

**GRADUATE RETENTION**

MEETING LOCAL

SKILLS NEEDS



Universities UK

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# CONTENTS

**03 EXECUTIVE SUMMARY**

**05 INTRODUCTION**

**06 WHAT WE ALREADY KNOW**

**08 PROVEN SUCCESS: CASE STUDIES**

**08** 01\SOUTH WEST\_GRADSWEST

**09** 02\LONDON\_YOUNG CHAMBER OF COMMERCE

**09** 03\SCOTLAND\_JOINED UP FOR BUSINESS

**13** 04\EAST MIDLANDS\_UNIVERSITY OF LINCOLN

**14** 05\YORKSHIRE AND THE HUMBER\_SHEFFIELD

**16** 06\WEST MIDLANDS\_GRADUATE ADVANTAGE

**10 RATES OF GRADUATE RETENTION 2015–16**

**12 COULD GRADUATE RETENTION EASE SKILLS SHORTAGES?**

**17 CONCLUSIONS**

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# EXECUTIVE SUMMARY

Across the UK, graduate retention is a complex issue. Regional rates of retention vary significantly and are influenced by a range of social and economic factors, such as the regional labour market and graduate choice. There are, however, a number of existing initiatives that are successfully addressing these complexities. As increased graduate retention is pursued by the government, universities, and others, it will be important to draw on the lessons learned from these examples, to better inform future decision-making in this area.

The [data analysis](#) undertaken for this report finds significant regional variation in rates of graduate retention, including differences by subject studied and employment industry entered into. The report also attempts to analyse whether increased graduate retention could ease current skills shortages in the UK, but the lack of sufficiently detailed data makes it difficult to provide any definitive answers.

Included within the analysis are case studies of several organisations that are already undertaking action to increase graduate retention. These initiatives all address one or more of three key aims:

1. retaining graduates in the region to fill specific skills shortage vacancies
2. highly-skilled job creation to encourage graduation retention
3. promotion and support of local graduate entrepreneurship

They also reveal several important lessons for those considering work to increase graduate retention:

- partnership is key
- identifying the precise problem is hard
- funding needs to be flexible
- work placements work

## RECOMMENDATIONS

Based on the research within this report, Universities UK recommends the following three actions for the government, universities and business:

### **Promoting partnerships**

A better way to match graduate skills with employer demand at the local level is required. This could involve government support for networks of local universities, employers and stakeholders to encourage employer demand for graduate employment and work experience, matching the best possible candidates to opportunities, while ensuring opportunities are more widely available than at present.

The government should consider whether this need could be met by the recently announced Skills Advisory Panels, and ensure that higher education providers are appropriately involved in the development and delivery of these bodies.

### **Improved intelligence**

The challenges encountered when analysing levels of graduate retention in parallel with regional and sector-level skills shortages are symptomatic of the current data availability in this area. Publicly available data on skills shortages is not sufficiently granular or current enough to allow for targeted graduate retention initiatives. This must be addressed through improved data sources and/or greater sharing of intelligence at the local level.

### **Mitigating policy tensions**

The average levels of income vary significantly across the UK. The current publication of the Longitudinal Education Outcomes data and its inclusion in the Teaching Excellence Framework does not include any benchmarking or contextualisation of where graduates are employed geographically. As it currently stands, universities outside of London and the South East would perform worse in these measures by encouraging their graduates to stay in the local region. As such, finding a way to contextualise or benchmark earnings data by the region in which graduates are employed is crucial.

# INTRODUCTION

The development of the UK government's modern industrial strategy focusses on rebalancing local growth and productivity in all regions of the UK.<sup>1</sup> Universities have a key role to play in the achievement of this: they provide and create jobs, take the lead in research and innovation, and educate students to meet the higher-level skills needs of the modern economy. They also generate a substantial knock-on impact to the UK economy: in 2014–15 alone they supported almost one million jobs and contributed £21.5 billion to UK gross domestic product.<sup>2</sup>

University graduates undoubtedly drive local growth and productivity, but currently there are variable rates of graduate retention across the UK.<sup>3</sup> This report provides a detailed evaluation of local graduate retention, and through case studies demonstrates recent success in improving it, before highlighting what the government, business and universities could do together to further increase local rates of retention. Throughout this report, graduate retention is defined as the employment of graduates in the region of their higher education provider, regardless of their original region of domicile.



