Student recruitment survey 2022

Institute of Student Employers

ise.

Trends, benchmarks and insights

Contents

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Indicative of the current economic and political uncertainty, projected hiring levels for the coming year have slowed from the explosive growth experienced in the student labour market following Covid-19.

Foreword

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Chief Executive, ISE

The student labour market is directly affected by global and national economic forces, the political environment, and the changing needs of employers and students. This years ISE Recruitment Survey 2022 identifies a number of significant trends driven by these pressures.

Firstly, there is a significant change to vacancy levels. Levels of recruitment have historically tracked growth and retraction in the UK economy. 2022 was a bumper year with overall recruitment levels up 19 percent year on year. For 2023, we predict a growth rate of six percent. This is still growth, but at a much reduced rate. Our concern is that should financial pressures on employers increase, they will reduce hiring levels. Students shouldn't panic, but we do advise them to apply early.

Many have questioned employers use of UCAS tariffs and degree results as selection criteria and the number who do this has declined over a number of years now. For the first time, less than half of employers now stipulate applicants possess a 2:1 degree, and only 13 percent set a UCAS point minimum. This signifies to us that employers place more trust in sophisticated selection tools and seek to broaden the universities, colleges and schools they hire from.

Diversity remains a key priority for our sector and we have always reported how members tackle injustice in attraction, selection and development. To improve our collective understanding of the issues involved and the strategies employers deploy, we have pulled together our related analysis into one section rather than spread it through the report (see section nine). I'm pleased to see that employers have increased their targets for seven out of eight measures.

The last three years have seen our market contract and rapidly bounce back. My cautious prediction is that this will be a challenging year, but employers' long-term need for a higher skilled workforce when talent pools are stagnant or declining, will increase, not decrease, with a focus on the need to develop and retain early talent.

The data and analysis contained in this report combined with the conversations that will follow within our communities will help us all meet the challenges within our industry. My thanks to all those who completed the survey and the ISE team for producing such an insightful and comprehensive report.

Executive Summary

This report sets out the findings of the Student Recruitment Survey 2022. This is a detailed survey comprising of 77 questions. The survey ran during August and September 2022 and received 168 responses from large student employers, covering 32,110 hires.

These hires can be categorised as graduates, school and college leavers, interns or placement students. The figure below shows the relative size of these markets.

Figure 1.1
Total student hires in 2021/2022 (168 organisations)

61%

24%

15%

■ Graduates
■ School and college leavers
■ Interns & Placement students
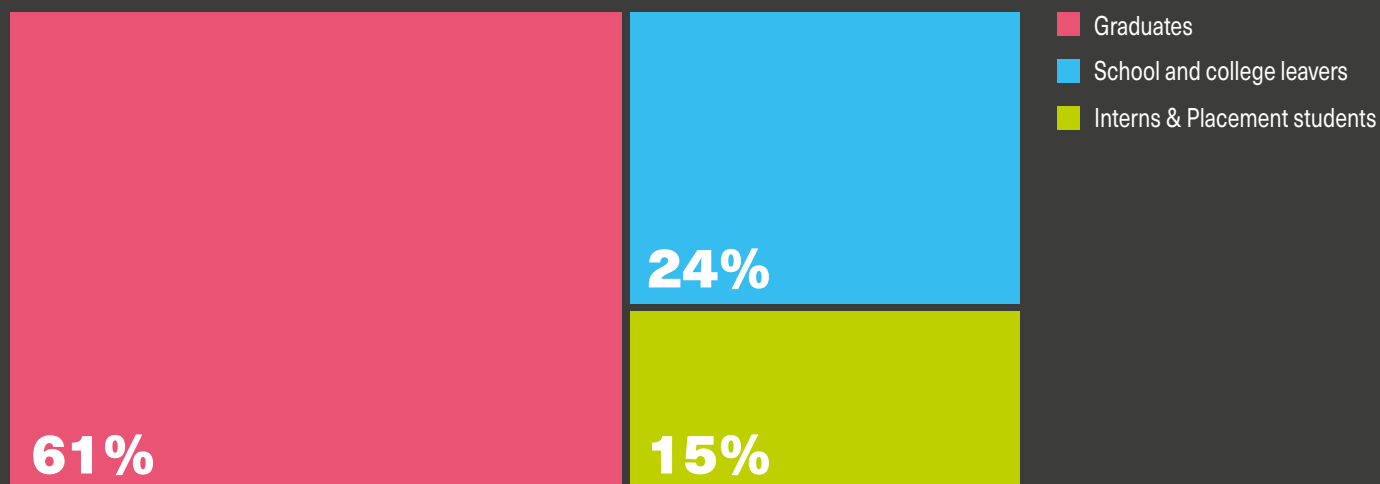
Changes to the student labour market

Across all roles including interns, placement students, school and college leavers, and graduate student hires, hiring levels have surpassed pre-pandemic levels. While the projected growth for graduates, and interns and placement students came to pass in the 2021/2022 hiring season, the exponential growth in the hiring of school and college leavers has slowed. Nevertheless, hiring of school and college leavers still increased by +20% compared to last year.

20%

Hiring of school and college leavers increased by 20%

Total student hires in 2021/2022 (168 organisations) ■ Graduates ■ School and college leavers ■ Interns & Placement students

28%
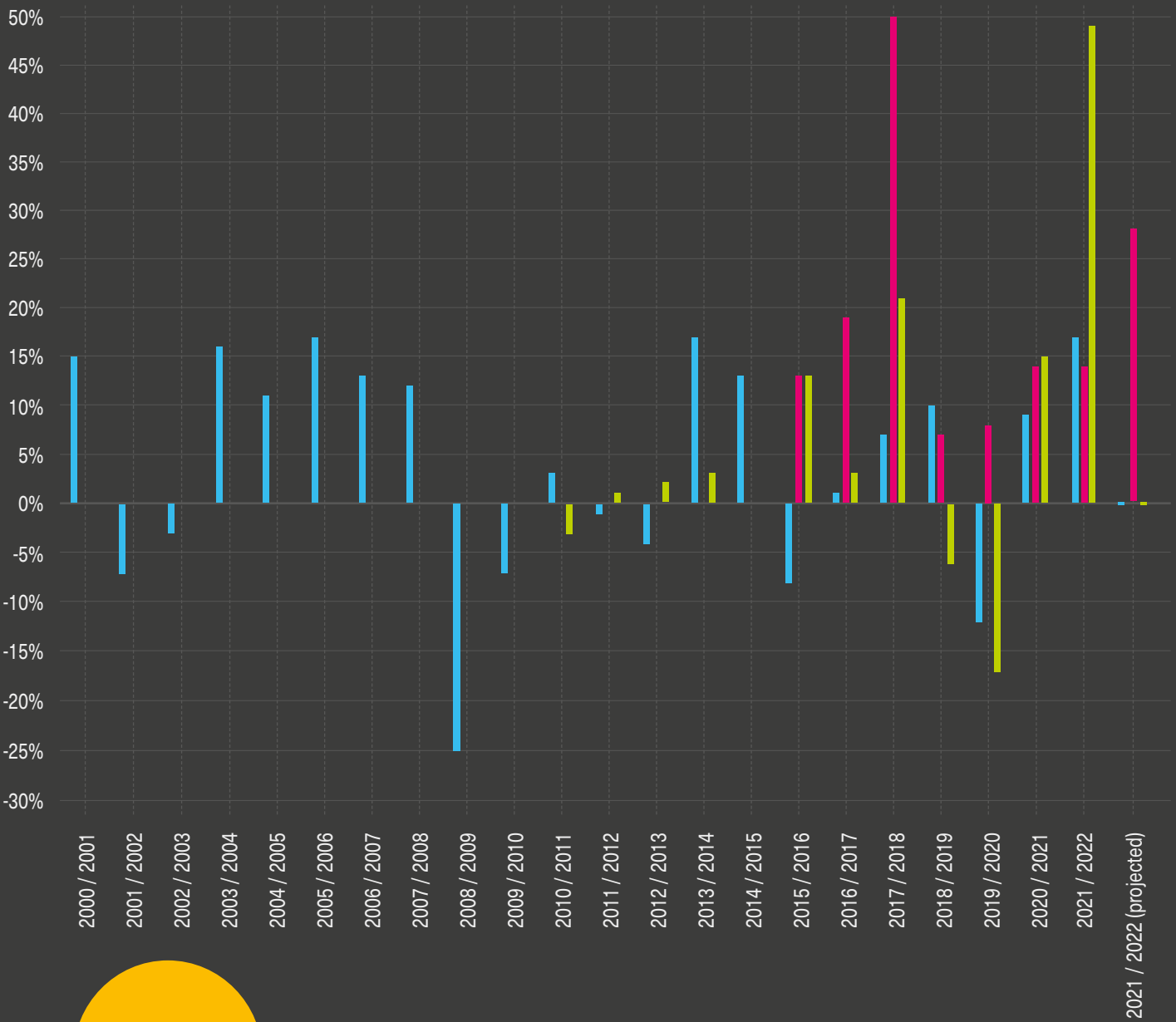
predicted growth for school and college leavers in 2023

When looking at forecasts for hiring in 2022/2023, our forecasts figures predict a small increase (0.01%) in the number of graduates to be hired in 2022/2023, with 0% growth for interns and placements, but continued growth (+28%) for school and college leavers. This highlights the continuation of a strategic shift for employers to hire school and college leavers, emphasising a gradual and sustained shift in the student labour market.

Market health

Recruitment for all types of student hires increased by 26% in 2021/2022 and is expected to increase by 6% in 2022/2023. This year respondents reported the most difficultly in recruiting graduates, with 43% of employers reporting they found it difficult to recruit at least one of their roles. This was an increase (+11%) from last year, when 32% of employers noted difficulties filling roles.

A factor contributing to this could be fewer applications compared to this time last year, with on average 62 applications per vacancy in 2021/2022, compared to 91 applications per vacancy in 2020/2021.

90%
91%

Employers filled
90% of school and college leavers and **91%** of graduates of their positions

84%
82%

84% of school and college leavers and **82%** of graduates accepted the jobs that they were offered

40%
36% **30%**
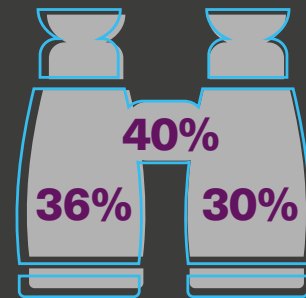
36% can 'almost always' find the quality of graduates they need
40% report difficulty in filling their graduate roles
30% report difficulty in filling their school and college leaver roles

Recruitment strategy

The average employer …

Spends
£4,758
to recruit every hire

The average recruitment team consists of **13** people

Has one recruiter per **26** vacancies

The majority of employers (51%) connected with school and college leavers both online and face-to-face. Only 13% of employers will solely visit schools and colleges in person. Most employers (82%) report that they would take part in career fairs both in person and virtually.

82% of employers see hybrid recruiting as advantageous, noting it is both cheaper and easier and can increase accessibility for smaller recruitment teams.

Typical salaries for graduates, school and college leavers and interns and placement students

£30,921
Graduates

£19,725
School and College Leavers

£20,000
Placement Students and Interns

Salaries

Salaries play a key role in attracting graduates and school and college leavers to jobs, and then ensuring that they accept the job offer. The typical (median) salary reported was £30,921 for graduates, £19,725 for school and college leavers and £20,000 for interns and placement students. These are all higher than the salaries reported last year - £30,500 for graduates, £18,450 for school and college leavers and £19,000 for interns and placement students.

Average salary increases reported to ISE over time compared to the Consumer Price Index

Legend:
- % Change to Graduate salaries
- % Change Interns & Placement student salaries
- % Change to SCL salaries
- % of Annual inflation
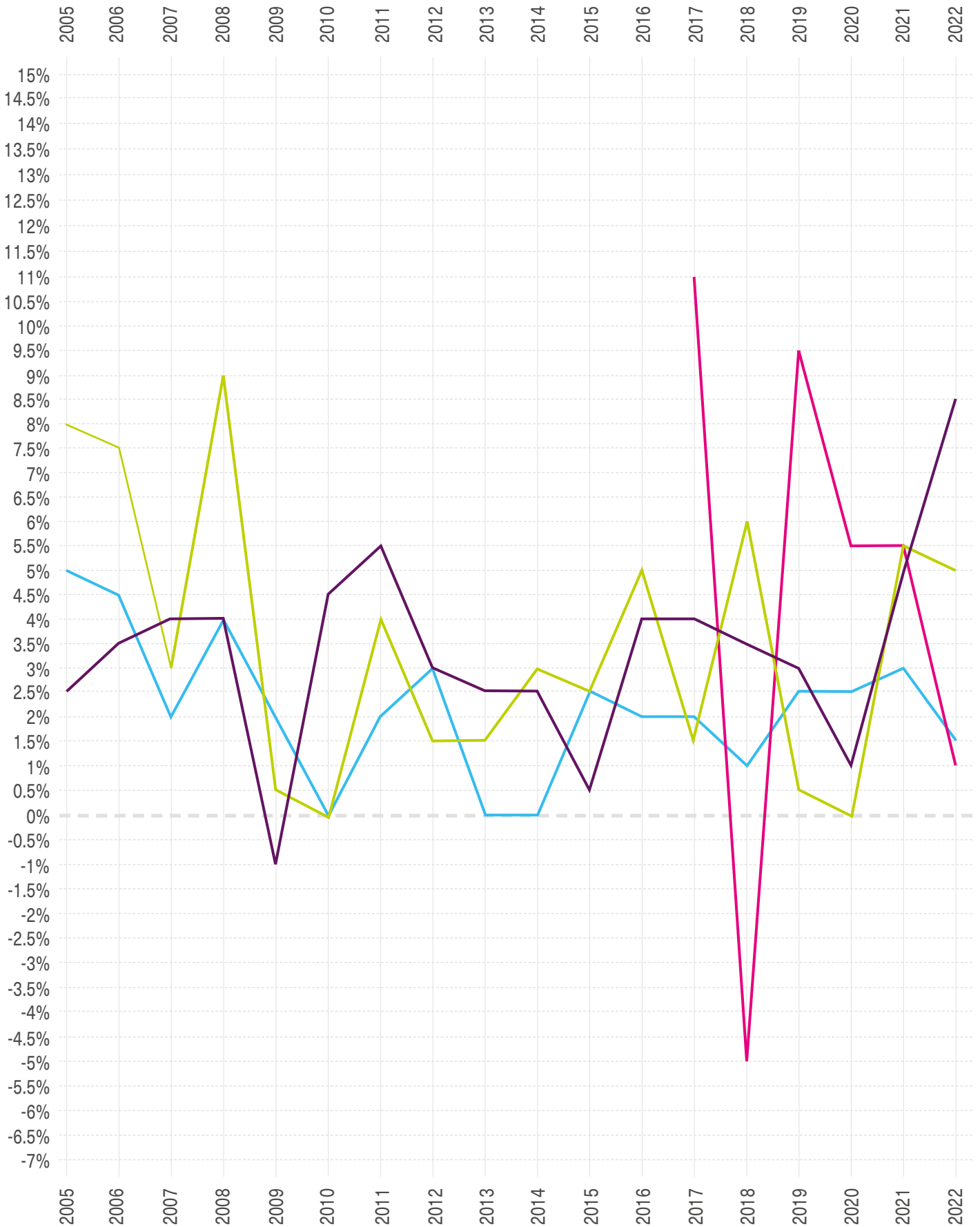
Diversity

Diversity continues to be an important theme in student recruitment.

93% of employers have a target for recruiting gender balanced hires

73% of employers have a target for recruiting more racially diverse student hires

66% of employers analyse the outcome of their previous recruitment campaigns to understand diversity.

61% of employers monitor the diversity of their student recruitment campaigns.

The future

Employers foresee four major threats to student hiring over the coming five years:

- The highest number of employers on record (53%) expect that an economic recession will cause them to recruit less in the coming years (up from 42% in 2021, 45% in 2020, and 36% in 2019)
- Brexit is continuing to be felt, with 20% of employers expecting Brexit will lead to a decrease in student hiring (up from 16% in 2021, 18% in 2020, but down from 34% in 2019)
- Some employers (20%) perceive that shifting demographics, namely less young people, will lead to a reduction in student recruitment
- Employers (18%) perceive that immigration changes will threaten the number of student hires in the next five years

Employers predict three major opportunities for increasing student hires in the coming five years:

- A third (37%) of employers expect that technological changes in the coming years will lead to more recruitment of students (up +2% from last year)
- Some employers (21%) have identified automation and AI in their sector as a contributing factor to higher recruitment in the coming years (+3% from 2021)
- Some employers (14%) have identified climate change as an opportunity to expand their business and hire more students

Introduction

1

In this report we explore how student recruitment has developed during the 2021/2022 recruitment cycle. Against the backdrop of economic uncertainty, political instability, pandemic recovery and changes in higher education, the student labour market has continued to change and shift. While the worst of the "Covid-era" may be over, the significant changes to the labour market including hybrid working, how employers connect with graduates, and shifting expectations of workplace skills are important to understand. Beyond the important and monumental changes to the way student hires are recruited, the impact of a worsening economic situation is impacting every aspect of the student labour market: hiring, reneges and salaries. This year's survey sets out to understand the pressing changes to student recruitment in a comprehensive way.

The good news is that despite a period of prolonged economic uncertainty, employers are continuing to recruit graduates and school and college leavers. Nevertheless, faced with economic insecurity, student salaries are not keeping up with inflation. We do not expect the high level of growth in vacancies for school and college leavers and graduates to continue into 2023.

In this report, we explore the core changes in the market, and examine standard practices across industries, as well as explore and discuss challenges facing employers. This year we introduce two new industry benchmarks: we report on the demographic makeup of graduate and school and college leaver cohorts in 2022, and we present findings on the level of AI being utilised in student recruitment. Finally, we end the report by exploring what the future of student recruitment might look like.

£30,921

Median Graduate Salary

Understanding the student labour market in 2022

Multiple pressing and complex issues are impacting the student labour market and regularly making headlines. For example, climate change is impacting student attraction in unexpected ways. Recently, the University of London announced it would no longer invite oil and gas firms to careers fairs or allow them to advertise their roles to students. Other pressing issues are also changing student recruitment. Decades-long low unemployment (3.6%) and sustained staff shortages are increasing the difficulty of recruiting students, increasing renege rates, and leading to lower application rates this year.

We are currently witnessing high levels of sustained inflation. Earlier in 2022 we found initial indicators that graduate salaries might keep pace with inflation, yet, this prediction was not found in our data. Instead, wages are rising slowly with graduate salaries rising at 1.37% from 2021, school and college leaver salaries rising 0.16%, and placement and intern salaries rising at 4.88% compared to 2021. Due to the current inflation rates in the UK, students are experiencing a 'real wage' decrease. This year employers reported increased numbers of unfilled vacancies (9% in 2022, vs 3% in 2020), and the highest percentage of reneges from graduates, and school and college leavers, since we started collecting this data in 2017 (12%, up +7% from 2021).

This year consumer and business confidence has dropped, and the OECD predict that alongside Germany and Italy, the UK will be in recession for most of 2023. We see evidence of this in our data, namely, 53% of employers expect economic recession will lead to a decrease in the number of student vacancies in the coming years, explaining the stagnation in student vacancies.

Other changes occurring in the broader labour market have consequences for the student labour market too. Namely, the number of inactive people in the labour market has risen in the UK sharply in the past two years, leading to a reduction in the volume of people able to be hired. This is leading to some positive, unintended consequences that we found this year. Namely, employers are harnessing virtual and hybrid hiring and working practices to increase the diversity of their graduate and school and college leaver hires to increase worker participation from previously excluded groups of students.

About the study

ISE's recruitment survey is an annual omnibus survey of ISE members covering all aspects of student recruitment. This year the survey consists of 77 questions, many of which repeat or echo questions in previous years' surveys. We undertook a thorough review of the questions prior to launch with input from the ISE's Research and Policy Advisory Group to ensure that the survey was relevant and parsimonious.

The survey was opened on the 18 August and closed on the 9 September. We received 168 responses covering 32,110 hires. Figure 1.1 shows the relative size of the graduate, school and college leavers, interns and placement student recruitment markets. Figure 1.2 shows the distribution of responses against the 8 sectors.

Figure 1.3 shows the size of the organisations involved in the research and reminds us that the ISE membership, who responded to this survey, is mainly comprised of larger organisations with limited representation from small and medium-sized enterprises (SMEs).

12%

renege rates for graduates in 2022

1.37%

increase in graduate salaries in 2022

Figure 1.1
Total student hires in 2021/2022 (168 organisations)

Graduates — 61%
School and college leavers — 24%
Interns & Placement students — 15%

Legend:
- Graduates
- School and college leavers
- Interns & Placement students
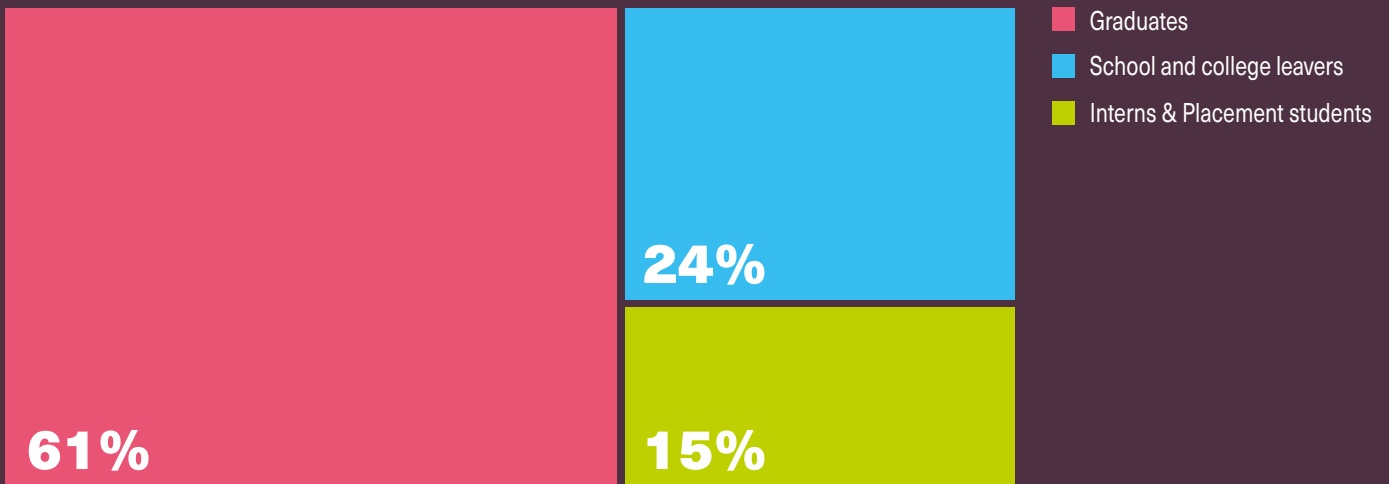
Figure 1.2
Responses by sector (168 organisations)

Finance and Professional Services — 36%
Legal — 26%
Digital & IT — 29%
Energy, Engineering & Industry — 26%
Retail, FMCG & Tourism — 9%
Built Environment — 16%
Charity & Public Sector — 12%
Health & Pharmaceuticals — 6%

Legend:
- Built Environment
- Charity & Public Sector
- Digital & IT
- Energy, Engineering & Industry
- Finance and Professional Services
- Health & Pharmaceuticals
- Legal
- Retail, FMCG & Tourism

Figure 1.3
Responses by organisational size (168 organisations)

Proportion	%
10,000 + employees	32%
1001-10,000 employees	54%
251-1000 employees	8%
51-250 employees	3%
11-50 employees	3%

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50% 55%
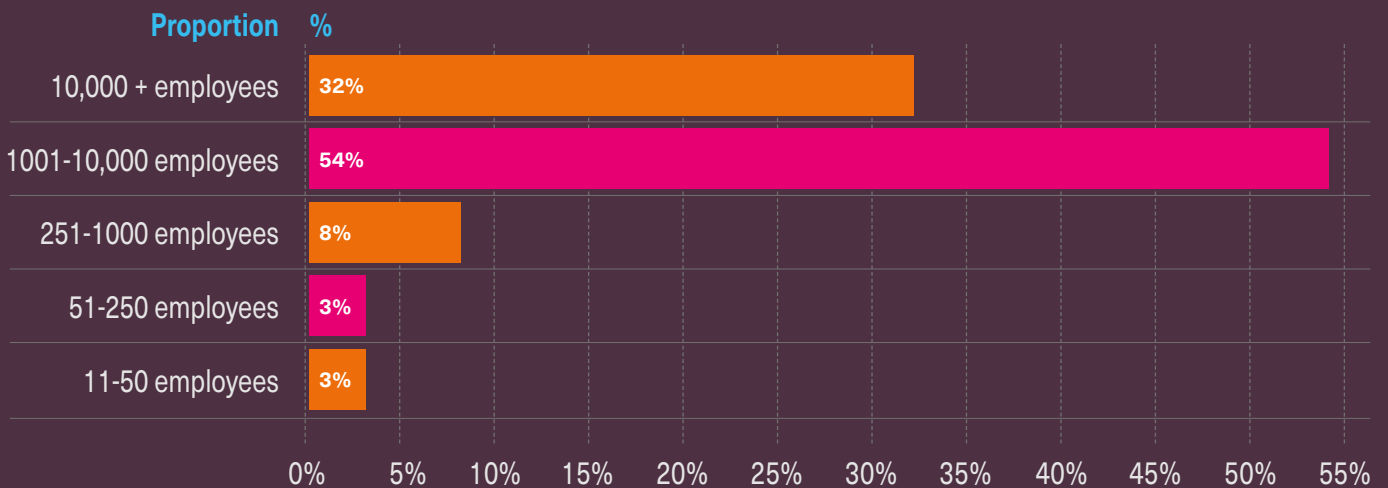
Recruitment Strategy

2

Recruitment is a key part of ISE members' businesses. Our members recruit thousands of young people each year. Businesses require the right strategy, skills and resources to be able to successfully run the recruitment processes needed to recruit that number of young people each year. In this section we explore what resourcing organisations are allocating to their recruitment processes and examine the strategies they deployed.

