



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Social Policies and Distributional Outcomes

in a Changing Britain

The Conservative Governments' Record on Higher Education: Policy, Spending and Outcomes, May 2015 to pre-COVID 2020

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Social Policies and Distributional Outcomes research programme

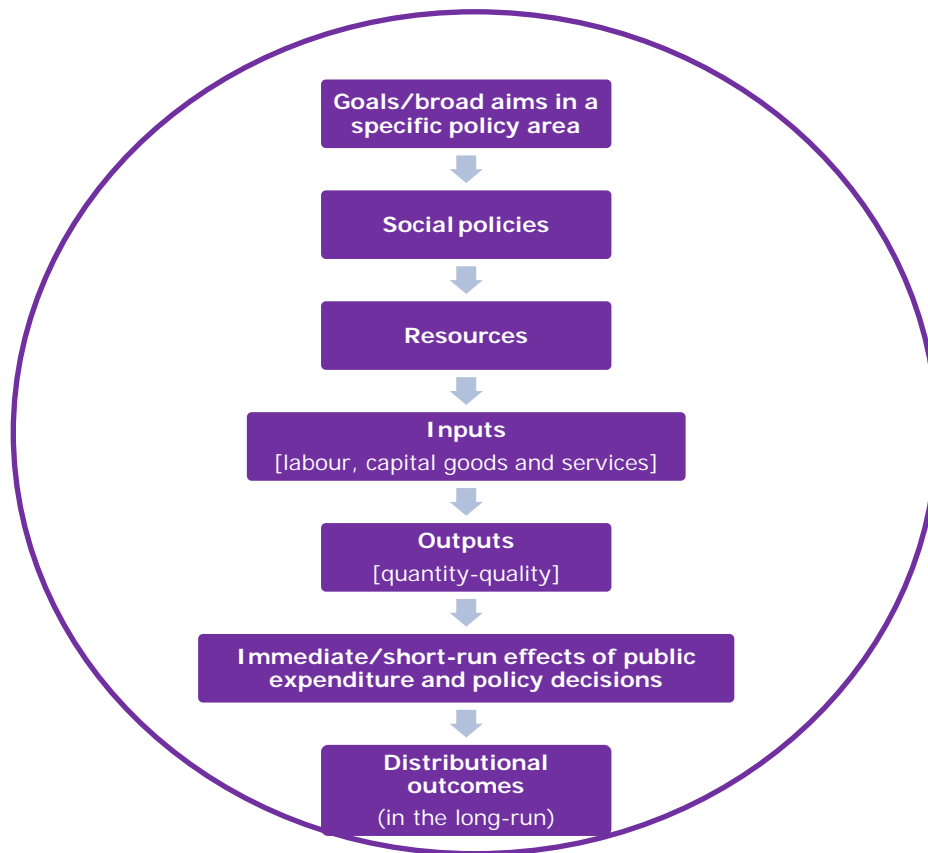
The central objective of the SPDO research programme is to provide an authoritative, independent, rigorous and in-depth evidence base on social policies and distributional outcomes in 21st century Britain. The central question to be addressed is: What progress has been made in addressing social inequalities through social policies? The research programme is ambitious and comprehensive in scope, combining in-depth quantitative analysis of trends in social inequalities and social divides with detailed and systematic public expenditure and social policy analysis across ten major social policy areas over the period 2015-2020, together with broader reflection on the changing nature of social policies and distributional outcomes over the 21st century.

The programme of research adds to (and reflects on) the previous Social Policies in a Cold Climate (SPCC) research programme covering the period 1997-2015. The SPDO programme will update, extend and broaden our analysis of public expenditure, social policies and distributional outcomes using the most recent datasets available, resulting in a unique evidence base on trends in social inequalities and social policies going back to 1997. Innovative extensions included within the SPDO research programme

include: coverage of additional areas of social policy (e.g. physical safety/security and complex needs/homelessness); emphasis on the new context for social policy making (e.g. devolution and Brexit); assessment of a broader range of multidimensional outcomes within our quantitative analysis; and the inclusion of additional breakdowns (e.g. migration status). This programme will also have a forward looking component, identifying the key challenges for social policy in the 2020s.

The current paper is part of work-package 3 of the broader programme, which provides in-depth and cross-cutting analysis of trends in social policies between 2015 and up to the eve of the Covid-19 pandemic in early 2020. The work-package includes analysis within and across ten major social policy areas (social security and general housing; health; social care; early years; compulsory school age education; higher education; employment; safety and security; social mobility; and homelessness / complex needs). The analytical schema for the social policy analysis undertaken within the programme is set out in Figure A below. The figure shows the structure of the analysis, which addresses (1) broad policy goals for each policy area; (2) the actual policies and measures adopted in each area; (3) public expenditure trends (including where feasible and meaningful per capita and in relation to demand / need); (4) inputs and outputs (how resources were spent and what was produced from this); (5) overall outcomes achieved.

Figure A: Analytical schema for public expenditure and social policy analysis



Source: adapted from Lupton et al (2013). Note: Arrows denote steps in the analytic chain but not causality through the chain. The background circle denotes the broader universe of other policies, the economy and society, which shape all stages.

More information and other publications in the series are available at the project webpage: http://sticerd.lse.ac.uk/case/_new/research/spdo/default.asp

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1. Introduction

In this paper we assess the Conservative governments' record on higher education between May 2015 and the eve of the Covid-19 pandemic in early 2020. In particular, we review the evidence on what progress was made in reducing social inequalities through higher education policy. There are a number of ways in which higher education can reduce social inequalities. Widening participation can narrow gaps in education attainment, boost the earnings of individuals from less advantaged family backgrounds and, thereby, lead to a reduction in earnings inequality within cohorts. There are also a range of non-pecuniary benefits associated with higher education, such as better health, longer life expectancy and higher well-being, and therefore reducing education inequalities through widening higher education participation could reduce these inequalities. Higher education not only has direct benefits for individuals, there are wider benefits for the economy and society (such as the potential for higher productivity and social mobility). In addition, higher education is considered to be one of the UK's world-class industries (Augur, 2019), allowing the UK to 'punch above its weight as a research nation' (BEIS, 2016).

Higher Education includes courses at universities and colleges to first degree level and above. In this paper we mainly focus on undergraduate degrees but, where relevant, consider postgraduate study. Higher education is a devolved responsibility which has led to distinct differences between England, Wales, Scotland and Northern Ireland. As the UK government largely sets HE policy for England, we mainly focus on Higher Education in England but include contrasts with Wales, Scotland and Northern Ireland.

The paper follows the uniform structure of the SPDO policy papers: Section 2 reviews the inheritance; Section 3 the government's goals; Section 4 policies; Section 5 Spending; Section 6 Inputs; Section 7 Outputs; Section 8 Outcomes and Section 9 Conclusions.

2. Inheritance

This section outlines the broad Higher Education (HE) policy landscape inherited by the Conservative government in 2015¹, focusing on aspects of policy which can affect social inequalities. As the Conservative party led the Coalition government with the Liberal Democrats from 2010 to 2015, some of the inheritance arises from policies they were responsible for introducing. To understand HE policy inherited by the Coalition and Conservative governments, it is helpful to look back to the 1990s or earlier.

Since the middle of the 20th Century HE in the UK has transformed from a system of elite education (HE participation rate in 1950 was only 3.4%) to

¹ A description of higher education policy under the Labour government (1997-2010) and the Conservative-Liberal Democrat coalition government (2010-2015) can be found in Lupton et al. (2015) and Lupton and Obolenskaya (2013).

something approaching a mass system (the participation rate has increased to around 50%). Accompanying the rise in participation, the landscape of higher education funding and policies has changed dramatically over the last few decades. In particular, a continued shift in the costs of higher education away from direct public spending to students and their families.

Reforms to HE funding policy were informed by a major review set up by the 1979-1997 Conservative government and published in 1997 (National Committee of Inquiry into Higher Education, chaired by Sir Ron Dearing). The Dearing Review was set up in the context of increasing HE participation and falling public funding per student with recommendations intended to inform policy for the next 20 years. In 1998, the recently elected Labour government introduced a number of the recommendations made by the Dearing Review, including the introduction of undergraduate tuition fees.

The new annual tuition fees², were contingent on parental income so that undergraduate students from the lowest income families did not have to pay (around 40% of students), half fees were paid by students in the next income band, and full annual fees of £1,000 were paid by the remaining students from higher income families. Means-tested maintenance grants, which had been available between 1962 and 1990 to cover some living costs of full-time undergraduates, were progressively replaced by student loans. By the time of the Dearing Review in 1997, students who qualified for full maintenance support received half in the form of a grant and half through a subsidised loan (HoC Library, 1997). Students from higher income backgrounds had access to subsidised loans to part fund maintenance costs, but parents were expected to make a contribution.

A large increase in tuition fees followed in England and Wales in 2006/07³, alongside the introduction of student loans to cover the upfront cost of fees. From 2006 some full maintenance grants were reinstated for low-income students and university bursaries were available for some low income students: university bursaries constituted 10% of university income⁴. Students no longer needed to cover the cost of fees upfront due to the availability of tuition fee loans. These loans had a zero real rate of interest and graduates paid back at a rate of 9% of earnings, on earnings above £15,000 per year. After 25 years, any remaining student loan balance was written-off. There were also institution-specific fee waivers, scholarships and bursaries for a number of students from lower-income families (West et al., 2009; Belfield, Crawford, and Sibieta 2017).

Although higher education participation had increased after 1997, the increase was not enough to meet the Labour government's target of 50%, and substantial social class gaps in participation remained. Additionally, the

² Strictly speaking some forms of nominal contribution to tuition fees had previously been in place for some students in the UK (HoC Library, 1997).

³ 2007/08 in Wales.

⁴ See Wyness (2016) for further information on the bursary system in England.

shortage of funding for universities in England was not resolved despite the increase in capped tuition fees from £1,000 a year in 1998 to £3,000 in 2006 (Lupton, Unwin, and Thomson 2015; Lupton and Obolenskaya 2013).

A further major independent review, was set up by Labour to review options for the funding of HE, and to make recommendations to ensure that HE teaching was sustainably financed and of world class quality, without threatening access to HE (The Independent Review of Higher Education (Browne 2010)). The publication of the Browne Review in 2010 coincided with the start of the Conservative and Liberal Democrat Coalition government. This meant that both the Labour government in 1997 and the Coalition government in 2010 started their terms in office with recommendations arising from major reviews and these reviews helped guide the reforms that followed. In 2012/13, the Coalition government accepting most of the Browne Review's recommendations (some in modified form) (see Bolton, 2018, 2012; Lupton et al., 2015). The largest reform was a substantial increase in undergraduate tuition fees (the annual tuition fee cap in England and Wales tripled to £9,000; £6,750 for students studying part-time), and, apart from a few exceptions, teaching grants to higher education institutions in England were abolished, meaning that universities main source of funding switched from grants to fee income.

Other HE policies that were enacted by the Coalition Government included:

- The introduction of a 'core and margin' system of student places, with a capped core but HE providers encouraged to compete for an uncapped number of students with A level grades ABB or above.
- Increase in grants for low income students, but eligibility restricted to students whose family annual income was between £25,000 and £42,000. Varying eligibility amounts depended on family income, whether students lived at home and whether they lived in London⁵.
- A National Scholarship Programme for low income students was introduced in 2012/13 which included a reduction in tuition fees and a contribution towards living costs (abolished from 2015/16).
- Regulations for gaining degree-awarding powers were simplified, making it easier for new providers to enter the sector.
- Interest rates on tuition fee loans increased in 2012/13, with a range of real interest rates (up to RPI +3%) linked to graduates income.
- Introduction of Degree apprenticeships from March 2015.

Overall this meant that the incoming Conservative government in 2015 inherited a policy landscape of considerable change, with some of the most significant changes occurring during the time they led the Coalition government between 2010 and 2015.

⁵ <https://www.gov.uk/government/publications/financial-support-for-full-time-students-of-higher-education-in-2016-to-2017/financial-support-for-full-time-students-of-higher-education-in-2016-to-2017>

3. Goals

This section outlines the current government's goals for higher education drawing on policy goals set out in the Conservative Party's 2015, 2017 and 2019 general election manifestos. As HE policy is a devolved responsibility, the goals set out in the Conservative manifestos mainly relate to England.

In the 2015 Conservative Party manifesto two main higher education goals were outlined:

- 1) To ensure that anyone can go to university if they want to
- 2) To ensure that UK universities remain world-leading.

In relation to the first goal, the aim was to expand HE by lifting the cap on university places in England⁶. However, this was not a new policy as it had been announced in the Autumn Statement 2013 that the cap on student numbers in England would first be raised in 2014 (by 30,000) before being removed in 2015, and that this expansion would be funded by the sale of part of the student loan book (more on this below) (HM Treasury 2013).

A number of other commitments were outlined in the 2015 Conservative manifesto:

- Continue funding higher education through the undergraduate tuition fee system supported by student loans;
- Introduce a national postgraduate loan system for taught Masters and PhD courses;
- Introduce a Framework to recognise universities offering the highest teaching quality;
- Encourage universities to offer 2-year degree courses;
- Require more data to be openly available to prospective students to help them evaluate the benefit of studying different degree courses;
- Encourage the development of online education for independent study or university education;
- That the findings of the Nurse Review of research councils (set up in December 2014) would be used to help maintain the reputation for world class research and academic excellence.

In the 2017 Conservative Party manifesto, a major review of funding across tertiary education was proposed. Attention was drawn to higher education social inequalities "If you are a white, working-class boy, you are less likely than anybody else in Britain to go to university" (p.49), but the manifesto contained no specific plans for how these inequalities would be reduced. In relation to increasing the number of good school places, there is a pledge to involve universities in helping to run state schools "We will make it a

⁶ Education is a devolved matter and due to different funding models, caps on domestic student numbers exist in Scotland and Northern Ireland.

condition for universities hoping to charge maximum tuition fees to become involved in academy sponsorship or the founding of free schools" (p.50)⁷.

Universities were also mentioned in relation to expansion of Research and Development capacity. This included a goal to replicate the success of US universities in benefiting from discoveries through the use of specifically designed investment funds. "... [W]e will work to build up the investment funds of our universities across the UK. We want larger, aggregated funds to increase significantly the amounts invested in and by universities. We want universities to enjoy the commercial fruits of their research, through funds that are large enough to list, thereby giving British investors a chance to share in their success." (p. 19/20).

Further goals were set out in the 2019 Conservative Party manifesto:

- Consider carefully the recommendations made in the Augar Review⁸ on tuition fee levels, the interest rates on loan repayments;
- Explore ways to tackle grade inflation, low quality courses and improve the application and offer system for undergraduate students
- Require the Office for Students to look at universities' success in increasing access across all ages.

⁷ This did not become a condition although universities can apply to become an academy sponsor, sponsor university technical colleges and set-up free schools.

⁸ In February 2018, the Prime Minister announced a Review of Post-18 Education and Funding led by Philip Augar. The Review was partly in response to increased debate around the cost and value of HE following a period of reform which saw tuition fees rise to £9,250 per year, maintenance grants abolished and typical student debt rise to £47,000. The Review findings and recommendations were published in May 2019.

4. Policies

This section outlines higher education policies announced and enacted since the May 2015 General Election and up to the eve of the Covid-19 pandemic in early 2020. These include some of the policies included in the Conservative Party's 2015, 2017 and 2019 General Election manifestos, the 2015 Green Paper *Success as a knowledge economy: teaching excellence, social mobility and student choice*, the 2016 White Paper *The Higher Education and Research Act* (BIS 2016) and the Higher Education and Research Act 2017. Additional policies announced in Budgets and Spending Reviews and other policy documents are also covered. Policies are organised under a number of key policy areas: updating regulatory architecture; information on teaching quality and student outcomes; expansion in undergraduate places; choice for students; widening participation; and policies related to access, support and extra-costs funding for students with disabilities. Higher education funding, tuition fees and student loans have undergone considerable reform and this area of policy is covered separately in Section 5. One overarching policy change occurred on 14 July 2016, the day after Theresa May became Prime Minister, when higher education, further education and skills policy responsibilities were transferred to the Department for Education (DfE) from the Department for Business Innovation and Skills (BIS).

4.1 Updating Higher Education regulatory architecture

In part informed by the Nurse Review of UK Research Councils⁹, a number of significant reforms have been made to the regulatory architecture within the higher education sector. These represent the first major regulatory reforms since the Further and Higher Education Acts 1992¹⁰. The previous ten separate arm's-length government bodies which operated within higher education and research (HEFCE, OFFA, Innovate UK, and the seven research councils) have been reduced to two: the Office for Students (OfS) and UK Research and Innovation (UKRI).

From April 2018 the OfS replaced the Higher Education Funding Council for England (HEFCE) (which had been responsible for distributing government funding to universities in England) and merged with the Office for Fair Access (OFFA), with a period of transition during the academic year 2018/19. The OfS, a non-departmental public body (NDBP), was given power to provide financial support to higher education providers, and "regulate the higher education sector and place students' interests at its

⁹ The independent Nurse Review (led by Sir Paul Nurse) was set up by the Conservative-Liberal Democrat coalition government in December 2014. The purpose of the Nurse Review was to examine, and provide recommendations on, how UK Research Councils can evolve to support research in the most effective ways, reflecting the requirements to secure excellence, promote collaboration and allow agility, and in ways that best contribute to sustainable growth. The Nurse Review findings and recommendations were published in November 2015.

¹⁰ On the regulatory comparisons of the Higher Education and Research Act 2017 with the Further and Higher Education Act 1992, see Universities UK (2017a, 17).

heart”¹¹. The OfS was set up to be explicitly pro-competition and pro-student choice. Reforms included adopting a risk-based regulatory approach, which the government consulted on in 2017¹².

UK Research and Innovation (UKRI), which also started operating in April 2018, brought together seven pre-existing research councils (Economic and Social Research Council (ESRC), Medical Research Council (MRC), Arts and Humanities Research Council (AHRC), Engineering and Physical Sciences Research Council (EPSRC), Natural Environment Research Council (NERC), Science and Technology Facilities Council (STFC), Biotechnology and Biological Sciences Research Council (BBSRC)) with Innovate UK and Research England. There was limited prescription on how the £6bn annual funding granted to the UKRI would be allocated between the councils (Universities UK, 2017: p.13).

The OfS and UKRI are required to work together on areas of mutual interest, such as the financial sustainability and efficiency of the HE sector. To achieve this, they share relevant information, data and expertise (Department for Business, Innovation and Skills, 2016: p.15).

There was a simplification of the HE regulatory landscape through the creation of a fully comprehensive register of HE providers (within the funded system, other providers can join if they comply with the UK Quality code but would not be funded) (Department for Business, Innovation and Skills, 2016: p.9). Replacing the existing architecture with a single regulator and route into sector, was aimed at allowing “[n]ew high quality institutions [...] to compete on equal terms with quicker entry to the sector” (BIS, 2016: p.18).

4.2 Information on teaching quality and student outcomes

The Teaching Excellence and Student Outcomes Framework TEF provides the basis for assessing teaching excellence at universities and colleges providing HE in England. It also assesses how well higher education institutions (HEIs) achieve excellent outcomes for their students in terms of graduate-level employment or further study. Three main areas are assessed: Teaching quality; Learning environment; Student outcomes and learning gain. When TEF was first introduced in 2017, participation was voluntary¹³. One of the aims of introducing the framework was to link funding to “quality and not simply quantity” similar to the established practice for research provided by the Research Excellence Framework (REF). In addition, the TEF assessment framework was explicitly designed to take into account outcomes for disadvantaged students. Based on the TEF

¹¹ <https://www.gov.uk/government/news/director-for-fair-access-and-participation-announced>

¹² https://consult.education.gov.uk/higher-education/higher-education-regulatory-framework/consult_view/

¹³ In November 2018 Dame Shirley Pearce was appointed to conduct an independent review of the TEF, along with an advisory group, to assess if the university rating system was delivering clarity for students.

assessment, universities and colleges in England are awarded Gold, Silver or Bronze, or a provisional rating. The awards are decided by an independent panel of experts who base their assessment on analysis of provider level data (how many students continue their course from one year to the next, graduate-level employment outcomes, and students' views about their undergraduate experience which are collected in the annual National Student Survey), and statements from each university or college. The final award takes into account contextual factors on the mix of student characteristics, entry qualifications and subjects offered by each provider. TEF awards not only provide prospective students with an assessment of teaching quality and graduate prospects, they also have funding implications for HEIs. To help incentivise high quality teaching standards, it was proposed that in England only state-funded Higher Education providers which meet the high standards set by the TEF would be able to raise tuition fees in line with inflation¹⁴.

4.3 Expansion in undergraduate places

A cap on the number of higher education places for English domiciled undergraduate students was raised in 2014/15 and removed altogether in 2015/16. A phased approach meant that in 2012/13 number controls were initially removed for students with A-level grades equivalent to at least AAB, followed by students with grades equivalent to at least ABB in 2013/14 (Universities UK, 2018: 4). The cap had originally been in place to limit expenditure when higher education was largely publicly funded through teaching grants. The removal of the cap followed the shift in higher education funding from teaching grants to tuition fee income. Caps still apply to a limited number of high cost courses, such as medicine, which continue to be subsidised by government funding.

The introduction of a single regulator and route into sector was designed to allow high quality institutions to compete on equal terms and with quicker entry into the sector. The aim of this reform was to increase the number of HE providers and, thereby, increase the HE places.

The potential for undergraduate places to expand further was aided by a simplified route into the sector for new providers including the removal of the minimum student numbers criterion, and enabling use of the university title for those able to award bachelor degrees, provided that (as previously), more than 55% of their full time equivalent students are studying HE.

4.4 Choice for students

Making information available to applicants on teaching quality and potential economic returns was aimed at helping inform student choice. The TEF provided information on teaching quality, although only available at provider level. Linked higher education and earnings data, based on tax

¹⁴ In England, providers with a TEF rating may charge an inflationary fee uplift (£9,250 versus £9,000 for providers without a TEF award). Holding a TEF rating has no effect on the tuition fees that universities in Scotland, Wales and Northern Ireland may charge.

records, provided detailed information on employment outcomes which could be available down to degree courses within particular institutions.

Maintenance loans for part-time students were introduced to widen choice and opportunities for students to study part-time (Department for Business, Innovation and Skills, 2016: p.13).

4.5 Widening participation

The 2016 White Paper included a commitment to “help ensure that everyone with the potential to succeed in higher education, irrespective of their background, can choose from a wide range of high-quality universities, access relevant information to make the right choices, and benefit from excellent teaching [.]” (BIS 2016: p.8). Widening participation functions of the HEFCE and the Office for Fair Access (OFFA) were streamlined, giving OfS the responsibility for all spending relating to student access. OfS are required to promote access for people from disadvantaged backgrounds alongside their responsibilities on choice and competition, through a new position of Director for Fair Access and Participation.

The Director for Fair Access and Participation (DFA) was tasked with making progress towards achieving goals on widening participation to: a) double the proportion of people from disadvantaged backgrounds entering university in 2020 compared to 2009, and; b) to increase the number of black and minority ethnic (BME) students going to university by 20% by 2020 (BIS 2016: p.14).

The DFA was also instructed to continue focusing efforts on widening participation among other groups such as those with disabilities and white males from lower socio-economic backgrounds. Additionally, the OfS was given a statutory duty to cover equality of opportunity across the whole lifecycle for disadvantaged students, not just access. Universities were required to routinely publish data on the backgrounds of their applicants and in 2016 further guidance was given on the link between tuition fees and widening participation. All higher education providers charging tuition fees over the basic amount, had to have an agreement containing benchmarks proposed by the university on measures to improve access, student success and progression for disadvantaged students, which must be approved by the Director for Fair Access and Participation ¹⁵.

4.6 Policies related to access, support and extra-costs funding for students with disabilities

There have been a number of policy changes to support for students with disabilities. Disabled Students' Allowances (DSAs), first introduced in 1974, are non-repayable and non-means tested grants to support undergraduate or postgraduate students with additional costs incurred as a result of their disabilities. There are four different allowances covering: specialist

¹⁵ <https://www.gov.uk/government/news/universities-told-to-reach-out-to-students-from-poorest-neighbourhoods-under-new-guidance>

equipment, non-medical helpers, disability-related travel costs between home and university or placement, other disability-related study support¹⁶.

In 2014, under the Coalition Government, the, then, Minister for Universities and Science, David Willetts, proposed a number of changes in the light of the 2010 Equality Act (Written Ministerial Statement, Minister for Universities and Science, 2014). These changes shifted the responsibility for certain provisions to assist disabled students from the government to higher education institutions. As such, central government funding for DSAs was cut and costs for supporting students with mild difficulties became the responsibility of higher education providers as part of their duties to provide reasonable adjustments under the Equality Act.

In December 2015, following the publication of results from a consultation on targeting of DSAs, Jo Johnson, the, then, Minister for Universities and Science, announced some key changes to take place from 2016/17 (Written Ministerial Statement by Jo Johnston, Minister for Universities and Science, 2015). These amounted to higher education providers taking primary responsibility for more of the support and associated costs. For example, some of the non-medical support roles, some transcription services, IT equipment and specialist accommodation.

This was seen as modernisation of the support for students with disabilities as it was assumed that HEIs would be best placed to assess and provide some types of the required assistance, although there was a risk of creating uneven support for students at different institutions.

¹⁶ In Scotland DSAs are divided into three types of allowance: (1) The basic allowance, (2) The large items allowance, and (3) The Non-Medical Personal Help allowance (NMPH).

5. Funding, tuition fees and student loans

As HE policy is a devolved matter different systems related to HE funding, tuition fees, maintenance grants and student loans have evolved across UK nations, we focus mainly on England as policy in England is set by the UK government. This section documents trends in public expenditure on undergraduate courses against a complex, and evolving, system for computing estimated current expenditure and its impact on the fiscal deficit. As we outlined in the introduction and inheritance sections above, this is an area of policy that has seen major reforms over recent decades and where reform is ongoing. We begin by reviewing policy changes to tuition fees, student loans and maintenance grants (Section 5.1) before examining trends in HE public expenditure, HE funding and resources per student (Section 5.2).

5.1 Tuition fees, student loans and maintenance grants

The extent to which students, and their families, directly bear the cost of HE tuition and the help available to fund tuition fees and living costs while studying, have undergone considerable change over the last few decades. This has amounted to a general shift away from funding higher education through public expenditure to students contributing to the cost of their education by paying tuition fees and financing their living costs. To avoid upfront tuition fees leading to underinvestment in HE and creating unequal barriers to HE, tuition fees are financed through a system of loans with loans being repaid once graduates are working. Loans can eventually be written-off (in part or in full) for graduates with low lifetime earnings. Repayment models have been designed to be progressive with higher earning graduates typically paying more than lower earning graduates. The most radical reforms occurred in England with different models evolving in Scotland, Wales and Northern Ireland.

Before focusing on changes occurring between 2015 and 2020, it is informative to start by considering the reforms introduced in England by the Labour government in 2006 which led to a new system of annual tuition fees¹⁷, initially capped at £3,000 (Figure 1). Income-contingent loans were made available to undergraduates to cover the upfront cost of these fees through the Student Loan Company; a non-profit making government-owned organisation. Once students graduated and were earning above £15,000 a year, loan repayments were made at a rate of 9% of gross earnings above the threshold. These loans were subsidised through the use

¹⁷ Undergraduate tuition fees were introduced in 1998 following the Dearing Report into Higher Education (legislation was included in the Teaching and Higher Education Act 1998). The real value of resources per student had been falling as student numbers increased, Dearing proposed that students should make a contribution towards tuition costs rather than funding higher education solely through public expenditure. Annual (up-front), means-tested tuition fees were set at £1,000. Initially income from fees had little impact on HE resources as fee income largely replaced other funding sources.

of a preferential rate of interest (a zero real rate of interest) and because any outstanding balance was written-off after 25 years. Under this system, students from low income backgrounds could qualify for maintenance grants and students from higher income backgrounds could take out an additional loan to contribute towards living costs. In addition, universities offered some bursaries and fee-waivers.

The next set of major reforms were introduced by the Coalition government in 2012, following recommendations made by the Browne Review. These reforms transformed the model for financing higher education whereby income from tuition fees (financed through student loans) largely replaced income from teaching grants in England. This was achieved through substantially increasing the cap on annual tuition fees to £9,000. The earnings repayment threshold was increased to £21,000 but the repayment rate remained at 9%. Graduates were given more time to repay higher loan values, with any outstanding balance not written off until after 30 years. Another substantial change was that interest started to accrue from the date loans were taken out (RPI +3%) and a variable rate of interest was applied after graduation (RPI when earnings were under the repayment threshold, rising to RPI +3% for earnings at or above £41,000). Support for students from low income backgrounds was made available under the National Scholarship Programme which could include fee subsidies and help with living costs. In advance of introducing these reforms, the government anticipated that tuition fees would vary across universities and courses; reflecting differences in costs of delivery, demand and graduate employment prospects. Universities choosing to charge the maximum tuition fee were required to offer additional support for less advantaged students (for example, in the form of bursaries)¹⁸. In the end, the vast majority of universities charged the maximum annual fee of £9,000 for all their undergraduate courses as there was little pressure from students to lower fees due to upfront costs being covered by loans and the design of the loan repayment model (with loans being written-off if graduate lifetime earnings were low) (NAO, 2017: 30), and it was rational for universities to maximise income. Additionally, “higher education is a significant investment of time and important to many students’ aspirations, so few are attracted by lower prices that might signal poorer quality” (NAO, 2017: 30).

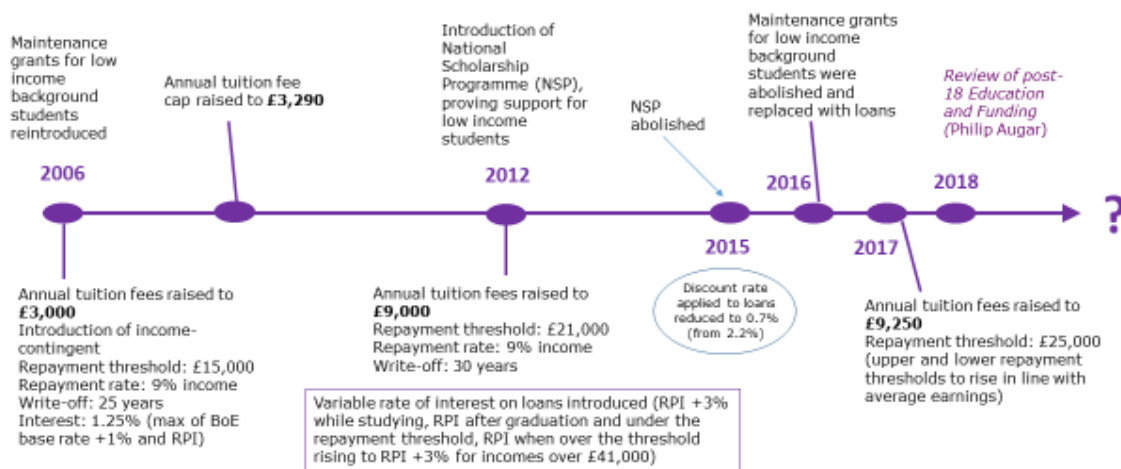
The overall aim of the changes brought in by the Coalition government was to reduce government expenditure on HE as part of a wider austerity programme. However, under the previous system of funding tuition costs through teaching grants, student numbers were capped to provide a fixed control on public expenditure, but in the Autumn statement 2013 it was announced that the cap on student numbers in England would first be raised and then removed altogether by 2015/16. However, as only a fraction of

¹⁸ Hills and Richards (2012) uncovered the complex system of local support for students provided by universities which developed, leading to multiple, confusing means-tests and lack of clarity of what financial help might be available should a prospective student apply to any one university.

student loans are repaid, removing the cap on student numbers had implications for public expenditure. This is because increasing student numbers would lead to an increase in public expenditure, by how much depended on the scale of any increase in student numbers and on the likelihood of loans being repaid.

Figure 1: HE funding policy timeline

Tuition fee and Income-contingent student loan policy timeline



The incoming Conservative government in 2015 also seeking to cut public expenditure, abolished the National Scholarship Programme. This meant that for students starting undergraduate courses in the 2016/17 academic year, maintenance grants for low income background students were replaced with further student loans. The cap on annual tuition fees was raised to £9,250 and the repayment threshold increased to £25,000, leading to an increase in the value of student loans but setting a higher earnings threshold above which loans are repaid. Between 2015 and early 2020 various commitments were made, and broken, to change parameters of the loan repayment system such as freezing or raising the repayment threshold, reflecting tensions between a desire to cut public expenditure and the potential negative impact on living standards of graduates during a period of sluggish earnings growth.

Increasing concern about the level of fees, the size of student debts and the indirect costs to public expenditure generated by this system (see more below) led to an announcement of a further major independent review into post-18 education in February 2018¹⁹. The Review, led by Philip Augar, covered technical, vocational and academic routes, including higher

¹⁹ The government was also disappointed that previous reforms, making it easier for new entrants to enter the HE sector, had not led to much innovation (such as 2-year degree programmes).

education, and considered choice and competition, skills provision, accessibility and value for money for graduates and taxpayers. The final report was published in May 2019 and made a number of recommendations in relation to HE tuition fees, loans, grants as well as reforms to further education (Augar, 2019). The headline recommendations in relation to HE tuition fees and grants were:

- A reduction in maximum annual tuition fees to £7,500;
- Lost fee income to be replaced with teaching grants to providers;
- Extend the student loan repayment period from 30 to 40 years;
- Reduce the interest rate charged on student loans while students are still studying;
- Cap lifetime total repayments on student loans to 1.2 times the amount borrowed;
- Reduce the income threshold for student loan repayments from £25,000 to £23,000;
- More government funding should be directed to disadvantaged students and high-value and high-cost subjects;
- Reintroduce maintenance grants of £3,000 per year for disadvantaged students;
- More should be done to bear down on low-value degrees.