<sup>1</sup> *Industrial Strategy: building a Britain fit for the future*, Department for Business, Energy and Industrial Strategy, 2017

<sup>2</sup> *The economic impact of universities in 2014–15*, Universities UK and Oxford Economics, 2017

<sup>3</sup> *Future of Cities: Graduate Mobility and Productivity – An experiment in place-based open policy-making*, Government Office for Science, 2016

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# WHAT WE ALREADY KNOW

## SKILLS SHORTAGE

At a national level, the UK is facing a shortage of higher-level skills, with a deficit of graduates relative to the number of jobs requiring them. This deficit is projected to continue until 2020–2022, with estimates predicting a shortage of up to 8%.<sup>4</sup> The situation is likely to worsen as the UK leaves the European Union, due to any subsequent fall in highly-skilled immigration. As a result, 61% of employers are not confident about accessing high-skilled employees in the future.<sup>5</sup>

Recent research also shows that 75% of businesses are expecting to have an increased number of vacancies for higher-skilled employees, while only 2% expect to have less.<sup>5</sup> This demand varies by sector, with a reported 84% increase in demand expected for high-level skills in the construction sector in the next three to five years, and a 60% increase in retail and hospitality, and transport and distribution.

Despite this shortage, there remains a strong perception among the public that the UK has too many graduates, and that a considerable number of graduates are employed in non-graduate jobs. If it were true that the supply of graduates currently outstrips demand, then a worsening of graduate outcomes would be expected. This is not the case: the latest figures show that six months after leaving

university, 77% of graduates in employment are in professional-level jobs,<sup>7</sup> with this figure rising to 84% three-and-a-half years after graduation. Graduates also earn significantly more than non-graduates, and on average take home £9,500 more per year.<sup>8</sup> Companies were also expecting to increase their graduate recruitment by 4.3% in 2017, the fifth year of consecutive increases.<sup>9</sup>

## GRADUATE RETENTION

Several recent reports have focussed on the issue of graduate retention,<sup>10, 11, 12</sup> finding that many graduates are attracted to London rather than entering employment in the region of their higher education provider. The capital accounts for 19% of jobs six months after graduation, while 22% of the total graduate workforce is based there, including 38% of those who gained a first or upper second from a Russell Group university.<sup>10</sup> This so-called ‘graduate brain drain’ is particularly true of graduates who moved to a region in order to attend university.

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<sup>4</sup> *Supply and demand for higher-level skills*, Universities UK, 2015

<sup>5</sup> *Helping the UK thrive*, CBI/Pearson Education and Skills Survey 2017, CBI, 2017

<sup>6</sup> *Destination of Leavers from Higher Education*, Higher Education and Statistics Agency, 2017

<sup>7</sup> *Longitudinal Destination of Leavers from Higher Education*, Higher Education and Statistics Agency, 2017

<sup>8</sup> *Graduate Labour Market Statistics 2016*, Department for Education, 2017

<sup>9</sup> *The Graduate Market in 2017 – Annual review of graduate vacancies and starting salaries at Britain’s leading employers*, High Fliers, 2017

<sup>10</sup> *The Great British Brain Drain – Where graduates move and why*, Centre for Cities, 2016

<sup>11</sup> *Loyals, Stayers, Returners and Incomers: Graduate Migration Patterns*, HECSU, 2015

<sup>12</sup> *Skills to pay the bills – How students pick where to study and where to work*, UPP, 2017

The motivations that lead graduates to move away from their region of study are complex, but often stem from a combination of short- and long-term career considerations.<sup>10</sup> A recent survey of the intentions of current students found that nationally, 48% of students consider moving after graduation, but with significant regional variation; only 35% of London students contemplated a move compared to 63% in the West Midlands.<sup>12</sup> 63% of these students considered job prospects to be the most important consideration when choosing whether to stay in the town/city in which they studied.