Resourcing

Student recruitment teams can vary largely between organisation. This year our respondents reported team sizes of less than one full-time equivalent member of staff up to teams of 57 people. The average (mean) size for a student recruitment team is 13 people, but the more typical (median) size of a team is 5 people. However, when we consider the resourcing required by organisations to recruit students it's more useful to look at the ratio of recruiters pre hires, as the student recruitment teams will vary in size depending on the overall size of the student recruitment. We calculated the recruiter to hire ratio of our respondents. On average, one member of a recruitment team is responsible for recruiting 21 (median) to 26 (mean) students.

Apart from an organisation's recruitment team, it's also important that businesses allocate budget for their recruitment activities. Annual budgets allocated for early career focused recruitment are between £4,000 and £5,300,000. The average (mean) budget is around £588,600 while the typical (median) budget is £250,000. The average cost per hire is £4,758, down from £5,325 last year, meanwhile the typical cost per hire is £2,449.

Built Environment
Recruiter ratio: **33**
Cost per hire: **£1,130**

Charity & public sector
Recruiter ratio: **14**
Cost per hire: **£3,086**

Digital & IT
Recruiter ratio: **16**
Cost per hire: **£1,559**

Energy, Engineering & Industry
Recruiter ratio: **33**
Cost per hire: **£1,441**

Finance & professional services
Recruiter ratio: **41**
Cost per hire: **£2,779**

Health & pharmaceuticals
Recruiter ratio: **24**
Cost per hire: **£2,733**

Legal
Recruiter ratio: **14**
Cost per hire: **£10,244**

Retail & FMCG
Recruiter ratio: **18**
Cost per hire: **£4,917**

All sectors
Recruiter ratio: **26**
Cost per hire: **£4,758**

Figure 2.1
Average (mean) resourcing by sector (122 organisations)
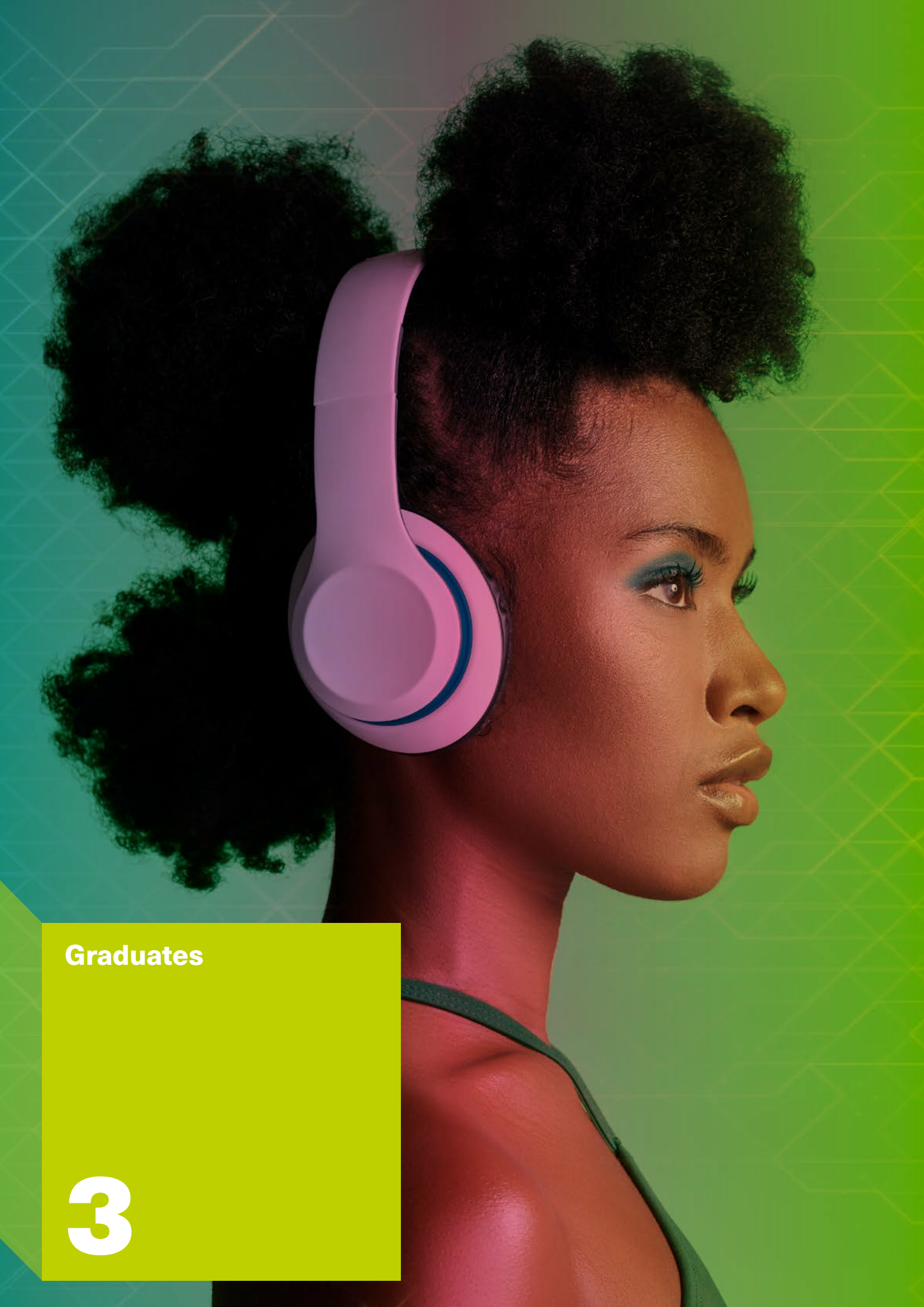
Graduates

3

Graduate recruitment remains at the heart of most ISE members' early talent strategy. Almost all (98%) of the respondents report that they recruit graduates.

Applications and hiring

In this year's report, we asked respondents to report the number of applications they received and graduates they hired for both this year and last year.

Respondents reported that they received a total of almost 559,959 applications for graduate jobs during 2021/2022. The average (mean) organisation received 62 applications per vacancy in 2021/2022 (-5% decrease on last year), while the typical (median) organisation received 36 applications per vacancy. This is a significant decrease from last year, where organisations received on average 91 applications per vacancy. This is one of the lowest years for applications per vacancy since 2018/2019. This suggests that graduates are being more selective in which roles they are applying for.

The sector breakdown indicates that Digital & IT (90 applications per vacancy), Finance & Professional Services (85 applications per vacancy), and the Built Environment sector (64 applications per vacancy) are the most competitive. On the other hand, the Legal sector (47 applications per vacancy), Energy and Engineering (47 applications per vacancy), and the Charity and Public Sector (51 applications per vacancy) are the least competitive.

98%

of employers recruit graduates

Figure 3.1
Average application to vacancy ratio across all sectors (83 organisations)

Sector	Applications per vacancy
Digital & IT	90
Finance & professional services	86
Built Environment	64
Retail & FMCG	56
Health & pharmaceuticals	55
Charity & public sector	52
Energy, Engineering & Industry	47
Legal	47
Sector Average	62
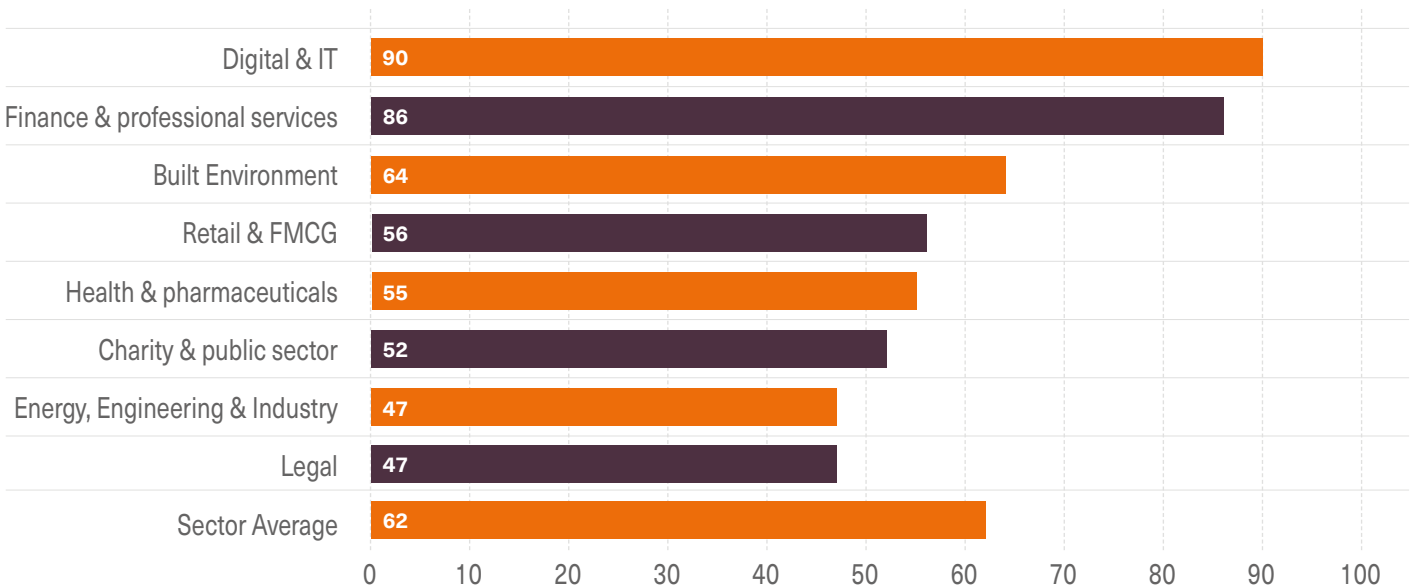
Growth in the graduate market

We analysed the graduate hiring numbers from organisations who provided figures for both 2020/2021 and 2021/2022. Our data suggests that the graduate recruitment market has grown by +17% in the last year (Figure 3.2).

Overall, respondents hired a total of 19,646 graduates during 2021/2022, this was up from 16,653 vacancies last year (+17%). This is a significant increase compared to the year previously (+9%), and significant recovery from the dip in graduate hiring in 2019/2020.

Graduate hires increased by

17%

over the last 12 months

Figure 3.2
Changes to graduate vacancies from 2000 – 2022 (100 organisations)
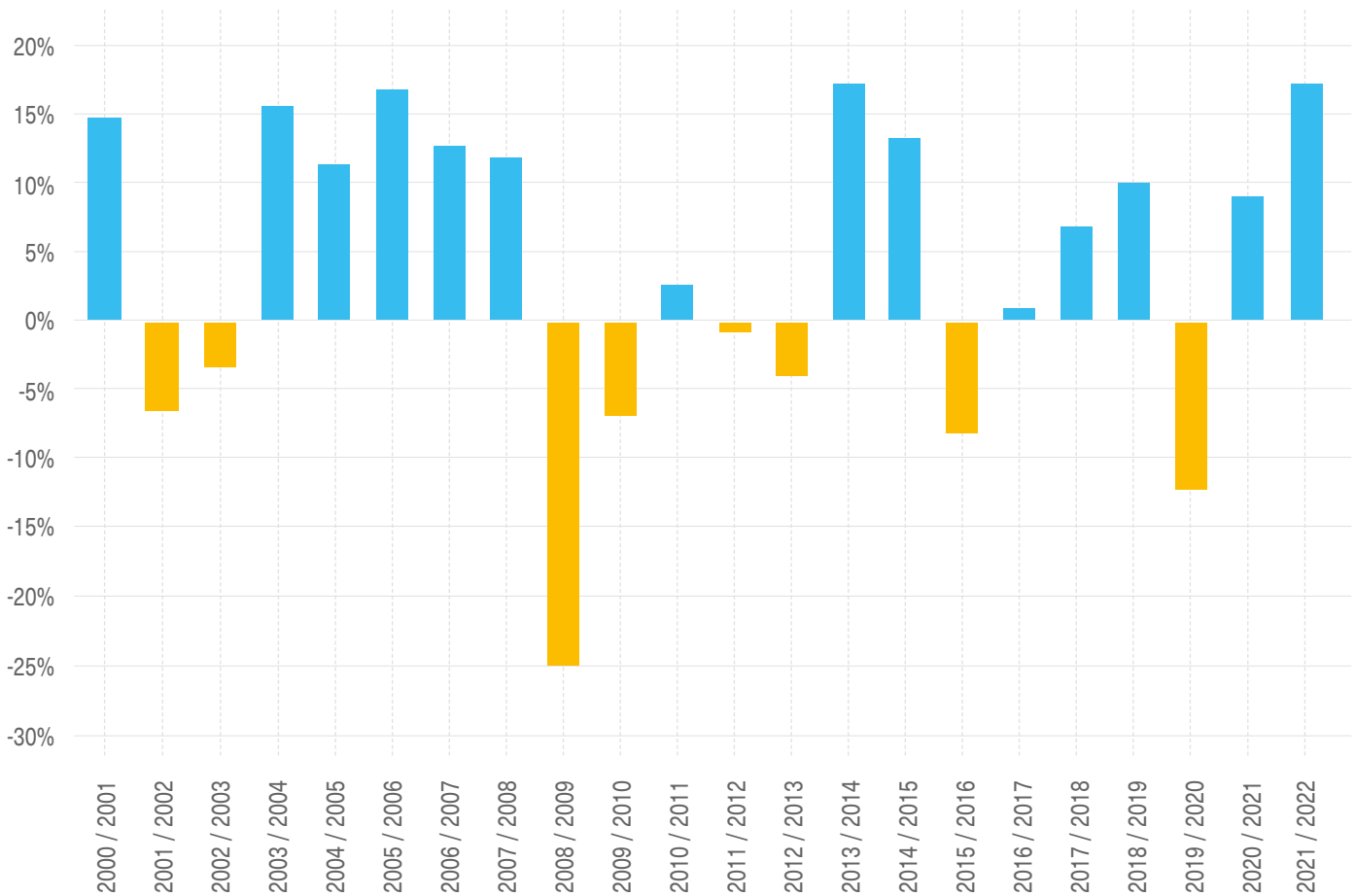
This sustained growth in the graduate labour market highlights how organisations are using graduate hiring as a strategic tool in an incredibly tight fight for talent. We estimate that current hiring levels have exceeded pre-pandemic levels.

There are significant differences across sectors, with a significant increase in hiring occurring within the Energy, Engineering & Industry (+46%) and Finance & Professional Services sector (38%). Demand for digital talent is continuing to grow, and across all career levels technical skills are in increasing demand. Compared to 2020/2021, analysis showed no declines in any sector, just growth to a smaller extent. That includes 7% growth in the Charity & Public sector, and 3% growth in the Legal sector.

46%

growth in vacancies in the Energy, Engineering and industry sector

Figure 3.3

Average (mean) change in graduate hiring numbers by sector 2020/21 to 2021/22 (100 organisations)

Sector	%
Energy, Engineering & Industry	46%
Finance & professional services	38%
Health & pharmaceuticals	35%
Built Environment	28%
Retail & FMCG	18%
Charity & public sector	7%
Digital & IT	6%
Legal	3%
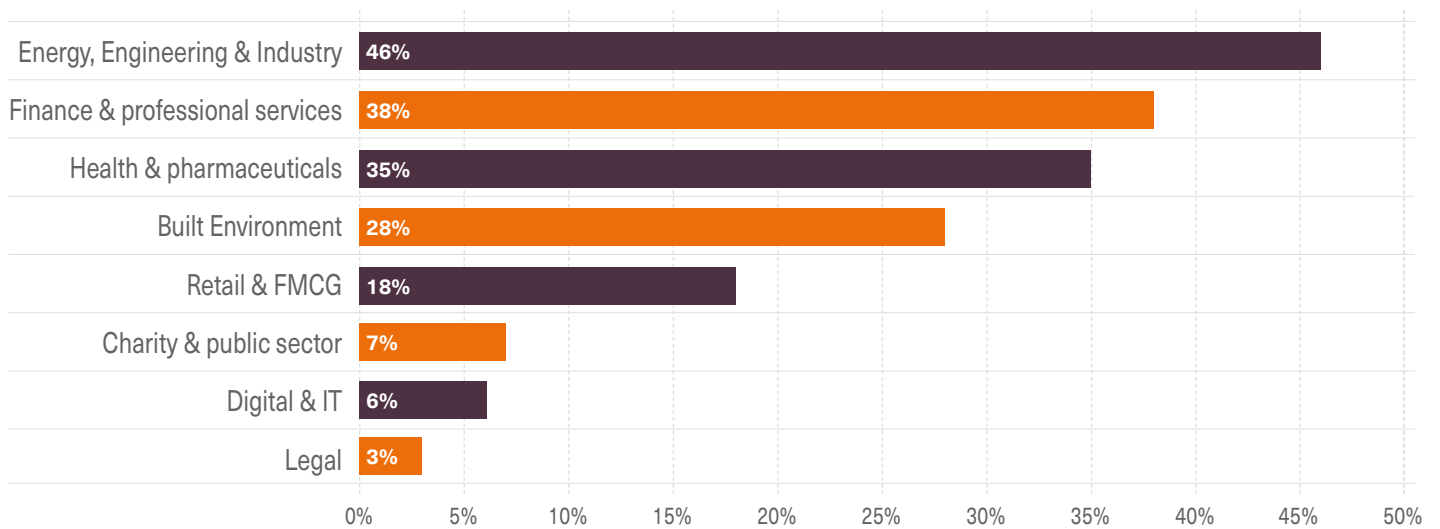
Graduate roles

Graduates were recruited for a wide range of roles in 2021/2022 – Figure 3.5 shows the most common roles that graduate employers were recruiting to. Those that were being recruited by the highest proportions of graduate employers were IT (programming and development), technical and analytical roles, financial management and engineering roles. This pattern was mostly consistent with previous years, however a reduction of roles in the legal sector. It's important to highlight that IT roles (general, programming and development) now account for 20% of all hires. Notably, fewer health, medical and social care, teaching, training and other educational roles were being recruited for.

Figure 3.5

Proportion of graduate employers recruiting to different occupations (169 organisations)

Occupation	Proportion recruiting
IT (programming and development)	11%
Technical and analytical roles	9%
Financial management	9%
Engineering	9%
IT (general)	9%
Accountancy and audit	8%
Legal	8%
General business and administration	6%
Human resources (HR) and recruitment	6%
Sales, customer sup-port and business development	6%
Advertising, marketing, PR and media	3%
General management	3%
Built environment	3%
Science and research	3%
Design and creative	3%
Investment banking	1%
Health, medical and social care	1%
Teaching, training and other educational roles	1%
Skilled trades	0%

Some of these roles were more difficult to recruit than others, with 43% of respondents that recruit graduates reporting that they found at least one role difficult to fill, an increase on the number reported last year.

Looking specifically at the role types that were hardest to fill, the top 5 hardest to fill roles were:

1. Engineering
2. IT Programming and development
3. IT general
4. Technical and analytical roles
5. Accountancy and audit roles

Recruitment for these roles can span across all sectors. Considering the wider challenges in the labour market, some organisations are trying new creative ways to fill technical roles. Many employers have told us they are transitioning to recruiting candidates with a broader educational background, now including mathematics, engineering and all STEM courses instead of just recruiting IT graduates.

Satisfaction with graduates

Overall employers were content with the skills, knowledge and behaviours of those that were able to recruit. Interestingly, compared with last year, across all sectors only 36% of employers note that they are 'almost always' able to find the quality of graduates that they require, with a further 52% indicating they are 'often' able to recruit the quality of graduates they want. We noticed differences between sectors, with 67% of employers in Legal sector noting they can 'almost always' find the quality of graduates they want, whereas on 13% of employers in the Built Environment can 'almost always' find the quality of graduates they seek.

Figure 3.6
Organisations' ability to recruit the quality of graduate hires that they need (94 organisations)
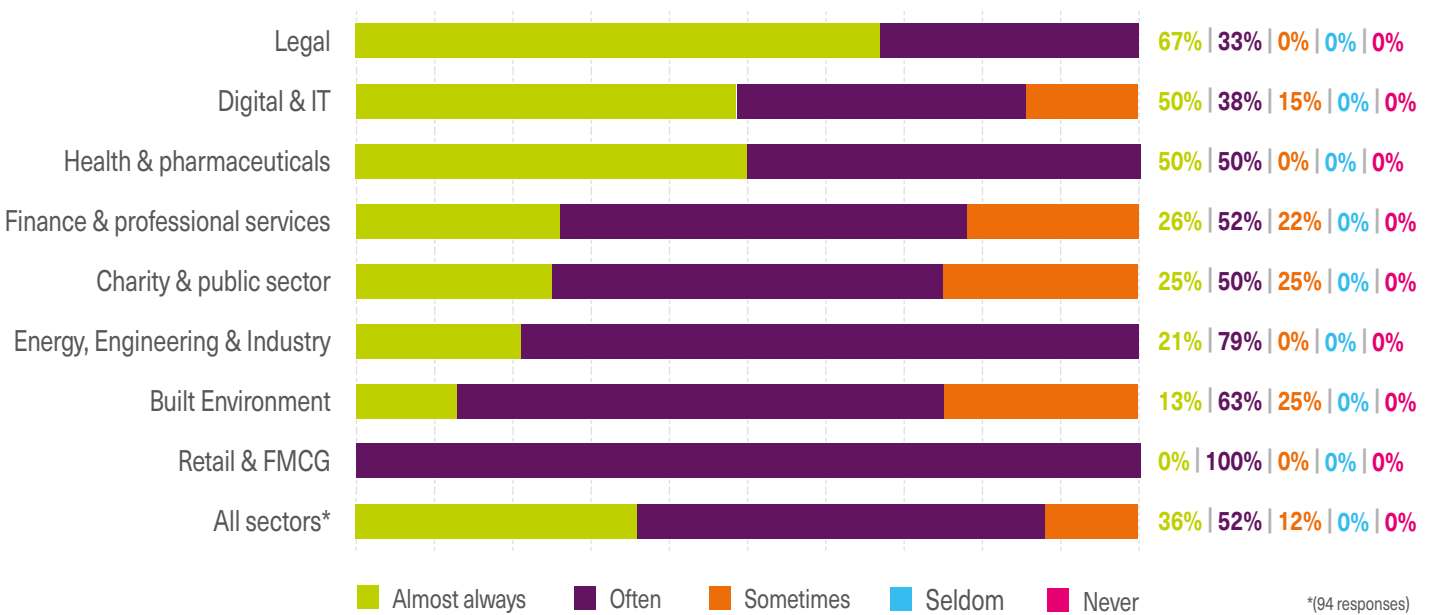
Sector	Almost always	Often	Sometimes	Seldom	Never
Legal	67%	33%	0%	0%	0%
Digital & IT	50%	38%	15%	0%	0%
Health & pharmaceuticals	50%	50%	0%	0%	0%
Finance & professional services	26%	52%	22%	0%	0%
Charity & public sector	25%	50%	25%	0%	0%
Energy, Engineering & Industry	21%	79%	0%	0%	0%
Built Environment	13%	63%	25%	0%	0%
Retail & FMCG	0%	100%	0%	0%	0%
All sectors*	36%	52%	12%	0%	0%

Legend: Almost always, Often, Sometimes, Seldom, Never

*(94 responses)

Enrolling graduates onto apprenticeships

Less than half (31%) of organisations that recruit graduates reported enrolling them onto apprenticeships. As shown in Figure 3.7, compared to last year, the most common levels of apprenticeships for graduates were Master's Degree (Level 7) which each made up 38% of the apprenticeships reported, this was followed by Degree Apprentices (Level 6). The enrolment levels of graduates onto apprenticeships highlights different growth trends in apprentices and that graduates still make up a bigger proportion of the market.

