

Graduate employment and outcomes across regions and industries

Analysis by Universities UK
November 2024



Scope of analysis

In the second of our series on graduate outcomes, Universities UK analysed a range of data sources looking at employment and earnings of graduates, to show the impact of graduate skills across the country, how patterns differ across regions and industries, and comparisons to non- graduates and wider employees.

This includes use of official government data that links student and tax records, official government Labour market data and other sources to compare outcomes graduates to wider employees.

Our analysis focusses on:

1. Graduate employment patterns across regions and industries
2. Employment and earnings outcomes for graduates and non-graduates

Economic impact of graduate skills

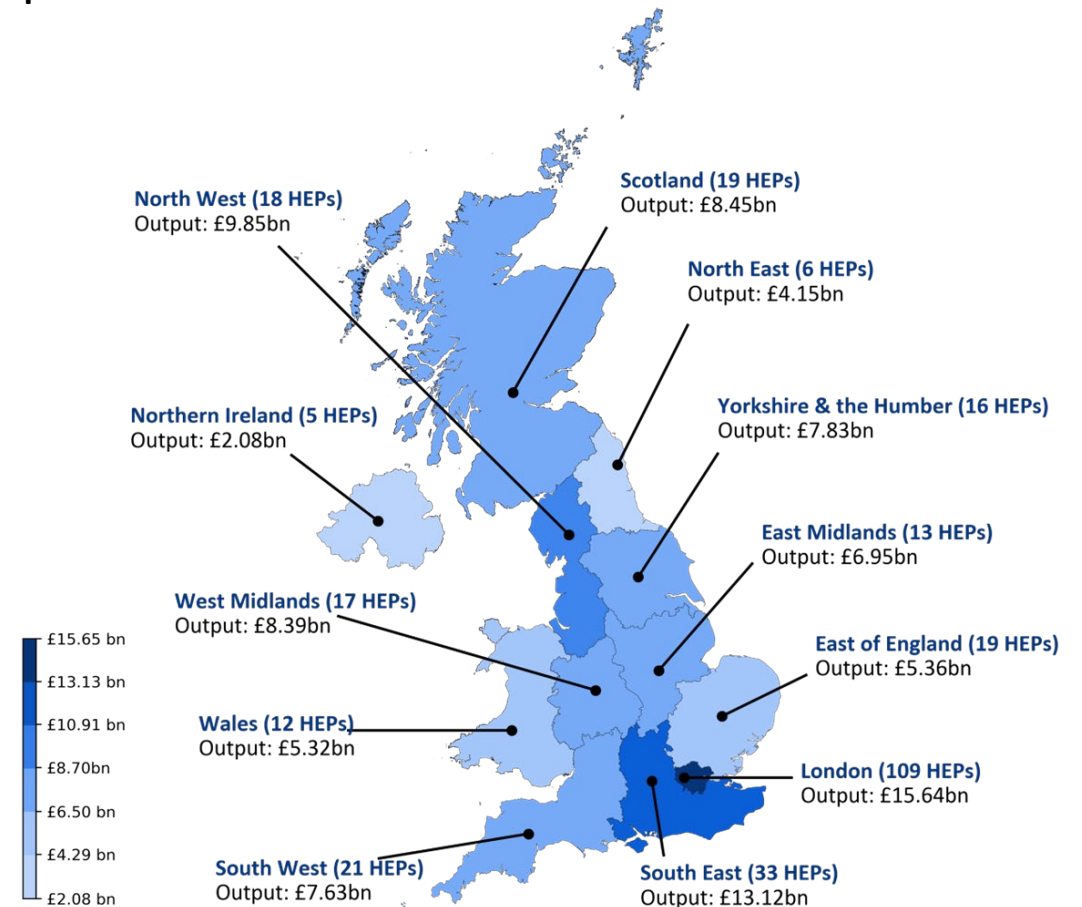
Despite evidence to the contrary there are continuing questions about the level of graduate skills needed in the economy.

There is a risk that an unevidenced focus on there being 'too many graduates will impact on the real benefits that higher education can deliver to the economy and individuals.

