of UK statistics provides a more detailed and nuanced context in which to assess the likely impact of the ending of the cap.

UK data shows that more than 2.89m applications were made by students seeking to enter undergraduate degree courses at higher education institutions in 2015. Around 8% (232,285) of all applications were made by students seeking to start a nursing degree course. However, while the overall number of applications rose by 2.4% compared with the previous year, nursing applications fell by the same amount – 2.4%. That is, there were almost 5,700 fewer applications for nursing compared with the peak (237,990) in 2014. There were markedly different trends across the UK, with falls of 2.9% in England and 1.6% in Northern Ireland, contrasting with a rise of 1.4% in Scotland and 4.8% in Wales (figure 1).

Figure 1: Applications for entry to nursing courses at higher education institutions in the UK, 2007-15



Source: UCAS

The overall figures include around 3.6% of applications from students outside the UK (6,545 applications from other EU countries and 1,840 from non-EU countries). Although applications from the EU make up a relatively small proportion of the total, the decline in EU applications over the past two years has been marked – a 16% fall from the peak of 7,810 in 2013.

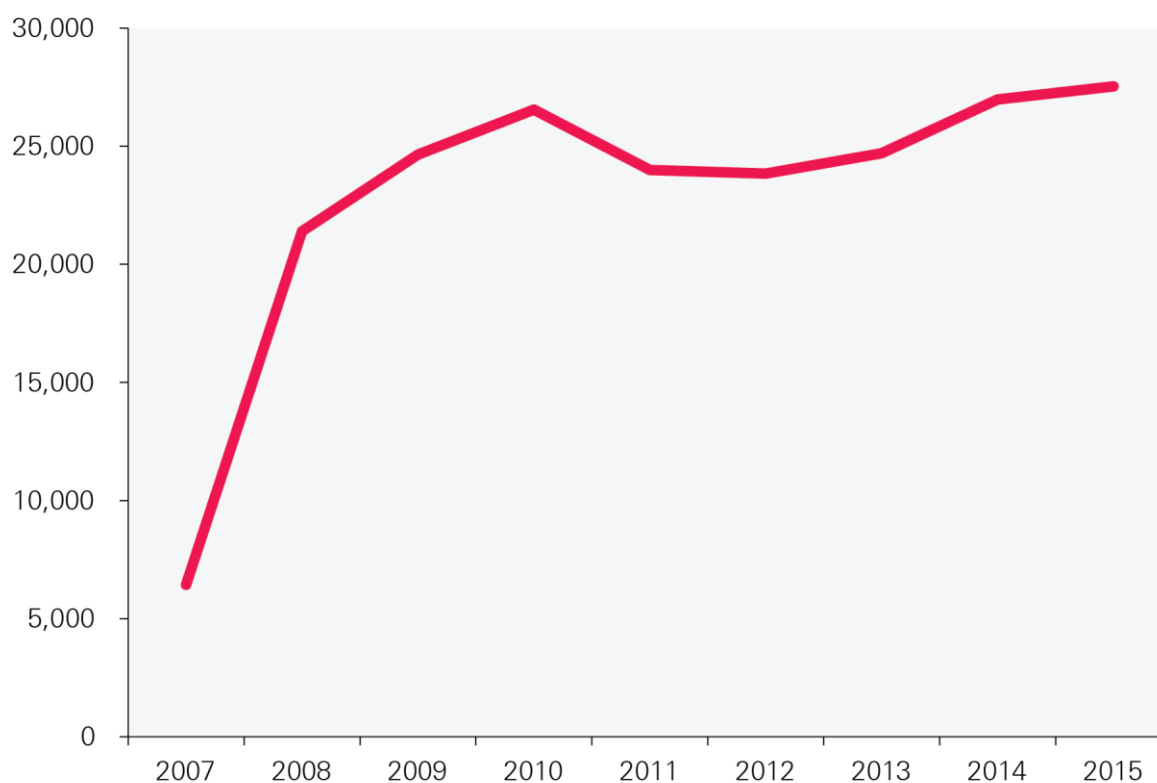
Students can make up to five applications (reduced from six in 2008 and earlier years) to different courses or institutions. Unfortunately UCAS no longer publish data on actual applicant numbers at the detailed subject level. Past applicant numbers show that, for nursing, the number of applications per student has averaged 3.45 over the five years to 2012. Applying that ratio suggests that around 67,300 students applied for places in the UK in 2015 compared with an estimated 69,000 in 2014.

