



Interim Report - understanding student access to labour market value of HE and FE qualifications

9th February 2023

In March 2022, the government published the [Inclusive Britain](#) policy paper. It set out the government's actions in response to the recommendations made by the Commission on Race and Ethnic Disparities (CRED). The paper highlighted a number of actions which overlap with areas of Social Mobility Commission (SMC) interest, particularly the focus on enhancing social mobility through education choices.

The SMC committed to take forward Action 53 of the policy paper, seeking to investigate and improve the information available to young people about the labour market value of qualifications, to improve their employment prospects.

Understanding the labour market value of different qualifications in advance is important because many students enrol at least partly in order to acquire the skills and qualifications they need to embark on their preferred career, and bear a significant financial burden to study.

With such a broad range of further education (FE) and higher education (HE) qualifications available, and as more people than ever proceed into higher and further education, it is crucial that prospective students are equipped with the information they need to make informed decisions about their future.

What we've done so far

Our first step was to review the evidence on the labour market value of different HE and FE qualifications and any links to access for students from lower socio economic backgrounds (SEB). We also sought to understand what information is available to students, and what they are actually accessing.

We divided our initial work into four areas, outlined below.

1. *Summary Report*

We have [published a report](#) in which we review the evidence on the labour market value of qualifications in both HE and FE. We looked specifically at earnings by qualification type, subject and institution type.

The research suggests that, on average, studying a qualification in either HE or FE is associated with increased future earnings. The majority of courses also provide positive 'value-add' - the difference in

future earnings which can be associated with the qualification, rather than other personal factors such as someone's prior attainment.

A focus on value-add rather than absolute earnings is particularly important for our understanding of how different qualifications may affect earnings. For example, students at a university which accept pupils with a high prior academic attainment, may earn more than those from a university with lower entry requirements. However, a student with high prior academic attainment may also be likely to go on to have high earnings even without studying at that university, so we need to take this into account. Otherwise we risk attributing high earnings to a university or course, even if it did not provide any additional boost in earnings potential. Therefore, our report is primarily focused on 'value-add'.

While studying a HE or FE qualification is generally associated with positive value-add, there is a lot of variation in value-add across subjects, with STEM subjects and law being associated with higher earnings. In HE, there is also a lot of variation in returns by university: more selective universities (such as those in the Russell Group) tend to have a higher value-add, whilst less selective universities (such as those in the Post-1992 group) tend to have a lower value-add, albeit with considerable variation at a course level within an institution.

The data suggested some HE courses at some institutions had a negative value-add, implying a student earned less than similar students who didn't study the course. It is important to note that small cohorts meant this finding was not statistically significant for many specific courses at specific universities.

Of great concern to us was our finding that universities with a higher value-add in earnings (and typically also higher average earnings) tend to take in fewer students from state schools or low-participation neighbourhoods than their HESA benchmark. This is consistent with findings in the "[Universities and Social Mobility](#)" report produced by the IFS and the Sutton Trust, which showed that more selective universities tended to underperform on access measures, but outperform on the likelihood of a disadvantaged student becoming a higher earner.

Our analysis is a valuable complement to the IFS/Sutton Trust report for three reasons. Firstly, their access data is much older, based on students at university in the mid 2000s, since when (as they acknowledge) access at many universities has significantly improved. Secondly, ours is based on how well a university is performing access-wise compared to a benchmark, whereas the IFS/Sutton Trust report looked at an absolute measure not taking into account university tariff (e.g. due to the attainment gap, one would expect higher tariff universities to have fewer students from lower SEBs - our analysis takes that into account). Thirdly, our analysis looks at value-add rather than absolute earnings, which we think is more relevant for the reasons set out above.

Others have made attempts to rank universities according to how much they contribute to social mobility, including the creation of an '[English HE Social Mobility Index](#)' by LSBU.

