Manchester City Council
Report for Resolution

Report to: Economy Scrutiny Committee – 9 January 2013

Subject: Recruitment and Retention of Graduates and the Impact of Rising Tuition Fees

Report of: Interim Head of Regeneration

Summary:

This report gives an overview of graduate recruitment and retention in Manchester. It considers the impact that tuition fees might have on graduate enrolment for our universities and on the City. It also provides figures on graduate employment by sector, includes information on graduate retention rates and the importance of graduates to the Manchester economy.

Charlie Ball from the Higher Education Careers Service Unit will be in attendance at the meeting and can provide more detail on the figures if needed.

Recommendations:

That the Committee note the report.

Wards Affected: All

Contact Officers:

Name: Sara Todd
Position: Assistant Chief Executive (Regeneration)
Telephone: 0161 234 3286
E-mail: s.todd@manchester.gov.uk

Name: Angela Harrington
Position: Interim Head of Regeneration
Telephone: 0161 234 3171
E-mail: a.harrington@manchester.gov.uk

Name: Graham Pinfield
Position: Principal Policy Officer
Telephone: 0161 234 1514
Email: g.pinfield@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

http://www.independentcommissionfees.org.uk/wordpress/?page_id=47

1.0 INTRODUCTION

1.1 The Committee received a report on graduate recruitment and retention in Manchester in November 2011. In response to that report the Committee asked for a further update on the position when better data became available. This report therefore updates on the information provided a year ago but also has benefitted from data provided by the Higher Education Careers Services Unit (HECSU) based in Manchester. At the request of the Committee the report also comments on the issue of student fees which have been introduced by Government from last September.

1.2 Greater Manchester's six universities (the University of Manchester, Manchester Metropolitan University University, University of Salford, University of Bolton and University of Huddersfield, Oldham campus and the Royal Northern College of Music) have a combined population of over 100,000 students. This is the largest student population of any city in Europe, and is important socially, academically and economically to the conurbation. In Manchester the presence of high performing research and teaching institutions and growing creative, digital and media, financial and professional services, science and technology sectors is in part reliant on good quality graduates to maintain competitiveness and continue to attract employers to the City. Data for this report has been compiled for all universities apart from the University of Huddersfield campus in Oldham. This campus has a total of around 1,500 students but the data was not readily accessible for the purposes of this report.

1.3 The Greater Manchester Strategy set an objective to increase the proportion of graduates from Manchester city region's higher education institutions who stay in city region for two years after graduation. It stressed that the main focus for this graduate retention must be on graduates from Science, Technology, Engineering and Maths subjects. This is a key component in the drive toward a 'knowledge economy' and will help provide the critical mass to the city region's science and technology needs.

2.0 THE IMPACT OF TUITION FEES

2.1 At the end of last year the Coalition Government gave universities the freedom to charge up to £9,000 in tuition fees per year to their students, a significant increase from the previous cap of £3,375 in 2011/12. The new cap came into effect in September 2012 and applies to all English universities. Universities in Scotland, Wales and Northern Ireland can also raise their tuition fees but their home students are not affected. The 64 universities in England, including the University of Manchester and Manchester Metropolitan University (MMU), are charging the full rate of £9,000.

2.2 Universities charging more than £6,000 per annum need to demonstrate that they are taking action to mitigate the impact on students from poorer backgrounds and to encourage them to apply for places. The idea is that they invest some of the additional income in measures such as bursaries, summer schools and outreach programmes. In some instances there is also extra help available from universities for students on a low income.

2.3 Tuition Fee Loans are available to full-time and part-time students, from the UK and EU. The maximum loan is £9,000 to study full-time or £6,750 for part-time students. Student Loans become payable once the graduate starts earning more than £21,000 p.a. at a rate of 9% of the total income per month. Maintenance Loans are also open to full-time UK students.

2.4 Students on a low income can apply for the National Scholarship Programme; the Access to Learning Fund and Income Support. Depending on their circumstances, students with children or dependent adults might also be eligible for a range of other grants. Students with a disability, long-term health condition, mental health condition or specific learning difficulty (e.g. dyslexia) can apply for Disabled Students' Allowances and Access to Learning Fund.

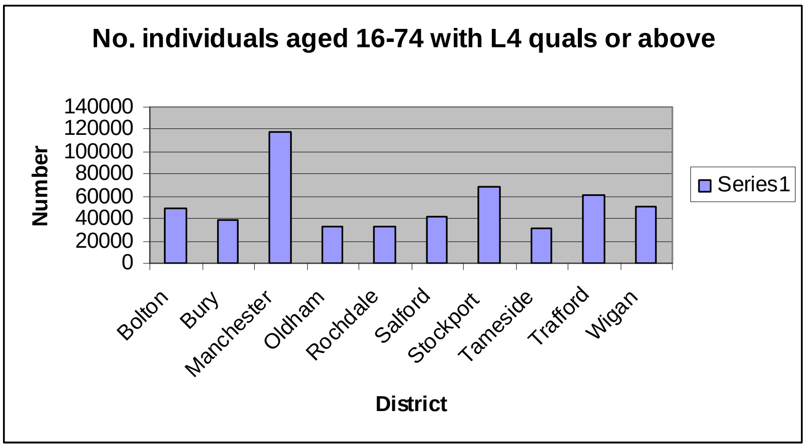
2.5 Given that the tuition fee changes only came into effect in September 2012 it is too early to fully assess the impact of the changes nationwide and for Manchester. However, the Independent Commission for Fees, chaired by Will Hutton found in its first report published in August that total university applicant numbers in England have dropped by 8.8 % in the first year of higher fees. This is 37,000 down compared with the 2010/11 academic year. The decline in student applicants in England for 2012/13 is not mirrored in other parts of the UK where fees have not been increased. The Independent Commission says that there has been a clear drop in application numbers from English students when compared to their counterparts in Scotland, Wales and Northern Ireland but there does not appear to have been any disproportionate drop-off in applications from poorer or less advantaged communities.

