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CCD

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

The Rt Hon Malcolm Rifkind MP
Scottish Office
Dover House
Whitehall
LONDON
SW1

8 September 1988

Dear Secretary of State

COMMUNITY CHARGE: STUDENT NURSES

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Following an exchange of correspondence on this issue in July the Prime Minister asked us to give further consideration to the treatment of student nurses, for the purposes of the community charge, with a view to reaching a decision by 9 September. To this end my officials have prepared the enclosed note, which has been agreed with officials from your Department and other Departments with a close interest. It sets out the options and the pros and cons, with a view to enabling a collective decision to be taken in accordance with the Prime Minister's wishes.

The note deals separately with nurses on pre-registration courses and those on post-registration courses. Most of the public attention so far has concentrated on the former and the note identifies four options for their treatment (in paragraph 10). In my view these can be distilled to a choice between two alternatives: we can treat all pre-registration student nurses as full-time students and give them the 80% relief from the start of the new system (1989 in Scotland; 1990 in England and Wales); or we can restrict the relief to student nurses who are undertaking Project 2000 courses.

I am firmly of the view that we should not extend the 80% relief to salaried, pre-Project 2000 student nurses. Their course would not qualify them for full-time student status under the established criteria and we always maintained, before the implementation of Project 2000 was announced, that it would be quite unfair to other salaried employees, who receive on-the-job training, if we were to give student nurses special treatment. It may seem invidious to make the relief available to some student nurses (those on Project 2000) but not others (those undertaking pre-Project 2000 courses); but the latter will be receiving salaries which will be considerably higher than the bursaries paid to the former. I think it would be far more invidious to offer the relief to salaried student nurses, while withholding it from pharmaceutical trainees (to choose just one example) and the host of other trainees and apprentices who will be expected to pay the full community charge.



I therefore advocate Option i in paragraph 10 of the note, although I would not rule out reconsidering the decision once a majority of student nurses have moved on to Project 2000, in accordance with Option ii.

As far as nurses on post-registration courses are concerned, I accept that a relatively small number - those in higher education - will qualify automatically as full-time students under the existing criteria. They are in the same position as, for example, undergraduates sponsored by the armed forces. We have always accepted that a small number of bona fide full-time students with incomes would qualify for the 80% relief.

I do not believe, however, that we should bend the established criteria to bring midwifery trainees within the definition of full-time student. Although this means treating some nurses on post-registration courses differently from others, the fact remains that midwifery trainees follow courses which are less academic than those followed by the smaller number of nurses in higher education. If we are to maintain the credibility of our policy on students and the community charge, I believe we must stick to the established criteria for determining student status; nurses on post-registration courses must qualify for the relief, or fail to qualify, by reference to those criteria.

Moreover, if we were to allow midwifery trainees to qualify for the 80% relief, we would have great difficulty in defending the decision I have advocated for pre-registration student nurses.

There are a number of other groups of nursing trainees whose position is addressed in the note. In each case I concur with the recommendations in the note: pupil nurses and in-house trainees should be treated on the same basis as salaried student nurses (paragraph 12(b) and (c)) - ie in my view they should pay the full community charge; and second registration student nurses should be treated on the same basis as pre-registration student nurses (paragraph 18) - ie in my view they should be granted the 80% relief only when they undertake Project 2000 courses.

I am sending copies of this letter to the Prime Minister, Members of E(LF), the Chief Whip and Sir Robin Butler.

Yours sincerely

R Ridley

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NICHOLAS RIDLEY

(approved by the Secretary of State and signed in his absence).

COMMUNITY CHARGE : NURSE EDUCATION

1. This note has been prepared jointly by officials from DOE, the Department of Health and the Scottish and Welsh Offices. It sets out the options for the treatment of student nurses and other nurses undertaking courses of education, for the purposes of the community charge. It is intended to enable Ministers to reach a decision on the issues at stake by 9 September, in accordance with the Prime Minister's instructions.

2. There are two separate areas where decisions are needed : the treatment of nurses on pre-registration courses; and the treatment of those on post-registration courses.

NURSES ON PRE-REGISTRATION COURSES

BACKGROUND

3. There are approximately 76,000 persons undertaking pre-registration nursing courses in Great Britain at present. A minority of these - 12,000 - are "pupil nurses". Their training will be phased out over a period of time and their position is discussed later in this section (at paragraph 12). The vast majority are student nurses and it is their treatment for the purposes of the community charge which is the main subject of this section. Student nurses undergo a 3 year training period in an NHS school of nursing, working as part of the rostered workforce for between 40% and 60% of their training period, spending about 25% - 30% of their time in the classroom and also undertaking supernumerary placements in clinical settings. Their salaries (£4,825 to £5,575 outside London) are about average for 18 to 21 year olds. Student nurses' salaries are settled on the recommendation of the Nurses' Pay Review Body, not by Health Departments or by negotiation.