Work by the Higher Education Careers Services Unit (HECSU) in this area considered the original domicile of graduates prior to attending university as well as their employment destination, defining four categories of graduate: ‘loyals’, ‘stayers’, ‘returners’ and ‘incomers’.<sup>11</sup> The work revealed that the high levels of graduate retention in Wales, Scotland and Northern Ireland are predominantly due to a large number of ‘loyal’ graduates who were originally domiciled in the region, before studying and subsequently entering employment there.

The Higher Education Funding Council for England (HEFCE) has also published information on graduate mobility flows, relative to both their original domicile and location of employment, based upon local enterprise partnership (LEP) areas.<sup>13</sup> This data shows that almost two-thirds of students move away from their home LEP area to study, but nearly 50% return after graduation.

## TO RETAIN OR NOT TO RETAIN?

As highlighted, the higher-level skills shortage is a national issue. It is therefore crucial that graduates are encouraged to be mobile: it is undesirable for the economy – and their individual prospects – to retain them in regions where their skillset is not in demand. Retention is important, however, where skills shortage vacancies exist, and where employers may benefit from hiring graduates but are not doing so. Around 50% of LEPs detail graduate retention as a priority in their strategic economic or skills plans, indicating belief that graduate retention would be beneficial in their regions.

It is also important to note that universities are under increasing scrutiny to ensure they deliver value for money, and that the education they provide is of high quality. While this is right and proper, one of the measures used to determine this – the level of graduate income as provided by the LEO dataset – puts universities under pressure to maximise the future earnings of their graduates. Given the regional wage disparities in the UK, any work that universities outside of London and the South East undertake to encourage graduate retention may in fact damage the perceived value of the education they have provided.

It is also important to be aware of social mobility issues when encouraging graduate retention: work from the Bridge Group has found that graduates from lower socio-economic backgrounds are less likely to be mobile, but have better outcomes if they are.<sup>14</sup> This would imply that while this group of graduates may be the easiest to retain, encouraging them to seek employment in the same region that they studied may have an adverse effect on their career outcomes.

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<sup>13</sup> *The geographical mobility of students*, Higher Education Funding Council for England, 2017

<sup>14</sup> *Inspiring Policy: Graduate Outcomes and Social Mobility*, Bridge Group, 2016

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# PROVEN SUCCESS: CASE STUDIES

Despite a heightened focus of late, graduate retention is not a new issue. Many universities and their partners have been actively engaged in dealing with graduate retention, which has resulted in a number of successful initiatives. This section highlights some of these, focussing on areas of good practice, including what has worked so far, and what has not.

All of the following retention initiatives share one or more of three common aims:

1. retaining graduates in the region to fill specific skills shortage vacancies
2. highly-skilled job creation to encourage graduation retention
3. promotion and support of local graduate entrepreneurship

## 01 \ SOUTH WEST\_GRADSOUTHWEST

Gradsouthwest is a graduate job board for South West England. It works with employers of all sizes to showcase graduate career opportunities available across Cornwall, Devon, Bristol, Somerset, Wiltshire, Gloucestershire and Dorset and aims to retain graduate skills in the region. As well as advertising job opportunities, Gradsouthwest works to raise the profile of this route into employment among South West students and graduates.

Gradsouthwest was initially founded in 2001 by a group of South West university careers departments, attracting Regional Development Agency funding. When this funding stream ceased a decision was taken to spin the company out. It became a commercial entity in 2015 and now derives income from charging companies to advertise vacancies.

Gradsouthwest remains well-connected to the region's universities, and works closely with them and other local actors such as regional business councils and forums to encourage businesses to seek graduate recruits.