2.6 There is an understandable reluctance on behalf of all universities to reveal data on student application and enrolment numbers but there will undoubtedly be an impact on Manchester universities. Data on student enrolments for the current academic year will be published by UCAS, which provides the application service for Higher Education Institutions, after the 15th January 2013 university application deadline.

3.0 GRADUATE RECRUITMENT AND RETENTION

3.1 Graduates are an important part of the Manchester economy. In terms of skill levels the latest Census results confirm the city's strength in terms of numbers of individuals with a Level 4 qualification or above (Figure 1).

Figure 1: No. individuals with Level 4 qualification or above in GM 2011.

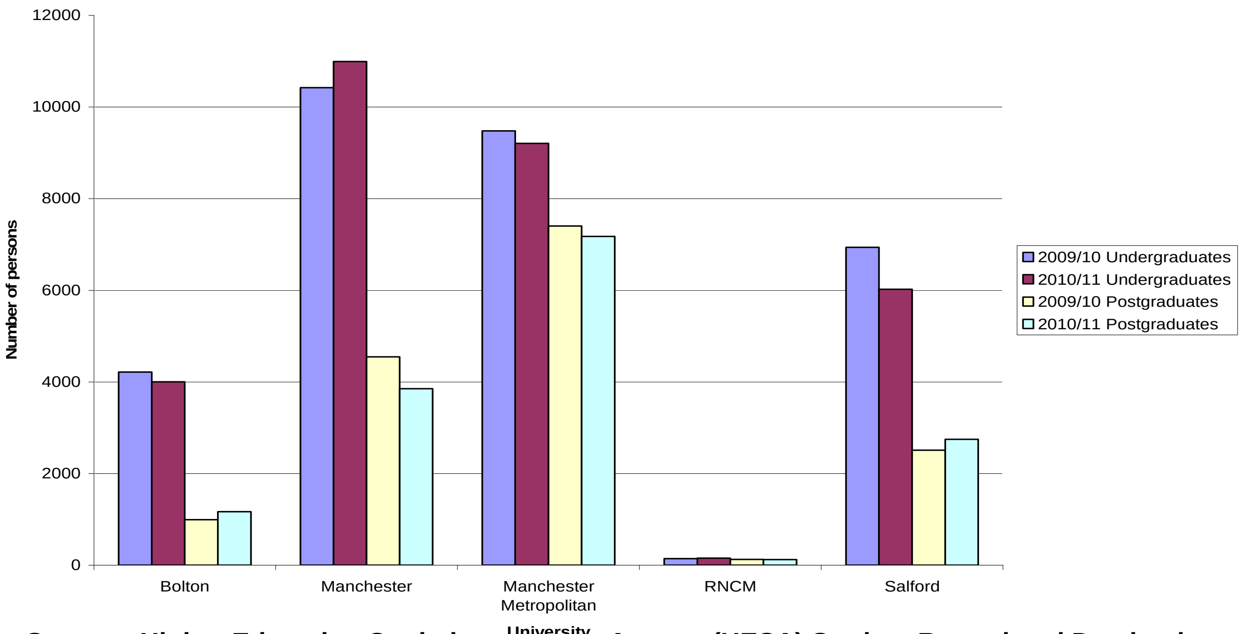


Source: Census 2011

Enrolment

3.2 Figure 2 shows the number of under-graduates and post-graduates enrolled with the five Higher Education Institutions for which we have data in 2009/10 and 2010/11. There is no clear trend in this data given that it pre-dates the introduction of student fees. The University of Manchester saw a significant drop in new postgraduates in 2010/11, but a rise in the number of new undergraduates, whilst the reverse is true for Salford and Bolton Universities. Manchester Metropolitan University saw falls in new enrolments for both undergraduates and postgraduates, whilst the Royal Northern College of Music saw a modest change that suggests a relatively static situation for enrolments. When 2011/12 data is released in early 2013, we will better be able to see if there are any emerging trends.

Figure 2: No. under and post-graduates enrolled at Manchester universities in 2009/10 and 2010/11



Source: Higher Education Statistics Agency (HESA) Student Record and Destination

of Leavers of Higher Education

3.3 All institutions except the Royal Northern College of Music awarded more postgraduate qualifications (primarily Masters Degrees) in 2010/11. This may be due to increased enrolment as a result of a recession which has led to a rise in the annual number of Masters qualifiers across the UK. However, all institutions except for the University of Salford awarded fewer undergraduate degrees in 2010/11 than in the previous year.

Table 1 gives a summary of the number of qualifications awarded by each institution for the 2009/10 and 2010/11 academic years.