Figure 3.7
Enrolling graduates onto apprenticeships
(74 organisations)

Legend: Enrolled in apprenticeship, Intermediate (level 2), Advanced (level 3), Higher (level 4), Higher (level 5), Degree (level 6), Masters degree (level 7)

Enrolled in apprenticeship	Intermediate (level 2)	Advanced (level 3)	Higher (level 4)	Higher (level 5)	Degree (level 6)	Masters degree (level 7)
31%	0%	8%	17%	4%	25%	38%
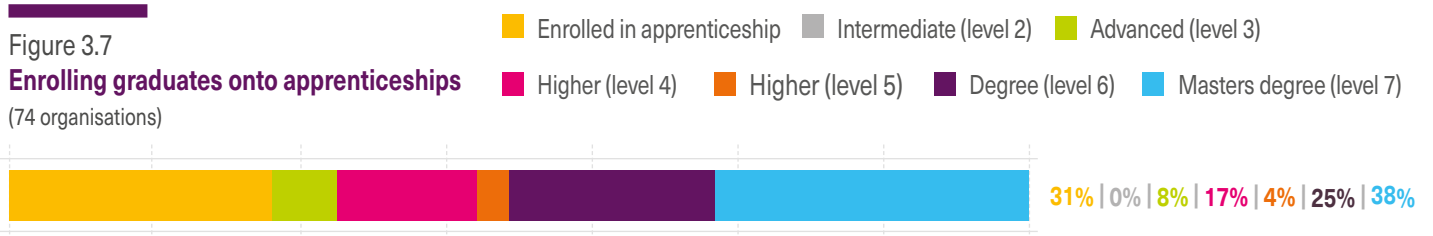
School and College Leavers

4

School and college leavers are now an important part of the early talent landscape. Most respondents (68%) recruit school and college leavers and other non-graduate entry level hires alongside their graduate hires, this is 5% increase compared to 2021. This reflects an increasing strategy in student hiring to build a strong talent pipeline from school and college level hires, to apprentices, to placements and interns which feeds into graduate level hiring. Adopting this strategy enables recruitment teams to build talent pools large enough to fill a range of different roles. Overall, respondents hired a total of 4,913 school and college leavers during 2021/2022, this was up from 4,121 vacancies last year (+19%). Next year respondents indicated they are planning to hire 6,293 school and college leavers, an increase of 28%.

68%

of employers recruit school and college leavers

Figure 4.1
Percentage of vacancies filled for graduates and school and college leavers from 2019-2022
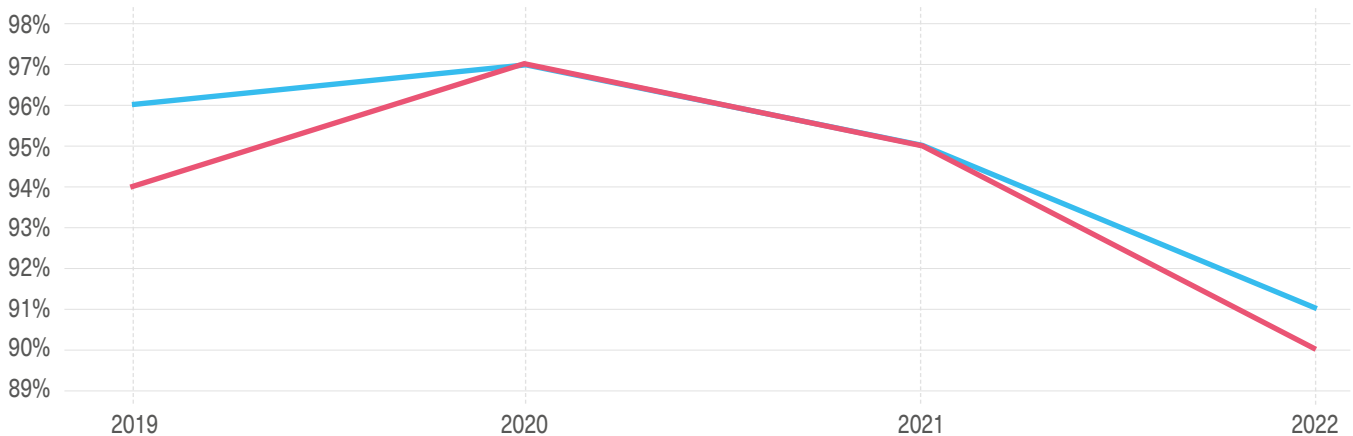
Applications and hires

Application numbers are an important indicator of labour market health and labour market trends. We asked employers both how many applications they received this year, and how many people they hired.

In total, respondents received 91,797 applications for non-graduate entry-level positions during 2021/2022 – a 3.5% increase from those reported for 2020/2021. This worked out to be 19 applications per vacancy in 2022, a slight decrease from 21 applications per vacancy in 2021. This is considerably lower than for graduates, but still demonstrates a competitive market for these roles.

This also varied by sector. Namely, in 2022 there were significantly less applications to vacancies in the Retail and FMCG sector (an 81% reduction), however other sectors saw an increase in the average number of applications they received. The greatest increases where in the Health and Pharmaceuticals sector (+23%), the Digital and IT sector (+18%), and the Legal sector (+15%).

3.5%

increase of applications for school and college leaver vacancies in 2022

Figure 4. 2

Average applications received for school and college leavers by sector 2021-2022 (75 organisations)

Sector	Average applications received for school and college leavers in 2021	Average applications in 2022	% change in 2022
Legal	384	441	15%
Energy, Engineering & Industry	819	604	-26%
Retail & FMCG	3150	610	-81%
Built Environment	1313	1295	-1%
Health & pharmaceuticals	1357	1663	23%
Digital & IT	2281	2703	18%
Finance & professional services	3843	4323	12%

■ Average applications received for school and college leavers in 2021   ■ Average applications in 2022   ■ % change in 2022

Respondents recruited 5,011 school and college leavers during 2021/2022, an 18% increase from the 4,223 hires in 2020/2021 reported by this year's sample. This change differed between sectors. The highest change in recruitment for school and college leavers was seen in the Legal sector, with the average legal employer hiring 73% more school and college leavers than in 2021. The smallest increase was seen in Retail and FMCG (4%). This is interesting considering this sector also experienced the lowest level of applications.

18%

increase in hires of school and college leavers in 2022

Figure 4.3
Average number of school and college leavers recruited 2021-2022 (75 organisations)

Sector	Average number of roles recruited 2021	Average number of roles recruited 2022	Change from 2021 to 2022
Legal	6	11	73%
Health & pharmaceuticals	15	21	38%
Finance & professional services	69	92	33%
Digital & IT	55	68	24%
Built Environment	46	55	19%
Energy, Engineering & Industry	102	119	16%
Charity & public sector	14	16	14%
Retail & FMCG	39	40	4%
All sectors	55	66	19%

Legend:
- Average number of roles recruited 2021
- Average number of roles recruited 2022
- Change from 2021 to 2022

Now we look at the ease of filling school and college leaver roles. Across all sectors, employers filled 89% of their school and college leaver vacancies. However, there was some differentiation between sectors. Namely, 100% of the roles in Charity and Public sector vacancies were filled this year. This is in contrast on only, on average, 82% of vacancies in the Retail and FMCG sector being filled.

89%

Figure 4. 4
Proportion of school and college leaver roles filled in 2022 broken down by sector
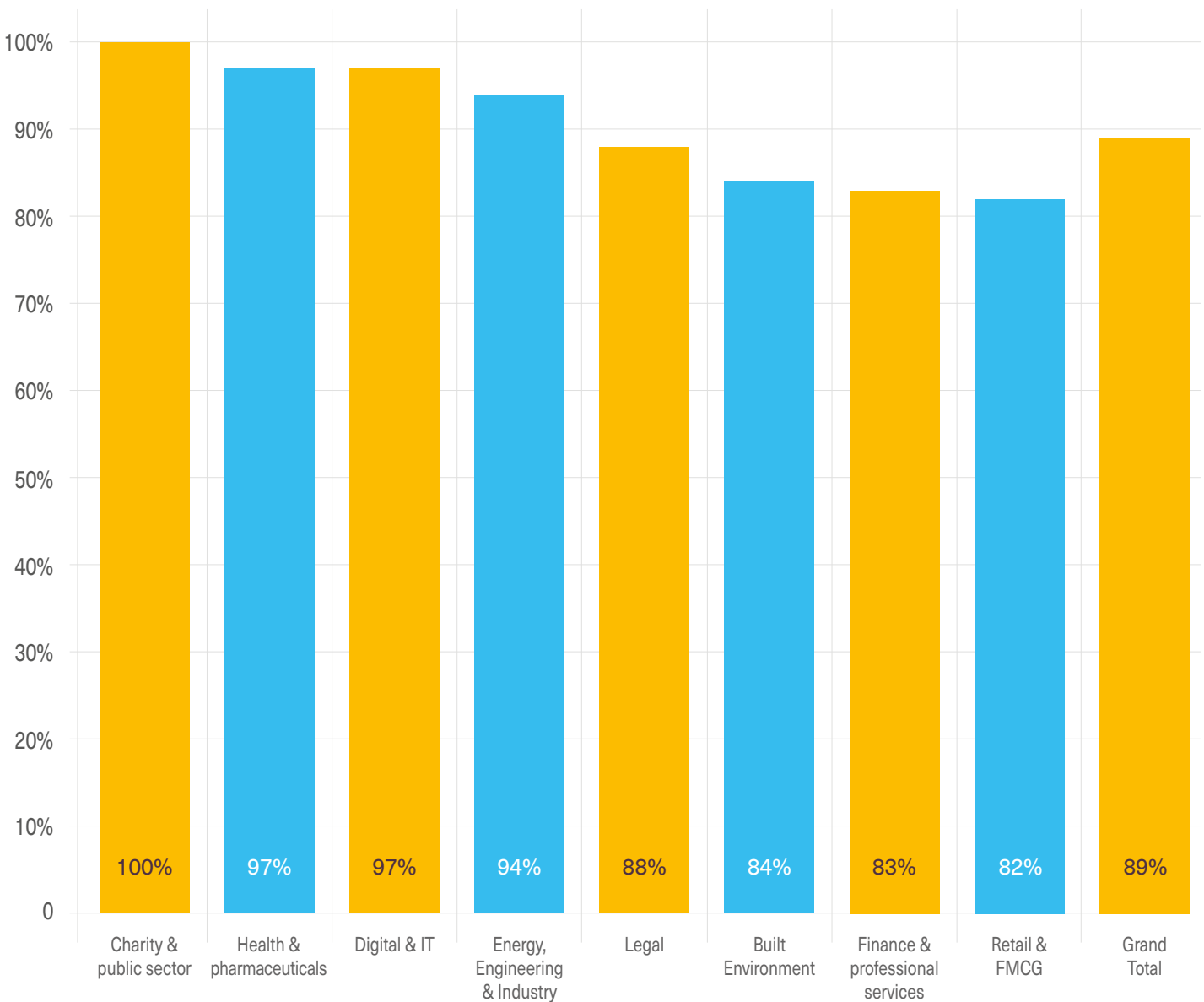
In the post-pandemic recovery phase, it is important to understand how non-graduate entry level hires are distributed throughout the UK.

Figure 4.1 shows how non-graduate entry-level hires were distributed in the employers who were able to provide a geographical breakdown. Reversing the trend from last year, there was an increase in the proportion of school and college leaver roles based in London, from 33% in 2019/2020 to 24% in 2020/2021, and back to 28% in 2022. Other regions also had increased levels of recruitment, such as the South East (+3%), West Midlands (3%), North East (+3%), and the East of England (+1%). However, there was a significant reduction in vacancies in Scotland this year (-6%), and in the South West (-4%).

Figure 4.5

Geographical breakdown of school and college leavers and other non-graduate hires 2021/2022 (66 organisations)

EUROPE

REST OF THE WORLD

2%
SCOTLAND

8%
NORTH EAST

7%
YORKSHIRE AND HUMBERSIDE

3%
NORTHERN IRELAND

13%
NORTH WEST

5%
EAST MIDLANDS

1%
WALES

5%
EAST OF ENGLAND

9%
WEST MIDLANDS

28%
LONDON

6%
SOUTH WEST

13%
SOUTH EAST
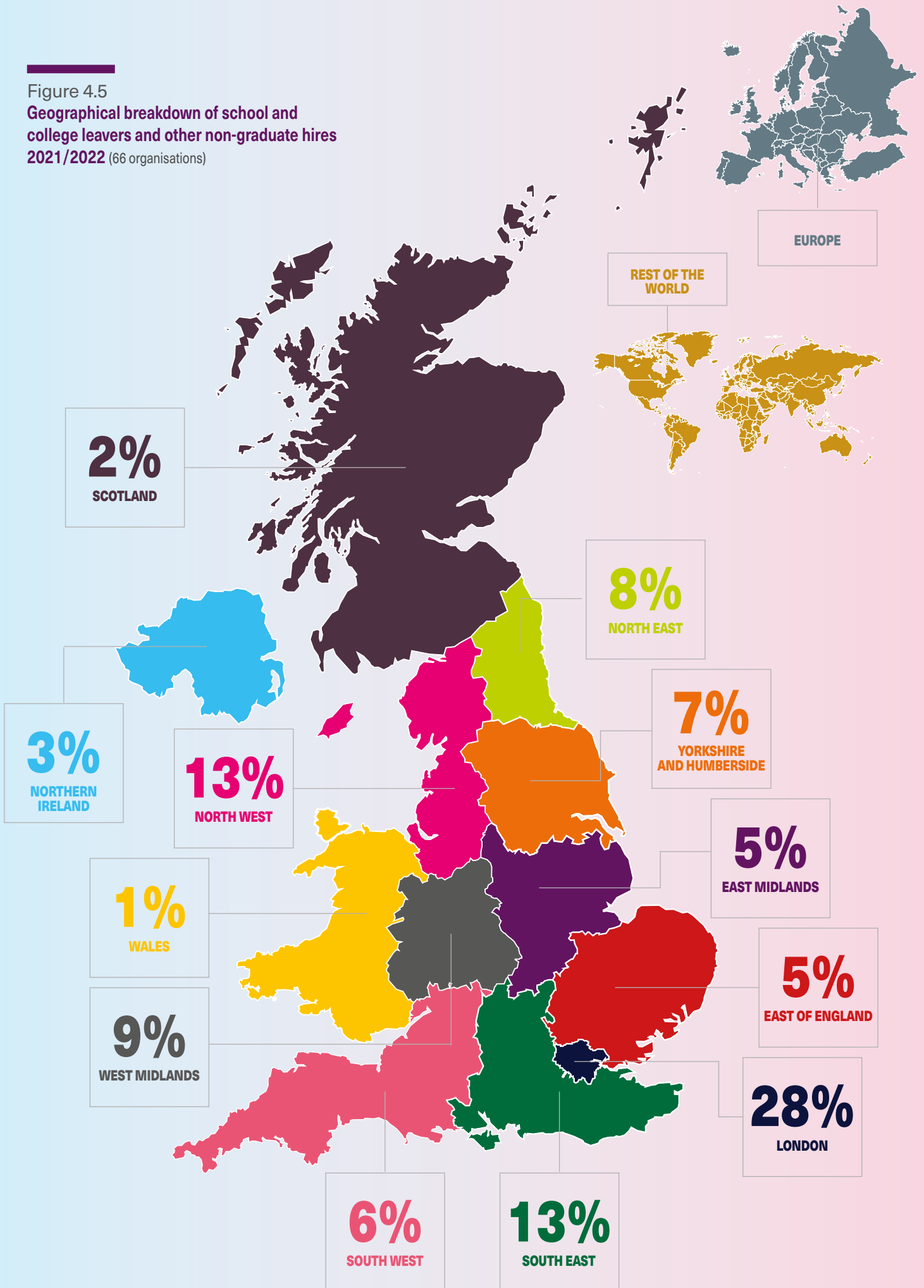
Growth in the school and college leaver market

To understand the growth in the school and college leaver market, we analysed data from organisations who could provide the number of school and college leavers that they hired in both 2020/2021 and 2021/2022. This data suggests that recruitment figures have grown by an average of 18% in the last year (Figure 4.2). This highlights sustained growth in this type of student recruitment. As we noted last year, we did not observe a drop in school and college leaver hiring during the pandemic, and the market is continuing to grow.

Growth was not uniform across sectors, with large increases seen in the Legal (73%), Health and Pharmaceuticals (38%), Finance (33%) and Digital (24%) sectors (figure 4.3). Although growth was not uniform and the Charity & Public sector and Retail and FMCG sector had relatively depressed demand during 2021. Built Environment and Digital & IT, had relatively depressed demand during 2020.

Figure 4. 6

Growth in the school and college leaver recruitment market

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	13%	19%	50%	7%	8%	14%	18%

18%

growth in school and college leaver recruitment in 2022
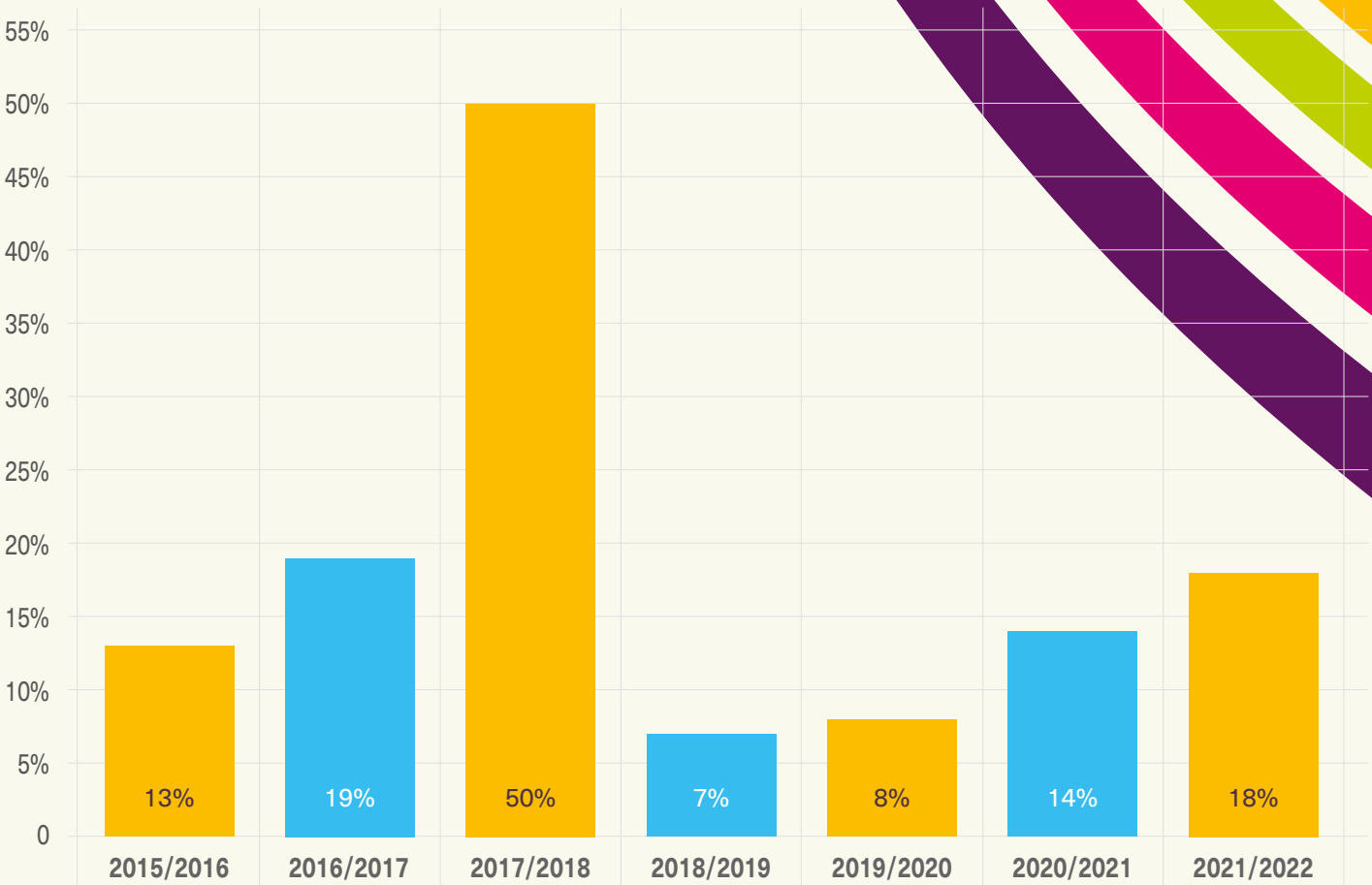
Figure 4.7
Average (mean) change in school and college leaver hiring numbers by sector 2019/20 to 2021/22 (66 organisations)

Sector	Change from 2021 to 2022
Legal	73%
Health & pharmaceuticals	38%
Finance & professional services	33%
Digital & IT	24%
Built Environment	19%
Energy, Engineering & Industry	16%
Charity & Public sector	14%
Retail & FMCG	4%
All sectors	19%
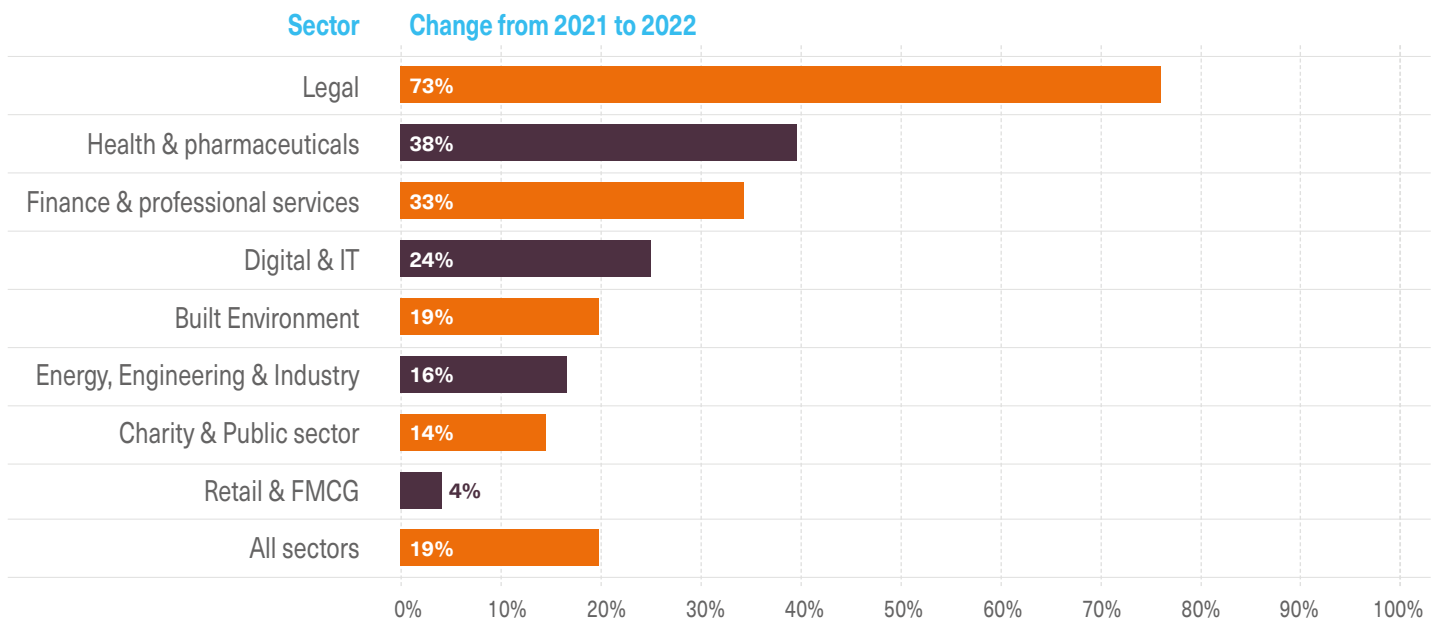
School and college leaver roles

As with graduates, school and college leavers were recruited to many different types of roles – Figure 4.4 shows that general business and administration and engineering were the most common roles that employers were recruiting to.

26%

of roles recruited were in general business and administration

Figure 4.8
Proportion of school and college leaver employers recruiting to different occupations (98 organisations)

Sector	Change from 2021 to 2022
General business and administration	26%
Engineering	21%
Programming and development	21%
Accountancy and audit	20%
IT General	19%
Technical and analytical roles	19%
Legal	14%
Advertising, marketing, PR and media	13%
Human resources (HR) and recruitment	13%
Sales, customer support and business development	13%
Environment	10%
Financial management	10%
Skilled trades	6%
General management	5%
General (non-role specific) programme	3%
Consultancy Design and creative	3%
Investment banking	3%
Science and research	2%
Health, medical and social care	0%
Teaching, training and other educational roles	0%

30% of respondents that recruit school and college leavers reported that they found at least one role difficult to recruit to, a slightly lower proportion than with graduates. The roles that were the hardest to recruit for were IT (19%), Engineering (16%), Accountancy and audit (9%) and General Business Administration (7%).

The sectors that appeared to struggle the most were the Energy, Engineering & Industry sector, the Legal Sector, and Retail & FMCG sector.

Satisfaction with school and college leavers

Employers seem relatively happy with the quality of school and college leavers that they are able to recruit (Figure 4.5), however significantly less than in 2021. Last year 46% reported that they are 'almost always' able to recruit the quality of school and college leavers they need, whereas in 2022 only 20% of organisations report being 'almost always' able to recruit the quality of school and college leavers that they need to. This is a significant drop. A further 55% report being often able to recruit the quality of school and college leavers that they need.

