

ASPIRATION EAST

“HOW DEEP IS YOUR TALENT POOL?”



PARTNERSHIP AND STAKEHOLDER RECOMMENDATIONS

FORWARD



Welcome to our research on the challenges facing local graduates, kindly sponsored by the London Legacy Development Corporation. Although we have focused this research on ELBA's priority boroughs of Tower Hamlets, Hackney, Newham and Waltham forest, the obstacles outlined are unfortunately the reality for most young Londoners from poorer backgrounds.

There is a wealth of young talent in London. All too often, however, the potential of those from lower income families goes to waste.

ELBA's forward strategy is anchored in the concept of 'delivering on the promise of aspiration'. Through this report, we call on stakeholders and employers to join us in this effort to transform the current performance, level of information, advice and guidance available to east London graduates through bringing transparency, access and support to local universities and third sector organisations that seek to support students into relevant graduate level employment work.

We know that there is no one magic solution or quick fix. Boosting social mobility will be the work of a generation and it will take a long, concerted effort from all of us.

Get this right and we'll be making a positive difference, not just for communities, but also to the bottom line. Social mobility is a good thing, but it can also be a real driver of agility, innovation and growth.

A handwritten signature in black ink, appearing to read 'Julie Hutchinson'.

Julie Hutchinson
ELBA, Employment and Skills Director

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About ELBA

ELBA exists to encourage and facilitate private and public co-operation through acting as a focus for others in the social and economic development of the main east London boroughs. With over 100 members, we place over 12,000 employee volunteers into local projects and social enterprises, help build the capacity of over 250 community organisations, build the skills and aspirations of over 8,000 young people and adults and help over 750 people into work, each year. We also lobby for improved place-making through improving education, providing better housing and campaigning for the infrastructure east London needs.

Our mission is to create an east London where our corporate members' local investment strategies are anchored in the true economic and social regeneration aspirations of the region. Corporate members make up the majority of our membership, including many of the region's largest employers such as Barclays, Lloyds of London and Linklaters, but our membership also includes an array of local stakeholders including local universities, registered social landlords, local authorities and the London Legacy Development Corporation.

With over 25 years of experience in east London we have established a number of proven and effective programmes in education, employment and community development that are as beneficial for corporate members as they are for our community partners.

When ELBA's employment and skills programme was established in 2005, its mandate was simple; to engage member companies in the local unemployment agenda and help disadvantaged people from east London into work. Since then, we have supported over 5,000 people into work, thousands more have benefitted from work experience placements, internships, mentors and training. Our approach to skills and employment embraces the many dimensions of people's lives and recognises the critical choices and barriers disadvantaged communities face when considering aspirations, careers and employment.

ELBA's unique status, as a private sector funded regeneration agency, lends itself perfectly to the employment and skills agenda. Our membership base of over 100 employers provides access to their opportunities, supply chains and strong market knowledge enabling us to galvanise and drive this crucial work forward. With over 25 years' experience of serving East London, our unrivalled independent position has allowed ELBA to develop a reputation for being employer-led in our ethos and being committed to quality and evidence of success.

In January 2014, ELBA launched London Works, a not-for-profit, recruitment agency.

With seed funding from Barclays, the GLA, the City of London Corporation and most recently the London Legacy Development Corporation – the company, London Works Agency Ltd, is wholly owned by ELBA. As a truly commercial recruitment agency, it charges employers a fee for placing skilled temporary, contract and permanent staff. However, as a not-for-profit organisation it has two main social goals:

- 1) To engage London's talented but disadvantaged young people as its candidate base.**
- 2) To reinvest LW earned surpluses into furtherance of ELBA's charitable goals around area regeneration and employability**

LW is competitive with commercial agencies; pays at least London Living wage to all temporary contractors and permanent appointments; provides all benefits including holidays and pensions required by law and provides a private sector standard service to both employers and employees. The generated fee income leverages existing charitable support in the area and provides a coherent programme uniting the many brokers (Uprising, Adab Trust, City Brokerage etc.) and their initiatives. ELBA's unique status as a representative alliance of east London based, large corporations and institutions – committed to the area's social and economic regeneration, with a membership of over 100 local employers – positions us at a clear advantage to deliver LW successfully. We gain access to preferred supplier lists, by reason of our CSR roots that other start up agencies can only dream of.

By working with local stakeholders including universities, colleges, local authorities and community support organisations, LW accesses east London’s most talented, skilled and enthusiastic workers with a view to placing them as contract and permanent workers within our member companies and their supply chains. We have sought advice from a range of industry specialists in refining the concept of LW; they include the ex MD of Manpower PLC and the recruitment divisions of a number of our member companies. All parties concluded that there is a clear opportunity to be seized and we are confident that once fully established, growth, sustainability and expansion will inevitably follow.

ELBA members 2014



Executive Summary

Despite high levels of investment and regeneration, east London as a whole still faces significant economic challenges. We have high levels of unemployment (especially for young people) whilst at the same time employers are struggling to recruit people with the skills they need.

There are more exciting career opportunities available in the region than ever before – that have the potential to transform people’s lives and underpin our performance against the regions target to achieve convergence with more affluent London regions. However, more complex careers, with more options in both work and learning are also making decisions harder as young people face a sequence of complex choices, given the financial and emotional penalties associated with making the wrong decision.

In east London’s intensely competitive marketplace, the region’s success will ultimately be judged against our ability to supply talent to our local high-value, high-skills economy. Our high skills economy is about to expand greatly as Wood Wharf, ABP, Silvertown Partnership, The International Quarter and Here East, the redeveloped Olympic International Broadcast Centre together bring 100,000+ high level jobs to the area. For our disadvantaged residents, that will demand a capacity for career adaptability and agility unmatched in the past.

Nationally, research on the higher skills agenda and the needs of employers has already shown that when it comes to filling high skilled jobs in the future, 51% of businesses are not confident that they will be able to find sufficient recruits, and only 36% actually believe there will be enough people available to them.

Although the economic growth potential of the east London region is strong this will only benefit local communities, particularly our graduates – if they are able to compete successfully in the labour market. Change and growth at the predicted levels pose huge challenges for both local stakeholders and communities, especially young people. In the interests of local communities and our region’s economy, as stakeholders, we must ensure we develop ‘home-grown’ talent to the best and most fulfilling effect.

Nationally, employment in positions below qualification level is a growing concern, as indicated by the Higher Education Careers Service Unit who report many graduates are in jobs for which they are significantly over-qualified. However, locally, the under-employment issue is even more acute and complex. Figures obtained from the Higher Education Statistic Agency (HESA) on the backgrounds and destinations of graduates from Tower Hamlets, Hackney, Newham and Waltham highlighted that the number of local graduates in employment (2011-12) is below the national average at 67%, 15% are unemployed nearly twice the national average. In terms of ethnicity, black African graduates are the most likely to be unemployed (21%) followed by Bengalis (18%) and Pakistanis (17%). 10% of white graduates are unemployed. In terms of underemployment, 55% of east London graduates are in professional (or graduate level) employment and 44% are in non-professional employment – by comparison with 73% of graduates in professional jobs and 27% in non-professional jobs, nationally.

