

Skills to pay the bills

How students pick where to study
and where to work

Skills to pay the bills

How students pick where to study
and where to work



Introduction

This discussion guide captures the findings, conclusions and policy questions that emerge from UPP's research with 1,000 undergraduate students currently in higher education. This research was conducted by YouthSight and is representative of the student population by gender, course year, and university group.

For the past 5 years, UPP has conducted opinion research aimed at improving our understanding of the decision-making of undergraduates, applicants and recent graduates. In particular, this work has focused on building a bigger and deeper picture of how applicants and students choose between institutions, how and why they choose higher education over other options and what they value in their institutions' offers on employability. This year, UPP has expanded this work in order to ask students about their plans after university – partly in order to contribute to our understanding of what affects levels of graduate retention for different institutions in different regions of the UK.

UPP's interest in the question of graduate retention – what proportion of students go on to live and work in the city or region where they study – springs from two important factors. Firstly, graduate retention is a crucial symptom of the medium-term economic prospects of a city and a driver of future growth, productivity and prosperity. Secondly, retention is also central to evaluating the role of universities themselves as civic and economic institutions within their communities – contributing to the health and wealth of the cities and regions in which they are based. Understanding how many graduates stay and work in the place they were educated tells us a great deal about relative levels of graduate opportunities around the country; it shows us what is missing from the employment and lifestyle mix in particular regions; and it helps us to unpack the knotty question of what drives so many UK graduates to relocate to London so quickly after graduation.

It is important to get a sense of the national picture and a recent study from Centre for Cities helps us to see the scale of the issue. According to their research, within six months of graduation almost a quarter of all graduates are working in London. That represents an enormous 'brain drain' away from the thriving universities of the UK's regions and towards the capital. This national picture is even more stark when you narrow in on a region-by-region basis. Whilst some areas of the UK – such as Northern Ireland – are very successful at retaining their graduates, others do very poorly when compared to the national average. Between 50% and 60% of all graduates from the Midlands have left within six months of completing their course whilst across the North between 35% and 45% of graduates relocate within six months. This has a negative effect on local economies, with talented and skilled young people leaving regions outside of London, and highlights a worrying gap between levels of education and graduate opportunities in many of the UK's cities and regions.

This paper discusses UPP's recent polling – on decision-making at application, on the relative importance of employability and on which factors drive graduate retention. Building on UPP's most recent findings, this paper also asks a series of questions about how universities can cement their role as civic and economic powerhouses across the UK and what role there is for city and regional government in promoting graduate retention in partnership with UK HE institutions.

Section one:

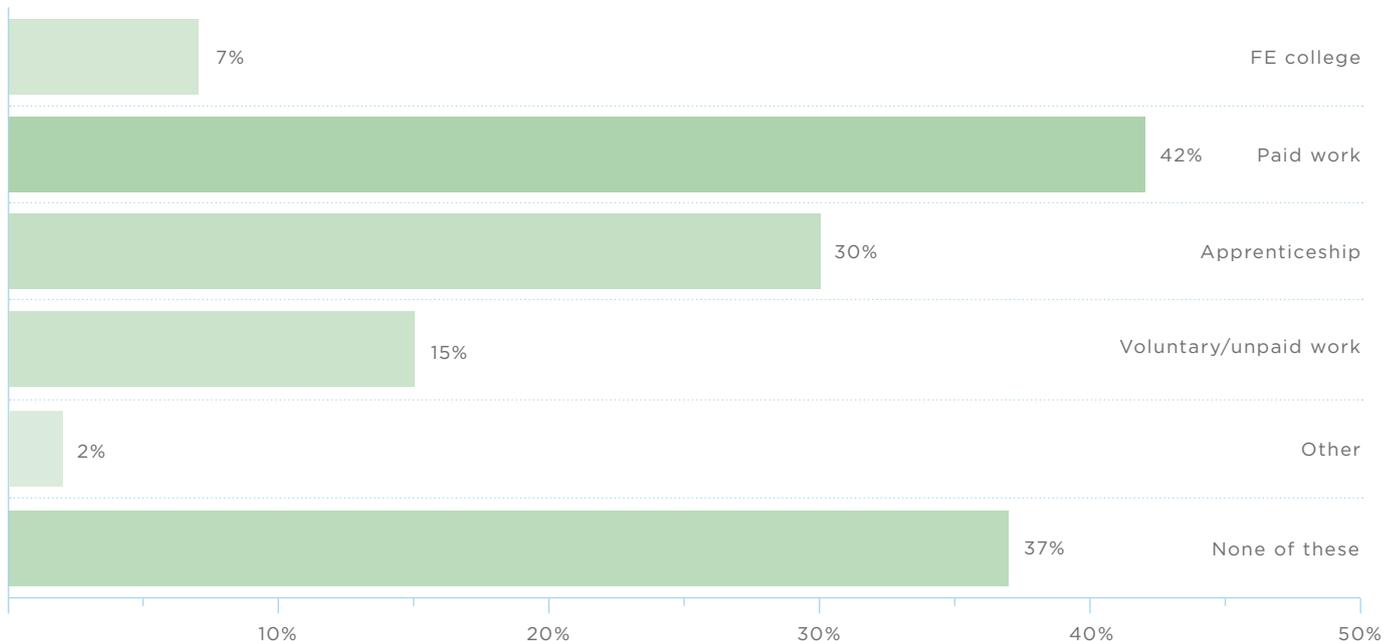
Why university?

