



Home, here or London?

Retaining graduates
from the central South's
universities

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Introduction

Both authors frequently hear the refrain ‘we must retain more of our graduates’ at meetings and seminars on the local economy. This report, commissioned by Willmott Dixon, explores the retention of graduates from the central South’s universities in our economy and examines the challenges the region faces in recruiting and retaining these graduates.

Graduates are a valuable resource to the economy. They bring new skills, fresh perspectives and a willingness to question established approaches.¹ The government sees the UK’s universities as central to the delivery of its industrial strategy, in part because they will provide the skilled professionals needed for a changing economy.

Recent years have seen a dramatic expansion of the higher education sector. In 1997, 1.14 million students were studying at institutions offering accredited degrees across England. By 2016 that number had risen to over 1.42 million, an increase of nearly 25%.² This growth reflects national economic and social policy objectives. The aim is to give more people the opportunity to attend university, thereby building skills and prosperity in our economy.

Despite this growth in the number of students, graduate recruiters and employers are concerned about a ‘war for talent’ – too many employers chasing too few graduates.³ The jobs market has changed significantly in recent years. In 2004 only 12.5% of jobs were ‘managerial and professional’ roles (generally accepted as requiring graduate-level skills) or ‘graduate-level jobs’ (where a degree is either required or the accepted norm at the point of entry).⁴ By 2017 that proportion had risen almost threefold, to 36%.⁵ There is intense competition for good graduates.⁶

Regional economies find themselves competing with London for that talent, with one recent estimate suggesting that up to one-third of all graduates take jobs in the capital.⁷ At a challenging time for the country, when the government is deliberately trying to rebalance our London-centric economy through a programme of devolution to city regions, this centralising migration of talent may well be damaging to regional economies.

For the purposes of this study, the ‘central South’ is defined as the area covered by the Dorset, Enterprise M3 and Solent Local Enterprise Partnerships (LEPs). This covers the administrative counties of Dorset, Hampshire and the west of Surrey, together with the unitary councils of Bournemouth, Poole, Portsmouth, Southampton and the Isle of Wight. The central South is an economically successful area which contributes to the UK’s economy. But some of our towns and cities face challenges, and include a number of the country’s more deprived areas. The economies of those areas are less successful and their gross value added (GVA) falls below the regional average. Importantly, our cities have smaller numbers of managerial and professional (i.e. graduate) roles than do many of their competitors.⁸

Because of the need to protect and grow the local economy, graduates are very important to the central South.⁹ The area is home to several universities, some long-established, others much newer. Between them they produced nearly 26,000 graduates in 2016/17. Those graduates could prove to be a vital resource in supporting the region’s economic growth if they are able to find work with local businesses.

There is a further dimension to the debate about graduate retention. National policy on higher education is driven in large part by the economic case for improving our skills base. The government

regards spending on higher education as an investment in the success of both individuals and the economy, helping to grow graduates' earning power and to improve economic productivity.¹⁰

The contribution graduates can make to the local economy is also one component of the growing debate about the civic role of universities. Our universities are now part of cross-sector planning for local economies, with their representatives sitting on the boards of LEPs and taking a key role in driving innovation.¹¹ Providing the up-to-date skills our local and regional economies need is part of that developing picture.

Methodology

Our approach

We interviewed students, academics and senior managers at six universities across our region. In addition, we interviewed officers and elected members at local authorities and managers within our regional LEPs. These interviews were combined with secondary data collection and analysis to address two key questions: how many graduates do we retain, and does that matter? The two approaches were applied both iteratively and in parallel. Discussions with those we interviewed often led to our looking afresh at data, and the data we reviewed helped guide our interviews.

This report is not simply statistical analysis: the Higher Education Funding Council for England (HEFCE), the Office for Students (OfS, which has now replaced HEFCE) and our local universities have all looked in greater depth at much of the data on graduates and their destinations for employment. Rather, we have sought to understand how local data and the views of those closest to graduate employment can together help us determine the importance of retaining graduates from local universities in the central South.

Definitions and data sources

By 'graduate' we mean those leaving university with a first degree, foundation degree, postgraduate certificate in education (PGCE) or other undergraduate qualification, unless otherwise stated.

Data in this report is based on returns to the Destination of Leavers from Higher Education (DLHE) survey, which is derived from forms completed by students six months after graduation. The returns record whether the graduate is in full- or part-time work, is pursuing further study while also working, or is continuing to study full-time.

Our data for individual institutions records both the destination for full- or part-time employment and/or further study. However, data which shows the origin and destination of students by LEP is based only on those graduates in full- or part-time employment.

National DLHE data is drawn from the Higher Education Statistics Agency (HESA).¹² Data on destinations and origins for students from individual institutions is drawn from the (Office for Students (OfS) (Teaching Excellence and Student Outcome Frameworks 2017 Workbooks).¹³ Unless otherwise noted, our analysis is based on 2016/17, since this is the most recent year for which a range of data on destination, employment and the wider economy is available. The exception to this is data on study and employment by LEP, which is drawn from a HEFCE briefing note¹⁴ and covers the population of students who entered higher education between 2010-11 and 2014-15.

Employment market data is taken from the Office for National Statistics' (ONS) official labour market statistics.¹⁵

Institutions

This study looks at graduate retention in the central South region as defined in the introduction. Our analysis of retention by LEP reflects the fact that each is built around a coherent functional economic area, thus providing a good proxy measure of the local economy. Within this, we have defined the

'core' Higher Education Institutions (HEIs) as being the universities of Bournemouth, Portsmouth, Southampton, Southampton Solent, and Winchester, plus the Arts University Bournemouth (AUB).

The University of Surrey, Royal Holloway University of London and University for the Creative Arts (UCA) are also located within the boundaries of the EM3 LEP. For the purposes of this study we decided not to include detailed data on individual institutions within Surrey, since they are situated on the boundary of the central South and primarily serve a different economic geography. We have nevertheless retained some Surrey-related data purely for comparison purposes. Similarly, the University of Chichester, which lies within the Coast to Capital LEP but is also close to the central South, is included in table 2 for comparison only.

The Bournemouth-based Anglo-European College of Chiropractic is a specialist institution with a single degree offer and is excluded from this analysis.

Where we have examined work or further study by LEP area, the HEFCE data which we draw from includes graduates from all HEIs in that area.

To explore retention of graduates from universities with different histories we have divided them into 'established' and 'post-92' universities. The latter group are either former polytechnic or central institutions that were given university status through the Further and Higher Education Act 1992, or institutions that have been granted university status since 1992 without receiving a royal charter.

The former 'established' group includes the University of Southampton as well as Bath, Bristol and Nottingham Universities. These latter are relevant because in order to explore whether the central South differs from other parts of England we have included two other city regions as comparators: Nottingham/Derby and the West of England (Bristol/Bath). These have a similar mix of established and post-92 HEIs as well as comparable twin-centred city geographies and mixed economies.

Part 1: Graduate retention

National context

In 2016/17 over 266,000 students graduated from UK HEIs. Table 1 summarises their post-graduate activity:

Activity	Year of graduation (First Degree F/T & P/T)			
	2016/17		2011/12	
	No.	%	No.	%
Full-time work	149,535	56.0	116,825	52.7
Part-time work	31,835	11.9	32,285	14.6
Work and further study	14,585	5.5	12,545	5.7
Full-time further study	45,435	17.0	30,255	13.7
Unemployed	13,645	5.1	19,465	8.8
Other	11,780	4.4	10,200	4.6
Total	266,815	-	221,575	-

Table 1: Activities of graduates from UK Higher Education Institutions (2011/12 and 2016/17 - Source: HESA)

The table also shows comparative data for those graduating five years earlier. The overall pattern of activity is similar, albeit with slightly fewer in full-time employment in 2011/12, and more going on to full-time further study in 2016/17.

Data from the Higher Education Careers Services Unit¹⁶ shows that 2016/17 graduates who work go on to a range of careers, with 18.2% working in the health professions (11.6% of graduates in professional roles became nurses), 10.8% in business, HR and finance professions and 10.4% in retail and catering.

Graduate retention from the central South's HEIs

Table 2 shows the origin and post-graduate destination for students who studied at the central South's 'core' universities. It also shows, for comparison, the same data for the other local institutions which have been excluded from the more detailed analysis (see above):

Institution	Total graduating ¹⁷	Origin and destination of graduates (%) ¹⁸							
		Univ. town		LEP		central South		London	
		Origin	Dest.	Origin	Dest.	Origin	Dest.	Origin	Dest.
Core central South HEIs									
Arts University Bournemouth	915	9.9	18.4	16.5	23.6	34.0	34.3	14.7	28.8
Bournemouth University	3,315	11.2	17.4	17.8	23.8	34.1	35.7	13.5	24.0
University of Portsmouth	5,180	7.3	11.7	17.6	22.8	30.8	33.9	19.3	24.8
Solent University	2,780	8.5	17.0	17.3	24.5	34.7	41.1	11.3	17.9

Continued overleaf

Institution	Total graduating ¹⁷	Origin and destination of graduates (%) ¹⁸							
		Univ. town		LEP		central South		London	
		Origin	Dest.	Origin	Dest.	Origin	Dest.	Origin	Dest.
Core central South HEIs (continued)									
University of Southampton	4,320	3.5	10.4	12.2	19.1	28.4	34.1	15.2	27.1
University of Winchester	1,865	10.9	20.2	21.3	30.6	47.2	52.7	9.7	12.7
All core central South HEIs u/g no.(% of all graduates)	18,375	1430 (7.8)	2650 (14.4)	3058 (16.6)	4263 (23.2)	6107 (33.2)	6852 (37.3)	2735 (14.9)	4251 (23.1)
Other local HEIs									
University of Chichester	1,340	16.8	22.5	26.5	34.0	33.2	34.0	11.5	13.4
University of Surrey	2,715	12.2	22.5	20.9	27.0	27.7	31.3	15.6	32.1
Royal Holloway, Univ. of London	2,120	5.0	9.9	11.0	14.3	12.1	15.4	33.2	48.5
Univ. for the Creative Arts	1,205	6.5	9.1	14.1	16.3	15.1	15.6	22.9	42.3

Table 2: Origin and destination of 2016/17 graduates from the central South's HEIs

Notes:

Origin = place of residence of student before going to university.

Destination = location of work and/or study six months after graduation.