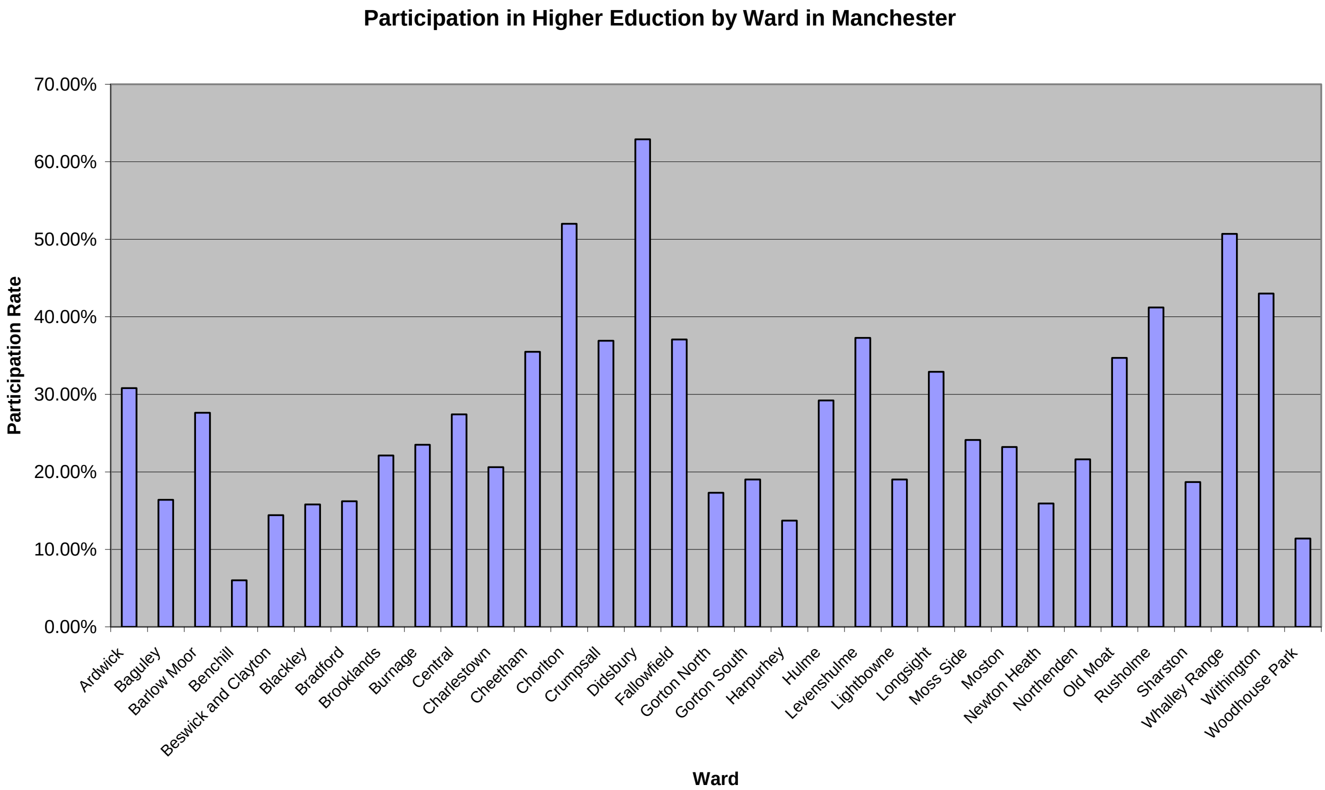
Institution	2010/11 undergraduates	2009/10 undergraduates	2010/11 postgraduates	2009/10 postgraduates
Bolton	2015	2230	735	640
Manchester	7790	7695	6580	5485
Manchester Metropolitan	6735	6985	3040	2965
RNCM	120	155	45	95
Salford	4825	4585	2130	1945
	21,485	**21,650**	**12,530**	**11,130**

Table 1: Degrees awarded by institutions in Greater Manchester. All data comes from HESA Student Record publications.

3.4 A substantial majority of graduates living locally also study locally. Graduates from Oldham and Rochdale and to a lesser extent, Tameside, Trafford and Stockport were also quite likely to have studied in Yorkshire and Humberside. The majority of graduates who originally lived locally choose to study relatively close to home.. Higher Education Statistics Agency (HESA) data shows that graduates have two main areas where they go to work. One is London, but the propensity for graduates to work in London roughly diminishes with distance of original home from London. GM graduates are less likely to work in London than those from, say, the East Midlands. The other area is relatively close to home domicile, which is in fact, roughly similar to travel-to-work areas. However, the data in this area is complex and migration is a live research field in higher education statistics.

3.5 In terms of who participates in higher education, levels of participation vary by local authority district in Greater Manchester. Manchester and Salford have low levels of younger age university participation. Below average rates of acceptances amongst young people map clearly to areas of deprivation and disadvantage in Manchester (Figure 3). The data used in Figure 3 is based on POLAR 3 (Participation of Local Areas) data from the Higher Education Funding Council for England (HEFCE). It is derived from the Higher Education participation rates of people who were aged 18 between 2005 and 2009 and entered a Higher Education course in a UK higher education institution or English or Scottish further education college, aged 18 or 19, between the academic years 2005-06 and 2010-11. The data is based on the address of their final year of compulsory education but unfortunately, the data is based on Census 2001 ward boundaries. The average (mean) participation rate across the UK for the POLAR3 period was 34.7%. Wards such as Didsbury and Chorlton are well above this level but Benchill, Woodhouse Park and Harpurhey amongst other wards in Manchester are well below this rate.

Figure 3: Participation in Higher Education by Ward in Manchester



3.6 As reported to the Committee previously, up until July 2011 ‘Aimhigher’ was the organisation which was funded to widen participation in higher education in Greater Manchester and statistics were gathered on a regular basis to support this work. The funding for ‘Aimhigher’ was cut by Central Government so there is no additional resource outside of the Higher Education Institutions to undertake this role.