Over the last three years, UPP has asked students to explain and explore why they chose university over other options – such as vocational training, apprenticeships or entering the workforce. Given the repeated commitments of successive governments to improving the availability and take-up of high-quality apprenticeships – and recent debates over the level and value for money of Higher Education fees – this research speaks directly to policy objectives across the political spectrum.

This year has seen a marked improvement in terms of students awareness of apprenticeships and in the proportion of students who actively considered pursuing an apprenticeship before, in the end, opting for an undergraduate degree.

In total, 30% of first year students told us that they had actively considered an apprenticeship as an alternative to a traditional degree.

Options that students considered before applying to university.¹



This represents a significant increase on last year's findings – when only 24% of first year students reported that they had explored and considered apprenticeship opportunities. The highest rise in young people considering an apprenticeship as an alternative to undergraduate study can be found amongst young women. Twenty-six percent

of first year, female undergraduates told us that they had considered an apprenticeship. Whilst this is below the rate amongst male first years (which stands at 36% this year), it represents an 8% increase on last year, when only 18% of female first years reported considering an apprenticeship.

These year-on-year rises in awareness and appetite for apprenticeships represent a partial success for Government policy. However, this study is focused on those young people who have chosen to pursue an academic course and have opted for university, no matter their openness to non-academic alternatives. This is useful because it helps us to understand what barriers remain to participation in vocational education instead of undergraduate life.

The key factor in the responses of those young people who considered an apprenticeship before opting for a degree is the perceived relative inflexibility offered by vocational education as compared to academia. This appears to be a growing concern – this year, 25% of undergraduates reported that they were concerned that pursuing an apprenticeship would limit their future career options. This is up from around a fifth of undergraduates who registered this concern.

Of declining importance, though, are negative perceptions of vocational learning amongst the family and friends of undergraduates and applicants. In 2015, one-third of undergraduates told us that a family member or friend had influenced their decision to pursue a degree by encouraging them not to pursue an apprenticeship – this year that figure is down to just 24%. The same pattern can be found in the advice offered to young people by their schools. In 2015, 37% of students reported being actively discouraged from a vocational next step by their school, this year only 29% of students say that this was a factor.

This illustrates two themes that are impacting upon young people's decisions to choose university over vocational options. Firstly, Government efforts to bolster the reputation and standards of apprenticeships and vocational courses appear to be working. Negative perceptions of vocational options are in decline and the two biggest influencers on young people – close family and friends and their schools – are warmer towards vocational options than in the recent past. This change has occurred at a time of public debate about fees and about the relative value of the graduate premium. These two factors converging may be driving an increase in interest in and respect for the potential for apprenticeships as an alternative to undergraduate education.

It is not all good news for the further education sector, however. Whilst more undergraduates have considered opting for vocational study instead, they remain very concerned about the long-term career prospects offered by apprenticeships versus a degree. Perceived inflexibility remains a major barrier to entrance into an apprenticeship and this is likely to become more off-putting for young people as traditional career paths continue to be disrupted. Government will need to identify innovative new models for the delivery of vocational education if it is to succeed in persuading ambitious young people that an apprenticeship can equip them with the skills-mix that they need for long-term success.

Why a graduate would stay..

“I think I’ll probably stay in the city I’ve been studying in because I know it well and I know there’s a job for me here.”

Student studying in Nottingham

“I live in central London and the opportunities there are very good.”