Looking at indicators such as free school meals (FSM) illustrates our concerns. Research by the IFS finds that selective universities, such as those in the Russell Group, tend to have the highest value-add in earnings, but tend to admit few students who were FSM-eligible. At the least selective universities, where value-add was lower, 20 to 30% of students were FSM eligible at age 16. However, this falls to below 2% on average in the 10 most selective universities, where value-add is higher.

There are two important implications from this work. Firstly, many of the more selective universities would seem to be hindering social mobility, because students from lower SEBs with the required grades are under-represented on their high value-add courses. We need these universities to do more to improve access. Secondly, many courses at less selective universities seem to add little in terms of labour market value, and students from lower SEBs are over-represented here. We need to ensure prospective students

are aware of the likely boost to earnings, so they can make an informed choice, before applying. Of course, students may still choose these courses for other valid reasons, but they need to be aware of the possible labour market implications.

FE qualifications were also associated with an increased income, and that this was true at each higher level of FE qualification. However, compared to HE, there was less research published and data available. There are large-scale graduate surveys looking at the careers and salaries of recent HE graduates, which provide robust data on their average earning outcomes. The same does not exist in FE, limiting the data we have available.

While there is some evidence on returns by subject in FE, with subjects such as engineering for men and business administration and law for women tending to have a higher value-add, there is little evidence available on how returns may vary by institution. It could be the case that the course tends to matter more relative to institution than it does within HE. If prospective students want to stay local, they may also have a very limited selection of institutions to choose from. Nonetheless, this gap in the evidence makes it difficult for students to make informed choices about where to study.

The significant changes made to FE qualifications in the last decade have also had a detrimental impact on the usefulness of historical data for prospective students. With many new qualifications being created and existing qualifications reformed, we lack information on outcomes. The huge variety of courses also means that information is very fragmented and sample sizes can be too small to provide statistically significant conclusions.

2. Review of currently available information

There are a range of HE and FE information sources designed to be accessed by young people, or those that support them, and many of those include information on the labour market value of qualifications. However the information on the value of qualifications appears to be disparate and from multiple sources and is not accessible in a centralised format. It is also not clear to what extent this information is used by young people at present, and if this information is central in their decision making process.

UCAS, best known for hosting the university admissions portal that all students applying to university use, gives information on Higher Education, Further Education and apprenticeship options. Their online portal allows the user to choose a career sector and specific role within a sector to find detailed information on the average salary, skills and qualifications required and educational routes into the sector. Education routes into that sector are listed with both HE and FE options made available. The average graduate salary for a specific course is identified for some institutions but not all, and it appears that when the graduate salary information is displayed, it is mainly for higher education institutions, rather than further education institutions. The UCAS website receives 30 million unique views a year.

The Department for Education (DfE) guidance sets out that independent careers guidance must be provided in schools in England to all year 7-13 pupils. In 2017, the government announced a new approach to careers advice and guidance in schools. It recommended that in order to meet their existing legal requirements to provide independent careers advice, schools follow the 8 'Gatsby Benchmarks' developed by the Gatsby Foundation. To assist all schools to deliver their career advice, [The Careers & Enterprise Company](#) supports schools and colleges to develop careers programmes in line with their careers requirements and the Gatsby Benchmarks.

Careers advice is available through the [National Careers Service \(NCS\)](#) which provides free, impartial careers information, advice and guidance to students, parents, and teachers through a website and services. NCS is a universal service, so anyone in need of careers advice and guidance can access it, with no data available to see how much it is used by sixth-formers (who are not a designated priority group).

Alongside the NCS, various third party careers advice services exist providing advice and resources for young people and schools.

Sources of information specific to HE exist and give more detailed analysis of the value of qualifications of specific courses and institutions. For example, [Discover Uni](#) is an interactive website for young people, which allows the user to compare the average salary after 3 and 5 years between specific institutions and courses. Discover Uni website was launched in September 2019 replacing the Unistats website. Discover Uni is the UK-wide official source of data, advice and guidance for anyone considering higher education in the UK. Its purpose is to ensure all prospective students can make informed, evidence-based decisions about university. The website's course search allows prospective students to explore the job types and salaries of recent graduates for any undergraduate course in the UK, using official Graduate Outcomes statistics and Longitudinal Educational Outcomes (LEO) data. It also provides data on students' views of the course, using the National Student Survey and other official statistics. The website received 2.25 million views in the academic year 2021- 2022.