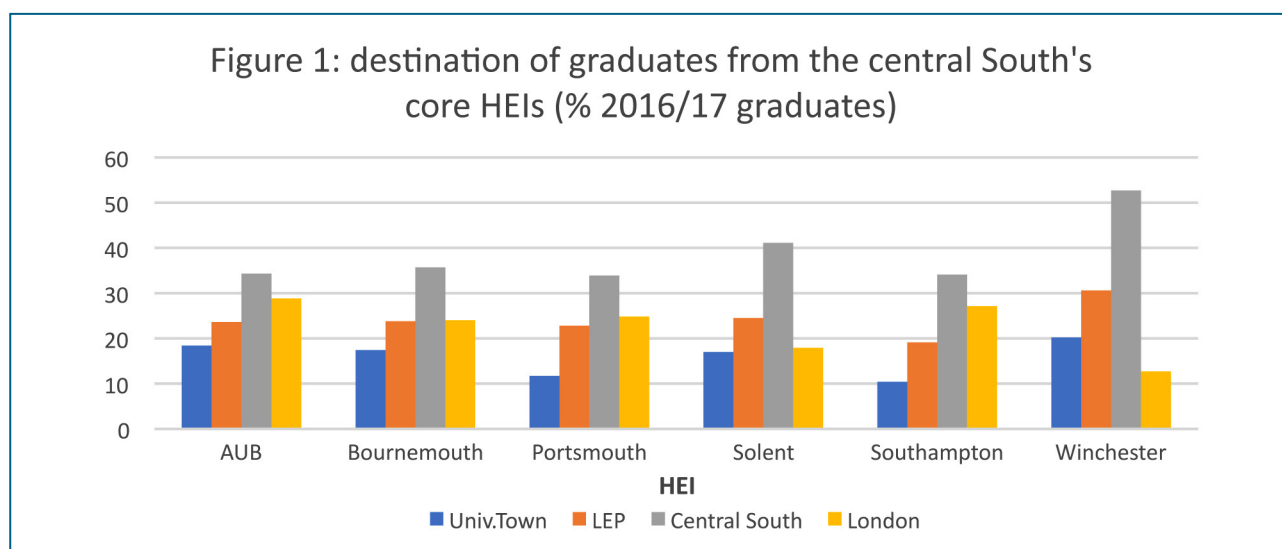
University town = immediate hinterland of the university in question (usually the town/city they are based in).

LEP = the geographic area of the LEP in which the university is located.

London = the administrative area covered by the Greater London Authority.

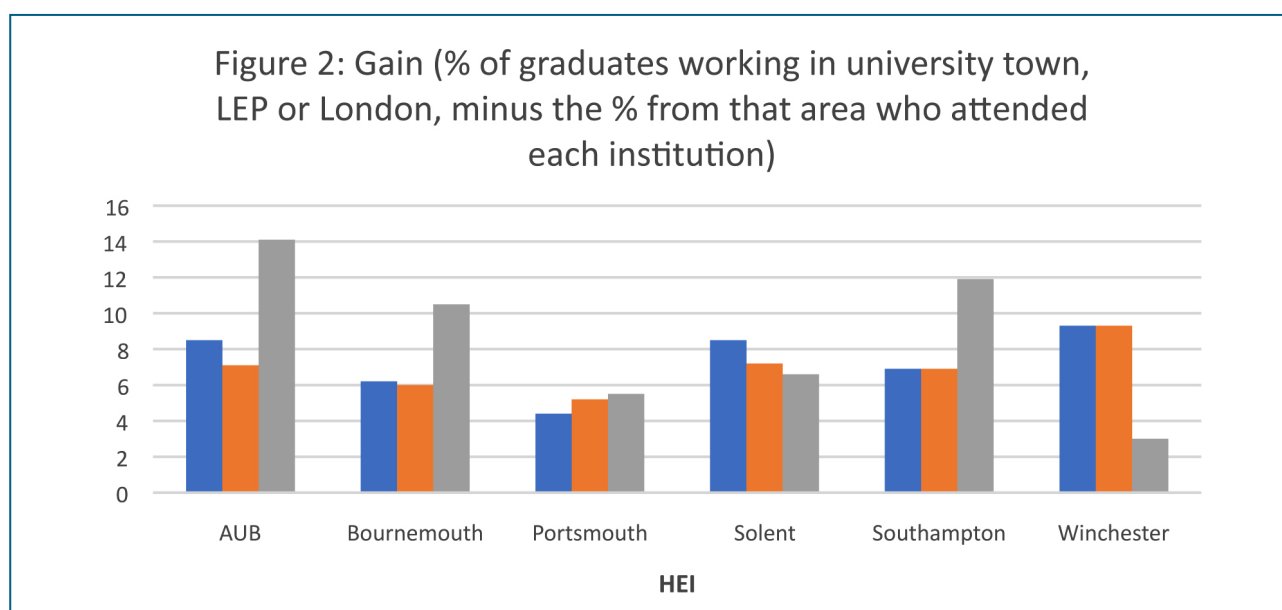
Across the central South around 1 in 7 of our graduates stay to work or study in their university's home town, nearly 1 in 4 remain within the local economy (as defined by the boundaries of the relevant LEP), and over 1 in 3 remain within the central South. However, the table also shows that nearly 1 in 4 move to work or study in London.

Table 2 also shows the variation in destination between local universities. The destination of graduates is shown for each of our core HEIs in figure 1 below.



All HEIs see a high proportion of graduates retained within the central South, but also significant post-graduation movement to London. Southampton and Portsmouth, the central South's two largest universities, retain the fewest graduates, while newer and smaller institutions retain more. The movement from AUB to London stands out as being the highest in the area - this is most likely a result of London's strong creative and digital media offer.

Figure 2 (below) shows that an area 'gains' by being home to an HEI. In other words, the number of graduates who stay in that region after university exceeds the number of students at that HEI who were originally resident in the area in question. Of course many others leave the area to study, or come into it after studying elsewhere - we look at those flows in more detail later in this report. But this simple estimate of gain is one measure which shows that the central South is not losing young people.



To complete the picture for the central South there are a number of further education institutions which also offer degree courses, usually in a narrow range of specialist topics. They award degrees accredited by local HEIs, and in many cases there will be some synergy between the research or teaching at the awarding HEI and the FE college. Table 3 (below) illustrates this:

Institution	U/G (FT+PT)	Origin and destination of graduates (%)					
		Univ. town		LEP		central South	
		Origin	Dest.	Origin	Dest.	Origin	Dest.
UC Farnborough	615	45.3	28.2	80.2	71.2	82.2	74.0
Highbury College	250	36.4	36.8	66.9	67.9	80.3	83
Kingston Maurwood (Dorset)	90	36.1	26.7	54.4	46.7	62.4	60.0
UC Sparsholt	440	27.5	22.4	38.2	32.2	69.1	59.4
Wiltshire College	650	53.0	52.7	57.7	62.6	59.7	66.3

Table 3: Graduate origin and destination for FE colleges in the central South offering degrees

Table 3 suggests more of these graduates come from local communities and continue to work locally – very probably they play a significant role in widening participation in higher education. London is not a significant destination for these students. This data is not included in tables on other central South HEIs, but does form part of the analysis of origin and destination by LEP.

There are number of overarching points which emerge from this analysis:

- 23.2% of graduates from local HEIs remain to work or study in the LEP area after graduation, with 37.3% remaining in the central South.
- London is a major draw, attracting 23.1% of graduates from our HEIs. Four of our core universities send more graduates to work or study in London than stay within the LEP boundary.
- The central South gains qualified young people from its universities: the number of graduates who stay in that region after university exceeds the number of students at that HEI who were originally resident in the area.
- Many of the students graduating from those FE institutions which also have an HE offer stay on to work within the local economy.

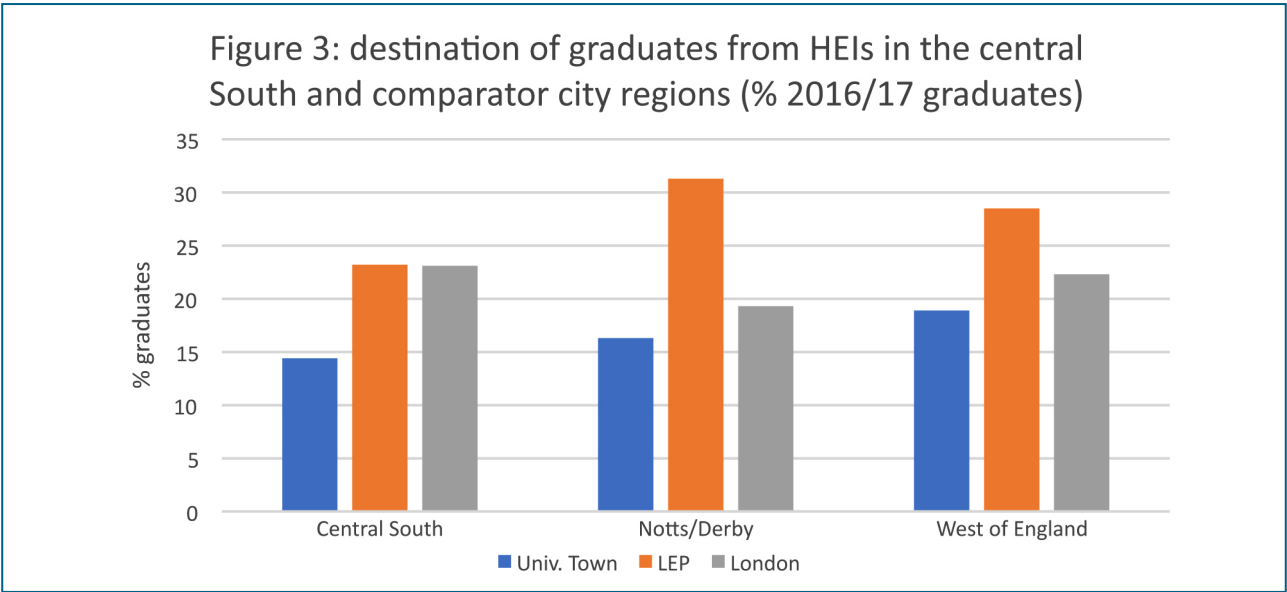
Comparator regions

Table 4 shows the same data on origin and destination for the two comparator city regions of Nottingham/Derby and the West of England:

Institution	Origin and destination of graduates (%)					
	University town		LEP		London	
	Origin	Dest.	Origin	Dest.	Origin	Dest.
Comparator city region HEIs						
University of Nottingham	3.2	15.9	16.2	27.0	14.7	26.2
Nottingham Trent University	7.0	14.2	23.2	28.2	10.0	19.6
University of Derby	14.1	21.6	41.7	46.8	2.2	4.0
All Notts/Derby HEIs (%)	7.8	16.3	23.9	31.3	10.4	19.3
University of Bristol	2.3	12.5	4.9	17.3	2.7	33.1
University of the West of England	12	26.1	25.4	42.3	5.5	11.1
University of Bath	3.1	9.6	3.2	13.9	9.6	34.3
Bath Spa University	10.2	27.8	13.9	37.8	4.8	10.1
All west of England HEIs (%)	7.1	18.9	13.4	28.5	5.4	22.3