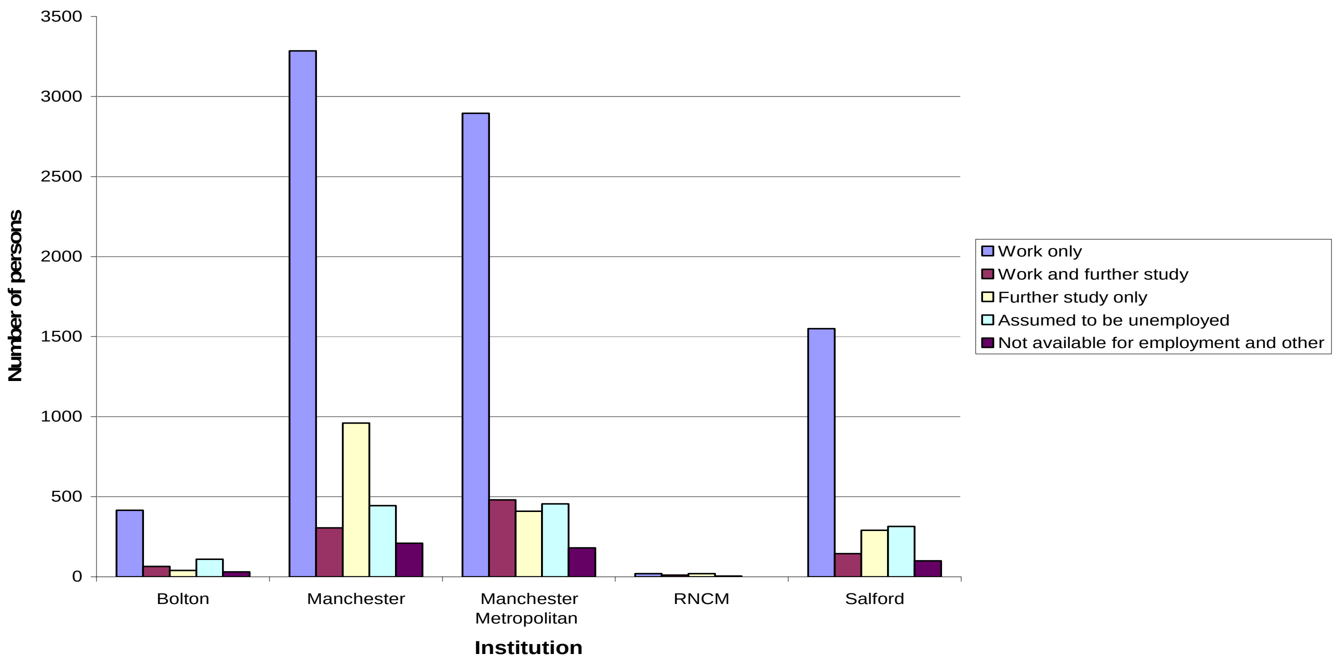
Employment

3.7 The majority of the 34015 graduates from local institutions in 2010/11 were working after six months (Figure 4). The proportion of graduates in ‘work only’ was not very different between the institutions, but other categories saw greater differences. The Royal Northern College of Music has a very small graduate output and this data does not lend itself to comparisons with other local institutions.

3.8 The national average is 8.6% of graduates who were unemployed after six months for first degree graduates in 2010/11 (HESA Destinations of Leavers of Higher Education survey). The University of Manchester was the only local Higher Education Institution with an unemployment rate below the national average. For the same period and after six months, more than one in eight Salford graduates, and around one in six Bolton graduates, were still looking for work. University of Manchester graduates were much more likely to go into further study than graduates from other institutions. The University of Salford saw a similar proportion of graduates entering further study as the national average.

3.9 The proportion of postgraduates in 'work only' was similar across all institutions. University of Manchester had a higher proportion of postgraduates in further study, largely Masters graduates moving on to doctorates. Nearly one in five Manchester Metropolitan University postgraduates were combining work and study on graduation, often taking further professional qualifications. As a consequence, Manchester Metropolitan University postgraduates were the least likely local postgraduates to report themselves as seeking work after six months.

