

Summary and implications for HE provision in Wales from RLP Reports

This section summarises the conclusions of the data and evidence review, which can help to shape the basis and emphases of the Regional Delivery Plan. The key findings from the four thematic reports can be summarised as follows:

- The rate of increase in gross value added (GVA) in Wales was slower than the UK average between 2000 and 2010. As of 2011, labour productivity in Wales was around 76% of the UK average, showing a fall of around 4% age points since 1997, and it is projected to continue to be slower for the period 2010 to 2020.
- In 2012, 40% of private sector employment in Wales was accounted for by establishments in the large size-band (those with 250 or more employees), followed by micro enterprises (33 %). Despite the recession, between 2003 and 2012 the number of enterprises active in Wales grew by 24.3 %, and micro size-band enterprises saw the largest growth (25.3 %), driving the overall increase, whilst there was a fall in the large-size band (down 0.9 %).
- The turnover figures for Wales indicate that the large firm (250 or more employees) accounted for 62% of total turnover in 2012. In West Wales and the Valleys the largest sector in terms of total employment was the wholesale, retail, transport, hotels, food and communication sectors, followed by financial services, accounting for 53% of total employment in enterprises active in West Wales and the Valleys.
- Projections from the UKCES's 'Working Futures 2010-2020' indicate that Wales shall see a growth in employment of 5.4% between 2010 and 2020, which is slightly higher than the projected growth rate for the UK as a whole (5.1 %).
- An important feature of the UK economy has been a move away from manufacturing towards business and miscellaneous services. The latest UKCES Work Foundation projections show that the most significant drivers of the growth will be in creative industries, low carbon sectors, and business services. Going forward, the UK will need to focus on innovative and high value sectors that create the potential to benefit from the growing global markets.
- Projected growth rates vary between the countries of the UK, but broad trends are as follows. Employment in the manufacturing sector is projected to decline in all countries, with the largest number of jobs being lost in Scotland. The pattern of projected job losses in the manufacturing sector is similar for men and women, but the %age job loss is greater for women in Scotland and Wales.
- The share of employment in manufacturing has fallen faster than output as manufacturing has the potential to achieve relatively large productivity gains.

Specifically, between 2000 and 2010, employment in Wales declined faster in the manufacturing sector and it also declined in the primary and utilities sector than in other sectors. Going forward, further job losses for both men and women in Wales are expected in the manufacturing and non-market service sectors (4.3 % and 1.5%%, respectively). The remaining four broad sectors are expected to grow between 2010 and 2020, with the largest increases in construction and business services, 15.4%% and 11.6%%, respectively. While male employment in the business services in Wales is projected to increase by 21.4 %, female employment is expected to grow only by 1.1 %. The construction sector in Wales is projected to grow by 19.5 % for men; however, rapid decline is projected for women. There are high rates of projected increase in female employment in the primary sector & utilities (23.5 % for Wales).

- Over the next decades, a change in occupational composition is also anticipated, reflecting the shift towards more technology-based sectors. The largest growth in Wales is expected in managers and senior officials (16.8 %) followed by professional occupations (15.1 %), associate professional and technical occupations (12.9 %), with a small increase expected in sales and customer service occupations (9.1 %). The largest falls are expected for the process, plant and machine occupations (12.3 %) and administrative and secretarial (10 %) occupations. The pattern for female employment in Wales is for a large growth in managerial and senior officials (25.7 %) followed by professional occupations (21.3 %), while for males the largest increase in employment is projected for personal service occupations (16.6 %).
- Going forwards, it will be critical that Wales responds to the new employment opportunities by ensuring that the workforce is adequately skilled for the projected increase in high quality jobs. Since 2006, there has been a large rise in persons possessing the highest level of qualifications and a constant decline in unqualified persons. Projections up to 2020 suggest region is expected to further increase the proportion of people in employment with high-level skills. However, current projections indicate that the growth in skilled labour in Wales will fall further behind those observed for the UK.
- There is a mismatch in terms of job and the level of graduate mismatch which is far higher in Wales than the rest of the UK as a whole. Furthermore, the imbalance between the number of individuals holding a degree and the number of jobs requiring a degree is widening. In 2012 it was estimated there was an 8 percentage point gap in Wales between the proportion of graduates in the workforce and proportion of graduate-level jobs, up by 2 percentage points since 2006. This suggests the need for the creation of higher value jobs, especially by the private sector. Moreover, a high proportion of graduates currently work in the public sector in South West and Central Wales. Therefore, given proposed cuts to the public sector,

the extent of mismatch could be further exacerbated by a failure of the private sector to create suitable opportunities for graduates within the area.