There are various determinants that affect the destinations of local graduates, ranging from the type of degree studied and the institution chosen to academic background and social/parental factors.

Despite their challenges, there is still a strong case for hiring local graduates. In recruitment terms, many could argue that the odds are stacked against the majority of these graduates when it comes finding professional-level employment. However, high achieving students from disadvantaged backgrounds are likely to be tenacious, be highly resilient and have developed successful coping strategies to overcome stress. (Goodwin. 2002) Students who persist in achieving their educational goals, despite institutional and personal barriers, show enormous resilience and navigate and negotiate emotional stress, academic challenges, and social adjustments as they maintain their sense of academic confidence and identity. Their experiences translate into strong and unique characteristics such as resilience and receptiveness. These highly marketable competencies are forming the backbone of the regional communications campaign that ELBA/London Works are promoting to local employers in order to change the perceptions currently graduate recruiters hold.

However, as stakeholders we cannot rest on our laurels in anticipation of employers changing their views and proactively broadening the socio-economic backgrounds of their workforces without some prompting. There is still much work to be done by stakeholders to respond to such change and make sure that our graduate populations get the help they need to thrive.

Based entirely on a greatly strengthened partnership approach, and stronger links to local businesses our recommendations call upon us all to work more effectively together in framing a more coherent offer for local graduates. These recommendations aim to initiate solution based conversations and potential actions without, at this point, focusing on resource requirements or costs. Taken together, they could and should raise standards and aspirations of information, advice and guidance (IAG) to new highs.

Recommendation 1: Extend access to Business Action Groups (BAG's) for specific underperforming faculties within local universities to improve crucial links to employers.

Recommendation 2: The creation of an Employer-led Advisory Board to drive forward the regional graduate skills offer

Recommendation 3: A five year framework of goals and targets articulating the scale of the challenge and therefore 'the ask' for employers and local businesses.

Recommendation 4: Extend access to the ELBA Career Capital model in order to highlight the importance of the heightened levels of key competencies such as strength of character and resilience.

Recommendation 5: The creation of a branded single hub/destination for graduates, employers and stakeholders to combat the lack of ownership across the agenda locally.

Recommendation 6: To establish an 'informational interview' network that can be accessed by local unemployed graduates to increase their social capital.

ELBA/London Works would welcome an open discussion regarding the development of the region's graduate skills offer. In the meantime however, we will continue working

alongside local partners and universities in placing recent cohorts of graduates into graduate level employment.

1.1 The case for hiring East London's graduates

London Works is a competitive recruitment agency operating on a not for profit basis as a subsidiary of the East London Business Alliance. The agency exists to provide a pathway to City and Canary Wharf jobs for this local, diverse resource.

The perceived profile of east London graduates is:

- Likely to be BAME
- Likely to be from a deprived background
- Likely not to speak English at home
- Parents unlikely to have gone to university
- Unlikely to have the networks and social capital to be able to access top jobs

Employers would be right in thinking that the odds are stacked against the majority of these graduates when it comes finding professional-level employment, but London Works believes that those who have managed to buck the trend and go on to do well in their education and work experience whilst at University, are exceptional human beings who bring with them skills, experience and personal qualities that are invaluable in the world of work.

We do not encourage our employers to employ our candidates because of CSR or other concerns (although there is no doubt it's an uneven playing field) we simply believe that they are the capable and suitable for the positions available.

What makes local graduates different?

- They have the unique personal characteristics and intrinsic capabilities
- The practical advantages of recruiting locally – no transport issues, less absenteeism
- A diverse workforce makes good business sense
- Social mobility is critical if employers are to attract the top talent

A report recently published by Impetus, a Private Equity Foundation committed to transforming the lives of economically disadvantaged young people, identified six vital capabilities needed to be ready for work. Four out of six of these capabilities are intrinsic factors or soft skills that the report describes as ‘the lynchpin of future success’ in the workplace. Our candidates, without exception, have them all.

DRIVEN: Displays a positive attitude, applies oneself consistently, reliable, motivated, punctual, well-organised, hard-working and goes the extra mile.

Our graduates are likely to have worked since a young age and are used to balancing study and work while at university. This had made them well organised, good at time management and experienced in navigating the world of work.

RESILIENT: Copes with rejection and set-backs, learns from mistakes, open to constructive criticisms, determined to overcome obstacles, perseveres and does not panic under pressure.

High achieving students from disadvantaged backgrounds are likely to be tenacious, be highly resilient and have developed successful coping strategies to overcome stress. (Goodwin. 2002). Goodwin examines the academic and social experiences of 23 disadvantaged students from predominantly urban high schools who matriculated at an elite university.

Students who persist in achieving their educational goals, despite institutional and personal barriers, show enormous resilience and navigate and negotiate emotional stress, academic challenges, and social adjustments as they maintain their sense of academic confidence and identity.

They faced huge challenges in their transition from school to college yet are tenacious in developing strategies and mechanisms for support that allow them to be successful on campus.

Their ability to regulate their emotions to overcome the stresses they encounter is a direct result of their resilient spirits.

RECEPTIVE: Willing to address weaknesses, takes feedback and advice, open to new ideas and working in different ways, open-minded, patient and flexible.

High achievers from disadvantaged backgrounds are likely to be more open to experience, a personality trait highly valued by employers.

Research by Lundberg (2013) found that less-advantaged black men and women who did well educationally were more likely to display the personality trait 'openness to experience' than their middle class peers. 'Openness' is one of the 'big five' personality traits and measures the level of creativity, and the desire for knowledge and new experiences. It is highly predictive of job performance and much valued by employers.

Our candidates have not been spoon-fed educationally. Their parents are unlikely to have gone through the UK education system or to have gone to university which has meant that they have been left to rely on their own resources to navigate school and university. This experience has taught them how to get the information they need and an ability to work independently.

It has been well documented that state school students perform better at university than their privately educated peers. Research by Hoare and Johnson (2010) confirms this, showing state school undergraduates outperforming independently educated peers in all types of university exams. The skills and knowledge displayed by these graduates can often be directly transferred into the workplace.

INFORMED: Has an understanding of the job market, able to search for job vacancies, does background research, understands office etiquette, well-presented, can effectively describe their achievements verbally and has a representative CV

Impetus described this as critically important saying that an uninformed job seeker with all the other necessary attributes will struggle to focus and channel their efforts.