Figure 4: Outcomes of first degree and postgraduate degree leavers from 2010/11

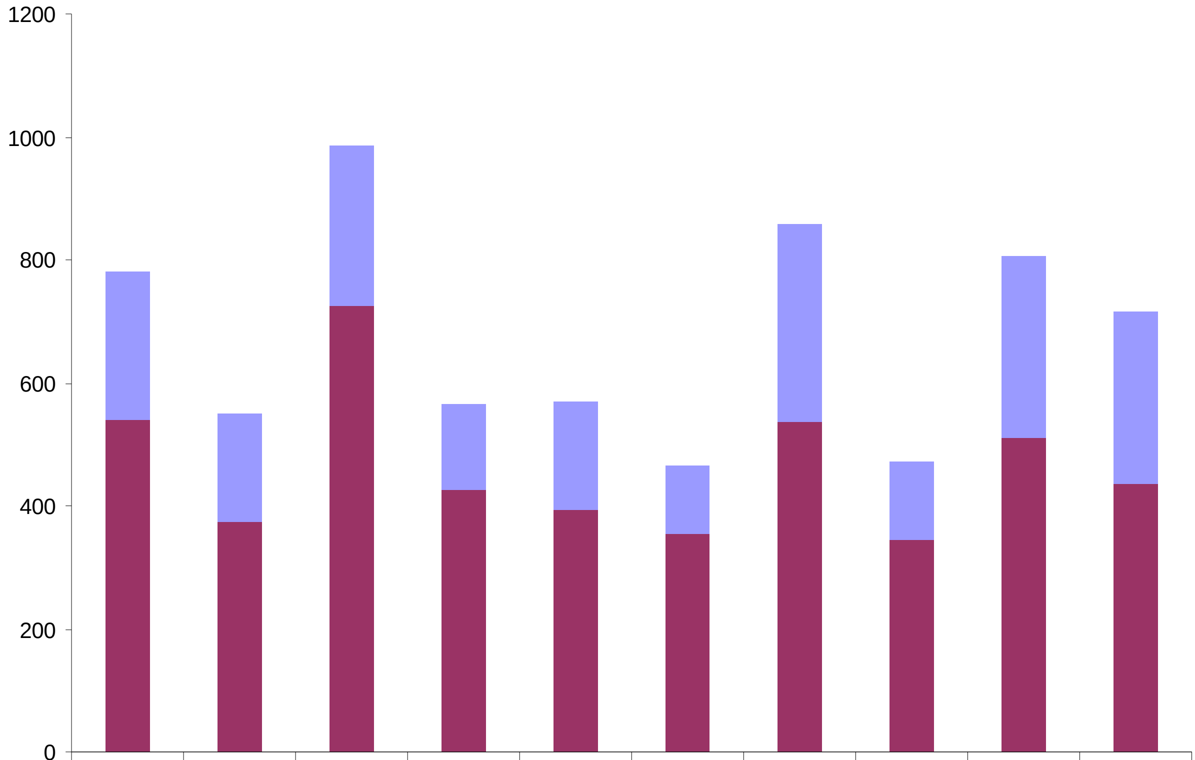


Source: HESA Destination of Leavers of Higher Education (rounded).

Graduate Retention

3.10 The majority of graduates from Greater Manchester from 2010/11 who were known to be working after six months, were employed in Greater Manchester, regardless of the institution in which they had studied (Figure 5).

Figure 5: Work location of graduates from Greater Manchester 2010/11



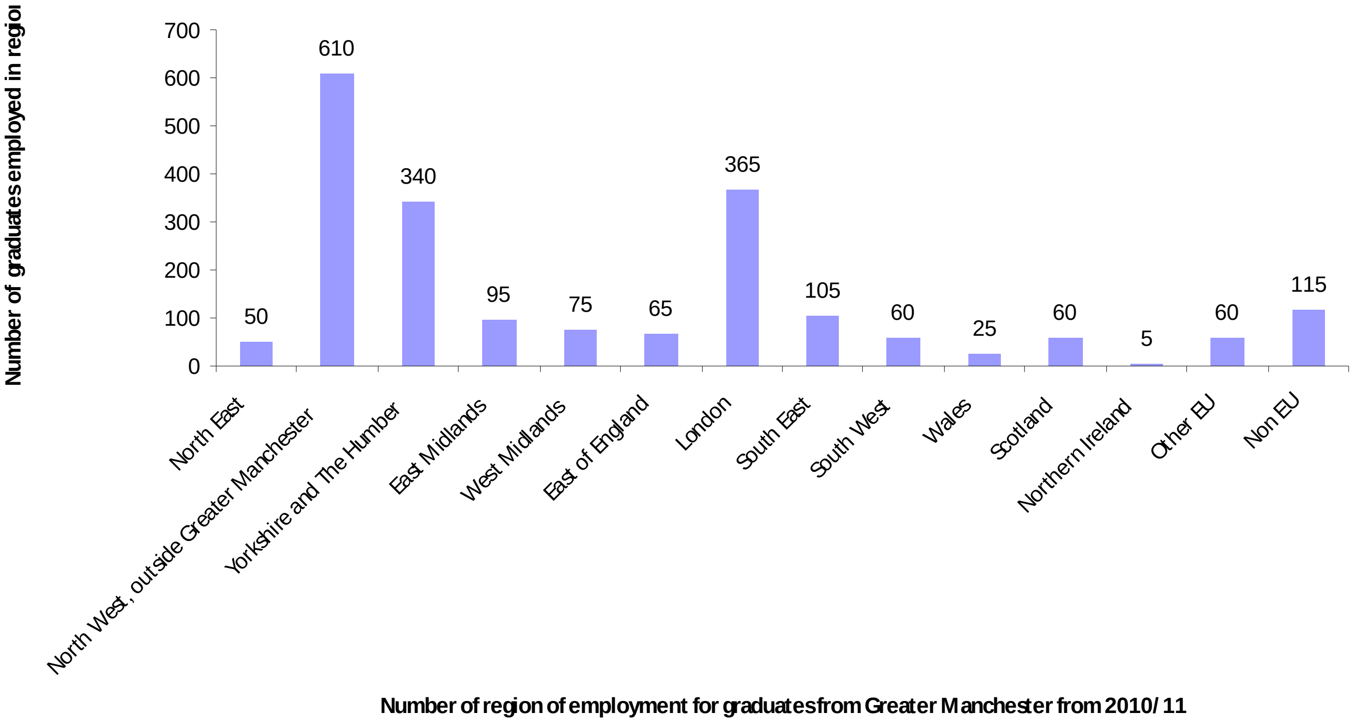
	Bolton	Bury	Manchester	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan
Not working in GM	240	175	260	140	175	110	325	125	295	280
Working in GM	540	375	725	425	395	355	535	345	510	435

Source: HESA Destination of Leavers of Higher Education 2010/11

3.11 Greater Manchester graduates who studied in the North-West were very much more likely to stay to work locally than those who left the region to study, many of whom stayed relatively close to their institution. Of those graduates who were not originally from Greater Manchester, but who studied in the North-West, and were known to be employed after six months, 14.3% were working in Greater Manchester. However, this includes anyone who studied throughout the north-west and not just at Greater Manchester institutions, and many of these graduates were employed on Merseyside or in Lancashire. The destinations of all graduates are not known especially for international students whose eventual work destinations are often far and wide and sometimes difficult to track.

3.12 For those graduates not staying in Greater Manchester the most popular area for local graduates to work was elsewhere in the north-west (Figure 6). London and Yorkshire were also popular, but other than these destinations graduates from Greater Manchester were more likely to leave the country entirely to work, than to be employed in much of the rest of the UK.