The [Aspire Guide](#), published by the social mobility charity, [upReach](#), is aimed at helping sixth-formers make informed choices. It includes comparisons of typical earnings for FE and HE courses. It also provides charts comparing earnings by university for selected subjects, to emphasise the importance of institution choice. While hard copies of the guide are sent to every school/college in the country, and it is available online with live webinars open to all, it is unclear what proportion of students are aware or access it.

We also note the recent publication of a [data dashboard](#) by the Office for Students, which includes information on progression, although not necessarily in a means designed to be accessed by students. A new DfE [Unit for Future Skills](#) dashboard also aims to improve the quality and availability of data on skills and jobs. The data includes a [Further education outcomes dashboard](#) - which shows qualification level, employment and earnings outcomes data for apprenticeships and adult further education. Again this is not necessarily in a means designed to be accessed by students.

As noted above, academic research on labour market value of qualifications also exists, although it is unlikely that this information is widely used in providing career information to students. The '*Universities and Social Mobility*' report published jointly by Institute for Fiscal Studies and Sutton Trust explores how social mobility varies by university, subject and individual courses. Using the data drawn from the Department for Education's Longitudinal Education Outcomes (LEO) dataset, the report ranks each institution, and also measures the mobility rate of individual courses in order to rank them in terms of best for enabling social mobility, which includes consideration of graduate salary.

LSBU's English Social Mobility Index also ranks higher education institutions for social mobility outcomes. The Index looks at what individual universities are enabling their students to achieve and thus, the value they are adding. The total scores for access, continuation and graduate salaries are then added together to arrive at an overall score and ranked for social mobility outcomes.

3. *Preliminary survey*

We undertook a preliminary survey with HE students supported by the social mobility charity upReach to discover whether they accessed information on the value of their qualifications when they were thinking about applying to university. We also wanted to know who influenced their choice of qualification, in order to discover who it is important to target with this information going forward.

The upReach survey targeted current HE students, with a sample size of 476. These students were all from lower-income households and attended UK state schools. They typically had achieved higher than average A-Level grades and were highly engaged with their education and future career options, having chosen to be part of a programme aimed at increasing their employability. They are, therefore, potentially

more likely to have undertaken research into their future career prospects when deciding on their university choice, and are not necessarily representative of students as a whole.

We discovered that even among this highly engaged cohort, one in three said that they did not have information about typical graduate salaries when applying for university courses. Of these, half (approximately 16% of total respondents) said this information would have influenced their decision about which courses to apply for. Those that could find the information were more likely to have found it on university websites (28%) or a university guide (11%) than UCAS (8%) or Discover Uni (2%), although both of the latter may have improved awareness and usage in recent years.

The survey also asked which factors influenced decisions on what and where to study, with likely salary upon graduation being the fourth most important factor behind interest in subject, quality of specific course and university league table position. Teachers, parents and peers all influenced respondents' university/subject choices, but overall, teachers had the strongest influence, followed by parents.

Separately, upReach also shared data from their more comprehensive graduate employability questionnaire that all undergraduates wanting to join their programme complete. Of note, 25% of university students from low income state school backgrounds in this sample reported that they received no careers support from their school or sixth form. Reflecting a lack of professional networks, 67% of these students reported that they received no help learning about graduate careers from either their family, their friends' families, or other family friends.

4. Social Mobility Commission survey

To build on the results of the upReach survey, we conducted an online survey targeted at the following groups:

- Current sixth form students
- Current HE and FE students
- HE and FE alumni

We recruited participants primarily by sending letters to all schools with sixth forms and colleges. We also engaged with stakeholders to help circulate our survey through their networks, and promoted the survey through the Social Mobility Commission social media channels.