Figure 4.9

Organisations' ability to recruit the quality of school and college leavers that they need, all sectors (98 organisations)

20% | 55% | 23% | 2% | 0% |

■ Almost always   ■ Often   ■ Sometimes   ■ Seldom   ■ Never

Enrolling school and college leavers onto apprenticeships

88% of organisations that recruit school and college leavers reported enrolling them onto apprenticeships. An average (mean) organisation enrolled 92.5% of their intake onto an apprenticeship. As shown in Figure 4.6, the most common levels of apprenticeships for school and college leavers were Advanced (Level 3) and Higher (Level 4) which made up 28% and 22%, respectively, of all of the apprenticeships reported.

Very high proportions of school and college leaver intakes were enrolled onto apprenticeships in all sectors, ranging from 57% of those in Retail & FMCG to 100% of those in the Charity & Public sector and the Energy, Engineering & Industry sector.

The proportion of school & college leavers enrolled into an apprenticeship

Figure 4.10

Enrolling school and college leavers onto apprenticeships (100 organisations)

Built Environment	Charity & public sector	Digital & IT	Energy, Engineering & Industry	Finance & professional services	Health & pharmaceuticals	Legal	Retail & FMCG
90%	100%	99%	100%	84%	100%	96%	57%
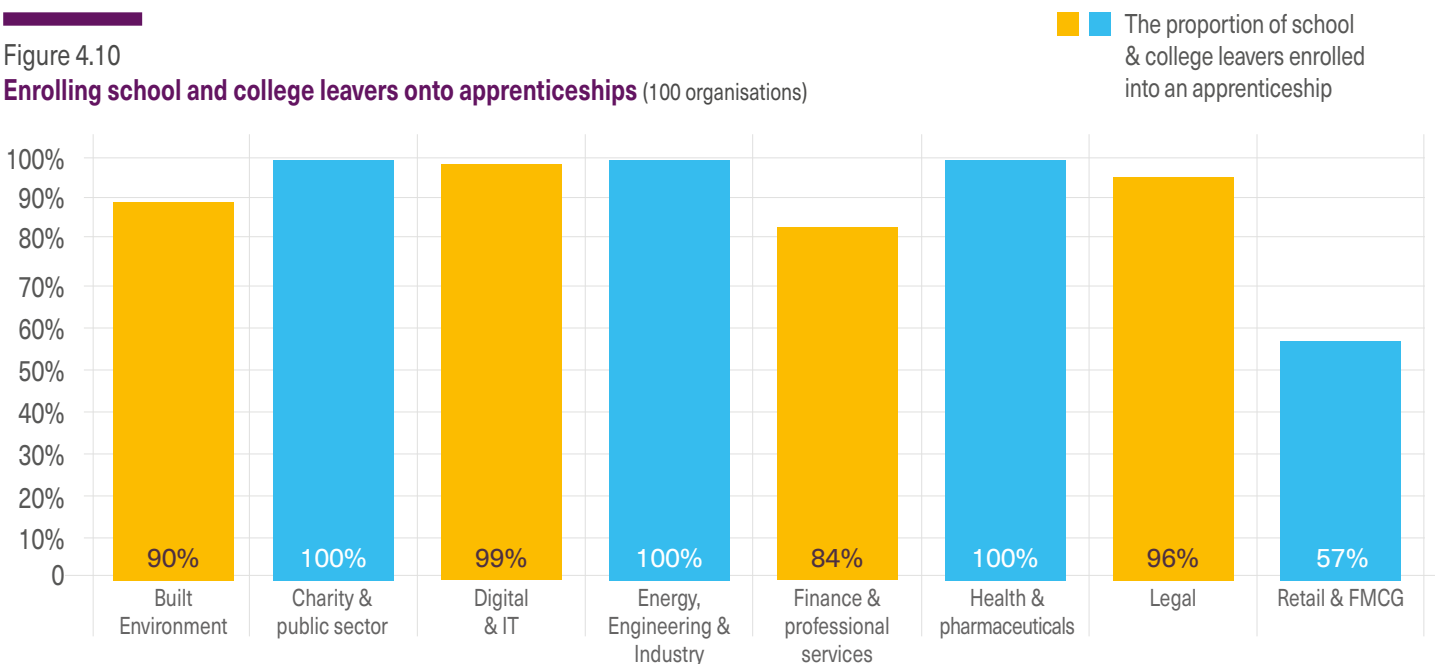
Figure 4.11

Enrolling school and college leavers onto apprenticeships (100 organisations)

1% | 10% | 28% | 23% | 7% | 25% | 6%

■ We do not enroll school and college leavers onto apprenticeships   ■ Intermediate (level 2)   ■ Advanced (level 3)   ■ Higher (level 4)

■ Higher (level 5)   ■ Degree (level 6)   ■ Masters degree (level 7)

33
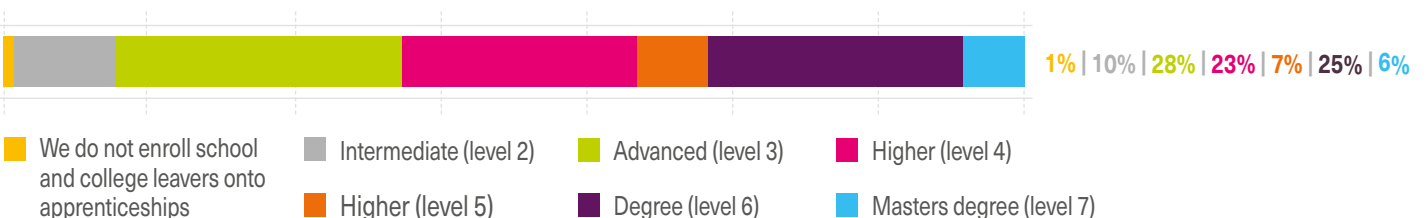
Interns and Placement Students

5

As well as graduates and school and college leavers, employers hire a range of short-term hires. We distinguish between those that are hired for a vacation period (usually Easter or summer), which we call interns and those that are hired for nine months or a year, usually in the middle of a student's undergraduate degree (sometimes called a 'sandwich year' or a 'year in industry', which we call placement students. The overwhelming majority of respondents (82%) reported that they recruit interns or placement students (up from 75% in 2021).

Applications and hires

In this year's report, we asked respondents to report the number of applications they received and the number of interns and placement students they hired for both this year and last year. Respondents reported receiving a total of 204,194 applications for intern and placements, a 1% reduction from last year. This marks a change from the year-on-year trend throughout the pandemic, which saw an increasing number of applications.

For internships, the average organisation received 26 applications for every hire in 2021/2022 (a decrease on last year) while the typical (median) organisation received 39 applications for every hire (the same as last year). This suggests that placement and internship roles have become less competitive than throughout the pandemic.

Considering how tight the labour market is with low level of unemployment, these internships and placements provide an important pathway into the graduate labour market. Around 50% of former interns and placement students were recruited into graduate jobs in the same organisation in 2022.

Growth and shrinkage of internships and placements

Utilising responses from organisations who provided recruitment figures for the last two years, 7,733 interns and placement students were recruited in 2021/2022 - a significant 49% increase on the previous year (Figure 5.1). While the recruitment of interns and placements took a back seat in the years since the pandemic started, this year builds on the renewed hiring demand for interns and placements that started in 2021.

Figure 5.1
Growth or shrinkage in the internship and placement student recruitment market
2010/2011 – 2021/2022 (85 organisations for internships, 70 for placements)
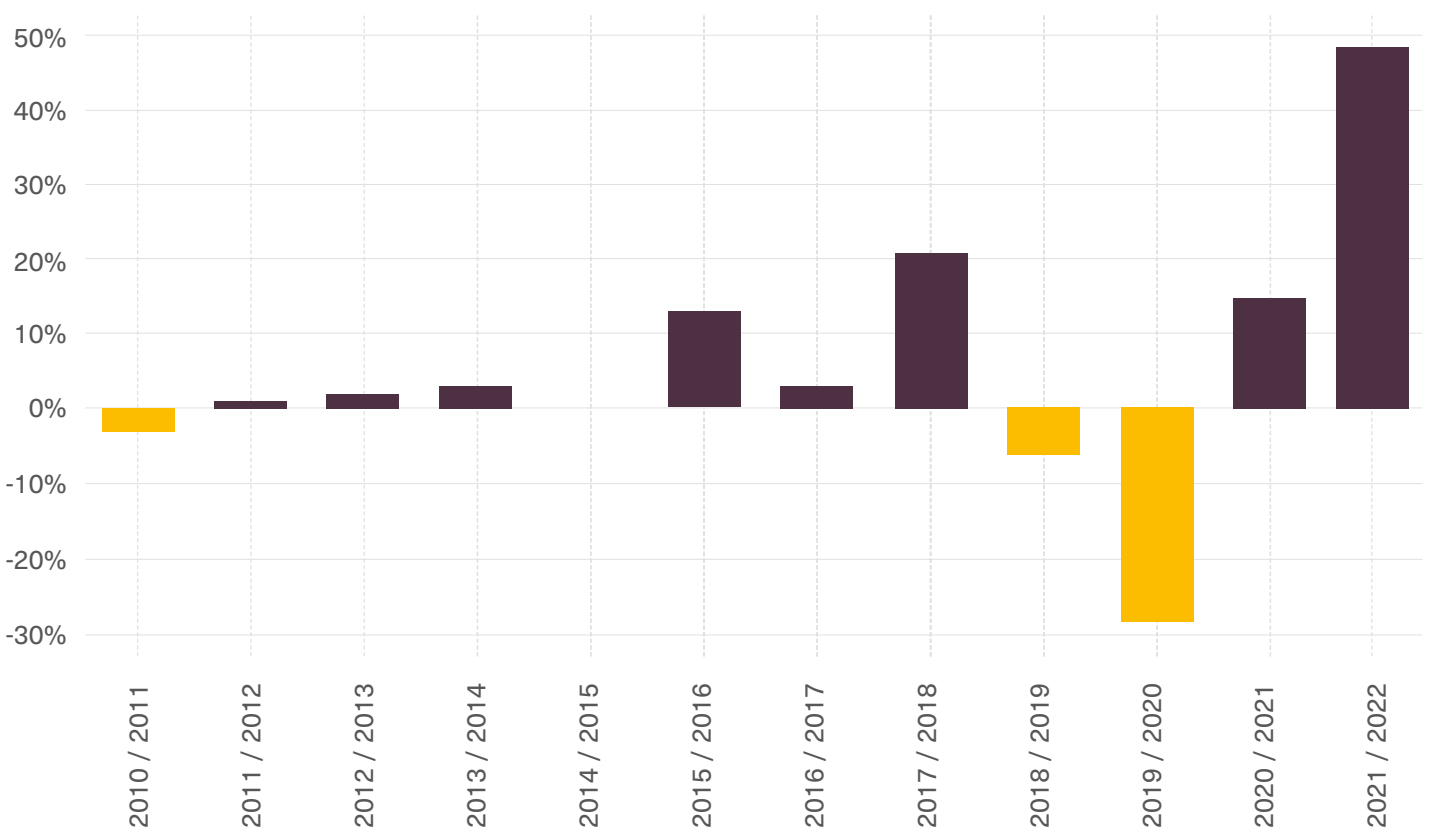
Some sectors saw much more dramatic changes than others. Employers in the Built Environment sector (47%), Energy Engineering and Industry (39%) and Retail and FMCG sectors (31%) recruited many more interns and placements students in 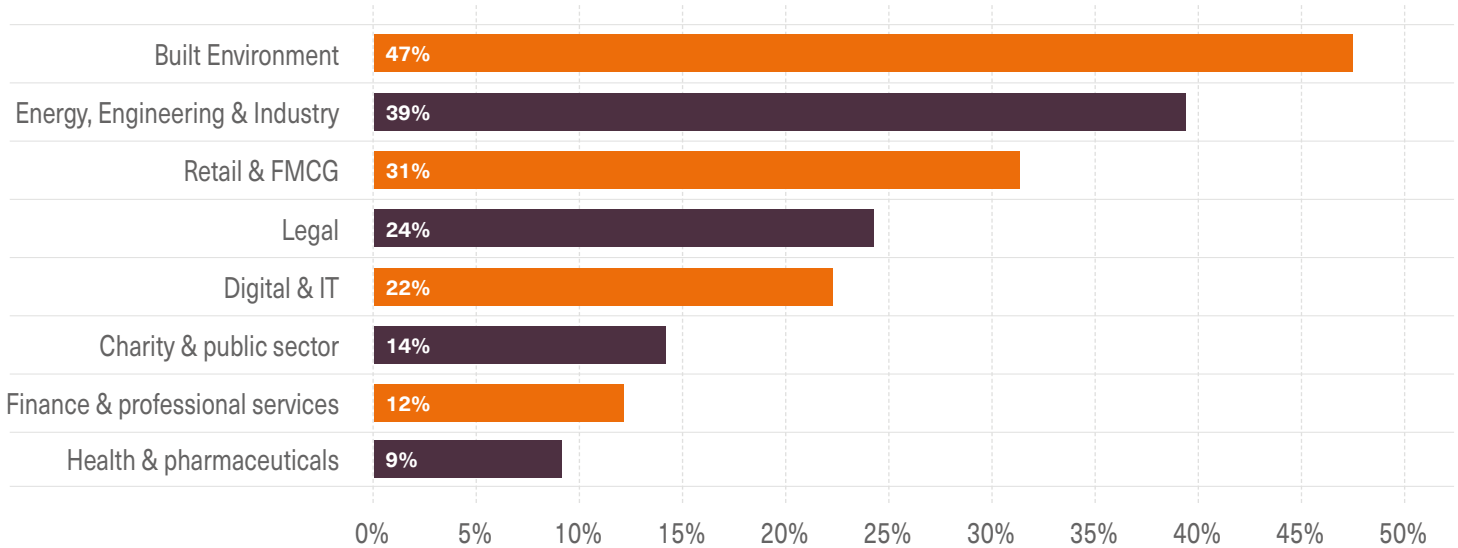2021/2022 than 2020/2021. Compared with last year, there were no sector that experienced a substantial reduction in hiring at this level.

Figure 5.2
Average (mean) change in intern and placement student hiring numbers by sector 2020/2021 to 2022/2022 (72 organisations)
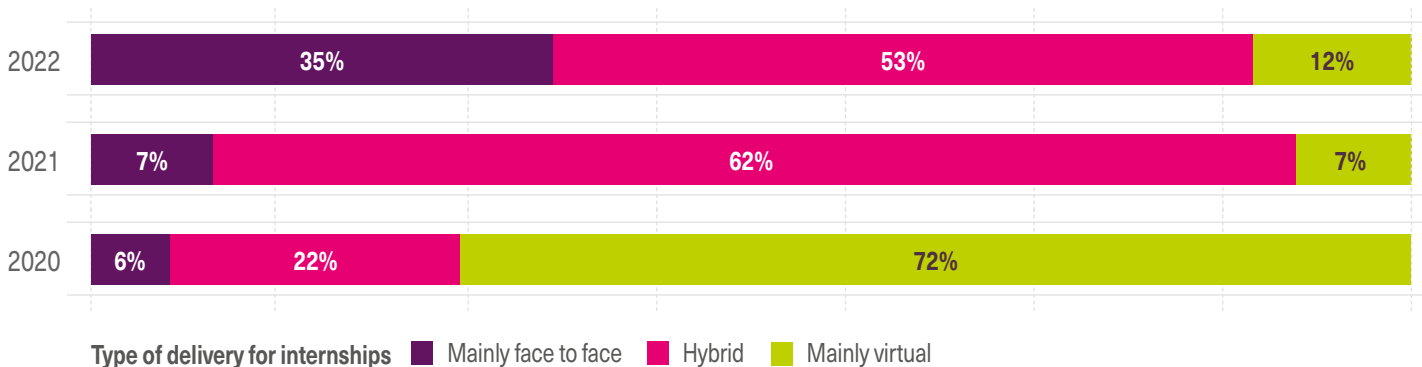
Sector	%
Built Environment	47%
Energy, Engineering & Industry	39%
Retail & FMCG	31%
Legal	24%
Digital & IT	22%
Charity & public sector	14%
Finance & professional services	12%
Health & pharmaceuticals	9%

The shift to virtual

Throughout the pandemic we have seen a significant shift to virtual working across all levels of roles. However, the shift to virtual impacts interns and placements significantly, firstly because there was an overall decline in roles in 2020, and secondly because employers have reported a desire to have interns and placements in the office to support in their development. Graph 5.3 compares how internships have been offered over the last three years. In 2020, the vast majority of companies (72%) offered internships mainly virtually, this declined last year to 7%, but has levelled off this year at 12%. This year, more employers (35%) are hosting internships mainly face to face, compared with 7% and 6% of employers in 2021 and 2020. This trend of hybrid working highlights broader shifts in the labour markets and leads to questions about the influence of hybrid working on employer practices. In our development report this year, we found that employers now see 'hybrid working' as a skill they want to hire in student hires.[1] Hybrid working practices can support interns and placement students to develop in-person and online skills in a way that working solely in the office or from home can't.

Figure 5.3
Internships Virtual vs Hybrid (81 organisations)

Year	Mainly face to face	Hybrid	Mainly virtual
2022	35%	53%	12%
2021	7%	62%	7%
2020	6%	22%	72%

Type of delivery for internships — Mainly face to face — Hybrid — Mainly virtual

1: Institute of Student Employers. (2022). *Student development survey 2022: Supporting the learning and development of entry-level hires.* London: Institute of Student Employers.
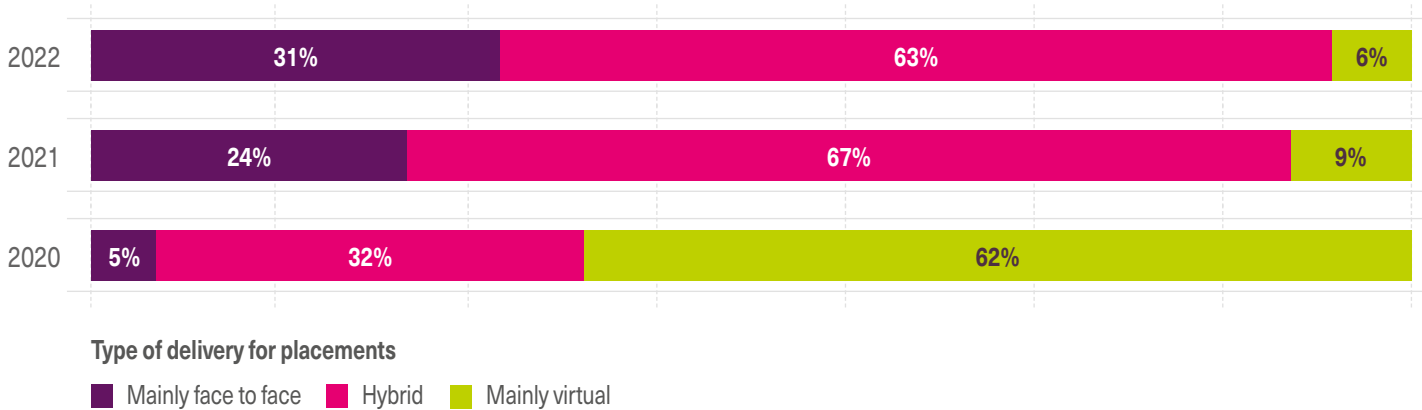
There are some similarities with working practices for placement students. However, compared to interns, the amount of employers offering mainly virtual placements has declined from 62% in 2020, to 9% in 2021, and now 6% in 2022.

62%

of placements are hybrid

Figure 5.4
The proportion of virtual and hybrid placements (81 organisations)

Year	Mainly face to face	Hybrid	Mainly virtual
2022	31%	63%	6%
2021	24%	67%	9%
2020	5%	32%	62%

Type of delivery for placements
■ Mainly face to face ■ Hybrid ■ Mainly virtual

63% of employers are offering a hybrid model of delivery for placement students in 2022. This flexibility and agility in offering different modalities for placement and intern students does offer some logistical challenges. We spoke with one employer who detailed these considerations more here:

EMPLOYERS SPEAK

> *"Each year we run both an internship and a placement scheme. This is a key in building our talent pipeline and enables us to bridge the gap from current students at university to graduates, and post-graduate students seeking their first role. We have found running internships and placements as integral to developing talent, and we have internal benchmarks that we try to meet that funnel students in from these channels into our graduate program. While we have found that demand is continuing to be strong for students seeking interns and placements, having hybrid or fully virtual programs is presenting challenges in a post-covid world. A lot of our managers enjoy working in a remote way and given our industry and the challenges of hiring experienced hires, we want to be as flexible as possible to what our managers want, and support them however best we can. But when we conducted research on our placement students and interns, we found that running these programs virtually does not support them in the way they need. This presents a challenge we are trying to fix. Do we encourage our managers to come in more? Or do we find new ways of working in a hybrid environment that can support our interns and placement students more? We have settled on community building within our intern and placement students. We are always striving for supportive environments, and while we want to continue to invest in placements, we are wary of enforcing colleagues to be in-person in the office."*

- Employer in the Digital Sector

WE WANT

YOU!

Attraction

6

The ability to attract students to your organisation is key to being able to engage the best early career talent to your organisation. This year's respondents also show that organisations are starting to change when they're recruiting students to ensure they're securing hires for key roles throughout the year.

Recruitment campaigns

This year we asked organisations if they ran continuous recruitment campaigns throughout the year. The competition for early career hires is increasing and as a result organisations are moving away from formal early career schemes and starting to recruit their talent across the year. 38% of respondents said that they ran continuous recruitment campaigns. When asked why, responses included, "*Need to stay open for hard to fill roles*" and "*To secure talent as early as possible*" one responded also said *"This year, we saw candidates applying right up to the application deadline for some of our harder to fill vacancies. We also saw late in season target uplifts from some areas of the business, which resulted in all-year round recruitment and campaigns"*

This year we also see a shift in when organisations ran their recruitment campaigns with school-leavers campaigns running much earlier in the year, with most campaigns having opened at the start of the year, running between January and March (40%) and most offers made between April and June (54%) and campaigns closing between July and September. Graduate recruitment campaigns still tended to follow the academic year, beginning in the autumn and closing in the spring/summer with the most offers made between January and March (36%) (Figure 6.1).

Demonstrating the earlier start of the school leave campaigns, none of our respondents made any offers to school leavers between October-December.

Figure 6.1
Recruitment Campaign Schedules (87 organisations for graduates, 45 organisations for school leavers)

		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Graduates	Opened campaign	71%	11%	4%	14%
	Made the most offers	18%	36%	22%	24%
	Closed campaign	14%	29%	29%	28%
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
School leavers	Opened campaign	36%	40%	6%	18%
	Made the most offers	0%	32%	54%	14%
	Closed campaign	2%	27%	32%	39%

Selection

7

Once employers have attracted students to their organisation they need to decide which candidates to employ. Most use a wide range of different approaches to select the right candidate.

Minimum requirements

Most (74%) employers set some minimum requirements that a candidate must have to be able to apply for the role. Figure 7.1 summarises the proportion of employers who require particular qualifications or experience from their graduate hires.

Figure 7.1
Minimum entry requirements for graduates (93 organisations)

Category	Percentage
No minimum entry requirements	26%
2:1 degree	48%
2:2 degree	20%
Specific subject degree(s)	20%
Relevant work experience	6%
Minimum UCAS tariff or A level grades	13%
Postgraduate degree	6%
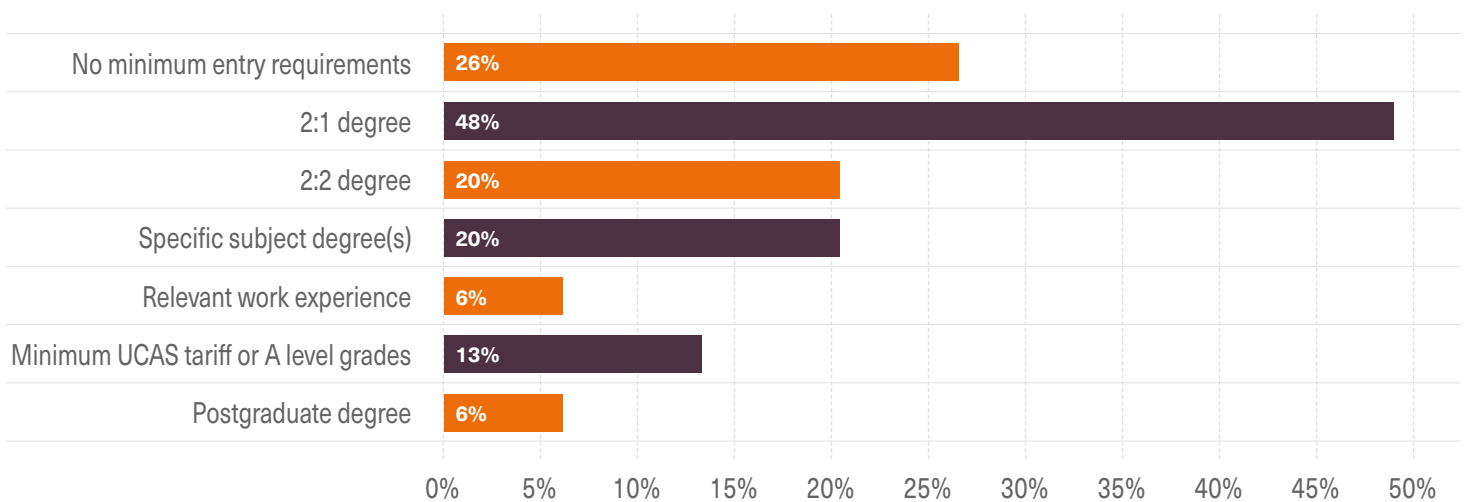
A 2:1 degree was the most common requirement for graduates, reported by 48% of employers, down from 57% in 2021. It was relatively rare for employers to expect applicants to have a specific subject degree (20%, up from 14% in 2021), and even less common to require a postgraduate degree (6%, up from 2% in 2021). This highlights a broader trend in the labour market, whereby employers are broadening their potential talent pool by expecting less educational requirements. This makes sense considering the lower application to vacancy ratio in 2022, and the increased difficulty with filling vacancies this year.