Despite the recent reversal in the long-term trend of sustained growth, student demand for education in nursing remains comparatively buoyant relative to other health care disciplines. For example, applications to pre-clinical medicine fell by 10.8%, dentistry by 11.9%, pharmacy 4.9% and medical technology 2.8%.

Of greater short-term importance from a labour supply point of view is the number of applicants accepted onto courses. Having peaked in 2010 at 26,550, the number of acceptances fell in 2011 and 2012. This was the result of the central decision to reduce the number of places being commissioned, and hence funded. That decline has now been reversed; as noted earlier HEE has increased the number of commissioned places in the last

couple of years. The number of acceptances reached 27,535 in 2015, which is the largest ever number of students accepting places on university nursing courses in the UK. Note that, while EU and non-EU students make up 3.6% of applications, they account for only two per cent of those accepted (typically around 500-600 per year) (figure 2).

Figure 2: Acceptances for entry to nursing courses at higher education institutions in the UK, 2007-15

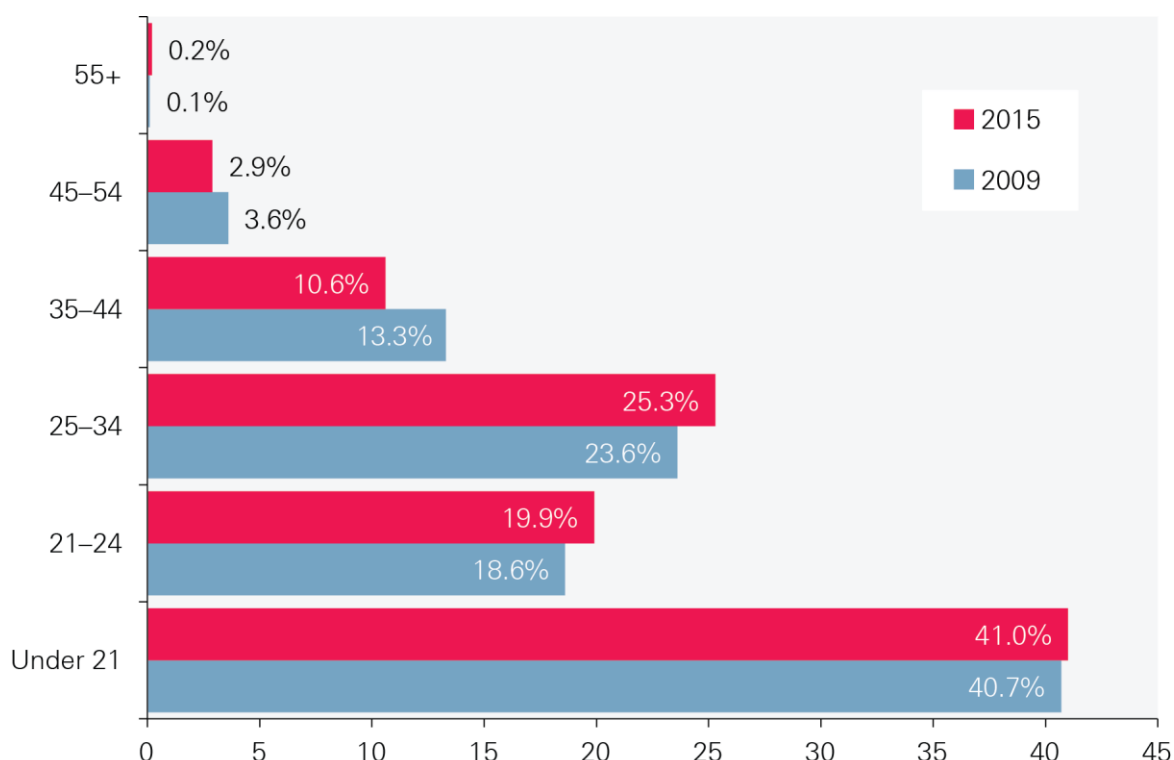


Source: UCAS

The trend over the last three years should, provided the drop-out rate does not rise, mean that more newly qualified nurses will be available over the next three years.