The survey was open for 4 weeks, between 24th November and 21st December 2022, and received a total of 1,487 responses from across the country. The majority of respondents were current sixth form students, with a low response rate among other cohorts. The respondents may not be representative of students overall, meaning the results are not statistically robust, but they still provide an interesting insight and starting point for future research.

The results of this survey were generally consistent with those from the upReach survey, showing that 25% of sixth formers considering a degree did not know that information about the typical salaries for people graduating from the course and institution they are interested in is available, but said that this information would be an important factor in their decision. When looking at sixth formers considering vocational or technical qualifications, this increases to 1 in 3.

It is problematic that between a quarter and a third of students are unable to access information that would influence their decision about what and where to study, particularly when this has the potential to significantly impact their future earnings.

While there is clearly a proportion of students who would benefit from improved information on the labour market value of their qualifications, it is important to note that this was again not the most important factor for most students making decisions about their future studies. For sixth formers, the three most important factors in deciding what and where to study were their interest in the subject, the likely career the course may lead to and the quality of the specific course at the institution. The likely salary after completing the course ranked fourth among students considering HE or FE study, which matched the results from our preliminary survey.

Prospective students were most likely to find salary information on university/colleges own websites, although a greater proportion than in the upReach survey were now using UCAS or similar national sites.

While responses from HE and FE students and alumni were limited in number, the results from these respondents were consistent with our general findings.

Next steps

It is clear from our work so far that action needs to be taken to make sure that high-quality information on the labour market value of different qualifications is made available to prospective students. This information is particularly important for students from lower socio-economic backgrounds as even when they have secured the necessary grades, they are currently less likely to attend courses with a high value-add, and therefore likely to earn less after graduating. Given that some HE courses seem to add little in terms of earnings potential, studying at FE may be a better choice financially, so we need to ensure prospective students have the tools to compare all their options prior to making a choice.

The Social Mobility Commission will host an event on 28th February to bring together key stakeholders in the schools career advice, FE and HE sectors. This event will examine the role that improving careers information, particularly on the value of qualifications, can play in ensuring young people are making the right choices, particularly those from disadvantaged backgrounds. We will use the insights from this event to influence and inform future Social Mobility Commission actions in this area.

There are a number of areas that we have identified for further work or research, which are outlined below.

1. Further education data

Our evidence review and survey results show that there is currently a lack of data about the value of FE qualifications available to students. Labour market outcomes in further education are more difficult to study due to the large amount of recent reforms in the sector.

With numerous changes to FE courses and qualifications, courses which existed 10 years ago may cease to exist or have different names. This makes it difficult to track the outcomes of the course over time. With new qualifications coming into this landscape such as higher technical and T Levels this will continue to be a challenge. In addition, as the FE system is much more fragmented than HE, detailed analysis of pathways is harder since sample sizes may be too small and the findings too specific to understand value-add for FE overall.

It should also be noted that the FE qualification landscape continues to change. This includes a consultation on Level 2 qualifications, the creation of T Levels at level 3, and the development of Higher Technical Qualifications at Levels 4 and 5. To enable young people to make informed decisions about their future, as the landscape continues to change, we need to ensure the outcomes of those who study newer or reformed qualifications are quickly analysed and publicised.

The small amount of data which is available about the labour market value of FE qualifications is also mostly contained in complex academic papers, which require a high level of mathematical knowledge to interpret. This prevents the data from being accessible and usable for many potential learners.

We aim to explore better ways of collecting and representing this data, in order to improve access to labour market value information for students considering a further education qualification.

Focusing on apprenticeships, we want to investigate the quality of data on progression into jobs, and what proportion of apprentices who finish are kept on by their employers.

2. Additional survey data

We would like to undertake further research to build on the preliminary findings from our student surveys. While there were clear patterns in the responses to both our surveys, the data was not statistically robust, and we would like to commission further research to ensure that responses are representative of students from all demographics.

We would also like to ensure that we are capturing data from students from lower socio-economic backgrounds, so that we can identify any differences in their knowledge of and access to information on the value of their potential qualifications.