Based on recent analysis, graduate skills from HE teaching and learning in 2021-22, is estimated to have an **economic impact of £95 billion** spread across all parts of the UK.

This includes a £75,000 return to the UK government for each UK first degree student. Overall, this represents **a return of £13 for every £1 spent** on higher education teaching in the UK.

Economic impact of teaching and learning at UK higher education providers

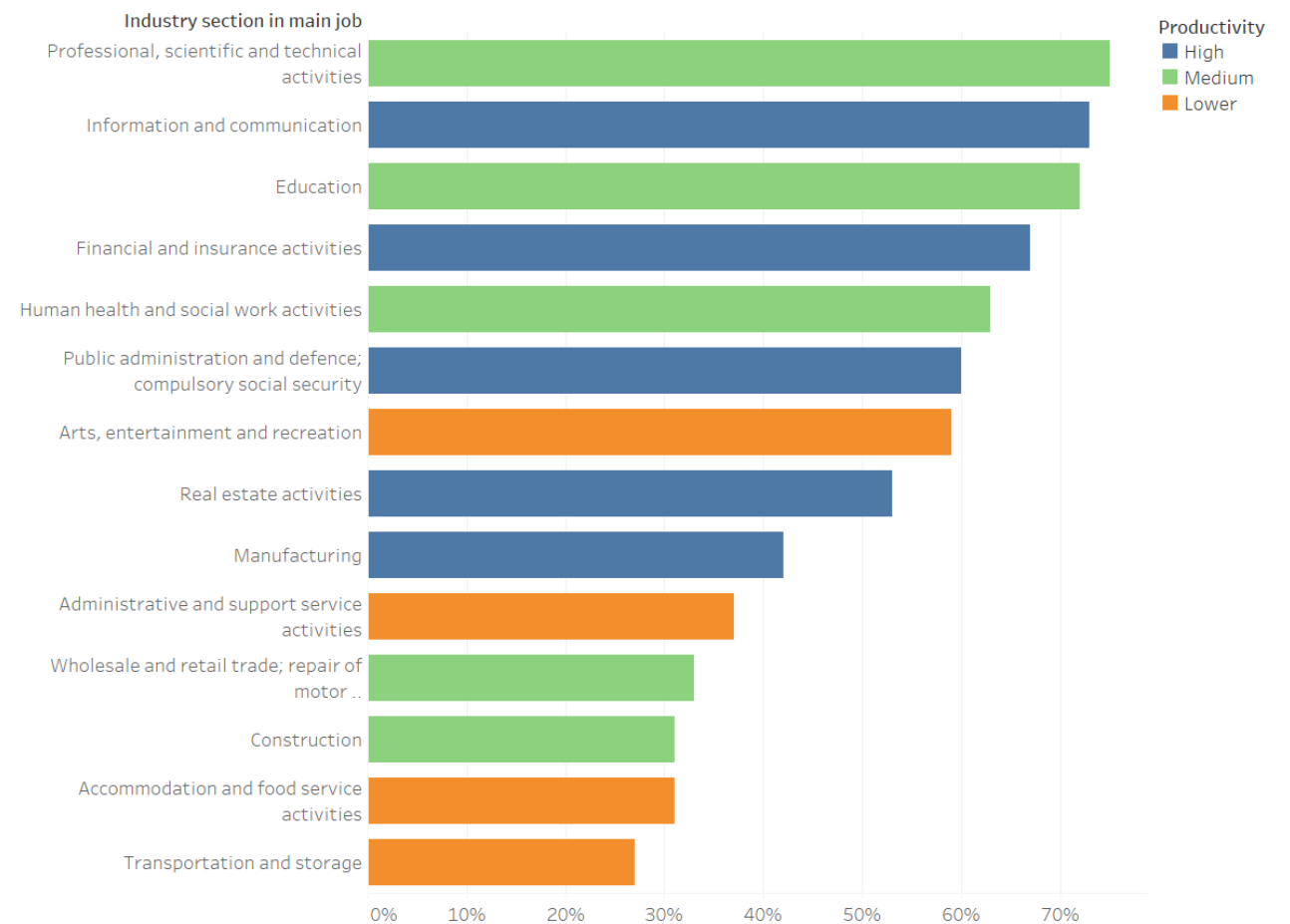


Notes: Productivity groupings are High (output per hour is £40+), Medium (£27.5 – £40 output per hour) and Low (less than £27.5 output per hour)