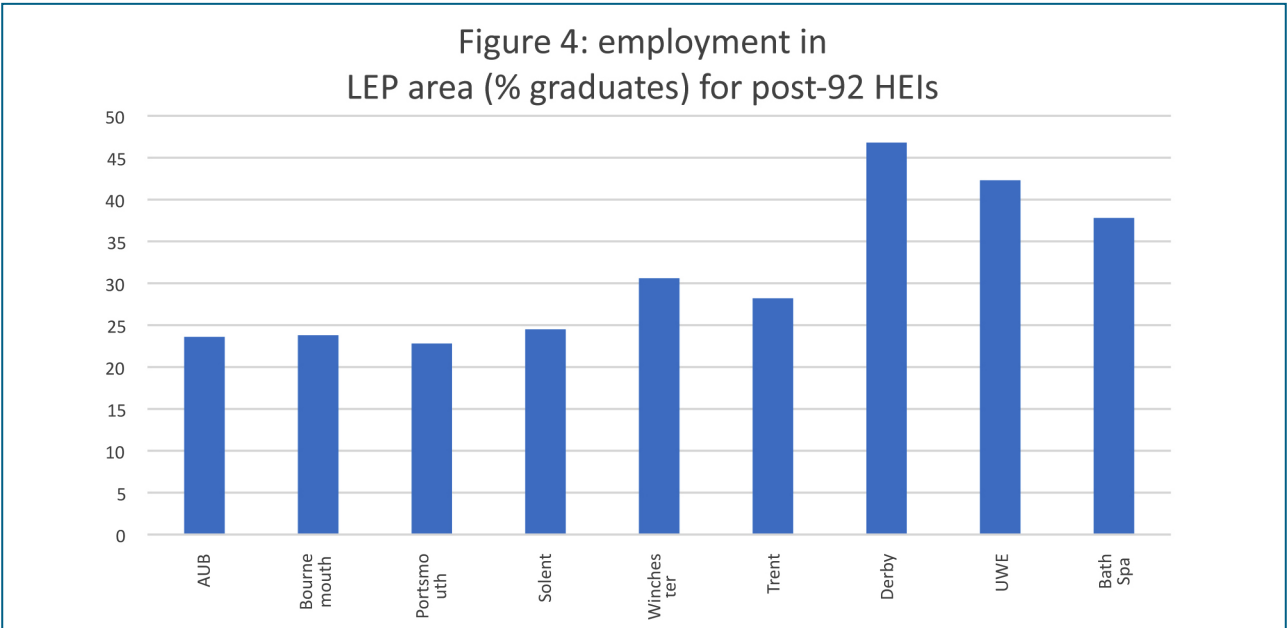
Table 4: Origin and destination of 2016/17 graduates from the comparator city region HEIs (for notes see table 2)

Figure 3 compares the central South’s core HEIs with these other regions. In all cases the pattern is similar, but it is notable that more students from HEIs in these comparator areas remain within their university town or LEP area than in the central South. The draw of London is less significant, although the difference between institutions within each area is more marked. This issue is considered further below.



Across the areas we looked at there is a notable difference between the established and post-92 institutions. Among all three regions an average of 21.5% of graduates from established universities work or study in their LEP area. By contrast, more graduates from post-92 universities remain within the LEP, an average of 31.5%. However, in the central South that difference is less pronounced: 22.1% from established universities remain, compared with 24.5% from post-92 universities.

That slim difference between established and post-92 HEIs in the central South is a consequence of fewer students from post-92 institutions in the central South staying after graduating. Figure 4 illustrates the difference between post-92 HEIs in the central South and our comparator regions: the average retention rate within the host LEP for our area is 24.5%, whereas for the two comparator regions that rate is 37.4%:



To summarise:

- Universities in the central South retain fewer graduates in their university town or LEP area than do comparator regions.
- Post-92 institutions in the central South see fewer of their graduates employed in their host LEP than do equivalent institutions in comparator regions.
- London is a big draw for graduates from all of the central South's universities.

The London effect

Data in tables 2 and 4 show that London is a draw for graduates. That is particularly strong for the established HEIs: in the central South, 27.1% of Southampton's graduates go on to work or study in London. Across all five of the established universities 29.8% of graduates head to London. By comparison, only 17.0% of graduates from the ten post-92 institutions go on to study or work in the capital.

As figure 5 shows, the movement to London differs across the post-92 HEIs, with those in the central South seeing more go to London than those in our comparator regions. Data in tables 2 and 4 show that there is no similar pattern for established HEIs.

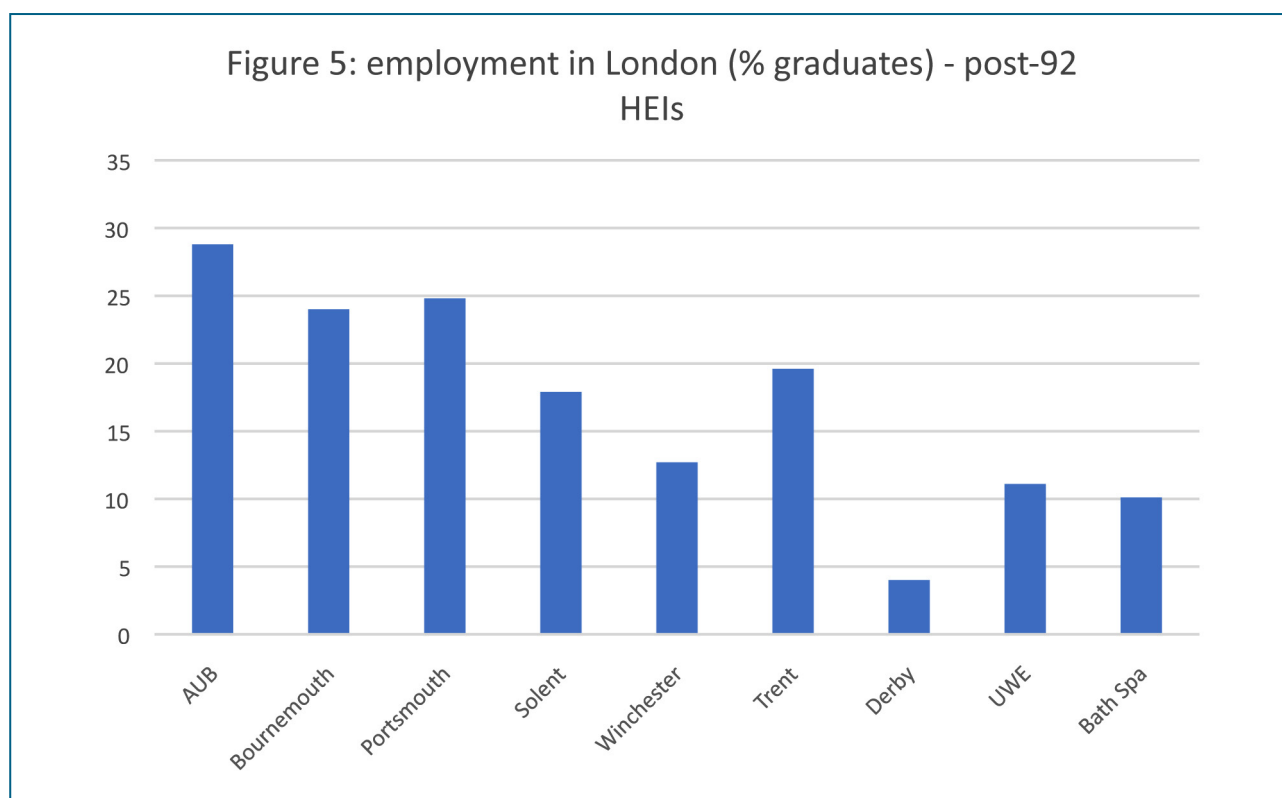
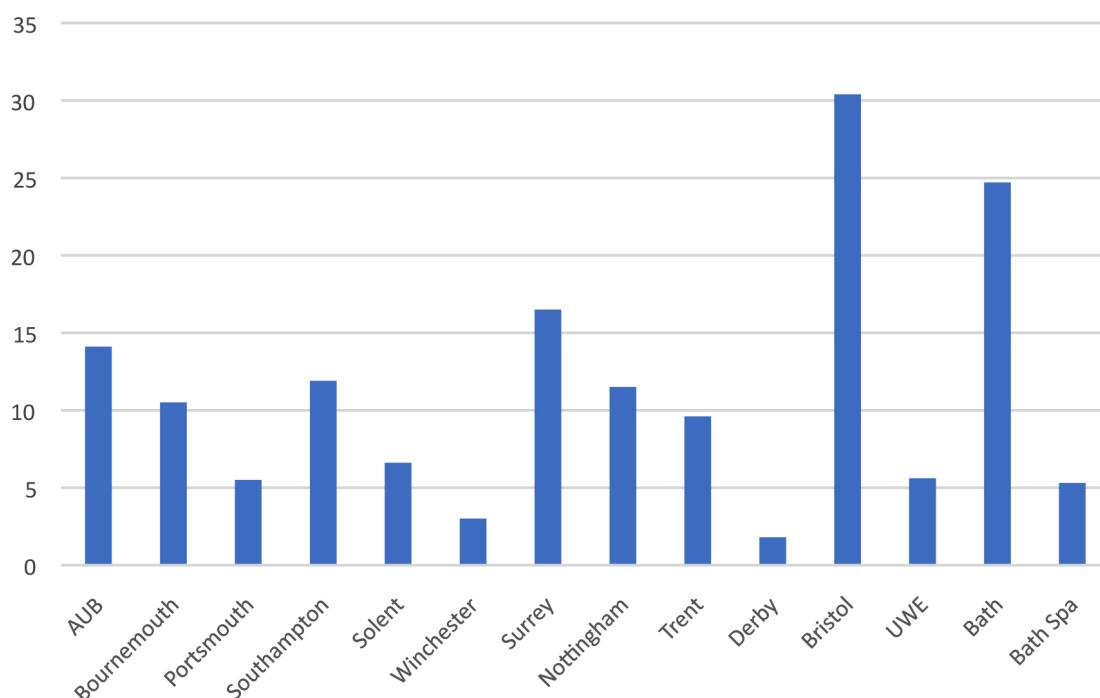


Figure 2 shows how areas 'gain' post-graduation, with more graduates remaining than the number of students from the area going to that institution. However, for four of our six core central South HEIs, London gains more than do the university towns or LEP areas. Including our comparator areas and Surrey, figure 6 shows that London generally gains more from established HEIs than from post-92 institutions. The data in tables 2 and 4 suggests that this is not simply a consequence of the former drawing more students from London to start with - London is clearly attractive for all graduates, regardless of their origin.

Figure 6: London's gain (origin vs. destination - % graduates working in London) - central South and comparator regions



To conclude:

- London is a bigger draw for graduates from established universities than for those graduating from post-92 universities.
- More graduates from the central South's post-92 institutions go to London than do graduates from similar institutions in comparator regions.