4. During the early stages of the Local Government Finance Bill, the Government maintained that pre-registration student nurses should not qualify for the 80% community charge relief which is granted to full-time students in further and higher education. They are salaried employees, who receive training as part of their employment and would not fall within the proposed definition of a full-time student (i.e. a person following a course which

involves at least 21 hours of supervised study a week, for at least 24 weeks in the year). The Government's line was that student nurses were to be regarded as in the same category as other salaried trainees, such as apprentices and pharmaceutical trainees, who will not qualify for the 80% relief.

5. However, in May the Government announced that it accepted in principle the Project 2000 proposals for the reform of nurse education and training. It is envisaged that student nurses will, in due course, receive non-means tested bursaries instead of (and at a lower level than) salaries and follow a course in which theory and practice are more closely related than at present. Under Project 2000 the proportion of direct theoretical instruction will not change significantly, but rostered work will reduce to 20% and there will be a corresponding increase in tuition within clinical settings.

6. In the light of this development the Government announced, during the Lords Committee stage of the Bill, that nurses training under Project 2000 would receive the 80% community charge relief. Despite this, there was considerable pressure in the Lords to make the 80% relief available to all student nurses, including those who remain on salaries pending the full implementation of Project 2000. As a result an amendment was carried against the Government requiring the Secretary of State to make regulations stating which student nurses in England and Wales should benefit from the 80% relief and which should not. To keep the position in Scotland in line, Government amendments were moved enabling the student concession to be applied to student nurses, though without any commitment that these powers would be used.

7. A decision must now be taken on the use of the regulation-making powers which have been forced on the Government. The imminent introduction of the community charge in Scotland (on 1 April 1989) prevents any delay.

THE TIMING OF PROJECT 2000

8. The timing of the introduction of Project 2000 is of importance in reaching a decision. In England, it is envisaged that the new scheme might be implemented over a lengthy transitional period, perhaps as long as 10 years, with the first student nurses starting Project 2000 courses in Autumn 1989 (i.e. just before the community charge comes into effect in England and

Wales). Initially one nursing education centre in each region would offer Project 2000 training; and during the transitional period each health authority would have a mixture of Project 2000 and non-Project 2000 student nurses.

9. In Scotland Project 2000 will be implemented over a shorter period, probably between 1992 and 1995. This means that student nurses would not qualify for the 80% relief (by meeting the student criteria) until several years after the introduction of the community charge. Consideration is still being given to how Project 2000 should be implemented in Wales.

OPTIONS FOR DECISION

10. Four main options can be clearly identified:-

i. Grant the 80% relief to Project 2000 student nurses only, as and when their pattern of study brings them within the existing prescribed definition of student, and leave non-Project 2000 student nurses to pay the full charge (subject to any rebate for which they may qualify). The advantage of this option is that it preserves the logical distinction between salaried trainees (including apprentices, etc as well as student nurses) and bona fide full-time students. The disadvantages are that it would attract criticism, from those who want to see special treatment for all student nurses, including the RCN; it would be portrayed as an example of the Government disregarding the views of the House of the Lords; and it would create what might be seen as an invidious distinction between Project 2000 and non-Project 2000 student nurses.

ii. Grant the 80% relief initially to Project 2000 student nurses only, as and when their pattern of study brings them within the existing prescribed definition of student, but reconsider the decision once a majority of student nurses are on Project 2000 (in the early to mid-1990s). The advantage of this option is that it would allow the distinction between the two kinds of student nurse to be removed, once Project 2000 is well on its way to full implementation. But the disadvantage remains that the Government will be criticised for requiring non-Project 2000 nurses to pay the full charge for a period of years and will come under continuing pressure to grant them the 80% relief - a belated decision to do this will appear like giving in to lobbying.

iii. Grant the 80% relief to all student nurses with effect from 1 April 1990
- i.e. the date when the first Project 2000 student nurse is likely to become liable to pay the community charge. The advantages of this option are that it allows the Government to claim credit for treating all student nurses on a consistently generous basis, well before Project 2000 is fully implemented; and that it would encourage recruitment. The disadvantages are that the Government will be criticised for obliging student nurses to pay the full charge for one year in Scotland (1989/90); and the logical justification for withholding the 80% relief from other groups of salaried trainee will be weakened.

iv. Grant the 80% relief to all student nurses with effect from 1 April 1989
- i.e. the date when the community charge is introduced in Scotland. The Government could then claim full credit for generosity to student nurses, in accordance with the wishes of the House of Lords; but as with Option iii it would be much more difficult to justify insisting that other salaried trainees should pay the full charge.

COST

11. It will cost about £15 million and add about 35-40 pence to community charge levels to give all student nurses the benefit of the 80% relief. Under Option i this cost would not be borne in full until Project 2000 is fully implemented - probably in the late 1990s. Under Option ii the full cost would have to be borne several years earlier, in the mid-1990's, when for the first time a majority of student nurses are following Project 2000 courses. Under Options iii and iv the full cost would be borne on 1 April 1990, with the Scottish share of the cost being borne one year earlier under Option iv.