Graduates make up a larger proportion of employees in the most productive industries

Composition of the UK workforce in different industries varies:

- The highest proportions of graduates found in 'Professional & Scientific activities' (75%), information and communication (73%) and Education (72%) industries
- Graduates make up a lower proportion of employees in transport (27%), construction (31%) and accommodation (31%) industries



Title: Average earnings of non graduates (achieving level 3 or above) as % of average earnings of graduates – regions of school

Indicator: Average earnings of graduates and non-graduates (achieving level 3 or above) in employment for key stage 4 cohorts 2001/02 to 2006/07 over 15 years.

Source: [Longitudinal Education Outcomes \(LEO\): post-16 education and labour market activities and outcomes, Earnings trajectory](#)

Graduate earnings overtake those of non-graduates soon after they leave university

Between ages 17 and 22, average earnings of non-graduates are higher across all regions of England as they enter the workforce **while graduates are in full-time study.**

From 23 years of age onwards, average earnings of graduates progressively overtake those of non-graduates.

By age 31, on average **graduates earn around a third more (32-37%) than non-graduates who could have gone to university across all regions of England.**

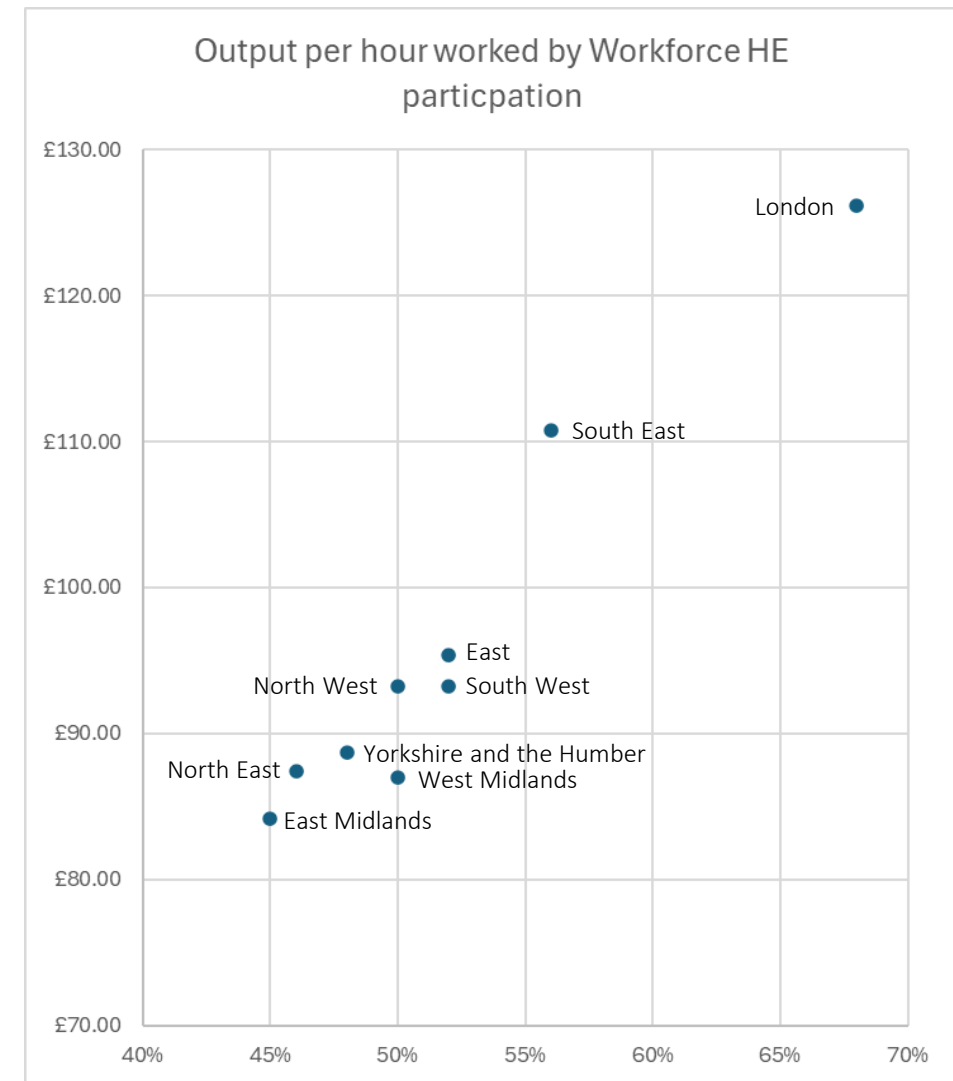
The earnings premium of graduates compared to non-graduates (achieving level 3 or above) by region of school attended and years after finishing GCSEs