Student studying in London

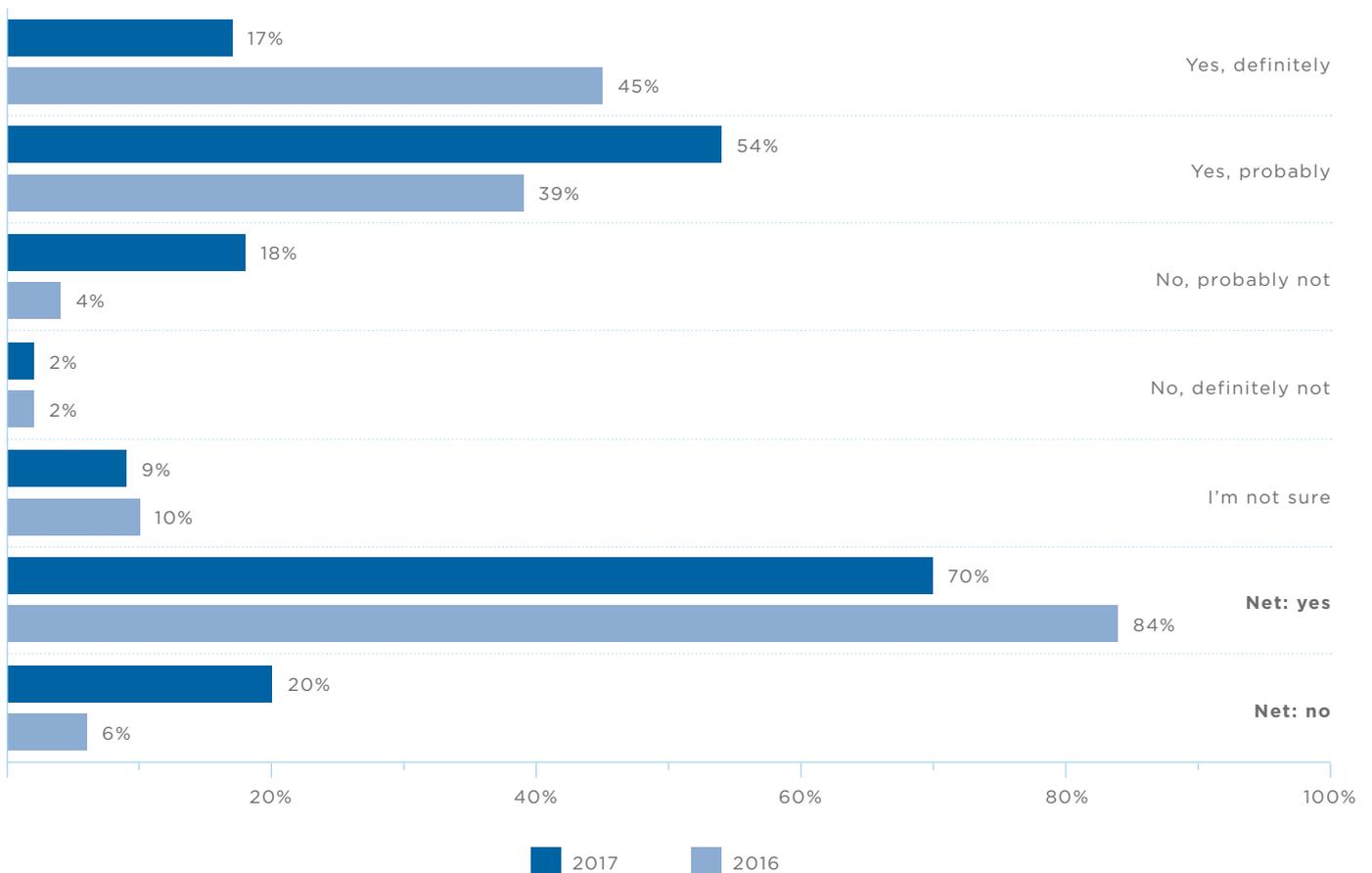
Section two: Which university?

As in previous years, UPP asked students to tell us about how and why they selected their university over others once they had decided that an academic course was right for them. This year’s results – and their contrast with previous years – contain bad news for the Government and for its flagship Teaching Excellence Framework.

Last year, 84% of respondents told us that they would have been influenced by the TEF score of their chosen institutions when selecting where to study – had these results been available to them. Only 6% of respondents last year said that they would not have been influenced by their institution’s TEF score. Now that TEF is a reality, and institutions’ scores are publicly available, students

have lost confidence in the framework’s ability to help them differentiate between institutions. Only 70% of respondents this year agree that they would have been influenced in their choice of university by their institution’s TEF score – a 15% fall – while one-fifth now say that it would not have influenced their decision at all.