London Works prides itself in the hands-on, tailored support we provide to our candidates. In addition to help with CVs, we also help them to understand the job market and provide interview practice and employability training. Candidates come to you job-ready with an excellent understanding of what is expected of them.

1.1.1 The practical advantages of living locally

1) Less likely to take time off

Local workers are not restricted by adverse weather conditions, transport problems or just not being able to face the daily commute.

Research that looked at correlation between the length of a worker's commute with absenteeism showed that, for workers who had a negligible commute, absenteeism was 15 to 20% less. This had a direct impact on productivity. (Van Ommeren & Gutierrez-i-Puigarnau. 2011)

2) More representative of market consumers

There's also a clear competitive advantage to be gained from recruiting locally. An organisation with employees who reflect the wider local community is better placed to interact with local customers and understand their needs.

1.1.2 The advantages of a diverse workforce

1) The workforce is changing

Our workforce and working patterns are changing. The working population is getting older and increasing numbers of women and people from different cultural and ethnic backgrounds are entering employment. Valuing diversity is becoming increasingly important for businesses that need to adapt to these changing demographics to be competitive in the economic market.

2) Increase in productivity

Workforce diversity can bring about an increase in productivity and competitive advantages. conclude Kelli A. Green and her University of Florida colleagues in their paper, "Diversity in the Workplace: Benefits, Challenges, and the Required Managerial

Tools." Employers can offer more solutions to customers because of new ideas and processes brought into the organization.

The changing demographics reflect changing consumer purchasing power. The businesses that fail to see the importance of diversity and inclusion might find themselves unable to attract and retain the kinds of customers, employees, and business partners that constitute our changing world in 5 to 10 years

A diverse workforce outperforms groups of homogeneous highly-able workers: It improves decision making capabilities and increases productivity. Research by Page (2007) found diversity to be beneficial to firms and working groups. They show via experiments that groups of heterogeneous workers generally outperform groups of homogeneous highly-able workers. Research by Ottaviano & Peri (2006) also found a dominant positive effect of diversity on productivity.

3) Increase in creativity and innovation.

A homogenous workforce can result in 'group-think'. In contrast, employees from different backgrounds bring with them a variety of solutions on how to achieve a common goal and the chances of finding a workable answer are improved.

A study by Forbes in 2011 showed that, of 321 large global enterprises, 85 percent agreed or strongly agreed that diversity is crucial to fostering innovation in the workplace. Organisations cannot thrive and grow if everyone in them thinks and behaves the same way. Having a diverse workforce with people from different racial, educational and social backgrounds and a diverse age range opens up a wealth of possibilities and helps to encourage creativity and foster innovation.

4) Increase in morale

Workplace diversity increases employee morale and causes employees to desire to work more effectively and efficiently. Diversity in leadership within a firm allows managers to bring in new skills and methods for achieving unity within their teams. Having a diverse and discrimination-free work environment helps businesses avoid employee turnover

costs. Businesses that fail to foster inclusive workplaces see higher turnover rates than businesses that value a diverse workforce because they foster a hostile work environment that forces employees to leave.

5) Increase in language skills and cultural understanding

Companies that plan to expand into global markets benefit from language diversity in the workplace. For example, a company with employees fluent in Urdu and who understand Indian culture experience an easier time communicating with representatives from India. An increased presence usually results in an increase in sales.

6) Positive Reputation

Potential employees want to know that employers treat their staff fairly regardless of race, ethnicity or gender. Not only are such firms able to attract new talent but they can also retain existing talent because of high employee morale resulting from workforce diversity. Applying the proper diversity and inclusion management strategies also saves money on litigation expenses generated by discrimination lawsuits.

7) Bridges generational gaps:

There are advantages of employing people of all ages. People are living longer and retiring later, resulting in four distinct generations working side by side—conservatives, baby boomers, Generation X, and Generation Y or Millennials. Each generation brings its own mind-set, work habits, technology attitudes, and customs, strengthening the overall skills and knowledge of the workforce.

1.1.3 The importance of social mobility

Businesses rely on being able to attract the top talent but the current recruitment systems tend to maintain the status quo. Social mobility is critical for business competitiveness; the brightest people need to get to the top, not the wealthiest. However, access to top jobs has become less representative over time with the gap between more and less privileged entrants having widened. (Cabinet Office 2009).

“There is good academic evidence that over time most professions have recruited people from more wealthy backgrounds. However, the same data shows that the recruits are not getting brighter; indeed the reverse seems to be happening, as privilege reinforces itself through access to the best schools and family and friend networks”. Paul Cleal. PWC

The Social Mobility and Child Poverty Commission has recently published a report on social mobility and found elitism so stark that it could be called ‘Social Engineering’, with the prospects of making it to the very top being very limited for those who begin their career without these advantages. The report highlights a dramatic over-representation of those educated at independent schools and Oxbridge across institutions and states that this has a profound influence on what happens in our country.

Current practice in recruitment and promotion practices maintain the status quo and the government is urging employers to make tangible changes for social mobility:

- Publish data on the social background of their staff
- Opening up diverse entry routes
- Widen the talent pool, for example with university-blind applications, non-graduate entry routes and contextual evaluation of academic achievements

London Works is all about helping forward-thinking employers to broadening their socio-economic diversity and encourage social mobility.

1.2 Higher skills needs of employers

The era of the job for life for many people is well and truly gone – the typical twenty-first century Briton can expect to work in at least a dozen jobs across a number of different career areas. Technological change and the forces of globalisation have considerably changed the nature of jobs available and the skills required by employers; this is particularly relevant across east London.

In east London's intensely competitive marketplace, the region's success will be judged against our ability to supply talent to our high-value, high-skills local economy. That will demand a capacity for career adaptability and agility unmatched in the past.

Based on the recent CBI/Pearson Education and Skills Survey, we know that, nationally:

- When it comes to filling high skilled jobs in the future, 51% of businesses are not confident that they will be able to find sufficient recruits, and only 36% believe there will be enough people available to them
- Businesses' confidence about being able to fill all their jobs requiring intermediate levels of skill is much lower, with 37% not confident that there will be sufficient people available with the right skills
- 23% currently face difficulties in meeting their need for experienced staff with expertise in science, technology, engineering and maths (STEM)
- Employers expect growing difficulty in finding STEM skilled staff, with 45% anticipating difficulties over the next 3 years

In 2010, work by Oxford Economics provided a regional economic forecast, identifying the types and ranges of jobs that will be on offer in east London. It indicated that both the population and the number of jobs will increase over the period to 2020. It is estimated by Oxford Economics that at least 65,000 new jobs will be created in the Growth Boroughs by 2020 and this can be increased depending on different scenarios. This rate of growth is anticipated to at least match that of London, and be ahead over the short term. The biggest contributors to job creation are forecast to be business services

(and professional services in particular) information & communication, construction and arts & entertainment.