## 02\LONDON\_YOUNG CHAMBER OF COMMERCE

The University of Roehampton, in partnership with Wandsworth Chamber of Commerce, has recently launched the borough's first Young Chamber of Commerce. The Young Chamber is designed to support young people, particularly graduates, as they enter business – whether as a new business start-up, or supporting them to build their own business networks.

58% of students at Roehampton are the first in their family to attend university. As such, coaching students to understand their own social capital is an important part of the University's careers offer. The Young Chamber builds on this work, developing a tangible link between alumni, careers activities, current students and local business. The local nature of the initiative means it encourages and supports graduates to build their careers or businesses in the local area, hence retaining them.

Members of the Young Chamber are able to access the main chamber's networking events as well as a series of events specifically designed to meet their needs. Though only in its infancy the Young Chamber is already considering how it could engage local schools to develop a pathway approach as well as innovations in how it communicates with members and builds community.

## 03\SCOTLAND\_JOINED UP FOR BUSINESS

All five universities in Edinburgh – Edinburgh Napier University, Heriot-Watt University, the Open University, Queen Margaret University and the University of Edinburgh – are part of the Capital City Partnership's programme, Joined up for Business.

Through partnership working this initiative aims to develop a pipeline of graduate talent to support economic growth in Edinburgh and the Lothians, and allows employers a single access point to the 65,000 students studying at Edinburgh's universities.

The university careers services within the network coordinate services to employers who wish to recruit students and graduates. This includes providing a single contact within the careers service for business enquiries, providing information and consultancy on access to and differentiation within the student and graduate labour market, a free job advertising service to employers, and streamlining of vacancy sharing between the relevant university careers services. In return, the Capital City Partnership offers similar benefits to the universities as well as knowledge sharing on inward investments and skills needs.

# RATES OF GRADUATE RETENTION 2015-16

## STUDENT CHARACTERISTICS SUCH AS SEX AND ETHNICITY AFFECT GRADUATE RETENTION RATES

**58%** Women  
**51%** Men  
**60%** Asian students  
**57%** Black students  
**55%** White students



## GRADUATE RETENTION RATES VARY BY EMPLOYMENT DESTINATION

**70%** Education  
**66%** Human health and social work  
**48%** Financial and insurance activities  
**42%** Agriculture, forestry and fishing



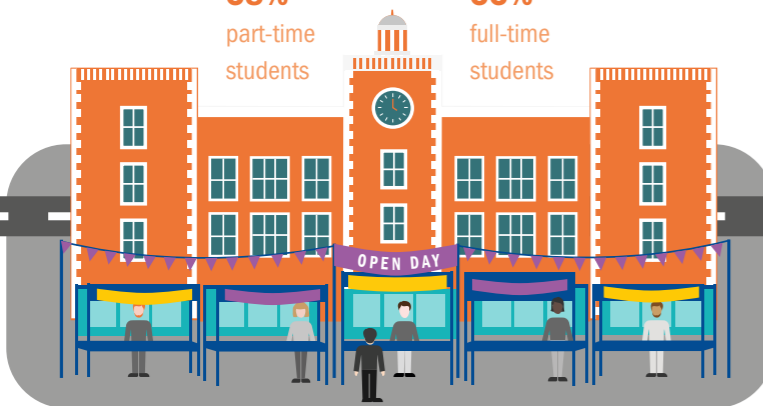
## LEVELS OF GRADUATE RETENTION VARY ACROSS THE UK'S REGIONS

**84%** Northern Ireland  
**78%** Scotland  
**66%** England - North West  
**66%** England - London  
**42%** England - East Midlands