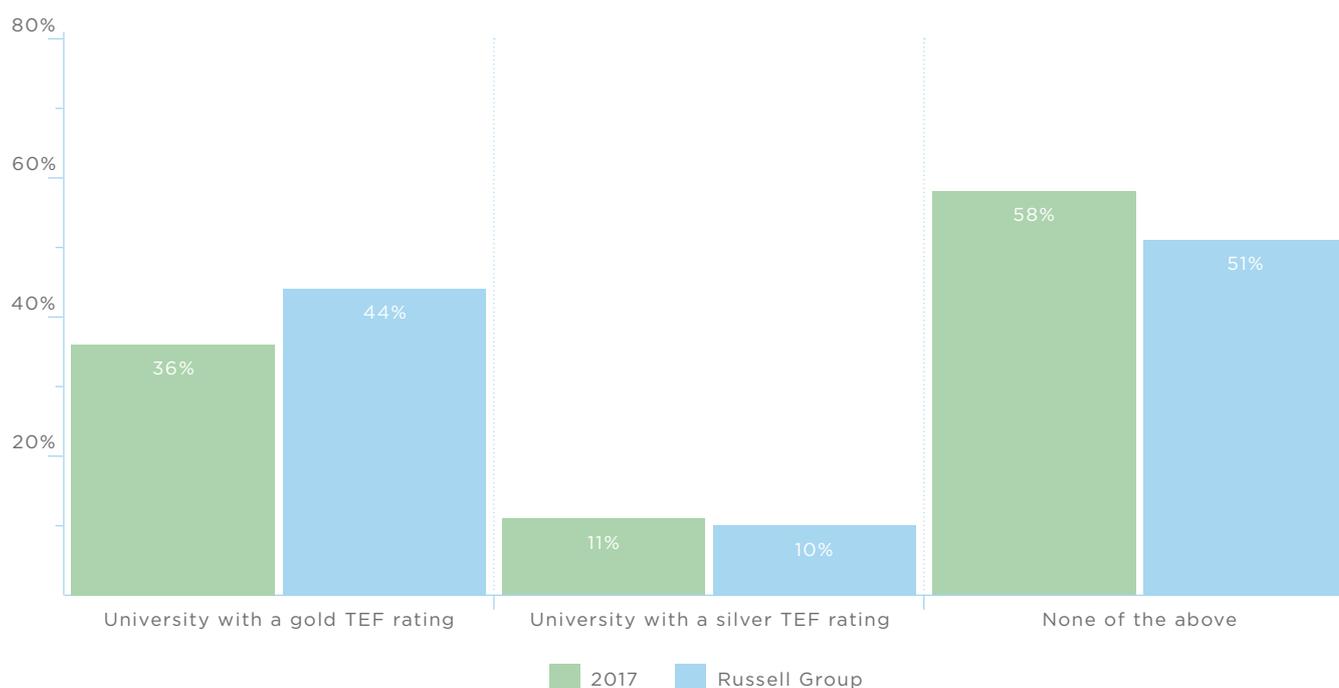
Whether a good TEF rating would influence students’ choice of university.²



The Government has indicated that TEF scores may be used, in future, to determine the ability of institutions to vary their fees. The findings of this year's survey suggest that there is little appetite amongst students for such an approach. Fifty-eight percent of respondents told us that they would not be prepared to pay more for their degree because an institution had achieved a gold or silver ranking under the TEF. This suggests that an attempt to use the TEF process to create a differentiated market in fees will be problematic – greater market

confidence in the validity of TEF scores will be needed if the Government is to achieve this objective. However, it is worth noting that whilst only 47% of students and applicants told us that they would pay more for a gold or silver institution overall, this rose to 54% amongst students and applicants to Russell Group universities. This suggests that for institutions within the Russell Group, TEF results will matter to creating a differentiated offer that lends competitive edge over peer institutions.

Whether students would be willing to pay increased tuition fees (in line with inflation) for universities with the gold, silver and bronze tier TEF rankings.³



As in previous years, UPP asked students what would make them more comfortable with paying higher fees and in what areas they would like to see their institution prioritise additional investment. As in previous years, students indicated that a stronger link between their degree and graduate employment opportunities is central to willingness to pay more. Each year, we have asked students whether they would be prepared to pay more if their degree came with a guaranteed graduate

employment opportunity (a job with a £24,000 salary). There has been a stark increase in the amount that students would be prepared to pay for such a guarantee – first year students would now be prepared to pay an average additional fee of £2,064. This is £612 more than the 2016 average. As in previous years, students prioritised investment in employability programmes and work experience over academic investment.