On the eve of the Covid-19 pandemic in early 2020, the Government had still not officially responded to the recommendations in the Augar Review²⁰.

Large scale reforms to tuition fees, student loans and maintenance support created big differences between cohorts of graduates in just a little over two decades. Most graduates in their 40s and older paid no tuition fees and many are likely to have qualified for maintenance grants or subsidised loans. Younger graduates in their late 30s paid a small contribution towards the cost of tuition and qualified for subsidised maintenance loans. Graduates in their early 30s paid a larger contribution towards the cost of tuition and loans were available for these tuition fees, and if they were from low income family background they could qualify for maintenance grants. More recent graduates pay substantially more towards the cost of their tuition and even those from a low income family background cover living costs through loans.

5.2 Public expenditure on Higher Education and funding sources

Following the increase in undergraduate annual tuition fees to £9,000 in England from 2012 (subsequently raised to £9,250 for new students

²⁰ The Government did not publish a full response to the Augar review until spring 2022. The main changes announced in response to Augar's recommendations for HE were: (1) The student loan interest rate to be set at RPI+0% for new borrowers starting courses from 2023/24; (2) The tuition fee cap to be frozen at £9,250 for a further two years – up to and including 2024/25; (3) The repayment threshold for new borrowers starting courses from September 2023 will be frozen at £25,000 until 2026/27; (4) For new borrowers from September 2023, the student loan repayment term will be extended from 30 years to 40 years (DfE, 2022).

starting in 2017/18), government spending on higher education and the university funding model were transformed. While previously the main source of funding came from teaching grants, distributed by the Higher Education Funding Council for England (HEFCE), tuition fee income became the predominate source of funding with teaching grants available for only a small number of high cost degree courses (such as medicine).

Calculating the total impact of these changes on public expenditure is not straightforward. This is because of the difficulty in accurately calculating indirect spending. Indirect spending arises because part of the face value of loans made to students to cover tuition fees and maintenance costs will not be repaid. This is due to two main features in the design of student loans: (1) loan repayments are not made unless a graduate's annual earnings are above a given threshold; (2) unpaid balances are written-off after a specified number of years (for post-2012 loans, unpaid balances are written-off after 30 years)²¹. An accounting system, known as the resource accounting and budgeting (RAB) or accruals accounting, provides an estimate of the expected subsidy element (perceived cost of loans to the taxpayer).

This subsidy element is calculated as the face value of loans made in any one year less the discounted or present value of future repayments. It is frequently expressed as a proportion of the initial loan outlay, the so-called RAB charge²² (Bolton, 2012: 13) (the proportion of the loan outlay that is not expected to be repaid when future repayments are valued in present terms). Belfield et al., (2017) used the following formula to express this amount:

$$RAB = 1 - \frac{\textit{Total net present value of graduate repayments}}{\textit{Total issues of government loans}}$$

An issue with this method is that the estimate of the RAB rate is very imprecise as it involves making repayment forecasts for income contingent loans and discounting them back to the period the loan is issued using a discount rates (previously RPI+2.2%, revised to RPI+0.7% in the Spending Review and Autumn Statement 2015). Estimates of the total net present value of repayments involves forecasting repayments some 30 years into the future and these estimates are very sensitive to assumptions made about future graduate earnings, inflation, employment levels and can be effected by changes to interest rates, as well as any changes to the repayment threshold (BIS, 2016; DfE, 2018, Student Loan Forecast). Other factors affecting the RAB rate are changes to eligibility for student loans. For example, extending loans to cover maintenance costs for students from

²¹ For loans issued between 2006 and 2012 any unpaid balances were written-off after 25 years. For students starting Higher Education courses from 2023/24 onwards, unpaid balances will not be written-off until after 40 years. This means that a graduate starting work at age 21 will continue to be liable for student loan repayment up to age 61.

²² The impairment on the initial outlay of loans.

low income backgrounds from 2016/17 was assumed to increase the RAB rate. In evidence to the Treasury Select Committee conducting an inquiry into the student loan system and related financial implications in 2018, the then Universities Minister Jo Johnson stated that the new RAB charge is “between 40 per cent and 45 per cent.” (Treasury Select Committee, 2018). Previously it was stated that the target RAB charge was 36% (BIS, 2016). Overall, the RAB rate has been re-estimated on a number of occasions, and estimates range from 30% to 45% of the total face value of new loans (Bolton, 2018; NAO 2017: p.13), meaning that only 55% to 70% of the face value of loans made in a particular year were expected to be repaid.

In reality, the true cost to the government (ultimately taxpayers) will not be known until the date at which any remaining balances are written-off. However, although this uncertainty is far from ideal a bigger problem arose from the way in which student loans were recorded in national accounts and Public Sector Finances (PSF). A Treasury Select Committee inquiry noted that the system of treating student loans as any other government loan created fiscal illusions (Treasury Select Committee, 2018). The Office for Budgetary Responsibility (OBR) also called this system a ‘fiscal illusion’ as policy decisions taken today would have no impact on public finances for the next 30 years (OBR, 2018). This was because the issuing of student loans had no impact on the fiscal deficit and, therefore, policy decisions taken today would have no impact on the public finances for the next 30 years. In addition, interest accruing on outstanding balances were recorded as income in DfE department accounts, despite a large share of these loans never being repaid. The National Accounts valued the loans throughout their life at face value, despite the fact that a substantial share would eventually be written-off, overstating how much interest is earned each year and the overall size of the loans that will be recovered. Only after 30 years, when outstanding balances are written-off, would losses be recorded in the National Accounts, and in the deficit, in full in that year. The Treasury Select Committee estimated that based on a RAB charge of between 40% and 50%, £6.2-£7billion of loans issued in 2016/17 should have appeared in the fiscal deficit (Treasury Select Committee, 2018).

The Government estimated that the RAB rate for Student Loans made in 2018/19 in England had increased to around 47% (41% for part-time students²³ and 47% for full-time students; DfE, 2019), meaning that the government anticipated that only around 53% of the total face value of loans is likely to be repaid. With loan outlays of £15,306 million for students studying full-time and £271 million for students studying part-time (DfE, 2020), this amounts to sizeable expenditure.

A further fiscal illusion occurred if the Government decided to sell-off some of the loan book.

²³ Part-time students generally take out smaller loans than full-time students, meaning they are more likely to repay a higher proportion of their loans (DfE, 2019).

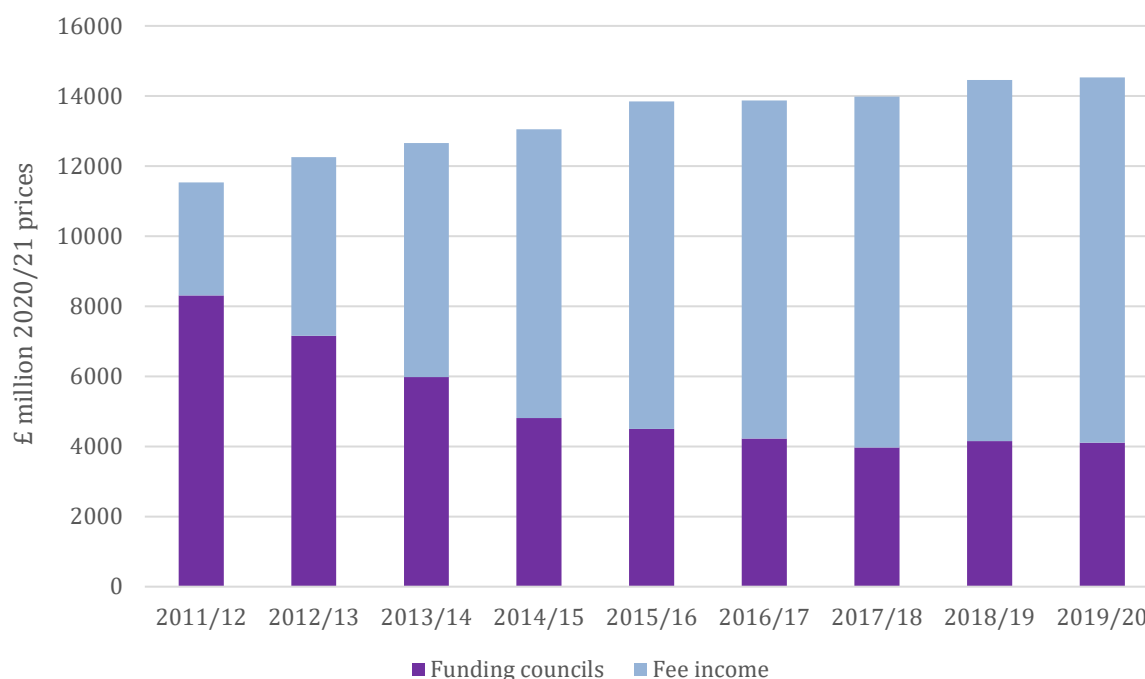
“The National Accounts accounting rules stipulate that if student loans are sold off at a loss before they are written off after 30 years, there is no impact on the deficit whatsoever. The policy of selling off student loans prior to their write-off allows the Government to spend billions of pounds of public money without any negative impact on its deficit target at all, creating a huge incentive for the Government to finance higher education through loans that can be sold off.”

Treasury Select Committee (2018)

In 2018, the Treasury Select Committee and the House of Lords Economic Affairs Committee recommended that the Office for National Statistics (ONS) should re-examine the classification of student loans as financial assets for government and consider whether there is a basis to treat them differently from other loans in the UK National Accounts and Public Sector Finances. In April 2018, the ONS announced that it was reviewing the treatment of student loans in the public sector finances and the wider national accounts. This review led to a new accounting method for the treatment of student loans. In December 2018, ONS published an explanation for its decision to treat the issuance of student loans as a combination of government spending and a financial transaction (a genuine loan). This means that student loans are now treated in part as financial assets (loans), as a share will be repaid, and in part as government expenditure (capital transfers), as the remainder will not be repaid. ONS describe this as a partitioned loan-transfer approach. Under the new system the estimated value of the share of total loans made in a financial year which will not be repaid is recorded as current expenditure. ONS introduced the new approach from 2019 and produced a consistent time series dating back to 1998. ONS initial estimates based on OBR calculations, were that the new approach would lead to a rise in Public Sector Net Borrowing (PSNB) in the financial year ending 2019 by approximately £12bn. It turned out to be a bit less but a complete assessment which included postgraduate loans and student loan sales concluded that the combined effect of moving to the new accounting method meant that £12.4bn was added to PSNB in 2019 (ONS, 2020).

What does all this mean for HE funding and public expenditure on HE in England? The shift in the main source of HE funding from funding council grants to tuition fee income between 2011/12 and 2019/20 is shown in Figure 2. Large increases in tuition fee income after the 2012 reforms meant that total funding for HE providers in England from regulated fees and funding council allocations increased in real terms (Bolton, 2021). In the first half of this decade, it led to real terms increases in HE funding in England of around £2.31bn. In the second half of the decade the increase was a more modest £656m.

Figure 2: HE funding in England, 2011/12 to 2019/20, in 2020-21 prices



Source: Bolton (2021).

Similarly, public expenditure on HE depends on grants and estimates of student loan values which are not expected to be repaid (including tuition fee and maintenance loans). It is estimated that total public spending on HE in England changed little in nominal terms but declined in real terms between 2011/12 and 2015/16 as the increase in the cost of loans was higher than the reduction in direct funding (Bolton, 2017²⁴). The real value of total public expenditure on HE in England is estimated at just under £11 billion a year between 2015/16 and 2018/19, in 2019-20 prices (Bolton, 2021). However, this should be seen in the context of increasing student numbers (see Section 7).

There are even greater challenges to estimating trends in the split between total private and public expenditure on HE. There has clearly been a shift from public to private expenditure through students bearing a share of the cost of tuition and through increasingly funding maintenance costs. While there are now good estimates of public expenditure, there are no official estimates of trends in the private costs of HE. Private costs of HE include financing living costs (including accommodation costs for students living away from home) and repayment of student loans. Full private economic costs would also include an estimate of foregone earnings and can be used to estimate rates of return to HE. While estimates of loan repayments are available from RAB rate estimates, estimates of total living costs are not readily available (although universities do provide broad estimates for

²⁴ These figures were based on planned expenditure and exclude some small areas of spending.

prospective students). Some students qualify for means-tested Maintenance Loans on a sliding scale depending on household income with families expected to make up the difference between loan values and actual living costs. Many HE providers also offer bursaries and scholarships for some students which can help towards living costs.

5.3 Public spending per student and HE income across UK nations

The government subsidy to HE in England fell in real terms between 1990/91 and 2014/15 (teaching grants and tuition fee loan subsidies), while total HE teaching resources available per student increased (income from grants and tuition fees) (Belfield et al., 2017). Under the Conservative governments from 2015 up to the eve of the COVID-19 pandemic, teaching resources for three years of full-time study per undergraduate student in England declined in real-terms due to falls in the real value of tuition fees (the cap on annual tuition fees has held constant in nominal terms since 2017/18) and government funded teaching grants (Britton et al., 2020); falling from around £30,000 for the cohort starting in 2014/15 to around £28,000 for the cohort starting in 2019/20. Teaching resources per student were still high by historical standards; though only about 10% above spending per student in 1990/91, having fallen drastically in the first half of the 1990s before increasing after 2005/06 (Britton et al., 2020; p.122).

Some institutions boost resources through high fee paying international students and other income generating activities (accommodation, conferences, catering, etc.). These extra revenue streams can be used to increase resources per student.

The main focus has been on England as HE is a devolved matter and UK Conservative governments between 2015 and 2020 had much less influence on HE policy in Scotland, Wales and Northern Ireland, but it is worth examining the main differences between UK nations over this period. By the end of the Coalition's term in office there were big differences across UK nations in the main sources of income for HE providers (Figure 3). Note that the underlying numbers in Figure 3 include wider sources of income and are not limited to undergraduate education.

HE policy in Wales is closest to England. Annual tuition fees apply but they have not increased since 2012 meaning that universities in Wales can charge up to a maximum of £9,000 a year for Welsh domiciled full-time undergraduate students. However, Tuition Fee Grants (means-tested grants to cover the cost of tuition fees) were made available to students from Wales after fees increased in 2012. Student number controls were lifted from 2015/16, at the same time as controls were lifted in England. Following recommendations made in the Review of Higher Education

Funding in Wales ('The Diamond Review'; Diamond, 2016)²⁵, Tuition Fee Grants were withdrawn for new students from September 2018 and available resources were refocused on helping Welsh students with living costs. From September 2018, eligible first time Welsh domiciled undergraduate students have been able to apply for support with living costs regardless of where they choose to study in the UK. The package of support available includes a combination of grants and loans. Every eligible full-time undergraduate student qualifies for a Maintenance Grant of £1,000 a year regardless of family income. Higher value Maintenance Grants are available to students from lower income backgrounds and Maintenance Loans are available to other students. Eligible part-time students qualify for support with living costs on a pro-rata basis through a combination of Maintenance Grants and Maintenance Loans, similar to full-time students. In addition, eligible postgraduate students can apply for financial support with fees and living costs through a system of grants, bursaries and loans. For a select number high cost subjects (such as Medicine, Dentistry and some STEM courses), Welsh universities receive a teaching grant from the Higher Education Funding Council for Wales (HEFCW) to support the cost of delivering these subjects.

In Northern Ireland, annual tuition fees are much lower. Undergraduate students from Northern Ireland and the Republic of Ireland who choose to study in Northern Ireland paid up to £4,275 a year for undergraduates in 2019/20, with the remaining costs of tuition covered by government-funded teaching grants to providers. Help is also available for living costs through the Maintenance Grant and the Special Support Grant. To control public expenditure, the Northern Ireland Assembly sets a Maximum Student Numbers (MaSN) cap which limits places for Northern Ireland students studying at one of the HE providers in Northern Ireland. The cap does not apply to students from England, Scotland and Wales, who pay annual tuition fees of £9,250. Concerns have been raised about the impact of the cap on limiting opportunities for social mobility and on the outflow of students from Northern Ireland who leave to study in universities across the rest of the UK (Murphy, 2019). It also raises an anomaly as the cap limits public expenditure for students studying in Northern Ireland but there is no limit to the number of students who choose to study elsewhere in the UK but this does incur expenditure; even though these students are required to pay higher local tuition fees, because a large proportion of student loans made available to cover fees and maintenance costs are not repaid, the cost is incurred by taxpayers in Northern Ireland.

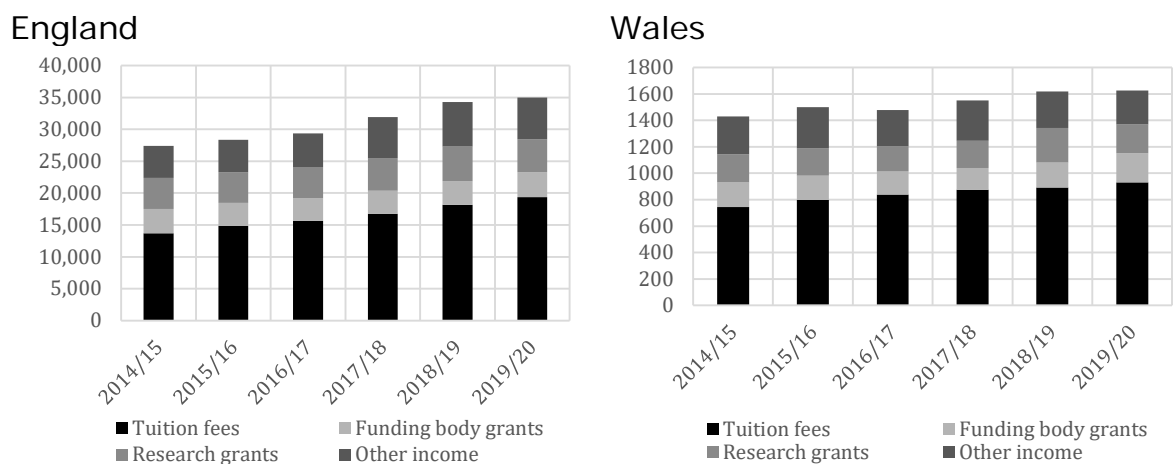
In Scotland, tuition fees are charged by all universities and vary by course and provider but the standard annual fee is £1,820 (degree courses usually last four years in Scotland). Students who normally live in Scotland and

²⁵ The Review of Higher Education Funding and Student Finance Arrangements in Wales was tasked with looking at: widening access; supporting the skill needs of Wales; strengthening part-time and postgraduate provision in Wales; and long-term financial sustainability.

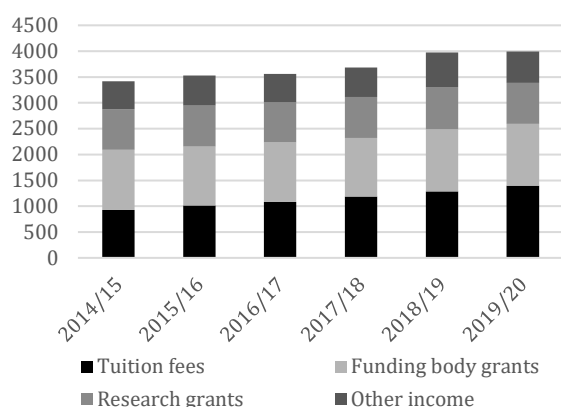
plan to study full-time can apply to the Student Awards Agency for Scotland (SAAS) for government funding to pay the fees in full. This funding is passed onto universities along with grants from the Scottish Funding Council to support the cost of teaching. A means-tested student loan is available to contribute towards living costs. These student loans are paid back when earnings are above a salary threshold (currently £25,375) at a rate of 9%. Interest is charged at 1.5% and loans are written-off after 30 years (for loans made prior to 2007, loans are written-off after 30 years or after age 65). Student numbers for people who normally live in Scotland are capped, limiting public expenditure liabilities. There is no cap on the number of student who wish to study in Scotland from the rest of the UK. These students pay tuition fees of £9,250 and can apply for student loans from the Student Loan Company to cover the cost of fees and to contribute to living costs (their 'home' nation will be responsible for covering the subsidy element of these loans).

In 2014/15 the main source of income for HE providers in England and Wales was from tuition fees, making up 50% of HE provider income (Figure 3). In contrast, income from tuition fees only accounted for 27% of HE providers' income in Scotland and 31% in Northern Ireland in the same year. In Scotland and Northern Ireland, teaching grant income from HE funding bodies is roughly equivalent to income from fees. Growth in total nominal income (excluding income from donations, endowments and investments) increased by 28% in England, 14% in Wales, 17% in Scotland and 13% in Northern Ireland, between 2014/15 and 2019/20. Caps in student numbers in Scotland and Northern Ireland seems to have been a factor in limiting growth in HE income but student numbers have not been capped in Wales, like England after 2015/16, so this does not explain why growth in nominal HE income was lower in Wales than in England.

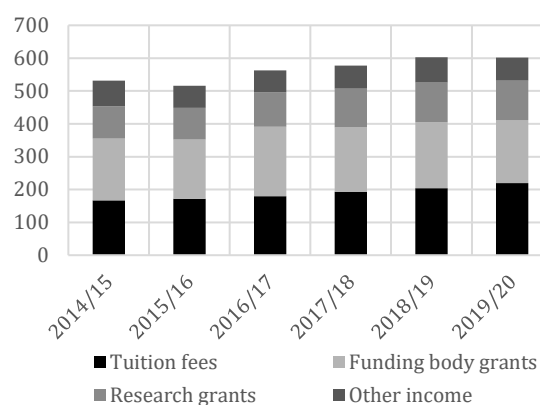
Figure 3: Trends in HE income by source, for each UK nation, 2014/15 to 2019/20, nominal values



Scotland



Northern Ireland



Source: HE Provider Data: Finance, HESA <https://www.hesa.ac.uk/data-and-analysis/finances/income>

Notes: this measure of income excludes income from donations, endowments and investments; tuition fees – tuition fees and education contracts; research grants – research grants and contracts.

Despite overall increases in funding for HE, some providers have faced financial challenges. In November 2018 it was reported that a UK university had been given an emergency loan of around £1m in September 2018 by the Office for Students, reportedly a “small, modern institution” which has since repaid the loan (BBC, 2018). At the time, the OfS said that this bailout was due to rules under the old system (HEFCE) and would not happen in the future. This highlights the vulnerabilities of HEIs operating in a competitive marketplace due to their dependency on being able to attract sufficient students paying tuition fees. Official statistics from 2017/18 revealed that nearly 25% of English universities were in deficit²⁶. However, a report by OfS concluded that a small number of HE providers in England faced financial risks but in general most providers were financially secure in 2019. There were some concerns about the impact of Brexit on EU student numbers (EU students would no longer benefit from the lower fee status relative to other non-UK students or qualify for UK student loans) and cost pressures arising from pensions liabilities (OfS, 2019).

²⁶ <https://www.theguardian.com/education/2019/mar/21/england-universities-in-deficit-figures-financial-pressure>

6. Inputs

Higher Education inputs include the number of higher education places, the number and type of staff employed and the number of HE providers. Although we follow the assessment framework adopted across all policy areas in the SPDO programme, due to changes in the source of HE funding, in particular the balance of private income from tuition fees and public expenditure, the evaluation of inputs, outputs and outcomes is not a straightforward assessment of the impact of public expenditure on HE.

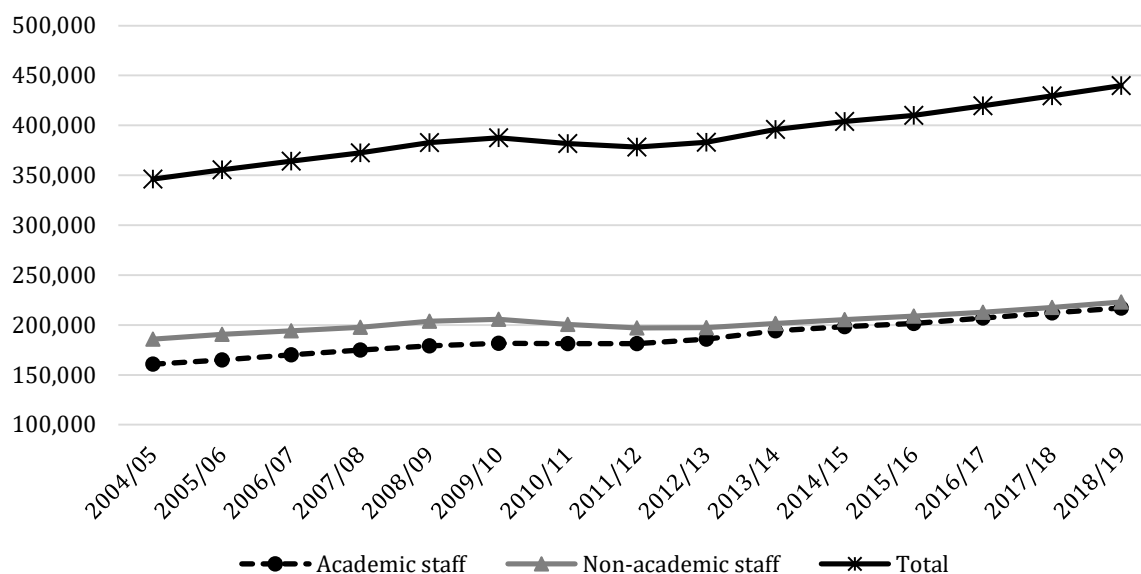
In 2018/19, 165 publicly funded higher education institutions and one privately funded institution in the UK returned data to the Higher Education Statistics Agency (HESA) ²⁷. The majority of these institutions are universities. While the number of publicly funded HE institutions remained unchanged from 2009/10, the number of staff and students expanded considerably. Acceptance rates for full-time undergraduate courses increased steadily from around 2010. The removal of the cap on student numbers in England after 2015/16, is reflected in the continued increase in the acceptance rate, despite the number of applications remaining broadly stable up to 2019/20 (see a more detailed discussion in Section 7). Below we discuss growth in staff numbers, reflecting on both longer-term trends and trends since 2014/15 and up to the eve of the Covid-19 pandemic in early 2020, as well changes in the composition of the HE workforce such as by gender, ethnicity and type of contract.

6.1 Trends in staff numbers and composition of HE workforce

Although our main interest is in trends between 2015 and 2020, it is helpful to contrast this period with longer-term trends. The total number of staff working in HE increased substantially over the last two decades. In 2004/05 nearly 350,000 staff were working in higher education and this number increased steadily to nearly 390,000 in 2009/10 (Figure 4). Over the next two years staff numbers decreased by over 10,000 before increasing again up to nearly 440,000 in 2018/19. More than half of all HE staff are non-academic but the share of academic staff has increased. In 2018/19 academic staff made up just under half (49%) of all HE staff in the UK. Overall, since 2004/05, including after 2014/15, the number of academic staff grew slightly faster than non-academic.

²⁷ Higher Education providers who submit data to HESA include all publicly funded universities and other higher education institutions in the UK, as well as alternative HE providers (APs) offering HE courses but who do not receive annual public funding, and further education colleges (FECs) in Wales providing some HE level courses. While a total of 271 providers reported to HESA in 2018/19, different groups of providers are included in different HESA statistical releases.

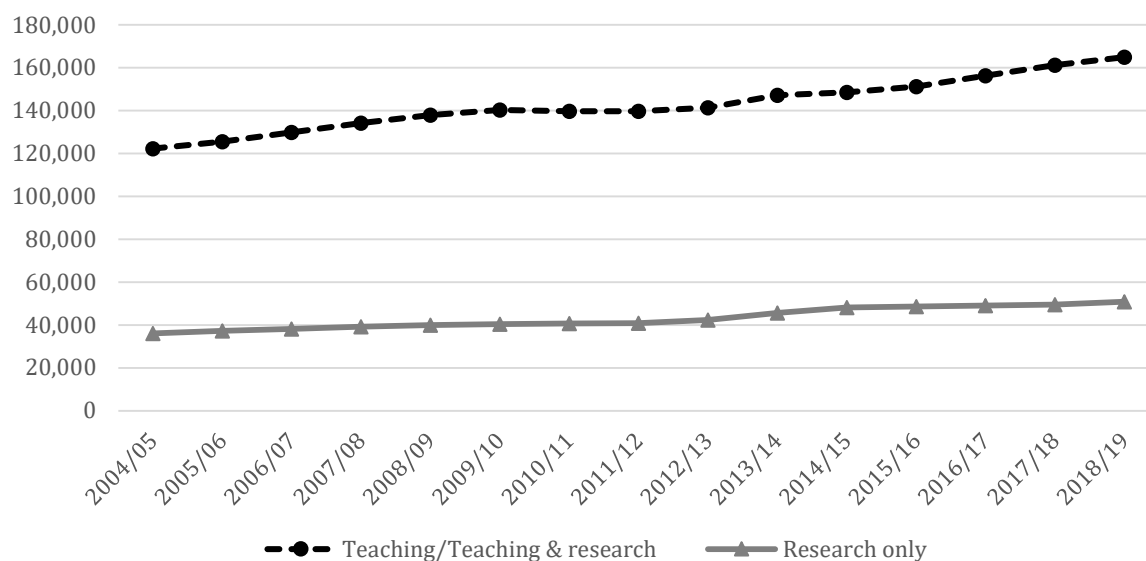
Figure 4: Trends in HE staff numbers, 2004/05 to 2018/19, UK



Source: 2004/05 to 2017/18, HESA (2019); data for 2018/19, HESA (2020).

Focusing on just the academic staff and their employment function, there has been a large increase in the number of staff employed on teaching or teaching and research contracts (from 122,305 in 2004/05 to 148,520 in 2014/15 and 164,955 in 2018/19, equivalent to a 35% increase between 2004/05 and 2018/19 and 11% between 2014/15 and 2018/19) and an even greater increase in the number of research only staff (from 36,100 in 2004/05 to 48,230 in 2014/15 and 50,855 in 2018/19), increasing by 41% between 2004/05 and 2018/19 (Figure 5). Focusing on the period between 2014/15 and 2018/19, there was much faster growth in the number of teaching staff, particularly teaching-only staff compared to staff on research-only contracts. Between 2014/15 and 2018/19, the number of staff on teaching-only contracts grew by 28% (from 51,970 to 66,355), while the number on teaching and research contracts grew by 2% (from 96,550 to 98,600) and the number of staff on research only contracts grew by only 5% (from 48,230 to 50,855).

Figure 5: Number of HE academic staff by employment function, 2004/05 to 2018/19, UK



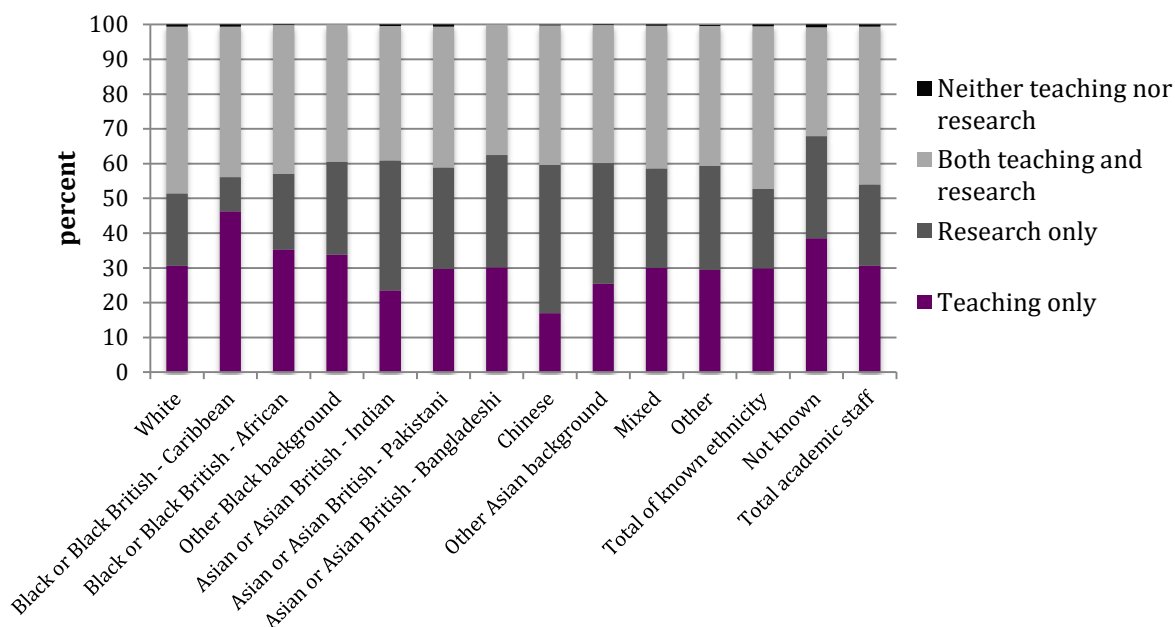
Source: 2004/05 to 2017/18, HESA (2019); 2018/19, HESA (2020)

Note: a category 'neither teaching nor research' containing 1,255 staff in 2018/19, is not shown.