Figure 7.2

The proportion of employers using educational qualifications as minimum requirements 2013/2014 – 2020/2021

█ A levels █ 2:1 █ No minimum
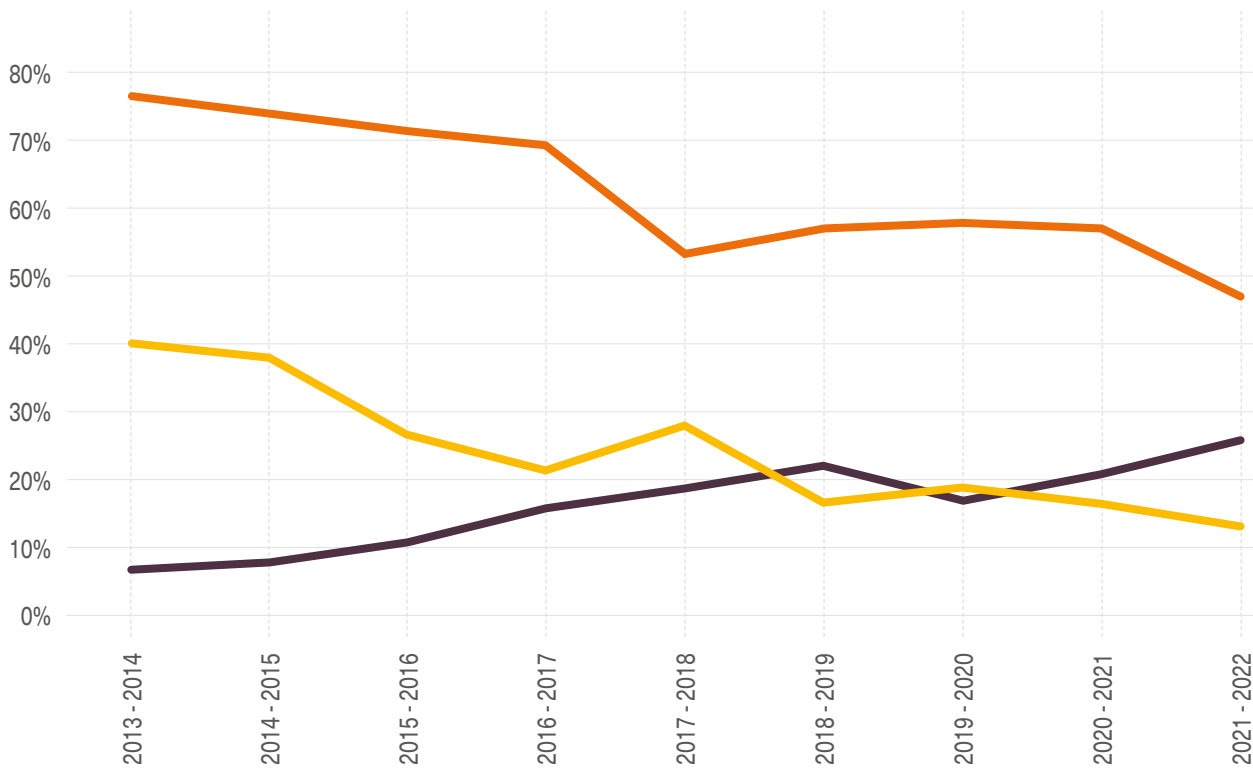
Looking at how the use of minimum requirements has been changing over the last few years (Figure 7.2), we can see that this year the number of companies removing minimum requirements has increased by 5% from 2021. From a diversity point of view, this can help increase the pool of applicants who apply for positions. Since 2013, there has been an upwards trend in companies requiring 'no minimum requirements'. This makes sense when considering the current struggles to fill roles and the tight labour market.

Selection methodologies and activities

Different approaches underpinning recruitment methods

68%	56%	35%	38%

- ■ Competency based
- ■ Strengths based
- ■ Values based
- ■ Technical based
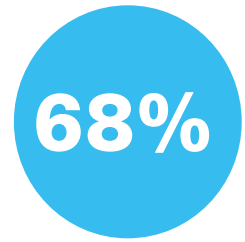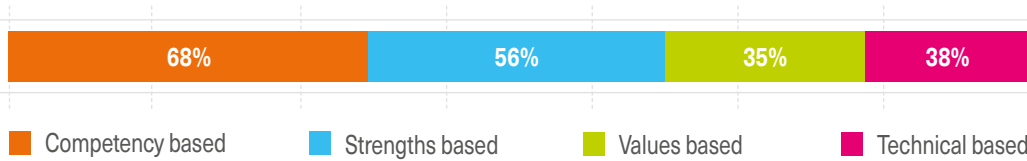
68%

of employers used a competency based approach to recruitment

We asked respondents what sort of assessment philosophies underpinned their chosen methodologies and activities. Most employers (68%) reported that a competency-based lens underpinned their recruitment strategies. Companies use a competency approach to recruitment to get candidates to show how they would demonstrate certain behaviours and skills in the workplace.

Further, just over half of employers utilise a strengths-based perspective (56%). This approach to hiring focuses on natural talents and motivators, as opposed to a candidate's competencies. Rather than focusing purely on candidates' skills and behaviours, strength-based recruitment focuses on the intrinsic motivation that drives those behaviours. Further, 35% of employers noted that utilised a values-based exercise within their recruitment process. This type of activity seeks to help candidates identify their values and find roles in line with their values.

Finally, 38% of employers utilised a technical-based assessment philosophy throughout their recruitment approach, assessing and valuing technical skills required for a role.

Further, respondents used a wide range of selection activities, but the most effective at first stage were psychometric assessments (43%), applications forms (41%) and CVs (25%). Whereas, the most effective at final stage were assessment centres (74%), interviews (66%), and group tasks (16%).

Figure 7.3
Organisations use of selection activities (96 organisations)

Most effective first stage

Activity	Ranking
Psychometric/aptitude assessments	43%
Application forms	41%
CVs	25%
Interviews	23%
Assessment Centre	10%
Gamified assessments	10%
Skill tests	7%
Other	5%
Data analysis exercises	3%
Case Studies	2%
Email inbox exercises	1%
Group tasks	1%
Role play	0%
Virtual reality	0%

Most effective final stage

Activity	Ranking
Assessment Centre	74%
Interviews	66%
Group tasks	16%
Skill tests	13%
Psychometric/aptitude assessments	9%
Case Studies	7%
Role play	5%
Other	5%
Application forms	3%
CVs	3%
Email inbox exercises	3%
Gamified assessments	3%
Data analysis exercises	1%
Virtual reality	0%

Respondents also provided further information around which types of psychometric tests they use (Figure 7.4). Similar to last year's report, situational judgement tests (23%), numerical reasoning (21%) and critical or logical reasoning (16%) are the most popular types of test.

23%

of employers use situational judgement tests in their selection process

Figure 7.4
Organisations using different psychometric tests (100 organisations)

Situational judgement tests	23%
Numerical reasoning	21%
Critical reasoning /logical reasoning	16%
Strengths-based assessment	14%
Verbal reasoning	14%
Personality/motivation questionnaires	9%
Learning agility	3%
Spatial reasoning	1%
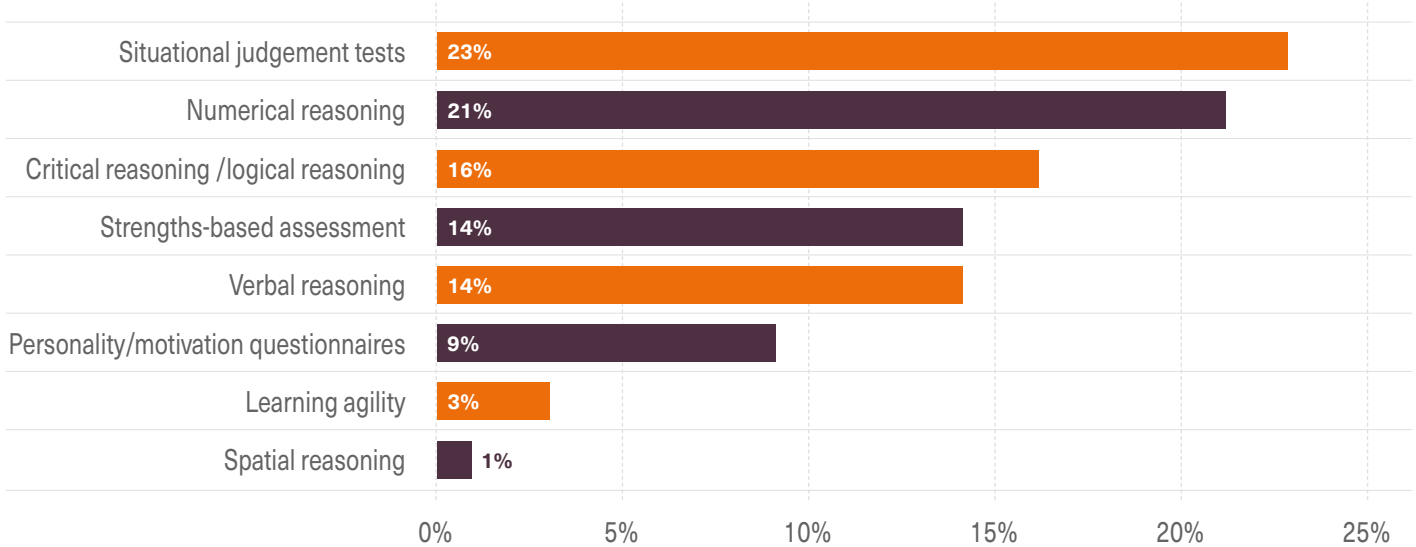
Spotlight on personality tests in recruitment

Interestingly, it is worth noticing that personality tests are reducing in frequency – this may be a good thing as questions have been asked about the impact that such tests have on diversity. Increasingly, over the last ten years academics have criticised the use of personality tests in recruitment, finding that they have low success in predicting future job success.[2] A new report by the Center for Democracy and Technology details how using personality tests in recruitment can harm and exclude candidates with disabilities.[3]

Figure 7.5
Percentage of employers using personality tests in recruitment

2014	32%
2015	31%
2016	28%
2017	26%
2018	18%
2019	20%
2020	14%
2021	12%
2022	9%
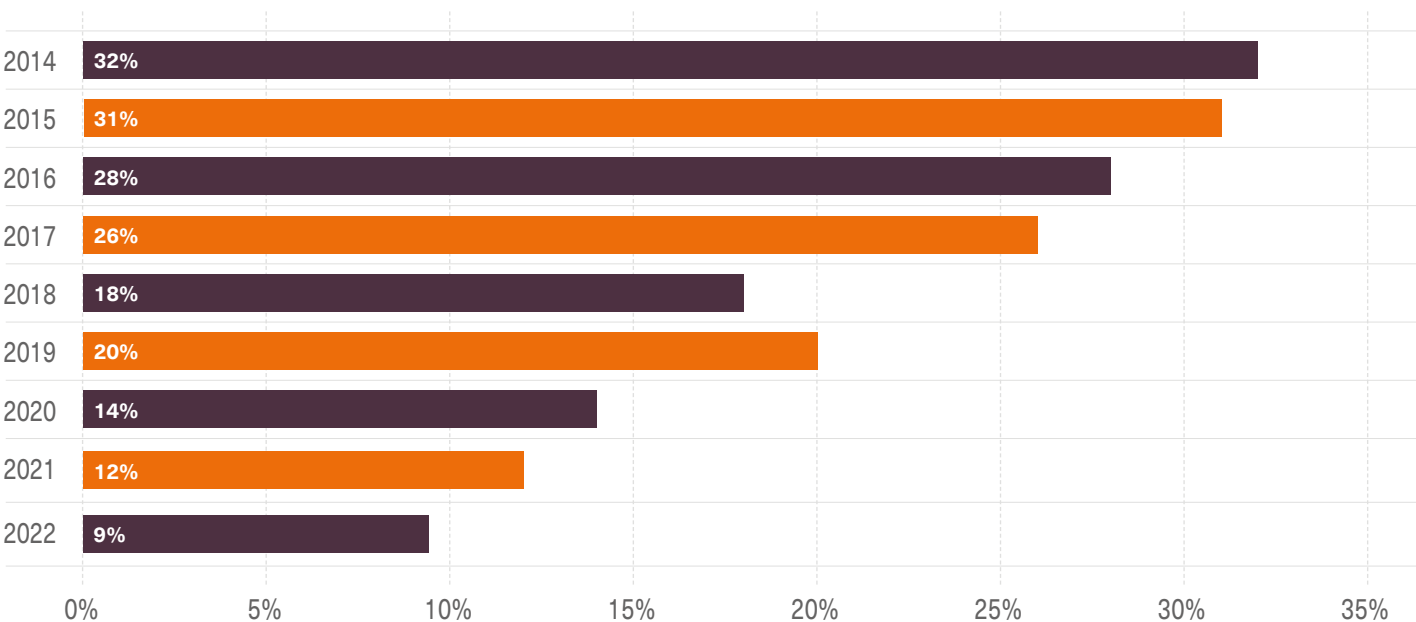
2: Morgeson, F. P., Campion, M. A., Dipboye, R. L., Hollenbeck, J. R., Murphy, K., & Schmitt, N. (2007). Reconsidering the use of personality tests in personnel selection contexts.
3: *Report – algorithm-driven hiring tools: Innovative recruitment or expedited disability discrimination?* (2021, July 22). Center for Democracy and Technology. https://cdt.org/insights/report-algorithm-

The use of AI and automation in recruitment

Increasingly, the use of Artificial Intelligence is gaining traction in recruitment with a recent Forbes article noting that using AI in recruitment can save time and increase efficiency.[4] This year, we asked employers if they use AI in the selection process, and if so, to what extent?

However, different sectors utilise AI in their selection processes to varying degrees. Sector analysis showed that the Finance & Professional services sector uses AI the mos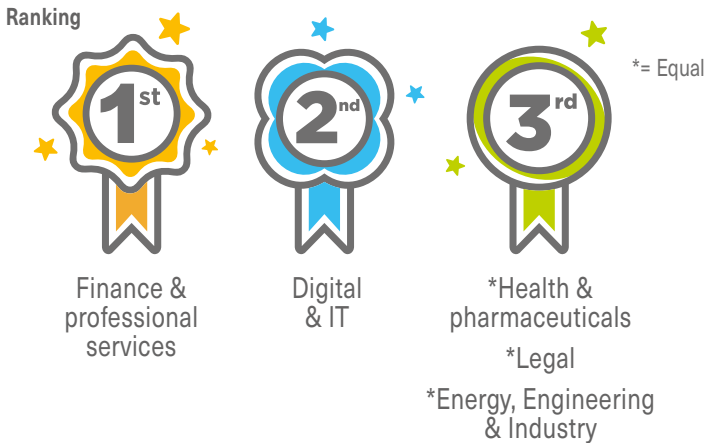t, followed by Digital & IT, and finally the Health and Pharmaceuticals, and Legal and Energy sectors using AI to the same level.

Figure 7.6
Which sectors use AI the most in their recruitment process?
(92 organisations)

Ranking

*= Equal

1st — Finance & professional services

2nd — Digital & IT

3rd — *Health & pharmaceuticals
*Legal
*Energy, Engineering & Industry

We found that different organisations use AI in different parts of their selection process. The most frequently used AI tool was to pre-screen candidates and to analyse video interviews. This was followed by using AI algorithms to analyse CVs, update candidates about where they are in the process, and finally using AI in gamified assessments.

Figure 7.7
Which activities in the recruitment process are the most automated (92 organisations)

Ranking

1st — To pre-screen candidates

2nd — To analyse video interviews

3rd — To screen CVs

9%
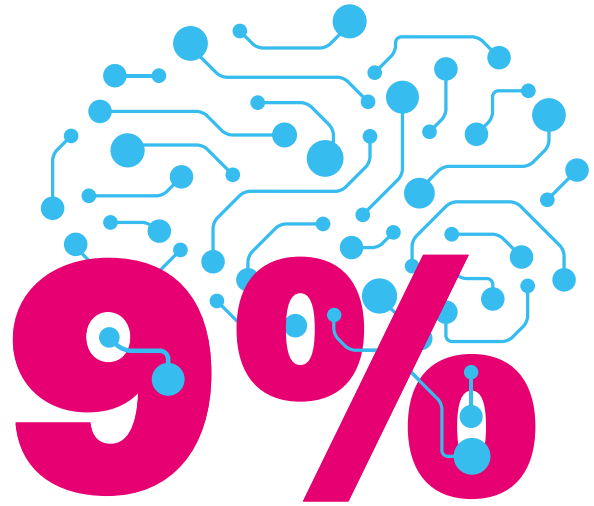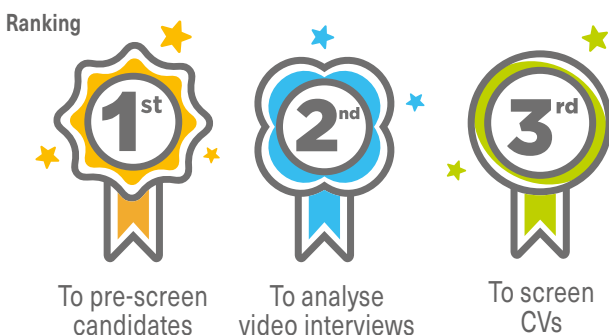
of employers use AI in the recruitment process

We asked employers how likely they are to use AI alogirthms in their selection process in 2023. They answered on a scale of 'very unlikely' to 'very likely'. Overall, the sector most likely to use AI in their selection process next year was the Health & Pharmaceuticals sector, with the average answer being that they are 'somewhat likely' to use AI next year. On the other hand, the sector the least likely to use AI in their selection process was Retail & FMCG, with the average organisation saying they were 'very unlikely' to use AI next year.

Figure 7.8
The sectors most likely they are to use AI in their selection process in 2023

Most likely

1st — Health & pharmaceuticals

2nd — Finance & professional services

3rd — Digital & IT

4th — Legal

5th — Energy, Engineering & Industry

6th — Charity & public sector

7th — Built Environment

8th — Retail & FMCG

4: Reference: https://www.forbes.com/sites/forbeshumanresourcescouncil/2021/06/16/is-ai-the-answer-to-recruiting-effectiveness/?sh=590dad5f2d7c
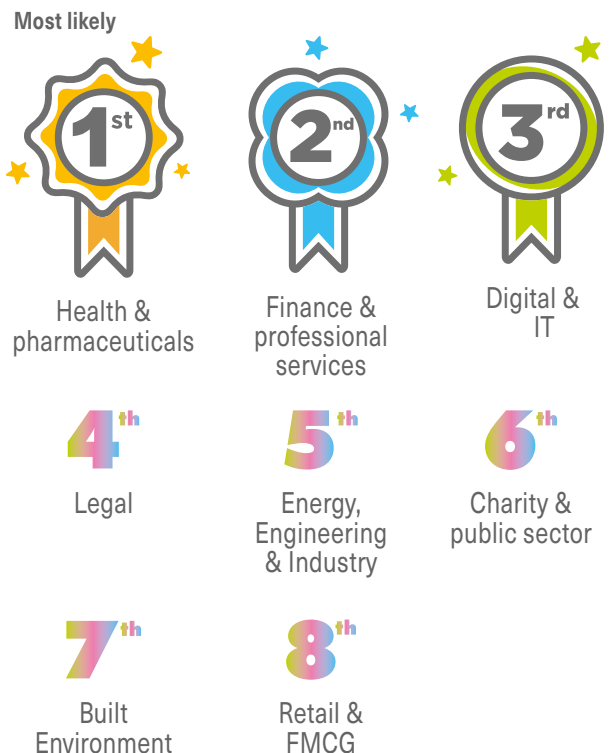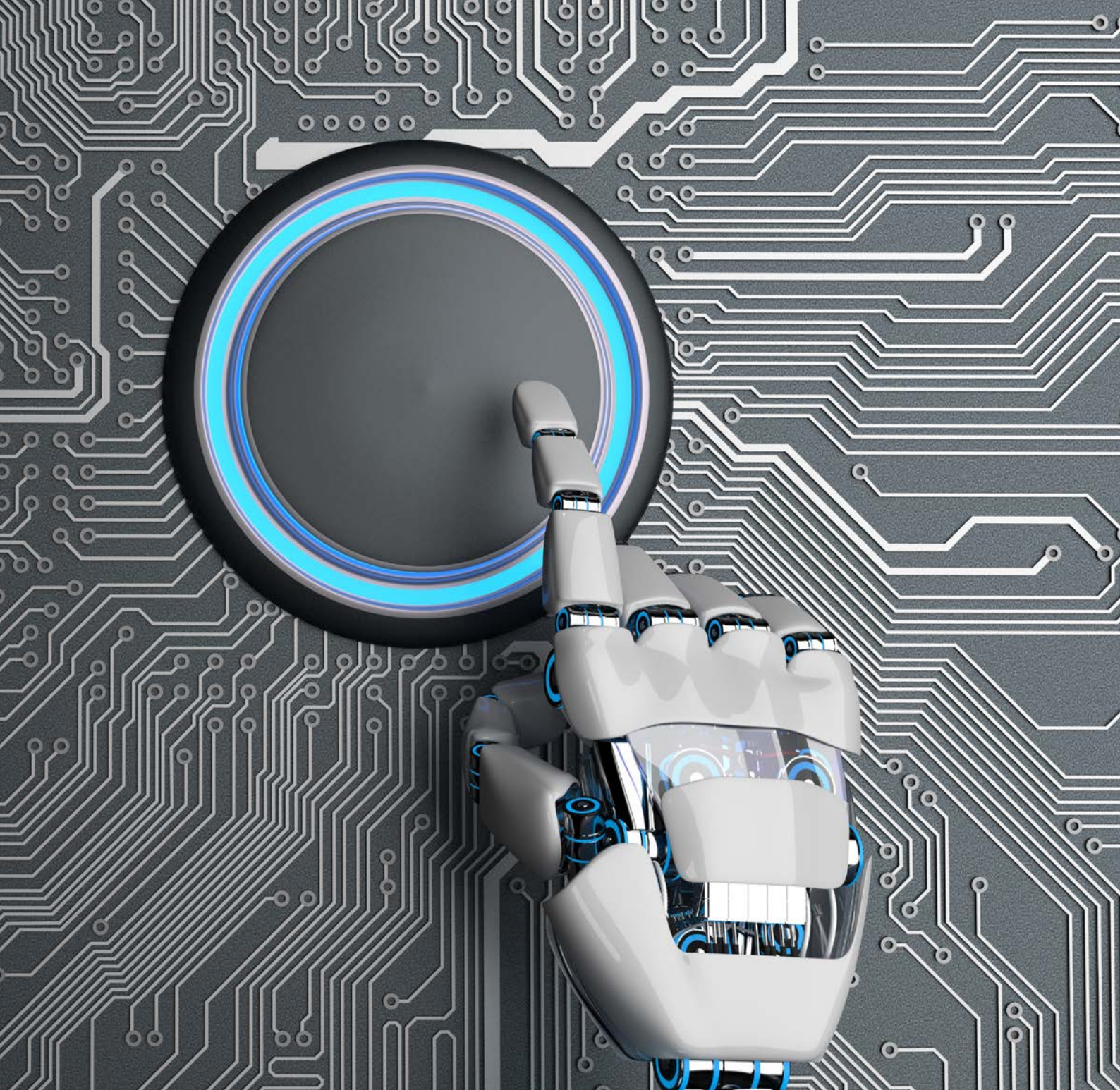
Employers shared their biggest reasons for and against using AI in the selection process.

The biggest concerns:
> *"We have little confidence in outcomes and how this method is perceived externally and with candidates"*
> *"AI has not yet been proven to be unbiased in its approach"*
> *"It doesn't allow for cultural differences between different applicant groups"*

The biggest reasons for incorporating AI:
> *"It will help in the first stages of recruitment to make the process more agile and rank candidates. We wouldn't use it to make final decisions as we value interaction with potential hires"*
> *"To reduce the initial volume"*
> *"Free up time in the team for strategy that AI can't do. We would automate the assessment centres, scheduling and on day attendance"*

Hiring

8

Applications and acceptances

ISE members reported that they filled 91% of their graduate positions and 90% of their school and college leaver positions during 2021/2022. This is a slight drop from last year when employers reported filling 95% of their positions. However, this still indicates that ISE are continuing to offer jobs that appeal to student hires and that their recruitment process is effective.