In the next ten years the Wood Wharf development at Canary Wharf will provide 80,000 mainly graduate job opportunities. This is addition to the development of the International Quarter in Stratford (14,000 jobs) where the Financial Conduct Authority is relocating in 2016, the arrival of multiple Chinese companies at Asian Business Ports in the Royal Docks (18,000 jobs) and the Silvertown development of 'Brand Pavillions' with 14,000 jobs, along with 60% expansion of London City Airport.

London, as a whole, has more people employed in highly skilled sectors than any other city in the world, research has found, amid fresh indications that the capital is recovering faster than the rest of the UK.

Deloitte, the advisory firm, studied 22 sectors including banking, legal services, digital media, culture, software development and education. It found that London had 1.5m people employed in these sectors, compared with 1.2m in New York, 784,000 in Los Angeles, 630,000 in Hong Kong and 425,000 in Boston.

For every job created in these categories in London, a further two posts were generated in other sectors, including transport, retail, facilities maintenance, healthcare and law enforcement. Deloitte predicted a minimum net growth of 300,000 jobs in the city by 2020, of which at least a third would be in highly skilled sectors.

The economic potential of the region is strong. However, this will only benefit local communities if they are able to compete successfully in the labour market. It is also worth noting that change and growth at the predicted levels pose huge challenges for both local stakeholders and communities, especially young people. In the interests of local communities and our region's economy, as stakeholders, we must ensure we develop home-grown talent to the best and most fulfilling effect.

1.3 The graduate population

1.3.1 The national picture

Nationally, there has been a huge rise in the number of people going to university over the last 20 years. Post war, around 10–12% of students progressed to university compared to over 40% today. This rise was temporarily stalled when fees rose from £3,000 to an average of £9,000 in 2012. Subsequently applications have picked up again and at the end of January 2014 35% of 18-year-olds in England applied for a university place, up 4% on last year, while in London the figure was 44%. The total is just 3,500 lower than the all-time high reached in 2011, when young people scrambled to start a degree course before higher fees took effect. Girls continue to seek university places in much higher numbers than boys: 333,700 to 246,300. (UCAS 2013)

The best statistics on the local picture are those issued each year by the Higher Education Statistics Authority (HESA). We obtained HESA figures for the production of this report focusing on the backgrounds and destinations of graduates from the boroughs of Tower Hamlets, Hackney, Newham and Waltham Forest.

The growth in the number of disadvantaged students applying to university has occurred most when fees rise, which belies all the predictions that raising the fees would put poorer students off going to higher education, when it seems the reverse has occurred. The reason that the proportion of disadvantaged students going to university has risen more is simply because a saturation point for middle class students has nearly occurred. A study by the Independent Commission on Fees found that applications from areas with historically low numbers of young people progressing into higher education, which includes east London, increased in 2013, compared with 2010. This growth has been less noticeable in applications to highly selective universities (Independent Commission on Fees, 2013)

1.3.2 The east London picture

The number of graduates in east London appears to be rising in line with the rest of the country. There were 4019 graduates in 2010 – 2011 and 4214 in 2011–12 representing

a rise of 4.9%; 0.9% higher than the national average. Tower Hamlets saw the largest rise (9.9%) followed by Newham (6.5%) and Hackney (3.5%) while Waltham Forest saw a minimal increase (0.10%).

Hackney, Tower Hamlets and Newham all include 'low participation areas', that is neighbourhoods they historically have seen low numbers of young people progressing into higher education. We would expect to see a greater increase in graduates from these areas in comparison to the national average of 4%. This is certainly the case in Tower Hamlets where there has been a 9% increase from 2010–11 to 2011–12 and Newham by 6.5%. However, Hackney, the borough with the highest number of low participation areas, has gone against the trend with a rise of only 3.5%.

Nationally, the number of ethnic minority students has grown much faster than the number of white students. Thus for example there is a far greater likelihood of female black African or Caribbean school student becoming a graduate than a white working class boy.

From 2010 – 11 and 2011–12, the total number of graduates from ethnic minority groups in east London has risen by 5.2% (from 2903 to 3053) compared to white students which has risen by 4%. The largest increase was in black African (11%) followed by Bangladeshi graduates (7%).

In total, 4214 residents in the four east London boroughs (Newham, Hackney, Tower Hamlets, Waltham Forest) graduated in 2011–12.

The boroughs have very similar total resident numbers but the number of graduates varies. In 2011/12, Newham had the largest number of graduates (1418 from a population of 243,000) followed by Waltham Forest (1056 from 258,000), Hackney (876 from 252,000) and Tower Hamlets (864 from 254,000).

1.3.3 Social background

Of the four boroughs under consideration, three are top of the (DCLG) UK deprivation league table. In 2013, Hackney rated as the poorest borough in the UK followed by Tower Hamlets and then Newham. The levels of employment in these boroughs are

starkly reflective of this. For example, Newham's employment rate is 61.5% of the economically active population compared to the London average of 69%, meaning that 24,000 people would need to find work for the borough to attain convergence. From these figures, it can be assumed that the majority of graduates from these boroughs come from a disadvantaged background.

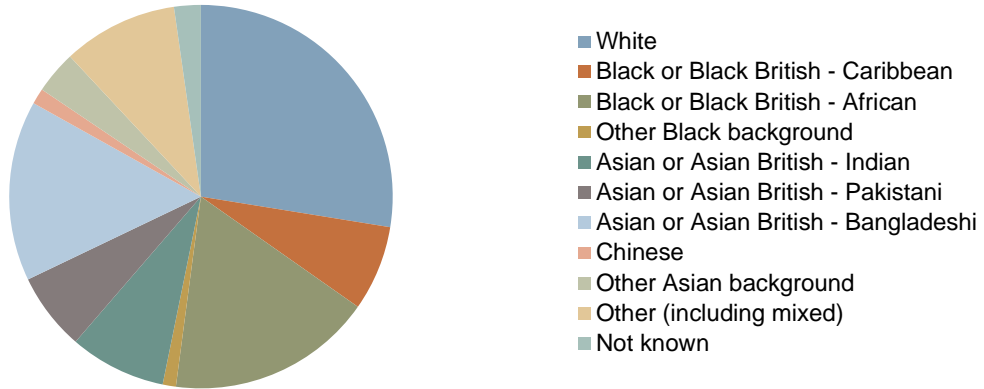
This is reflected by the number of students from the east London boroughs who were privately educated. A HESA analysis of the school background of university students from Hackney, Tower Hamlets, Newham and Waltham Forest show that 2.8 % went to a private school compared to a national average of 7%. Individual borough statistics show that Newham (1.5%) and Tower Hamlets (2.1%) had the least number of privately educated students compared to Hackney (4.2%) and Waltham Forest (3.9%).

