

Academy of Social Sciences response to the Office for Students consultation on regulating quality and standards in higher education.

1. In November 2020, the Office for Students (OfS) launched a [consultation on proposed changes to its approach to regulate 'quality' and 'standards' in higher education](#). It was at pains to point out that the purpose of its proposals was to define 'quality' and 'standards' more clearly for the purpose of setting 'minimum baseline requirements' for all providers. Other notable features were the stress on 'numerical' baselines (metrics) for student outcomes, and how these would articulate with granular data across all UK higher education institutions for regulatory purposes.
2. Many of the dimensions about which OfS was consulting lie clearly within the purview of the relationship between the Office for Students and individual Higher Education Institutions. These include the proposed metrics on access and admissions; course content, structure and delivery; resources and academic support; and secure standards. The Academy of Social Science therefore focussed its response, submitted on 25 January, on the proposals relating to 'successful outcomes', particularly employability. Some of our general points also, however, relate to all the proposed metrics, so we included those as well.
3. Because the OfS consultation form is in a restricted 'question and answer' form, we have prepared this outward-facing summary.

General points

4. Our response noted that these proposals are intended to be 'minimum baseline requirements' for providers, but that OfS also plans to use these benchmarks for assessment at a granular, subject level. We know that others (notably the Russell Group) have pointed out that there are statistical issues here (to do in part with year on year variation, especially in the case of smaller subjects). But we think the issue is more fundamental even than the issue of sample sizes, and relates to the purposes of any use of a 'minimal baseline'. We asked whether the aim was to set a baseline to ensure that fraudulent or dramatically under-achieving providers can be regulated effectively (in which case the minimum is unlikely to be helpful at a subject level of granularity)? Or was it to link with the promised consultation on TEF, which is to incentivise improvement and recognise excellence, in which case there is greater risk that any minimum baseline could have unforeseen consequences, not only for subjects, and institutions in different areas of the UK, but also for the wider UK labour market.

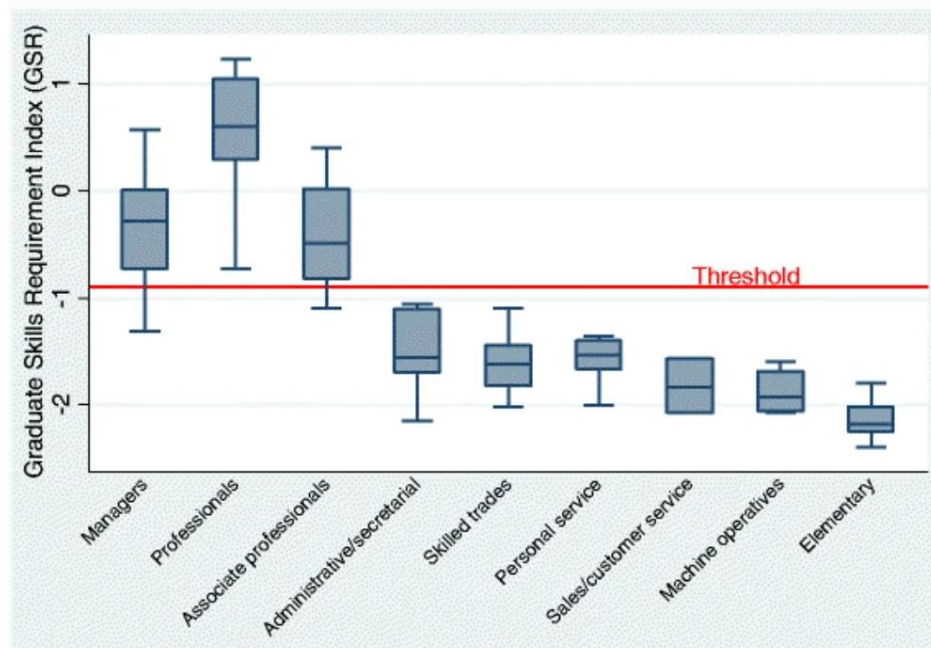
5. We raised questions about the latitude of the proposed 'public interest test', which was to reflect 'what a student, parent or member of the public and taxpayer might think was high quality in relation to successful outcomes'. While the consultation discusses the need to balance this against empirical evidence, the AcSS raised concerns about the ways that any such public interest test might override empirical evidence, particularly about those outcome measures that were not under the control of higher education providers.
6. While we understood the principle behind OfS' decision that student characteristics should not play a part in setting the benchmarks, as it might incentivise lower quality provision and support for these students, we pointed out that this made it doubly important to set benchmarks based on empirical evidence, so that universities continued to have incentives to admit, educate and support disadvantaged students. This is doubly important where students seek employment in different parts of the UK, where labour market structures and opportunities differ markedly.
7. Perhaps because of its focus on metrics (and those that are already available in order to 'establish an appropriate balance between the regulatory burden... and our ability to regulate effectively'), many of the proposals are best regarded as proxy indicators of quality and standards in the sense that universities can control them. This is particularly true of the employment measures.