## GRADUATE RETENTION RATES DIFFER BY MODE AND SUBJECT OF STUDY

**58%** part-time students  
**55%** full-time students



**75%** Education  
**71%** Allied to medicine  
**26%** Veterinary science

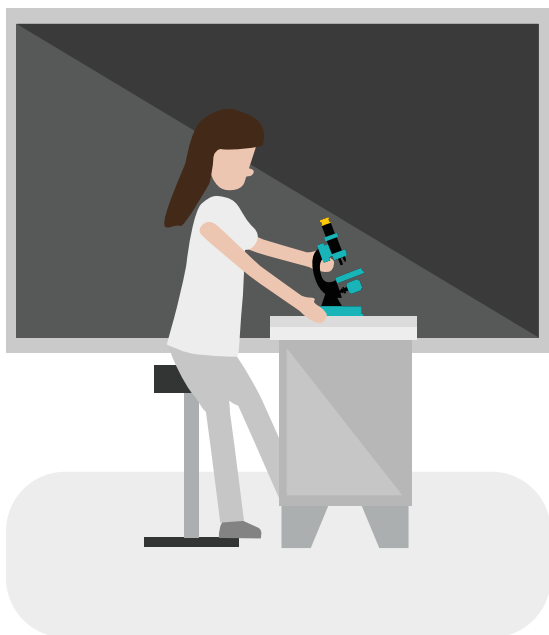


All figures relate to the percentage of graduates per characteristic, who are employed in the region of their higher education provider.  
 Source: *HESA Destination of leavers Record 2011-16*, Copyright Higher Education Statistics Agency Limited, 2017  
 Visit our [website](#) for more information on graduate retention data.

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# COULD GRADUATE RETENTION EASE SKILLS SHORTAGES?

The [interactive data tables](#) that accompany this report provide information on the number of high-skilled job vacancies in the UK taken from the biennial Employer Skills Survey.<sup>15</sup> They show the level of regional high-skilled hard-to-fill and skills shortage vacancies reported in 2015, that could benefit from increased graduate retention. Also shown are the number of mobile graduates – those who leave the region of their higher education provider – who have not entered a professional-level role.



In most regions, the number of mobile graduates not working in professional level roles is lower than the number of regional high-skilled skills shortage vacancies. They are, however, of comparable magnitudes, which suggests that retaining these graduates in the region could help to fill these high-skilled vacancies. This potential is increased when taking into consideration that these figures relate to an individual graduating cohort.

Despite this potential, there is no *guarantee* that increased graduate retention will fill the specific skills shortage vacancies reported. Firstly, the skills shortage vacancies data is currently only available at either the sector level, *or* the regional level, but crucially not both. Secondly, the sector groupings used to describe skills shortages vacancies are in some cases very large. Business services for instance – the sector with the largest number of skills shortage vacancies – includes a diverse range of jobs, from those in scientific research, to law, and translation and interpretation. Though reported in the same sector, these jobs would clearly require graduates with very different subject-specific knowledge.

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<sup>15</sup> UKCES Employer Skills Survey 2015: UK report, UK Commission for Employment and Skills, 2016

## 04 \ EAST MIDLANDS \_ UNIVERSITY OF LINCOLN

The University of Lincoln has developed two award-winning and employer branded employability awards – one with Lincolnshire Police and another the Lincolnshire Teaching School Alliance. Both schemes provide students with targeted work experience, general employability skills and unique access to the employers' in-house training.

Students selected for the police scheme commit to 100 hours of volunteering either as a Police Advice Centre Worker on campus, or as a volunteer Police Community Support Officer in the local community. In return, they receive specialist training with Lincolnshire Police – previously the sole reserve of permanent staff – including interview experience with staff. In addition to enhancing the student's employment prospects the scheme aims to increase cohesion between the student population and the local community, integrating students further into the region and in turn improving retention.

The second scheme, developed with the Lincolnshire Teaching School Alliance, allows participants to complete a two-week internship in a local school alongside relevant training such as safeguarding and literacy and numeracy skills. The scheme is designed to ease each participant's transition onto an Initial Teacher Training scheme should they wish, after graduation. This scheme was developed to specifically target teacher supply issues faced in Lincolnshire, particularly prevalent among schools in rural locations.