Academic staff from White ethnic backgrounds still dominate the HE workforce, although diversity has increased. Between 2014/15 and 2018/19, the share of academic staff from White ethnic backgrounds decreased from 78.9% to 76.4%; while the share of academic staff from Black ethnic backgrounds (Black British or Black Caribbean/African/other) increased slightly from 1.5% to 1.9%. There was a small increase in the share of academic staff from Asian backgrounds; up from 3.2% in 2014/15 to 3.8% in 2018/19. The share of academic staff from Mixed ethnic background also increased from 1.6% to 2.1%, while the share of academic staff from a Chinese background increased from 3% to 3.5% over the same period (authors' analysis of HESA (2019; 2020)).

There were also differences in the type of employment by ethnicity (Figure 6). In 2018/19, just under 30% of academic staff were employed on teaching-only contracts but around 43% of academic staff from a Black or Black British–Caribbean ethnic background were employed on these contracts in contrast to only around 17% of academic staff from a Chinese ethnic background. For research-only contracts we find the reverse, with the smallest share of academic staff from Black or Black British–Caribbean ethnic backgrounds (around 10%) and the largest share among academic staff from a Chinese ethnic background (over 35%), compared with 20% among academic staff from a White ethnic background.

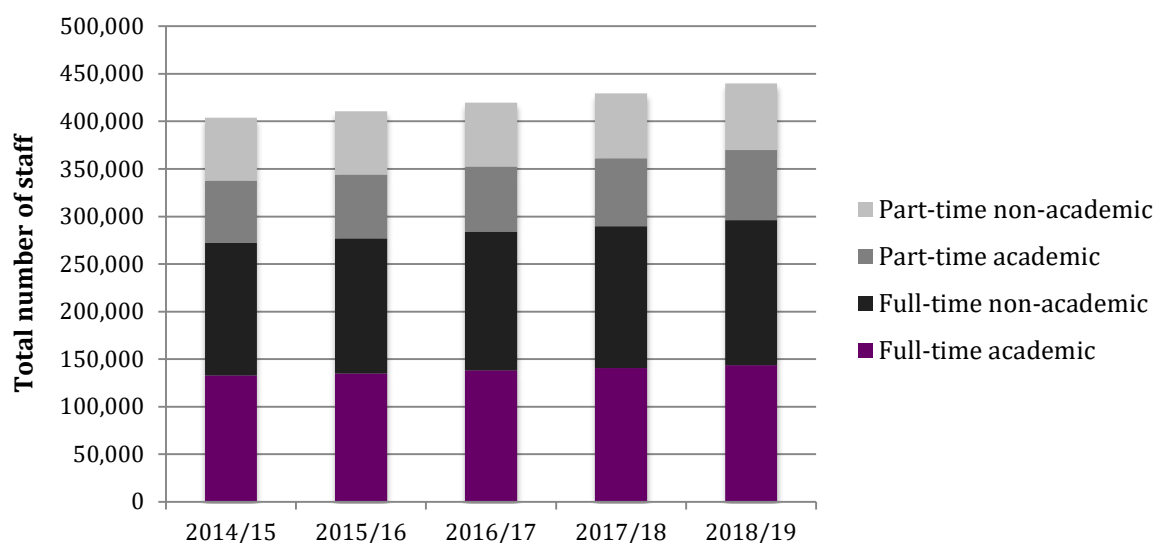
Figure 6: Academic employment function by HE staff ethnicity, 2018/19, UK



Source: HESA (2020)

The total number of HE staff increased by 8.9% between 2014/15 and 2018/19. The highest growth was in the number of staff working part-time in academic roles, up 12.3% (from 65,470 in 2014/15 to 73,555 in 2018/19) (Figure 7). In 2018/19, 40.6% of women in HE academic posts were in part-time employment compared to only 28% of men (authors' calculations using HESA (2020)).

Figure 7: Number of HE staff on academic and non-academic contracts by part-time or full-time status, 2014/15 to 2018/19, UK

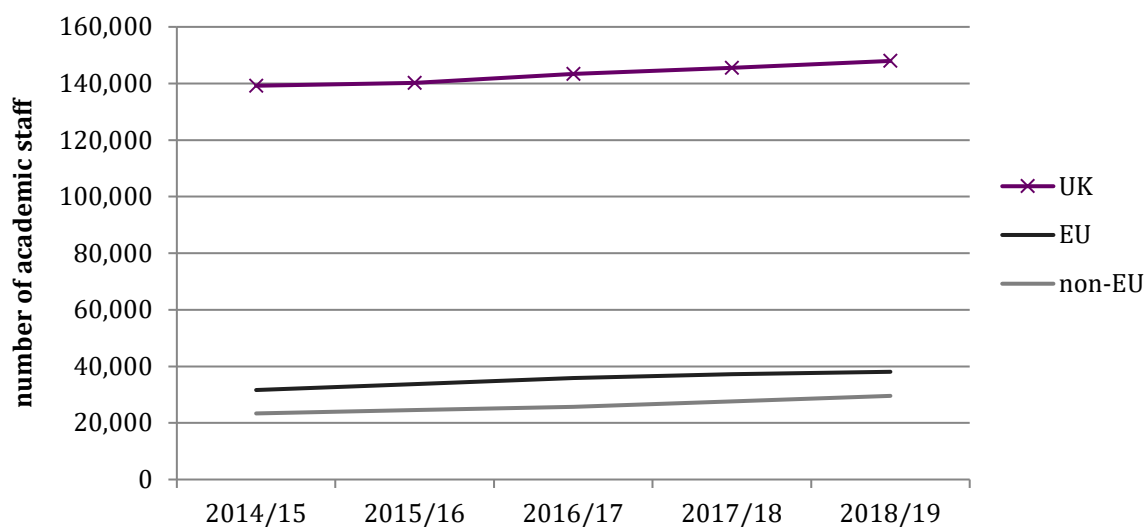


Source: 2014/15 to 2017/18, HESA (2019); 2018/19, HESA (2020)

The increase in the number of staff in HE institutions, particularly those in academic jobs, was largely due to increasing numbers of non-UK staff. The number of non-UK staff, particularly from outside the EU, grew much faster than UK staff between 2014/15 and 2018/19: 20% (EU), 27% (Non-EU) and 6% (UK) (Figure 8). Consequently, the share of academic staff from the EU grew from 16% to 18% between 2014/15 and 2018/19, while the share of non-EU increased from 12% to 14%. The share of academic staff from the EU also increased between 2007/08 and 2014/15 – up from 11.6% in 2007/08. The share of academic staff from countries outside the EU remained relatively stable between 2007/08 and 2014/15 (around 11.5%) (Universities UK 2018b).

The growth in academic staff from the EU slowed down after the 2016 Brexit referendum with annual growth in 2017/18 falling to 4%; in contrast, annual growth was 7% in 2015/16 (authors' calculations using HESA (2020)). Non-UK nationals accounted for almost 59% of the total academic staff growth in the period between 2007/08 and 2016/17 (Universities UK 2018b, 25).

Figure 8: Academic staff by nationality in HE institutions, 2014/15 to 2018/19, UK



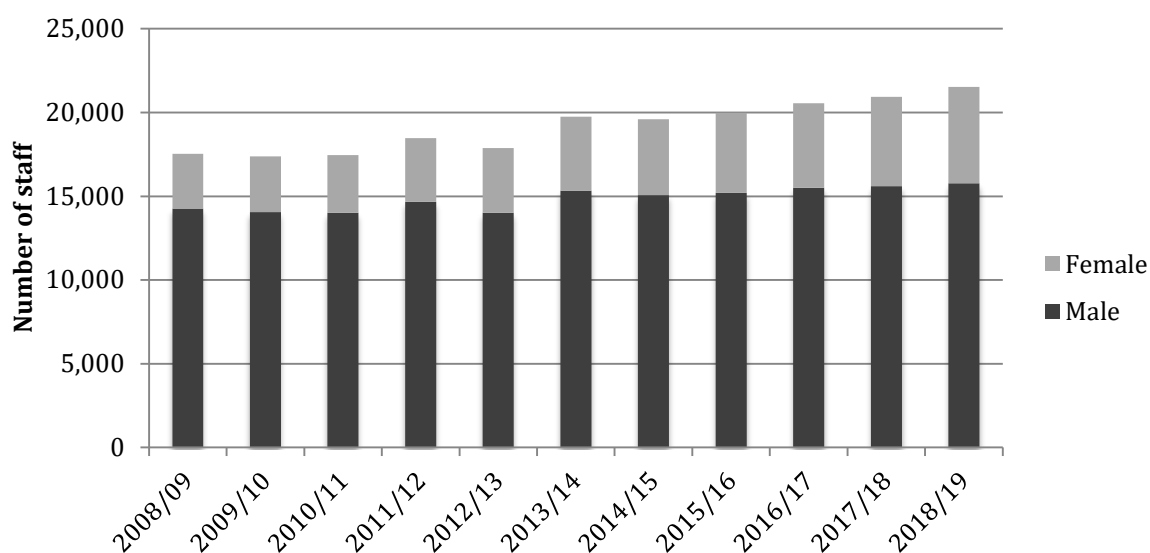
Source: HESA (2020)

In 2018/19, 10% of academic staff (21,520) were professors (Higher Education Statistics Agency 2020)²⁸. Women continue to be under-represented in the top academic jobs in higher education. In 2008/09 just under one-fifth of professors were women (19%), increasing to 27% in 2014/15 and although both the number of professors who are women increased up to 2018/19 (by 2,480), as well as the share of professors who

²⁸ These figures, as HESA warns, could be an under-estimate as some professors fall into a more senior level such as Head of Department.

are women, it was still the case that the minority of professors in HE institutions in the UK are women (27%) (Figure 9). Moreover, the growth in the number and share of female professors grew faster in the period between 2008/09 and 2014/15 compared with between 2014/15 and 2018/19.

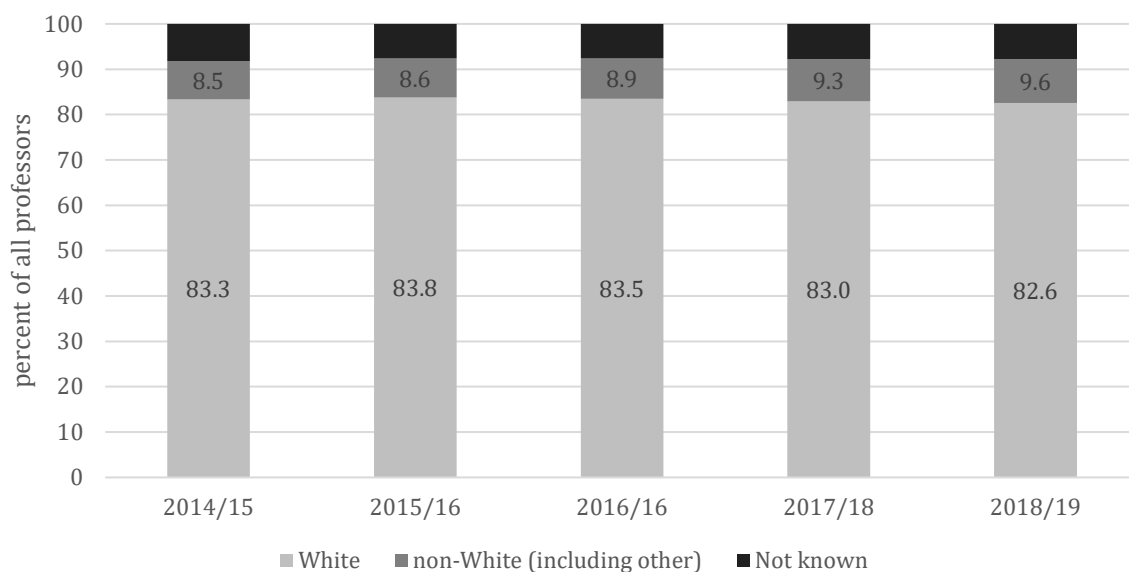
Figure 9: Staff classified as professors by gender in HE institutions, 2008/09 to 2018/19, UK



Source: HESA Staff Data (n.d.)

Staff from ethnic minority backgrounds are also under-represented in professorial jobs in HE institutions (Figure 10). Although the number of ethnic minority professors increased between 2014/15 and 2018/19, there was only a small change in the share of professors who are from an ethnic minority background. Between 2014/15 and 2018/19, the total number of professors from an ethnic minority background increased relatively more than the number of professors from a White ethnic background: increasing by 24% and 9%, respectively. However, the increase in professors from ethnic minority backgrounds was from a much lower base and by 2018/19 only 9.6% of all professors were from an ethnic minority background (8.5% in 2014/15) (authors' analysis of HESA data).

Figure 10: HE staff classified as professors by ethnicity, 2014/15 to 2018/19, UK



Source: HESA (2020)

The increase in the number of female professors from ethnic minority backgrounds has been greater than for women in general (Universities UK 2018b), but started from a much lower base. There remains big ethnicity-gender disparities among professors – higher than for other academic positions (Advance HE, 2019). In 2017/18 66.3% of professors were White male, while 23.6% were White female, with men from ethnic minority groups accounting for 7.7% of professors, and women from ethnic minority groups only 2.3% (Advance HE, 2019).

Additionally, concerns have been raised about the low numbers of Black female professors in UK HE. In 2018/19 there were only 140 female professors from a Black ethnic background working in UK universities, accounting for only 1% of all university professors (Guardian 2020).

6.2 Salaries of academic staff

There are striking differences in the salaries of academic staff by gender and ethnicity but also by type of university (Russell Groups vs others), particularly in relation to the highest earners.

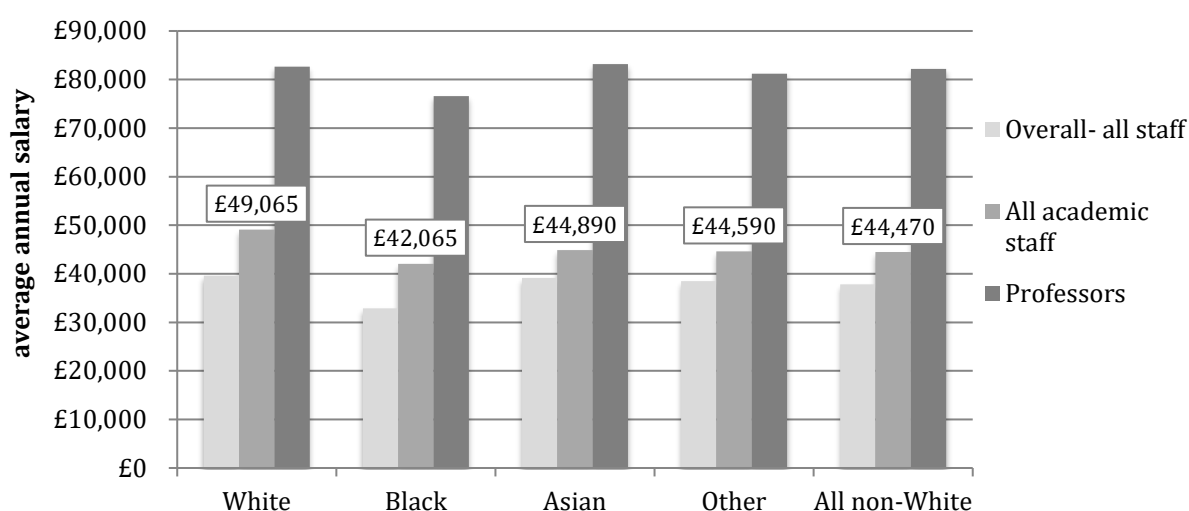
Among academic staff in 2018/19, the majority of whom are financed entirely by HE providers²⁹, 20% were in the top salary band, being paid £61,618 a year or more (HESA n.d.). A higher proportion of male academics were in this top salary band (24%) than female academics (15%) (Ibid.).

²⁹ 78% of academic staff are financed entirely by HE institutions with the rest being paid partly by these institutions and partly by research councils, UK branches of multinational companies, charities, including overseas charities, the NHS, etc. (Higher Education Statistics Agency 2020).

The relative advantage of male academics has hardly changed since 2014/15 when 25% of men and 14% of women were within the top salary band (Ibid.).

University College London Union’s analysis of 2017/18 HESA data found that not only were academic staff from ethnic minority backgrounds under-represented in top roles compared to their White colleagues, but their salaries were on average 9% lower, with the gap particularly wide between Black and White academic staff (14%) (UCLU calculations (2019) based on average salaries; see also Figure 11).³⁰

Figure 11: Average salaries of HE staff, academic staff and professors by ethnicity, 2017/18, UK



Source: The average salary figures are from the analysis of HESA data by UCLU (2019)

An analysis of top earners in HE institutions, reported by the TaxPayers’ Alliance using data from a freedom of information request, found that across 120 universities in the UK, an average of 3,615 staff received an annual total remuneration of over £100,000 (for the three year period between 2016/17 and 2018/19) (Hutton 2019). The greatest number of these high earners was reported in the University of Edinburgh, with the number of staff on such salaries being much higher in Russell Group universities compared to other university groups and unaffiliated universities in general (Hutton 2019).

³⁰ We were unable to verify whether the average referred to in the UCLU figures is the mean or the median, but it appears to be the mean.

7. Outputs

Outputs are assessed in terms of the quantity and quality of HE provision, such as participation in HE and the quality of education provided. As detailed in Section 4, the Conservative government announced a number of targets aimed at expanding the number of HE places in England, increasing participation among people from disadvantaged backgrounds and ethnic minority groups, as well as increasing support for mature and part-time students. However, these commitments were not accompanied by a detailed description of the baseline against which progress could be assessed, or detail on which measures should be used to assess progress, making it difficult to assess if targets have been met. In evaluating the aims in relation to increasing and widening participation in HE, we assess whether or not the following targets had been met in England by 2020:

- 1) to double the percentage of people from disadvantaged backgrounds entering higher education (compared to 2009 levels);
- 2) to increase the number of black and minority ethnic (BME) students going into higher education by 20%, between 2009 and 2020.

Additionally, the government expressed concern regarding low rates of progression to HE among white males from disadvantaged backgrounds, so we will assess whether there were relative improvements in progression rates for this group. Finally, we assess whether removing the cap on student numbers in England led to an increase in HE participation.

We begin by describing key available data sources, next we examine changes in the number and composition of the HE student population in the UK and constituent countries, undergraduate applications and acceptances, participation rates and widening participation indicators, non-continuation rates and finally the quality of teaching.

7.1 Outputs and data sources

The main data sources on UK HE participation are available through the Universities and Colleges Admissions Service (UCAS), the Higher Education Statistics Agency (HESA) and the Department for Education (DfE)³¹. The populations and measures vary between the different data sources.

The most usual route to securing a place on an undergraduate course in the UK involves submitting an application to a central admission system, known as the Universities and Colleges Admission Services (UCAS), rather than directly to higher education institutions. UCAS, therefore, is the main source of data on applications, acceptances and university entrants, providing indicators of demand, realised demand and HE participation for

³¹ Further information on these data sources can be found in Table A1 in the Appendix.

England, Wales, Scotland³² and Northern Ireland. We report trends for 18 year olds (a group which represents just over a half of those accepted onto undergraduate courses), as well as for all young people applying for full-time undergraduate courses at UK HE institutions. As detailed earlier in this paper, one of the aims of the Conservative government was to increase HE places by removing the cap on full-time undergraduate student numbers in English Higher Education institutions and making it easier for new HE providers to enter the sector. Evaluating trends in the number of young people accepting places on full-time undergraduate courses using UCAS data can be useful for assessing the impact of removing the cap on student numbers in England. For post-graduate studies, applications are submitted directly to HE providers and are not included in UCAS data.

HESA publishes annual data on HE student numbers, which from 2015/16 includes data from alternative providers. These data can be disaggregated by mode (full-time/part-time) and level (undergraduate/ post-graduate) of study. HESA data covers the entire stock of the student population in the UK as well as in England, Wales, Scotland and Northern Ireland separately.

HE participation is also reported by the Department for Education (DfE), focusing on progression rates to HE by age 18 or 19, for young people who were educated in state schools at age 15 in England. These figures are useful for exploring the progress made in improving entry to HE among students from state-funded schools in England. Additionally, DfE publishes Higher Education Initial Participation (HEIP) figures for 17-30 year olds, which provides an estimate of the likelihood that a young person participates in HE by the time they reach 30. These figures are based on HESA data and include English domiciled first-time entrants to UK higher education providers (including alternative providers from 2014/15), who participated in HE for a minimum of six months.

7.2 The stock students in UK Higher Education and recent entrants

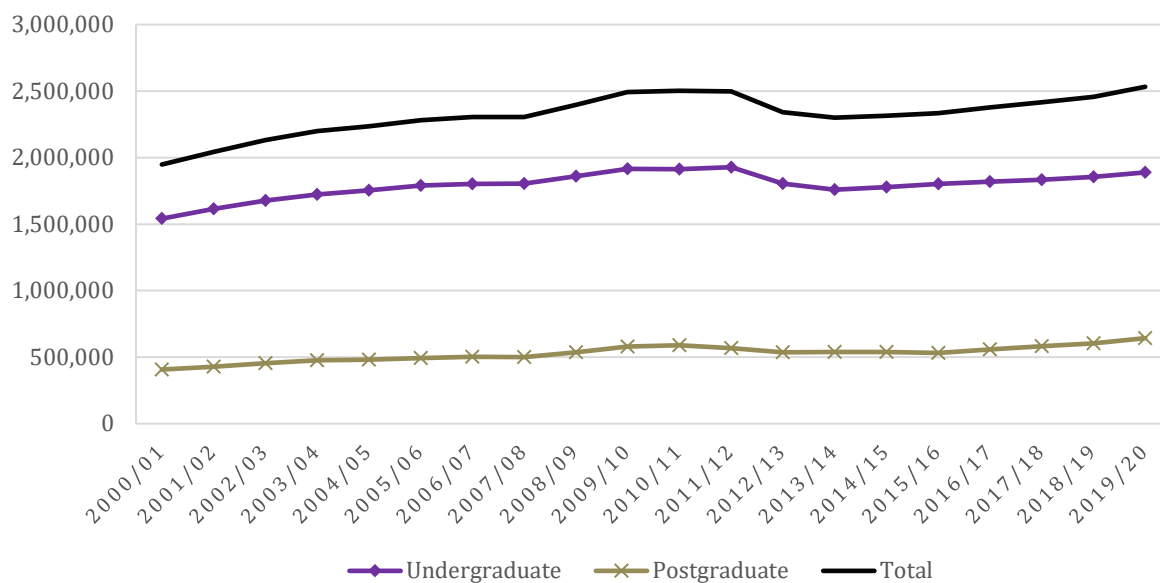
7.2.1 Total number of students in UK Higher Education

In 2019/20, 2.53 million students were enrolled in UK higher education, which includes students at all publicly funded HE providers in the UK and HE provision in FE colleges in Wales, as well as students at designated courses at alternative providers.

³² UCAS coverage of applications for full-time undergraduate places in Scotland is partial, as around one-third of applications are not processed by UCAS as they are made directly to further education colleges. Consequently, for Scotland, UCAS figures will underestimate overall undergraduate applications and entry rates. In 2015, around 120 courses at providers in Scotland that were previously part of the UCAS Teacher Training scheme, were moved to the UCAS Undergraduate scheme. From 2015, the numbers for providers in Scotland recorded in the UCAS Undergraduate scheme include those which were previously part of UCAS Teacher Training – estimated at around 2,000 acceptances a year.

The total number of students enrolled in higher education in the UK has followed a long-run upward trend, at both undergraduate and postgraduate levels (Figure 12). However, the steady increase in students seen between 2000/01 and 2009/10, stalled between 2009/10 and 2011/12 and then decreased up to 2014/15. The decrease was mainly due to the large increase in tuition fees in England in 2012. The removal of the cap on undergraduate student numbers in England in 2015/16 contributed to a gradual increase in the number of students between 2014/15 and 2019/20 (equivalent to a 9.4% increase).

Figure 12: Total number of HE students by degree level, 2000/01 to 2019/20, UK



Source: HESA (n.d.)

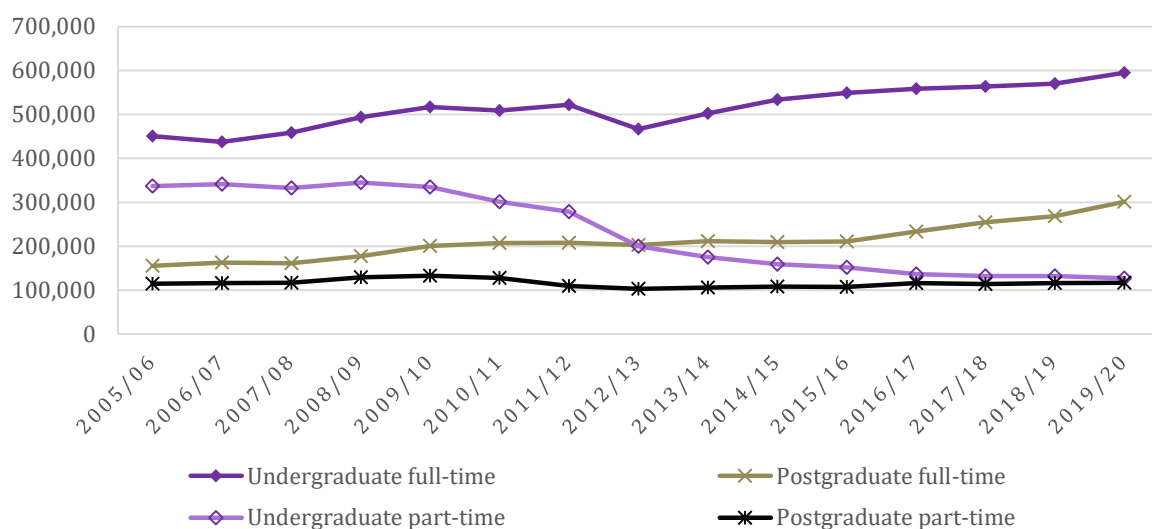
7.2.2 Total number of enrolled first-year Higher Education students

The number of first year students, a measure of annual inflow, increased between 2005/06 and 2009/10, then declined to 2012/13 before rising again between 2013/14 and 2018/19 (an increase of just under 6%).

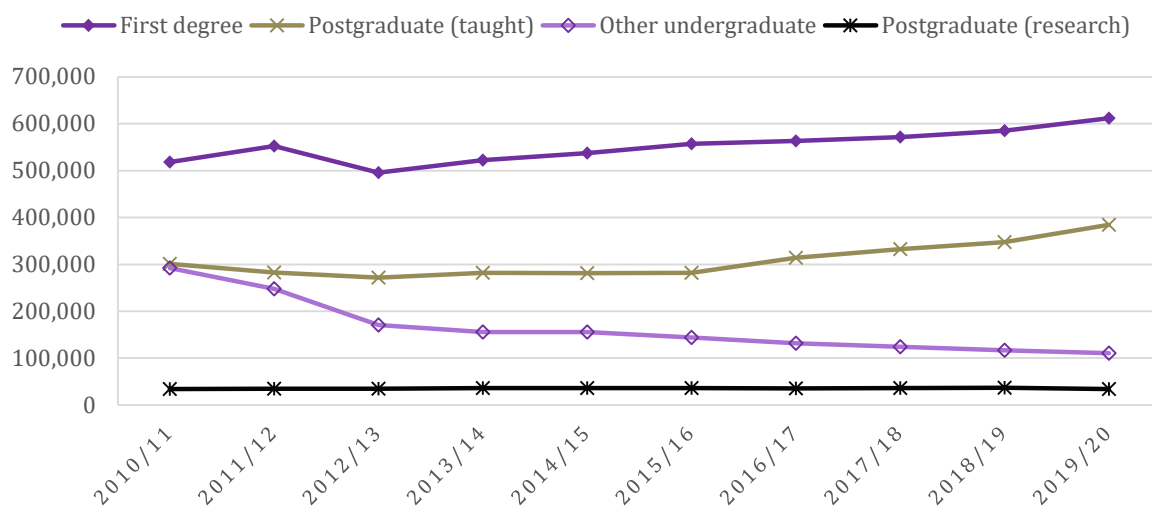
Between 2014/15 and 2019/20, there was an increase in the total number of first-year students from 1.01 million to 1.14 million. The number of first-year students studying full-time (both postgraduate and, to a lesser extent, undergraduate) increased, and there was a small increase in the number of postgraduate students studying part-time. However, the number of undergraduate students studying part-time fell from 159,300 to 126,890 (Figure 13, panel a). The number of young students increased but there was a fall in mature students, mirroring the fall in part-time study (see (Figure 13, panel c, and Office for Students (2020)). The greatest relative increase in the number of first-year students occurred among students studying full-time on postgraduate courses (209,745 to 301,265), which is reflected in the increase in 21-24 year old first-year students.

Figure 13: Number of first-year students in all UK HE providers

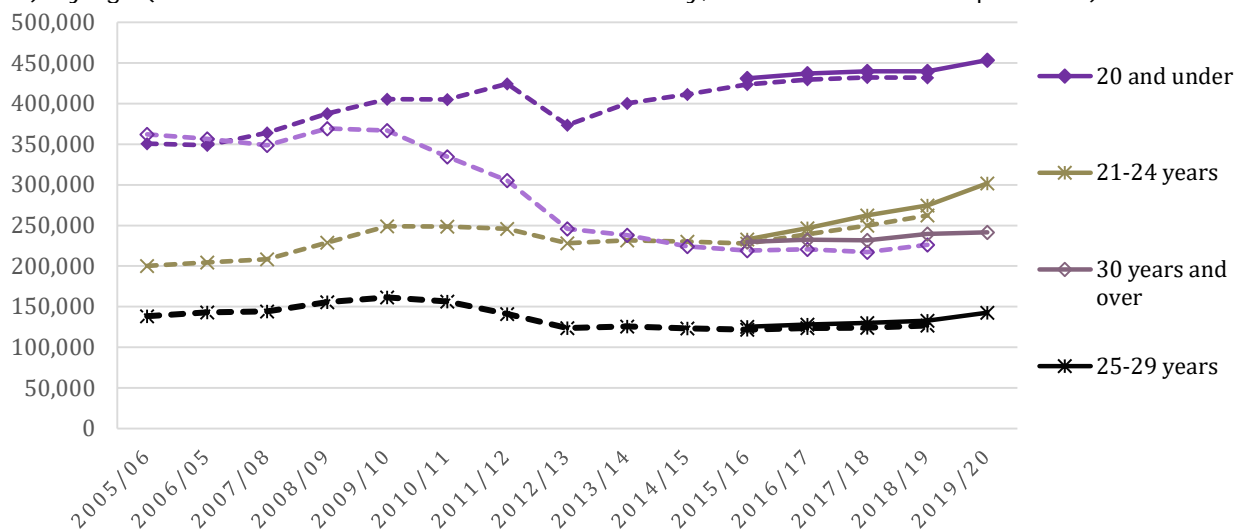
a) by level of study



b) by level and mode of study



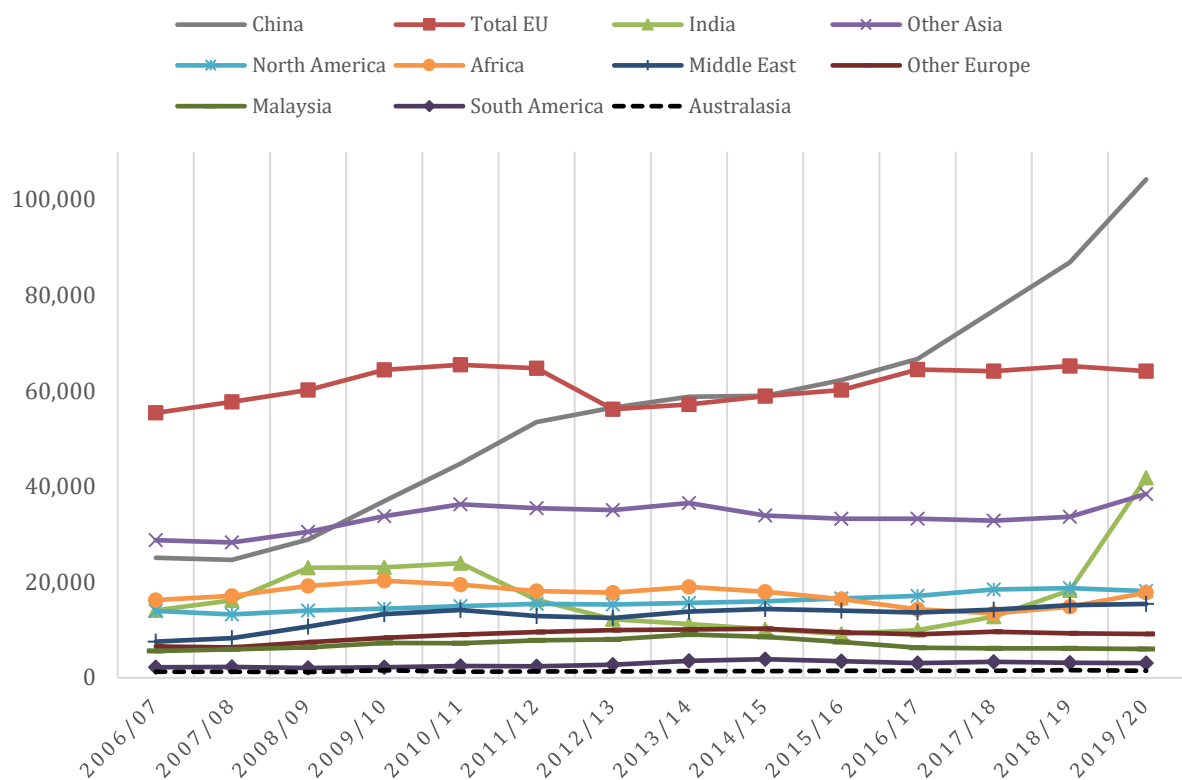
c) by age (dotted lines - students in HE institutions only, solid lines – in all HE providers)



Source: Figures from 2014/15 onwards are from HESA (n.d.); earlier time trends are also based on HESA and reported by UK Parliament (2016).