- There is also a mismatch between the types of degrees that Higher Education Institutions (HEIs) provide and the areas of the economy that are likely to see the highest growth in the future. STEM subjects are important elements of the portfolio offered by HEIs but the manufacturing sector is further expected to decline, whereas growth areas are expected to be concentrated in business and other services.
- The analysis of graduate migration based on HESA data reveals a relatively low retention rate in Wales compared to the other home nations. About 65 % of Welsh domiciled undergraduate students studied in Wales, whilst 95.2 % of English domiciled students studied in England.
- 58 % of UK-domiciled postgraduate and 48 % of first-degree leavers who studied in Wales HEIs were employed in Wales. Whilst the Wales retention rate of graduates is lower than the other nations, it is higher than that observed among a majority of English regions, with only London and the North West retaining a higher proportion of undergraduates.
- Graduates in Wales have high employment rates, and patterns of employment are similar to the rest of the UK. In 2012, 74% of Welsh male graduates and 67% of female graduates were in full-time employment. Those Welsh domiciled leavers who have studied and worked outside Wales are found to be less-likely to be employed than those who remain or return to Wales. In all the UK regions, only the East Midlands and Northern Ireland have higher employment rates for graduates than Wales.
- Compared to the non-Welsh graduates, Welsh-domiciled students in Wales were more likely to be employed in public administration and wholesale and retail services, while they were less likely to be employed in manufacturing and professional and scientific-related services.
- Full-time employment rate varies across the local authorities in South West and Central Wales. For males the highest employment rate is found in Carmarthenshire (89.8 %) with both Swansea and Neath Port Talbot at over 80 %, and with lower employment rates found in the rural authorities of Powys, Ceredigion and Pembrokeshire. Ceredigion has the lowest employment rate for males (65.6 %), but the highest rate for females (83.2 %).
- Nearly two-thirds of Welsh graduates in 2012 were employed in large organisations, 24 % of those employed in Wales were in small organisations employing less than 50 employees, and 16 % were employed in medium organisations. In 2012, the majority

of graduates were employed in high-level jobs. Professionals accounted for the highest proportion of graduate employment, followed by associate-professional and technical occupations and other occupations.

- There is variation in highest levels of qualifications across UAs in South West and Central Wales. For example, the proportion of graduates amongst the working age population varies from 15 % in Neath Port Talbot to 23 % in Swansea.
- Subject of study is found to be important in predicting graduates' employment status. The probability of being in employment increases by 13.2 % for males and 10.6 % for females who have graduated in medicine and dentistry relative to those with combined studies. Physical scientists are found to have the lowest employment probability. Graduates from other STEM subject such as mathematical science and engineering do not have as high employment probability as social science, law and business.
- Possessing a higher degree increases graduates opportunities of working in higher level occupations. In 2012, about 91 % of Welsh-domiciled postgraduate leavers working in Wales were employed in high-level jobs, compared to 72 % of those with a first degree.
- The higher the educational attainment, the larger the relative earnings are. The earnings premium associated with holding qualification relative to those with no education for Wales reveals that the effect of higher degree relative to no qualification is around 60 % for men and 68 % for women. The effect of first degree relative to having no qualification is around 53 % and 56 % respectively. The return to O-level is relatively low, measured at 20 % for men and 14 % for women.
- Qualifications do appear to have different effects across the earnings distribution. For men in Wales, higher degree holders add approximately 55 % at the bottom, 62 % at the median, and approximately 67 % at the top quantile of the earnings distribution, measured relative to those with no qualification. For women, the bottom quantile also seems to have significantly lower returns to higher, first degree and degree equivalent as compared to those at the top end of the distribution.
- The amount new graduates earn depends on the subject they have studied and/or the industry where they find work and on average graduates in Wales earn less than other graduates in the UK. On average, those studying medicine and dentistry have the highest earnings, while those in biological science were among the lowest.
- Average earnings are found lowest for graduates who have obtained their degree in Wales. Compared to the average earnings of undergraduates, the premium achieved

by those in possession of postgraduate degrees is substantial and stands at approximately 20 %age for graduates employed in Wales. The estimates also indicate that there are substantial returns to first-degrees, with women in Wales posting a 12.6 % premium respectively.

- Students' job satisfaction is an important indicator of the quality of learning experience. Overall, 37 % of all graduates and 40 % of Welsh-domiciled graduates were very satisfied with their career, while 5 % of them were not satisfied at all.
- The higher education policies of the Welsh Government will also influence what it is possible for HEIs to achieve. In particular, there are restrictions on the extent to which (full-time) under-graduate places can be expanded. Therefore, the options for HEIs may be fairly limited, although there may be scope to expand part-time (e.g. adult learning) or post-graduate provision.