Employability in Programme Development: Establishing a labour market to higher education feedback loop drawing on local labour market intelligence

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A Contextual and Place-based Perspective of Young Graduates Employability

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1. Local Labour Market in London and in the South East of England

For the analysis of the local labour market in London and the South East of England we used the UK Labour Force Survey (LFS). The LFS is a quarterly survey structured as a rotating panel, in which respondents are interviewed for up to five successive quarters. To avoid including repeated observations in the analysis, we only used the first quarter (January-March) for the period 2012-2020, and excluded respondents answering to their fifth interview[1]. We only include data up to the first quarter of 2020 to exclude the period of the pandemic. The pandemic not only had an effect on the labour market, but also resulted in changes in the way the LFS data have been collected.

As the LFS is a general survey, it includes respondents of all ages and all levels of educational qualifications. For this report we focused on young people aged 20 to 24, who have at least a university degree. This age bracket allows us to capture the early career of our respondents, although not necessarily their first job after completing their studies.

It is common for students to move from their parents' residence to university, and to find a job in an area different from the area where they studied. In addition, commuting between London and the surrounding areas is relatively common. As a result, we considered London and the Rest of the South East of England as our local labour market of interest.

The tables below report information on the proportion of respondents with different levels of tertiary education separated by field of study (Table 1), as well as their employment status (Table 2). Due to small sample sizes, we present figures for two periods: 2012-2015 and 2016-2020; comparisons between the two periods should be taken with caution. Sample sizes allow us to compare three types of subjects: STEM (Science, Technology, Engineering and Maths), LEM (Law, Economics and Management), and OSSAH (Other Social Sciences, Arts and Humanities).

Table 1: Respondents with tertiary education by field of study and level of education in London and the South East of England

	2012-2015	2016-2020
First degree		
STEM	37.24	37.16
LEM	19.74	22.95
OSSAH	43.03	39.89
Observations	760	950
Master's degree		
STEM	40.80	48.85
LEM	15.20	19.54
OSSAH	44.00	31.61
Observations	125	174
Doctorate degree		
STEM	41.74	47.53
LEM	13.91	19.14
OSSAH	44.35	33.33
	115	162

Notes: *Own calculations using Q1 of UK LFS 2012-2020 (excluding 5th interview). STEM = Science, Technology, Engineering and Maths; LEM = Law, Economics and Management; OSSAH = Other Social Sciences, Arts and Humanities*

Table 1 shows that while in the 2012-2016 period the majority of respondents with tertiary education had a degree in OSSAH subjects, followed closely by STEM subjects. In the more recent period (2016-2020) the proportion of OSSAH degrees has decreased in favour of both STEM and LEM degrees.

Table 2 shows employment rates of respondents with a first degree. Most respondents in our sample are either employed or self-employed, with slightly larger proportions for those with STEM degrees. The unemployment rate is relatively low; it is lowest for those with STEM degrees and highest for those with OSSAH degrees. It is worth noting that a large proportion of respondents with a degree are classified as inactive due to study reasons[2]. A smaller

[1] January used to be the census date used to collect data as part of the Destination of Leavers of Higher Education about graduates' activities six months after graduation. The survey has been discontinued in favour of a new survey with a longer time horizon of 15 months finishing their studies.
[2] These are respondents who say they are inactive and that the main reason for their inactivity is study; they may be studying part- or full-time. Given that these are only young people aged 20-24 these proportions seem consistent with continuing education.

proportion is inactive for other reasons this also include few respondents who are in government training programmes or are unpaid family workers).

Table 2: Employment rate of respondents with a first degree residing in London or the Rest of the South East by field of study

	2012-2015	2016-2020
STEM		
Employed/Self-employed	75.81	81.05
Unemployed	5.16	6.98
Inactive student	15.16	8.98
Other	3.87	2.99
Observations	310	401
LEM		
Employed/Self-employed	78.18	77.59
Unemployed	6.67	7.88
Inactive student	8.48	12.03
Other	6.67	2.49
Observations	165	241
OSSAH		
Employed/Self-employed	79.83	78.24
Unemployed	8.56	9.05
Inactive student	7.18	8.31
Other	4.42	4.40
Observations	362	409

Notes: *Own calculations using Q1 of UK LFS 2012-2020 (excluding 5th interview). STEM = Science, Technology, Engineering and Maths; LEM = Law, Economics and Management; OSSAH = Other Social Sciences, Arts and Humanities*