Figure 8.1 shows the proportion of job offers that are accepted, rejected, reneged or deferred. 82% of graduates and 84% of school leavers accepted the jobs that they were offered. This is slightly lower than last year when 83% of graduates and 91% of school and college leavers accepted jobs. The Charity and Public sector reported the lowest graduate acceptance at 75%, however Health & pharmaceutical sector reported the highest renege rates.

Figure 8.1
Average responses to a job offer (64 organisations) █ Graduates █ School and college leavers

	Graduates	School and college leavers
Roles filled	91%	89 %
Accepted	82%	84%
Rejected	14%	15%
Reneged	12%	14%
Deferred	3%	2%
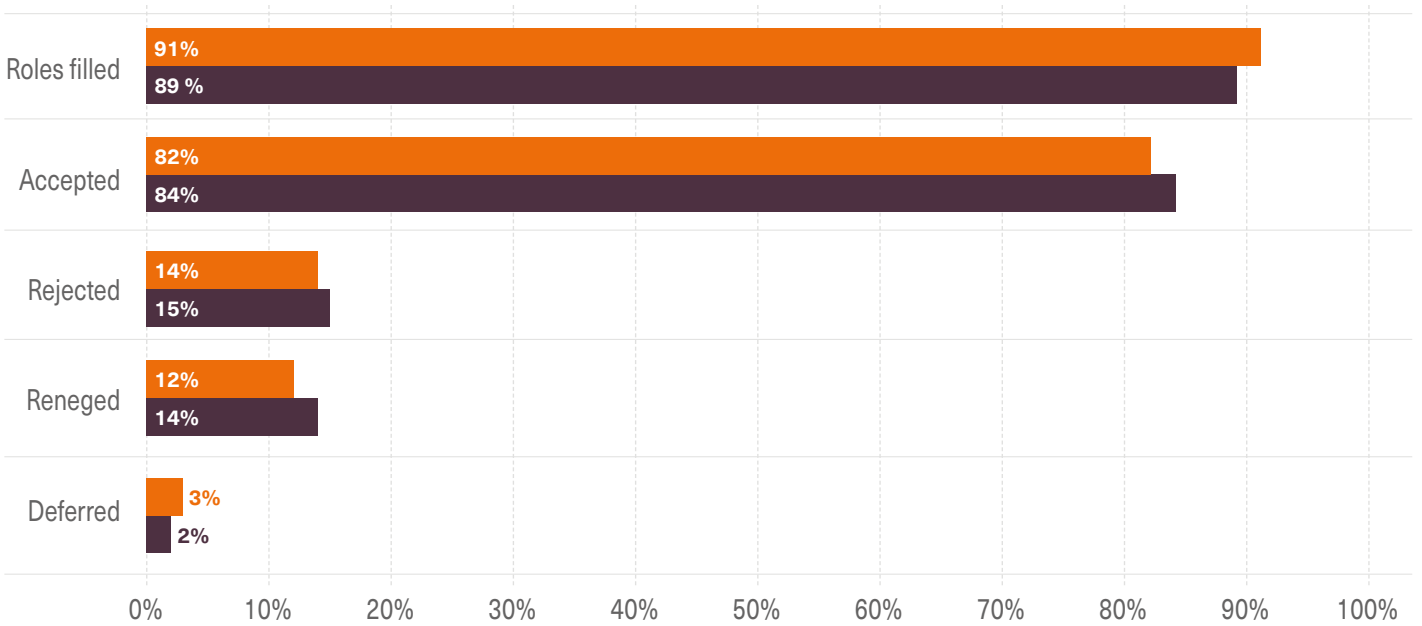
Figure 8.2
Average acceptance rates by sector (64 organisations)   ■ Graduates   ■ School and college leavers

Sector	Graduates	School and college leavers
Built Environment	83%	88%
Charity & public sector	75%	100%
Digital & IT	84%	83%
Energy, Engineering & Industry	79%	91%
Finance & professional services	82%	89%
Health & pharmaceuticals	94%	88%
Legal	84%	97%
Retail & FMCG	86%	73%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
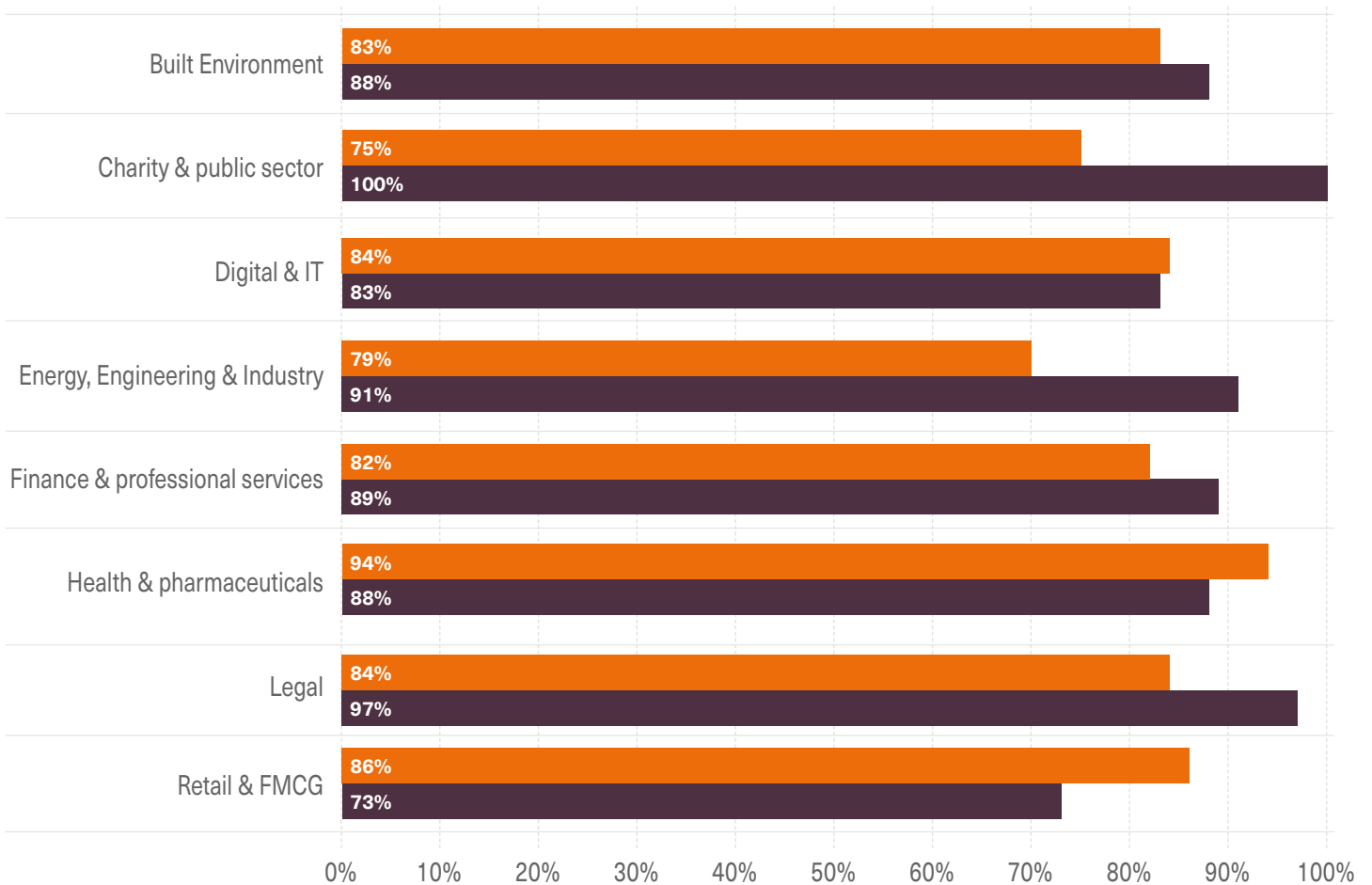
Figure 8.3
Renege rates by sector

Graduates   School and college leavers

Sector	Graduates	School and college leavers
Built Environment	9%	7%
Charity & public sector	15%	0%
Digital & IT	14%	11%
Energy, Engineering & Industry	14%	42%
Finance & professional services	11%	17%
Health & pharmaceuticals	15%	2%
Legal	11%	13%
Retail & FMCG	5%	8%

0% 5% 10% 15% 20% 25% 30% 35% 40% 45%
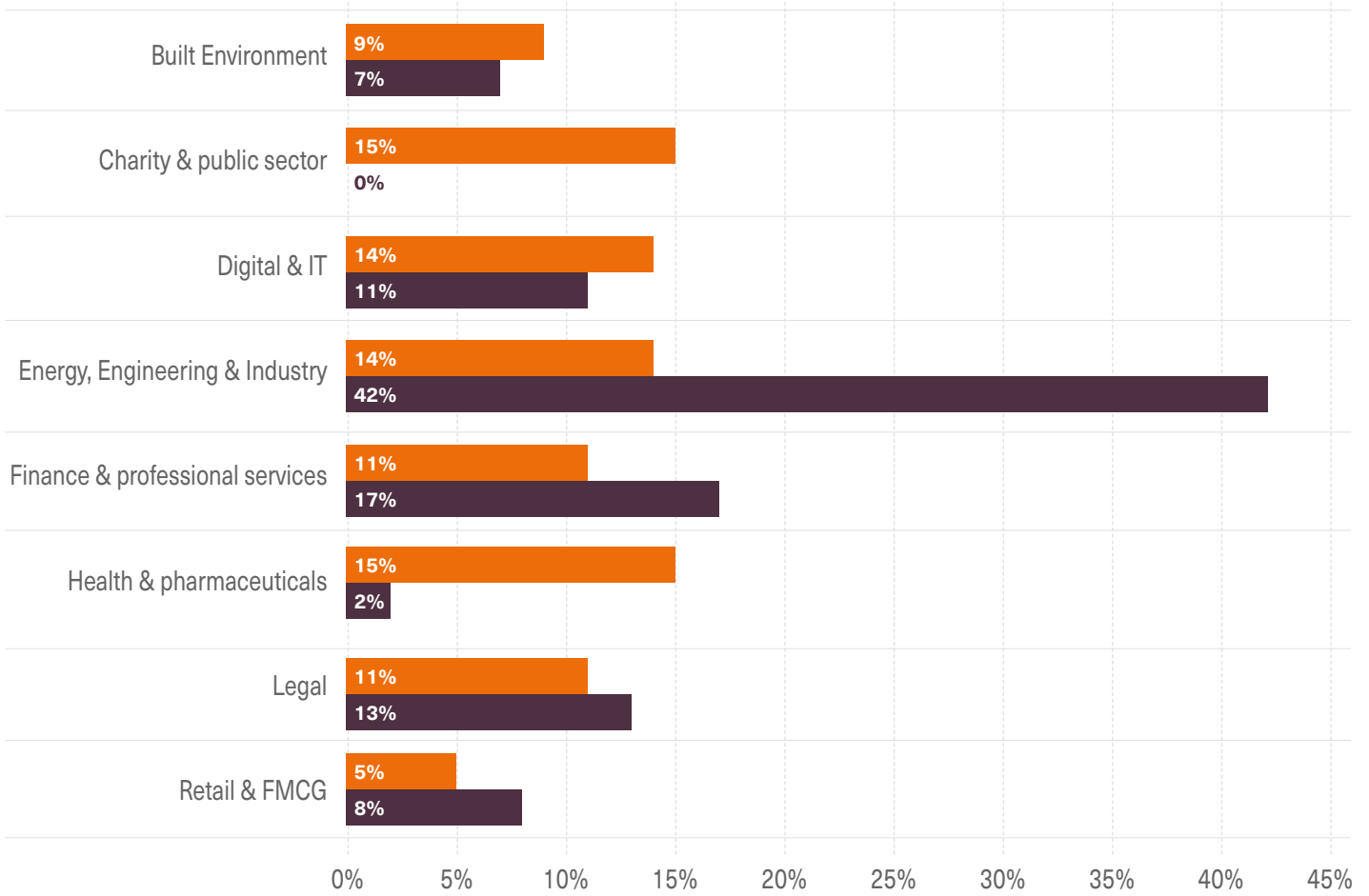
Figure 8.4
Average annual % of reneged responses to job offers from 2017-2022

% of graduate reneged responses   % of school and college leavers reneged responses
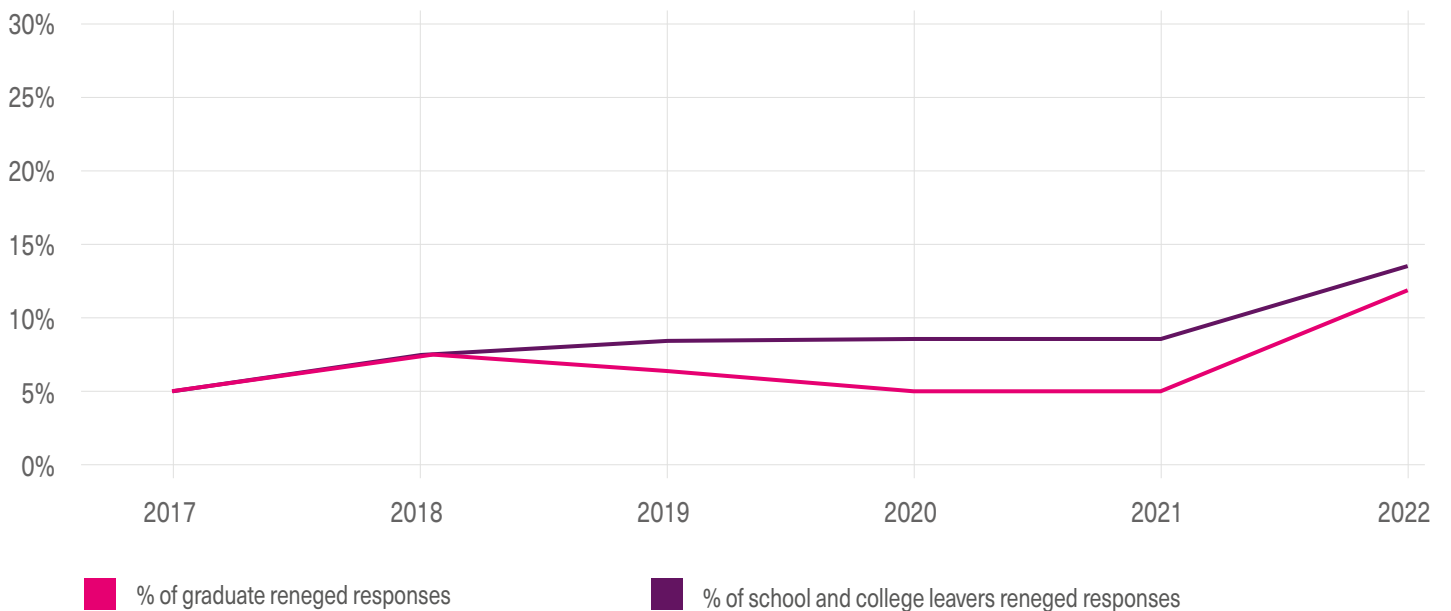
Salaries

Salaries are an important part of hiring graduates and school and college leavers. With the UK currently experiencing a cost-of-living crisis we explore how this has impacted graduate and school and college leaver salaries. In 2021/2022 the typical (median) salary for a graduate was reported as £30,921. For school and college leavers the typical reported salary was £19,521 and £20,967 for interns and placements students. This is only a slight increase from last year's figures where the reported typical salary for a graduate was £30,500, £19,489 for school and collage leavers and £20,000 for interns and placement students.

Figures 8.4, 8.5 and 8.6 show the average salaries for graduates, school and college leavers, and interns and placement students respectively.

Figure 8.4
Graduate salaries (111 organisations)

Built Environment
Average: **£26,708**
Median: **£25,500**
Minimum: **£24,000**
Maximum: **£30,500**

Charity & public sector
Average: **£27,966**
Median: **£27,299**
Minimum: **£19,500**
Maximum: **£36,000**

Digital & IT
Average: **£32,441**
Median: **£26,000**
Minimum: **£24,000**
Maximum: **£45,000**

Energy, Engineering & Industry
Average: **£28,667**
Median: **£25,500**
Minimum: **£25,000**
Maximum: **£45,834**

Finance & professional services
Average: **£32,316**
Median: **£27,687**
Minimum: **£23,838**
Maximum: **£49,000**

Health & pharmaceuticals
Average: **£30,125**
Median: **£28,500**
Minimum: **£27,000**
Maximum: **£32,000**

Legal
Average: **£42,810**
Median: **£40,750**
Minimum: **£26,000**
Maximum: **£57,500**

Retail & FMCG
Average: **£26,333**
Median: **£26,000**
Minimum: **£23,000**
Maximum: **£30,000**

All sectors
Average: **£33,229**
Median: **£30,921**
Minimum: **£19,500**
Maximum: **£57,500**

£19,520

Average school and college leaver salary

£19,725

Median School and college leaver salary

Figure 8.5
School and college leaver salaries (61 organisations)

Built Environment
Average: £18,667
Median: £18,000
Minimum: £16,500
Maximum: £21,000

Charity & public sector
Average: £16,057
Median: £16,057
Minimum: £13,114
Maximum: £19,000

Digital & IT
Average: £17,530
Median: £18,000
Minimum: £10,869
Maximum: £21,000

Energy, Engineering & Industry
Average: £18,156
Median: £19,292
Minimum: £8,790
Maximum: £25,000

Finance & professional services
Average: £21,394
Median: £21,750
Minimum: £18,000
Maximum: £28,000

Health & pharmaceuticals
Average: £17,600
Median: £17,500
Minimum: £16,300
Maximum: £19,000

Legal
Average: £21,118
Median: £21,250
Minimum: £19,000
Maximum: £25,000

Retail & FMCG
Average: £17,633
Median: £17,000
Minimum: £17,000
Maximum: £21,000

All sectors
Average: £19,520
Median: £19,725
Minimum: £8,790
Maximum: £28,000

Figure 8.6
Intern and placement student salaries (69 organisations)

Built Environment
Average: £18,750
Median: £18,500
Minimum: £17,000
Maximum: £21,000

Charity & public sector
Average: £21,281
Median: £21,744
Minimum: £18,500
Maximum: £23,600

Digital & IT
Average: £22,208
Median: £20,000
Minimum: £18,000
Maximum: £21,000

Energy, Engineering & Industry
Average: £19,049
Median: £20,000
Minimum: £15,971
Maximum: £20,000

Finance & professional services
Average: £23,185
Median: £22,000
Minimum: £18,000
Maximum: £30,000

Health & pharmaceuticals
Average: £21,500
Median: £21,500
Minimum: £20,000
Maximum: £23,000

Legal
Average: £19,620
Median: £21,500
Minimum: £18,000
Maximum: £26,000

Retail & FMCG
Average: £19,133
Median: £19,400
Minimum: £18,000
Maximum: £20,000

All sectors
Average: £21,264
Median: £20,000
Minimum: £15,971
Maximum: £30,000

£21,264
Average intern and placement student salary

£20,000
Median intern and placement student salary

Salaries also vary significantly between locations – with jobs based in London often being the highest. (Figure 8.7).

Median graduate salaries by region
(73 organisations)

£18,713

the lowest salary across the UK for graduates in Northern Ireland

SCOTLAND
GRADUATES: £24,875
SCHOOL AND COLLEGE
LEAVERS: £17,257

NORTHERN IRELAND
GRADUATES: £18,713
SCHOOL AND COLLEGE
LEAVERS: £15,452

NORTH EAST
GRADUATES: £23,627
SCHOOL AND COLLEGE
LEAVERS: £16,573

YORKSHIRE AND HUMBERSIDE
GRADUATES: £23,953
SCHOOL AND COLLEGE
LEAVERS: £17,102

NORTH WEST
GRADUATES: £25,120
SCHOOL AND COLLEGE
LEAVERS: £17,356

EAST MIDLANDS
GRADUATES: £24,412
SCHOOL AND COLLEGE
LEAVERS: £17,973

WALES
GRADUATES: £23,149
SCHOOL AND COLLEGE
LEAVERS: £16,434

EAST OF ENGLAND
GRADUATES: £23,158
SCHOOL AND COLLEGE
LEAVERS: £17,502

WEST MIDLANDS
GRADUATES: £24,666
SCHOOL AND COLLEGE
LEAVERS: £17,787

LONDON
GRADUATES: £33,460
SCHOOL AND COLLEGE
LEAVERS: £20,735

SOUTH WEST
GRADUATES: £25,503
SCHOOL AND COLLEGE
LEAVERS: £17,943

SOUTH EAST
GRADUATES: £24,092
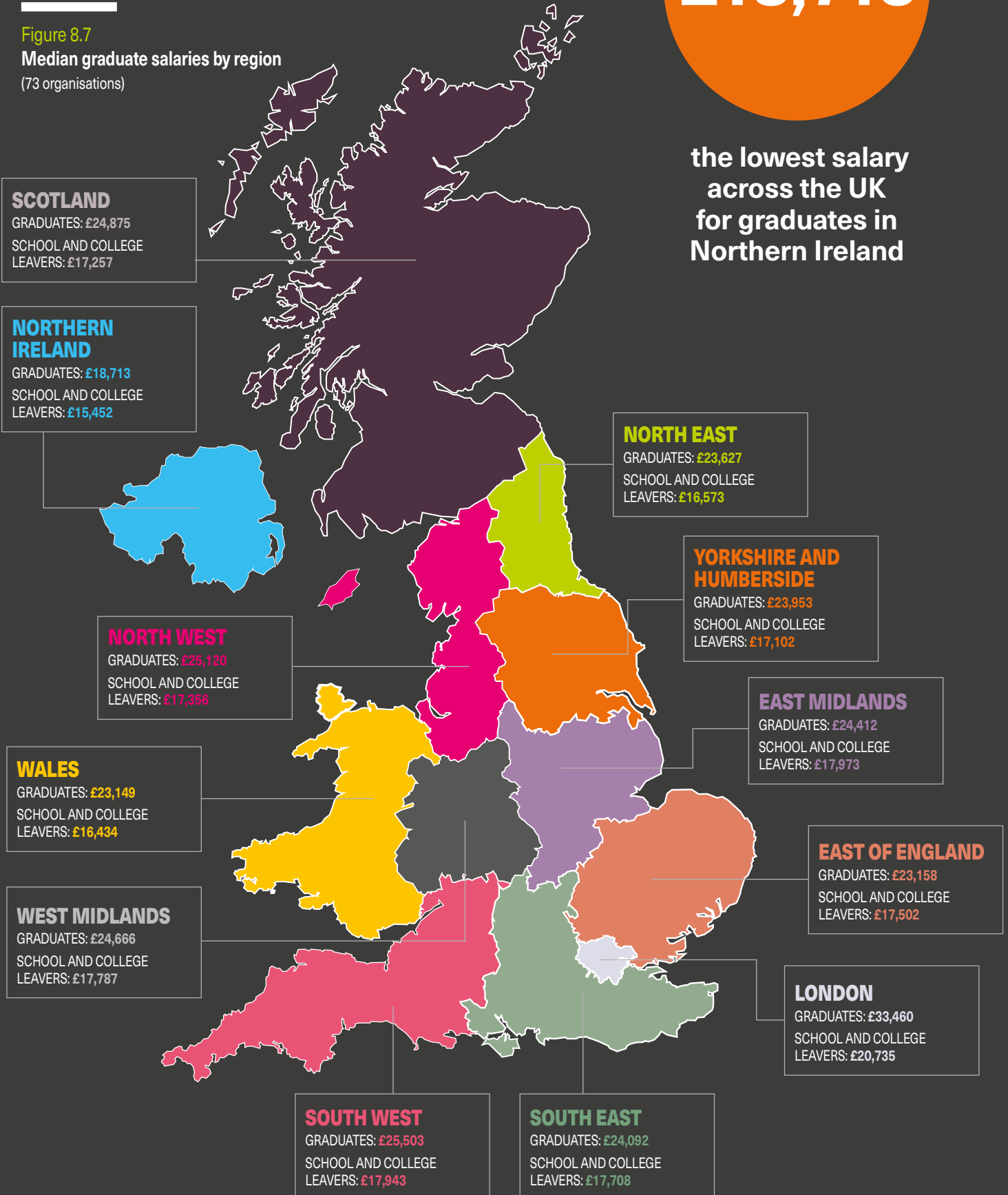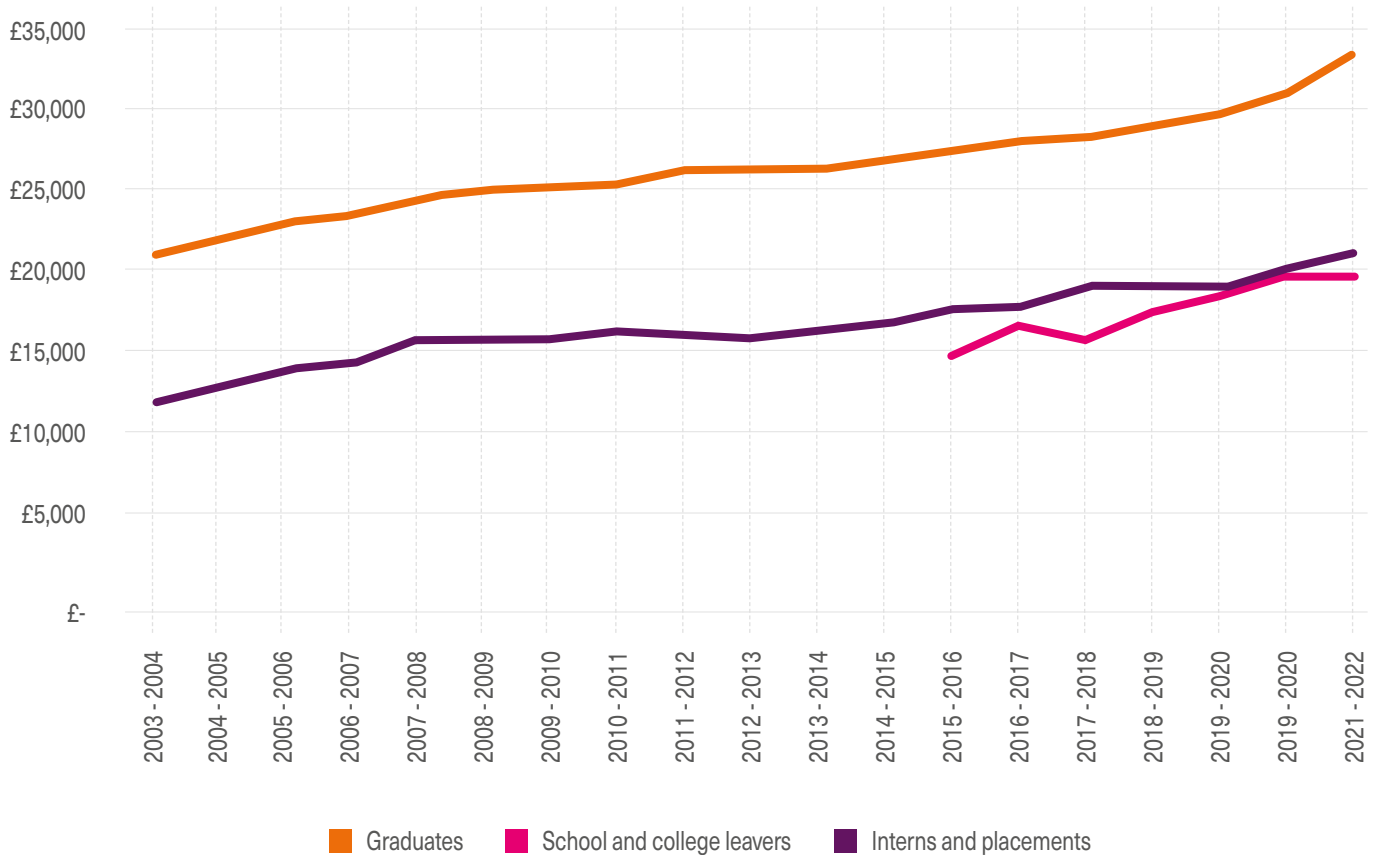SCHOOL AND COLLEGE
LEAVERS: £17,708

Figure 8.8 shows how the median salaries reported to ISE over the last 18 years have continued to rise.