Students choosing to study in the UK from non-EU countries contributed to the increasing number of first-year students. Trends in student numbers by domicile show that the number of first-year students from outside the UK increased at a faster rate than growth in the total number of first-year students between 2006/07 and 2019/20 (80.8% vs 7.7%) and also at a faster rate after 2014/15 (36.4% vs 13.0%). The growing number of students from outside the EU played an important role. In particular, the substantial increase in the number of first-year students from China; increasing by 67% between 2014/15 and 2019/20. Since 2014/15 there are more first-year students from China than from across the whole EU. The number of EU first-year students remained flat following the 2016 EU referendum, helped by the fact that EU students continued to pay the same tuition fees and had access to student loans on the same basis as home students up to 2020/21 (Universities UK 2017b, 17) (Figure 14).

Figure 14: Number of non-UK domicile first-year students in UK HE by country of origin



Source: HESA (2020)

7.3 Applicants and acceptances for full-time undergraduate courses in the UK

For most undergraduate degree courses, applications need to be submitted to UCAS by 15 January (the main exceptions are for applications to Oxford or Cambridge and most courses in medicine, veterinary medicine/science, and dentistry, for which the deadline is 15 October in the preceding year).

Applicants can choose up to five undergraduate degree courses at different providers. Universities are informed of applications and on the basis of the information provided in the application in relation to the course entry requirements and any additional assessments, they make offers to applicants (processed through UCAS). These offers can be conditional on applicants achieving certain grades in their A-level (or equivalent) exams or can be unconditional. In recent years, there has been a substantial increase in the use of unconditional offers. In 2015 around 12% of applicants to degree level courses in England, Northern Ireland and Wales received at least one offer which included an unconditional component; in 2019, the share increased to nearly 38% (UCAS end of cycle report 2019; OfS, 2019).

There are a number of issues associated with the use of unconditional offers that are troubling. Applicants who accept unconditional offers are more likely to miss their predicted grades (by two or more grades) and are less likely to continue after the first year of an undergraduate degree course. Lower tariff providers (i.e., providers with lower entry requirements) are more likely to make unconditional offers, although there is variation within tariff types. Applicants from areas of lower HE participation are more likely to receive unconditional offers and this is partly due to the profile of HE providers they apply to. Although most applications for undergraduate courses are processed by UCAS, some universities are inviting applicants to apply direct to them if they are the applicant's first and only choice. Applicants are being told that if they apply direct they will not need to complete the lengthy UCAS form, write a personal statement, or pay UCAS registration fees and can be told that they will be informed of the outcome within 48 hours (i.e. they will not have a lengthy wait). The university submits the form to UCAS on behalf of the applicant. This practice is reflected in the increase in direct unconditional offers (around 4% 2015 to around 12% in 2019) (UCAS, 2020). The OfS has raised the issue that there could be an element of pressure selling associated with unconditional offers and this is an illegal practice. In order to boost diversity and reduce barriers faced by some young people, universities also make contextual offers to those, for example, who come from disadvantaged backgrounds, whose parents did not go to university, or who were looked after. These offers can have lower entry requirements by a grade or two and are at the discretion of individual universities and sometimes only available for specific courses.

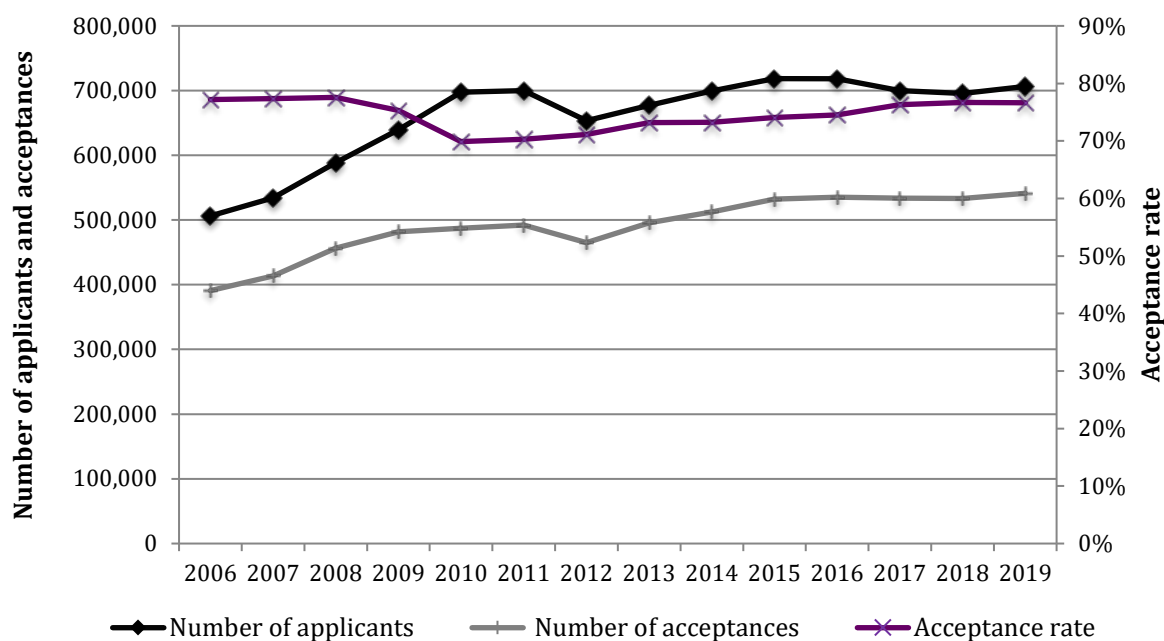
Late applications are possible for people who did not achieve the necessary grades to meet the conditions of any offers, and places can be secured through a process called 'Clearing'. It is also possible to apply through Clearing even if no application had been submitted earlier in the cycle. In

addition, young people who do better than expected in their A level exams, can seek to adjust their offer.³³

An increase in the number of applicants for full-time undergraduate degree courses indicates that the demand for these courses has risen since the mid-2000s when this series begins³⁴. The main increase occurred in the period up to 2010, prior to the large increase in tuition fees in 2012. Between 2015 and 2019, the number of people applying for full-time undergraduate degree courses fell slightly, with consecutive falls in 2016 and 2017. The number of acceptances increased, resulting in a rise in the acceptance rate from 74.1% to 76.6% (Figure 15). The acceptance rate, the proportion of applicants taking up a place on an undergraduate course by the end of an admission cycle, can broadly be interpreted as the 'difficulty' of gaining admission in a given year. Growth in acceptances is influenced by increasing demand and an expansion in places, partly driven by the removal of the cap on student numbers in England and Wales.

The age composition of people accepting an offer for a place on a full-time undergraduate course in the UK at the end of each admission cycle, remained relatively stable. In 2019 just over half (52%) of acceptances were among young people aged 18, 18% aged 19, 21% aged in their 20s and 9% aged 30 and over³⁵.

Figure 15: Number of applicants to UK full-time undergraduate courses, number of acceptances and acceptance rate, 2006-2019



Source: 2019 end of cycle report (UCAS 2019c). Authors' calculation of acceptance rate.

³³ <https://www.ucas.com/undergraduate/results-confirmation-and-clearing/results/after-you-get-your-exam-results>

³⁴ All who apply for UK full-time undergraduate courses through UCAS.

³⁵ Authors' calculations using underlying UCAS data in Appendix Figure 1.1.

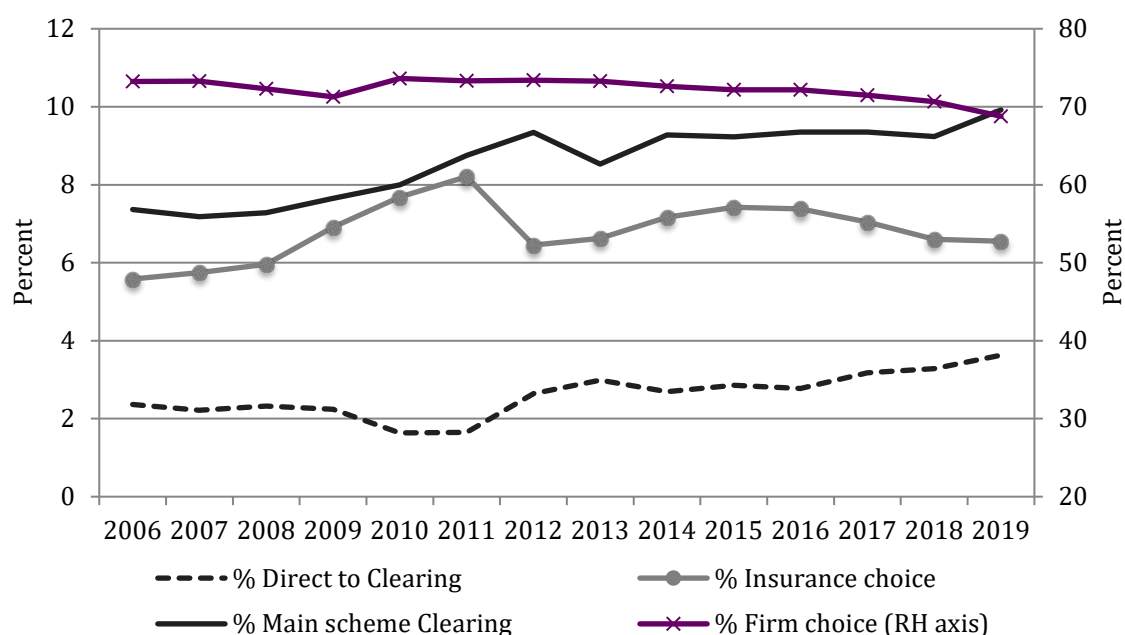
Application statistics provide the earliest indication of changing demand, as they are available soon after the main January application deadline³⁶. However, not all applications are processed through this route as prospective students are able to apply for undergraduate courses through a process called Clearing, which takes place after Scottish Highers and A-level exam results are released in mid-August. Traditionally, Clearing has been used by applicants wanting to change their course as a result of performing worse than predicted in their exams and by universities making available places which had not been filled earlier in the admission cycle. Evidence suggests that students are increasingly using the full length of the admissions cycle. In response, universities are increasingly offering more places on courses later in the admissions cycle, including in Clearing (Universities UK 2018a, 3). The number of acceptances via Clearing increased by 13% between 2014 and 2019 (by 46% between 2009 and 2019). In addition, increasing numbers of applicants are applying directly to Clearing (i.e., without first applying earlier in the admissions cycle), with the number of acceptances via this route increasing by 46% between 2014 and 2019 and by 82% over the decade 2009 and 2019³⁷.

The firm offer route remains, by far, the most common route but the proportion of acceptances via a firm choice offer declined from 72.2% in 2015 to 68.8% in 2019, reflecting the increased use of Clearing (Figure 16). The 2016 admissions cycle appears to be a turning point after which trends accelerate: a fall in the proportion of acceptances from firm choice offers, as well as insurance choice offers and an increase in acceptances via Clearing. Another indication that Clearing is becoming an important route is the increasing speed with which places offered through Clearing are being filled; in 2017 places were filled within 36 hours of Clearing opening, while in the past it could take up to a fortnight (Universities UK 2018a, 18).

³⁶ The application deadline for Oxford, Cambridge and most undergraduate courses for medicine, dentistry and veterinary science is in October.

³⁷ Authors' calculations based on UCAS (2019b) 2019 end of cycle data.

Figure 16: Acceptances by application route, 2006 to 2019



Source: UCAS (2019b) data for end of cycle 2019

Notes: Two further, lesser used routes, not shown, are Extra which allows applicants to add another choice to their application, one at a time, if they are not holding an offer after using their first five choices, and Adjustment which allows a student to move to a more aspirational place if they achieve higher grades than their firm offer requires.

Application rates for UK domiciled 18 year olds applying for full-time undergraduate courses in the UK through UCAS by the January deadline provide a good measure of demand as the majority of 18 year olds apply by this deadline. The application rate is defined as the number of applicants divided by the estimated base population. As the focus is on applications only, we can include data for 2020 as applications by the January 2020 deadline are unlikely to have been impacted by the Covid-19 pandemic. In contrast, we know that acceptances were affected by the pandemic through the use of estimated A level and Scottish Highers grades³⁸ and decisions made by HE providers in relation to offers made, which is why our analysis of acceptances ends in 2019.

There are some striking differences in application rates across the four UK nations. Firstly, application rates are consistently higher in Northern Ireland relative to other nations, with almost half of 18 year olds in Northern Ireland applying by the January 2020 deadline (47.9%) (Figure 17). Higher application rates in Northern Ireland could, in part, reflect lower tuition fees relative to England and Wales. Although a cap on student numbers for those wanting to study at an HE provider in Northern Ireland could suppress

³⁸ A level grades were based on whichever was the higher grade from an algorithm-based calculated grade or a standardised teacher assessed grade, and Scottish Higher examination grades were based on a moderated teacher assessed grade.

rates, almost 40% of applications from Northern Ireland domiciled 18 year olds in 2019 were made to UK institutions outside Northern Ireland³⁹ where students are required to pay much higher fees. While there are no tuition fees in Scotland for Scottish and EU domicile students from outside the UK (at least over this period⁴⁰), the lower application rates are likely to reflect the fact that in Scotland only two-thirds of full-time undergraduate places are processed through UCAS and, therefore, these statistics only provide a partial picture. The cap in undergraduate places in Scotland for Scottish domiciled could be a factor limiting growth.

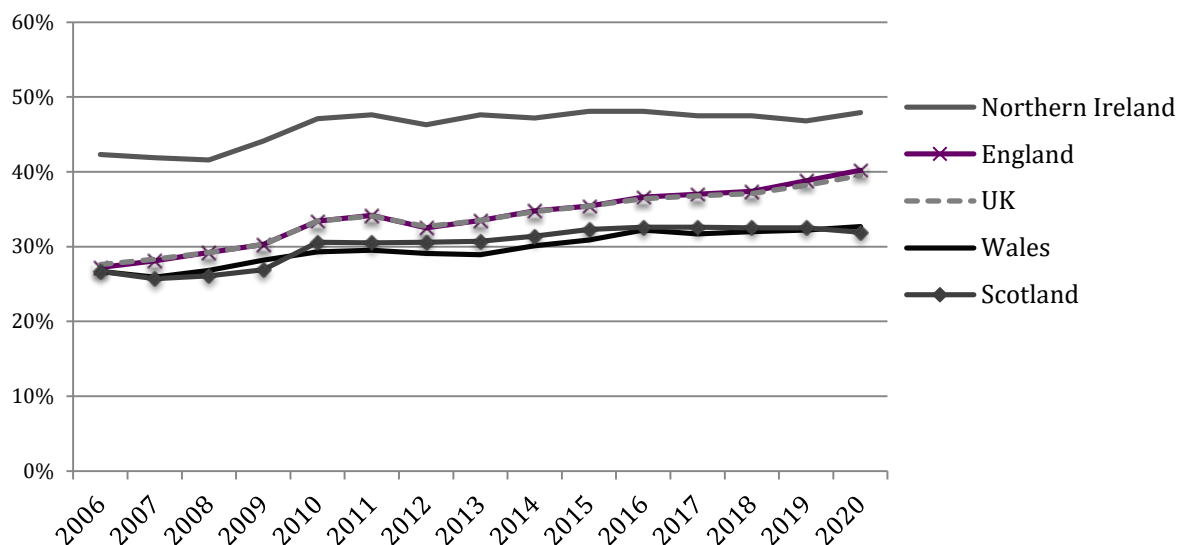
Secondly, trends in application rates for 18 year olds after 2006 (when this series began) differ in England compared to Wales, Scotland and Northern Ireland. While application rates grew across all four nations between 2006 and 2011, and continued to increase steadily in England, growth slowed substantially elsewhere in the UK (Figure 17). Between 2015 and 2020, application rates among 18 year olds in England increased by 4.8 percentage points (ppts) reaching 40.2% by 2020, with a much lower overall increase in Wales (1.8 ppts increased), Northern Ireland (0.2 ppts) and Scotland (0.2 ppts) over the same period.

The large increase in tuition fees in 2012 explains the fall in application rates between 2011 and 2012 among 18 year olds from England as well as Northern Ireland, as many attend English universities, with little change in Scotland where the cost of tuition for Scottish students (and EU students from outside the UK, up until 2021/22) is covered by the government, and a smaller decline in Wales where students can qualify for maintenance grants and some help with fees. However, the fall in England was short-lived and application rates continued to follow an upward trend after 2012. The small decline in application rates in Scotland between 2019 and 2020, occurred in the context of a decline in the 18 year old population (and number of applicants) in that year (UCAS 2020a). Over the period 2014 to 2020, and in the context of falling numbers of 18 year olds in the population across all four nations during this period (Office for National Statistics 2019), application rates increased in England (from 35% to 40%), Wales (from 30% to 33%), and Northern Ireland (from 47% to 48%), and remained broadly level in Scotland (at 32%).

³⁹ Authors' calculations using figures reported by UCAS ('2019 Cycle Data Explorer – January Deadline' 2019).

⁴⁰ From 2021/22 EU students have been required to pay tuition fees in Scotland due to the UK leaving the EU.

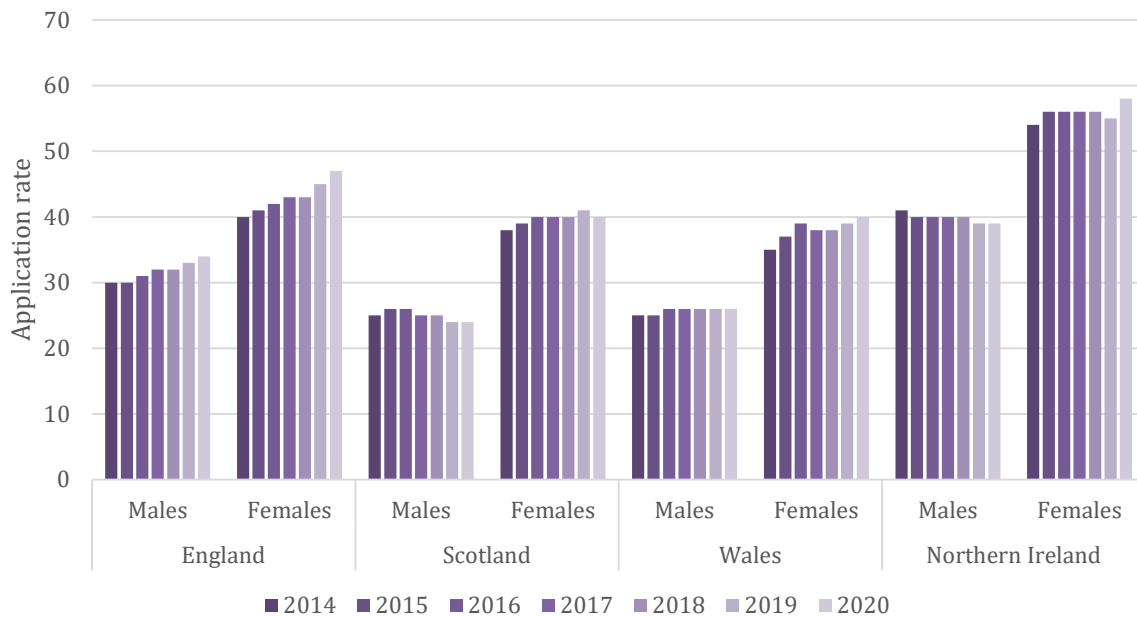
Figure 17: January deadline application rates for UK 18 year olds and country of domicile, 2006 to 2020



Source: data up to 2018 are from Table 1, UCAS: (UCAS 2018); data for 2019 are from UCAS (2019a); data for 2020 are from UCAS (2020a)

There is a notable gender gap in HE in the UK with considerably higher application rates for women than for men and this gender gap has continued to widen. Application rates for women grew from 34% in 2008 to 46% in 2020, and for men from 25% to 33% over the same period (UCAS 2020b). Although acceptance rates are marginally higher for men, the gap narrowed from 3 pts in 2014 to 1 ppt in 2019 (UCAS, 2019b), leaving a wide gender gap in participation which has not received much attention. Application rates among 18 year old men and women in England followed an upward trend between 2015 and 2020. In Wales, there was a similar increase in application rates among young women but after a small increase between 2015 and 2016, application rates among 18 year old men were unchanged up to 2020 (Figure 18). In contrast, there was a smaller increase in application rates among young women in Scotland and Northern Ireland and rates marginally fell among 18 year old men over the same period (2ppts in Scotland and 1ppt in Northern Ireland).

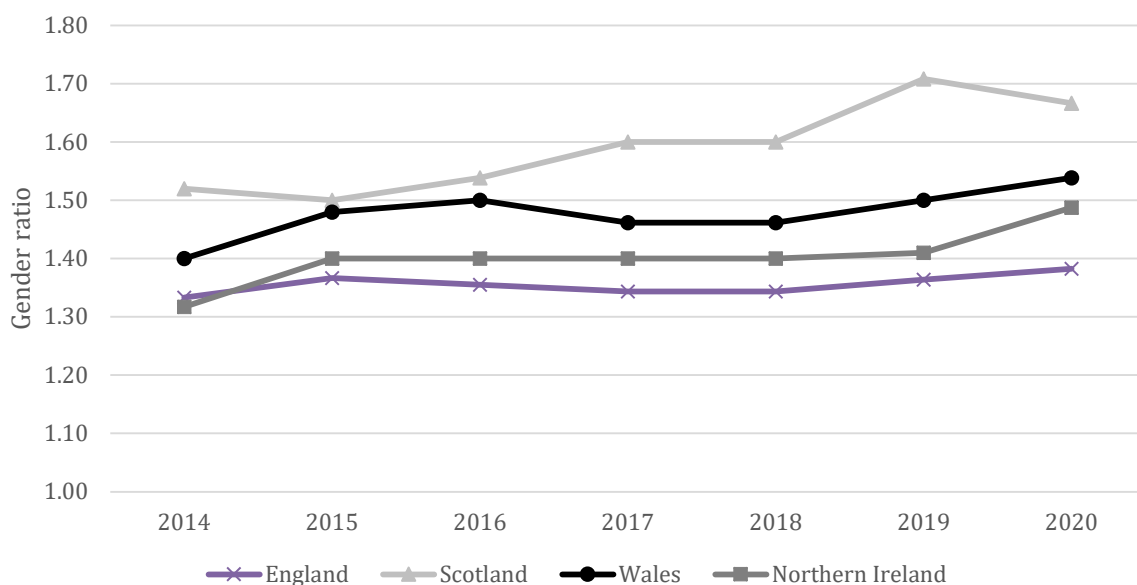
Figure 18: January deadline application rates for 18 year olds by UK country of domicile and gender, 2014 to 2020



Source: UCAS (2020a)

The gender ratio in application rates increased across UK nations between 2015 and 2020, with the greatest increase in Scotland (Figure 19). Among 18 year olds in 2020, women were 66% more likely to apply to HE than men in Scotland and 35% more likely in England.

Figure 19: Gender ratio in January deadline application rates for 18 year olds by UK country of domicile, 2014 to 2020



Source: UCAS (2020a)

7.4 Widening participation in Higher Education

To compare participation in HE between different groups, particularly groups of different sizes, it is helpful to look at rates. Comparisons between groups can be used to assess progress made in widening participation. To do this, we draw on data from UCAS, the Department for Education, and HESA. This section shows how participation in HE changed between groups, but first we discuss the main data sources and indicators for widening participation⁴¹.

UCAS reports undergraduate entry rates⁴² for all 18 year olds in the UK, with breakdowns by a number of characteristics, such as gender, residential disadvantage using POLAR4 quintiles, provider tariff level, disability and mental health. For statistics on entry rates by other characteristics, such as ethnicity, multiple equality measure (MEM), and eligibility for free school meals (FSMs), UCAS links its data to the National Pupil Database (NPD), which means that entry rates by these characteristics are only reported for young people who were in state-funded education in England at age 15.

Statistics on HE participation reported by DfE include progression rates by age 18 or 19, among those who were in state schools age 15 in England. DfE statistics have a wider coverage than UCAS statistics for England in terms of age (18 or 19) as well as the number of characteristics. As such, DfE provides progression rates by gender, ethnicity, FSMs status and POLAR quintiles⁴³ but also by first language, Special Educational Need (SEN) status, looked after children, and children in need.

Additionally, DfE publishes Higher Education Initial Participation (HEIP) statistics for 17-30 year olds, which estimates the likelihood of a young person participating in HE by the time they reach age 30. HEIP can be thought of as an estimate of the likelihood of a 17-year-old today participating in higher education by age 30 if the latest year's entry rates persisted in the future (Department for Education 2020b). These statistics are drawn from HESA data and include English domiciled first time entrants to UK HE providers (and alternative providers from 2014/15), who participated in HE for a minimum of six months. The figures are available by age, sex, mode of study, qualification aim and provider type.

The final source of information on widening participation is published by HESA. HESA does not compute participation rates, which would require

⁴¹ See, also, Table A1 in the Appendix.

⁴² In their reporting, for example UCAS End of Cycle Report 2019, Chapter 6: Widening access and participation (UCAS 2019c), participation is interchangeably measured using entry rates or acceptance rates. Acceptance rates are presented for POLAR4 quintiles and entry rates for participation by gender.

⁴³ The participation of local areas (POLAR) classifies local areas across the UK into five groups (or quintiles which each represent about a fifth of the young population) based on the proportion of young people who enter higher education aged 18 or 19 years old. It is an indicator of how likely young people are to participate in higher education.

information on the size of the relevant populations for the denominator, but rather the number of students participating, and the distribution of students enrolled in HE each year by a range of characteristics (both young and mature, full and part time, first-year and all years and entrants from state schools, lower socio-economic background and low participating neighbourhoods).

7.4.1 Higher Education participation by age 30

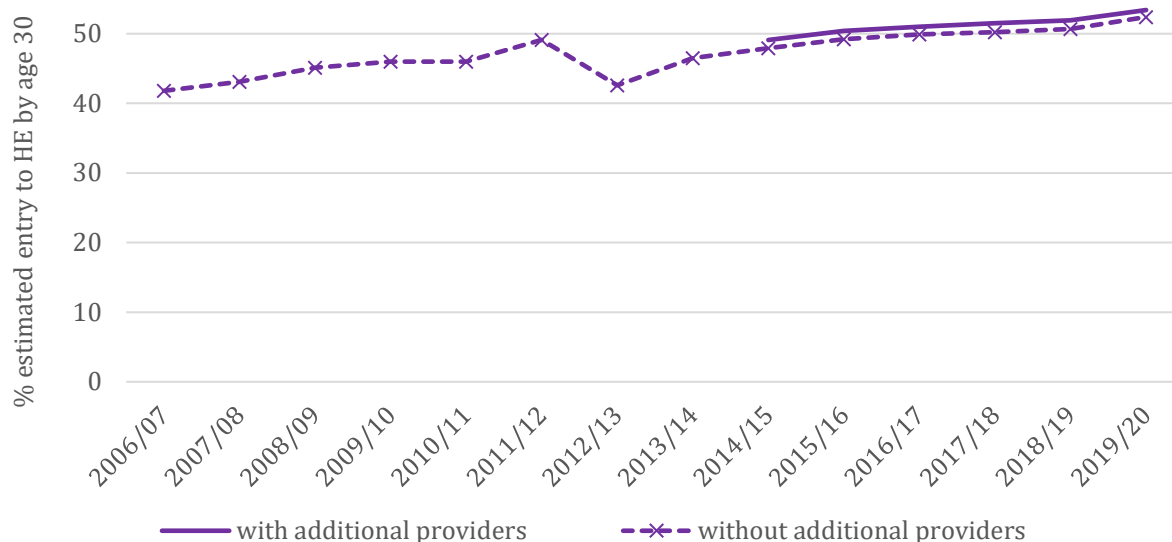
To explore change in the likelihood young people participate in HE by the time they reach age 30, we use DfE's estimates on Higher Education Initial Participation (HEIP)⁴⁴ ⁴⁵. These statistics have been available since 2004, published by DfE on a consistent basis since 2006/07, and were initially developed to assess progress towards the Labour's goal of 50% of young adults to go into higher education. While this ambition was not realised by the end of Labour's term in office⁴⁶, it was subsequently reached in England in 2017/18. Higher Education Initial Participation increased between 2006/07 and 2011/12. A dip in 2012/13 was followed by an upward trend up to 2019/20 (Figure 20). The dip in 2012/13 followed a peak in 2011/12, which was partly due to students choosing not to defer entry in order to avoid the higher tuition fees which were introduced for new entrants from 2012/13. Higher tuition fees did lead to a fall in HEIP but by 2013/14 HEIP returned to 2010/11 levels (prior to the introduction of higher fees). Between 2014/15 and 2019/20, there was an increase in the proportion of young people expected to participate in higher education by age 30 from 49% to 53.4% (Figure 20).

⁴⁴ Formerly known as the Higher Education Initial Participation Rate (HEIPR), renamed after a consultation with users in 2019 who queried the suitability of the term 'rate'.

⁴⁵ Figures include Higher Education Initial Participation (HEIP) for English domiciled first time participants in Higher Education Courses at UK Higher Education Institutions and English, Welsh and Scottish Further Education Providers. From 2014/15, participation in alternative providers are also included.

⁴⁶ The target was announced by Tony Blair in September 1999 at the Labour Party Conference: "So today I set a target of 50 per cent of young adults going into higher education in the next century". In 2002, the, then, Department for Education and Skills clarified that the target would be calculated based on those aged between 18 and 30 participating in all courses of one year or more, above A-level and its equivalents, that lead to a qualification awarded by higher education institutions or widely recognised national awarding bodies. Progress towards the 50% was initially measured through an "Initial Entry Rate".

Figure 20: Estimated percentage of 17 year olds expected to enter HE by age 30, England



Source: DfE (2021)

7.4.2 Entry rates to undergraduate degree courses for UK 18 year olds

Entry rates for all UK 18 year olds to undergraduate degree courses, as reported by UCAS, also increased between 2015 and 2019. However, gaps in entry rates between groups remained wide and showed little progress in closing between 2015 and 2019 (UCAS 2019c). In 2019, entry rates to full-time undergraduate courses reached a new record for 18 year olds at 34.1%. Entry rates increased for young women and men but the gender gap in entry rates has widened since the series began in 2006. However, between 2015 and 2019 the gender gap in entry rates remained broadly the same⁴⁷. In 2019, HE entry rates for 18 year old women were 1.36 times higher than for young men (UCAS 2019c).

HE entry rates also increased among more disadvantaged young people, with rates increasing relatively more for young people who had been eligible for Free School Meals⁴⁸ (FSMs) at age 15 compared to those who were not, but large gaps remained. Between 2015 and 2019, HE entry rates for young people on FSMs increased from 16.3% to 18.9% and for those not eligible for FSMs at age 15 (non-FSMs) from 31.8% to 35.6%. In assessing the Conservative government’s target to double the percentage of people

⁴⁷ Authors’ calculation based on data in UCAS (2020c).

⁴⁸ In state funded schools, children aged between 4 and 18 are eligible for free school meals if they live in a low income household which is eligible for specific means-tested benefits such as Universal Credit. Eligibility has changed over time and varies across UK nations, but universal provision is generally available for the youngest children in state funded schools (for example, from September 2014 for children in England in reception, year 1 and year 2).

from disadvantaged background entering HE between 2009 and 2020 (outlined in the 2016 White Paper), based on UCAS data and using FSMs status as a measure of disadvantage, in the period 2009 and 2019 entry rates for young people eligible for FSMs increased from 11.7% to 18.9%, not quite doubling (UCAS 2020c). Looking at 2020 entry rates (although not in the scope of this paper as they cover a period beyond the eve of the Covid-19 pandemic), entry rates for young people eligible for FSMs increased further to 20.3% (UCAS 2020c); therefore, even closer to doubling.

Entry rates across POLAR4 quintiles also increased, with the gap in entry rates for 18 year olds between the most disadvantaged and the least disadvantaged areas narrowing since 2006. The gap also narrowing slightly after 2015 due to greater relative increases in entry rates among young people from the most disadvantaged areas. In 2015, young people from the most advantaged areas were 2.5 times more likely to enter higher education at 18 compared to those from least advantaged areas. This difference decreased to just under 2.3 times in 2019⁴⁹.