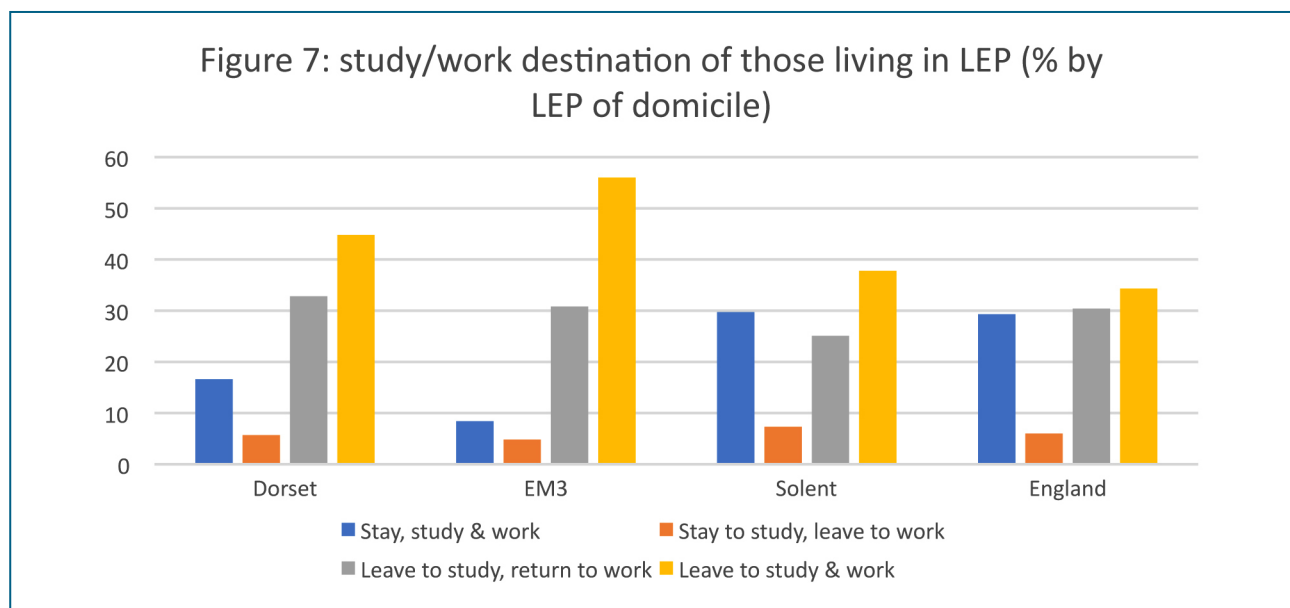
Graduate retention in the central South's LEP areas

There are 38 LEPs across England, each broadly matching a local economic geography. We examined graduate retention data by LEP area to understand how the HEIs within that LEP provide graduates to the local economy. It needs to be noted that this data includes graduates from all the HEIs in each LEP area and covers the cohort of students who entered higher education between 2010-11 and 2014-15. This means that data is not directly comparable with that in tables 2 and 3 and figures 1 to 6.

Our starting point is the population domiciled in the area who go on to study at university in either the same area or elsewhere. The data below looks at their subsequent employment location, identifying:

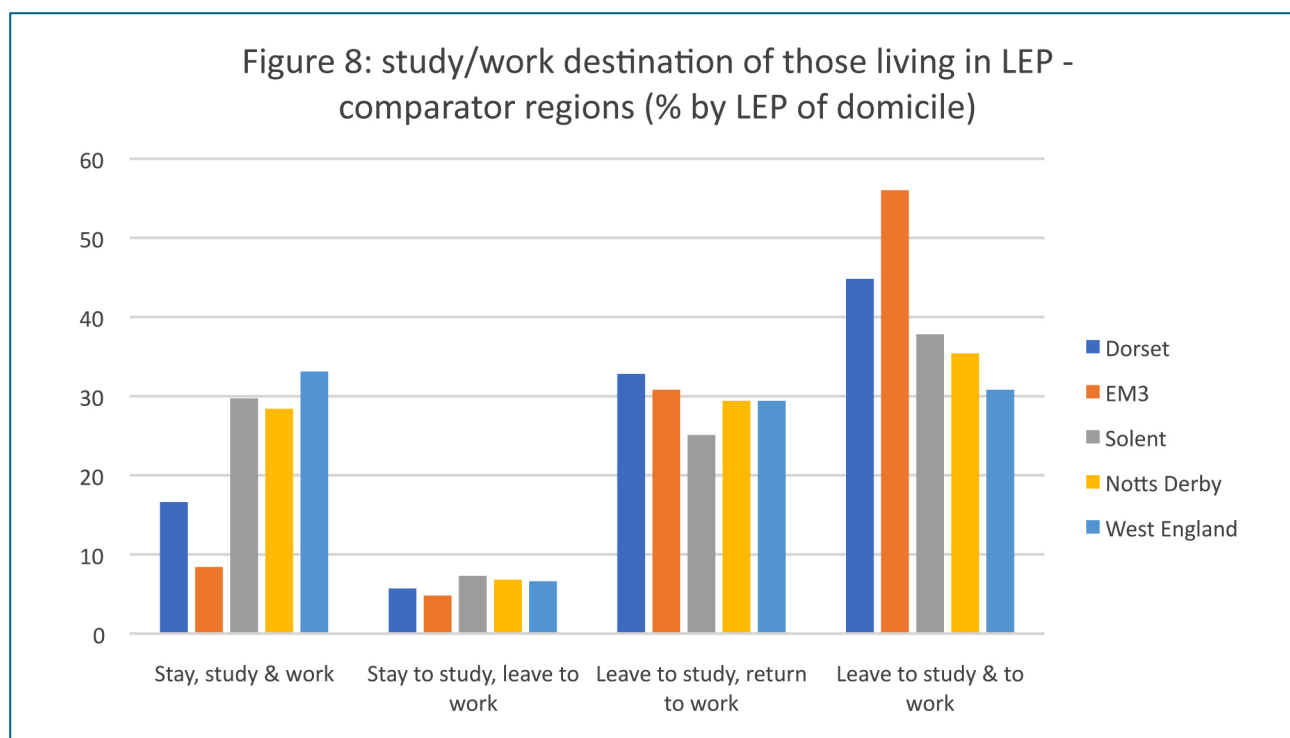
- Individuals who are domiciled in the LEP area, study there, and remain there to work ('stay, study & work')
- Individuals domiciled in the LEP area who stay to there to study but then move away to work ('stay to study, leave to work')
- Individuals domiciled in the LEP area who go elsewhere to study but then return to their home LEP area to work ('leave to study, return to work')
- Individuals domiciled in the LEP area who travel elsewhere to study and do not return to it to work ('leave to study & to work').

Figure 7 shows how these four cohorts break down for each of our LEPs, against the average for all English LEPs:



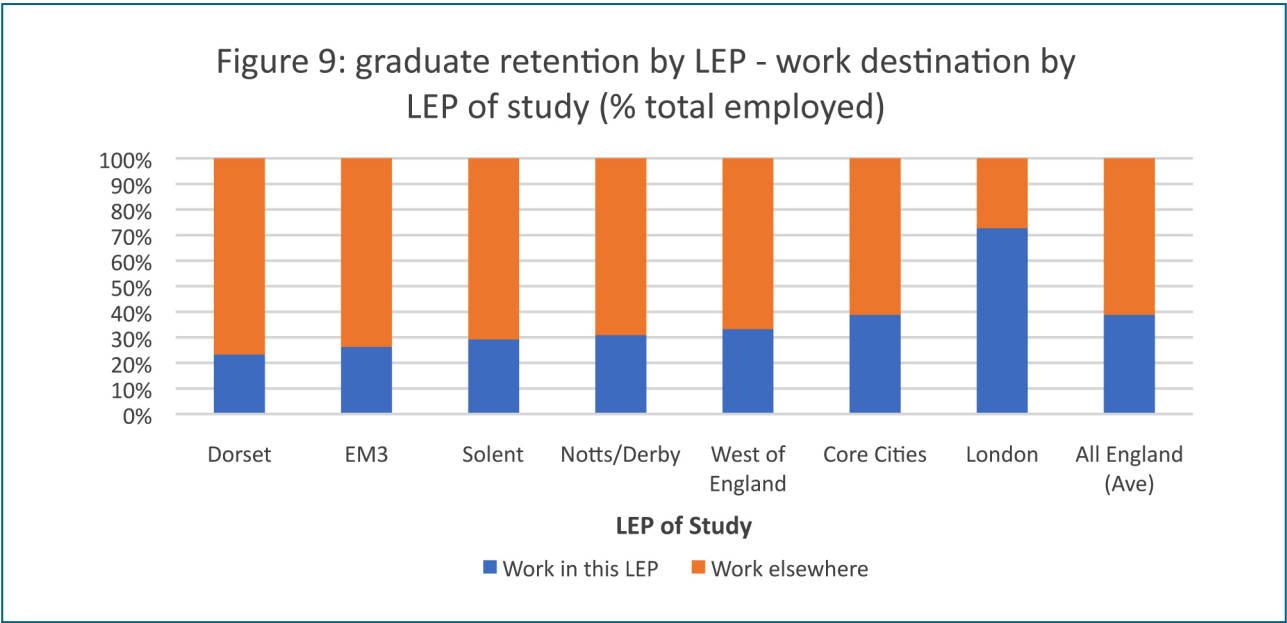
The data suggests that in both the Dorset and EM3 LEPs few stay to study and then work locally, while in the Solent LEP area the figures for stayers are on a par with the England average. What stands out is that all three LEPs have above-average numbers of individuals who leave their area to study and do not return there to work. They can be considered as 'local talent' which has been lost to our region.

If we compare the central South with the Bristol/Bath and Nottingham/Derby city regions the relatively small number staying in Dorset and EM3 LEPs to study and work is striking, as are high numbers leaving those areas to study and not returning there to work (see figure 8 below). Again, this suggests parts of the central South are losing some of their home-grown talent.



That may be in part due to the relatively low provision of higher education places in those two LEPs: there is one place for every 56.3 people in the Dorset LEP area and one for every 54.5 people in EM3. By comparison there is better provision in other areas: one place for every 26.0 people in the Solent LEP area, one for every 21.2 in Bath/Bristol and one for every 35.3 in Nottingham/Derby.¹⁹ This lack of provision is what may be forcing local people to study elsewhere, in turn making them less likely to return.

That pattern of choices may also help explain the relatively low retention rate of graduates from universities in each of our LEPs. Figure 9 compares the central South's LEPs with London and England's Core Cities,²⁰ as well as our chosen comparator regions and the England average.