One argument that has been made against the end of the bursary is that it may reduce the number of older applicants, and those with existing financial liabilities. Examination of the age profile of students accepted onto nursing degree courses shows there has been a gradual drift towards younger ages in recent years (figure 3). In 2009 59% were aged under 25 and 17% over 35, compared with 2015 when 61% under 25 and 14% over 35. This age shift may have reflected the move away from diploma- and degree-based alternative entry points to an all degree-based entry. The change in funding may reinforce this shifting age profile if it discourages older applicants disproportionately.

Figure 3: Acceptances for entry to nursing courses by age group, 2009 and 2015



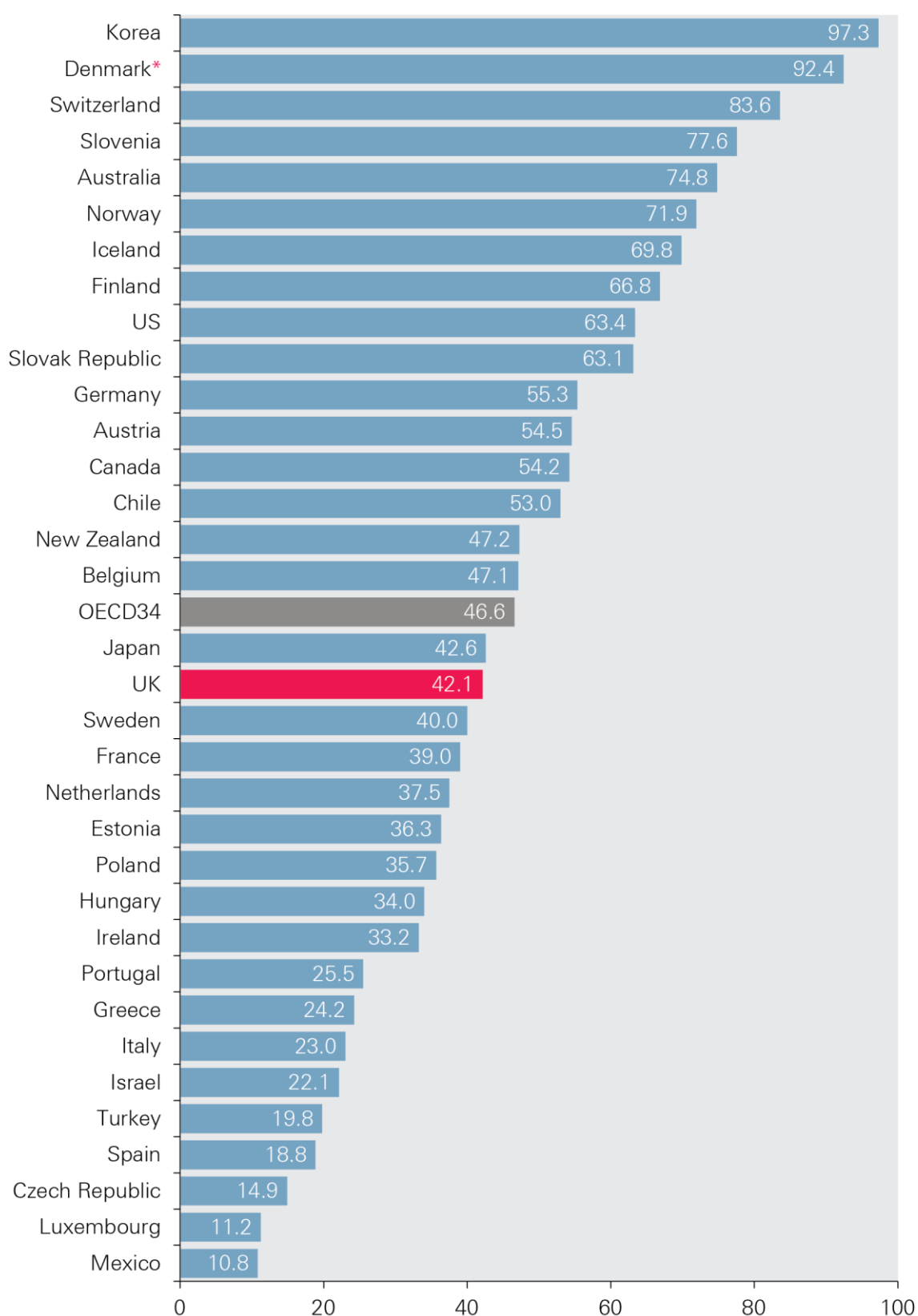
Source: UCAS, EXACT 000001

While it is too early to be certain how the change of funding will impact on future supply of nurses in England, international evidence does provide some relevant background. A comparison across OECD countries suggests that the UK was at the lower end of the scale in terms of its output of newly qualified domestically trained nurses.[†]