Figure 6: Work location of Greater Manchester graduates not working in the region 2010/11.



4.0 Graduate Employment by Sector

4.1 It is estimated that 58% of graduates from the six GM Universities enter employment in the local area, equating to approximately 18,000 graduates from Greater Manchester universities every year. The largest subject of study by pupil numbers is Business and Administrative Studies, with 17,245 (16.1%) students in GM, followed by Subjects Allied to Medicine (covering subjects such as nursing, nutrition and medical technology) with 14,570 (13.6%) students, and Engineering and Technology with 10,650 (10.0%) of students.

4.2 Over the last decade, employment has grown significantly in sectors such as ICT Digital, Communications, Creative, Digital and New Media, and Financial and Professional Services and these remain target sectors for growth promotion in Manchester. Figures released as part of the latest projections of the Greater Manchester Forecasting Model suggest that the majority of jobs in Manchester will still be created in the financial and professional services sectors, creative industries and retail, whilst manufacturing and public services continue to lose positions.

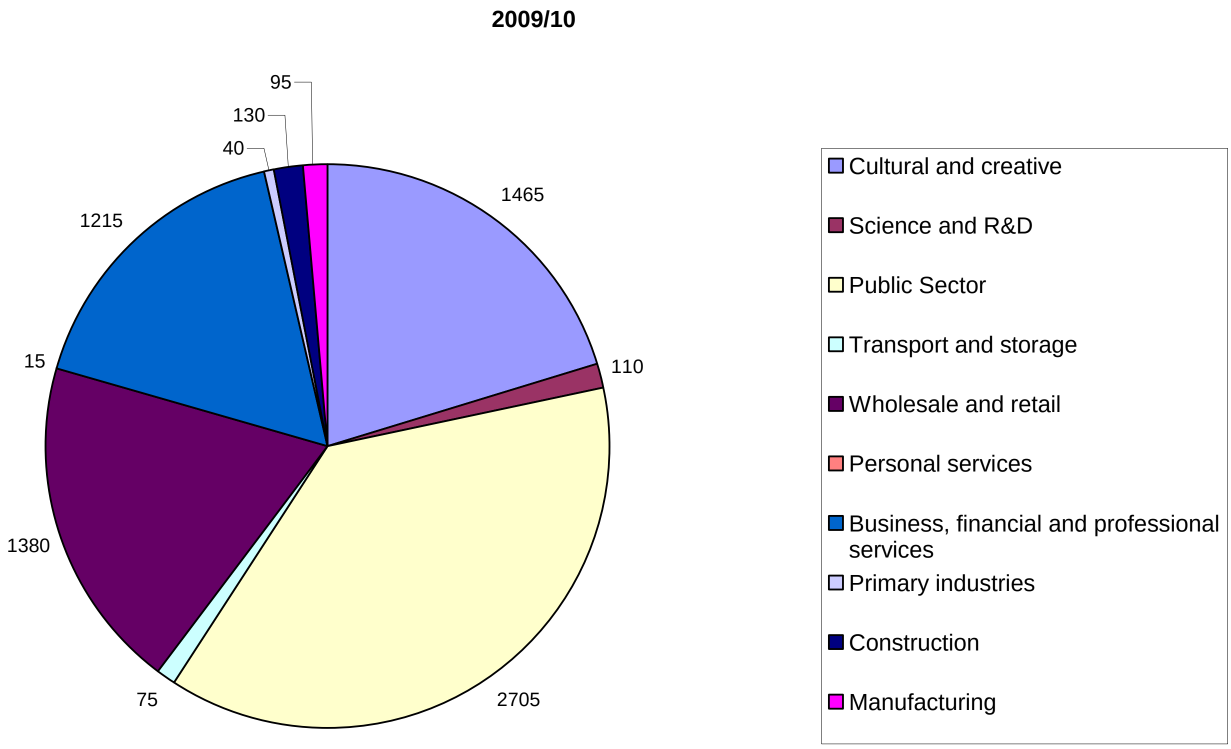
4.3 Occupational data from the Higher Education Careers Service Unit’s ‘What Do Graduates Do?’ publication shows a picture of a mixed employment market (Figure 7). More graduates found work in Greater Manchester last year than in the year before, and the number in professional occupations rose slightly.