Inevitably, then, many of the graduates who work in the central South come from elsewhere (see figure 10 below). While Solent LEP is similar to our comparator regions in the number of graduates it imports (and slightly better than the England average), Dorset and EM3 both see many fewer home-trained graduates in their workforces:

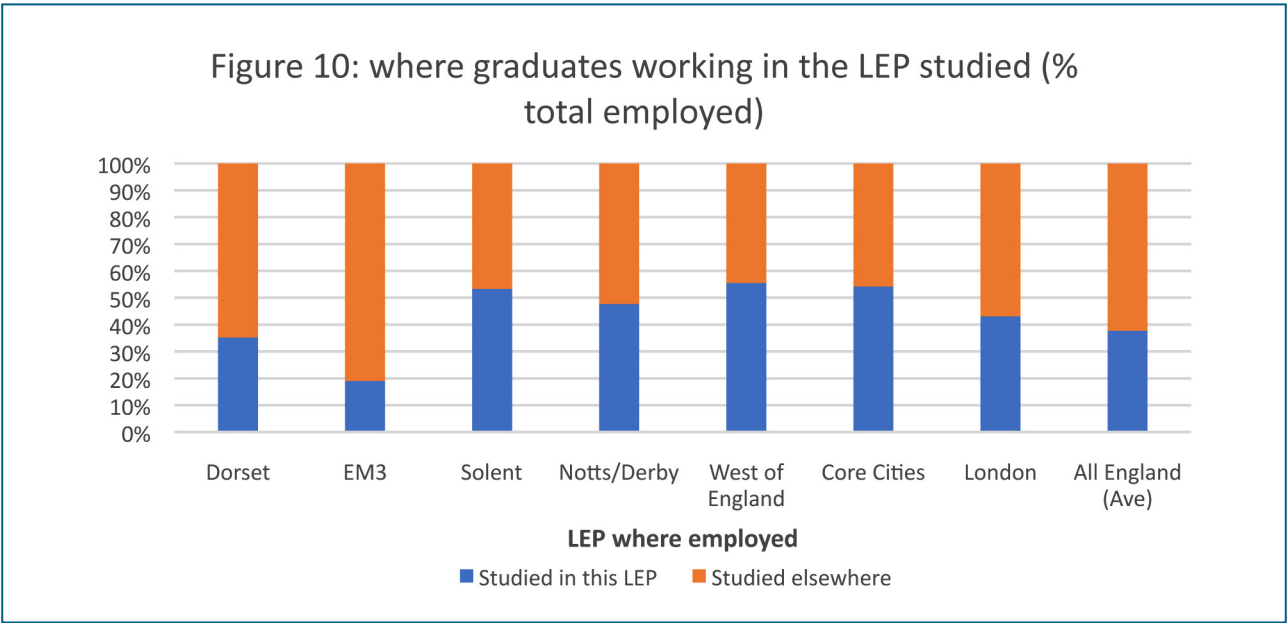
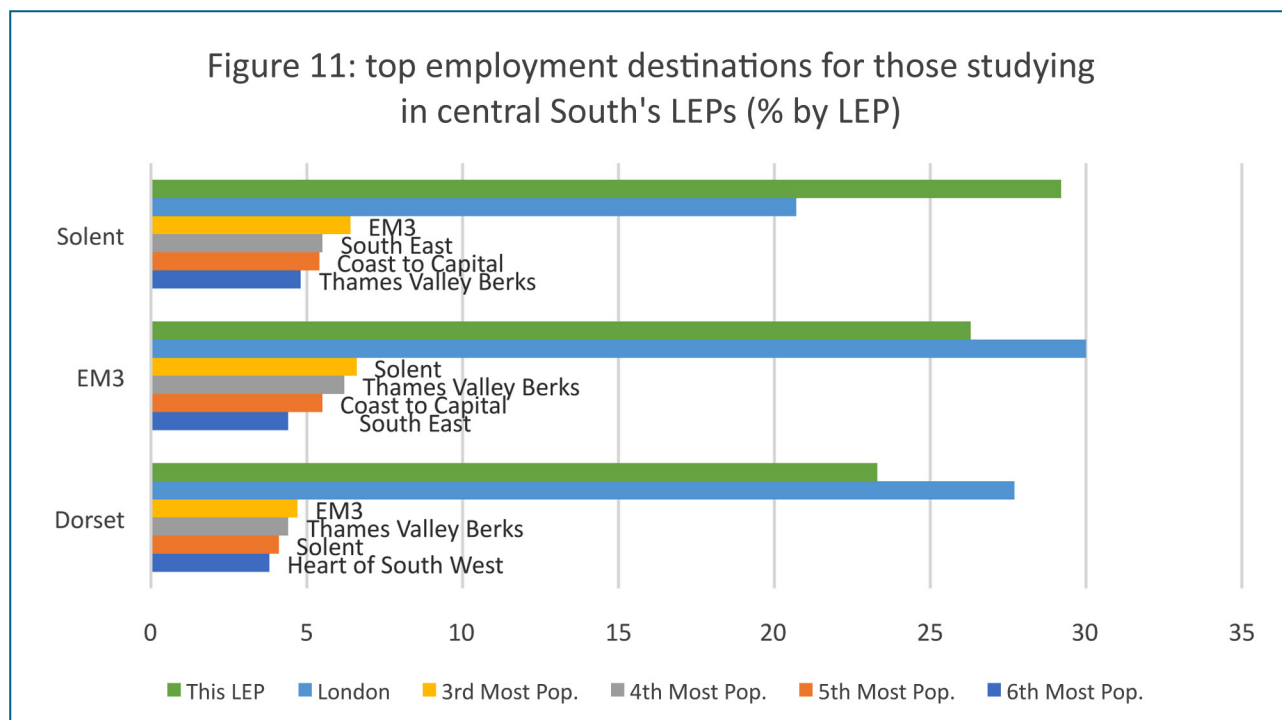


Figure 11 shows the top employment destinations for those who studied in the central South's LEPs. For those not staying to work in the LEP, the top destinations are London or neighbouring LEPs. So some of those trained in the central South will be subsequently employed in the wider South, albeit next door to the LEP where they studied.



The key messages from all this data are as follows:

- More young people from the central South's LEPs leave the area to study and do not return to work than is the average for all English LEPs.
- Fewer of the young people from EM3 and Dorset LEPs study in the area and then remain to work than the average for English LEPs.
- Fewer young people stay to study and work in the Dorset and EM3 LEPs than in comparator regions. Solent LEP is comparable to other regions.
- More young people from the Dorset and EM3 LEPs leave to study and do not return to work than in comparator regions. Solent LEP is again more similar to those regions.
- Graduate retention in the central South's LEPs as a whole is lower overall than in comparator regions, England's Core Cities, London, or the overall England average.

Graduate skills and the economy of the central South

An important question to explore is 'just how crucial are graduates within the local jobs market?'. Table 5 summarises the number of jobs available in the central South's three LEPs, and identifies (as a useful proxy for 'graduate' jobs) what proportion of these are managerial or professional roles.

The table shows that the proportion of those roles is at or above the England average in the EM3 LEP, similar in Dorset, and below average in Solent. (By way of comparison, the figure for London is 56%, very similar to that of EM3.) The number of those jobs, and so demand for graduates, is also growing faster than the rate of increase for all jobs across all other areas (column 4). However, the rate of growth for managerial and professional jobs is lower in our area both than our comparator regions or the average for England (column 5), and well below London's whose growth rate is 44%.

We have estimated, in column 6 of table 5, how many graduates from HEIs within each LEP join the local workforce. The final column (7) shows what proportion of each LEP's managerial or professional roles that number represents. Although many graduates may not go straight into such roles, particularly in the early stages of their careers, comparison between LEPs is still insightful. All the universities in the central South achieve high levels of graduate employment (over 93%). Across the board, over 60% are employed in what labour market statistics define as 'high-skilled' occupations.²¹

Consistent with the findings on levels of retention (see above), the analysis in column 7 of table 5 suggests that HEIs in both EM3 and Dorset produce relatively small numbers of graduates given the number of graduate-level roles within the local economy when compared to our comparator regions. Solent is (again) much more in line with the comparators.

LEP	Total no in employment ²²	Total managerial/professional jobs (%)	% increase (2008-18)		Graduates from local HEIs retained as a proportion of graduate level roles (2016-17)	
			Total jobs	Managerial/professional	No. of graduates	% of man/prof. roles
Dorset	366,700	164,000 (45)	6	18	986	0.6
EM3	786,300	431,800 (55)	7	16	2079	0.5
Solent	571,200	235,600 (42)	7	10	3586	1.3
Derby & Notts	1,044,900	424,900 (41)	6	19	5004	1.2
West of England	584,000	302,000 (52)	10	30	3426	1.1
England	27,454,000	12,570,000 (46)	10	22	n/a	n/a

Table 5: Employment and graduate roles in the central South and comparator regions

Notes:

'No. of graduates' = total graduating multiplied by % retained in the LEP area (from table 2).

'% of man/prof. roles' = number of graduates retained as a percentage of total number of managerial and professional roles.

Different undergraduate courses offer different preparation for employment. Many - for example engineering, law or nursing - are necessary qualifications to enter a profession. Others, such as computing or business, offer a grounding in skills needed for a wider range of careers, while many disciplines provide a broader base of competences and knowledge which can be the basis for a number of roles.

It is helpful to consider how well the graduates produced by the central South's universities appear to match demand in the local economy. Table 6 (below) sets out the degree disciplines studied by students at HEIs within the central South's LEPs. These are set out alongside the most significant employment categories for the area, and also against the topics which our LEPs see at their priorities for the future.

Degree discipline (% undergraduates) ²³	Employment sector (% jobs)	LEP priorities ²⁴
Dorset (13,210 students)		
Business/law/commerce (42.5)	Wholesale/retail (15.6)	Advanced manufacturing
Creative industries (27.3)	Health & social work (15)	Care
Medicine/allied subjects (18.0)	Accommodation & food services (10.4)	Construction
Science/computing (10.0)	Education (9.2)	Financial services & insurance
Engineering/construction (2.2)	Manufacturing (8.6)	Real estate
-	Professional, scientific, technical (7.1)	Retail
-	Admin & support services (6.1)	Tourism & leisure
Enterprise M3 (26,875 students)		
Creative industries (22.9)	Wholesale/retail (16.0)	Aerospace & defence
Social sciences/humanities (21.7)	Health & social work (12.2)	ICT & digital media
Business/law/comms (18.7)	Professional/scientific/technical (9.8)	Pharmaceuticals
Science/computing (17.3)	Education (9.6)	Professional & business services
Medicine/allied subjects (8.5)	Admin & support services (7.8)	Note also priority 'niche sectors': cybersecurity, advanced materials & nanotechnology, satellite technology, advanced aerospace, animal health, photonics and computer games/entertainment technology
Engineering/construction (6.0)	Accommodation & food services (7.8)	
Education (4.9)	Information & comms (7.8)	
-	Construction (5.9)	
-	Manufacturing (5.6)	
Solent (45,505 students)		
Science/computing (24.3)	Wholesale/retail (16.3)	Marine, aerospace & defence
Business/law/commerce (20.9)	Health & social work (13.5)	Advanced manufacturing
Social sciences/humanities (18.2)	Education (10.6)	Engineering
Engineering/construction (14.8)	Admin & support services (8.8)	Transport & logistics
Medicine/allied subjects (10.3)	Manufacturing (7.9)	Low carbon
Creative industries (9.7)	Accommodation & food services (7.7)	Digital & creative
Education (1.8)	Professional/scientific/technical (6.0)	Visitor economy
-	Construction (5.4)	-
-	Transport & storage (5.2)	-

Table 6: Disciplines studied at central South's universities, compared with most important employment sectors and LEP priorities, compared for each of the central South's LEPs

Notes:

The number of students studying each discipline is based on students studying at all HEIs which lie within the LEP's area.