Employment and employability

8. First, while the Academy of Social Sciences agrees that employability is an important issue, university education has lifelong benefits to the individuals and wider society that are captured neither by immediate employment prospects (which the Graduate Outcome Survey measures), nor in earnings returns to individuals (which the analyses by the Institute of Fiscal Studies of the LEO dataset provides). Setting benchmarks in this area needs to consider carefully the evidence from empirical analyses. We argued that the latitude of the proposed 'public interest test' here should be very narrow indeed.
9. Second, as [IFS' analyses of LEO data show](#), student characteristics, and institutional and labour market location play an important role in employment outcomes and earnings. The supply of university educated cohorts may affect these very slowly (far more slowly than 5 year benchmarks), as having a higher proportion of graduates in the labour markets of deprived areas could help drive up productivity and (especially for the services sector, where productivity is badly measured, in the quality of services provided). There is a risk that setting an insensitively high 'minimal benchmark' could impede progress in regional development and productivity and service sector performance. Some of these may in fact be in the ways that graduate skills change jobs that were formerly filled by non-graduates. In any case, the IFS data show that there are large regional differences in employment outcomes and earnings that arguably have more to do with local labour markets than with the 'quality' or 'standards' in undergraduate education provided by UK higher education institutions.

10. Third, we believe that empirical evidence suggests that the focus on 'managerial and professional' occupations without further consideration of what 'graduate jobs' are is seriously misleading. This is in part because there is NO well-conceptualised and empirically-validated measure of this measure. Some of the pitfalls are elegantly set out in [Green and Henseke \(2016\)](#). The authors point out the dangers of choosing solely empirical analyses of where graduates end up, and the conceptual difficulties in establishing which jobs truly 'require' (vs. those that might benefit from) graduate occupants. They further point out that graduate employment is a life-time trajectory, with recent graduates starting in, for instance, associate professional occupations and then move into professional or managerial careers. Certainly, Figure 1 in their analysis (below) shows that there are good conceptual and empirical reasons to include associate professional occupations as successful graduate outcomes, especially as measured by the Graduate Outcomes Survey.

Fig. 1



Graduate skills requirements (GSR) in major occupation groups. Note: The 25 and 75 % quartiles of the distribution determine a box's edges. The median is represented by a line in the box. The length of the box gives the interquartile range (IQR). The whiskers cover all values within 1.5 IQR above the 75 % or below the 25 % quartile

11. We know of specific examples where this is true (including in data science skills, political and geographic risk analyses in the private sector and so on). There is no ready-made quality-assessed measure of 'graduate jobs', but the implicit proposal that it is restricted only to managerial and professional occupations in existing classifications is far too narrow given the empirical evidence not just of graduate destinations and trajectories, but the skills that employers increasingly expect in certain jobs.