Figure 4 shows the number of nursing graduates per 100,000 population in different OECD countries; this is a snapshot of the level of newly qualified nurses available to meet demand, fill vacancies etc. OECD reports that, in the UK, there were 42 graduating nurses per 100,000 population in 2013, below the OECD average of 47, and well below Australia (75), the USA (63) and many other northern European countries.

[†] Please note: OECD data cannot be disaggregated to examine the four UK countries, but England includes more than 80% of the total NHS workforce.

Figure 4: Nursing graduates per 100,000 population, 2013



* Number refers to new nurses receiving an authorisation to practice, which may result in an over-estimation if these include foreign-trained nurses.

Source: OECD Health Statistics 2015, <http://dx.doi.org/10.1787/health-data-en>.

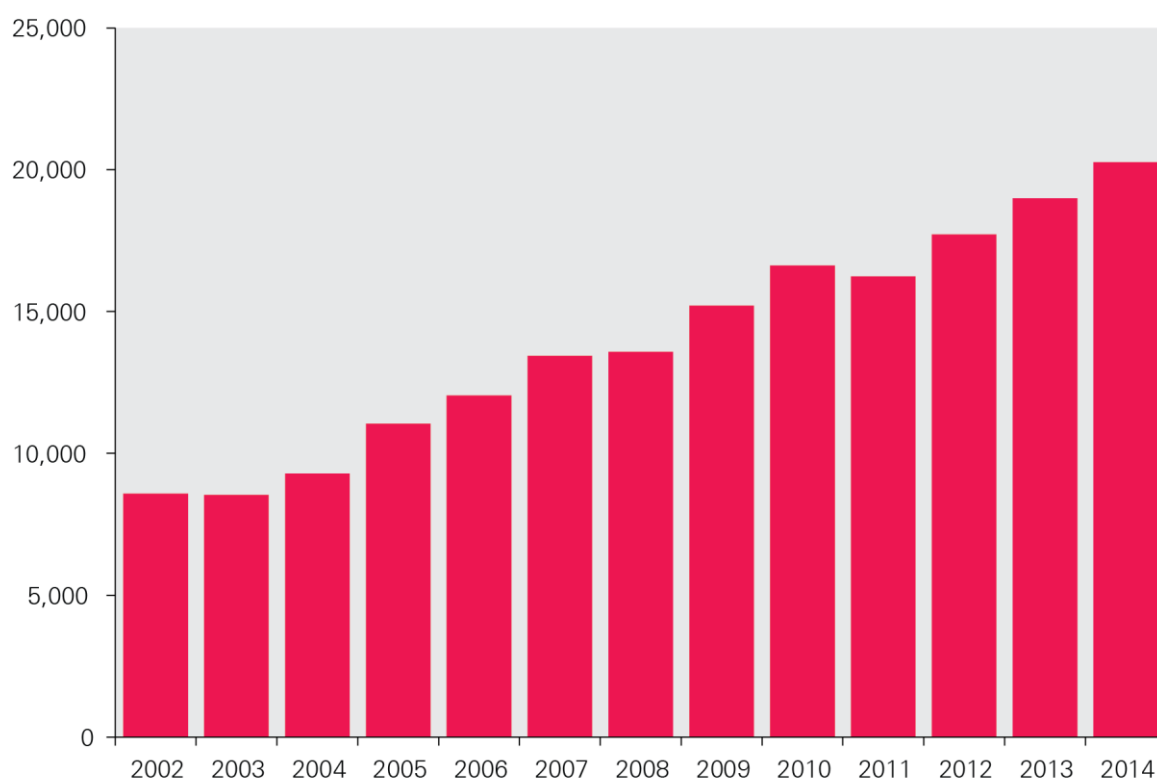
More detailed analysis of two OECD countries gives some hints about the impact of a cap-free approach. Australia moved to a ‘demand-led’ approach to student nurse numbers in 2009, while in the USA there has always been extensive student self-funding of courses, with no government-set funding cap. These characteristics may help explain why those countries have reported relatively higher current output of new graduate nurses in recent years.