| Years of age | Yorkshire and East | | West | East of | South | South | | | |
|--------------|--------------------|------------|------------|----------|----------|---------|--------|------|------|
| | North East | North West | The Humber | Midlands | Midlands | England | London | East | West |
| 17 | -29% | -32% | -33% | -32% | -29% | -27% | -24% | -25% | -29% |
| 18 | -40% | -45% | -47% | -48% | -44% | -48% | -39% | -44% | -45% |
| 19 | -52% | -56% | -58% | -60% | -57% | -65% | -56% | -64% | -63% |
| 20 | -57% | -61% | -63% | -65% | -62% | -70% | -63% | -70% | -70% |
| 21 | -48% | -50% | -52% | -54% | -52% | -58% | -56% | -60% | -61% |
| 22 | -19% | -20% | -20% | -20% | -20% | -22% | -30% | -26% | -29% |
| 23 | 3% | 3% | 3% | 4% | 5% | 4% | 3% | 4% | 0% |
| 24 | 14% | 15% | 15% | 16% | 17% | 16% | 16% | 17% | 15% |
| 25 | 21% | 23% | 23% | 22% | 24% | 22% | 23% | 23% | 23% |
| 26 | 26% | 27% | 27% | 27% | 29% | 25% | 25% | 27% | 28% |
| 27 | 29% | 31% | 31% | 30% | 33% | 28% | 27% | 30% | 31% |
| 28 | 33% | 33% | 33% | 33% | 35% | 30% | 29% | 32% | 33% |
| 29 | 34% | 35% | 35% | 34% | 36% | 32% | 30% | 34% | 35% |
| 30 | 34% | 35% | 35% | 36% | 36% | 33% | 32% | 35% | 36% |
| 31 | 35% | 36% | 35% | 37% | 36% | 32% | 34% | 35% | 35% |

Line shows typical age of graduation and entry into labour market for university graduates on a three-year first degree

Regions with more graduates as employees tend to be more productive

- In 2023, London (68%), the South-East (56%) and the East (52%) had the highest proportion of graduates in the workforce
- Graduates made up less than 50% of the workforce, in Yorkshire and Humberside (48%), North East (46%) and the East Midlands (45%)
- Regions with higher levels of graduates in the workforce are more productive.