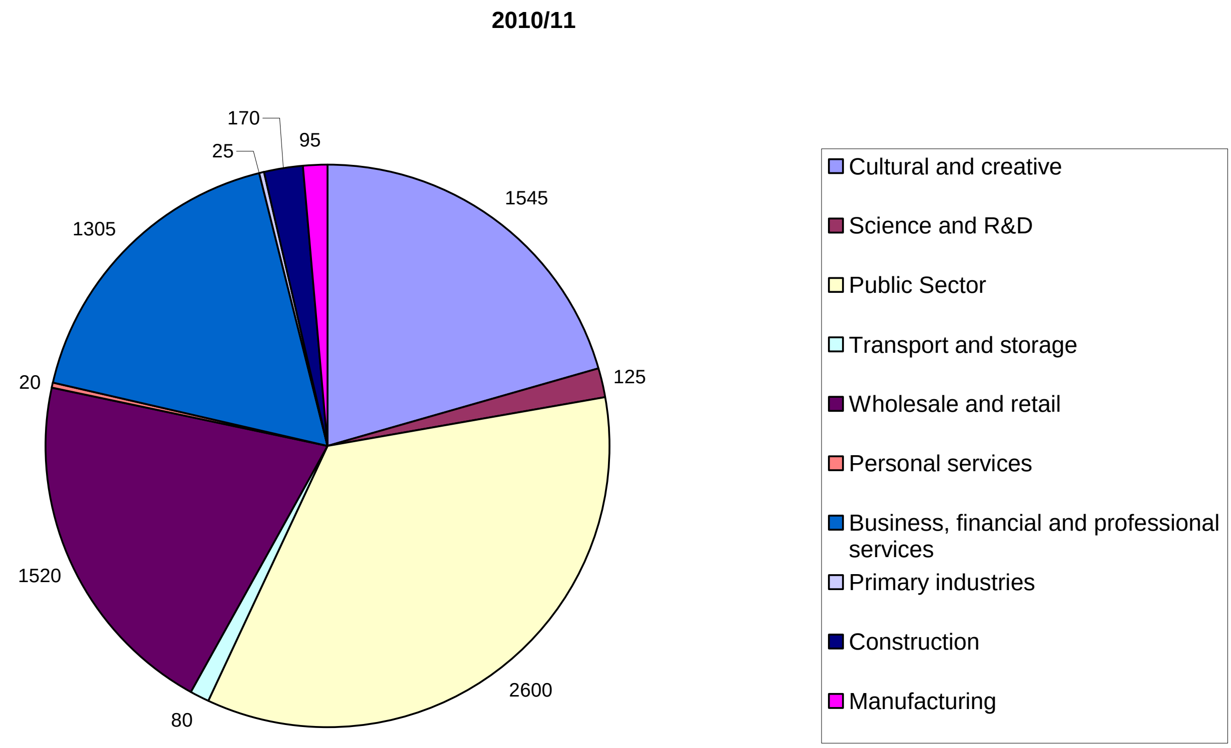
Few industries saw very profound change. Public sector recruitment generally fell, as expected mirroring the national trends, but this still forms the largest sector of employment for graduates in GM. Indeed, a third of first degree graduates and over half of postgraduates from 2010/11 started their careers in Greater Manchester in the public sector. Within this category there was a small increase in education professionals driven by an increase in the number of private tutors and further education lecturers. Education in fact is comfortably the main industry for doctorate holders. Nurses, midwives, physiotherapists and pre-registration doctor recruitment fell, leading to a drop in the number of graduates entering health occupations. A sharp drop in the number of first degree graduates entering social work led to a drop in graduates entering social and welfare roles.

4.4 Manufacturing, Construction and primary industries form small sectors of recruitment of graduates but there was between the two years a welcome rise in recruitment into construction engineering, civil engineering and mechanical engineering, three areas particularly badly affected by recession. Only 3.4% of first degree graduates and 5.2% of postgraduates were employed in manufacturing – food, electronics and computing, and chemicals being amongst the key sectors here. There was also an increase in graduates entering retail roles, although here they may be competing with candidates with lower level qualifications. Retail is often the main sector for graduates who do not quickly achieve satisfactory graduate level employment outcomes (although retail management often recruits graduates).

4.5 Most roles in Financial and Professional services in Greater Manchester, with the exception of conference management, enjoyed increased recruitment, confirming the importance of this sector in the city's economy. This sector employed nearly 20% of new undergraduates and over 10% of new postgraduates in 2010/11. The city region's place as a centre of culture, sport and the creative economy was reinforced by a boost in numbers of graduates entering related roles, from commercial artists to sports coaches. In fact the creative and cultural sector employed nearly a fifth of all new undergraduates and about 14% of new postgraduates. Film and television recruitment nearly doubled, probably aided by the development of Media City in Salford and other developments such as the Sharp Project. Marketing and advertising recruitment continued to increase after the recession, which is in line with national trends for an increase in the number of graduates going into marketing roles. Salford was the local city with the largest proportion of graduates working in the creative industries, followed closely by Manchester.

Figure 7: Sector of employment of 2009/10 and 2010/11 graduates in Greater Manchester