These schemes form an important part of the University of Lincoln's wider work to promote Lincolnshire as an attractive place for its students to stay and work after graduation. This wider work involves developing close partnerships with local district councils, the promotion of local employers on campus and developing programmes of study with strong links to local industry. The University's School of Engineering – opened in direct response to the skills shortages faced by Siemens – not only encouraged Siemens to remain in the region but now provides an immersive learning experience for students who are exposed to industry-standard equipment throughout their degree. It also ensures that students, Siemens staff, and their supply chain undertaking professional development, are co-located in a purpose-built learning environment.

## 05\YORKSHIRE AND THE HUMBER\_SHEFFIELD

### Sheffield City Region Vision

The City of Sheffield has adopted a whole-city partnership approach to the issue of graduate retention. The city has significant socio-economic challenges and as such has worked in partnership to create a shared vision<sup>16</sup> for the region. Key organisations involved in this work include both the universities (the University of Sheffield and Sheffield Hallam University), Sheffield Teaching Hospitals, the Combined Authority and the Sheffield City Region LEP.

This work, carried out in 2016, sought to understand the strengths and weaknesses of the region in order to build upon or overcome them. Graduate retention from Sheffield's universities is among the lowest in the UK city regions, and accordingly the work aims to create a strategy for the retention of high-quality graduates across a number of sectors.

### Understanding the skills need

The Sheffield City Region Combined Authority commissioned a piece of research aimed at understanding hard-to-fill vacancies and skills shortages to inform future training provision and related initiatives. The 2015 UK Commission for Employment and Skills (UKCES) Employer Skills Survey found that 6% (7,500) of business in the city region had at least one hard-to-fill vacancy, and this research aimed to better understand why both employers and employees believe these vacancies were hard-to-fill. The study surveyed over 250 businesses and 250 job candidates.

Initial results from the business survey suggest that the majority of hard-to-fill vacancies do not result from a lack of specific technical skills, but from a lack of 'soft skills' such as communication or self-motivation. In contrast to businesses, candidates did not recognise this as an issue and indeed in many cases didn't feel they had been given sufficient opportunity to demonstrate that they possessed these skills through the recruitment process.

Findings from this work also suggest that while candidates perceive the lifestyle opportunities within the region positively, they do not believe that sufficient career progression opportunities exist, and consider Sheffield's extensive number of small and medium-sized enterprises (SMEs) to be a minefield to navigate. There was also concern that while graduates may be retained initially, they subsequently leave to progress their careers.

The work suggests that businesses reconsider their recruitment processes, and that education providers ensure candidates are better prepared to demonstrate skills they possess through the interview process. It also advocates the promotion of the City Region to graduates as an attractive place not only to live in, but also in which to further their career.

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<sup>16</sup> [www.scrvision.com](http://www.scrvision.com)

## RISE

RISE is a business growth project, focused on supporting SMEs to access graduate talent and upskill their workforce, and to increase overall productivity. A partnership between Sheffield City Council, the University of Sheffield, Sheffield Hallam University, the LEP and the private sector, the project was launched in early 2013 in order to address a key market failure: the inability of SMEs to access graduate talent. It has so far supported approximately 150 SMEs and over 200 paid employment opportunities.

The current delivery model focuses on business needs and centres on four key activity areas: attraction (of SMEs and graduates), application and assessment, the matching of graduates and opportunities, and providing a bespoke offer to graduates with continued professional development.



The initial opportunities reported a 70% conversion rate to permanent employment, and independent research estimates the net gross value added to be £5.6 million per year. A more recent evaluation of the initiative found that it is providing significant benefits to both business and graduates. It is:

- **Creating more opportunities for new graduates in the Sheffield city region.**  
Of the SMEs that took on an intern, 59% said they were not necessarily looking to recruit a graduate until they became involved with RISE.
- **Changing SMEs perception of graduates.**  
Before participating in RISE only 28% of SMEs believed graduates would bring new skills. This figure rises to 66% following participation.
- **Increasing the graduate recruitment capabilities of SMEs.**  
Before RISE, only 14% of SMEs found it easy or very easy to liaise with the university careers service. After RISE this increased to 93%, an improvement of 79%.
- **Attracting and retaining talent.**  
27% of graduate participants stated they were more likely to work in the Sheffield City Region in the future because of the programme.
- **Improving graduates' chances of gaining future professional level employment.**  
93% of participants stated their career prospects had been enhanced, and 86% had a better understanding of the recruitment and assessment process.