There is an obvious link between deprivation and unemployment, and the issue of graduate unemployment cannot be divorced from a wider picture of local ingrained unemployment. The Tower Hamlets Worklessness Assessment states that 'a culture of worklessness has come into existence within areas such as Tower Hamlets. It exists primarily amongst families where there is a history of not working and as a consequence, has low aspirations to move into work both for themselves and future generations'. (Nathaniel Lichfield. 2010, p44). This supports the findings of Paugam and Russell (2000, p6) that networks characterised by a non-work ethic are likely reinforce this behaviour in individual members.

1.3.4 Ethnicity

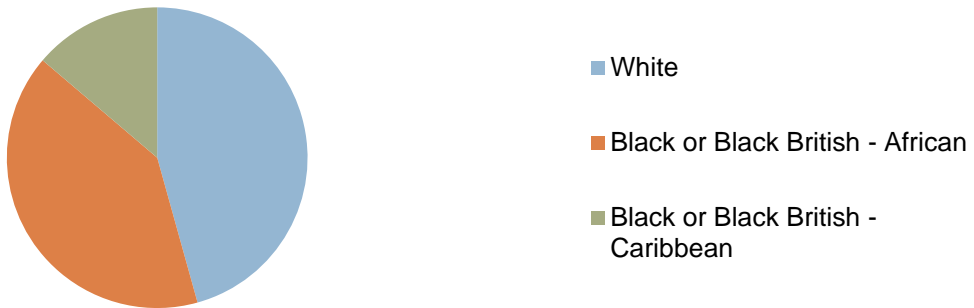
For the 4 boroughs as a whole, 72% of the graduates described themselves as ethnic minorities. Just 1161 of the graduates described themselves as white, representing 28% of the population. The second largest group were black or black British Africans (731 or 17%) followed by Asian or Asian British – Bangladeshi (641 or 15.2%). The other ethnic groups (Asian or Asian British – Indian, Black or Black British – Caribbean, Asian or Asian British – Pakistani) were all between 6.5 – 8% of the total population. There were only 56 Chinese graduates, just 1% of the east London graduate population.

Local graduate ethnicity

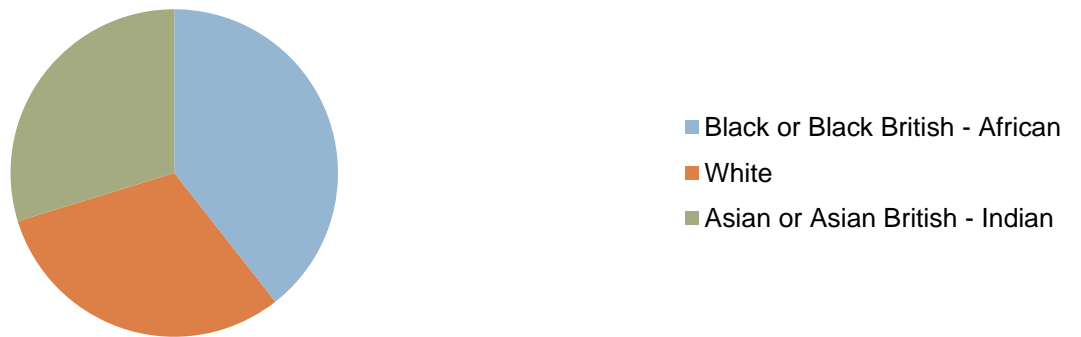


There is a huge variation in ethnicity between the four boroughs as shown below by the highest three ethnic groups in each:

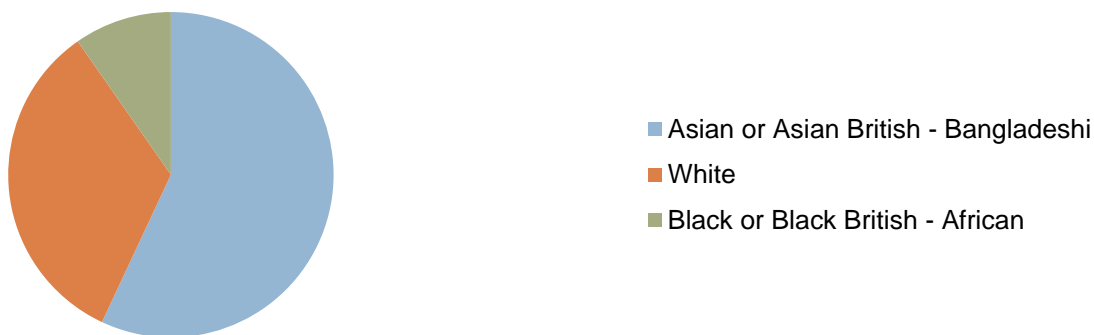
Graduate ethnicity by Borough: **Hackney**



Graduate ethnicity by Borough: **Newham**



Graduate ethnicity by Borough: **Tower Hamlets**



Graduate ethnicity by Borough: **Waltham Forest**



Broadly speaking, these figures reflect the overall ethnic demographics of each borough for this age group, as shown in the 2011 Census. In summary, Waltham Forest is predominantly a white borough, Tower Hamlets Bengali, Hackney equally split between black and white and Newham, which claims to be the most ethnically diverse area in Europe, shows an equal split between black, white and Asian people.

1.4 The graduate employment market

1.4.1 Graduate Destinations – The National Picture

The national picture shows that the number of ‘graduate jobs’, that is jobs which state they require a graduate to do them and offer specific training leading to an expected career progression, has not kept pace with increase in graduate numbers. The association of graduate recruiters, who represent the major graduate recruiters, such as the banks and large accountancy firms estimate that only around 15% of graduates will obtain a graduate level job on completion of their university degree. That is not to say that most graduate will not end up in a ‘graduate job’ but that their way in may be more opaque and require various diversions and often they ‘grow into a job’ rather than enter a specific training programme.

Against the national trend, east London, as a consequence of continued development, has an increasing number of graduate jobs on offer. Another consequence of the huge rise in the number of graduates is that many jobs that, in the past, were not seen as graduate level jobs have now been re-designated as graduate entry. Thus there has been a compression of the job market with A level/level 3 leavers doing jobs that in the past would have been done by GCSE students, and far fewer people entering the job market at 16.