These findings give us a picture of student and applicant decision-making which highlights the economic anxiety that is prevalent and growing. Whilst students are sceptical about the importance of TEF – and question its usefulness as a tool to assist them in choosing an HE

institution – they are increasingly preoccupied with long-term graduate opportunities and the question of whether they will benefit from a graduate premium in their careers. Overall, students are willing to trade fees now against more security for the future.

How much **more** students would be prepared to pay for their degree if, on graduation, they were guaranteed a job at a graduate salary of over £24,000. ⁴

	2017	2016
	%	%
£0	28	35
£1 – 500	6	12
£501 – 1000	8	15
£1001 – 1500	12	7
£1501 – 2000	6	8
£2001 – 2500	10	4
£2501 – 3000	5	4
£3001 – 3500	5	2
£3501 – 4000	2	2
£4001 – 4500	3	1
£4501 – 5000	3	2
£5001 – 5500	4	1
£5501 – 6000	1	1
£6001 – 6500	1	*
£6501 – 7000	1	*
£7001 – 7500	1	*
£7501 – 8000	*	*
£8001 – 8500	*	*
£8501 – 9000	*	1
£9001 – 9500	*	*
£9501 – 10000	3	2
NET: £0	28	35
NET: £1 – £500	6	12
NET: £501 – 1000	8	15
NET: £1001 – 2000	18	15
NET: £2001+	40	23

Section three:

What makes a region sticky?

The primary motivations for students planning to relocate after graduation are economic. UPP's polling shows that students studying in areas that are amongst the UK's most prosperous – and with the highest density of graduate employment opportunities – are least likely to consider moving away from their university town or city once they graduate.

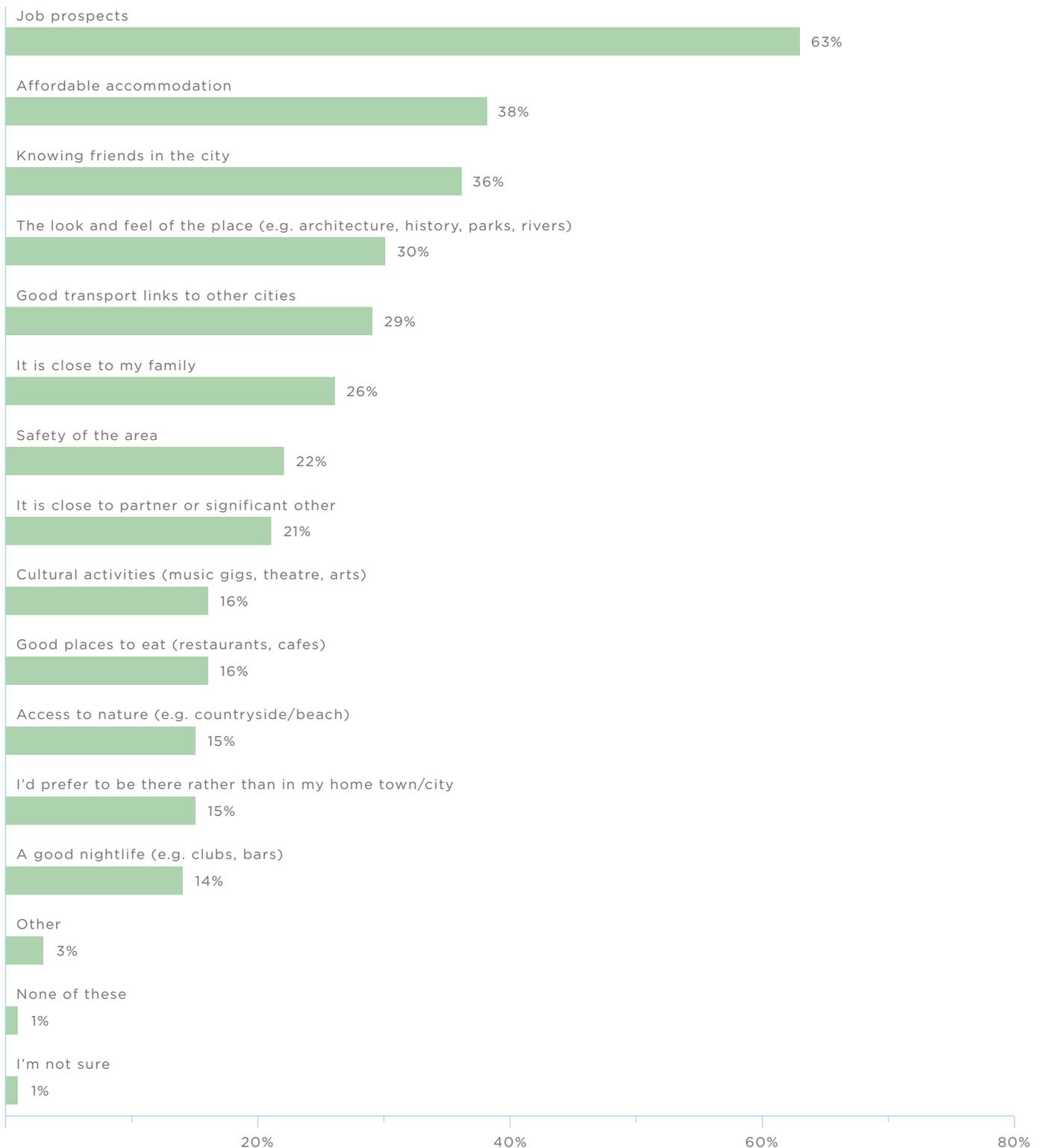
Only 35% of students in London are considering moving after graduation, compared to 41% in both the North West and East of England, and 63% in the West Midlands. The West Midlands has the highest proportion of students considering a move, of all the UK's regions, and this correlates with economic data that suggests the West Midlands is the region with the lowest employment rates of any city-region across the UK.