## 06\WEST MIDLANDS \_GRADUATE ADVANTAGE

Established in 2003, and conceived and led by Aston University, Graduate Advantage is the longest running higher education institution partnership of its kind in the UK. The project was initially piloted as a way of raising demand for higher-level skills, boosting the region's productivity, and in turn attracting and retaining graduates within the West Midlands.

Graduate Advantage works with small businesses to increase the number of graduate employers in the region, through the provision of impactful, paid graduate internships. 13 West Midlands universities have been part of the collaboration, creating a critical mass of over 150,000 graduates a year and a trusted, regional, business-focused brand.

Graduate Advantage has continued without external funding since 2015, and the partnership has significantly reduced to just three universities: Aston University, Birmingham City University, and Coventry University (though any graduate with a West Midlands address who has graduated in the last three years is eligible for the programme).

To date, Graduate Advantage has helped to launch the careers of over 4,100 graduates in the local community; supported over 300 graduates into permanent employment; engaged with over 30,000 graduates and 18,000 businesses; and delivered over £420,000 of financial support back to local businesses from 2011 to 2015.

The programme has generated a culture of graduate employment within small, high-growth businesses – 96% of companies are willing to recruit a graduate again after their experience with the programme, and students and graduates now consider the region and smaller businesses when exploring their career options after graduation. In addition to delivering local growth and graduate retention, the project has demonstrated a positive impact on graduate outcomes in the region: 63% of all graduates were unemployed prior to starting their internship, and 67% of those who secured long-term, paid employment with their internship organisation were unemployed when registering with the project, indicating a higher conversion of unemployed graduates into permanent employment post-internship.



# CONCLUSIONS

Across the UK, graduate retention is a complex issue. Regional rates of retention vary significantly and are influenced by a range of social and economic factors, such as the regional labour market and graduate choice. There are, however, a number of existing initiatives that are successfully addressing these complexities. As increased graduate retention is pursued by the government, universities, and others, it will be important to draw on the lessons learned from these examples, to better inform future decision-making in this area.

The [data analysis](#) undertaken for this report finds significant regional variation in rates of graduate retention, including differences by subject studied and employment industry entered into. The analysis also attempted to understand whether increased graduate retention could ease current skills shortages in the UK, but the lack of sufficiently detailed data makes it difficult to provide any definitive answers.

Included within the analysis are case studies of several organisations that are already undertaking action to increase graduate retention. These initiatives all address one or more of three key aims:

1. retaining graduates in the region to fill specific skills shortage vacancies
2. highly-skilled job creation to encourage graduation retention
3. promotion and support of local graduate entrepreneurship

## LESSONS LEARNED FROM CASE STUDIES

The case studies also reveal several important lessons for those considering undertaking work to increase graduate retention.

### 1. Partnership is key

It is notable that all the initiatives outlined in this report involve partnership working. Whether that be between universities and local government, universities and local business, local universities with one another, local businesses with one another, or indeed all the above, it is clear that localised issues such as graduate retention and skills shortages generally require a local partnership approach.

Many of the case study interviewees reported that the strength of any such partnership was crucial to the success of an initiative. They also emphasised that partnerships take time to establish and require constant attention to maintain. Several interviewees also expressed concerns that although the current government focus on graduate outcomes had amplified work in this area, the era of increased competition and marketisation of the sector has resulted in a disincentive for universities to collaborate as they are now judged solely on the outcomes of their own students. The same concern was expressed by some about their ability to build meaningful partnerships with further education colleges also offering higher education provision.