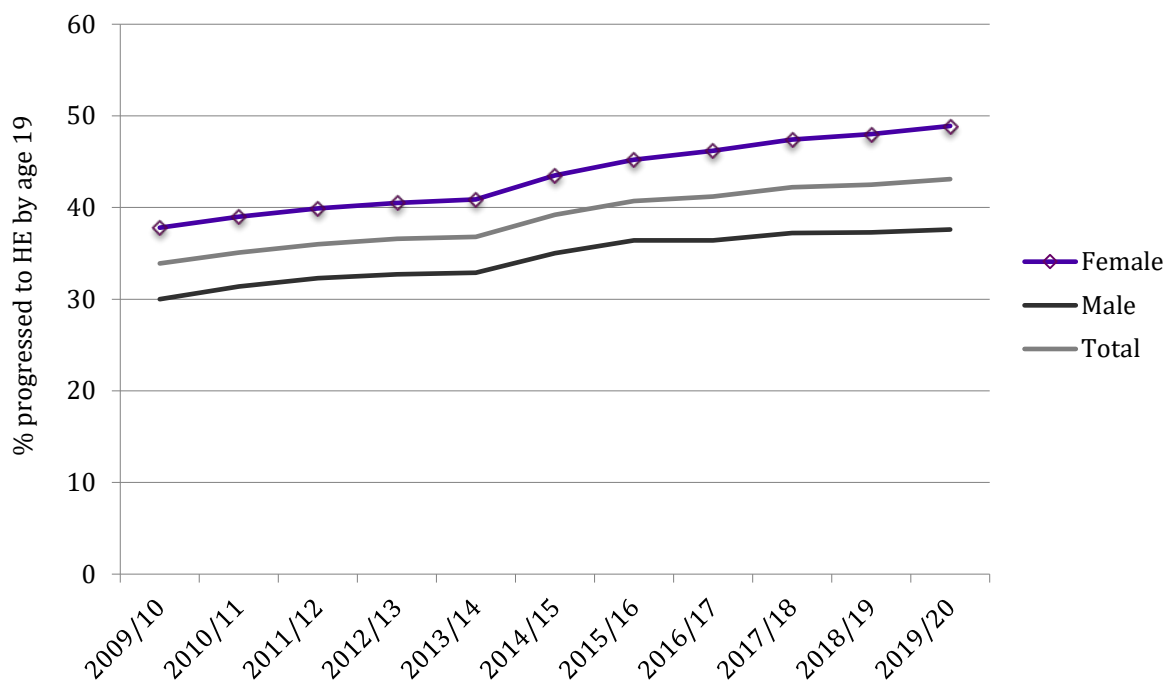
7.4.3 Progression to Higher Education by age 19

To assess improvements in HE participation for young people from state-funded schools in England, we analyse data published by DfE. These data provide estimates of the proportion of young people entering higher education by age 19; for 2019/20 this is the percentage of young people aged 15 in 2015/16 in English state-funded schools and special schools (including non-maintained special schools) progressing to higher education by age 18 (in 2018/19) or by 19 (in 2019/20).

There is a marked improvement in progression rates across all reported groups with the exception of young people from Traveller or Irish Heritage backgrounds (see Appendix, Table A2). However, progression rates for this group are quite volatile due to small numbers. Overall, the proportion of young people who progress to higher education by age 19 increased from 39.2% in 2014/15 to 43% in 2019/20, with progression rates increasing more among young women than among young men (Figure 21).

⁴⁹ Authors' calculation based on data in UCAS (2020c).

Figure 21: Progression rate to HE by 19 in England by gender, 2009/10 to 2019/20



Source: DfE (2021)

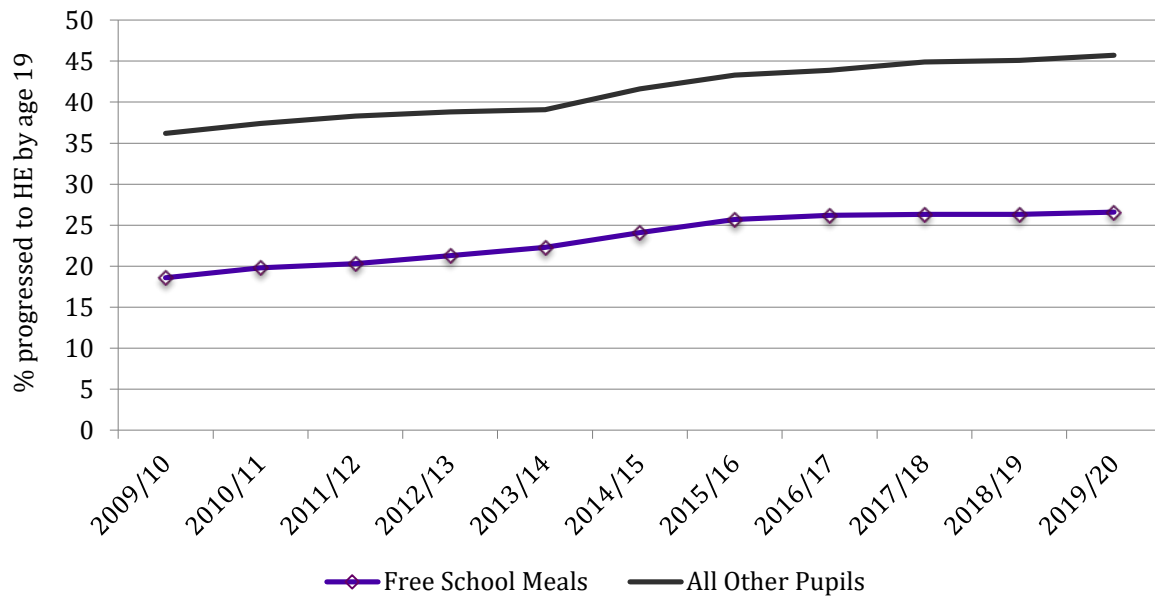
The increase in progression rates after 2014/15 was particularly marked among more disadvantaged groups, such as young people eligible for FSMs, young people with a Special Educational Need (SEN), young people living in areas with historically low participation rates, looked after children and children in need (see Appendix, Table A2).

However, increases in progression rates for young people eligible for FSMs were not substantially higher than for all other young people and the absolute gap remained persistently high in 2019/20; at 19.1 ppts for overall progression and 8.0 ppts for progression to high tariff HE providers⁵⁰ (Figure 22). In terms of the Conservative government's commitment to double the percentage of young people from disadvantaged backgrounds in England entering higher education between 2009 and 2020, if we use this DfE indicator based on progression rates and eligibility for FSMs, then the percentage increased from 18.6% to 26.6%, and therefore fell short of the target.

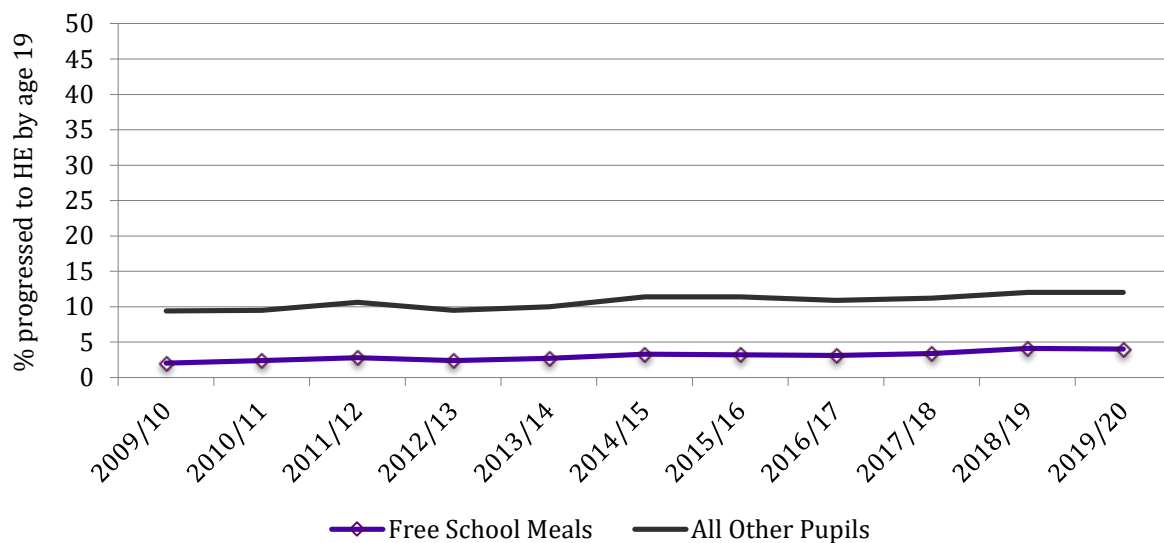
⁵⁰ HE providers are split into three groups according to the number of UCAS points achieved by entrants (based on entry qualifications), the highest third of providers are classified by DfE as "high tariff".

Figure 22: Progression rates to HE by age 19 in England by FSMs status, 2009/10 to 2019/20

a) All HE institutions



b) High Tariff HE institutions



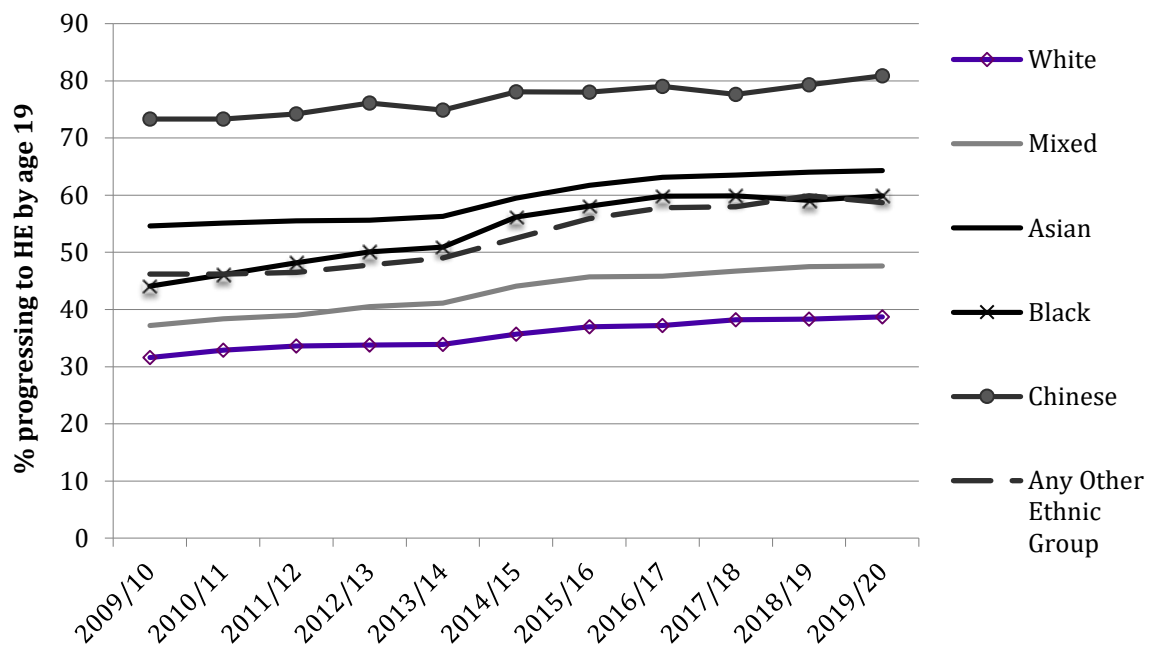
Source: DfE (2021)

Trends in progression rates by ethnicity shows much smaller relative improvements among young people from Black ethnic backgrounds compared to all others (except for Chinese, who started from the highest base) (Appendix Table A1 and Figure 23 (a)). Pupils from White backgrounds were the least likely to progress to HE (38.7% in 2019/20), and pupils from Traveller or Irish Heritage as well as Roma/Gypsy backgrounds had particularly low progression rates (10.7% and 6.9%, respectively) (Appendix Table A2). The gap in progression rates between pupils from Chinese ethnic backgrounds and the rest is particularly wide for progression to high tariff HE providers (Figure 23 (b)). In 2019/20, 36.8%

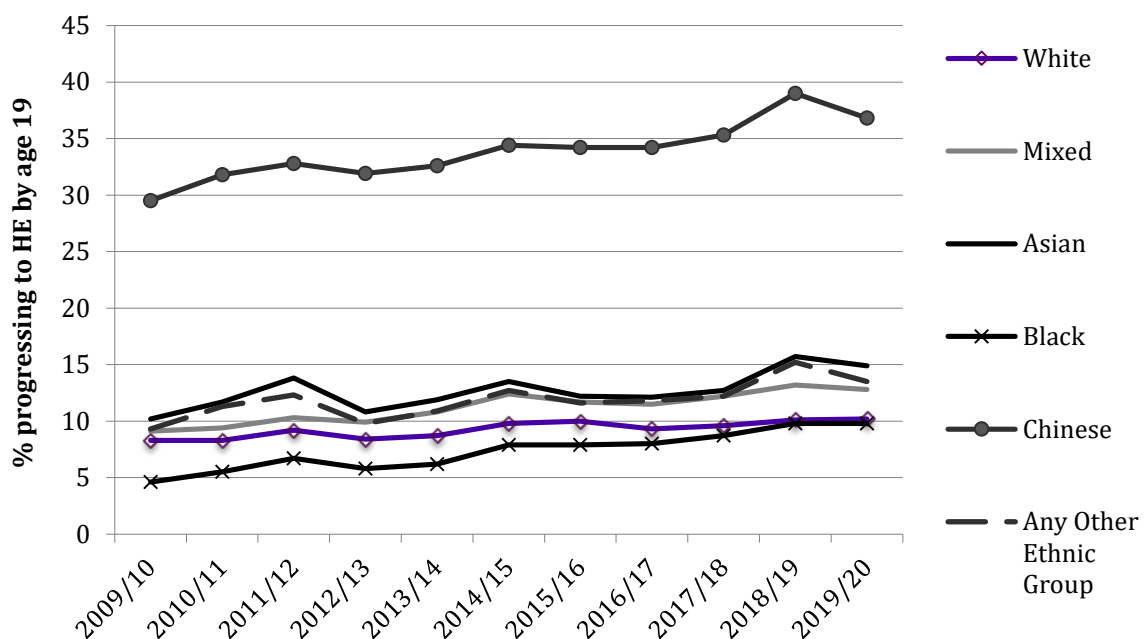
of young people from Chinese ethnic backgrounds progressed to high tariff HE providers by age 19, with the second highest among young people from Asian backgrounds but with rates less than half that for young people from Chinese backgrounds (14.9%) (Figure 23 (b) and Appendix Table A2). In contrast, in 2019/20 only 10.2% of young people in England from a White background progressed to a high tariff HE provider; up marginally from 9.8% in 2014/15.

Figure 23: HE progression rates by age 19 in England by ethnic background, 2009/10 to 2019/20

a) all HE institutions



b) High tariff HE institutions



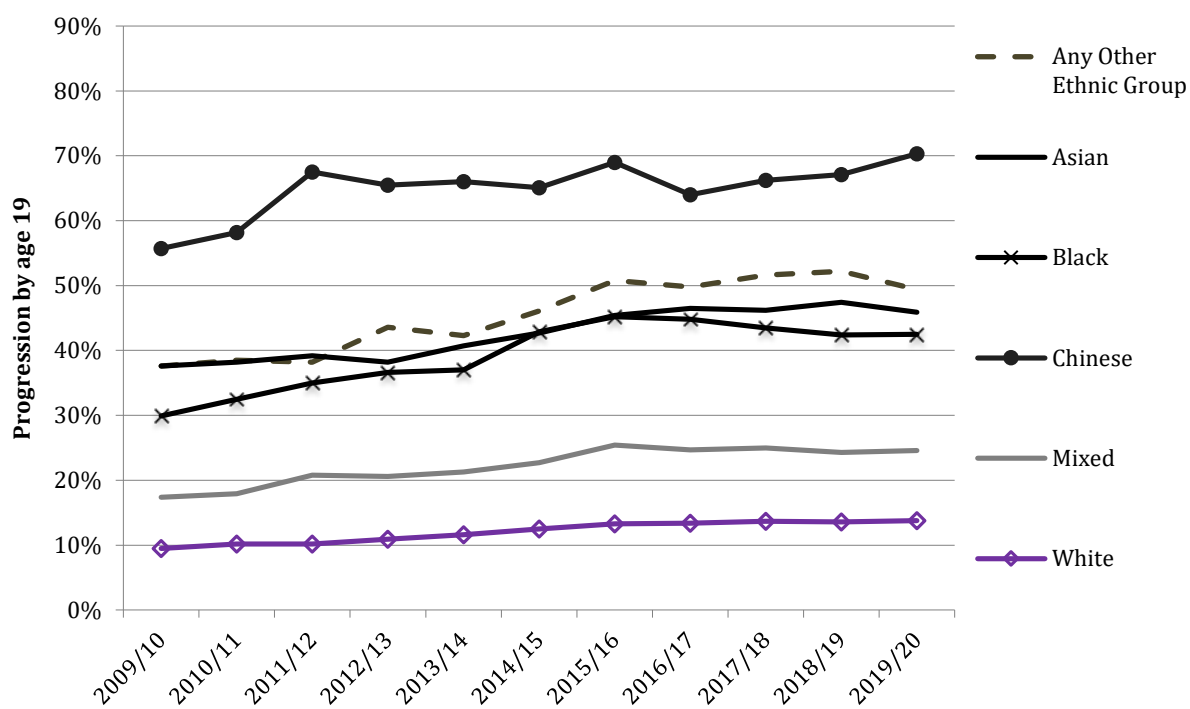
Source: DfE (2021)

Progression rates are lower among young people eligible for FSMs but have trended upwards for both males and females across ethnic groups. An exception is among young men from Black ethnic backgrounds eligible for FSMs for whom progression rates fell between 2014/15 and 2019/20 (Figure 24 (a)); progression rates had increased between 2009/10 and 2014/15 (29.9% to 42.9%), the rate fell from 45.2% in 2015/16 to 42.5% in 2019/20. Progression rates for young people from Chinese ethnic backgrounds are volatile due to small sample sizes. Progression rates for young people eligible for FSMs are lowest for males and females from White backgrounds. Young males from a White background who were eligible for FSMs have the lowest progression rates by age 19; 12.5% in 2014/15, 13.8% in 2019/20; which looks like very little improvement against the Government’s aim to increase progression among White working class boys. Most of the improvement for this group occurred between 2011/12 (10.2%) and 2015/16 (13.3%).

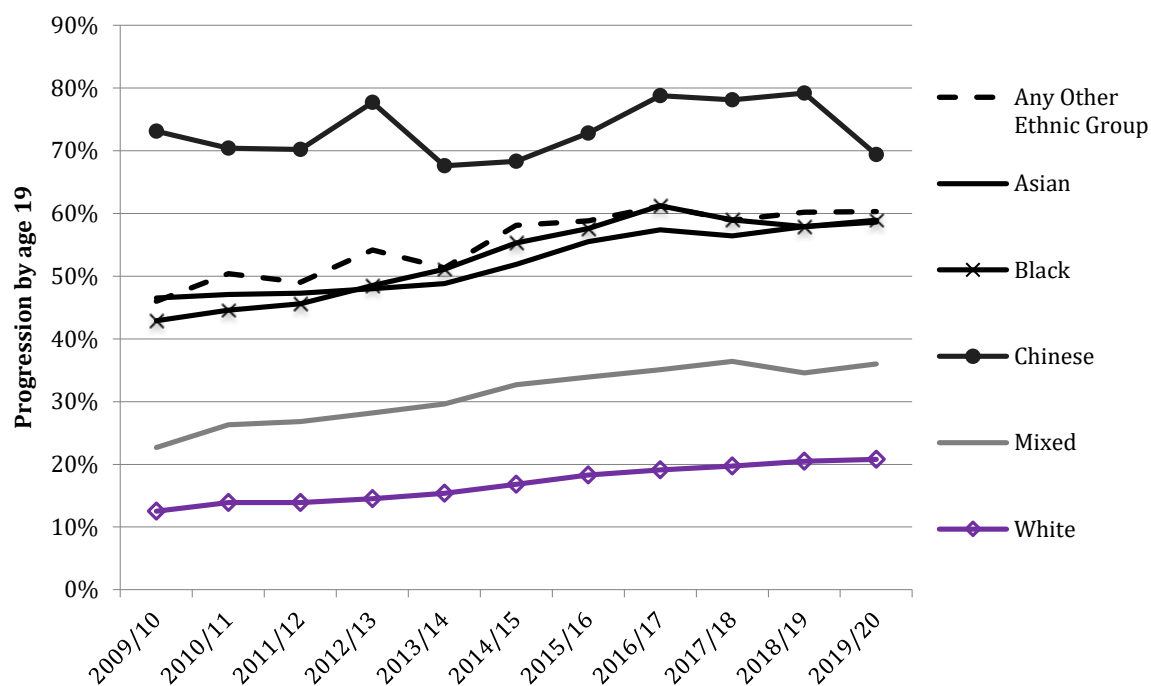
Young females eligible for FSMs had higher progression rates than their young male peers across all ethnic backgrounds, and experienced greater improvement in progression rates after 2014/15 compared to young males (Figure 24 (b)). However, progress stalled after 2015/16 for young males and females eligible for FSMs across all ethnic backgrounds.

Figure 24: Progression rates to HE by age 19 in England, by ethnicity for those eligible for FSMs, 2009/10 to 2019/20

a) males



b) females



Source: DfE (2021)

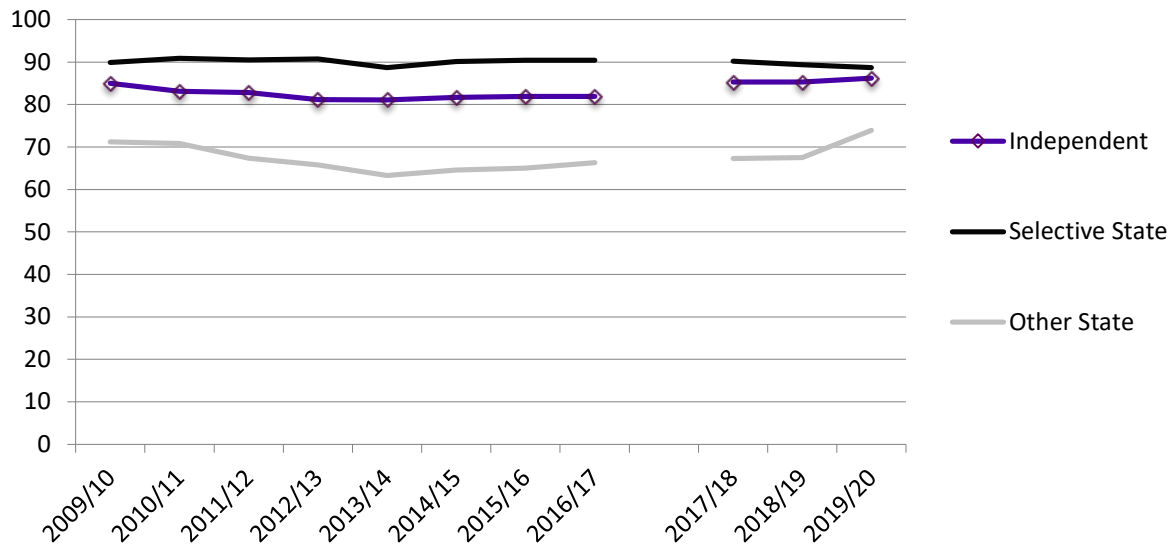
In terms of progression to higher education by area of residence defined in terms of historical HE participation rates (measured by POLAR4 quintiles), there has been some convergence in progression rates due to greater improvements for young people living in historically low participation areas relative to areas with historically high participation (see Appendix, Table A2). However the gap between historically low participation areas and high participation areas remains large. Between 2014/15 and 2018/19, progression rates for young people from low participation areas increased from 23.1% to 27.3%, while progression rates for young people living in areas with historically high participation rates increased from 55.7% to 57.8% (see Appendix, Table A2).

To explore differences by school type and university tariff type (distinguishing between universities with the most stringent entry requirements and others), progression rates are computed for pupils aged 17 in the previous academic year who were entered for A levels or equivalent level 3 qualifications at English schools and colleges, who progress to higher education by age 19. Young people from selective state-funded schools have the highest overall progression rates by age 19 but young people from independent fee-paying schools are the most likely to progress to high tariff HE institutions by age 19 (Figure 25). The gap in progression rates between students from independent schools and non-selective state schools widened between 2009/10 and 2013/14 but the gap fell thereafter due to improvements in progression rates among young people from non-selective state schools. There is a very wide gap in progression rates to high tariff HE institutions by age 19 between young

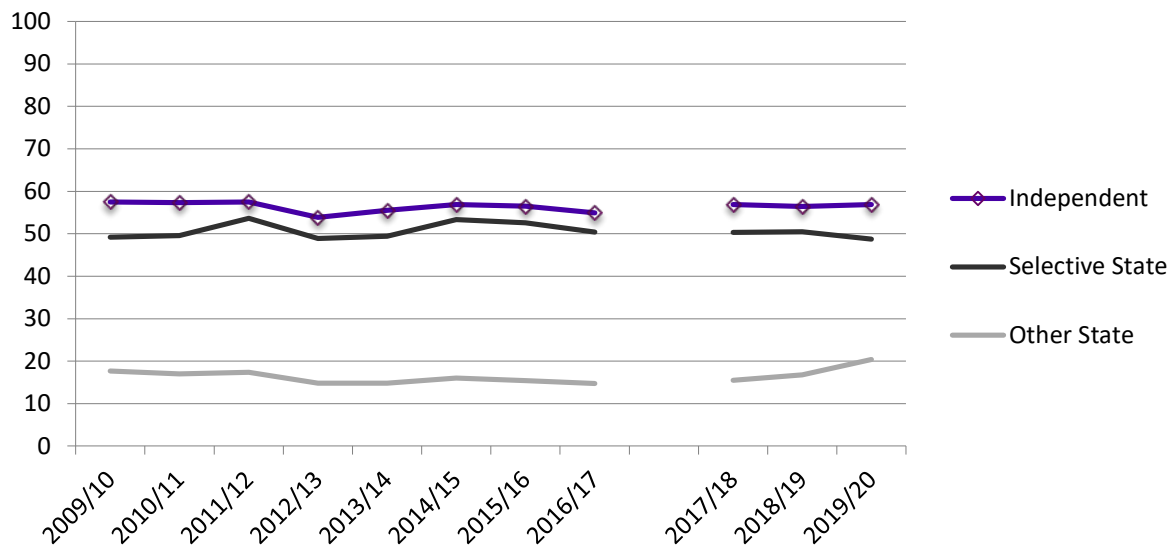
people from non-selective state-funded schools and independent or selective state funded schools. The gap narrowed after 2017/18 but remains wide; in 2019/20 20.4% of young people from non-selective state funded schools progressed to high tariff HE institutions compared to 56.9% of young people from independent schools (Figure 25).

Figure 25: Progression rates to HE by age 19, by HE institution and school type, 2009/10 to 2019/20

a) all HE institutions



b) high tariff HE institutions



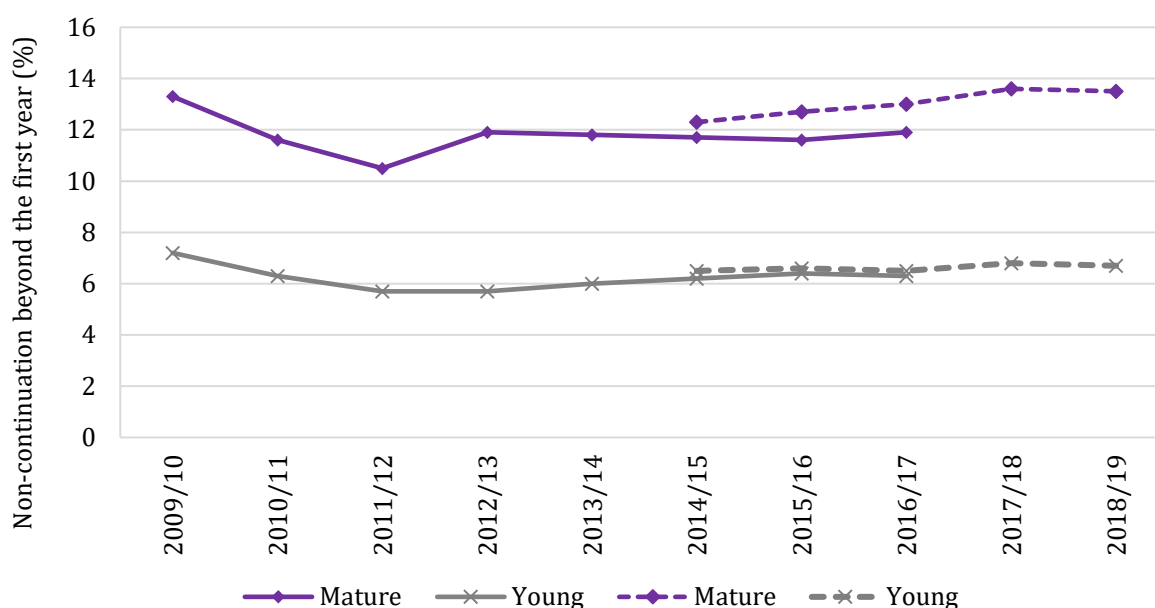
Source: DfE (2021)

Notes: A break in the series in 2017/18 means that figures from that year forward are not directly comparable to previous years. The break in the series reflects reform to Key Stage 5 qualifications and methodological changes in the way the Key Stage 5 cohort is counted.

7.5 Non-continuation rates

Continuation rates are sometimes used as a proxy for quality and while some non-continuation is to be expected (students finding that courses do not meet their expectations, changing family and personal circumstances, etc.), there is no consensus on acceptable levels of non-continuation (Hillman, 2021). Here we look at non-continuation rates, sometimes referred to as drop-out rates, for UK domiciled full-time undergraduate students who do not continue in higher education beyond the first year. Non-continuation rates followed a downward trend up until the introduction of higher tuition fees in England and Wales. Methodological changes mean that there is a break in the series from 2014/15, which means it is not possible to compare recent trends (after 2016/17) with past trends on a consistent basis. Non-continuation rates are higher among mature students relative to young students (Figure 26). Non-continuation rates are relatively stable for young students after 2014/15 but have increased among mature students (Figure 26).

Figure 26: Non-continuation after the first year, UK domiciled full-time undergraduate students by year of entry and age



Source: HESA (2019) and HESA (2020)

Notes: Changes in the methodology used to compute non-continuation rates led to a break in the series from 2014/15.

Non-continuation rates are higher among ethnic minority students; students from Black ethnic backgrounds have the highest rates of non-continuation (OfS, 2020). The ethnic gap in non-continuation rates narrowed between 2014/15 and 2017/18 for STEM subjects in high tariff providers but widened for STEM and non-STEM subjects in other providers. The highest rates of non-continuation are found among students from a Black ethnic background studying at other providers (not high tariff

providers) and this group experienced the greatest increase in non-continuation between 2014/15 and 2017/18 (OfS, 2020).

7.6 Quality of Higher Education

So far we have focused on the quantity of HE students as a measure of output but clearly quality is also important. The introduction of the Teaching Excellence and Student Outcomes Framework (TEF) in 2017 provides one measure for assessing quality. Another potential indication of quality is the rate of return to degrees. However, economic rates of return are affected by a number of factors such as changes in supply and demand. Here we focus on TEF as a measure of quality and in the next section we consider graduate employment outcomes.

Higher Education Teaching Quality

The TEF was introduced, in part, to provide prospective students with more information on HE institutions to help guide their decisions on where to study. In addition, from 2017 English publicly funded HE providers were required to undergo a TEF assessment if they wanted to charge maximum annual tuition fees of £9,250 (providers without a TEF award could only charge £9,000). The Office for Students (OfS) carried out TEF assessments in 2017, 2018 and 2019. Assessments involve an independent panel of experts assessing each HE provider, on student satisfaction, continuation rates, leavers' employment rates, academic support and information provided in a written submission from each institution. Single awards are made at an institution level covering all undergraduate provision.

The results of the 2017 assessment shocked the HE community when many leading universities, including 12 of the 21 Russell Group universities who were assessed in the first wave, were not awarded the top gold rating. While some of these universities subsequently were re-assessed and achieved higher awards in 2018, it is not clear whether the regrading was in part due to methodological changes (University Business 2018).

While the sector's advice following this controversy was not to use the ratings as absolute measures of teaching quality, but to treat them as guidance, the TEF assessment was praised by politicians. Upon the publication of the first set of TEF awards in June, the then, Minister of State for Universities and Science Jo Johnson said: "The Teaching Excellence Framework is refocusing the sector's attention on teaching - putting in place incentives that will raise standards across the sector and giving teaching the same status as research" (DfE, 2017).

In 2019, the third wave of TEF assessments, 282 higher education providers were awarded TEF ratings, with 76 providers receiving a gold award, 132 silver and 60 bronze (Office for Students 2019). Less than half

of the Russell Group universities in England had gold awards by 2019 (Table 1).

Table 1: TEF awards for Russell Group universities in England

	Award	Assessment date
University of Birmingham	Gold	01/06/17
University of Bristol	Silver	01/06/17
University of Cambridge	Gold	01/06/17
Cardiff University	Silver	01/06/17
University of Exeter	Gold	01/06/17
Imperial College London	Gold	01/06/17
King's College London	Silver	01/06/17
University of Leeds	Gold	01/06/17
London School of Economics and Political Science	Bronze	01/06/17
University of Manchester	Silver	01/06/17
University of Newcastle upon Tyne	Gold	01/06/17
University of Nottingham	Gold	01/06/17
University of Oxford	Gold	01/06/17
Queen Mary University of London	Silver	01/06/17
University College London	Silver	01/06/17
University of Durham	Gold	01/06/18
University of Liverpool	Silver	01/06/18
University of Southampton	Silver	01/06/18
University of Warwick	Silver	01/06/18
University of York	Gold	01/06/18
University of Sheffield	Silver	01/06/19

Source: OfS (2019)

Our assessment stops in early 2020 on the eve of the COVID-19 pandemic, but since then the Office for Students has consulted on the future of TEF and a revised assessment is likely to be in place from 2023.