Nationally, 48% of all students are considering moving city after graduation, whilst 40% of students say that they will live and work in the city where they studied – 12% of respondents are not sure whether they would consider a move. But this balance tips decisively in favour of mobility as students progress through their undergraduate degree – of third and fourth year students, 54% expect to move (up from 42% for first years) whilst only 36% expect to stay. This implies that as young people move closer to

graduation – and begin to actively think more about their future lives in the workplace and outside of academia – moving city becomes more attractive or at least perceived as more likely.

Overall, the overwhelmingly decisive factor in determining whether a student believes they will remain in their city or region of study is the perceived availability of graduate opportunities. Sixty-three percent of students raised job prospects as the primary driver of where they will live and work post-study. The next closest factor, at just 38%, was the availability of affordable accommodation. Clearly, universities and city governments looking to improve their graduate retention should focus primarily on increasing graduate employment opportunities and/or communicating these pro-actively to students.

The most important considerations for students when it comes to choosing whether to continue living in the town/city in which they studied.⁵



Given that the majority of students identify work experience and employability schemes as their priority for institutional investment – and given the high priority that many cities place on improving graduate retention – there is an obvious means for universities to improve student experience whilst contributing better to their local economy. Universities could look to create or expand schemes that pair students and recent graduates with local businesses; in particular SMEs, which are often overlooked by university careers departments. Ambitious and well managed schemes to place students and graduates with local businesses would bring two benefits; first, it would answer students’ calls for better work experience and on-the-job training to boost their employability upon graduation; second, it would actively serve the local economy by sign-posting graduates towards local opportunities that enable them to stay in the area and continue to contribute.

The provision of affordable graduate housing is also central to young people’s decision-making about their medium-term futures. Thirty-eight percent of students list graduate housing as a priority, rising to 42% amongst those students closest to graduation. Cities and regions that combine employment opportunities with attractive (30% of students list the ‘look and feel’ of the place as a motivating factor in where they will settle) and affordable accommodation are likely to succeed in driving up retention.

Why a graduate wouldn’t stay...

“Firstly, the lack of job opportunities, secondly, financially the cost of living alone without having a university grant for accommodation.”

Student studying in Reading

“There are no graduate positions available.”

Student studying in Bangor



What students are planning to do after graduating,⁶ and whether they plan to stay in their university town.⁷

78% thought about **moving to work abroad**
(44% national average)

15% definitely will stay after graduating
(9% national average)

28% thought about **going travelling**
(48% national average)

49% thought about **living with their parents** in their home town/city
(41% national average)

54% thought about **staying on** to live in the town/city they study in
(47% national average)

3% definitely will stay after graduating
(9% national average)

71% thought about moving to **work** in a UK city they have not lived in before
(51% national average)