National HESA 2011/12 figures show 74.7% are in some form of employment and 7.3% are unemployed with the remaining 18% engaged in further study or ‘unknown’. However, there is criticism of this information because it assumes that the careers position after six months is a static vision, and ignores the fact that many graduates take time to find a graduate level job: a number go travelling after graduation, many take any job while they work out what they want to do and for some courses there is a much higher incidence of further study (particularly STEM – sciences, technology, engineering and math). Much more useful is the 2013 survey of 60,000 graduates who left university in 2009, by the Higher Education Statistics Agency, which found that 87% were in work

some three and a half years after graduation, 6.7% were engaged in further study and 3.2% were unemployed; 7.2% had been jobless six months after they graduated.

1.4.2 Graduate Destinations – The east London Picture

The six month HESA figures for east London graduates in employment (2011–12) is below the national average (67% in employment compared to the national figures of 74.7%). However, nearly twice as many are unemployed (15.8% compared to the national figures of 7.3%). The number of people engaged in further study is slightly lower: 11.8% compared to the national figure of 13.6%). 88% of these people are studying on a full-time basis and 12% are part-time. (The remaining 5.4% are ‘unknown’).

Graduation destinations by borough 2011/2012:

Borough	Total	In work	%
Hackney	876	596	68%
Newham	1418	946	66.70%
Tower Hamlets	864	587	67.90%
Waltham Forest	1056	696	65.90%
All boroughs	4214	2825	67%

In terms of ethnicity, black African graduates are the most likely to be unemployed (21%) followed by Bengali (18%) and Pakistani (17%). 10% of white graduates are unemployed.

Employment vs Underemployment

The national unemployment rate for graduates is relatively low at 7.3% after six months and 3.2% after three and a half years. However, these figures are based simply on the graduates not being unemployed and takes no account of what job they are doing and whether it is commensurate with their qualifications. Further analysis by HESA reveals

that 73% of graduates are working in professional jobs and 27% in non-professional jobs (and so could reasonably be considered underemployed).

For east London graduates, it appears that the rate of under-employment is far higher. 55% of east London graduates are in professional (or graduate level) employment, 18% lower than the national average and 44% are in non-professional employment.

When broken down by borough, Waltham Forest has the highest number of graduate level employment (59%), closely followed by Hackney (58%). Newham has the least graduates in professional jobs at 51%.

Local authority 2011-12	Professional employment marker	Total	%
All Boroughs	In professional employment	1560	55
	Non-professional	310	44
Hackney (total 876)	Professional	351	58
	Non-professional	250	42
Newham (total 1418)	Professional	488	51
	Non-professional	460	49
Tower Hamlets (total 864)	Professional	329	56
	Non-professional	262	44
Waltham Forest (total 1056)	Professional	392	59
	Non-professional employment	1282	45

(For the purpose of this research, the 'unknown / not applicable' responses have been disregarded).

At 63%, white graduates were the most likely to be in professional level work compared to 44% Bengali and Pakistani graduates. Whilst black Africans were most likely to be unemployed, 53% of those who found employment were in professional level jobs.

1.5 Determinants of destinations for east London's graduates

1.5.1 Impact 1: Degree type

In terms of degree taken courses can be divided into five broad camps: training, vocational, sciences, non-vocational academic and 'mock vocational'. The type of degree taken has a major impact upon employability, employment prospects and salary. There are clear correlations between employability, degree type and university attended:

Training degrees: This is where students gain specific skills to do a particular job and it is the only (or main) way into that profession e.g. nursing, teaching, social work, medicine, engineering etc.

Where you study for a training degree is often not that important, because the relevant professional body will ensure common standards and in most cases anything up to 1/3 of the time is spent in the workplace.

Vocational degrees: This is where students gain broad knowledge/skills in an area but it is not the only way into a profession and may not in itself be the determining factor in getting a job e.g. law, business studies etc.

For vocational degrees, such as law, where the degree is studied is very important and many major law firms only target a small number of universities. Thus the currency of a law degree from one university may be far less than the same degree elsewhere. A law degree from Greenwich or UEL will simply not open the same doors as one from LSE or UCL. In addition, an increasing number of law students are 'self-financing' through the next stage of law training (finals) which means poorer students have a huge disadvantage.

There are also other factors in play. For example, a business degree's worth is not just the quality of the university, but also whether the student had a sandwich year. A sandwich student from Brunel may well be more employable than a student from a more 'prestigious' institution who did a straight degree.

Science degrees: Science graduates have a specific job market in their subject area, although a lot may go onto further study before they can access this, but can also enter the general job market. Thus a physics graduate may go onto further study in a relevant area and work in a physics related job or may well become a lawyer or banker.

For science graduates, where you go matters but most science graduates who end up working in a science career will go on and do post graduate study, also many science courses are offered on a sandwich basis.

Non vocational academic degrees: This is the largest degree group. It is where the subject in itself does not confer any particular job direction, e.g. English, history, politics, sociology.

For non-vocational academic subjects where you go is paramount, as is what other skills experiences you have to offer. There is lots of evidence that men taking a NVA degree will on average not get a positive economic benefit from being a graduate, taking into account the costs and lost earning time, compared to someone with A levels only as their highest qualification.

'Mock vocational' degrees: this is where the subject area sounds as if it gives specific skills e.g. forensic science degrees and some media courses.

These courses are often not highly rated by employers who would prefer more traditional degrees. Students on 'mock vocational' courses tend to fare the worst in terms of employment and those taking them often suffer from poor careers advice in the first place i.e. no one told them the course was not very well thought of. For some degree courses not having a network or financial support from family is a huge disadvantage. Thus in the media and creative areas it is nearly essential to have a lot of (unpaid) work placements before any offer of paid employment. Without a network it is hard to find these placements and without financial support it is hard for a student to finance themselves for long periods of time unwaged.

There is a significant correlation between employment rates and the degree taken. National HESA statistics show 89% of medicine and dentistry graduates saying they were in a job, compared with 72% of history or philosophy graduates.

The median salary for graduates in full-time work was £24,000. Medicine and dentistry graduates had an average income of £30,000, and those who studied art or design averaged £15,000 ((Graduate Recruitment Bureau, 2014).

The most popular degree studied by east London graduates in the year under review was Business Studies which was taken by 750 students. 19% of these students were unemployed and, of those in employment, only 48% were in professional level work.

507 students took Social Studies. 15% were unemployed and, for those in work, there was an even split between those at professional and non-professional level.

The unemployment level for the 444 students of Creative Arts and Design students was 16%. 54% of those in work were at a professional level.

Graduates who took vocational degrees tended to do the best. 100% of the 83 people who studied medicine were in employment, with only 1% at non-professional level. 65% of the 167 engineering graduates in employment were working at professional level (although 18% were unemployed).