Prior to 2009, the Australian government controlled the number of funded university places for nursing students (those studying for degree in nursing: enrolled nurses are educated in the vocational education sector). However, as a response to a review of the education system in 2009, universities moved to a demand-driven system for nursing students.¹²

In Australia there was also a reduction in the student debt repayment (Higher Education Loan Program (HELP)), which was intended to encourage more people to enrol and work in nursing.

Trends in commencing enrolments in general nursing courses in Australia across the period since 2002 are shown in figure 5.

Figure 5: Commencing enrolments of students for general nursing courses in Australia, 2002–14



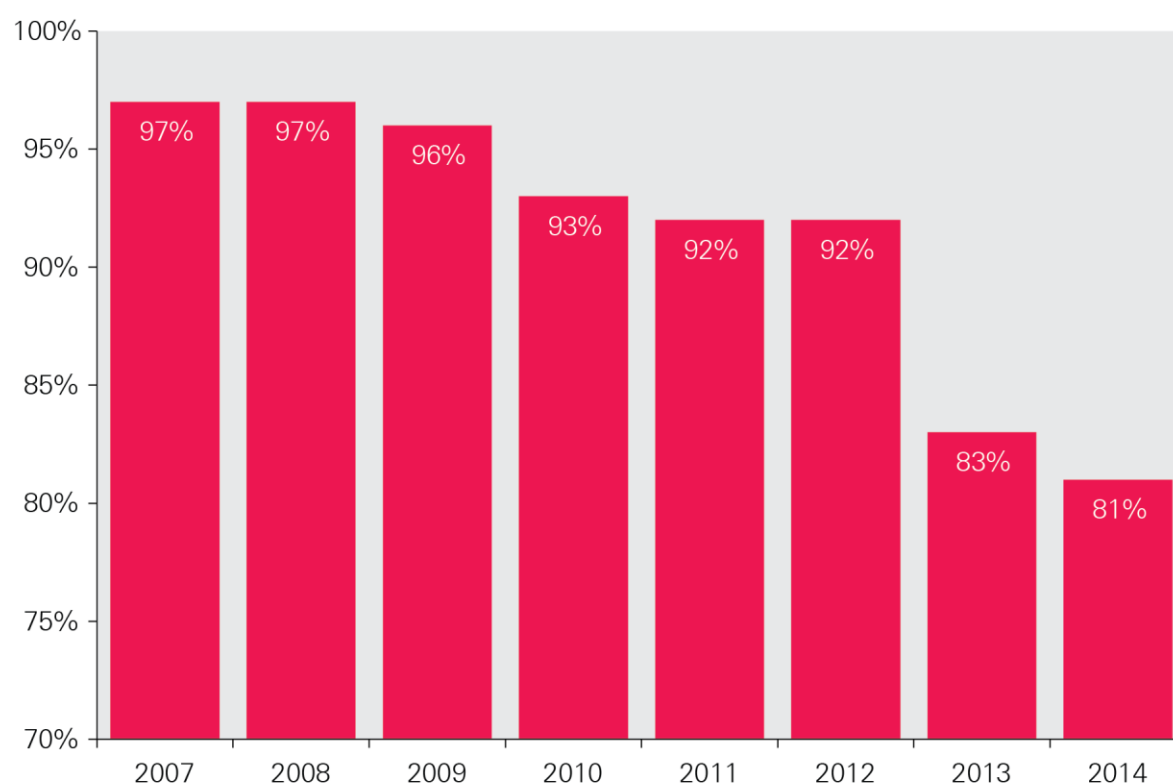
Source: Health Workforce Australia. *Australia's Health Workforce Series – Nurses in focus*