8. Outcomes

In this section we examine outcomes of higher education leavers. We assess differences in outcomes by graduates' characteristics and, where relevant, compare outcomes between graduates (and in some cases post-graduates) and non-graduates. We look at trends over time and evidence of cohort effects. The key outcomes explored in this section are:

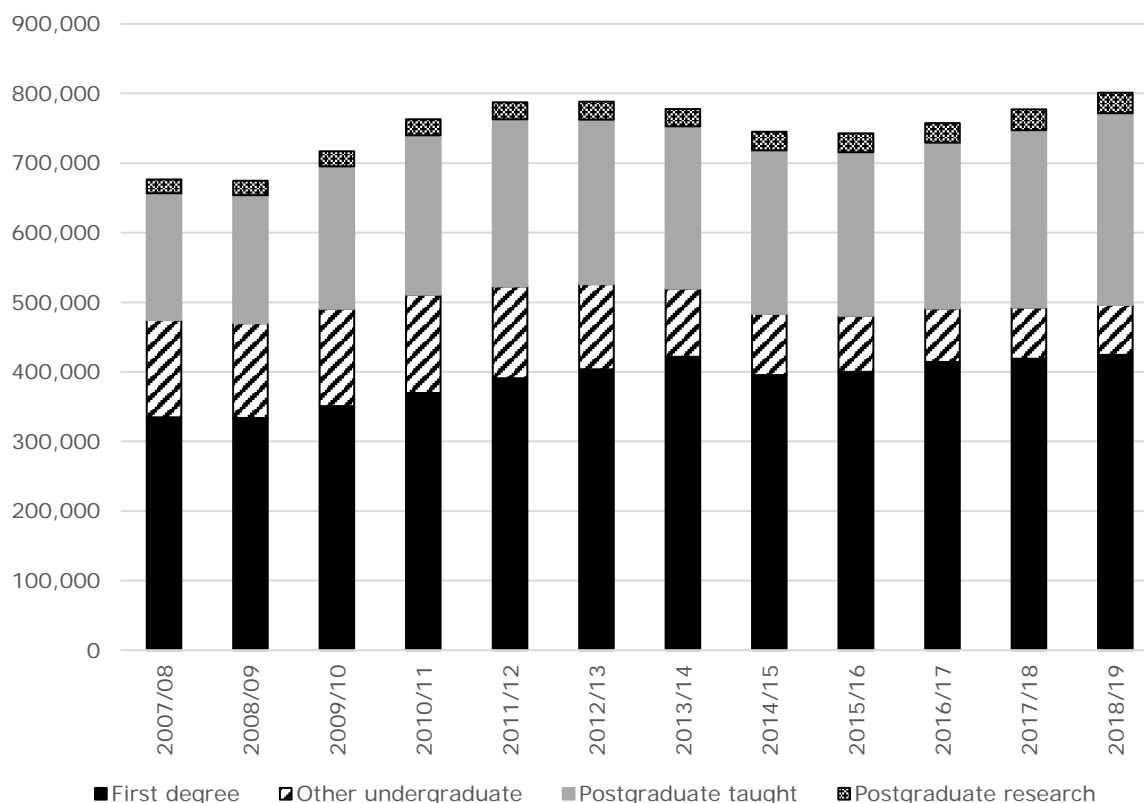
- Higher education attainment
- Progress to employment or further study on completion of a degree
- High-skill employment
- Earnings

8.1 Trends in higher education qualifications awarded

Trends in the number of higher education qualification awards follow prior upward trends in the number of HE students but in recent years have been affected by changes to tuition fees in England and Wales, and the availability of student loans and grants. The number of higher education qualifications awarded in 2018/19 was 3% higher than in 2017/18. This was largely attributed to the increase in postgraduate taught masters awards (HESA, 2020), reflecting an increase in students on taught Master's courses in 2016/17 and 2017/18, following the introduction of student loans for postgraduate students.

The majority of higher education qualifications awarded each year are first degrees followed by postgraduate taught degrees (Figure 27). The number of first degrees awarded increased between 2007/08 and 2013/14 (by 26%) but then fell between 2013/14 and 2014/15 (by 6%). As the majority of first degrees take three years to complete, the fall in 2014/15 is associated with a fall in entrants in the 2011/12 academic year. This fall preceded the increase in tuition fees in 2012 but as shown in Section 7 the number of part-time entrants started falling in 2010/11 and this may be a contributing factor. It took another five years for the level of first degree awards to return to 2013/14 levels. Another trend evident in Figure 27 is the large reduction in the number of 'other undergraduate awards' which started falling in 2013/14 (12% decline relative to awards made in 2007/08) and a further fall in 2014/15 (30% lower than in 2007/08), with the number of these awards in 2018/19 remaining well below pre 2013/14 levels.

Figure 27: Higher education qualifications awarded by level, 2007/08-2018/19



Source: HESA Statistical First Releases: SFR247 and SFR255.

8.2 Trends in first class degree awards

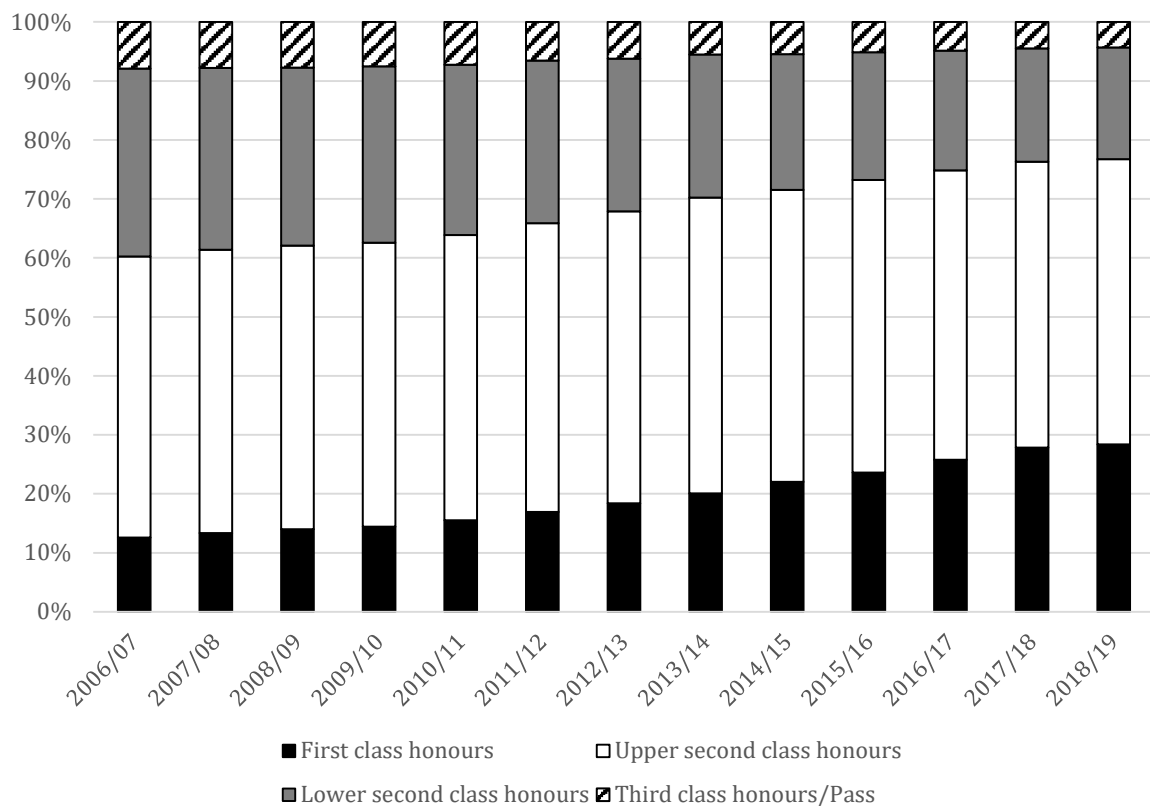
Over the last decade or so concerns have been raised about the growing number of first class degree awards. With the removal of the cap on undergraduate student places in England and Wales, and HE operating as a form of market where universities effectively compete for students, there is an incentive for universities to award more first class degrees to attract students as this is a key performance indicator used by prospective students (and their parents) to help choose where to study⁵¹. The proportion of UK-domiciled, full-time undergraduates attaining a first class honours degree from an English higher education provider, increased from 13% in 2006/07 to 22% in 2014/15, and 28% in 2018/19 (Figure 28);

⁵¹ For example, the Complete University Guide league table includes Good Honours (the percentage of first degree graduates achieving a first or upper second class honours degree) as a performance indicator which is one of the metrics used to rank universities. Although they note that degree classifications are largely controlled by the universities themselves and are, therefore, not a very objective measure of quality, degree class is the primary measure of individual success in higher education and will have an impact elsewhere, such as employment prospects.

<https://www.thecompleteuniversityguide.co.uk/league-tables/university-and-subject-league-tables-methodology>

more than doubling over this period. Along with an increasing number of students graduating, this meant that in 2018/19 there were more than 32,000 additional graduates awarded first class degrees than in 2014/15. After higher annual tuition fees were introduced in 2012/13, first class degree awards increased by 10 percentage points (from 18% in 2012/13 to 28% in 2018/19). From 2010/11 the share of upper second class degree awards has remained fairly stable at around 48%, but the share of lower second class degree awards declined in line with the increase in first class degree awards; falling by 10 percentage points (from 29% in 2010/11 to 19% 2018/19).

Figure 28: Trends in the distribution of degree awards, 2006/07-2018/19

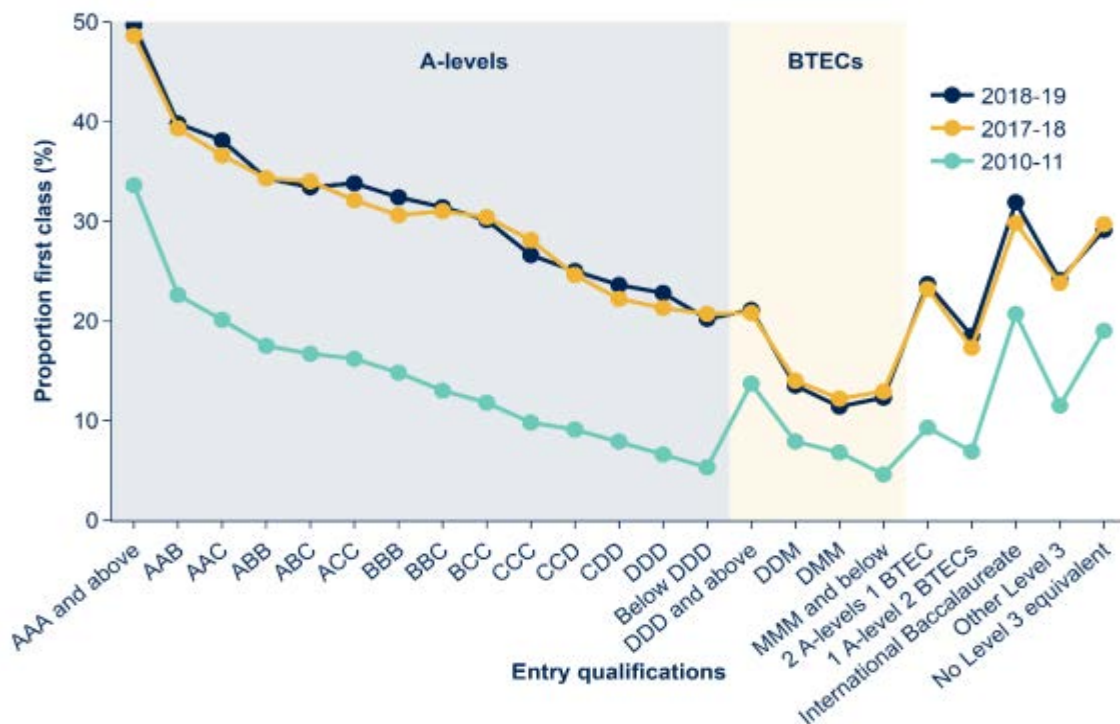


Source: HESA: Overview charts (Students); Reference ID: OC051 Chart 9, <https://www.hesa.ac.uk/data-and-analysis/students/chart-9> (updated Feb 2020).

This increase in first class degree awards is not simply due to students entering university with higher levels of prior educational attainment, as the proportion of first class degree awards increased for all students no matter what their entry level qualifications were (Office for Students, 2019). An analysis of the education background of students attaining first class degrees shows that among undergraduates with A-level qualifications some of the greatest increases in first class degree awards occurred for students entering HE with A-level grades BBC (Figure 29). There were even increases in the proportion of undergraduates achieving a first class degree award who entered university with A-level grades below DDD and students with very low entry qualifications.

To try and understand whether this upward trend in first class degree awards could be explained by compositional changes in the characteristics of undergraduates, the Office for Students conducted statistical modelling (OfS, 2019). Explanatory variables in the models included subject studied, entry qualifications, age, disability status and ethnicity. The analysis was conducted for all UK-domiciled first degree graduates who studied full-time, who were registered at higher education providers in England and graduated in the academic years from 2010/11 to 2017/18. They found that in 2017/18, across the 148 providers considered, 13.9 percentage points' worth of first class degree attainment is unexplained by changes in the graduate population since 2010/11, an increase of 2.4 percentage points from the unexplained component of attainment in 2016/17 (OfS, 2019).

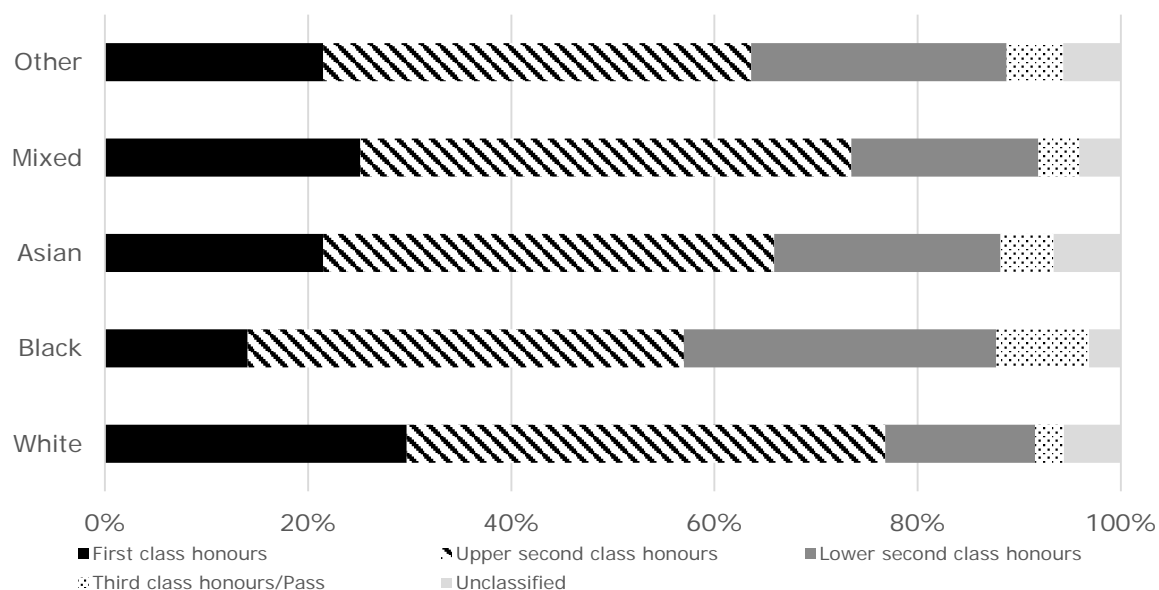
Figure 29: First class degree attainment by entry qualifications for academic years 2010/11, 2016/17 and 2017/18



Source: Office for Students (2019), Analysis of degree classifications over time: Changes in graduate attainment from 2010-11 to 2017-18, Figure 7.

The likelihood of achieving a first class degree also varies by ethnicity (Figure 30). In 2018/19, 30% of White undergraduates were awarded first class degrees (77% were awarded a first or an upper second class degree). In contrast, only 14% of Black undergraduates were awarded first class degrees (only 57% were awarded first or upper second class degrees). A higher share of Asian students and Mixed ethnicity students achieved first or upper second class degrees than Black students but overall White students were the most likely to be awarded firsts or upper second class degrees.

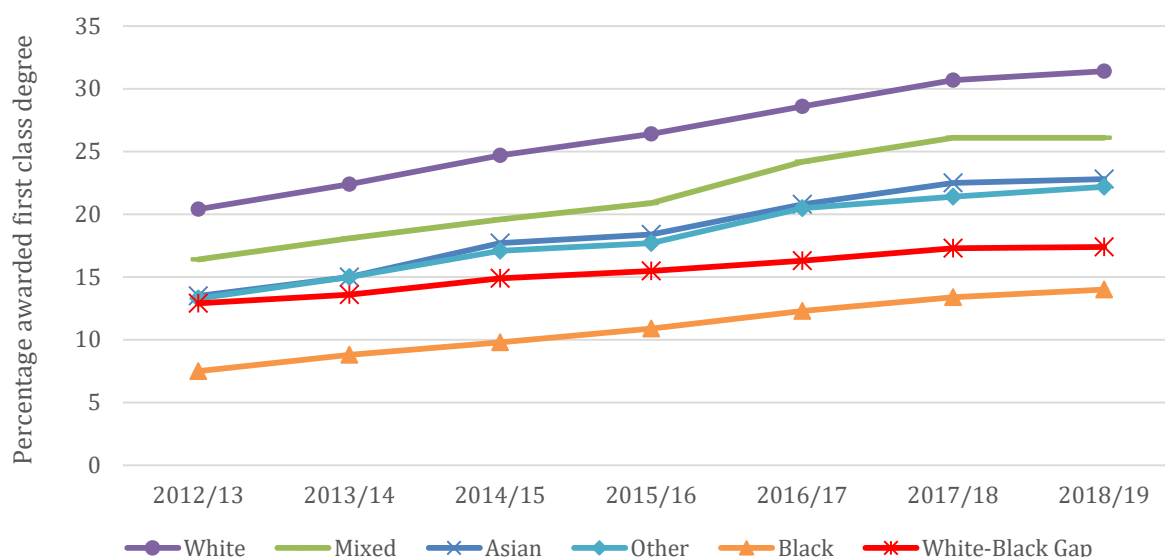
Figure 30: Degree award by ethnicity, students graduating in 2018/19



Source: HESA data, <https://www.hesa.ac.uk/data-and-analysis/students/table-26>

Despite increases in first class degree awards among all ethnic groups, the gap between White and Black graduates increased over time (Figure 31). In 2012/13 20.4% of White undergraduates were awarded a first class degree in contrast to only 7.5% of Black undergraduates, representing a gap of 12.9 percentage points. In 2018/19 the gap widened to 17.4 percentage points, up from 14.9 percentage points in 2014/15.

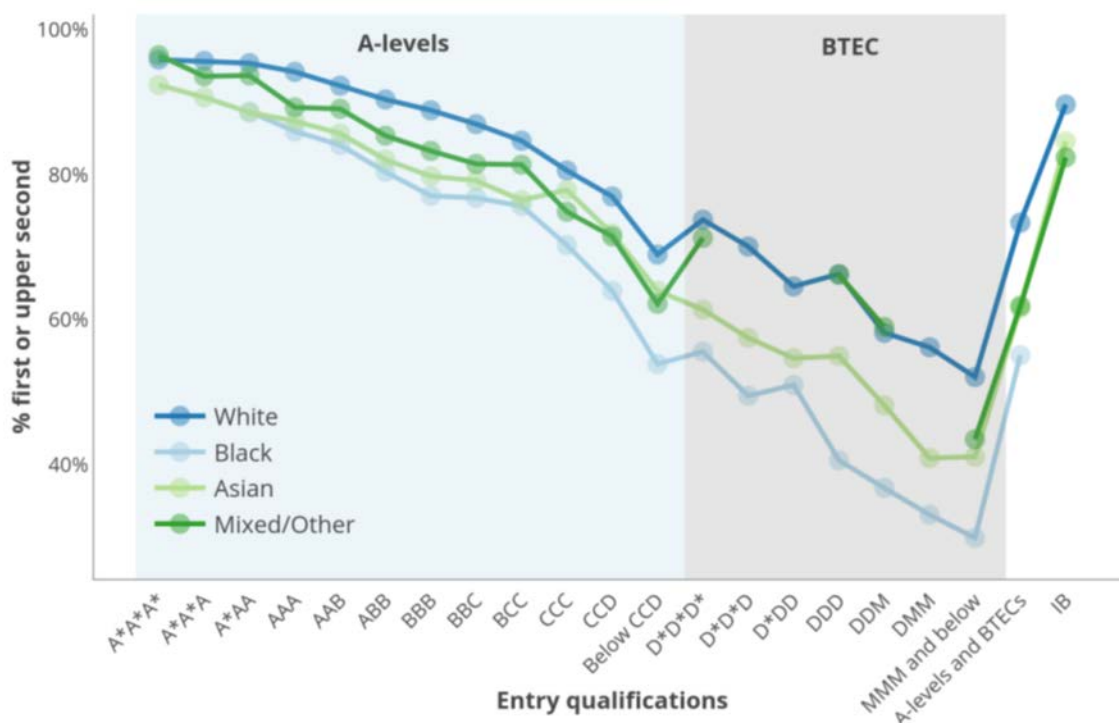
Figure 31: Percentage of first class degree awards by ethnicity, 2012/13-2018/19



Source: Ethnicity facts and figures: Undergraduate degree results, GOV.UK, <https://www.ethnicity-facts-figures.service.gov.uk/education-skills-and-training/higher-education/undergraduate-degree-results/latest>

These ethnic gaps in degree awards are not only due to differences in entry qualifications; at every level of entry qualification, Black graduates are less likely to be awarded a first or upper second class degree (Figure 32). For the 2016/17 cohort, there was a 21.8 percentage point difference between White and Black graduates awarded a first or upper second class degree and over 17 percentage points of this difference cannot be explained by compositional differences with controls included for entry qualifications, subject studied, POLAR quintile, previous school type, gender, disability status, course type and age (HEFCE, 2018).

Figure 32: Percentage of 2016/17 graduates achieving a first or upper second class degree by entry qualifications and ethnicity



Source: Higher Education Funding Council (2018), Differences in student outcomes: The effect of student characteristics; Figure 13.

Notes: Population: under 21 years old on entry to their course graduating in 2016-17.

8.3 First and early destinations of graduates

There are clearly quite long lags between changes in higher education policy and the first, or early destinations of graduates, as higher education leavers will have made the decision to participate in higher education more than three years earlier. In addition, graduate labour market outcomes are affected not just by the quantity and quality of graduates entering the labour market in any one year but also by wider economic aspects that can affect graduate recruitment. This means that we need to be careful about ascribing trends in the early destinations of graduates with recent changes in policy.

Information on early destinations of graduates is collected by HESA but there have been recent changes in the scale of the information collected and the timing of the survey which means that we do not have a consistent series between 2015 and 2020. From 2002/03 graduates were invited to respond to a survey approximately six months after graduation (the Destinations of Leavers from Higher Education (DLHE) survey)⁵². They were asked whether they were working, studying or unemployed and HESA linked this information to administrative data held about each student (the HESA Student Record). This allowed for analysis of leavers' destinations by students' characteristics such as sex, ethnicity, disability status, subject of study and qualification obtained. As the information is available at HE provider level it could also be used to measure a number of HE performance indicators. Concern about the usefulness of collecting outcome data so soon after graduation and need for reliable information on graduate employability for prospective students, led to a major review. The outcome of this review led to the replacement of the DLHE survey with the Graduate Outcomes survey which collects information from graduates around 15 months after graduation. Students graduating in 2016/17 were the last cohort to take part in the DLHE survey and students graduating from 2017/18 take part in the Graduate Outcomes survey. Because of the longer gap between graduation and the collection of information in the Graduate Outcomes survey, the first results were not published until June 2020. Discontinuities between the DLHE survey and the Graduate Outcomes survey mean that it is not possible to produce a consistent time series. This is not ideal for assessing change in early destinations of graduates in the period between 2015 and 2020 relative to earlier time periods.

Trends in the first destinations of graduates between 2002/03 and 2016/17 shows that the majority of graduates found employment six months after graduating (Figure 33). Among cohorts graduating prior to the 2007/08 financial crisis, nearly two-thirds (63%) had found work prior within six months of graduating. Around 8% combined employment with further study, around 15% entered further study, and only 6-7% were unemployed. Following the financial crisis, the 2008/09 cohort experienced a tough time finding work and only 59% were in employment six months after graduation. The share of graduates unemployed six months after graduation remained relatively high for a few years after the financial crisis and the share did not return to pre-crisis levels until 2012/13. Part of the reason for the slow return to pre-crisis levels appears to result from a fall in the share of graduates combining employment with further study after 2010/11.

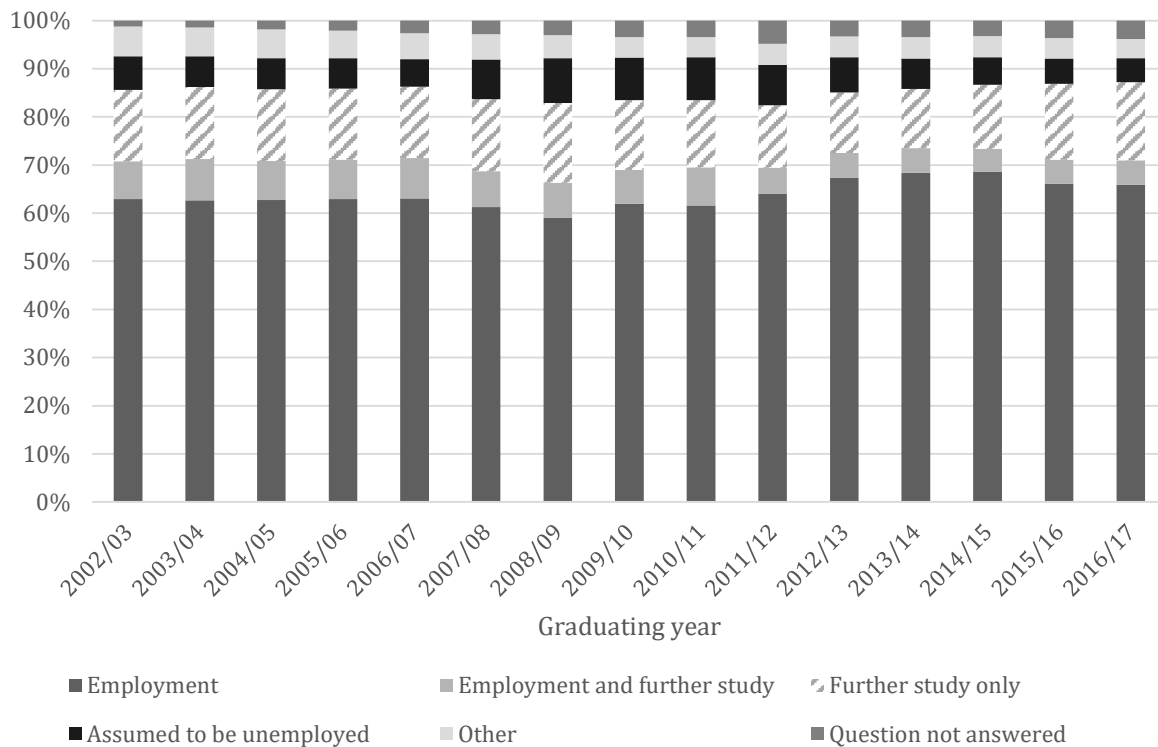
Under the Coalition government (2010-2015), the outcomes of HE leavers were affected by the sluggish labour market which followed the 2008/09 recession and this is likely to be a bigger factor than any change in HE policy over this period. As the labour market recovered, the share of recent

⁵² The DLHE survey replaced the First Destination Supplement but discontinuities mean that the two sources are not comparable.

graduates entering employment increased (62% for 2009/10 leavers, increasing to 68% for 2013/14 leavers) and there was a fall in the share unemployed six months after graduation. In contrast, there was a fall in the share of recent graduates entering further study, either exclusively or combined with employment, by around 4 percentage points, and the overall share engaging in further study was lower than the average across pre-crisis years.

Under the Conservative governments, for 2014/15 leavers onwards, the share of new graduates entering employment fell following a peak in 2013/14 and 2014/15. This fall appears to be due to an increase in the share entering further study only and employment shares remained above pre-crisis levels. Note that the large increase in tuition fees in England and Wales (although fees were subsidised for Welsh undergraduates) will have affected students graduating from 2014/15 onwards.

Figure 33: First destinations of UK domiciled full-time under-graduates



Source: HESA 2018, <https://www.hesa.ac.uk/data-and-analysis/performance-indicators/employment-summary>

Notes: there were methodological changes to the DLHE in 2011/12. See notes for 'employment indicator' for further information <https://www.hesa.ac.uk/data-and-analysis/performance-indicators/definitions#employment-indicator-applicable-e1>

8.4 Labour market outcomes

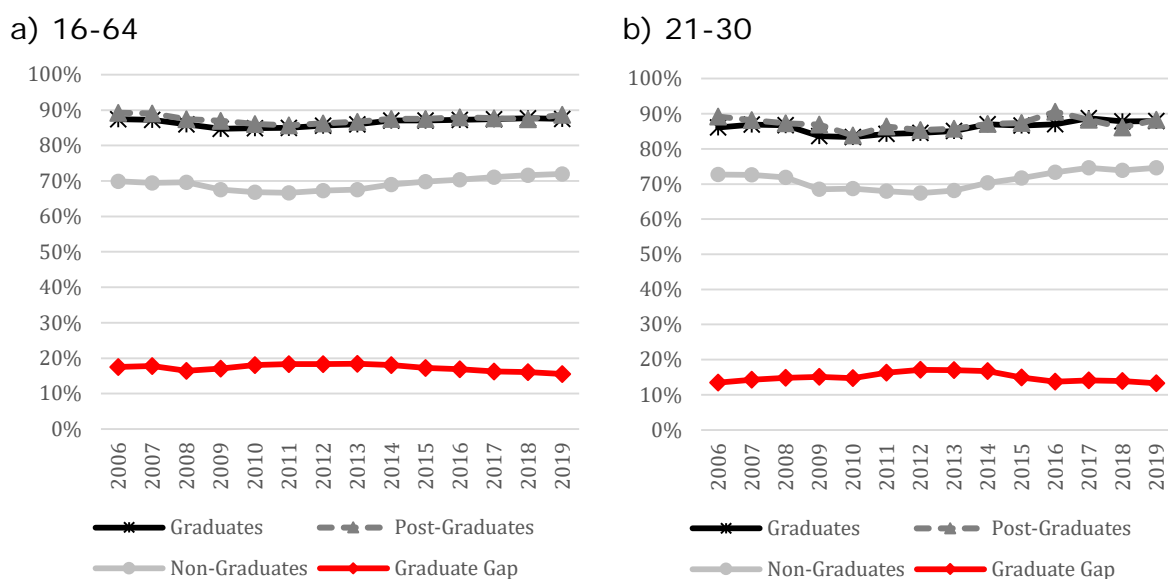
The Department for Education (DfE) publishes graduate labour market statistics for England which we use in this section to look at trends in employment outcomes by education level and age. These data allow us to look beyond early destinations of graduates to employment outcomes in the working age group as well as among young age groups.

Higher education is linked to greater employability and this is reflected in higher employment rates among graduates and post-graduates relative to non-graduates in the working age population (16-64 years) (Figure 34a). Following the financial crisis, employment rates initially fell among graduates between 2007 and 2008 but there was no change for non-graduates until 2009 and 2010. This meant that the employment gap between graduates and non-graduates ('the graduate employment gap') initially decreased. Over the period the Coalition government were in power (2010-2015), employment rates increased and the graduate employment gap remained stable at around 18ppts. However, there was a greater increase in non-graduate employment rates relative to graduates between 2014 and 2015, and this marked the start of a downward trend in the graduate employment gap which continued through to 2019, as employment rates among non-graduates continued to increase while the share of graduates in employment remained stable over this period.

Among young people (21-30 years), although graduates and post-graduates are more likely to be in employment than non-graduates the graduate employment gap is smaller than for working age population (Figure 34b). There was no initial dip in the graduate employment gap after the financial crisis among this younger age group but rather the gap increased up to 2012/2013 as non-graduate employment rates fell further and remained lower than graduate employment rates. This reflects greater negative impact of the financial crisis on employment among young non-graduates. In the last year of the Coalition's term in office the graduate employment gap fell as employment rates among non-graduates increased relative to graduates.

Under the Conservative governments, the share of young non-graduates in employment increased relative to young graduates between 2015 and 2016 and although employment rates increased further between 2016 and 2017, graduate employment rates also increased. Overall, the graduate employment gap increased slightly. Between 2017 and 2019 the graduate employment gap fell slightly, returning to a similar sized gap observed in 2006. This was due to a stable rate of employment among young non-graduates and a slight fall in employment rates for young graduates.