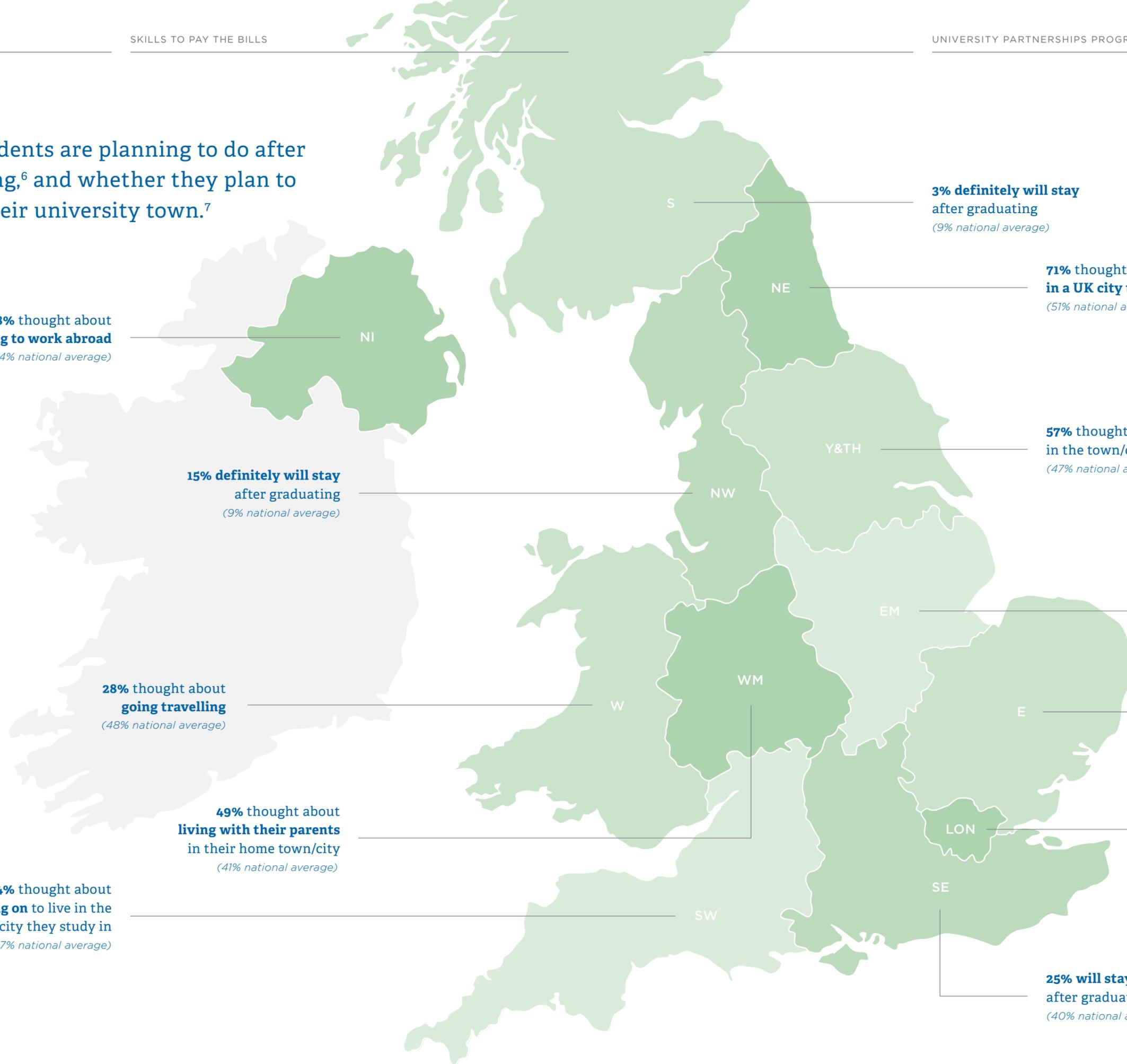
57% thought about **staying on** to live in the town/city they study in
(47% national average)

20% definitely won't stay after graduating
(16% national average)

57% won't stay after graduating
(48% national average)

60% will stay after graduating
(40% national average)

25% will stay after graduating
(40% national average)



Section four:

Conclusion

This paper provides a summary of UPP's 2017 findings. On the subjects to which we have returned – why people choose university and why they choose a particular university – significant shifts in opinion have occurred. Apprenticeships continue to improve in attractiveness, even amongst those young people who eventually opt for a degree. However, confidence in the ability of vocational education to provide sufficient skills flexibility and credibility for the future is not strong and is in decline. Meanwhile, confidence in the Teaching Excellence Framework has dropped now that the TEF is a reality. This should give Government some pause for thought – both over the metrics that it has used and over the likely potential for the TEF to offer an effective route to fee differentiation in the future.