As table 6 shows, it is no simple matter to attempt to align the topics studied at our HEIs with either the major employment sectors in the local economy or with the priorities our LEPs have identified. It would appear that there is no close alignment between the disciplines taught in our universities and LEPs' economic priorities – although of course a broad range of degrees may offer a pathway to employment in many areas. But the data supports an argument which says that as a region we may simply lack the 'right' graduates with the specialist skills which a significant number of our proposed growth areas require.

The most popular disciplines, for example business/law/commerce, offer skills relevant to a range of management and professional careers, and those graduates may find a role across the UK or beyond. One of the most striking things about the table is that the sectors which are the central South's biggest employers are not necessarily those which offer very many roles for graduates.

Full- and part-time study

Of the 1.43 million undergraduates studying at English universities in 2016/17, 0.22 million (15.2%) were part-time students. The number of part-time undergraduates at the central South's universities varies from just 1.2% at Arts University Bournemouth and 2.6% at the University of Southampton to 17.6% at the University of Bournemouth.²⁵ TEF data suggests the proportion tends to be higher in post-92 institutions.

Part-time students will often be more mature individuals who have come to higher education later in life and will already have ties to the locality where they study. Many will be in employment, with their studies funded by their employer. The Higher Education Policy Institute estimated that 28% of part-time students were employer-funded in 2010/11, although noted that historically the numbers varied between 30%-40%.²⁶ It seems likely that a higher proportion of part-time students are likely to remain in the local economy post-graduation, reflecting both their personal and/or employment situations.

Part 2: The view from ...

This section summarises interviews held with representatives of universities (their senior managers, careers professionals and students), local authorities and LEPs across the central South. Those taking part are acknowledged elsewhere, and any quotations from those participants reflected here are not attributed to any one individual.

HEIs

For all universities, achieving employment of their graduates in 'graduate-level jobs', regardless of destination, is a key performance measure. This is because the government focuses on this as a measure of success. This performance measurement regime is almost certainly going to continue to develop, notably with subject-level Teaching Excellence and Student Outcome Frameworks (TEFs), a likely focus on graduate earnings, and a revised approach to DLHE. In turn, HEIs' strategic focus will also be shaped by that regime. The metrics do not recognise retention of graduates in the local economy, and so offer no explicit incentives for HEIs to consider retention – although proposals by Research England for the new Knowledge Exchange Framework do include graduate start-up rates as a possible metric, and those start-ups can often be in close proximity to where the student studied.²⁷

All HEI participants saw good reasons for graduates finding jobs outside their immediate locality. Universities rightly consider it part of their mission to ensure that graduates find good, rewarding jobs and are able to extend their horizons beyond their place of study. HEIs also highlighted the importance of having their alumni in influential roles, both nationally and internationally. That reach is part of their 'soft power' and helps to spread the institution's reputation, as well as that of the city and its region. One senior academic suggested they would be 'disappointed' if too many of their graduates remained in their area of study after graduation.

Notwithstanding that internationalist perspective, all HEI participants recognised the value of building links with their local economies in helping improve the prospects of their graduates. For some, notably the post-92 institutions, priority sectors in the local economy have helped shape their degree offer: for example Bournemouth University recognises and looks to support local strengths in both finance and healthcare.

All HEIs have grown in some way from their community and so reflect its characteristics, including its economy. Arts University Bournemouth is a notable example, having grown from a local design school. It has evolved in tandem with the development of a local strength in digital media and related creative disciplines. Similarly, the economy of the Solent area has helped to create a strong offer in the marine and aerospace sectors in Southampton and Solent Universities. Others have developed courses in areas where there is tradition of local employment after graduation, for example in education, nursing or healthcare.

Research-intensive universities thrive on having close links to industries, built around shared strengths and interests. At their most effective, those links provide a stream of research funding and benefits for both parties by keeping them at the forefront of innovation. They can also lead to opportunities for employment. When this works well, HEIs can work closely and successfully with leading-edge businesses who are based locally but whose reach can be both national and international.

For university careers teams there is very practical value in forging links with local businesses. Those relationships are important in securing advice, placements, mentors and even jobs – one team manager

spoke of links to local businesses being 'woven through how we work'. For those teams it is usually easier to build links with the business community in their immediate area than further afield. Those relationships may also work for employers where they can be sure of access to a pool of individuals with the skills they demand. Solent University, for example, has built a successful relationship with Carnival Cruise Line, an important employer in the city.

While every institution has its own strengths and vision for its future and that of its students, all HEIs in the central South saw the direct benefits of shaping their offer to (among other things) the advantages of responding to local economic needs – this is a more significant factor for post-92 institutions. But all seek to balance that with a broader perspective, whether that is building their reputation, facilitating research linkages, or simply ensuring their graduates achieve success on a wider stage. None were driven simply by demand from the local economy.

Similarly, all see benefits in building strong relationships with local businesses and organisations which represent business. Those relationships may well help secure employment opportunities for their students, although that is rarely the primary driver for them. But it can create a virtuous circle, building a network of local alumni which reinforces relationships and encourages recruitment.

The central South's HEIs also view engaging with and supporting the local economy as being part of their civic role – a responsibility to support the success of the area's economy and community. It is in their own interest to do so; as one interviewee put it, 'a strong university wants to be in a successful region'.

That desire to promote success means universities are willing to take a role in fostering innovation, enterprise and entrepreneurship, to the benefit of the local economy. That often takes the form of encouraging their graduates to start their own enterprises. Several students cited the importance of maintaining ongoing links between businesses and their 'parent' institution, expressing a desire to keep that business in the local area as it becomes established and grows. A number of those interviewed also highlighted the importance of such relationships in accessing knowledge and developing skills in a range of disciplines.

Universities are also keen to play a broader role in the community, supporting local events and activities. They want to be 'good neighbours' and build positive reputations with their host communities, helping to balance some of the perceived negative impacts of a large student population.

Several participants pointed out that the differences in retention across the central South's HEIs is in part a consequence of the different nature of their student intakes. The educational background of students varies, and our post-92 institutions tend to have more local catchments (often reinforced by deliberate efforts to widen participation within the local community), and to recruit mature and part-time students.

That variation in intake means that the ambitions of students may differ. All are likely to aspire to achieving success in their future careers, but the way in which they define that success may differ. Some may wish to return to their local communities and families to live and work after graduating, and contribute to the local economy. Others, perhaps with a different educational background or with a family history of higher education, may be more confident in entering the national and global jobs market.

Participants also commented that many of their graduates felt there were limited opportunities to develop a career if they remained in the local area. Parts of the central South are rooted in an economy

based on skilled manual work, and have not yet developed the breadth of opportunities which allow graduates to build a career locally. Those wishing to stay for personal reasons may therefore find good-quality jobs harder to come by.

Participants recognise that London is a draw for many, whether for professional or personal reasons. In some disciplines, for example fashion or digital media and communications, the best opportunities may be in the capital. For others a role in a bigger organisation in London may be a career stepping-stone. Many graduates also hankered after the 'big city' lifestyle, and for that both the reputation and reality of the central South fail to match London.

None of the university staff participating felt the attraction of London was a negative, and many gave examples of their graduates returning to the area from the capital or other larger cities after several years to build the next stage of their career as they sought a different work-life balance - to the benefit of the local economy. As the nature of work changes over the next few years, so this phenomenon of 'returners' may become more of a growing factor.

Finally, participants pointed out that universities are themselves employers. They sometimes struggle to recruit academic staff through a combination of competition from London, a relatively high cost of living, and the overall reputation of the area - 'not poor, but rather anonymous', as one participant put it. Their response in part is to try to 'grow their own' by developing talented postgraduate and postdoctoral researchers, thereby in effect retaining graduates. 25% of Southampton University's academic staff are graduates of the University.

To summarise:

- Universities want to see their graduates settled in good jobs. The location of these jobs is not seen as a priority.
- Courses are rarely designed around the local economy, although some may have been developed to build on a local economic strength. Post-92 institutions tend to build more of their learning and teaching around sector strengths in the local economy.
- There are examples of synergies between an institution's academic teaching and research and sectors of the local economy, whereby each reinforces the development of the other. This can help retain graduates in the local economy.
- The nature of an institution's students - their educational and personal background - often plays a significant part in determining their post-graduation destination.
- Links to local businesses are seen as valuable for a number of reasons - helping graduates to find local jobs is one.
- Universities take their wider civic role seriously, and see part of that as helping build economic success in the local community. Again, that may help foster graduate retention, particularly through supporting business start-ups.

Local authorities

Local authorities see graduates as an asset. They bring new skills to the local economy, which is particularly important for the cities and urban areas seeking to build higher-value economies. Participants also spoke about the wider benefits graduates bring: they can be a source of innovation and entrepreneurship, giving more traditional economies a fresh perspective, and help build a positive reputation for the area.

That enthusiasm means they are open to graduates from any institution. However, councils recognise there is stiff competition for graduate talent, and that living costs in the central South can be a barrier to incomers, as can the rather low-profile reputation of the area, particularly in competition with London and other big cities. Participants acknowledge these challenges, and so see our local HEIs as a fruitful source of talent. There is a view that those who have spent three years somewhere may appreciate more what the place has to offer, and the area should seize the opportunity to encourage them to stay.

Local authority participants, like those from universities, recognised the limited career opportunities for graduates. They also spoke about reshaping economies whose roots are in skilled manual work, particularly in the coastal cities. There is something of a chicken-and-egg situation: we need to ensure our economy offers richer careers for graduates, and not just jobs for the first two or three years after graduating, so that they are more tempted to stay.

Some of our councils also welcomed the contribution universities can make to building the skills and aspirations of local people. Educational attainment is poor in some parts of the central South, and programmes aimed at widening participation in higher education were seen as crucial in building aspirations and skills from those who a generation ago may not have considered it.

One participant suggested councils should ask themselves whether they are doing enough to welcome students coming to their town or city, in order to help shape their willingness to remain after graduation. Beyond that, we should be building the sort of places where young people want to live and work. That requires attention to 'quality of place': good, affordable housing, opportunities for business start-ups, and a vibrant cultural offer. Graduates ask themselves 'where do I want to be?', seeking places that have a positive image, reputation and offer. Our participant suggested that some areas of the central South are doing that better than others.

Local universities are also seen as an asset, not just because they offer an economic boost but because of the wider contribution they make to civic and community life. The best universities are those seen to be working alongside the council and other partners, with a shared vision for the area. Their contribution to work on skills or innovation can help develop local talent, which then remains in the local economy.

Participants felt that post-92 universities are often more embedded in a place, having 'grown up' with it and in it. They were seen as having a more direct stake in the local economy, with the curriculum offer more linked to local strengths and having a greater potential for their graduates to help build the economy. More mature established universities were viewed as having an equally valuable, complementary role to play, but less direct impact on the talent pool.

Like university participants, our councils also noted the trend for 'returners' coming back to where they studied at a later stage in their career, perhaps as part of work-life rebalancing. They identified an opportunity for the central South to promote itself as a great place for those later in their career to come back to, and our HEIs were viewed as being in a position to support that through ongoing links which allow development of skills and professional practice.