1.5.2 Impact 2: University status: 'elite' versus new.

There is a lot of evidence that where you attend has a major influence on what job you obtain, with the premium from the top universities seemingly much higher than newer universities. DfE sponsored research found that Graduates from Russell Group universities earn £3.63 extra per hour compared to other universities. Research by Lloyds Bank found that the average starting salary for graduates was £21,000; however, LSE graduates average more than £27,000 just six months after leaving. Cambridge averaged £25,797, followed by King's College (£25,770), Oxford (£24,718), City University (£24,683) and Queen Mary (£24,550). At the other end of the spectrum, students leaving

Cardiff Metropolitan University earned an average of £17,118, compared with £17,937 at Leeds Metropolitan and £18,168 at Swansea.

Students with higher grades tend to choose more prestigious institutions and the more advantaged the student's background, the more likelihood they will go to a Russell Group institution regardless of their grades (Institute of Education, 2013). The average Russell Group University admitted only 64 students who had been in receipt of free school meals. Cambridge admitted 25 and Oxford 15. In their defence students cannot be accepted if they do not apply and a major problem for Oxbridge is getting poorer, well qualified students to apply.

Research for the Sutton Trust Educational Charity, compared the proportion of teenagers with good grades with figures for those with places at "high status" institutions, and concluded that children of professionals in England are 3.2 times more likely to go to a Russell Group university than working-class children. Once exam achievements are taken into account, teenagers with good grades from professional families were 1.4 times more likely to go than working-class pupils with similar grades.

A study commissioned by the DfE found that many state schools do not push bright pupils from poor families towards top universities amid fears they are full of "posh" students. Overall, 92% of schools with sixth-forms insisted that they would encourage applications to Russell Group universities, while in colleges it was 82%. But the research found that it was "not common" to promote applications among "high-achieving disadvantaged students". Just 14% of schools without a sixth form encouraged applications among poor pupils, while the rate was 28% in school sixth-forms and 29% in colleges.

The majority (55.7%) of east London students attended universities in the lowest third of the Sunday Times Good University league table and 28% of all of the students attended universities in the bottom ten, with a huge 15% attending UEL.

Only 21% attended universities in the top third and 4% in the top 10. None of the universities in the top third are 'new' universities whilst nearly all of the bottom third are new universities.

The University of East London, was at the bottom of the 2013 league table had, by far, the largest number east London graduates: 632 representing 15%. The next highest were London Metropolitan University with 326, University of Westminster with 318, Greenwich with 275 and Queen Mary University with 198. With the exception of Queen Mary's (which has recently become a member of the Russell Group) all of these are new universities and are in the bottom third of the league table.

Correlation between level of employment and university

There is a clear correlation between the league table ranking of a university and employment prospects.

For the east London graduates that attended the top 10 universities, 82% gained professional level employment and 18% non-professional jobs. Those that studied in the lowest 10 universities fared much worse with the majority gaining non-professional jobs (55%) and only 45% finding professional level work.

Break down re ethnicity

37% of east London graduates in the top 10 universities were non-white compared to 62% from the bottom 10 universities.

It is also worth noting is that 73.7% of east London graduates study at a London university. It would be reasonable to assume these students live at home which is in stark contrast to the national figure of students living at home which is 20% (HESA).

In terms of ethnicity, east London white graduates (45.3%) are more likely to have attended universities outside of London than black (35.5%) or Asian (19.2%) east London graduates. Bengali and Pakistani east London graduates are far more likely to attend universities in London (92%) compared to any other ethnic group and it can be assumed that most follow Muslim tradition and live at home.

1.5.3 Impact 3: Academic background

Dr Wendy Piatt, director general of the Russell Group, said the main reason pupils from disadvantaged backgrounds were less likely to go to leading universities "is because they are not achieving the right grades" in the right subjects. A survey found that over 90% of students taking media studies, film studies and law at A 'level were from state schools/colleges, however, over 85% of people taking further maths were from independent schools. Independent schools educate just over 15% of people taking A levels.

There is a significant correlation between obtaining a 2:1 or above and A level results and what university is attended. 91% of Oxbridge students achieved this distinction compared to 44 per cent of University of East London graduates (Complete University Guide 2011).

Within universities with a similar cohort the proportion of 2:1s varies and with some subjects, such as science and maths, more people will obtain a 2:1 than with sociology or English Literature.

Research at Edinburgh University (2013), found that studying traditional subjects, such as languages, English, maths and science, was the best path to professional or management jobs. Therefore the academic background at 18 will to a large extent determine the higher education options available, and whether someone completes university.

Education in east London is changing and the new Academies are showing some very promising results. The London Academy of Excellence in East London, a sixth form academy sponsored by a group of independent schools, has said that 84% of its year group had received at least one offer from a Russell Group university, with 6 holding offers from Oxford or Cambridge. The largest number of offers are from King's College, Birmingham, Imperial and Queen Mary. The most popular degree courses are economics, maths, engineering and law. The academy opened in 2012 and offers A levels almost solely in traditional subject. It should be noted however, that this is a selective school and applicants must have at least five A* or A grades at GCSE, including an A or higher in subjects they want to study at A level, and at least a B in GCSE English and maths

1.5.4 Impact 4: Social background / Parental role models

Children from middle class families tend to have better GCSE and level 3 results, choose subjects that are viewed more favourably by elite universities and are more likely to apply to elite universities than their working class contemporaries, even when they have similar level 3 entry results.

A study by academics at Oxford (2012) looked at groups born in Britain in 1946, 1958 and 1970, putting them into five ability bands based on results in 11-plus tests and tracking their A levels. It found that bright teenagers with middle-class, well-educated parents are twice as likely to achieve good A levels as similar children from poor families. People in the highest ability group from advantaged backgrounds had an 80% chance of doing well academically, compared with 40% of those from the same ability band whose parents had lower-status jobs or less education. Researchers said that the figures showed that social background was the biggest influence on academic success.

The Edinburgh study (2013) said that between 23–29% of the advantage gained from having middle class or highly educated parents was due to their choice of traditional subjects at school.

Research in 2010 on Tower Hamlets graduates (Roberts 2010) showed that 78.2% of their parents would probably not have worked when they were at school and only 6.6% had gone to university themselves. It is clear that there is a significant shortage of parents as working role models and most parents will inevitably have very limited employment networks of their own that to pass on to their children.

2. Recommendations

As careers continue to diversify at an unprecedented rate, it falls to local employers, stakeholders and universities to respond to such change and make sure that our graduate populations get the help they need to thrive. They aim to initiate solution based conversations and potential actions without, at this point focusing on resource requirement or costs. Taken together, they could raise standards and aspirations of information, advice and guidance (IAG) to new highs.

Recommendation 1

Better connections with employers through Business Action Groups (BAG's) for specific (under-performing) faculties within local Universities.

Real links with employers must underpin an effective offer for local graduates. ELBA status, as a business membership led charity lends itself perfectly to the facilitation of this goal.