12. We note here too that our work on graduate employment, [Positive Prospects](#) (2018) compiled evidence about 2105-16 graduates based only on one year follow-up from graduation. The general finding of that analysis is that social sciences were not appreciably different on average from their STEM counterparts in their prospects of being in work within a year of graduation (though a slightly larger proportion carried on to post-graduate study, especially taught post-graduate courses), or in their immediate salaries post-graduation. There are of course large differences in trajectories and earnings between disciplines within the social sciences, and within STEM. These disciplinary differences are larger than differences between STEM and social science graduate averages. This finding has since been vindicated by the IFS analyses of LEO data, cited earlier and [here](#). Our 2020 report, [Vital Business](#), showed that social science graduates are valued by private sector employers in a wide range of areas. Since employers will clearly have some role in forming and using these benchmarks, these data should be presented to them too, to avoid a damaging and over-simplistic rhetoric that only STEM skills matter in the wider economy.
13. Taken together, we believe this means that the promised second consultation on the benchmarks to be used, and how they articulate with TEF, will have to take into account a wider range of evidence and analyses than is mentioned in this consultation, if benchmarks are not going to damage social mobility, and the wider UK economy.
14. The AcSS response to the OFS consultation noted that the tension between setting a 'minimal standard' benchmark, that allows for regulation of truly under-performing institutions, and incentives for improvement is particularly sharp in the proposed metrics on employment. We noted too an additional problem with setting these benchmarks *now*, in the aftermath of COVID-19. Empirical evidence shows that graduates from 2020 until probably at least 2022 will suffer in their labour market prospects *compared to previous and future graduate cohorts*. Because of COVID-19 related disruption to many private sector businesses, we know that graduate recruitment (and all employment of young people) is down. Work by Emilia del Bono at ISER at Essex ([here](#)) shows that, as with the 2008 financial crisis, this 'scarring effect' persists for the affected cohorts, resulting in permanently lowered average lifetime trajectories.
15. Moreover, graduate employment in graduate jobs may well be down, but employment of similar non-graduates will be even further reduced. So we asked how any proposed benchmarks, which are supposed to be presented on a five year rolling average, will take account of this? This is another reason why empirical evidence and analyses should play a large role in the choice of and justification for the particular benchmarks chosen. This matters not just at a macro level (the cohorts of students, the HEIs and the UK economy) but because to do otherwise could seriously misinform individual students. It is likely that employers will have far more choice in their hiring and selection for applicants for jobs; many will prefer to fill jobs with graduates (because of their skills and qualities) for jobs they might formally have filled with non-graduates -- and many of those employers may benefit from the opportunity to improve the quality of their workforces. This is in part an empirical question, but it reminds us that university

degrees are not just valuable for the skills and knowledge they indicate, but as a selection mechanism for choosing between individuals in different labour markets with different structural characteristics. There is therefore also a tension between assuming an absolute standard for graduate employment, and a more-empirically-based approach that understands the importance for individuals of being relatively more attractive in the labour market than others.

16. The OfS consultation asked a question about using longitudinal educational outcomes data to provide further indicators in relation to graduate outcomes. The main potential additional data from LEO would be about graduate earnings. Here we raised very pointed concerns.
17. First, earnings are not the only measure of the extent to which the economy benefits from having graduates in the labour market (much less the benefits to individuals). We have already mentioned potential improvements in productivity, flexibility, and service provision quality as outcomes not well measured by existing metrics.
18. More importantly, earnings are the products of many factors beyond the 'quality' or even the 'usefulness' of particular university degrees. Social work is a case in point: though social work graduates have good immediate employment prospects, their earnings are typically below 'average' over the long term. Yet it has been decades since it was widely agreed that the quality of social work would be improved by requiring a higher education qualification. .
19. We would note too that the IFS analyses of LEO data show there is no simple STEM/non-STEM divide (outliers are some humanities and creative arts disciplines); law and economics do particularly well, and there are significant average differences between subjects, though these do not map neatly onto a STEM/ non-STEM divide. These facts have not been enough to stop some of the inaccurate public or policy summaries of the earnings data; the tension here between institutional aggregates for 'minimum' standard setting and more granular subject data would be very difficult to manage. The IFS analyses not only show that median pre-tax earnings are very variable (with large gender differences), but that for both men and women, four social science subjects are in the top ten earnings distributions (economics, law, politics and architecture), though in different orders and with different sizes of effects. Geography and business are not far behind.
20. But here too the IFS analyses of LEO data show just how important a range of other factors are in determining employment and earnings prospects, even after taking account university subjects. Student family and schooling background have a large independent role. This is not only because of the 'real' advantages that family and school economic and social background can bring, but also because of complex sorting mechanisms – meaning that these factors may not only bring 'real' advantages, even unmeasured ones, but that they are also used by university admissions, graduate recruiters and others as social sorting mechanisms to help decide who gets what places. That doesn't mean this type of data is not useful, just that a fuller discussion of what it

means is not often a feature in public, or public policy, discussion. This is also true of the large regional differences the IFS analyses reveal. We do not believe that OfS should be setting benchmarks in some sort of central planning exercise when so many social forces are at play.

21. Longer-term, it is clear that the *relative* earnings returns to graduates from an era when fewer than 20% of their age group went to university were higher than now, when a larger proportion of the cohort graduates from university. But as the IFS analyses of LEO data show, graduates still on average receive very good returns, and there is also evidence that the expansion in the number of graduates has been beneficial to the economy and society as a whole. For the purpose of setting minimum benchmarks for university regulation by the Office for Students, these data may have some use, if set appropriately. But they are both unhelpful and misleading in setting institution or subject targets, without any understanding of the factors causing variation (which are far broader than 'university quality') and the structural needs of the UK economy.