3. Investigate value-add

Our evidence review focused on value-add - whether doing a higher or further education course leads to someone earning more than they otherwise would have done.

We aim to do more work assessing the robustness of value-add as an information point for students, and whether this is the correct information to be making available to students.

We are aware that there are many other factors relating to someone's employment which cannot be easily measured by this data, e.g. job and life satisfaction, and that many students may prefer to study a course that aligns with a passion but offers low-value add, rather than a course which may offer them higher potential earnings.

There are also a number of courses which offer low 'value-add' in terms of increased graduate earning potential, but which are nevertheless vital to our society. For example, our research shows negative average returns for men studying social care.

4. One central information hub

We want to investigate the creation of a central resource, giving information about not only the labour market value of individual qualifications, but also the availability of contextualised offers and financial support from different institutions. Bringing together all of this information into one place, independent of institutions, would make it easier for all students to find the information that they need to make informed choices about their higher and further education options.

We believe that it is important to include information about access to institutions and particularly financial support, because we know that cost is an important factor for students from lower socio-economic

backgrounds. They are often reluctant to move to more expensive cities to study, and are more likely to live at home while studying, in order to reduce costs.

This central resource could be produced by an organisation already active in this space, or by an independent group that is not reliant on HE or FE institutions for income, nor subject to factors that may affect their independence in determining how to display information.

We would welcome further research into the best way to take this forward.

5. Reaching young people

While it is important to have reliable data, and an easy to use website or means to access it, it is equally important to ensure that young people and those that influence them (teachers, parents etc) are aware of it. We want to work with those active in the sector to explore the best ways to achieve this.

6. Improved HE access benchmarks

Our evidence review included some initial experimental analysis using two widening participation benchmarks published by the Higher Education Statistics Agency (HESA) - the state-school pupil benchmark, and the POLAR4 benchmark. This analysis showed that universities which provide a higher value-add tend to have fewer students from state schools or low participation neighbourhoods than their HESA benchmark.

These findings are based on our initial analysis only and we want to develop this research further in the future. In particular, the HESA benchmarks define the highest possible entry qualification as four A grades, and do not take into account any A* grades achieved. This means there could be significant variation in the prior attainment of students in this highest group (and that of three As), which could account for some differences in their student demographic. We also note the limitations of the POLAR4 measure, and that due to a less complete dataset, we didn't use the geographically-adjusted benchmarks.

We believe it is important that improved standardised benchmarks are published annually going forward, so that the work that universities are doing to improve access can be properly independently assessed.

7. Understanding what drives the value of HE qualifications

The value of qualifications would seem to come from the extent to which employers see them as indicating that someone has skills/knowledge or the kind of behaviours they value. We want to explore the distinction between roles that are seeking skills critical to a role that are uniquely developed on specific courses (e.g. engineering), and those where the university someone attends or course they complete is acting more as a "signal" (perhaps of high general academic ability, ability to deal with high workload, or fit in to a given workplace situation). Graduate recruitment is evolving quickly, with some large employers replacing filters such as A Level grades or an upper second class degree requirement with more bespoke online tests to decide which applications to consider in more depth. A change in selection method may reflect employers redefining how they assess "talent" or be an attempt to attract candidates from more diverse backgrounds.

We also need to consider the role which the regulation of professions may have. Some qualifications may derive their labour market value from enabling one to practise a certain occupation, usually because they are associated with licences to practise or accredited by professional bodies. However, in some cases, the

first qualification alone does not provide accreditation or licence to practise, and this is acquired later. Additionally some courses which may initially seem to, do not offer the specific accreditation needed to practise a particular profession. It needs to be made clear to prospective students which qualifications will actually open the doors they want, and what alternative routes are available.

The value of some qualifications may vary over time according to future changes in labour market needs. When considering which qualifications and career to pursue, prospective students also need to contemplate which jobs are going to be in demand in the future. Information about future labour market needs is both hard to predict and not very accessible to young people.