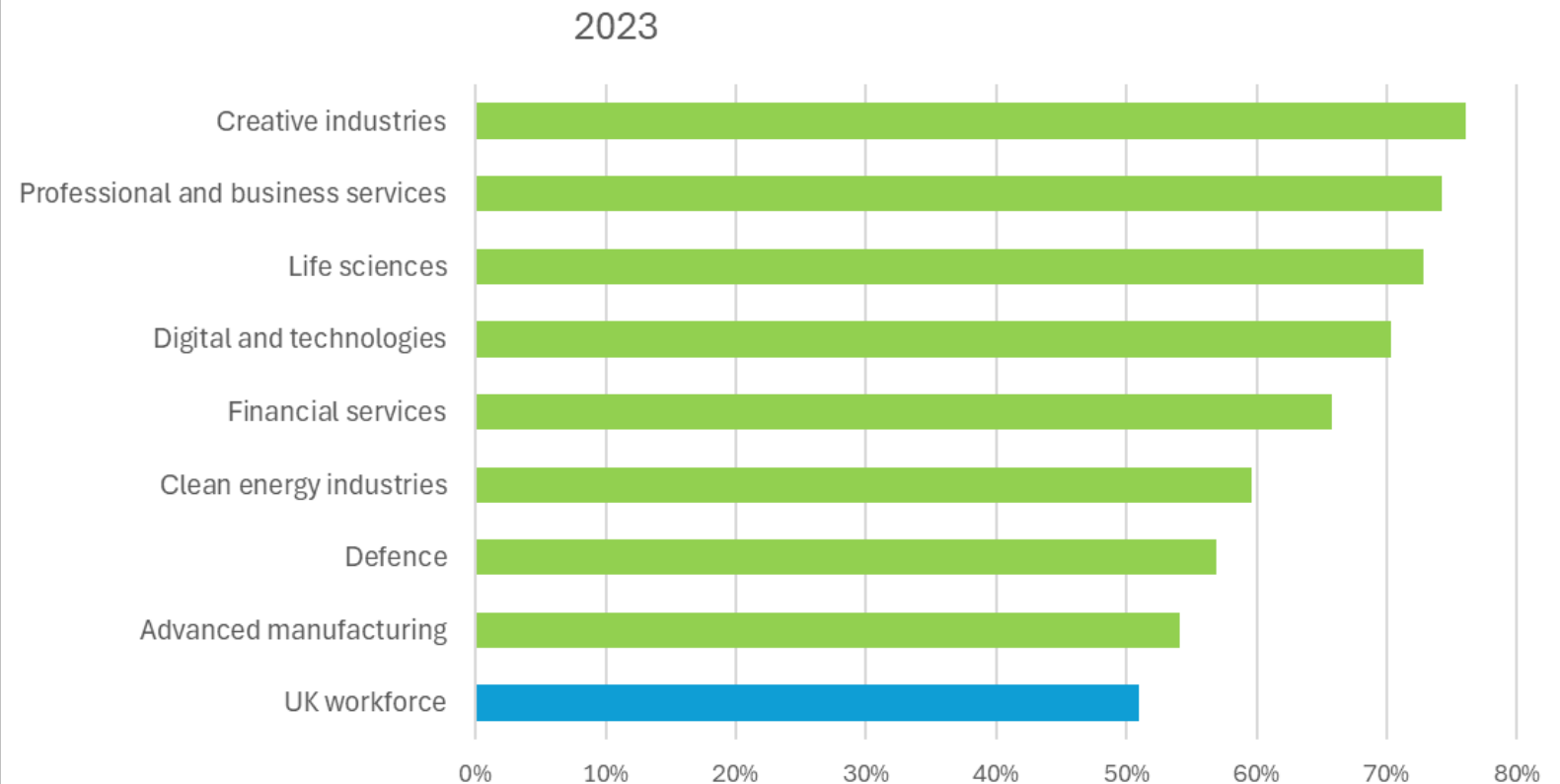
Industries that will drive growth over the coming decade require graduate skills

The government's industrial strategy looks to drive growth over the next decade through investment in eight sectors

All eight of these sectors are dependent on high level skills and are reliant on graduates.

The Creative sector (76%), Professional and business services (74%) and Life science sector (73%) are particularly dependent on graduate skills.