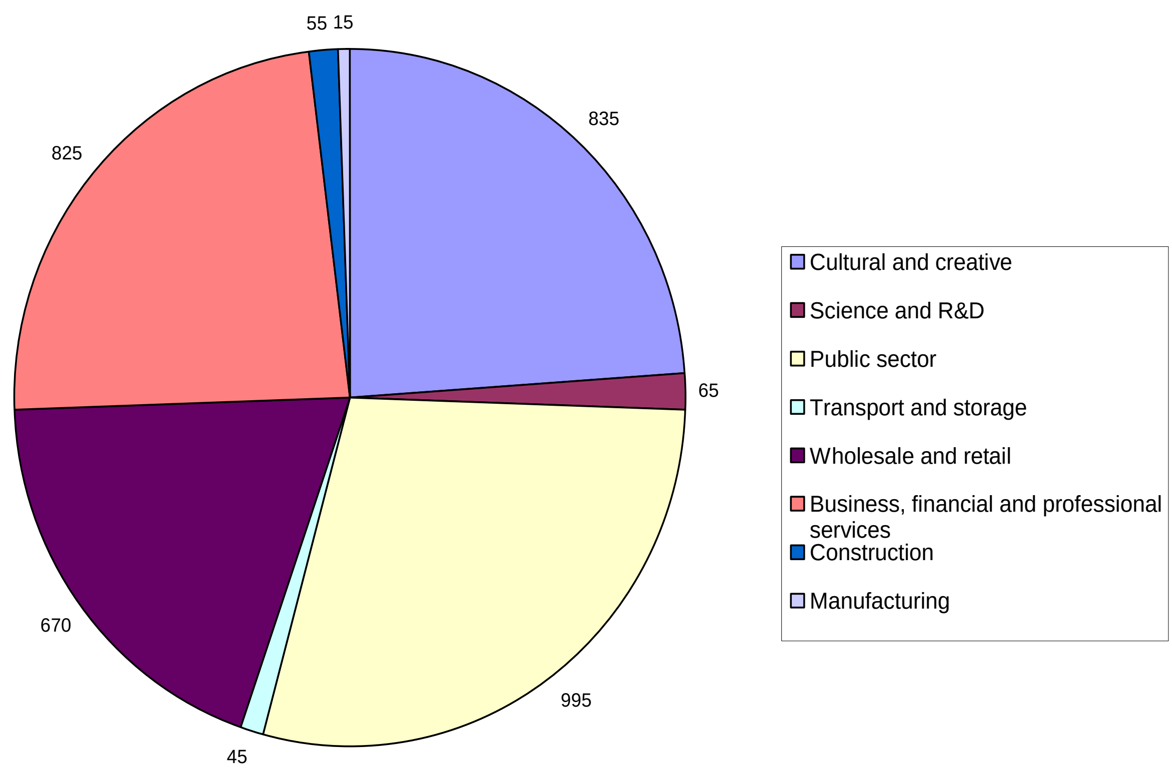




4.6 Changes in employment of Masters graduates locally were similar to those for their first degree counterparts. Overall employment went up in 2010/11, but there were few dramatic changes in employment in occupational areas. Fewer medical scientists were recruited, leading to a fall in the number of Masters graduates entering science occupations but in health, whilst the number of first degree graduates entering nursing fell, the number of Masters graduates increased. If there is a worry about graduate employment and Manchester's aspirations for science, it is that science and Research and Development took on just 75 new first degree graduates and 25 new postgraduates (1% and 1.7% of the total cohorts of new employed graduates).

4.7 Looking at Manchester rather than Greater Manchester, unsurprisingly the City has the major share of local employment opportunities for graduates. It has a graduate jobs market very much less dependent on public sector roles in health and education than the rest of the city region, and has a very strong Financial and Professional sector (Figure 8). The effects of the Media City development can already be seen in the cultural and creative sector where there are now many more jobs for graduates in the arts or media, far above the national average. Employment in marketing and management roles are also generally at healthy levels in many parts of the region. But the city saw little employment for first degree graduates in Science, Technology, Engineering and Maths (STEM) roles last year in science, engineering or IT – this is partly attributable to the recession having a severe effect on these sectors, and on a larger demand for postgraduates.

Figure 8: Sectors of employment of 2010/11 graduates in Manchester



5.0 The economic benefit of students and graduates

5.1 In terms of salary, HESA data shows the average salary for a first degree graduate from 2009/10 working in Greater Manchester after six months was £19,061, rising to £19,117 for 2010/11 graduates. This contrasts with figures for the UK as a whole of £19,794 in 2009/10 and £19,935 in 2010/11. Salaries in London were considerably higher, at £22,482 and £22,707. The average salary for a postgraduate from 2009/10 working in Greater Manchester after six months was £26,794, rising to £27,332 for 2010/11 graduates. These figures are heavily affected by MBA and doctoral graduates and the likely salaries for young Masters leavers are probably rather lower locally.

5.2 A recent New Economy analysis of the economic value of universities in GM shows that students in Greater Manchester spend on average £12,200 per year excluding tuition fees (DfE Student Income and Expenditure Survey and NUS Accommodation Costs Survey 2010/11). For 106,000 students this means a total direct economic impact of £1.3bn. Allowing for how this money then leaks out of the economy (i.e. expenditure outside GM), but that which is also re-spent locally in the wider sub-regional economy (the “multiplier effect”) this means that the total impact of students on GM’s economy is around £1.7bn per year (New Economy analysis based on BIS estimates).

5.3 Breaking this down by type of expenditure, students spend £4,000 per year each on rent, which has a total economic impact of £541m per year for all students; and spend £8,200 each on items such as books, equipment, travel, food, household goods, insurance, personal items and leisure which results in a total economic impact of £1.1bn.

5.4 GM’s Universities themselves also make a significant contribution to the conurbation’s economy and in 2010/11 their direct expenditure was £1.2bn (HESA data on expenditure by institution). Accounting for the impacts of leakage and multiplier effects, their total impact on GM’s economy is estimated at £1.6bn. This means that overall, the operations of GM’s students and universities contribute an estimated £3.2bn to GM’s economic output per year, notwithstanding the wider beneficial impacts of graduates to the city that this report describes. Beyond the economic impact, universities contribute much to the City’s intellectual property, knowledge base and cultural offer.

6.0 Conclusions

6.1 Manchester’s universities and the graduates it produces are a vital part of the city and city region economy. This report presents a positive picture of undergraduate and postgraduate enrolment and employment in the past few years but it is unclear whether the impact of tuition fees in 2011/12 may have an impact on this.

6.2 There are still issues about participation in higher education from the more deprived wards of the city and again fees could have a negative impact here. However, all universities have to demonstrate that they are taking action to mitigate the impact of fees on students from poorer backgrounds and to encourage them to apply for places.

6.3 Employment rates of graduates are generally good but the University of Manchester was also the only local institution with an unemployment rate below the national average of 8.6%. The Manchester graduate jobs market is much less dependent on public sector roles and has a very strong business and finance sector supporting this main growth sector in the local economy. However, employment for first degree graduates in STEM roles last year was low and may be partly attributable to the recession. Hopefully these will grow in the future.

6.4 Students, graduates and higher institutions themselves have a large beneficial impact on the city and city-region economy. Manchester's future success as an economy depends on combination of a critical mass of students, graduates, universities, public research institutions, research-intensive companies and growth sectors that exist here and work dynamically together.