Figure 8.8
Average starting salaries reported to ISE over time

Legend: Graduates | School and college leavers | Interns and placements

Considering the cost-of-living crisis that is front and centre of the news, and heavily influencing the labour market dynamics for graduates and experienced hires, we sought to understand how employers were responding.

We asked employers what financial incentives they offered to graduates. We asked if these were newly introduced in 2022, or if they had been introduced previously.

Respondents reported the five most common financial incentives:
1. Sign-on bonus (34% offered this, this was new in 2022 for 4% of employers)
2. Interest-free or low interest loans (24% offered this, this was new in 2022 for 2% of employers)
3. Transportation allowance (20% offered this, this was new in 2022 for 1% of employers)
4. Relocation bonus (17% offered this, this was new in 2022 for 4% of employers)
5. Salary advance schemes (15% offered this, this was new in 2022 for 2% of employers)

Other financial incentives being offered to graduates this year include discounts on own branded products, healthcare, maintenance grants, financial wellbeing advice, charterships, and hardship funds for those from lower socio-economic backgrounds or those with additional financial needs.

Figure 8.9
Financial incentives offered to graduates in 2022   ■ Employers offering this ■ New offering ■ Offered prior to 2022
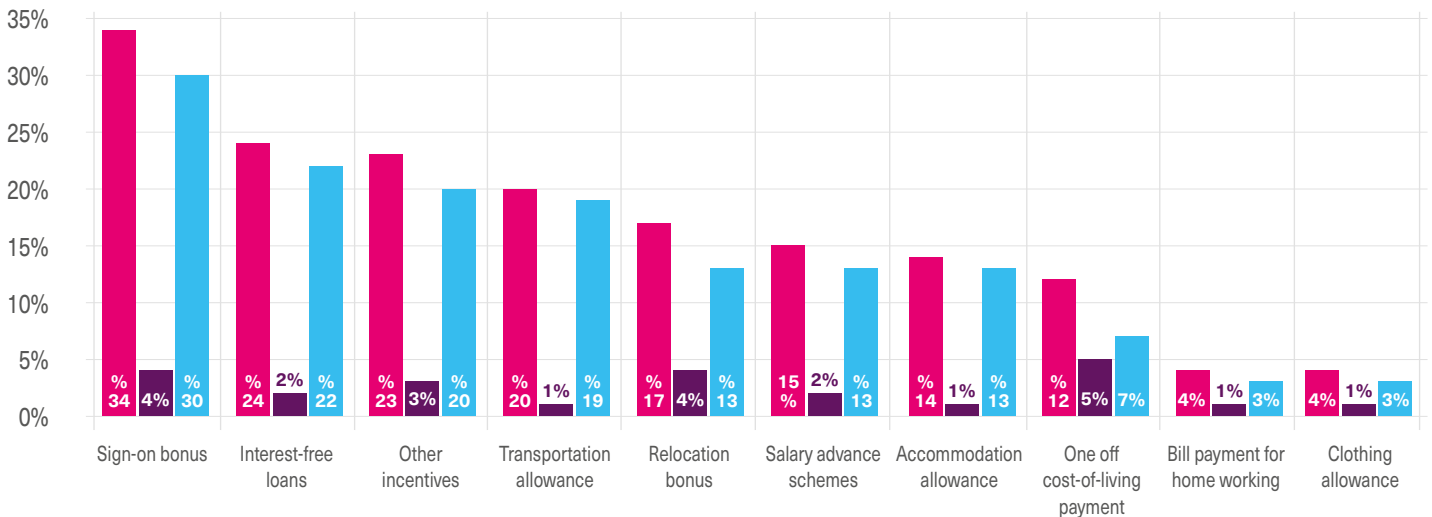

Figure 8.10
Remuneration school and college leavers in 2022   ■ Combined ■ New in 2022 ■ Offered previously
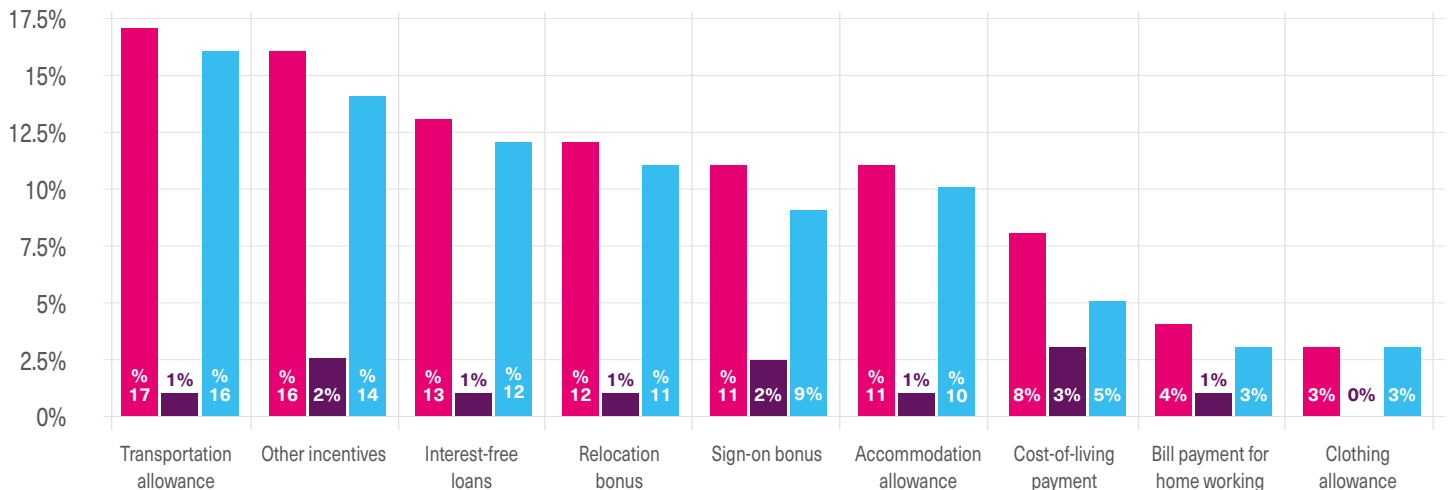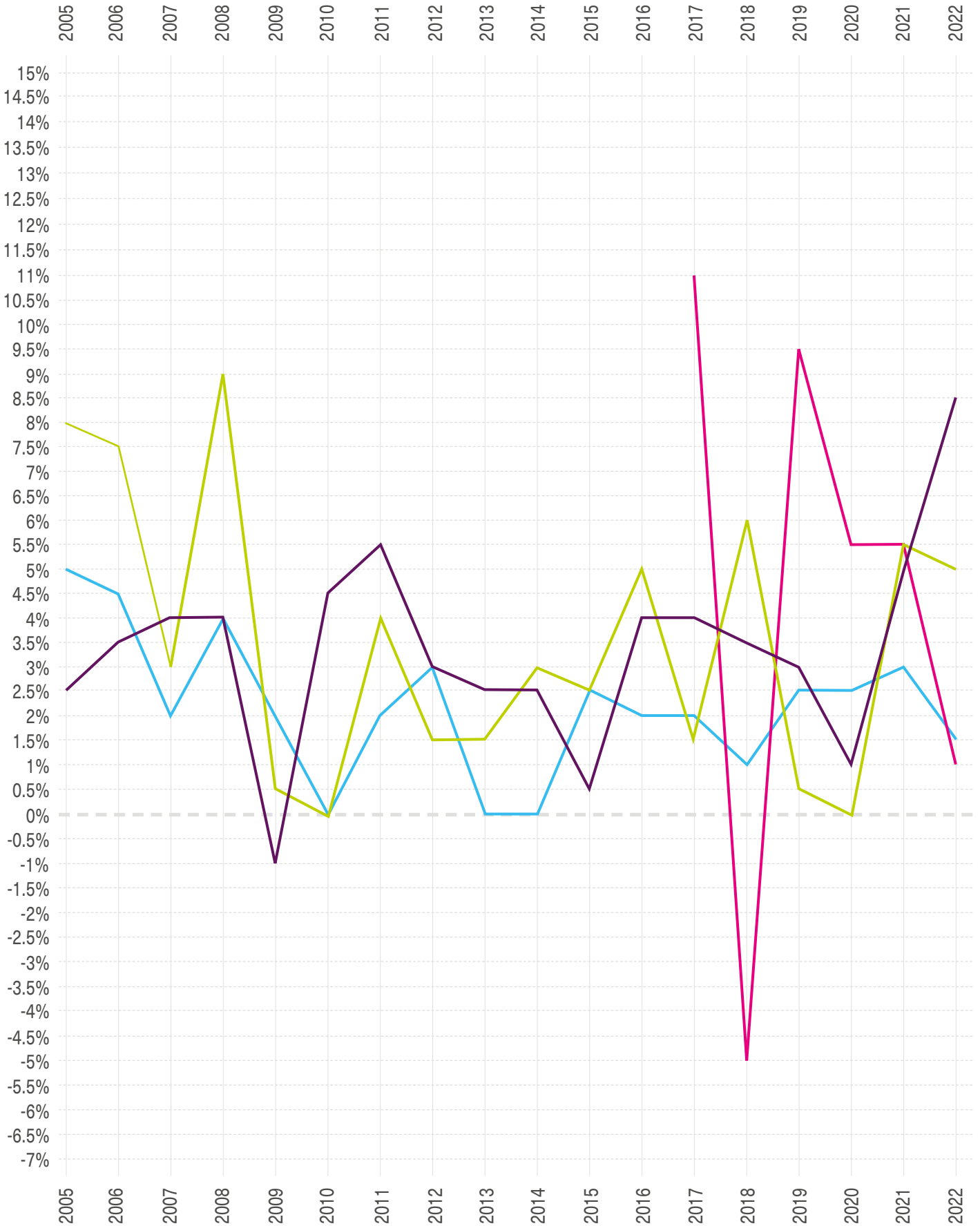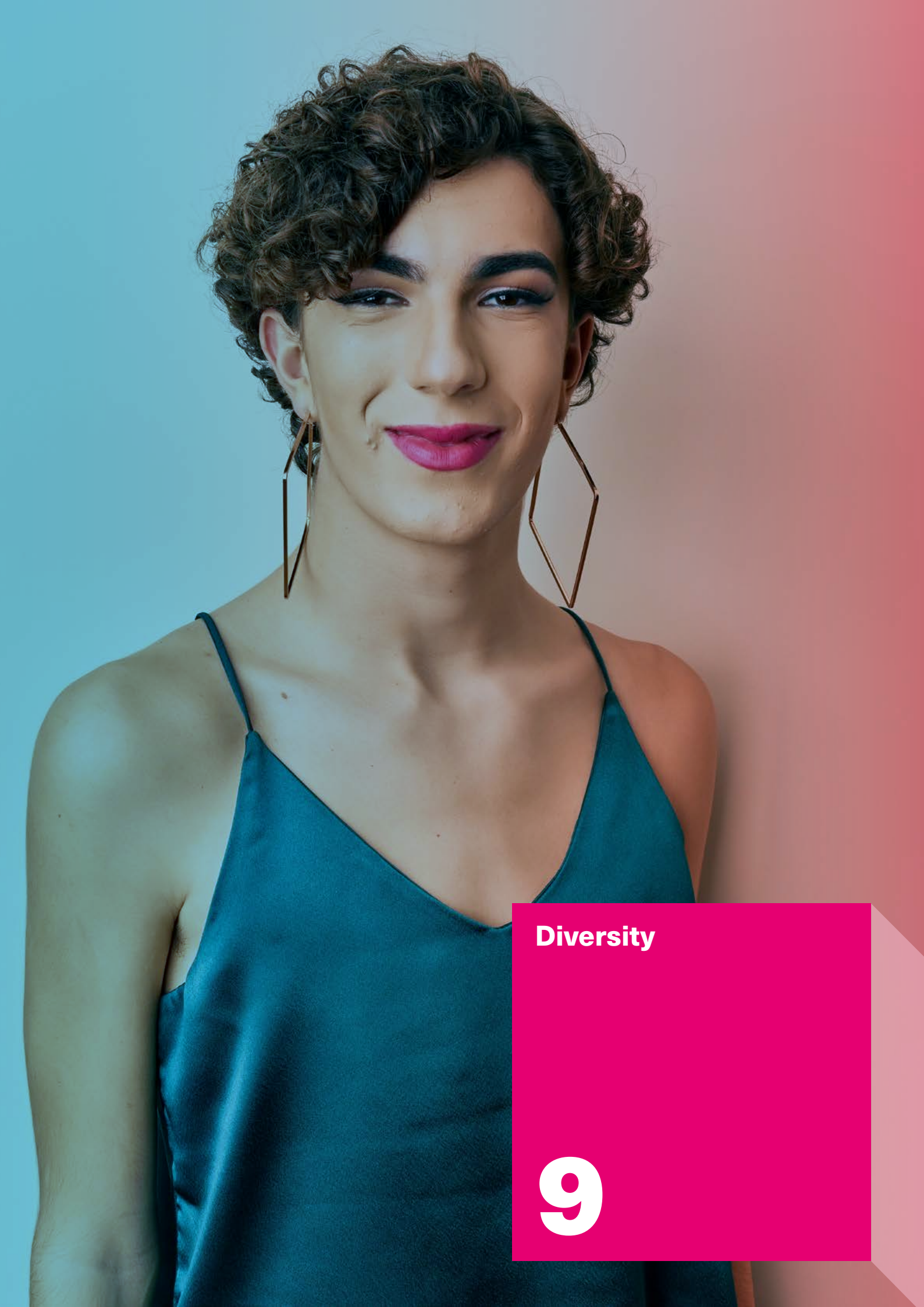
Figure 8.11

Average salary increases reported to ISE over time compared to the Consumer Price Index

Legend:
- % Change to Graduate salaries
- % Change Interns & Placement student salaries
- % Change to SCL salaries
- % of Annual inflation

Diversity

9

Demographic diversity in cohorts

This year we asked employers about the demographic diversity breakdown of their school and college leaver, interns and placements and graduate cohorts. Across all sectors, 43% of the school and college leavers were females, 49% of the placements and interns were female, and 47% of the graduate cohort was female.[5] When compared with the Higher Education Student Enrolment data, we can see that 57% of the students enrolled in Higher Education are female. This highlights an under representation of females hired onto graduate schemes particularly, as women make up less than half of the cohort, yet represent 57% of the students who graduate from university.

Overwhelmingly, the majority of the school and college leaver cohort, the placements and interns, and the graduate cohorts were White British (62%, 54% and 60%, respectively). Compared to the Higher Education Student Enrolment data, 74% of students in Higher Education in the UK are White British, with 8% being Black British and 12% being Asian British in 2022. The vast majority (62%) of the school and college leavers were White British, highlighting a need to increase diversity at this stage of hiring.

According to the HESA data, there were 135,990 students (7.7% of all students) with a specific learning difficulty such as dyslexia, dyspraxia or ADHD in 2020/21.[6] This number accounts for 33% of all students with a known disability. This is similar to the numbers seen in the average cohort, with 7% of school and college leavers, 9% of placement and intern students and 10% of graduates disclosing they are neurodiverse. Finally, considering the percentage of people aged 16 to 24 years who identify themselves as LGBTQIA+ (8% in the UK),[7] the percentage of LGBTQIA+ young people recruited as school and college leavers was below the national average (5%). Whereas, for placement and interns and for graduates, the percentage of hires who are LGBTQIA+ was 12% and 13% respectively. While the HESA data includes a wider age group, it's interesting and important to note changing demographics for younger workers.

5 & 6: HESA. (2022). *HE student enrolments by personal characteristics 2016/17 to 2020/21.* HESA - Experts in higher education data and analysis. https://www.hesa.ac.uk/data-and-analysis/sb262/figure-5
7: ONS. (2022, May 24). *Sexual orientation, UK.* Home - Office for National Statistics. https://www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/sexuality/bulletins/sexualidentityuk/2020

Figure 9.1
Diversity of school and college leaver cohorts across all sectors (49 employers)

Category	Percentage
White British	62%
Female	42%
Asian British	25%
Black British	9%
Other ethnicity	8%
Neurodiverse	7%
LGBTQIA+	5%
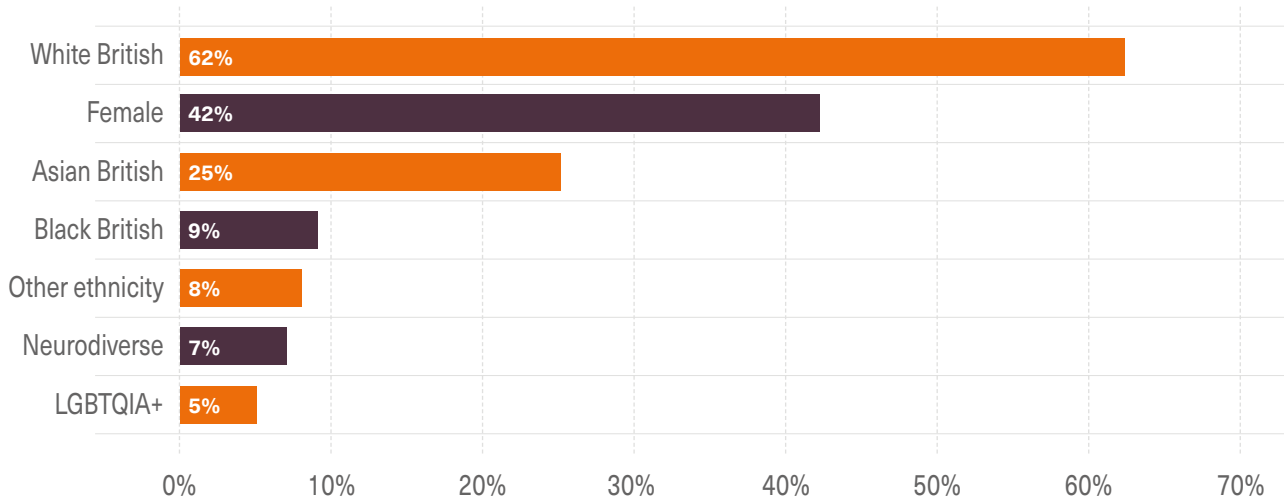
Figure 9.2
Diversity of placement and intern cohorts across all sectors (48 employers)

Category	Percentage
White British	54%
Female	49%
Asian British	22%
LGBTQIA+	12%
Other ethnicity	12%
Black British	11%
Neurodiverse	9%
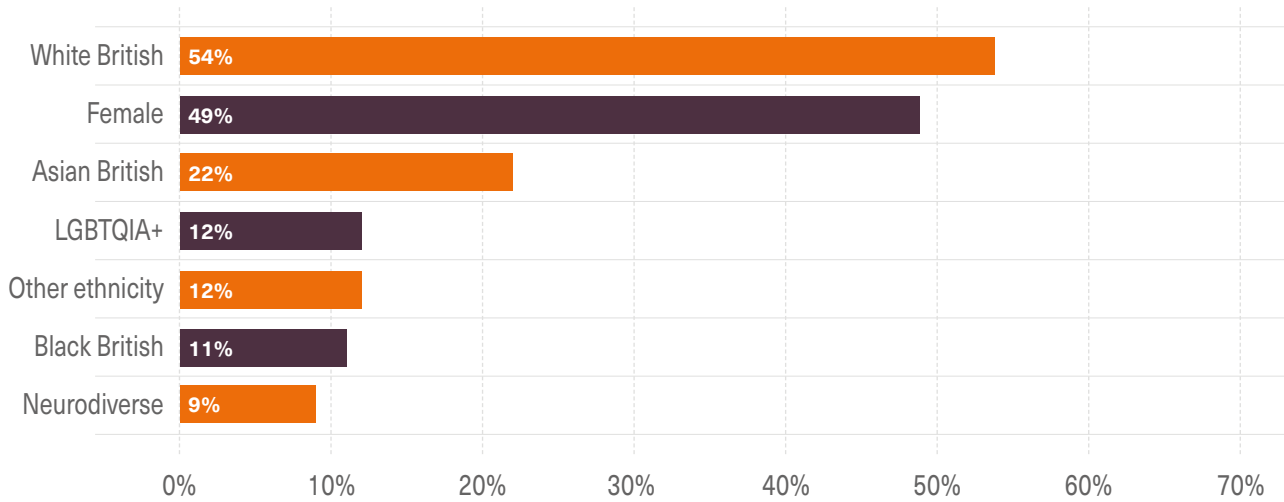
Figure 9.3
Diversity of graduate cohorts across all sectors (71 employers)

Category	Percentage
White British	60%
Female	47%
Asian British	24%
LGBTQIA+	13%
Other ethnicity	13%
Black British	12%
Neurodiverse	10%
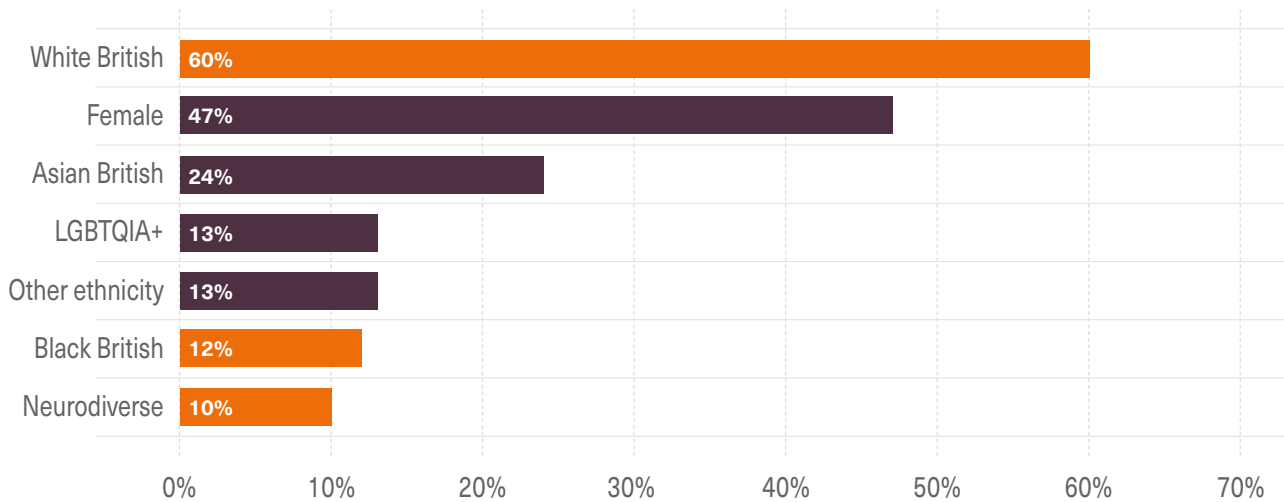
Diversity in internships and placements

Focusing on promoting diversity and inclusion at this early stage of career development is essential in providing students with opportunities to access the labour market, build contacts and skills and demonstrate their capabilities to employers. This can help to level the playing field in early careers recruitment. Many of the respondents to the recruitment survey understood this role and viewed internships and placements as part of their diversity strategy.