Proportion of graduates in sectors in the government's industrial strategy

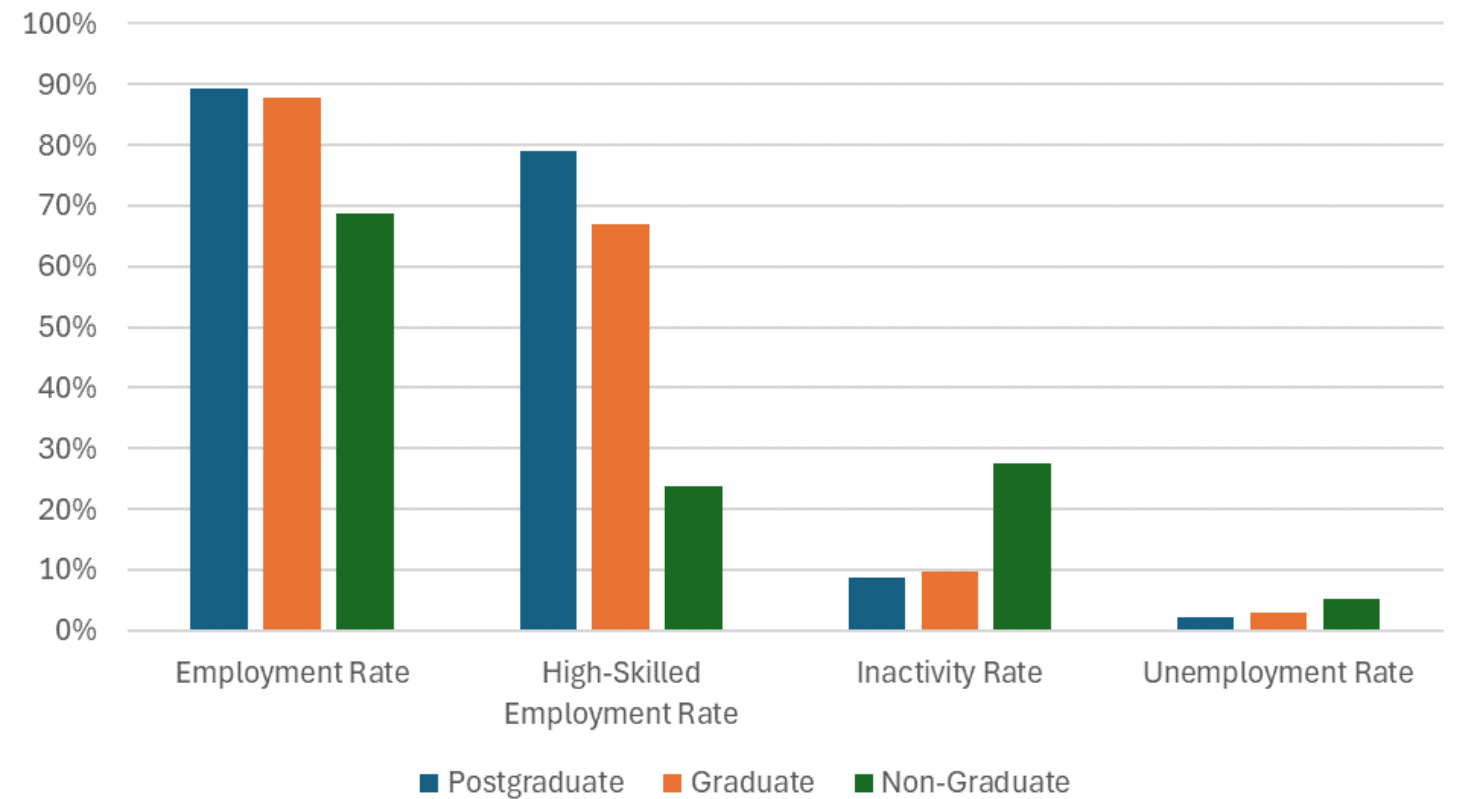


Graduates are more likely to be employed in high skill roles and less likely to be inactive than non-graduates

Recent government data shows that graduates are:

- nearly 3 times more likely to be in high-skilled employment than non-graduates
- nearly 3 times less likely to be economically inactive compared to non-graduates
- Just over 1.5 times less likely to be unemployed