There has been almost continuous growth in enrolments in nursing across the twelve-year period. In 2014 there were over 20,000 enrolments – more than twice the level in 2004.¹³

Growth in student numbers has also created new challenges. A federal government review in 2013 noted that university nursing courses were oversubscribed, but that some concerns were being expressed about the standard of students applying for nursing, with some universities reducing their minimum tertiary entrance scores to attract more nursing applicants.¹⁴ There was also reported concern about education capacity and clinical placement constraints on enrolment numbers.

There was also a reduction in the proportion of new graduates obtaining full-time jobs. Data on the employment take-up rate of new graduates in Australia shows that there has been a year on year reduction in the proportion of nursing graduates finding full-time employment within four months (figure 6).

Figure 6: Nursing graduates employed full time, four months after graduation, in Australia, 2007–14



Source: Fedele R. Generation next. *Australian Journal of Nursing and Midwifery*, 2016: 23 (7) 17-21.

The reduction in the proportion of nurse graduates obtaining full-time employment in Australia has been attributed to reduced turnover of experienced staff, reduced demand because of health budget cuts, the impact of short-term migrant visas for international nurses, and poor workforce planning meaning there was geographic mismatch between job vacancies and preferred job locations.¹⁵

The growth in student nurse intakes in Australia has been matched in recent years by that in the USA, which has no cap. Student nurse numbers have more than doubled from approximately 68,000 individuals in 2001 to more than 150,000 in 2012. The most recent assessment of nurse supply- demand for the U.S. Department of Health and Human Services suggests that this massive recent growth in the numbers of nurses being trained domestically will mean that supply of nurses effectively outstrips projected (increased)

demand by 2025.¹⁶ A recent review by OECD across ten high income countries presented data suggesting that the UK and Portugal were the only two of these ten countries where the annual student intake to nurse education had reduced across the period 2000-2013.¹⁷

It should also be noted that nursing careers in Australia and the USA are relatively well paid. OECD data suggests that the remuneration levels of hospital nurses in the USA and in Australia are ranked second and fourth highest in OECD countries (as measured by purchasing power), while hospital nurses pay in the UK is only ranked fifteenth.¹⁸

Student nurses: Conclusions

A more detailed examination of UCAS data highlights that there has been a peak in the number of applications for pre-registration nurse education, but that the number has continued to be well in excess of funded acceptances. At the crudest level of analysis this does suggest that 'demand' for pre-registration nurse education does exceed the supply of funded places, and that ending the funding cap could lead to an increase in intakes, assuming self-funded students increase in number. The current Lancashire model does reinforce the point that there is a market for self-funded places – at least where there is a promise of a local job on completion.

OECD data highlights that, as a snapshot in 2013, the UK was at the lower end of countries in terms of number of new graduate nurses per 1000 population, below the OECD average, and well below Australia and USA. More detailed examination of the experience of Australia and the USA suggests that removing the cap in the UK may contribute to an increase in the number of student nurses, assuming job availability, and that the main constraints are the capacity of the education sector to cope with greater numbers and provide suitable clinical placements. These issues have already been identified in the UK. The Australian experience also cautions that national numerical growth may exacerbate current geographical supply/demand imbalances rather than reduce them.

Longer term, much will depend on the continued attraction of nursing as a career if a higher applicant base is to be maintained. This in part will depend on perceptions of career opportunities, and pay levels; the possibility that a shift away from the bursary model may also reduce the supply of older applicants who already have more financial and domestic commitments will have to be considered.

It should also be noted that at the time writing, the other three countries of the UK have not indicated that they will move to this new funding model. This raises issues about the relative costs of training to student nurses in the different UK countries, with possible changes in the cross-border flow of student and newly qualified nurses as result.

Finally it must be noted that the end of the cap also means that central government is distancing itself from full funding of intakes to pre-registration education of nurses and allied health professionals. HEE will therefore no longer completely control the numbers being trained. This places a greater emphasis on monitoring and tracking of non-centrally funded training places if there is to be any continued aspiration to have national supply estimates.

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