Figure 34: Employment rates, England, 2006-2019

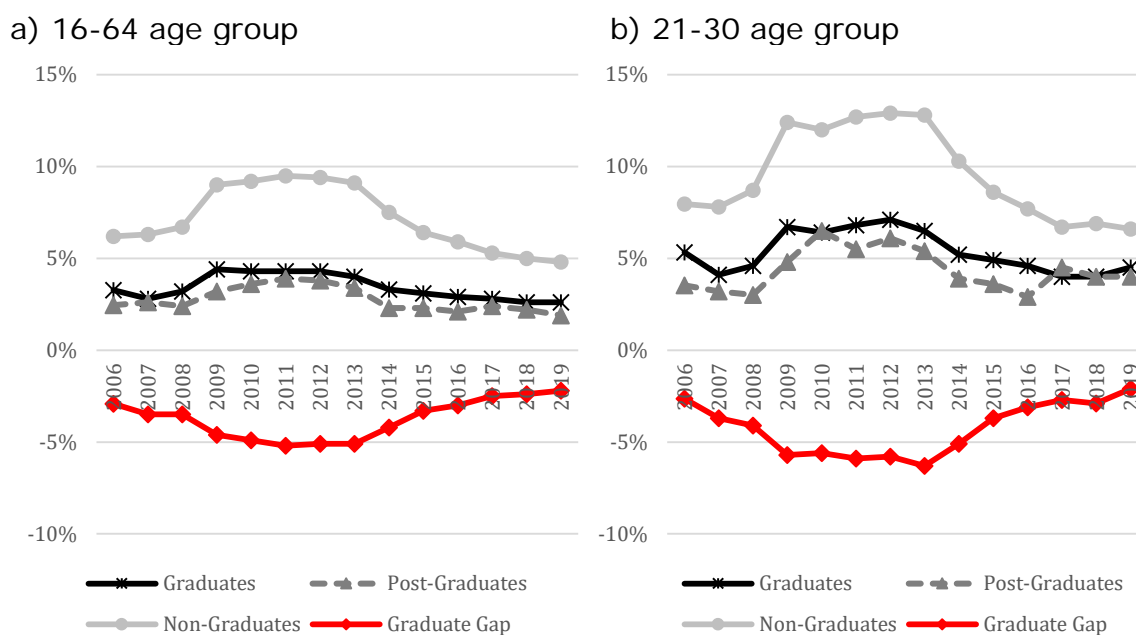


Source: DfE Graduate Labour Market Statistics 2015; 2019

The impact of the 2008/09 recession is very evident in higher unemployment rates for non-graduates, graduates and post-graduates (Figure 35a). In both the 16-64 (working age) and 21-30 (young) age groups, non-graduates had the highest unemployment rates and post-graduates the lowest rates over the period 2006 to 2019. Unemployment rates among non-graduates in the working age group increased relative to graduates following the financial crisis, especially over the economic recession between 2008 (6.7%) and 2009 (9%). It wasn't until 2016 before unemployment rates among working age non-graduates returned to pre-crisis levels. Greater falls in unemployment rates among working age non-graduates relative to graduates between 2017 and 2019 meant that the graduate unemployment gap was lower than prior to the financial crisis.

Unemployment rates among the young age group (21-30 years) are higher than for the working age population (16-64 years). This is because recent labour market entrants find it harder to secure work and to find sustainable work. Young adults (21-30 years) are also more likely to be negatively affected by economic downturns, even those with high level qualifications. This is clear in Figure 35b which shows the more pronounced increases in unemployment after 2008 and high levels of unemployment between 2009 and 2013. However, higher education qualifications provided greater protection against unemployment in this age group, and the graduate unemployment gap rose sharply. After 2015 unemployment rates among graduates fell from 4.9% to 4% in 2017 and 2018, before increasing slightly in 2019 to 4.5%. The unemployment rate among post-graduates in the 21-30 age group fell from 3.6% in 2015 to 2.9% in 2016 but then increased to 4.5% in 2017 before falling back to 4% in 2019; above the pre-crisis unemployment rate of around 3%.

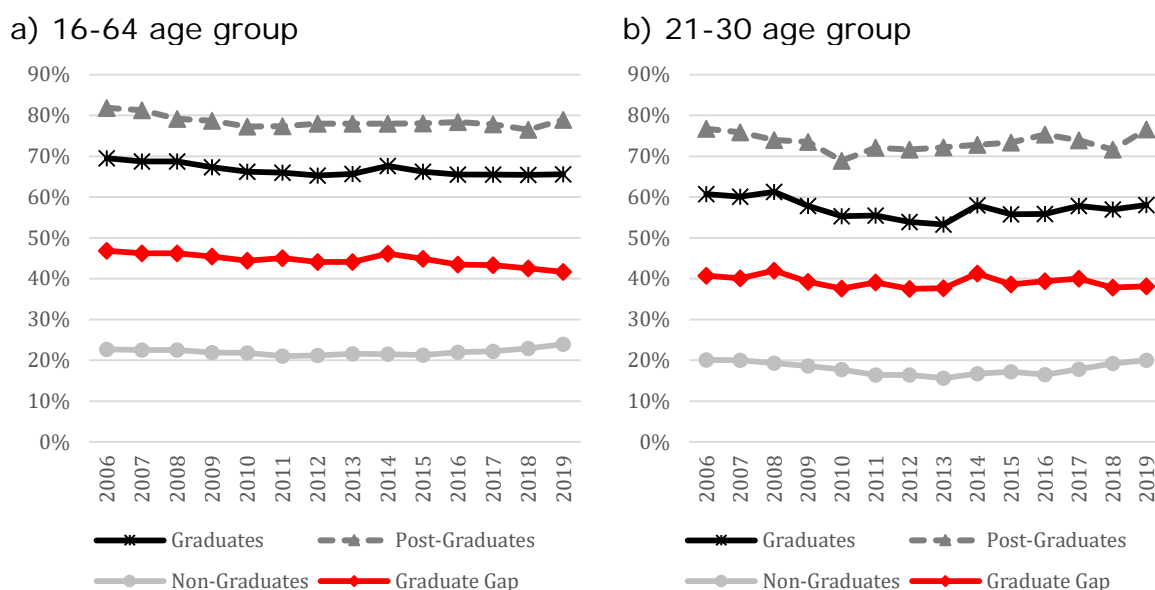
Figure 35: Unemployment rates, England, 2006-2019



Source: DfE Graduate Labour Market Statistics 2015; 2019

We can also assess the quality of graduate jobs in terms of skill levels and average salaries. Classifying employees' jobs according to their occupation into high skill (SOC10 Major Groups 1, 2 or 3) and medium/low skill (SOC10 Major Groups 4-10) allows us to compute the share of employed non-graduates, graduates and post-graduates working in high skill occupations. Not surprisingly post-graduates are the most likely to be employed in high skill occupations; around four times more likely to be employed in these occupations than non-graduates (Figure 36). The share of graduates and post-graduates in high skill employment fell following the financial crisis and this fall was more marked among young adults than for the working age population. In the working age population, around two-thirds of employed graduates are in high skill occupations. Among young adult employees after the financial crisis, less than 60% were in high skill occupations; the lowest share (53%) was in 2013. After 2015 the share of employed graduates in high skill occupations in the working age population remained stable at 66% but the share of employed non-graduates in high skill employment increased and consequently the graduate high skill employment gap declined. Among young adults the share of employed graduates in high skill occupations increased from 56% in 2015 to 58% in 2019 but this was less than the increase among non-graduates and hence the graduate high skill employment gap also declined in this age group. Among the working age population and the young adult population, the advantage of graduates over non-graduates in terms of high skill employment decreased after 2006.

Figure 36: High skilled employment, England, 2006-2019



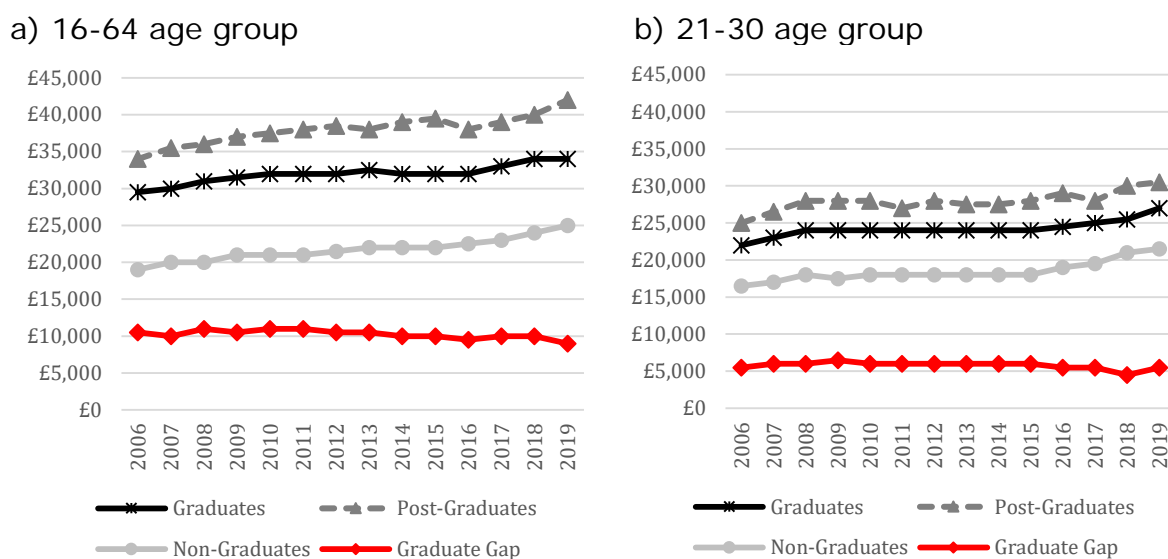
Source: DfE Graduate Labour Market Statistics 2015; 2019

Notes: A break in the series in 2010 due to changes in the coding of occupations means that caution should be exercised in making comparisons before and after this year.

The rapid expansion in higher education and the number of graduates entering the labour market between 1993 and 2015, did not appear to reduce the economic returns to higher education degrees (Blundell, Green and Jin, 2016). The median wage of graduates relative to school-leavers (a measure of the graduate wage premium) remained relatively unchanged between 1993 and up to the start of the Conservative term in office in 2015, and the wage differential between graduates and school-leavers stayed essentially unchanged across birth cohorts (Blundell, Green and Jin, 2016).

Between 2010 and 2019, English domiciled graduates in the working age population earned around £10,000 a year more than non-graduates at the median and around £5,000 a year more among young adults (Figure 37). In the working age and young adult populations graduates' nominal median annual salary was unchanged between 2010 and 2015 (post-graduates' median salary increased in the working age population from £37,500 to £39,500). This means that in real terms median annual salaries fell for graduates under the Coalition government. Between 2015 and 2019 median annual salaries increased among graduates: from £32,000 to £34,000 in the working age population and from £24,000 to £27,000 in the young adult population. However, median salaries also increased among English domiciled non-graduate employees and over this period the graduate salary advantage at the median fell (by £1,000 in the working age population and £500 in the young adult population).

Figure 37: Nominal median annual salary, England, 2006-2019



Source: DfE Graduate Labour Market Statistics 2015; 2019

Labour market outcomes by degree award

One of the most striking changes has been the increase in the number of graduates awarded first class degrees. We would expect that a higher degree class is associated with increased likelihood of being in employment, in high skill employment and earning higher average salaries. It is therefore interesting to assess how graduate labour market outcomes vary according to degree class awarded and if there is any change in recent trends. Annual statistics published by the DfE in the Graduate Labour Market Statistics series for England allow us to look at trends between 2015 and 2019. Turning first to employment rates by degree class for the working age population (16-64 years) and for recent graduates (the group most affected by the increase in first class degree awards) in the young adult population (21-30 years) (Figure 38a and Figure 38b). In the working age population, on average over this five year period, graduates with an upper second class degree (2:1) are the most likely to be in employment (88%) but there is only a 1ppt difference between them and graduates with first class degrees (firsts) and lower second class degrees (2:2) (both at 87%). Graduates awarded third class degrees are the least likely to be in employment (83% on average), poorer labour market outcomes indicate a clear disadvantage for graduates awarded a third class degree. In the young adult age group, despite some variation year-to-year, graduates awarded a 2:2 are the most likely to be in employment (89% on average 2015-2019). This is only marginally higher than from graduates with a 2:1 (88%) but higher than for graduates with a first (86%). So few graduates in the young adult age group are now awarded third class degrees, small sample sizes affect the reliability of estimated outcomes for this group. The lower employment rate among graduates with first class degrees may seem surprising but graduates with firsts are more likely to stay on in higher

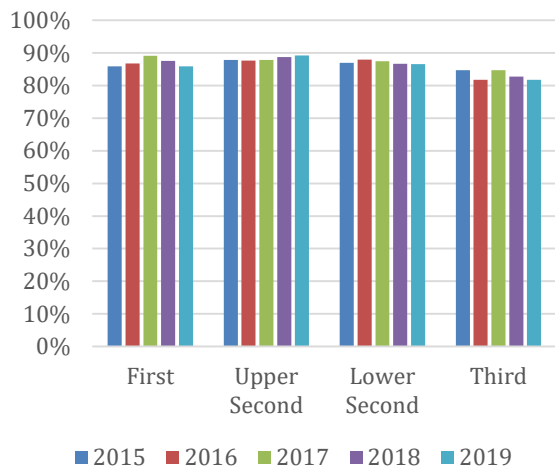
education to study at post-graduate level and this can lower the share of young adult graduates in employment.

There are much clearer differences in high skill employment between graduates with different degree awards. Employed graduates with a first class degree are the most likely to be working in high skill occupations (with the exception of 2019 in the working age population when employed graduates with a 2:1 are the most likely). In the working age population, on average between 2015 and 2019, 70% of employed graduates awarded a first class degree worked in high skill occupations, compared to 67% with a 2:1, 61% with a 2:2 and 55% with a third class degree (Figure 38c). In the young adult age group a similar gradient across degree classes is observed although with a greater difference between graduates with a 2:1 and graduates with a 2:2 (Figure 38d). These gradients suggest that the labour market recognises (and values) differences between degree classes for recruitment into high skill occupations.

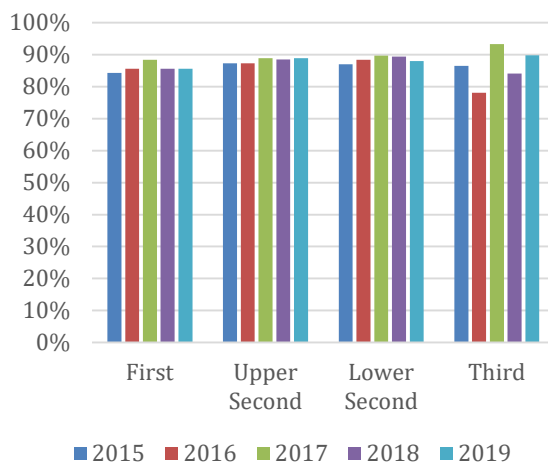
Finally, comparing median annual salaries by degree class for employed graduates we observe that in the working age population graduates with a 2:1 or a 2:2 benefited from increasing median salaries between 2015 and 2019 while trends in median salaries for graduates with first class degrees were flat (Figure 38e). This meant that by 2019 median salaries for graduates with a 2:1 or a 2:2 were higher than for graduates with firsts. This may be due to the types of occupations that graduates with first class degrees are employed in (although we note above that they are more likely to be employed in high skill occupations) and earnings trends within occupation groups. For example, if a high share of graduates with firsts are working in universities and the public sector and public sector wage agreements have limited wage growth, then relative earnings can fall. In the young adult age group, employed graduates with first class degrees have a clearer advantage and this may signal greater diversity in terms of the types of jobs this larger group of graduates with first class degrees are employed in (Figure 38f).

Figure 38: Graduate employment outcomes by degree award

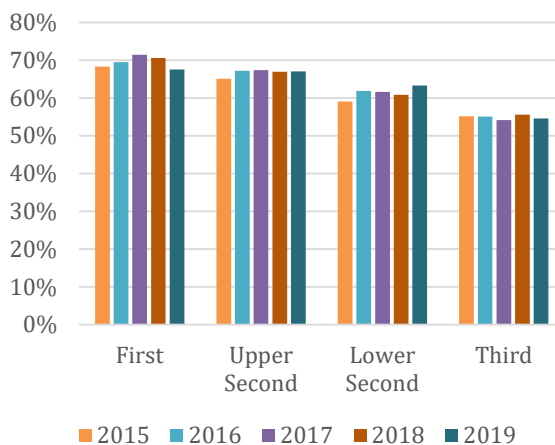
a) Employment rate (%), 16-64



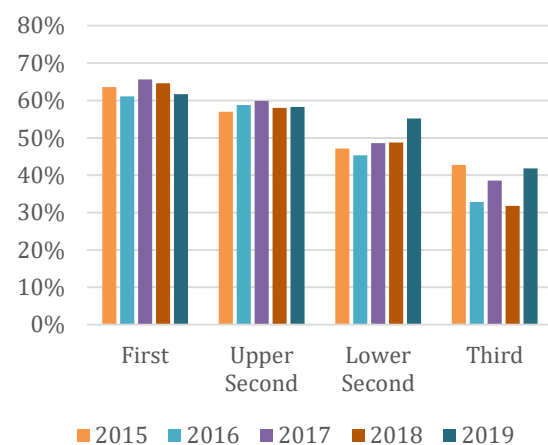
b) Employment rate (%), 21-30



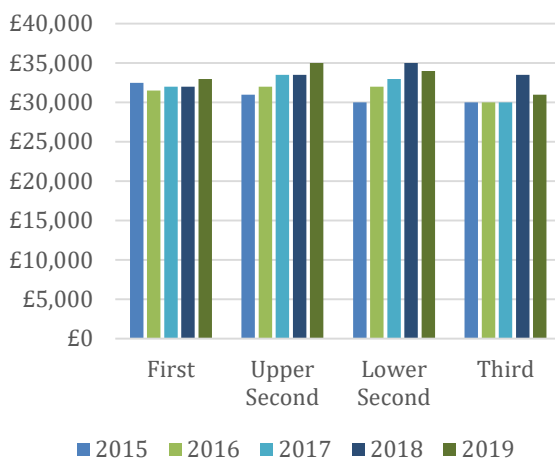
c) High skill employment (%), 16-64



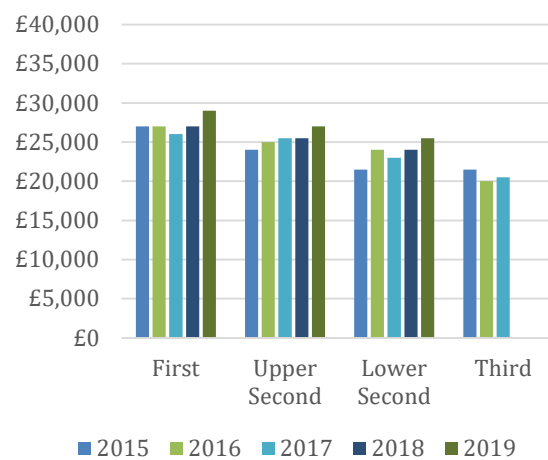
d) High skill employment (%), 21-30



e) Median annual salary, 16-64



f) Median annual salary, 21-30



Source: Graduate Labour Market Statistics: 2015; 2016; 2017; 2018; 2019.

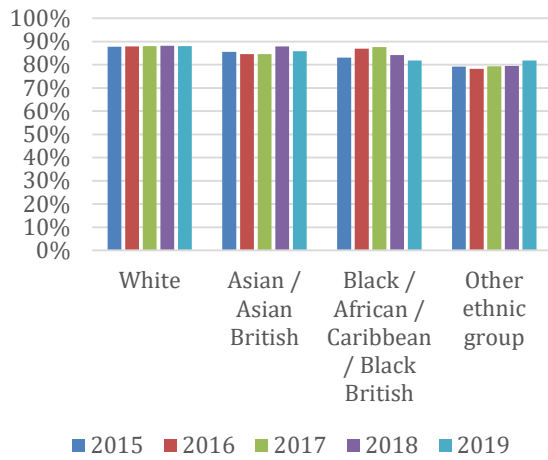
Published data on graduate labour market outcomes by ethnicity are available from 2015 for English domiciled graduates which means that we are unable to compare 2015-2019 with earlier years but we are still able to assess differences between ethnic groups. It is possible to compare four main groups: White; Asian/Asian British; Black/African/Caribbean/Black British; Other ethnic group. White English domiciled graduates have the highest employment rates between 2015 and 2019 in both the working age population and the young adult population (Figure 39). In 2015, 2018 and 2019 Asian/Asian British graduates had higher employment rates than Black/African Caribbean/Black British and, on average between 2015 and 2019, marginally higher employment rates than Black/African Caribbean/Black British in both the working age and the young adult age groups; although only very marginally higher in the young adult group and this difference is unlikely to be statistically significant. Graduates in the 'Other ethnic minority group' have the lowest employment rates. With small sample sizes and difference in sampling year-to-year it is difficult to identify trends within ethnic groups over this 5 year period, although in the young adult age group it appears that the increase in employment rates seen among White graduates is not evident for ethnic minority graduates.

White graduates also have an advantage in terms of the share working in high skill occupations relative to ethnic minority groups (middle panel of Figure 39). Young adult graduates are less likely to be employed in high skill occupations than graduates in the working age population (around an 8ppt difference for White graduates), reflecting their early career stage. The difference between Asian/Asian British graduates and Black/African Caribbean/Black British in terms of employment rates is marginal but in relation to the skill level, Asian/Asian British graduates are consistently more likely to be employed in high skill occupations than Black/African Caribbean/Black British graduates (an average gap of 9ppts in the working age population). The difference is even greater among young adults with an average gap of around 13ppts. On average, between 2015 and 2019 only half of working age Black/African Caribbean/Black British graduates are employed in high skill occupations (67% of White graduates) and less than 40% of young adult Black/African Caribbean/Black British graduates (relative to around 60% of White graduates).

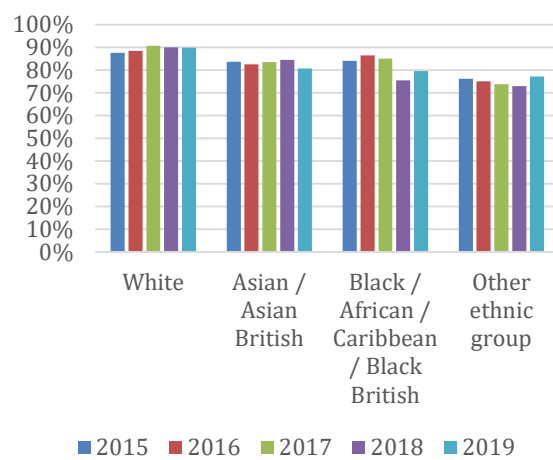
Median salaries for White graduates are highest, on average, between 2015 and 2019, but in 2018 and 2019 Asian/Asian British graduates appear to have caught up (lower panel of Figure 39). Some of this improvement may be due to sampling variation, but it is consistent with an increase in the share of Asian/Asian British graduates in high skill occupations. There is some variation year-to-year in the estimated median salary of Black/African Caribbean/Black British graduates but this group consistently has the lowest median salary with an average difference relative to White graduates in the working age population of £6,500 a year.

Figure 39: Graduate employment outcomes by ethnic group

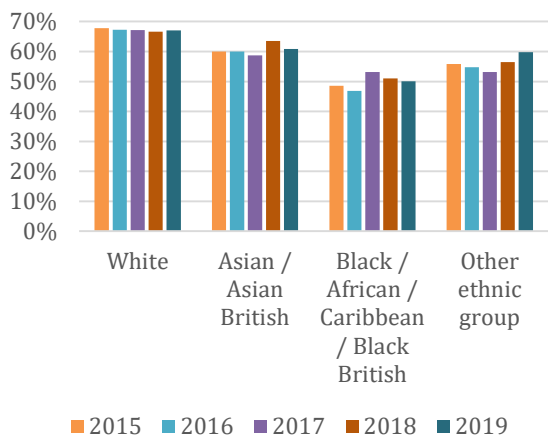
a) Employment rate (%), 16-64



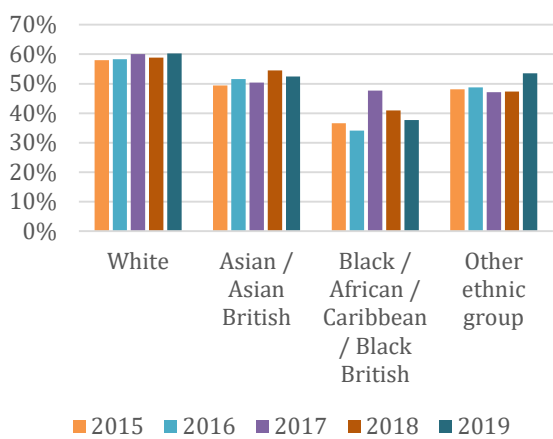
b) Employment rate (%), 21-30



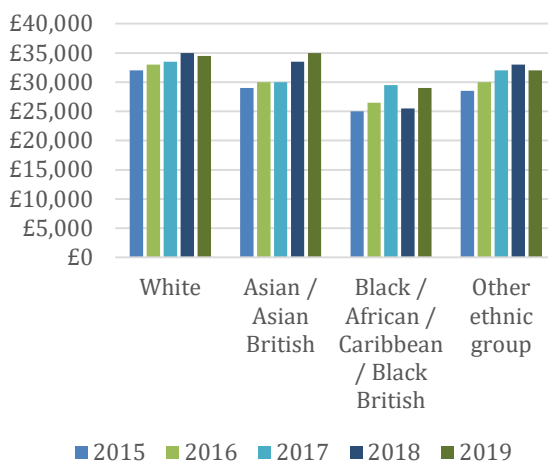
c) High skill employment (%), 16-64



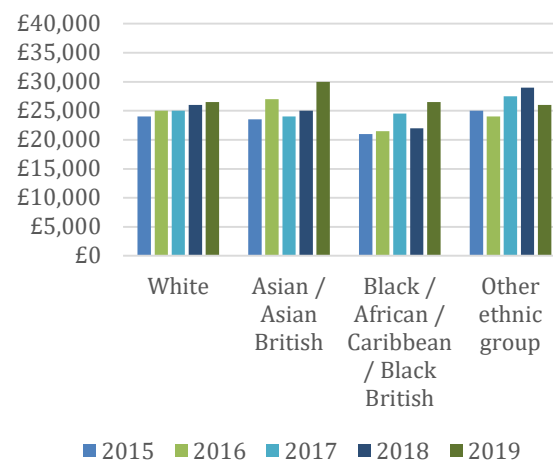
d) High skill employment (%), 21-30



e) Median annual salary, 16-64



f) Median annual salary, 21-30



Source: Graduate Labour Market Statistics: 2015; 2016; 2017; 2018; 2019.

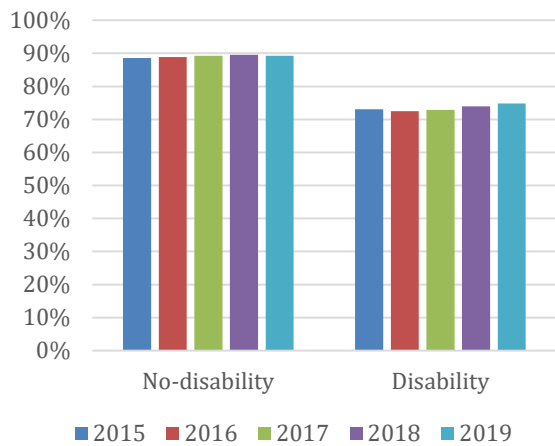
Graduates with limiting and longstanding poor health or disabilities (classified according to the Equality Act definition) are less likely to be employed than graduates not classified as disabled. The gap in employment rates between 2015 and 2019 in the working age population is on average 16ppts but the gap is smaller in the young adult population at around 6ppts (top panel of Figure 40). Between 2015 and 2019 the employment rate among graduates with a disability increased by around 2ppts in the working age population, leading to a slight narrowing in the disability employment gap. However, in the young adult age group, employment rates for non-disabled graduates increased and although employment rates initially increased for graduates with disabilities up to 2017, they then fell and returned to the 2015 rate and the consequence was a widening in the disability employment gap by 2019.

Graduates with disabilities are not only less likely to be employed, if they are employed they are less likely to be employed in high skill occupations (middle panel of Figure 40). Between 2015 and 2019 only just over half of employed graduates with disabilities in the working age population worked in high skill occupations (51%), relative to over two-thirds (68%) of graduates without disabilities. It is striking that a similar share of employed graduates with disabilities in the young adult population are in high skill jobs as in the working age population (50% on average 2015-2019), while the share is 10ppts lower for young graduates without disabilities. This suggests that any gains associated with career progression are masked by much lower rates of high skill employment among older graduates with disabilities or that there is very little progression into high skill employment for these young graduates. As we observed for employment rates among graduates with disabilities in the young adult age group, it does appear that rates of high skill employment also improved up to 2017 before returning to 2015 rates. As the share of employed young adult graduates without disabilities in high skill employment increased by around 3ppts between 2015 and 2019, the disability gap in high skill employment widened.

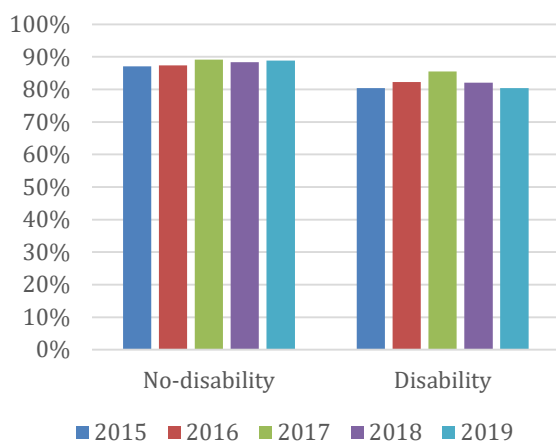
Median salaries are also lower for graduates with disabilities (lower panel of Figure 40). Disability median salary gaps are wider in the working age group than in the young adult age group; on average £3,500 a year compared with £2,300 a year. Looking at trends it is clear that graduates with disabilities have not enjoyed the increase in nominal median annual salaries that non-disabled graduates experienced over this period and therefore the disability gap in median salaries increased between 2015 and 2019.

Figure 40: Graduate employment outcomes by disability status

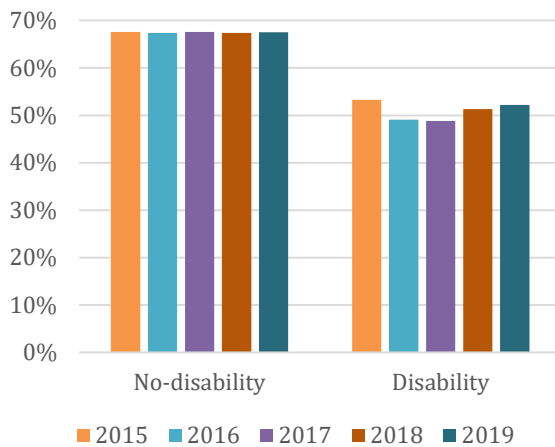
a) Employment rate (%), 16-64



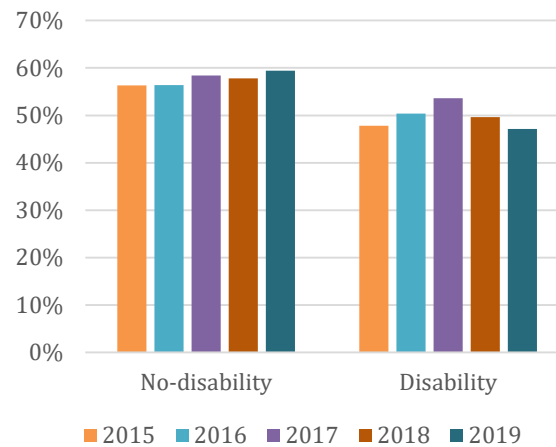
b) Employment rate (%), 21-30



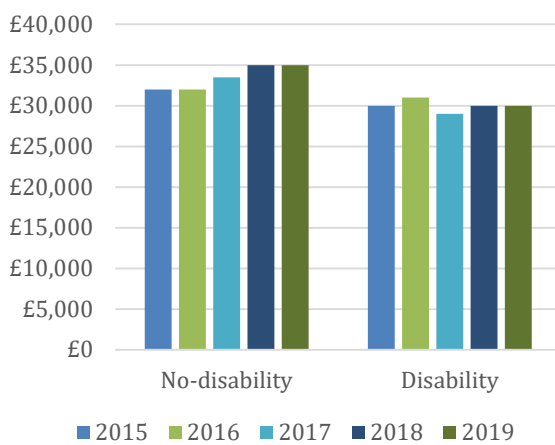
c) High skill employment (%), 16-64



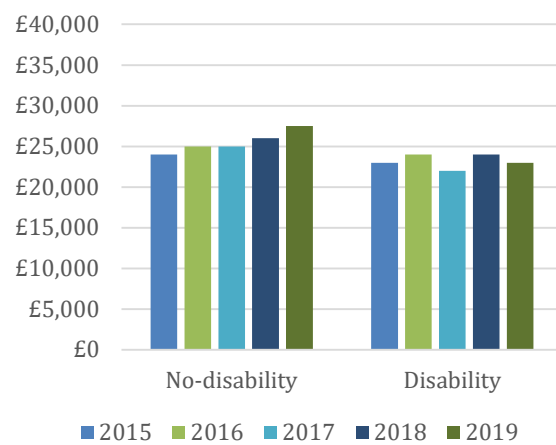
d) High skill employment (%), 21-30



e) Median annual salary, 16-64



f) Median annual salary, 21-30



Source: Graduate Labour Market Statistics: 2015; 2016; 2017; 2018; 2019.

The prospect of higher lifetime earnings is one of the main motivating factors for young people to invest in higher education. The large increase in undergraduate annual tuition fees in 2012 in England and Wales commodified higher education further. As we outlined earlier, the government had hoped that tuition fees would be variable and in part vary according to different economic rates of return, but this did not transpire as universities (rationally) charged maximum fees across all undergraduate courses and the cap effectively became the 'going rate'. The government also has a vested interest in graduates achieving higher earnings as higher lifetime earnings increase the likelihood of students repaying their student loans and, thereby, lowering the government (taxpayer) subsidy and public expenditure on higher education. With the new partitioned-loan method for accounting for student loans in the national accounts, the government now has an even greater incentive as the proportion of the face-value of student loans which is assessed unlikely to be repaid (based on the RAB-rate) counts towards current government expenditure (and the fiscal deficit). To help guide students to degree courses with high rates of return, more detailed information on expected returns (based on the earnings of prior students), are now published in line with the commitment made in the Conservative Party's 2015 general election manifesto. Here we review some of the published evidence on rates of return to different types of degree.