NURSING UNDERGRADUATES, PUPIL NURSES AND SALARIED, IN-HOUSE TRAINEES

12. In reaching a decision a number of additional factors need to be borne in mind:

- a) Whichever option is chosen, those undertaking pre-registration training as nursing undergraduates will qualify for the 80% relief from the outset, since they meet the normal qualifying criteria for full-time student status.

b) Pupil nurses (of whom there are currently about 12,000 in Great Britain and who undertake a less rigorous, two year training course to become enrolled nurses) will continue to receive salaries and training on the present basis even after the introduction of Project 2000. It is, however, proposed that pupil training should be phased out in due course: the number of pupil nurses is currently falling rapidly. In deciding between the options, the most logical approach would be to treat them in the meantime on the same basis as salaried student nurses.

c) There is at present a comparatively small number of in-house trainees -i.e. individuals who transfer to nurse education from employment elsewhere in the Health Service. This number may increase if the Department of Health succeeds in getting non-professional support workers into training. In-house trainees will remain on salaries even after Project 2000 has been fully implemented. In deciding between the options, it would be logical to treat them on the same basis as all other salaried student nurses; but if Option i. is pursued there would be a case for granting them the 80% discount once Project 2000 is fully implemented.

NURSES ON POST-REGISTRATION COURSES

13. There are about 12,500 nurses on post-registration courses in Great Britain. All receive salaries, ranging from £8,025 to £10,650 outside London.

NURSES IN HIGHER EDUCATION

14. A relatively small number of these post-registration student nurses - about 2,000 - will qualify automatically as full-time students, and receive the 80% relief, under the existing criteria (24 weeks study a year and 21 hours a week). These are trainee health visitors, community psychiatric nurses and district nurses, who mostly study for 9 months or a year in a university or polytechnic.

15. It may seem anomalous that some comparatively well-paid nurses will qualify for the 80% relief, while other less well-paid student nurses will not. But that is a consequence of the policy of defining full-time students by reference to the length and nature of study, not by reference to salary. It would be possible to withhold the 80% relief from this group, but we do not intend to do so for the relatively small number of undergraduate and postgraduate students who have substantial incomes - for example those who are sponsored by companies or by the armed forces. It should be borne in mind, however, that resentment may be caused if nurses in higher education qualify for a relief which is denied to some pre-registration student nurses.

MIDWIFERY TRAINEES

16. However, if trainee health visitors and other trainees mentioned in paragraph 14 are allowed to retain the 80% relief this will give rise to an anomaly as far as midwifery trainees, of whom there are 5,300, are concerned. They are in many ways comparable to the trainee health visitors, undertaking an 18 month post-registration course; but because of the different nature of their training in midwifery schools they would not automatically qualify for the 80% relief. Their training will not be affected by the main Project 2000 changes, although it is expected that there will be a growth of direct entry midwifery courses. While it may be possible to defend excluding midwifery trainees undertaking post-registration courses from the relief, it would be more difficult to exclude those undertaking direct entry courses who will be in a very similar position to student nurses under Project 2000 in terms of the training they undertake, although the matter of whether or not they will move from salaries to non-means tested bursaries has not yet been considered.

17. The options for their treatment are:

i. Leave them to pay the full charge. The main disadvantage of this option is that it would create an invidious distinction between midwifery trainees and those nursing trainees, pre-registration and post-registration, who will qualify for the 80% relief.

ii. Grant them the 80% relief. This would ensure consistency of treatment among nurses on secondary courses, but it would greatly increase the number of comparatively well-paid student nurses who

benefit from the 80% relief. This might be particularly difficult to defend if salaried student nurses on pre-registration courses were denied the 80% relief.

SECOND REGISTRATION STUDENT NURSES

18. There is a third group of salaried, post-registration student nurses on whose treatment a decision is required. These are qualified nurses who switch from one clinical speciality to another (eg from mental health to general nursing) by undertaking what would otherwise be a pre-registration course. It is difficult to avoid the conclusion that they should be treated on precisely the same basis as pre-registration student nurses (in accordance with the decision taken on the first part of this note), despite being salaried. This is, once again, a consequence of the decision that the student relief should be based on the length and nature of study, rather than on a means test.

COST

19. These decisions on nurses following post-registration courses could have costs of up to £2 million in the first year in which they were implemented.

SUMMARY

20. There are four options for treating pre-registration student nurses:

i. Grant the 80% relief to Project 2000 student nurses only and leave salaried student nurses to pay the full charge.

ii. Grant the 80% relief initially to Project 2000 student nurses only, but reconsider the decision once a majority of student nurses are on Project 2000.

iii. Grant the 80% relief to all student nurses with effect from 1 April 1990.

iv. Grant the 80% relief to all student nurses with effect from 1 April 1989.

21. Three decisions are needed for post-registration student nurses:

- a) On the treatment of those in higher education. It is recommended that they should qualify for the 80% relief, despite being salaried.
- b) On the treatment of midwifery trainees. The options are to put them on the same footing as those in higher education, or stick to the line that they should pay the charge in full.
- c) On the treatment of second registration student nurses. It is recommended that they should be treated in the same way as pre-registration student nurses.