This year, we asked students and applicants about their intentions post-graduation for the first time. We wanted to better understand decision-making at the end of university, in the same way as we seek better understanding of the choice to attend university in the first place and of the choice of which university to study at.

The findings of these questions speak to the wider theme of our respondents' answers, motivations and concerns. Economic vulnerability is at the heart of our

young people's decision-making. It drives their choice of university (and may be driving the increase in interest in non-HE, non-fees based opportunities). It drives choice between universities and students' priorities for their institutions' future investment. And economic vulnerability also drives students' thinking about their choices post-university. The two most important factors in where a graduate chooses to live and work – and whether they will leave their city of study – are economic; the availability of graduate jobs and the availability of affordable housing.

What would have to change in a town/city for a graduate to stay...

“A larger choice of firms to work for would be better for me.”

Student studying in Derby

“The biggest thing is more opportunities for people my age.”

Student studying in Swindon

The debate about value for money in HE, and about the fairness and graduate premium produced by fees, has risen in prominence over the last year. This is the result of several factors, some political (such as the Labour Party's pledge to abolish fees), some related to policy (such as the TEF and governance controversies at some leading UK institutions). Our polling shows that young people increasingly frame their choices about further study and post-study life in terms of economic opportunities. They are increasingly willing to pay more if that means more graduate jobs opportunities, they are ready to move for work and they pursue undergraduate study because they believe that a degree still gives them the best career opportunities over their professional life. But these trade-offs are fragile and it is imperative that the sector work closely with other interested parties – in local and central government and in business – to ensure that the personal and civic bargain that universities represent continues to be fair and rewarding.

In particular, our research points to a number of actions that universities should, in partnership, prioritise:

1. Universities should explore opportunities to work with businesses and vocational learning providers in order to provide modules for apprenticeships and vocational training that add flexibility and long-term resilience to these qualifications in the face of labour market change.
2. Universities should work with central Government in order to improve the metrics used to create and measure the TEF, in order to improve its insight and drive up confidence in TEF as a measure of quality.
3. Universities should invest in local employability schemes that match students and graduates with local businesses (in particular SMEs) in order to both raise their own employability offer and to highlight local graduate employment opportunities.
4. Universities should work closely with local and regional government in order to drive forward schemes that improve the stock of affordable, local graduate housing options in order to improve the 'stickiness' of their communities for graduates.

We know that lots of great work is occurring at individual universities, however, each of these recommendations would improve the individual attractiveness of institutions to students worried about their long-term economic vulnerability. It would help applicants to make informed decisions and help students identify opportunities for their own economic success. Acting on these recommendations would also help universities to contribute to their local economies by driving up graduate retention. Most importantly, each of these would also be a practical step forward in terms of supporting young people in reducing their economic risk and improving their long-term prospects. Universities must be careful to ensure that they act in ways that cement the personal, institutional and civic bargain embodied by higher education. Focusing on employability, opportunity and retention is a vital part of that bargain.



Endnotes

- ¹ **Full question:** Which of these did you consider before applying to university?
- ² **Full question:** The government plans to introduce the Teaching Excellence Framework (TEF). You may not have heard about it before however it outlines the criteria that the government use to measure good quality teaching at university. The TEF rating of a university will be a makeup of a number of different measures, from student satisfaction, the progress of students from disadvantaged backgrounds as well as other existing data. Do you think that a good TEF rating would influence your choice of university?
- ³ **Full question:** The TEF will rank universities into gold, silver and bronze tiers based on teaching quality. ****Gold ranking will require students to be frequently engaged with developments from the forefront of research, scholarship or practice. Silver ranking will be awarded to universities offering courses with high levels of stretch that ensure all students are significantly challenged. Bronze rankings will be reserved for universities where provision is of satisfactory quality but where the provider is likely to be significantly below other universities in one or more areas.**** If the TEF is implemented as proposed, universities with a favourable TEF ranking will be allowed to raise their tuition fees in line with inflation. Would you be willing to pay increased tuition fees (in line with inflation) for universities with the following TEF rankings?
- ⁴ **Full question:** How much **more** would you be prepared to pay for your degree if, on graduation, it guaranteed you a job at a graduate salary of over £24,000?
- ⁵ **Full question:** Below are some reasons why you might want to continue to live in the city or town you studied in after graduation. Of the list below, what would be the most important considerations for you in choosing whether to continue living in the town/city you studied in?
- ⁶ **Full question:** Which, if any, of the following have you thought about doing after university?
- ⁷ **Full question:** To what extent do you think you will stay in your university town after graduation?