Our Business Action Group model currently supports schools across east London and has proven to be an effective and scale-able way to increase employer involvement in education. They have proven to be effective at:

- Raising aspirations and increasing the confidence of young people
- Ensuring young people develop employability skills whilst accessing tangible employment destinations
- Supporting and strengthening the leadership and governance of local education institutions.

We are proposing an expansion of this model, offering local universities access to dedicated BAG's for each of the faculties/schools.

Each Business Action Group (BAG) has at least five senior business representatives who meet once a term. These representatives then reach out to their companies to support the institution with specific requests, such as career insight visits, mentoring or school staff training.

ELBA ensures that the needs of both the schools and the businesses are matched and that the agreed outcomes are met and evaluated. This model of collaboration between business partners is innovative and ensures that skills of employers are appropriately utilised and the offer to educational establishments is fully supportive and varied.

ELBA members currently engaged as BAG's representatives include:

- Accenture
- Barbican
- Barclays
- Citigroup
- CMS Cameron McKenna
- Credit Suisse
- Deutsche Bank
- Financial Conduct Authority
- Freshfields
- HSBC
- ISG
- ISS
- KPMG
- Lend Lease
- London Legacy Development Corporation
- London City Airport
- Mazars LLP
- Moody's
- Morgan Stanley
- Pinsent Masons
- Tate & Lyle Sugars
- Thames Water
- Thomas Reuters

Through our BAGS model, in the 2013/14 academic year the above named companies mobilised the 1500 volunteers in support of 13 local schools, benefiting 11,000 students. We with right level of resources, the BAG's model could be adapted to support faculties in the greatest need with local universities.

Recommendation 2

The development of a regional graduate skills offer should be assisted by the creation of an Employer –led Advisory Board. The board, comprising senior representatives from employers, educators and the local career development professionals would be action orientated with key deliverables designed to improve career awareness amongst careers development professionals across the region. Board members will be expected to draw through support from their companies to deliver activities such as the ELBA 'Take your teachers/lecturers to work' model for local institutions. One of the key challenges faced when engaging Universities is to win the hearts and minds of the educators themselves. If

we can raise awareness with teachers and lecturers about the skills required by employers and career pathways, this impacts on all the students they teach.

Recommendation 3

A five year framework of clear goals targets should be created articulating the scale of the challenge and therefore ‘the ask’ for employers and local businesses. ELBA members are frequently requesting holistic overviews around ‘what success looks like’ in terms of higher skills employment for the region. The proposed framework would identify the number of institutions, careers professionals and students in scope and highlight the areas of support needed for each audience.

Supporting employers would then be encouraged to sign up by ‘pledging’ their commitment. This recommendation would allow ELBA employers to coordinate commitment over a longer period of time and align them with their individual corporate social responsibility plans, budgets and resources.

Recommendation 4

To extend access to the ELBA career capital model in order to highlight the importance of the heightened levels of character and resilience needed, ensuring that all graduates of the region are identified and offered a place to participate.

The Career Capital programme aims to increase local recruitment amongst City and Canary Wharf companies by giving east London university students insight into the types of careers available, along with the skills that graduate recruiters and employers are looking for in their candidates.

Working with large companies from ELBA’s membership, Career Capital clubs are offered in the areas of business, law, built environment and accountancy.

Classes run for 4–6 weeks, hosted by volunteers within the company who cover topics such as an introduction to the business, entry routes and training options, and ‘soft’ skills (e.g. communication, time management, and information management). Students also have the opportunity to network with professionals from across the host business.

As well as benefitting the students, delivering a Career Capital session also provides a great opportunity for business volunteers to make a difference to the students' future job prospects, whilst developing their own skills and furthering their professional development.

Recommendation 5

To combat the lack of ownership across the agenda locally, we believe a branded single hub/destination for graduates, employers and stakeholders is required to ensure advice and guidance is consistent and widely accessible.

One of the challenges affecting our progress against achieving higher level employment for local residents is the lack of agenda ownership. Underemployment is, for example, often disguised therefore out of scope for partners such as JobcentrePlus and borough brokerages as the vast majority of local residents work throughout and after their studies – largely in retail/customer services jobs.

In addition to coordinating the offer as described in recommendation 3, the hub would also increase the availability and take up of Work Experience places for graduates.

Last year 36% of jobs went to graduates that were known to that organisation (University of Hertfordshire, 2013). Thus access to internships, support in applications and having the necessary skills/experience to be considered for them is vital especially for students who have taken an NVA or vocational course. Applications for many formal internships is very competitive and without relevant work experiences and assistance with the application form and the online tests applicants are at a considerable disadvantage.

Recommendation 6

To establish an 'informational interview' network that can be accessed by local unemployed graduates to increase the social capital of local unemployed graduates

The importance of networks in securing work has been long recognised, with research suggesting that roughly half of all jobs are obtained through contacts rather than more formal means such as advertisements. Of particular importance are contacts that reach beyond a person's social circle. These act as a bridge, providing invaluable information

and resources, specifically the kind of labour market information that is likely to help people get a job.

The majority of jobs are not formally advertised making them hard to access if you do not have the 'right' sort of network or contacts. This 'hidden job market' account for 60% of available jobs. These positions are often created in response to an organisational headache or an opportunity and are filled by word of mouth, with candidates usually hearing about the opportunity from someone who already works within the community.

Informational interviewing as a tool to increase linking social capital

Informational interviews involve talking with people (contacts) who are currently working in the field to gain a better understanding and up to date knowledge of an occupation or industry. They are recognised as a very effective way of helping people to access employment by building a network of contacts in that field.

Importantly, informational interviewing is not directly about job search. The job seeker does not offer his CV or ask the contact to find him/her a job and so the contact does not feel pressured in this way. The interview is very brief (around 20 to 30 minutes) and, unlike job interviews, it is the job seeker who asks the questions. These could be around the types of roles that exist, the various entry routes and if the job would suit their interests and experience. At the end of the interview, if they have left a positive impression, the contact is asked to recommend 1 or 2 other people in the field who the job seeker could benefit from talking to. In that way their network of contacts and social capital grows.

Whilst people in lower socio-economic groups are likely to have strong community networks, research has shown that these contacts can sometimes restrict rather than develop their employment prospects:

“the ties that bind may also turn into ties that blind.” (Powell and Smith-Doerr. 1994).

These contacts also act as role models who know how to navigate their way into work, something that we have seen is very much lacking for the majority of Tower Hamlets graduates

The impact of employment networks is clearly important and, when both weak and strong links are combined, it is the strongest predictor of graduate level employment. Young people planning to go to university would be well advised to not only focus on getting good grades but also to start developing good network contacts in order to help secure graduate level employment.

In response to this need, ELBA have developed a pilot project model called NetWorks to establish an 'informational interview' network that can be accessed by local unemployed graduates.