Employment rates for 16–64-year-olds in England, 2023



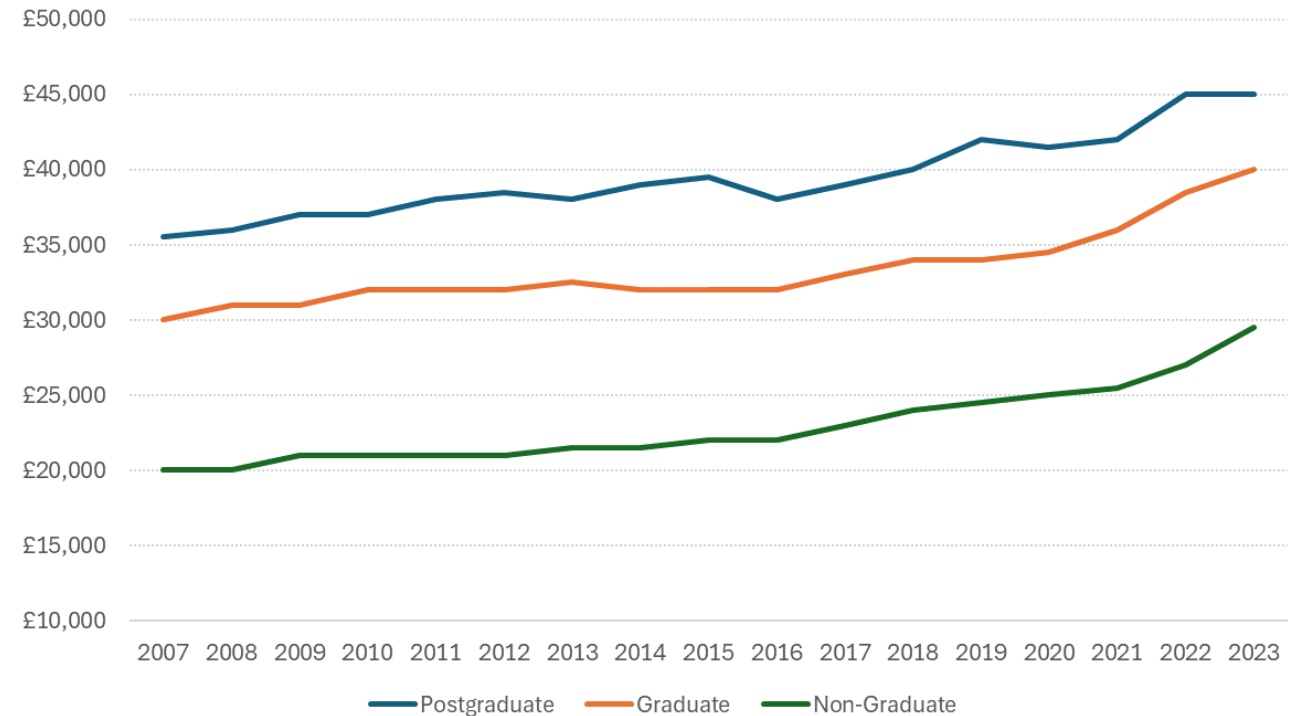
Graduates continue to earn a third more than non-graduates

Government data shows that average earnings for graduates have remained consistently above those of non-graduates (by around £10,500) over the last 16 years.

This is over a period that has seen the proportion of people accessing HE by age 20 increase from 39% to 47%.

This gap is even greater for those that continue on to postgraduate study, standing at £15,500 compared to non-graduates in 2023.

Median earnings for 16–64-year-olds in England



Sources and methodology

This analysis is based on range of data published by the government, including:

- Longitudinal Education Outcomes (LEO): Graduate Industry, Tax year 2021-22. This looks at the industries that graduates who studied in England are working in one, three, five and ten years after graduation, including flows into industries and regions across the UK.
- Longitudinal Education Outcomes (LEO): post-16 education and labour market activities and outcomes. This looks at the employment outcomes for individuals who finished GCSEs at a school in England. It provides data on average earnings over the 15-year period after finishing school, by a range of characteristics including whether someone studied a higher education qualification, and a range of individual characteristics.
- Graduate labour market statistics, 2023. This is an annual government release which provides data on labour market conditions for graduates, postgraduates, and non-graduates living in England. The data is available from 2007 to 2023 and is based on the Office for National Statistics Labour Force Survey.
- Annual Survey of Hours and Earnings. This is a survey by the ONS which collects information on payments made to the employees and the hours on which this pay was calculated, including by industry and regions across the UK.
- Labour Force Survey: This is the largest household study in the UK and provides the official measures of employment and unemployment.