In summary:

- Our councils see graduates as an asset, with a key part to play in growing the local economy.
- We should seize the opportunity to retain graduates from local HEIs, particularly as we may face difficulties in attracting those from institutions outside the area.

- The role of our HEIs in nurturing local talent from a range of backgrounds makes a valuable contribution to building the local economy.
- The central South needs to become a place which offers opportunities for lifetime careers.
- Graduates will be attracted to vibrant places which offer an attractive lifestyle.

LEPs

Like councils, the central South's LEPs recognise the importance of graduates to the local economy. They are seen as particularly important in filling vacancies for early-career professionals in a range of areas which can often be more difficult to fill. However, recruiting graduates is seen as simply part of a much wider skills challenge which our economy faces. We need to raise skill levels across the population, educating local people in order to fill vacancies.

In that context, participants saw value in retaining graduates from local institutions, but were realistic about the attraction of London and other large urban centres. To counter that, the central South needs not only to appeal to those studying here, but also to work to 'retrieve' those from the area who studied elsewhere, and to attract graduates with no previous connection.

All the central South's universities are seen as proactive partners in the local debate about how to grow the economy. They are viewed as key partners in developing skills, innovation and entrepreneurship, and their role as being central in helping to evolve local industrial strategies. One of the consequences of that close engagement with local policymaking is to create opportunities for graduates to remain as part of the local economy, particularly in the creative sector.

LEPs also welcome the role universities play in addressing low aspiration in some communities in the central South, usually (but not exclusively) in urban areas. Giving opportunities to those who might not necessarily see university as an option helps improve skills in the local population, as many of those will stay in the local community and economy after study.

Participants were keen to encourage discussion about how learning can also be delivered outside traditional models in order to meet economic needs. That could encompass (for example) flexible or part-time learning, and new approaches to work-based degrees or degree apprenticeships. As our economy evolves and changes a fresh approach to skills development will be required, perhaps encouraging ongoing links with graduates after they have left the institution.

One participant suggested it would be timely to review how HEIs support the local economy. They argued that the expansion of higher education has led to a mismatch between graduate skills and economic needs. They felt that this results in a surplus of graduates in some disciplines who struggle to find graduate-level roles, while vacancies persist in other areas. They believed that this, coupled with the difficulties some companies already have in recruiting because of high living costs, could start to cause the emergence of a serious skills gap.

While our local HEIs do work with LEPs to address local skills needs, there is (perhaps inevitably) a perceived tension between their willingness to respond to local priorities and their role in promoting learning and scholarship. National policy on universities may be compounding that by encouraging a focus on student numbers rather than on the needs of the economy. The upshot of this is that LEP participants were concerned about the central South's ability to find the early-career professionals needed to support its economy.

Key messages:

- Graduates are important to the local economy. Recruiting those from local HEIs should be part of a wider attempt to secure the graduate skills we need.
- Businesses in the central South can struggle to recruit early-career professionals, and our universities can assist in meeting that local need.
- The area's HEIs play an important role in developing skills in those communities who may not have traditionally seen university as an option.
- The ways in which learning and teaching are delivered will need to evolve to meet the changing nature of the local economy.

The students

There is no such thing as a 'typical' student. Individuals come from different backgrounds and have different aspirations. The priority for most is generally a well-paid job, but one with some broader sense of value - a feeling they are contributing. They do not see their career as the older generation might. For many, their working life may well be much more of a portfolio of changing roles and directions. That may include further study, either immediately after graduating or at a later stage.

There will also be other factors shaping their next steps. After three years of study, many students come to feel part of the community and can find it difficult to break those ties. They may also have gained a greater sense of independence during their time at university, and feel that if they were to return home they would risk losing their independence.

These different drivers create a tension between career and more personal considerations. One participant described the options as being 'home, here or London' - a clear acknowledgment of the attraction of the UK's larger cities. How attractive their university town is as an option for their future depends on the opportunities it offers. Does it offer exciting, rewarding roles, modern workplaces and an affordable place to live, or something less attractive? Importantly, students also said that they want to feel welcome. A sense of resentment towards students in a particular area was identified as a likely barrier to their remaining.

Our student participants shared the view of others that a graduate presence in a town or city is 'massively important'. It brings young blood, fresh ideas and a new vibrancy. Graduates can also add new skills and enterprise to the economy. Our towns and cities should see graduates from local institutions as an important part of the mix: they're familiar with what the place has to offer, and often want to 'put something back'.

One participant felt businesses should be more proactive in recruiting local graduates. The traditional 'milk round' did not provide the opportunities all students were seeking, but it was sometimes difficult to find local opportunities. Businesses could also enhance their profile by working with universities, whether to offer placements or other experience: 'If a business enjoys a good reputation with the university then it will have a good reputation with students'.

Key messages:

- Graduates weigh up a number of factors in deciding what to do next. Wanting to remain in their university town will undoubtedly be important for some.
- Graduates are important to towns and cities, and those places should encourage them to stay.
- Local universities provide a pool of talent who often already have an affection for the place.

Part 3: Summary

A proportion of graduates from the central South's universities do stay in the area to work or undertake further study, whether in the immediate vicinity or within the local economy that the LEP represents. However, a similar number move to London when they leave our universities. There is some evidence that some of these may return later in their careers.

The pattern varies across institutions. Post-92 universities tend to see more of their graduates remain to work or study locally. That may reflect the different geographic and social catchments of those institutions, with more students coming from local communities. All HEIs, and particularly post-92 institutions, play a valuable part in enhancing skills and aspirations in local communities. Many individuals who come from communities which do not have a tradition of participating in higher education are likely to remain in the area after graduating.

However, there is also evidence to support the view that the higher retention rates of newer universities may be the consequence of closer relationships between those institutions and sectors of the local economy. Several of our post-92 universities have developed specialisms which encourage and complement growth in previously 'niche' sectors of their local economies. Their degree offer shapes and is in turn shaped by the evolution of businesses in the immediate area; this effect is most notable in the creative and knowledge-based sectors.

When comparing between LEPs, Solent retains more graduates from local HEIs than do Dorset or EM3. One factor in this is almost certainly the relatively modest size of the higher education offer in Dorset, and the fact that three significant HEIs in the EM3 area lie on the LEP's north-eastern border close to London. There seems to be more of a dynamic flow in both applicants and graduates across the EM3 border than is the case for the other two central Southern LEPs.

London is a major draw for the central South's graduates. This is particularly notable in those from the University of Southampton, but is a pattern also seen with other established universities. Fewer graduates from our post-92 institutions tend to go to London to work or study. Arts University Bournemouth is an exception to this, most probably because of the specialist nature of many of its courses for which London is a major centre of employment.

The data also shows that a significant majority of graduates working in the Dorset and EM3 economies studied at institutions outside the area. Those areas are less successful at retaining young people who grew up in the area to study. The Solent LEP, which has more places in higher education per capita, fares better.

Comparing the central South with other similar city regions, we see fewer graduates from our post-92 universities staying to work locally, and more moving to London. The picture is more mixed for established universities. LEPs in those comparator regions also see more graduates staying to study and work locally, or returning to work or for further study having studied for a first degree elsewhere. Again Solent fares better here than do the other two LEPs.

Universities are keen to see their graduates employed in good-quality jobs, and are less concerned about where those jobs are located. However, they do see great value in building links with local businesses which can lead to job opportunities for their students. In some areas, notably in the central South's post-92 universities, strong local links with developing sectors of the economy have been established to mutual benefit. Those links include a flow of graduates from study to local employment.

The local authorities we spoke with all recognised the importance of graduates to the local economy, particularly where their presence can help in building higher value-added sectors. The involvement of local universities in developing skills and supporting emerging sectors of the economy was valued, with local graduates being an important component of the workforce in some sectors. Local authorities recognised that attracting graduates could be a challenge, with the cost of living (particularly in housing) being high. Some areas were acknowledged as not having a strong enough reputation as being 'a good place to live'. For these reasons graduates from local institutions were generally perceived as being a valuable resource.

The central South's LEPs also recognised the importance of graduates to the local economy, and the challenges our businesses can face in recruiting early-career professionals. They also placed a high value on collaboration with universities to develop their economies: developing local talent, bringing in new skills, and encouraging innovation and entrepreneurship. A key aim of partnership working with HEIs is to develop high-level career opportunities by growing specific sectors of the economy. One consequence of that is the benefit to graduates from local institutions, who may be encouraged to stay and work where they studied.

Students themselves often felt a strong bond to the place where they studied. Many look for opportunities to stay, at least for a period after graduation, even if they cannot find a 'graduate level' job. The likelihood that they will remain for the longer term depends on a number of factors, including in particular whether they feel they have the opportunity to develop a career.

Part 4: Discussion

There is no doubt that graduates are an asset to the local economy, bringing fresh skills and innovative ideas. They are important in sustaining and building the managerial and professional roles that contribute to the high value economy the central South seeks. From a broader perspective, graduates living and working in a community also play a part in developing its cultural and creative offer and in bringing a sense of vibrancy to a place.

The question we posed when starting this research was whether there is a case for retaining graduates from local institutions. Across England in 2016/17, some 60% of those going to university returned to their home area to work or study after graduating. In the central South that figure was smaller: only 45% in the Dorset LEP, 40% in EM3 and 55% in the Solent LEP area.²⁸ The key question is, do these differences really matter?

We explore this below by posing some further questions.

Is it good to retain our graduates?

It is inevitable that some graduates will take jobs locally as a result of local networks developed between HEIs and businesses, either by academic departments or careers teams. That does not constitute a deliberate strategy to retain graduates from local institutions, but is simply a helpful by-product of those relationships. Others will come from and go back to local towns and villages, with family or social ties keeping them in the local community.

However, graduates from local institutions become an important resource in two circumstances. The first is where they can offer specialist skills or knowledge to help a sector grow. The second is when they can take a role which would otherwise be hard to fill. Both circumstances are relevant to the central South.

The relationship between certain emerging sectors in the local economy and local HEIs – for example the links between several of our institutions and the growing creative industry sector²⁹ – is not unique to the central South. It does however mean that the involvement of those universities and the employment of their graduates is crucial to the sector's growth. If those graduates did not stay then the sector might not thrive.

For some institutions, developing their academic offer alongside the growth of a sector they have close links with is both a deliberate part of their strategy and part of their wider understanding of their role (see below). Graduates who stay to work locally will often maintain links with their parent institution and develop their career by drawing on that resource. The economy will benefit from that continuing relationship.

The difficulty of filling graduate roles is also a relevant consideration for the central South. The cost of living here is high, and there is evidence that high housing costs can deter early-career professionals from moving into the area.³⁰ Our data also suggests that at least two of our LEPs have a relatively poor per capita provision of university places, which compels many seeking a degree course to look elsewhere. The data also suggests that many of those who leave do not then return.

As several participants pointed out, the central South does not have a very positive reputation as a place for graduates to develop a career. That is not to say that we have a poor reputation – rather, we have none at all in comparison with city regions such as Bristol, Manchester, or London.