## **2. Identifying the precise problem is hard**

The case studies also identified that while it is easy to identify increased graduate retention as a method to improve local growth, it is often much harder to identify specific issues inhibiting retention, and to understand where access to an increased graduate pool would have the most impact.

Publicly available data currently provides information on the pattern of graduate employment six months after graduation, but data on where graduates are employed beyond the first six months is also important. Labour market data gives an indication of regional and sector skills shortage vacancies, but crucially not both. Such data is also often high-level, retrospective, and does not provide sufficient detail on the nature of the skills shortage. This limits such data's use in issue identification and strategy development. While more granular data would be beneficial, dialogue between local partners is also crucial to ensure local matching of the future supply and demand of local graduate talent.

## **3. Funding needs to be flexible**

The sustainability of funding for any initiative must be considered in its design. Current and past funding streams for the case studies included here vary from direct university investment to external sources, or existing as a commercial entity. Feedback from case study interviews also highlighted that flexibility of funding is crucial. Projects need to be able to respond swiftly to the changing needs of graduates and of employers. Funding that inhibits the evolution of initiatives or comes with a high administrative burden will limit success.

## **4. Work placements work**

Case study participants were also very clear that the best way to retain graduates was to allow them to experience employment in the region, be that through placements as students or internships following graduation.

In addition to providing students and graduates with the experience of working in the region, they also enhance their employability prospects and increase the chance that they will possess the skills sought by potential future employers.

There are benefits on the business side too. University and business interaction is too often limited to research collaboration, and many businesses are unsure of how to approach universities in order to attract graduate talent; a specific scheme to facilitate this would be helpful. Businesses would also benefit by experiencing first-hand the skills graduates can bring, and resultantly increase their engagement with university careers services.

## RECOMMENDATIONS

Based on these findings, Universities UK recommends the following three actions for the government, universities and business:

### 1. Promoting partnerships

A better way to match graduate skills with employer demand at the local level is required. This could involve the government supporting networks of local universities, employers and stakeholders to encourage employer demand for graduate employment and work experience, matching the best possible candidates to the opportunities, while ensuring these opportunities are more widely available than currently.

These networks could also monitor skills gaps at the local level, encourage the collaborative development of courses and programmes to address local needs, and help address disparities in high-level skills between local areas. They could also engage with local schools to provide a joined up approach to careers advice and guidance from an early age. These local networks could build on the experience of the National Collaborative Outreach Programme (NCOP). The government should consider if its recently announced Skills Advisory Panels could meet these needs, and ensure the inclusion of higher education providers in them.

### 2. Improved intelligence

The difficulties faced in this report when attempting to analyse levels of graduate retention in parallel with regional and sector level skills shortages highlight issues that are symptomatic of the current data availability in this area. Publicly available data on skills shortages are either not at a sufficiently granular level or current enough to allow for targeted graduate retention initiatives.

Publication of vacancies at combined region and sector level for the upcoming 2017 Employer Skills Survey should be considered. The recently updated publication of HEFCE's graduate mobility maps by LEPs and subject studied has improved the data availability on graduate retention and is welcome. However, an effort should be made to explore how big data may enable more effective tracking of graduates, and their outcomes, throughout their career.

As well as improved national-level intelligence, the local networks described in recommendation one could form a key part of improved intelligence at the local level, with the sharing of information on supply of and demand for graduates among members.

### 3. Mitigating policy tensions

Many universities recognise the key role they play as local anchor institutions and perceive the retention of their graduates in the local area, and the benefits this brings, as a key part of this. They too, however, recognise that they are under increased levels of scrutiny for the employment outcomes of their graduates including, crucially in this context, levels of graduate income.

The average levels of income vary significantly across the UK. The current publication of the Longitudinal Educational Outcomes data and its inclusion in the Teaching Excellence Framework does not include any benchmarking or contextualisation of where these graduates are employed geographically. As it currently stands, universities outside of London and the South East would perform worse in these measures by encouraging their graduates to stay in the local region. As such, finding a way to contextualise or benchmark this earnings data by the region in which graduates are employed is crucial.



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