In addition to the labour market statistics already reported, statistics on graduate labour market outcome for England are computed using a relatively new data resource called Longitudinal Education Outcomes (LEO). LEO is an administrative dataset linking higher education and tax data (specifically employee earnings and self-employed income) and because it covers the whole relevant population, sample sizes are large enough to conduct detailed analysis of subjects, institutions and by personal characteristics.

Estimated average rates of return have held up despite the increasing supply of graduates. However, large differences are found between subject studied, university attended, socio-economic background, prior attainment, type of secondary school and gender (Britton et al., 2020)⁵³. Positive graduate earnings premia associated with particular subjects (for example, medicine and economics) and universities (for example, Russell Group universities) remain after controlling for differences in the composition of students (Britton et al., 2020). Some degree courses are associated with very low rates of return and for some students net rates of return are negative. Estimates of lifetime earnings involve extrapolating from historical patterns of earnings, subtracting taxes, student loan repayments and foregone earnings. Those who have negative rates of return would

⁵³ This research adds to a growing body of evidence of different rates of returns to degrees by students' socio-economic background, secondary school type, prior attainment, subject studied and institution attended (see, for example, Smith, McKnight and Naylor, 2000; Naylor, Smith and McKnight, 2002; Crawford, 2014; Britton et al. 2016; Crawford et al., 2017).

have been financially better-off had they not attended university. Although historical patterns of pay may not precisely predict future patterns of pay, estimates suggest that around one-in-five graduates are likely to be worse-off (Britton et al., 2020). As discussed earlier, not only is this an issue for the individuals involved, unpaid student loans are ultimately paid for by tax-payers. With no cap on student numbers in England, and with fees covered through income-contingent student loans there is no disincentive for providers to offer low value courses as long as demand holds up.

9. Conclusions

In this paper we have reviewed evidence on what progress has been made in reducing social inequalities through higher education policies under Conservative governments between May 2015 and the eve of the Covid-19 pandemic in early 2020. Higher education is a devolved matter and the UK government mainly sets higher education policy in England. This means that if we want to assess the Conservative governments' record on higher education we mainly need to focus on England. To assess progress, we used the uniform framework adopted in the SPDO policy papers looking at inheritance, goals, expenditure, inputs, outputs and outcomes.

The Conservative party set out main higher education goals and commitments in the 2015, 2017 and 2019, although the 2017 and 2019 manifestos were light on HE policy aims. In the 2015 manifesto, the Conservative party pledged to continue with the policy first announced under the Coalition government in 2013, to remove the cap on university places in England from 2015/16, with exceptions made for a small number of high cost courses which continue to be subsidised through government funding (such as medicine). The 2015 manifesto also included commitments to introduce a teaching quality assessment framework, make more data available to help guide prospective students, and an extension of student loans to postgraduate students. The 2017 manifesto included a proposal to launch a major review into funding across tertiary education and a goal to try and replicate the success of universities in the US in benefiting from the commercial value of their research. Further aims set out in the 2019 manifesto included a commitment to consider recommendations made in the Augar Review on tuition fee levels and interest rates charged on student loan, and commitments explore ways to tackle grade inflation, low quality courses and improve the application and offer system for undergraduate students, but no specific goals.

The 2016 Higher Education White Paper for England, Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice, was followed by The Higher Education and Research Act 2017 which included a number of major reforms. A new non-departmental public body responsible for regulating higher education in England, the Office for Students (OfS), was introduced in 2018/19. The formation of the OfS combined existing regulatory functions of the Higher Education Funding Council for England (HEFCE), subsequently dissolved, and the Office for Fair Access (OFFA), which merged with the OfS. This change reflected the new HE funding model in England and a shift from a quality assessment process to risk-based regulation.

The OfS now oversees a simplified, single route for new HE providers to enter the sector in England. This was designed to provide quicker entry and the ability for new providers to award their own degrees. This reform was aimed at increasing provision, including the number of places, and choice

for students. The OfS remit includes widening participation and fair access. In addition, a new statutory duty was introduced to cover equality of opportunity across the whole lifecycle (access, retention, progress through HE and employment outcomes) while previously the focus was on access only.

Following recommendations made by the Nurse Review, a new single non-departmental public body was introduced in 2018 to oversee research funding and administration. UK Research and Innovation (UKRI) brought together the seven existing UK research councils with Innovate UK and Research England (which undertakes functions for England in relation to research and knowledge exchange that were previously performed by HEFCE).

The Teaching Excellence and Student Outcomes Framework (TEF), adopted by OfS in 2018, was introduced to provide prospective students with provider level assessments of teaching quality, learning environment, student outcomes and learning gain. After some initial piloting and voluntary participation, since 2017 all but the smallest HE providers in England are required to participate in TEF if they want to charge maximum annual tuition fees.

Major changes to the funding of HE in England (and Wales) took place under the Coalition government (2010-2015) when teaching grants were largely replaced by income from tuition fees. This funding model appears to have kept government spending on HE broadly stable between 2015 and 2019, even in the context of increasing student numbers. The current funding model in England annually adds around £11bn to government expenditure, mainly through subsidising a large share of the face value of student loans that is not expected to be repaid. The previous accounting method meant that expenditure on subsidising loans was effectively deferred to a long way into the future (until outstanding balances were written-off). The Office for Budget Responsibility called this a 'fiscal illusion' and a subsequent review by the Office for National Statistics led to the introduction of the partitioned-loan method from 2019. Under this method, the cost of the estimated subsidy element now accrues in the year liabilities incur (when student loans are issued).

In terms of inputs, there has been a continued expansion in the HE workforce, with a greater increase in part-time academic staff than full-time and women continuing to be most likely to work part-time. The position of professor remains to be dominated by White men despite some progress. In 2014/15 23% of professors were women, increasing to 27% in 2018/19, but growth in the share of female professors was slower between 2014/15 and 2018/19 than between 2008/09 and 2014/15. Academic staff from ethnic minority backgrounds continue to be under-represented in top roles compared to academic staff from White ethnic backgrounds, their average salaries are lower and the widest gap is found between Black and White academic staff.

Higher education participation continued to increase and according to some metrics, social inequalities improved. The total number of undergraduate students studying in the UK increased, aided by the removal of the cap in student numbers in England and Wales and an increase in international students, particularly from China. The number of part-time students continued to decline but the introduction of maintenance loans from 2018/19 for students wanting to study part-time could help to reverse this trend. A decline in the size of the cohort of young people aged 18 and 19 in the UK meant that the overall number of UK applicants to full-time undergraduate courses declined but the acceptance rate went up, meaning it became easier to secure a university place.

Application rates for 18 year olds applying for full-time undergraduate course by the January deadline, remained consistently higher among young people domiciled in Northern Ireland, although the gap between Northern Ireland and England narrowed between 2015 and 2020. This is likely to be driven by the removal of the cap in student numbers in England leading to a higher relative increase in application rates.

There exists a wide gender gap in application rates and the gender ratio in application rates increased across all UK nations between 2015 and 2020. In 2020, application rates in England among 18 year olds were 46 percent for women but only 33 percent for men. Despite this wide disparity, there is little policy focus on reducing this gap. The 2017 Conservative Party manifesto acknowledged that “if you are a white, working-class boy, you are less likely than anybody else in Britain to go to university” but did not set out any policies to tackle this inequality and beyond some small initiatives, nothing substantial has been done.

Gaps in UK higher education entry rates narrowed between young people eligible for Free School Meals and more advantaged young people, but large gaps remained. According to this metric, the Government had nearly met its target to double the percentage of people from disadvantaged backgrounds entering higher education by 2020 compared to 2009 levels. However, measured in terms of progression rates in England by FSMs status, the improvement fell short of the target.

Young people from White ethnic backgrounds in England continue to be the least likely to progress to higher education relative to other ethnic backgrounds. Young people from a Chinese ethnic background are the most likely to progress. Although young people from a Black ethnic background have higher progression rates than young people from White ethnic backgrounds, they have been less likely to progress to high-tariff universities. However, between 2014/15 and 2019/20 progression rates to high-tariff universities for young people from Black and White ethnic backgrounds converged. The Government had set a target to increase the number of black and minority ethnic (BME) students in England going into higher education by 20% between 2009 and 2020. Over this period, progression rates in England increased by more than 20% among young

people from Black ethnic backgrounds and mixed ethnic backgrounds but less than 20% among young people from Asian ethnic backgrounds and Chinese ethnic backgrounds (the two groups with the highest overall rates of progression).

Progression rates remain highest in England for young people from selective state-funded schools relative to other school types, but young people from independent schools continue to have the highest rates of progression to high-tariff universities. Very wide gaps in progression to high-tariff universities continue to exist between non-selective state schools and independent or selective state schools.

Growth in the use of unconditional offers has caused concern with their link to poorer A-level performance and higher rates of drop-out. The greater use of these types of offer by lower tariff universities and for applicants from less advantaged areas, suggests that they were not serving young people's best interests.

An increasing share of undergraduates are being awarded first class degrees; 28% of undergraduates studying at English HE providers were awarded first class degrees in 2018/19, up from 22% in 2014/15 and 13% in 2006/07. This increase occurred even among students who entered university with very low prior qualifications. The upward trend accelerated following the introduction of higher tuition fees in England and Wales, suggesting that they might be being used by universities to attract prospective students as well as to reward students for the large financial investment they are making. Concern has been raised that grade inflation risks reputation damage and the devaluing of degrees awarded to earlier cohorts of graduates. In addition, the likelihood of being awarded a first class degree varies by ethnicity. In 2018/19, while 30% of White undergraduates in England were awarded first class degrees, only 14% of Black undergraduates were awarded firsts, and the gap has widened in recent years.

On average, graduates continue to enjoy an advantage in the labour market despite increases in the supply of graduates. These advantages include higher rates of employment, greater prospects of working in high skill jobs and, on average, higher lifetime earnings. In terms of high-skill employment and median annual salaries among young graduates, the labour market does appear to put a greater value on higher degree awards. Beneath average advantages lie considerable variation. Black/African/Caribbean/Black British graduates are less likely to be employed in high-skill employment and have lower median annual salaries. Graduates with disabilities have poorer labour market outcomes (employment, high-skill employment and median annual salaries), than non-disabled graduates.

Some subjects at a number of prestigious universities are associated with very high earnings premia. In contrast, economic rates of return continue

to be socially stratified, reflecting not just variation in the value of different degrees but also inequalities in labour market opportunities. Experts have concluded that there are too many degree courses which result in qualifications that have little value in the labour market and too many students find that they would in fact have been financially better-off had they not attended university. Recent estimates suggest that this could be as high as one in five graduates. The 2019 Conservative party manifesto made a commitment to explore ways to tackle low quality degree courses. In January 2022, the OfS published proposals to 'crack down on poor quality courses' with HE providers failing to meet minimum acceptable student outcomes facing investigation, with fines and restrictions on their access to student loan funding available as potential sanctions.

Policy challenges for the 2020s

Growth in the use of unconditional offers needs to be addressed, given their association with poorer A level grades and higher drop-out, particularly if they are found to be associated with lower earnings. The 2019 Conservative party manifesto included a commitment to improve the application and offer system for undergraduates. In March 2020 universities were told not to alter the conditions of offers to maintain the stability of the admissions system during the early stages of the Coronavirus pandemic. Concern was growing that universities were changing conditional offers to unconditional offers in a bid to secure attendance as it became clear that the pandemic would reduce non-UK student numbers due to lockdowns and travel restrictions. The financial stability of the sector was threatened if a smaller body of students were snapped up by the most prestigious universities. What followed was a moratorium on the use of unconditional offers until the end of the 2020/21 admissions cycle. In March 2022, Universities UK published a new code of fair admissions. The code states that universities should not make conditional-unconditional offers (a conditional offer which subsequently becomes an unconditional offer), or lower grade requirements if applicants select the provider as their firm choice. However, the code is not compulsory. Synchronising the timing of the university admission cycle and the release of A-level, Highers and equivalent examination grades, could help to eliminate the need to base offers on predicted grades.

Grade inflation, seen by the large increase in the award of first class degrees which does not reflect an increase in student achievement, risks reputational damage and could devalue degrees awarded to earlier cohorts of graduates. The 2019 Conservative party manifesto included a commitment to explore ways to tackle grade inflation, and one of the Office for Students' strategic goals (2022-2025) is for the substantial increase in first class degrees in England over the last decade to slow, level off and reverse. A further goal is for the proportion of students within ethnic groups receiving first class degrees to converge towards the proportion for all students. In 2019, the OfS called for universities in England to tackle grade inflation. Progress was stalled over the pandemic and the proportion of

first class degrees soared further (increasing to 37.7 percent in 2020/21). The main aim now is to bring proportions of firsts down to pre pandemic levels before addressing the longer-term increase. Universities UK is working with members and monitoring progress in this area. OfS is extending its regulatory powers. A recent update to the OfS's regulatory framework, published in May 2022, includes degree classification under 'Condition B4: Assessments and awards'. This includes requirements that all institutions ensure that students are assessed effectively through valid and reliable assessments, and that academic regulations are designed such that awards made to students are credible. If insufficient progress is made against OfS strategic goals, we may see direct interventions under these new regulatory powers.

The current HE funding model in England means that while there is sufficient demand for places, there is no disincentive for providers to offer degree courses which are poorly valued in the labour market. Providers receive income from tuition fees funded through student loans which are subsidised by tax-payers if lifetime earnings are low. The subsidised loan system reduces the financial risks for students; although they may not be financially better-off from going to university, loans are written-off if they do not earn enough to pay them back. The government hopes that providing prospective students with more accurate information on the labour market value of specific degree courses will help guide students away from courses with very low rates of return (in some cases zero or worse). So far, HE is not acting as an efficient market and a long tail of poor quality, low value courses continue to attract students. Price signals are noisy, prospective students are faced with volumes of information which is not always clear and young people may be faced with constrained options. The prevalence of low value degrees, ultimately paid for by taxpayers, needs to be reduced. This might involve looking at the incentives of providers and the funding they receive for different degree courses. Better information and guidance for prospective students could also help.

The sustainable financing of higher education in England is once again emerging as a major issue. The Government did not publish a full response to the most recent review (the Augar Review) until spring 2022, some four years after it was set-up. The main changes announced in response to Augar's recommendations for HE were: (1) The student loan interest rate to be set at RPI+0% for new borrowers starting courses from 2023/24; (2) The tuition fee cap to be frozen at £9,250 for a further two years – up to and including 2024/25; (3) The repayment threshold for new borrowers starting courses from September 2023 will be frozen at £25,000 until 2026/27; (4) The student loan repayment term will be extended from 30 years to 40 years for new borrowers from September 2023 (DfE, 2022). However, the review and recommendations can already be seen as dated. Universities are facing severe financial challenges associated with the fact that the tuition fee cap has been frozen in nominal terms since 2016/17 while costs have increased, especially since the recent large rise in inflation.

Overall this will lead to lower resources available per student and will negatively impact the quality of education received.

This paper has highlighted wide and persistent inequalities in higher education which need to be addressed from an equity perspective and to realise the full potential for higher education to be an engine for social mobility. Areas which need urgent attention include access to high tariff universities, the much lower participation rates among young men, ethnic inequalities in degree awards and inequalities in labour market outcomes of graduates by ethnicity and disability.

Challenges associated with Brexit

Brexit led to a fall in EU students attending UK universities which had revenue implications. Higher numbers of international students beyond the EU appear to have made up for falling numbers of EU students but the impact on individual providers is likely to vary. Brexit also made it harder to recruit academic teaching staff from the EU, leading to a smaller pool to draw from and recruitment challenges. Although the government has made various commitments to support research collaboration, Brexit is likely to lead to a fall in research funding and opportunities for UK academic researchers to collaborate with EU researchers.

Challenges associated with the Covid-19 pandemic

In the short-term the pandemic had a negative impact on the number of international students due to travel restrictions and lockdowns. As these students pay higher fees than domestic students this fall had serious financial implications for some providers, particularly those who usually attract a high share of international students. This not only affected total revenue but where higher international student fees are used to cross-subsidise the cost of domestic students' tuition, the fall in enrolment of international students had a wider negative impact.

Although domestic student numbers increased in 2020/21, in part because of the higher A-level grades awarded and universities filling places which would normally be taken by international students, universities faced large cuts to other forms of revenue generating activities. For example, lower income from residences and catering, cancellations of executive education programmes, summer schools and conferences.

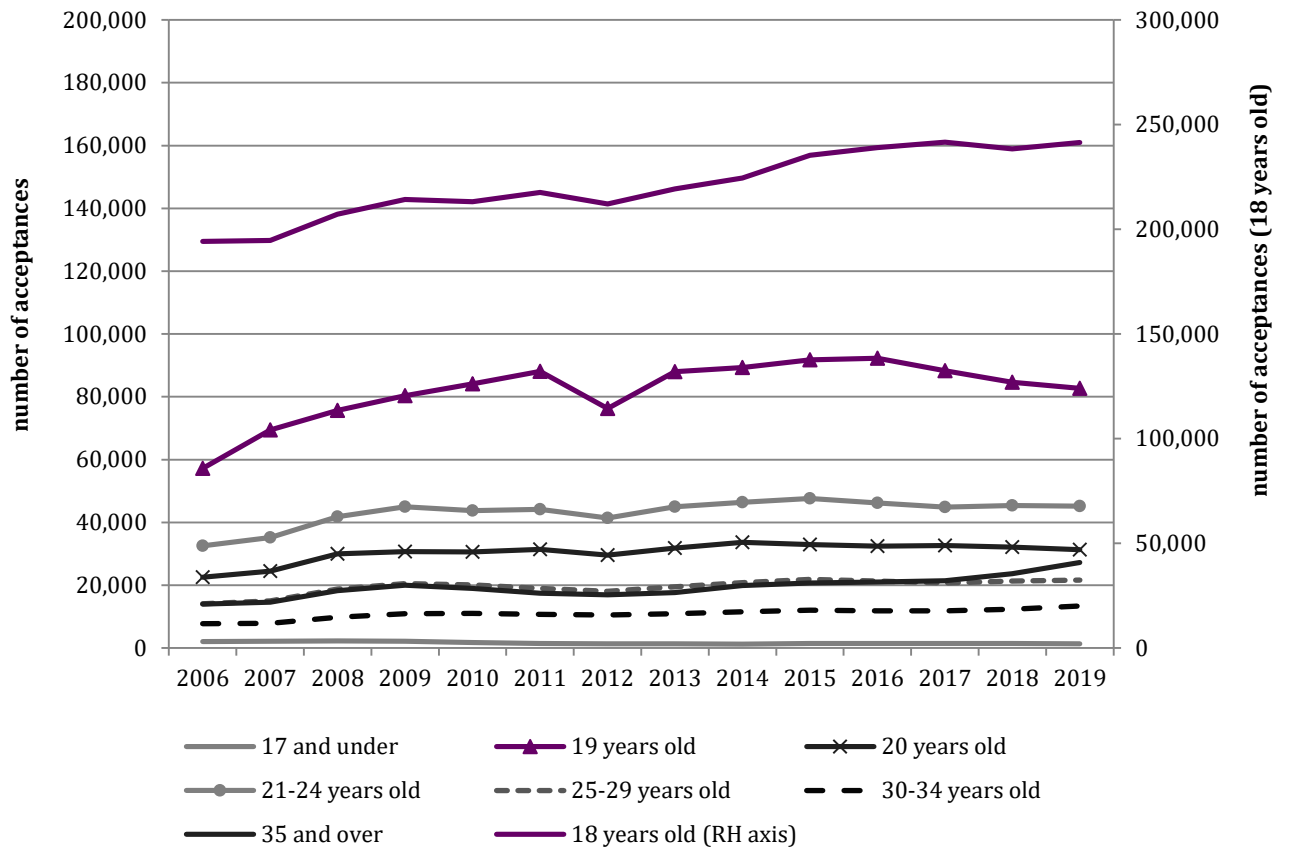
From a government expenditure perspective, lower lifetime earnings due to the impact of the pandemic on the labour market increases the cost of HE due to lower anticipated loan repayments. This led to an upward revision in the RAB charge for student loans issued to English domiciled students in 2019/20 to 54% for full-time students (up from 47% in 2018/19) and 45% for part-time students (up from 41% in 2018-19). The negative impact on employment and earnings also affects the share of loans made in previous years that are likely to be repaid, increasing government expenditure on the loan subsidy.

APPENDIX

Table A1: Data sources for participation in HE

Data source	Indicators			
	Demand / availability of HE places	Participation in HE	Drop out	Widening participation in HE
UCAS	Applications / acceptances for undergraduate courses in the UK	Entry numbers / rates for undergraduate study of all 18 year olds in the UK		1) Within UCAS, 'Widening participation' figures are entry numbers/rates for all 18 year olds in the UK by gender, POLAR4, disability and mental health.
				2) Entry numbers/rates for 18 year olds in HE in the UK who were in state school education at age 15 in England by Multiple Equality Measure (MEM), eligibility for Free School Meals (FSMs), and ethnicity. These are referred to as "Equality in England" within UCAS.
DfE		1) Progression to HE by age 18/19: % of KS4 pupils in state-schools (age 15) in England who progressed to HE in the UK by age 18/19		% of KS4 pupils in English state-schools (age 15) who progress to HE by age 18/19 by gender, ethnicity, FSMs and POLAR quintiles; first language, Special Educational Need (SEN), looked after children, children in need.
DfE		2) Higher Education Initial Participation (HEIP) - represents the likelihood that a young person will participate in HE by the time they reach age 30 (based on HESA, first time entrants to UK HE providers)		HEIP rates by age, sex, mode of study, qualification aim, provider type.
HESA		Entry numbers: Number of first year students in HE institutions in the UK by level (undergraduate/post-graduate) and mode (full-time/part-time) of study	Non-continuation rates	HESA provides a range of 'Performance indicators' under their "Widening Participation" measures, including "Widening participation of under-represented groups", showing the percentage of UK domiciled entrants to full-time first degree courses who come from state-schools, low participating areas and lower socio-economic class.
HESA		Number of all students in HE institutions in the UK (by level of study, HE/FE providers, country, mode of study		Non-continuation rates by personal characteristics

Figure 1.1: Number of acceptances to full time undergraduate courses in HE institutions in the UK, by age, 2006 to 2019



Source: UCAS (2019b)

Table A2: Progress to HE by 19, 2009/10 to 2018/19

	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19
Free School Meals	18.6	19.8	20.3	21.3	22.3	24.1	25.7	26.2	26.3	26.3
All Other Pupils	36.2	37.4	38.3	38.8	39.1	41.6	43.3	43.9	44.9	45.1
SEN Support	11.2	12.5	14.0	15.6	16.5	18.0	19.5	19.7	20.8	20.6
SEN with statement/EHCP	5.5	6.1	6.2	6.6	7.2	7.7	8.0	8.6	8.5	8.9
No Identified SEN	39.2	41.0	42.5	43.6	44.0	46.4	47.4	47.5	48.0	47.3
English	32.1	33.5	34.4	34.8	34.9	37.0	38.4	38.8	39.7	40.0
Other than English	50.8	50.9	51.0	51.3	52.2	55.3	57.1	58.2	57.8	58.0
Unclassified	23.7	44.4	42.9	46.4	43.3	44.7	42.7	41.2	42.2	45.1
Female	37.8	39.0	39.9	40.5	40.9	43.5	45.2	46.2	47.4	48.0
Male	30.0	31.4	32.3	32.7	32.9	35.0	36.4	36.4	37.2	37.3
White - British	31.3	32.6	33.3	33.6	33.6	35.4	36.7	36.9	37.8	37.9
White - Irish	40.1	41.3	44.2	44.6	47.7	50.5	49.4	50.8	51.8	53.0
Traveller of Irish Heritage	8.7	3.1	5.2	8.1	7.9	9.8	6.7	4.8	5.2	7.6
Gypsy / Roma	3.4	3.8	6.0	3.6	2.3	5.1	4.7	5.4	4.6	5.2
Any Other White Background	41.7	41.3	41.0	40.4	40.8	43.6	44.4	45.4	45.9	46.6
White and Black Caribbean	27.4	27.8	28.7	30.1	29.8	32.7	34.6	35.6	35.5	35.8
White and Black African	42.9	41.4	41.9	44.4	45.8	47.0	50.6	49.3	50.8	51.5
White and Asian	50.1	50.7	50.7	51.0	51.3	53.6	54.7	54.1	55.8	55.2
Any Other Mixed Background	39.5	42.4	42.8	44.7	45.7	48.8	49.9	49.8	50.9	52.3
Indian	67.3	67.7	68.6	68.2	68.6	70.3	71.1	72.6	72.2	71.7
Pakistani	44.9	46.1	46.4	46.9	48.5	51.6	54.1	55.2	56.1	56.5
Bangladeshi	46.4	48.8	49.1	50.0	51.2	56.6	61.2	62.5	63.4	64.9
Any Other Asian Background	57.6	55.1	55.6	56.4	56.0	61.0	62.8	65.2	66.1	68.8
Black Caribbean	34.2	37.3	37.1	37.9	37.1	42.8	43.9	45.8	46.4	44.7
Black - African	53.9	54.4	56.9	59.0	60.1	64.8	66.7	68.3	67.4	66.9
Any Other Black Background	36.9	38.1	42.3	43.0	46.4	50.6	50.3	52.7	53.4	52.1
Chinese	73.3	73.3	74.2	76.1	74.9	78.1	78.0	79.0	77.6	79.3
Any Other Ethnic Group	46.2	46.2	46.5	47.8	49.0	52.5	55.9	57.8	58.0	59.9
Unknown	30.0	31.1	33.4	35.7	35.6	38.9	42.4	43.4	41.8	43.0
White	31.6	32.9	33.6	33.8	33.9	35.7	37.0	37.2	38.2	38.3
Mixed	37.2	38.4	39.0	40.5	41.1	44.1	45.7	45.8	46.7	47.5
Asian	54.6	55.1	55.5	55.6	56.3	59.5	61.7	63.1	63.5	64.0
Black	44.1	46.1	48.2	50.1	50.9	56.2	58.1	59.8	59.9	59.1
Chinese	73.3	73.3	74.2	76.1	74.9	78.1	78.0	79.0	77.6	79.3
Any Other Ethnic Group	46.2	46.2	46.5	47.8	49.0	52.5	55.9	57.8	58.0	59.9
Unknown	30.0	31.1	33.4	35.7	35.6	38.9	42.4	43.4	41.8	43.0

	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19
Q1 - Most Disadvantaged	18.0	19.0	19.6	20.3	21.3	23.1	24.9	25.5	26.4	27.3
Q2	27.2	28.5	29.2	29.5	30.2	32.1	34.0	34.5	35.3	35.8
Q3	34.0	35.5	36.7	36.9	37.1	39.6	40.9	41.7	42.5	42.5
Q4	41.5	43.0	43.8	44.6	44.1	46.7	48.3	48.5	49.1	49.3
Q5 - Most Advantaged	51.3	52.6	53.7	54.1	53.0	55.7	56.7	57.1	57.9	57.8
Unknown	25.6	26.5	26.2	27.0	29.7	27.8	30.6	31.4	34.4	34.8
Looked after continuously for 12 months or more	9.0	10.0	10.0	9.0	10.0	11.0	12.0	13.0	12.0	13.0
All Other Pupils	34.0	35.0	36.0	37.0	37.0	39.0	41.0	41.0	42.0	43.0
Children in Need							10.0	11.0	12.0	11.0
All Other Pupils							42.0	42.0	43.0	43.0
All SEN	9.9	11.2	12.6	14.1	15.1	16.4	17.6	17.6	18.4	17.8
No Identified SEN	39.2	41.0	42.5	43.6	44.0	46.4	47.4	47.5	48.0	47.3

Source: DfE (2020a)

Table A3: Progress to high tariff HEIs by 19, 2009/10 to 2018/19

	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19
Free School Meals	2.0	2.4	2.8	2.4	2.7	3.3	3.2	3.1	3.4	4.1
All Other Pupils	9.4	9.5	10.6	9.5	10.0	11.4	11.4	10.9	11.2	12.0
SEN Support	1.3	1.5	2.0	2.0	2.1	2.3	2.5	2.5	2.8	3.3
SEN with statement/EHCP	0.7	0.7	0.8	0.9	0.9	1.0	1.1	1.0	1.1	1.2
No Identified SEN	10.0	10.3	11.8	10.8	11.4	12.8	12.5	11.7	11.9	12.5
English	8.4	8.4	9.4	8.5	8.9	10.0	10.2	9.6	9.9	10.5
Other than English	8.9	10.2	11.7	9.5	10.4	11.6	10.7	10.7	11.1	13.3
Unclassified	3.5	10.5	11.2	10.3	10.3	10.1	9.6	7.6	8.9	12.0
Female	9.1	9.3	10.4	9.3	9.7	11.1	11.2	10.7	11.2	12.0
Male	7.7	7.8	8.8	7.9	8.4	9.4	9.3	8.8	9.0	9.8
White - British	8.3	8.2	9.1	8.3	8.6	9.7	9.9	9.2	9.5	9.9
White - Irish	13.3	13.9	15.3	15.4	15.8	20.4	17.8	18.2	19.8	21.0
Traveller of Irish Heritage	0.8	0.6	0.0	1.6	1.6	2.1	0.7	0.0	0.0	0.7
Gypsy / Roma	0.3	1.1	0.4	0.4	0.0	0.7	0.3	0.7	0.4	0.5
Any Other White Background	11.4	11.8	11.9	10.4	10.7	11.8	11.7	11.4	11.6	12.9
White and Black Caribbean	4.1	4.6	4.9	5.0	4.7	6.1	5.8	5.9	6.2	7.0
White and Black African	8.9	9.0	11.1	9.3	11.3	10.6	11.5	11.1	11.4	12.3
White and Asian	17.4	15.7	17.1	16.5	17.9	20.8	18.5	17.7	18.6	18.9
Any Other Mixed Background	10.3	11.5	12.2	11.8	12.8	14.3	13.6	13.3	14.5	15.8
Indian	15.7	17.7	20.9	16.2	18.2	20.2	19.2	19.2	19.0	22.0
Pakistani	5.9	6.8	8.7	6.7	7.4	8.4	7.8	7.5	8.2	9.9
Bangladeshi	5.1	7.3	8.8	7.5	8.8	10.6	7.8	8.5	10.0	15.2
Any Other Asian Background	13.8	15.2	16.0	12.8	14.0	16.2	14.0	14.1	15.3	19.9
Black Caribbean	2.7	3.3	3.9	3.4	3.4	4.8	4.7	4.6	5.3	5.2
Black - African	6.2	7.4	8.9	7.5	8.2	9.8	9.9	9.8	10.6	12.2
Any Other Black Background	4.0	4.6	5.4	4.8	5.0	6.9	5.7	7.0	7.4	7.9
Chinese	29.5	31.8	32.8	31.9	32.6	34.4	34.2	34.2	35.3	39.0
Any Other Ethnic Group	9.3	11.3	12.3	9.8	10.9	12.7	11.6	11.8	12.2	15.2
Unknown	7.5	8.1	10.0	10.9	10.0	11.8	12.2	13.6	11.9	12.8
White	8.3	8.3	9.2	8.4	8.7	9.8	10.0	9.3	9.6	10.1
Mixed	9.1	9.4	10.3	9.9	10.8	12.4	11.7	11.5	12.2	13.2
Asian	10.2	11.7	13.8	10.8	11.9	13.5	12.2	12.1	12.7	15.7
Black	4.6	5.5	6.7	5.8	6.2	7.9	7.9	8.0	8.7	9.8
Chinese	29.5	31.8	32.8	31.9	32.6	34.4	34.2	34.2	35.3	39.0
Any Other Ethnic Group	9.3	11.3	12.3	9.8	10.9	12.7	11.6	11.8	12.2	15.2
Unknown	7.5	8.1	10.0	10.9	10.0	11.8	12.2	13.6	11.9	12.8

	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19
Q1 - Most Disadvantaged	2.7	2.6	3.0	2.8	3.0	3.5	3.7	3.5	3.8	4.1
Q2	5.1	5.1	5.7	5.0	5.5	6.3	6.4	6.0	6.3	6.9
Q3	7.5	7.4	8.6	7.6	7.9	9.1	9.1	8.7	8.9	9.4
Q4	10.3	10.8	12.0	10.9	10.9	12.4	12.3	11.7	11.9	13.1
Q5 - Most Advantaged	17.6	18.2	19.9	18.1	18.9	20.6	20.3	19.4	19.8	21.2
Unknown	5.1	5.0	5.7	5.4	5.9	6.3	6.0	5.6	7.9	9.0
Looked after continuously for 12 months or more	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
All Other Pupils	8.0	9.0	10.0	9.0	9.0	10.0	10.0	10.0	10.0	11.0
Children in Need							1.0	1.0	1.0	2.0
All Other Pupils							10.0	10.0	10.0	11.0
All SEN	1.2	1.3	1.8	1.8	1.9	2.1	2.3	2.2	2.5	2.8
No Identified SEN	10.0	10.3	11.8	10.8	11.4	12.8	12.5	11.7	11.9	12.5

Source: DfE (2020a)

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