One way of overcoming that challenge is to encourage our local graduates to stay. That can help in growing the economy, but their presence is also a step towards changing the character (and so eventually the reputation) of places which are struggling to gain an identity in the competitive graduate recruitment market.

For the cities of Portsmouth and Southampton there may be a third reason for seeking to retain local graduates. Both cities have an economic history based on skilled manual work in docks, shipyards and related trades. Graduate-level roles in a range of sectors are an important part of these cities' efforts to diversify their economies and add to their GVA. Working with local universities and their graduates to build that diversity and to change their image is a key element of the early steps being taken towards these aims.

How are 'work' and 'graduate employment' changing?

The skills we need in our economy are changing, and with those changes the demand for graduates is growing. Nesta's 'Future of Work' report, for example, suggests that UK labour market projections show the rates of growth for both creative and STEM (science, technology, engineering and mathematics) occupations to 2024 will be more than double the average of job growth across the whole UK economy.³¹ There is significant growth in the technology, digital and creative sectors, with 75% of roles being filled by graduates.³²

At the same time, graduates' expectations for their careers are changing. Many now seek a portfolio career mixing a variety of activities.³³ For a growing number, self-employment is a real possibility at the beginning of their working lives, perhaps alongside other roles. They see a degree as necessary for entry to a far broader range of opportunities. They are also becoming more mobile: as an example this study has found repeated evidence of a regular flow of graduates between the central South and London at various stages of their lives.

We also found a blurring of the traditional distinction between 'graduate' and 'non-graduate' jobs. A generation ago, a graduate career may have begun with a traineeship of some sort. It would also often involve a commitment to a profession (and sometimes even to a single company) for life. Now graduates may follow a different path, taking on low-skilled temporary work as they seek to build a portfolio, or establish a new start-up, and to do that will often remain in the place where they studied.³⁴ Several participants mentioned this pattern for graduates from a wide range of institutions and disciplines. A local graduate in a 'non-graduate' job, who has nevertheless chosen to remain in the area, retains the potential to contribute more substantially to the local economy as their career develops.

For those seeking to grow the local economy, how we can capture this more mobile, flexible talent is an important question. Support for entrepreneurship is well-established across the area, and this is increasingly undertaken in partnership with universities. Equally, some of the barriers to retention discussed elsewhere will need to be addressed if this cohort of ever-more-mobile graduates is to choose to base itself in the central South.

How do HEIs shape their local economy?

All universities see working with local councils, LEPs and other partners as being central to their role. One aspect of that is their desire to see the local economy thrive. Many of our universities have developed from institutions which taught skills relevant to the local economy. That is still the case for some areas, at both undergraduate and postgraduate level. However, universities also see

themselves as playing a role in shaping that economy, alongside local authorities and LEPs. They actively support innovation and entrepreneurship: they also often support their own graduates who are seeking to start a business. This is not solely for the benefit of the local economy, but it will certainly have an impact.

That proactivity can lead to those graduates who do establish their own businesses remaining in the local economy, in part because of the value of ongoing links to research at the university. That relationship is what lies at the heart of science parks and similar innovation centres which many HEIs have been involved in establishing. They also set up a virtuous economic circle, comprising a talent pool with known skills and a body of knowledge which will help a specific sector to grow. When the relationship between a university and a sector of the local economy is particularly close, retaining local graduates can become the 'best' recruitment strategy.

One participant posed the familiar but still crucial question of whether our universities produce graduates with the skills the economy needs overall. That has been debated often, and is not for this report. However, what may be relevant is the impact of increasingly specialist needs in sectors such as automation, bio-technology or artificial intelligence which are important components of the UK's future economy.

Universities which are (or aim to become) centres of excellence in these developing areas frequently partner with industries in the local area, for whom their graduates are a vital resource. The links that Art University of Bournemouth is building with very specialist digital media companies mirror the close relationship between Warwick University and the automotive sector in Coventry. The desire to forge these links provides a positive case for seeking to retain graduates locally.

What is the civic role of universities?

Universities acknowledge that they have a wider role to play in local communities, whether simply by being 'good neighbours' or by taking a more active role in supporting community initiatives and helping to tackle local social challenges.

That role is being developed even further in some towns, notably Preston in Lancashire, where the council is working with local business and institutions to create an economy and community based on local skills, enterprise and involvement.³⁵

The 'Preston model' is a response to the economic and social decline which many of our towns have experienced in recent years. Lisa Nandy, Labour MP for Wigan (and co-founder of the University of Southampton's Centre for Towns) describes universities as being 'absolutely crucial' to this fresh approach to urban renewal. She sees retaining graduates in the local economy and communities as vital, suggesting that successful places are those that have 'hung on to their young people and been able to create a really vibrant economy off the back of it', keeping far more of their pubs, banks, bus networks and other social infrastructure than other types of town.

The University of Central Lancashire, based in Preston, has taken an active role in developing Preston's new social model, believing that 'the university and the town can get together to make a genuine difference'. Importantly for this study, they share the view that their graduates have a crucial part to play in the future of the local economy and community after their studies.

No institution can compel its graduates to stay in the area once their studies are finished. However, a university's approach to supporting business start-up and development, the relationships it builds locally and the extent to which it engages with the day-to-day life of the community will all have an impact on what its students decide to do in future.

The question of the civic role of universities has been given fresh impetus by the publication in February 2019 of a report by the Civic University Commission³⁶ which explores in great detail how universities can contribute to their local community and economy, including through the retention of graduates in the local workforce.

How do HEIs differ?

All universities regard their 'place' as important - they are all the 'university of somewhere'. As noted elsewhere, their curriculums will to some degree have been shaped by local industry and business. This is likely to continue.

We have nevertheless found differences between the outlooks of some of the central South's HEIs. As already observed, our post-92 universities tend to recruit more from their local communities, and particularly from those where there is no particular tradition of going into higher education. They also tend to be home to more part-time students, a large proportion of whom may also be working. Among their broad mix of courses, these institutions tend to offer more which are linked to sectors of the local economy. That may take the form of courses (including part-time offers) which respond to local strengths - for example, finance and healthcare in Bournemouth - and which grow and evolve alongside a developing sector.

Those closer socio-economic links appear to drive greater graduate retention from our post-92 institutions and so help to improve the mix and levels of skills in the community. The focus that careers teams at these institutions place on building relationships with local businesses may further support a tendency in more of their graduates to remain to work locally.

We have only looked in any detail at one of the two established universities in the central South, the University of Southampton. Its outlook is decidedly global, and it hopes to see its graduates in senior roles across the world. While it does much in the city's community and with south Hampshire's businesses, its business relationships also cover a much broader geography. The two types of institution strike us as being complementary, and between them they contribute both to building the local economy and in improving the reputation of the area.

Looking at post-92 and established HEIs side-by-side doesn't necessarily add specifically to the case for graduate retention. It does, however, support the case for continuing with a mixed higher education offer in an area, given the complementary economic and social benefits that universities with different histories can offer.

Is London a drain?

London is a draw for all graduates from all universities across the UK. With the central South's proximity to the capital it is inevitable that a good proportion of graduates from our universities move to London when they finish their studies.

London offers many opportunities to start a career. It offers a wide range of graduate roles in a vast and diverse number of disciplines, when choice in most other regional cities is limited. Equally important for many who move there is the excitement of living in a vibrant world city. A recent study has also noted that graduates from institutions closest to the capital tend to benefit from London's higher salaries, and those salaries alone can encourage graduates to move.³⁷

On the face of it, the capital is a magnet for talented graduates whom we might prefer to see working in the local economy. However, as several participants pointed out, in reality the picture is more complex. Work today is less defined by location, and those working in London will often retain a

professional relationship with colleagues in the area where they studied. Many of the digital media businesses in the Bournemouth or Portsmouth areas, for example, depend on close working links with London-based companies. A graduate from a central Southern university working in London may well be a vital link with the economy back in the place where they studied, helping that sector to grow.

Participants also spoke of the increasing number of individuals who studied in an area and then moved away, returning with their families when they sought a different work/life balance from that offered by London or other large centres. These returnees bring with them professional skills (and sometimes an entire business) and might well renew a link with the institution where they studied in order to help develop the next stage of their career. For some their career may entail several moves between locations, all the while maintaining a link with their 'parent' university.

The picture this paints is of a more mobile set of individuals who may well retain an economic link with the area where they studied even when they move away, and may also return at some point. That 'churn' can help local businesses remain at the leading edge within their sector. It may also reflect more broadly how the way we work is changing, becoming more flexible and dispersed, and relying on professional links across a wider geography.

In the economy of the future, what may matter more than the physical retention of graduates is maintaining a connection with them. That connection can be both economic and personal. In that regard, its proximity to London should be seen as beneficial to the central South's economy.

What are the barriers to retention?

Any graduate deciding where to start their career will weigh up a number of factors, from the opportunities a role offers, through to the cost of living or the excitement that a place has to offer. Individuals will prioritise differently as they seek to balance those factors.

This report has already touched on how a place's reputation can affect the choice of destination for a graduate. Several of those we spoke to were very aware of the need to make a positive offer to young people, such as affordable housing, good connectivity, modern workspaces and a vibrant local culture.

However, none of these factors matter if a graduate cannot build the career they want locally. Our data and interviews suggest that our universities produce a good range of graduates with a broad base of skills. This is, for many, the most important part of gaining a university education. However, when they graduate, some graduates cannot find the local opportunities they hoped for, and are then compelled to look for a career outside the central South. Meanwhile, some of the priority growth areas in the local economy are forced to look beyond the central South's universities for specialist graduate talent.

The sense that a career can be built in the area is clearly important. But the concept of 'career' itself is changing, with a move to more flexibility, entrepreneurship and a portfolio approach. As that evolves, so it is likely that an ongoing connection to the university where they studied will become more important for many – for support, to maintain knowledge, and to continue to develop their skills.

Finally, several participants suggested that a sense of being made to feel welcome was very important. That starts with a positive attitude to students and a good relationship between the university and local community. For many that will be important in deciding their future destination. To encourage them to stay, those places must also pay attention to how welcome and supported the new graduate feels.

Part 5: Issues

The analysis in this report offers, we hope, much for discussion. We suggest several issues to start the ball rolling:

- What part do local graduates play in developing priority sectors of our economy?
- Are graduates from local universities loyal to the area, and if so how do we capture that loyalty?
- Is the central South suffering in the 'war for talent', and if so how can we gain an edge?
- Do we have enough roles in the local economy for graduates?
- What is the role of local universities and their graduates in reinvigorating our communities - the Preston model, or something different?
- Should we worry about London - or is it healthy to be part of the wider economy of the capital?
- Do we need a 'strategy' for retaining graduates from the central South's universities?

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The Southern Policy Centre was established in 2014 as the only cross-party think tank for Central Southern England. Our focus stretches from Dorset to West Sussex, and the Isle of Wight to Oxfordshire. We aim to provide a distinctive voice for the Central South on questions of public policy.

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