A minority of employers who offer internships or placements (29%) offer programmes for specific diversity groups (Figure 8.4). Of these, the groups most often targeted were ethnic minority students (offered by 87% of those that have programmes for specific diversity groups) and those from lower socio-economic backgrounds (58%, down from 68% last year).

29%

of employers offer internships and placements for specific groups of underrepresented students

Figure 9.4
Targeted programmes for specific diversity groups (30 organisations)

Group	2021/2022	2020/2021	% increase from last year
Disabled students	32%	25%	7%
Ethnic minority students	87%	75%	12%
Gay, lesbian and bisexual students	11%	8%	3%
Lower socio-economic background students	58%	68%	-10%
Neurodiverse students	24%	15%	9%
Students from particular religion and belief groups	5%	2%	3%
Transgender and intersex students	10%	6%	4%
Women	26%	23%	3%

■ 2021/2022   ■ 2020/2021   ■ % increase from last year

Diversity in attraction

Employers understand the importance of attracting a diverse range of candidates with 37% of respondents reporting that they had formal targets around diversity. Figure 8.5 shows the number of organisations with targets against different diversity strands. We see that there is a strong consistency with reported targets on diversity from previous years.

Looking at the most common diversity targets we see that 93% of employers had diversity targets related to gender, with 73% reporting targets for race and 55% reporting targets for different socio-economic backgrounds.

Figure 9.5

The proportion of organisations with targets for attracting diverse hires (62 organisations)
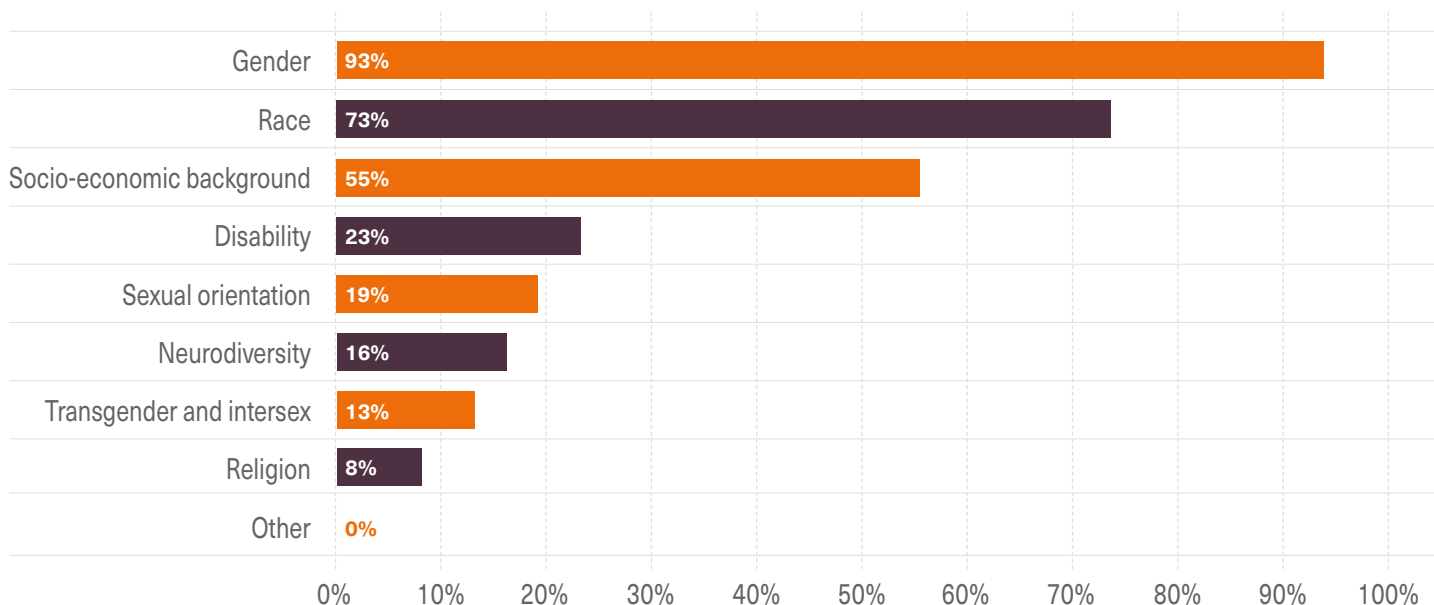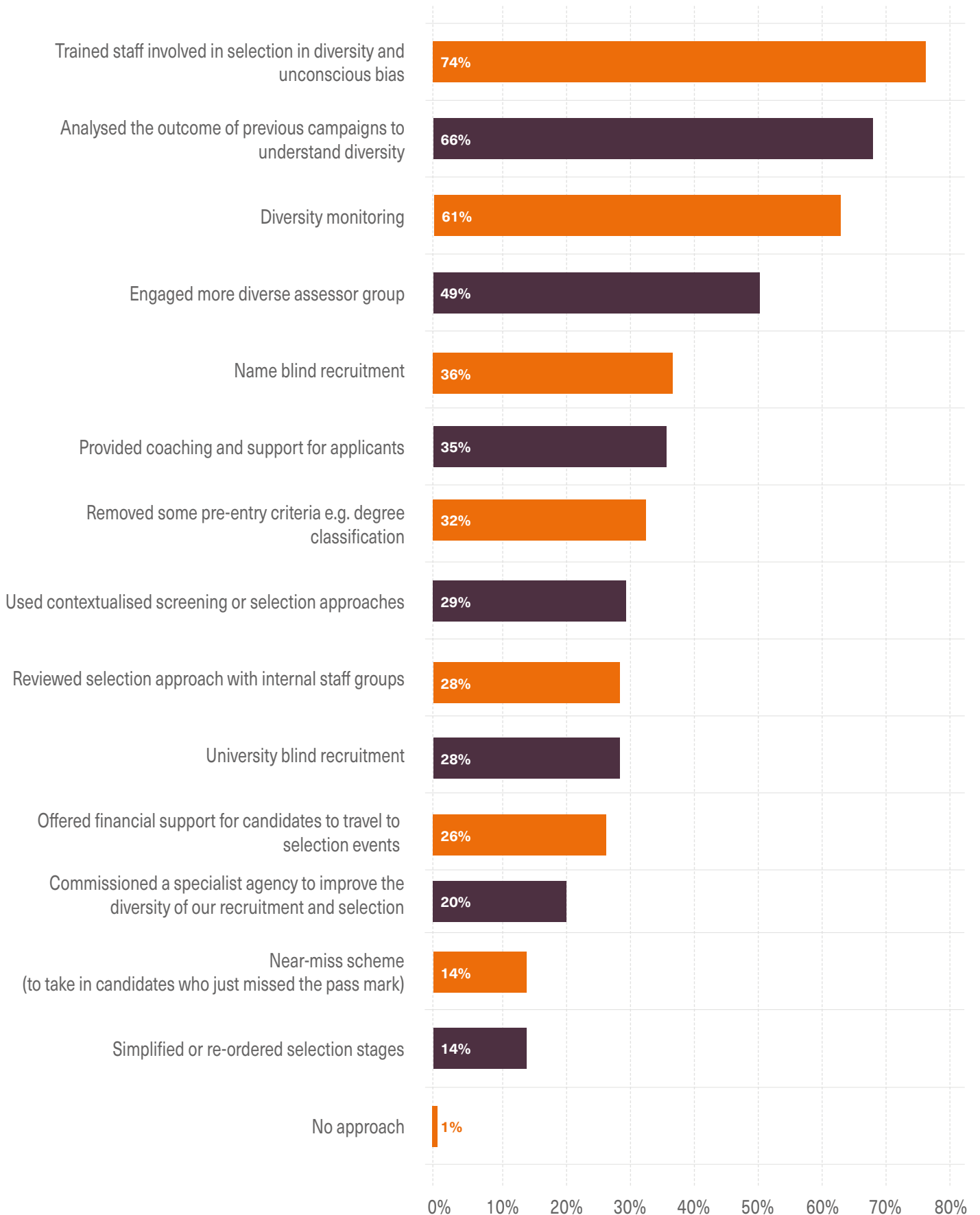
Category	Percentage
Gender	93%
Race	73%
Socio-economic background	55%
Disability	23%
Sexual orientation	19%
Neurodiversity	16%
Transgender and intersex	13%
Religion	8%
Other	0%

Figure 9.6
What approach (in %) did you think were most effective in your recruitment and selection approach to maximise diversity?

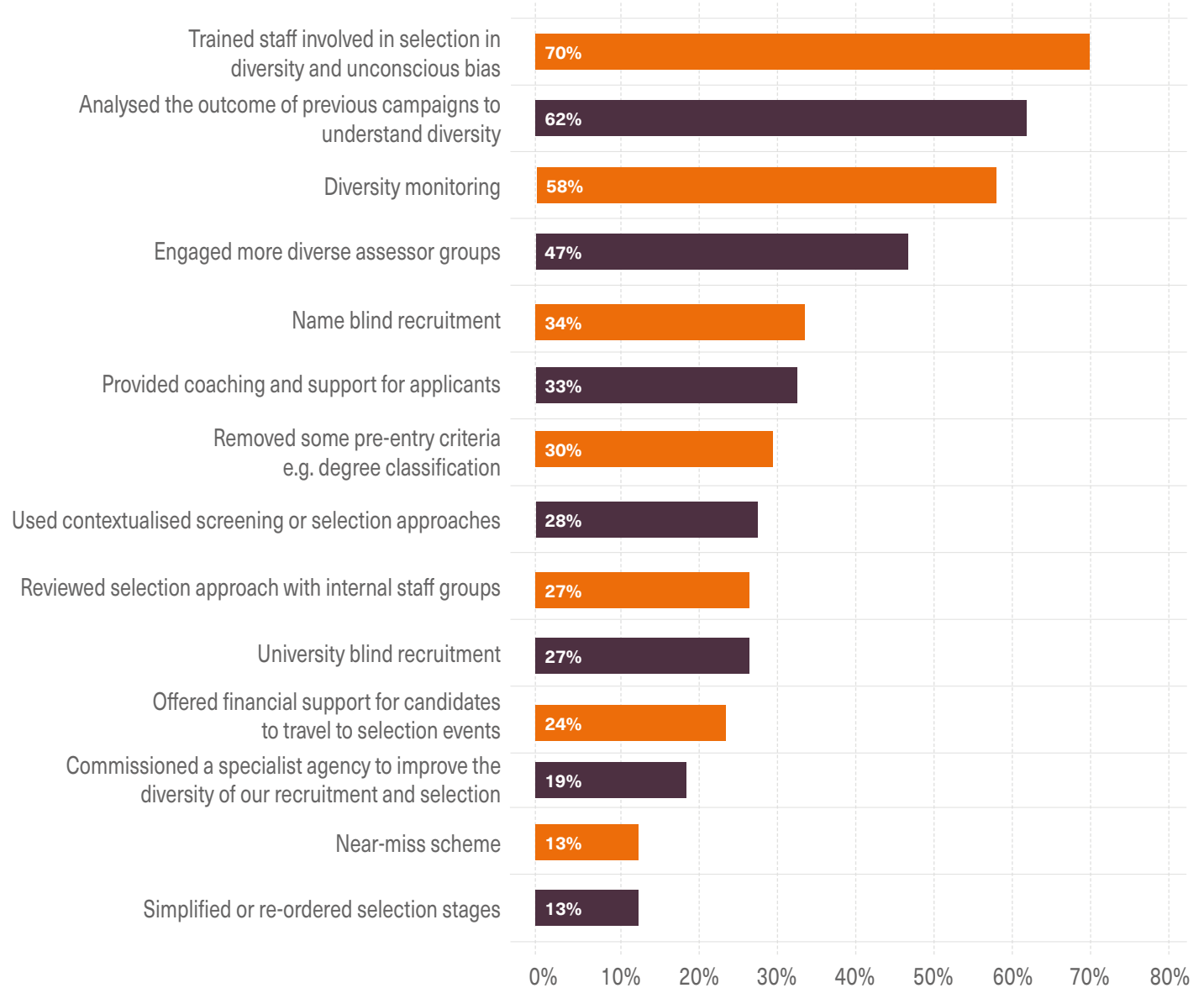| Approach	%
Trained staff involved in selection in diversity and unconscious bias	74%
Analysed the outcome of previous campaigns to understand diversity	66%
Diversity monitoring	61%
Engaged more diverse assessor group	49%
Name blind recruitment	36%
Provided coaching and support for applicants	35%
Removed some pre-entry criteria e.g. degree classification	32%
Used contextualised screening or selection approaches	29%
Reviewed selection approach with internal staff groups	28%
University blind recruitment	28%
Offered financial support for candidates to travel to selection events	26%
Commissioned a specialist agency to improve the diversity of our recruitment and selection	20%
Near-miss scheme (to take in candidates who just missed the pass mark)	14%
Simplified or re-ordered selection stages	14%
No approach	1%

Diversity in selection

The overwhelming majority of organisations (94%) have altered their selection process to maximise the diversity of the candidates they hire. The most common approaches were unconscious bias training (70%, up +12% from 2021), analysing outcomes of previous campaigns to understand diversity (62%) and diversity monitoring (58%). This is consistent with previous years.

Figure 9.7
Approaches taken by organisations to improve diversity in selection (96 organisations)

Approach	%
Trained staff involved in selection in diversity and unconscious bias	70%
Analysed the outcome of previous campaigns to understand diversity	62%
Diversity monitoring	58%
Engaged more diverse assessor groups	47%
Name blind recruitment	34%
Provided coaching and support for applicants	33%
Removed some pre-entry criteria e.g. degree classification	30%
Used contextualised screening or selection approaches	28%
Reviewed selection approach with internal staff groups	27%
University blind recruitment	27%
Offered financial support for candidates to travel to selection events	24%
Commissioned a specialist agency to improve the diversity of our recruitment and selection	19%
Near-miss scheme	13%
Simplified or re-ordered selection stages	13%

Recruiting neurodiverse talent

Neurodiversity, a term that describes the wide range of functioning of the human brain and covers a broad spectrum of conditions, and lived experiences, is increasingly becoming a focus for employers. More employers are looking to build strategies to attract, retain and engage student hires with neurodiverse conditions. When surveyed, 22% of employers indicated that having neurodiversity hiring targets are important, and 43% had plans in place to recruit more neurodiverse talent. One such company spoke to us to speak about how they have completely redesigned their recruitment process to prioritise neurodiversity.

Ellie Long from Rolls Royce

> "We have been doing a lot of work to create an organisation that is inclusive of everyone, no matter what their background, so people feel they can come to work and be whoever they want to be. Neurodiversity has become more of a focus over the past 12 months. There's a real recognition that we want to be the world's leading industrial technology company. We recognise that we need a more diverse workforce, and we need a more diverse workforce in terms of how we think.

> Things like curiosity and creativity are integral, we need people to come with different perspectives so that we can innovate more. The sort of challenges that we are now facing, we know we need real diversity of people within our teams built to tackle them.

> One of the biggest lessons for us is not to just use the umbrella term of neurodiversity and treat people all the same. For example, dyslexic people are different to autistic people, and they are also different people who may then have ADHD. We need to understand how to support individuals. We've worked with external organisations, we've worked with people with a real expertise in this. It's seeing people from a strengths-based lens, how can we utilise differences in our roles, and put in adjustments to help people thrive, not just focus on what people struggle with."
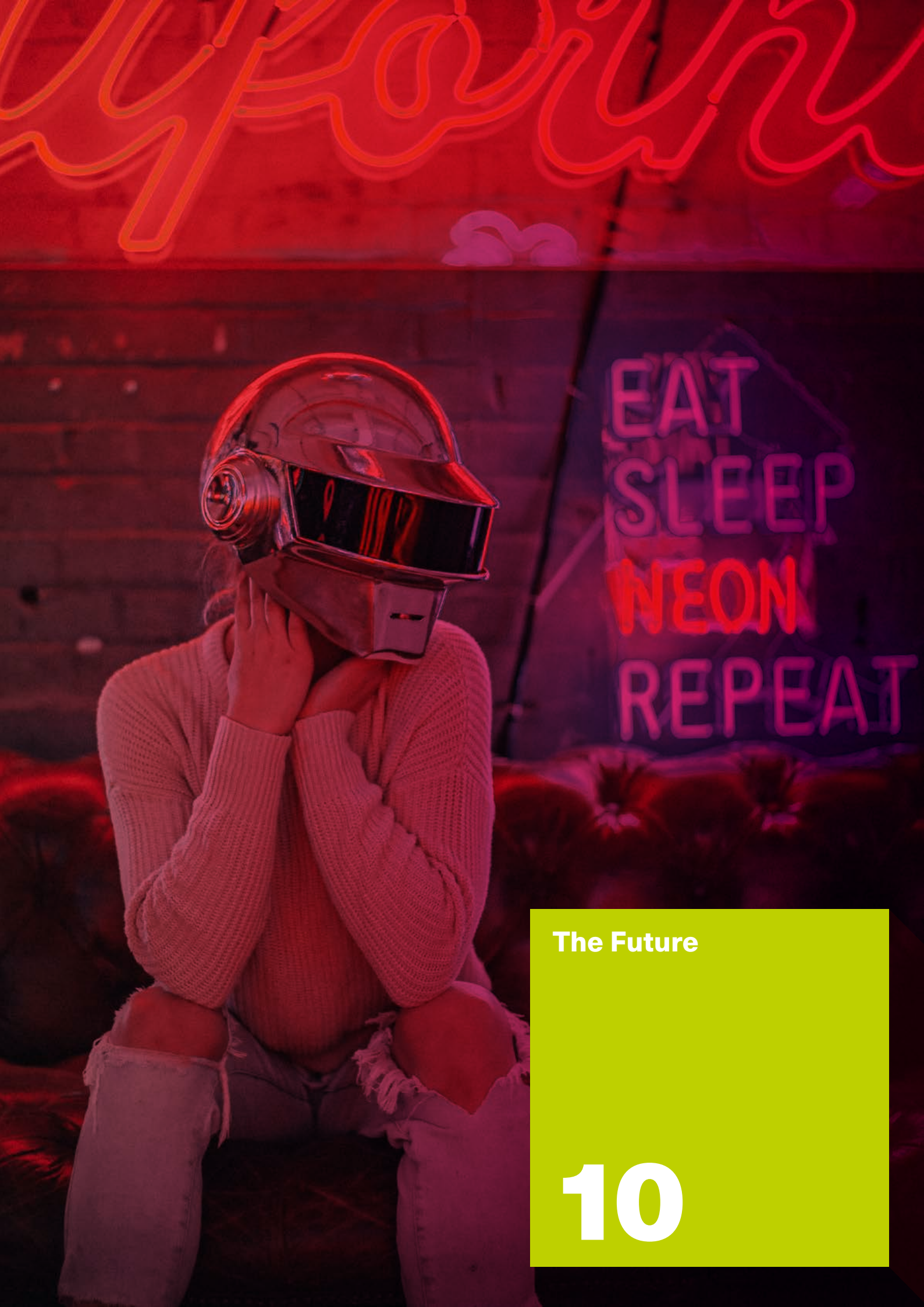
The Future

10

Every year we ask employers to look forward in the future and reflect on what they anticipate the key issues for student recruitment will be over the next five years. We begin by asking them to predict what their recruitment will be in the following year.

Employers' predictions for growth

Figure 9.1 shows the percentage change in recruitment from 2000/2001 with projections for next year. Throughout the pandemic, there was sustained growth in school and college leaver vacancies, while school and college leaver vacancies continued to grow this year (+18% growth) and are forecasted to grow next year (+28%), they are growing at a slower rate than in 2020/2021.

In the graduate market however, vacancies increased this year by +17%, however are only projected to grow up +1% next year. Some employers noted they are experiencing a hiring freeze, or that they are unsure of recruitment levels for graduates in 2022/2023.

Looking at internship and placement market data highlights how this year there was a steep increase in vacancies (+49% compared to last year), however next year the intern and placement market is predicted to stagnate with neither growth nor shrinkage.

Figure 10.1
Recruitment growth and forecasts for next year

Graduates   School and college leavers   Interns and placement students
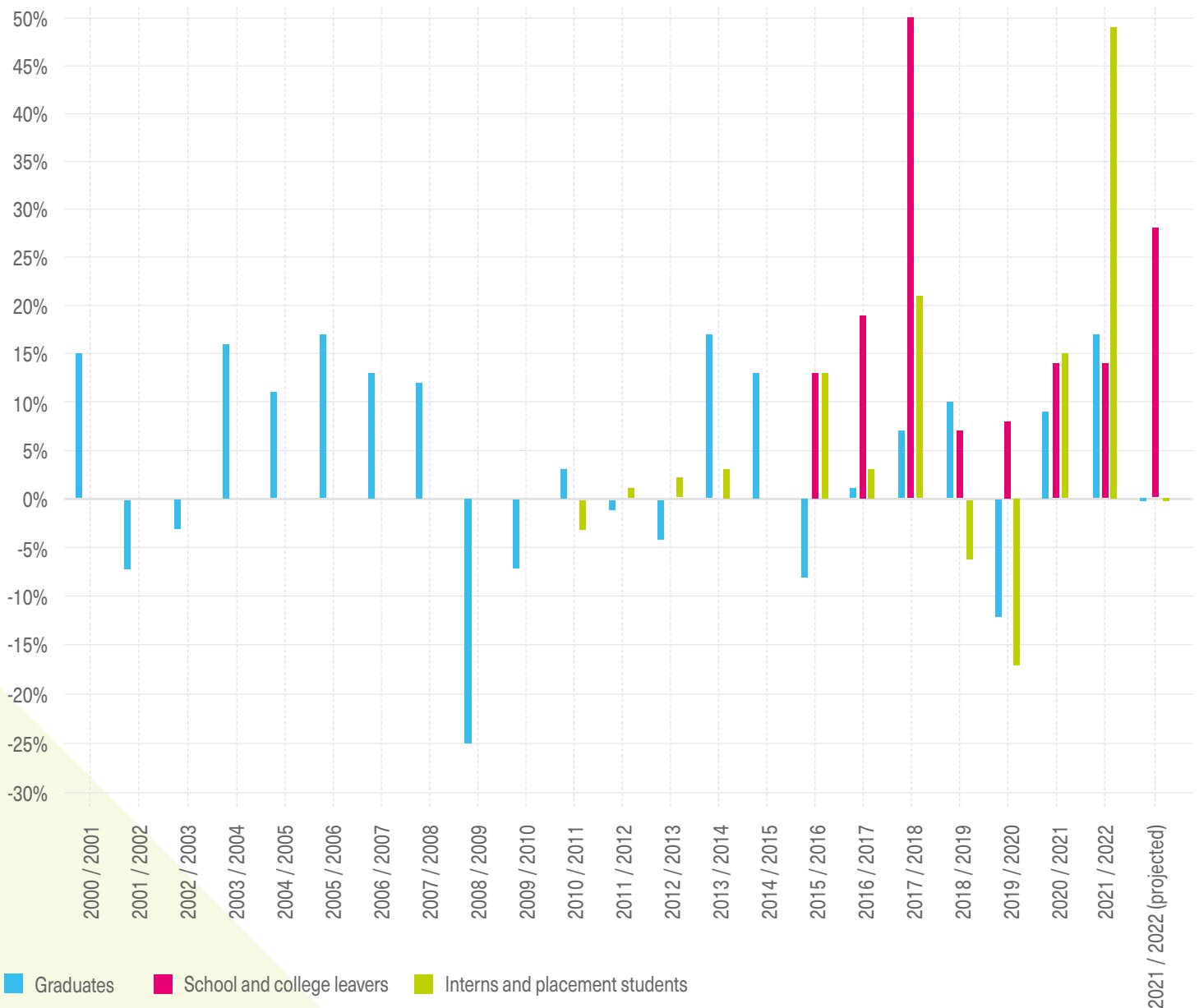
Future plans for recruitment

Employers were asked to reflect on a series of questions about their plans for their student recruitment over the next 5 years (Figure 10.2).

Figure 10.2
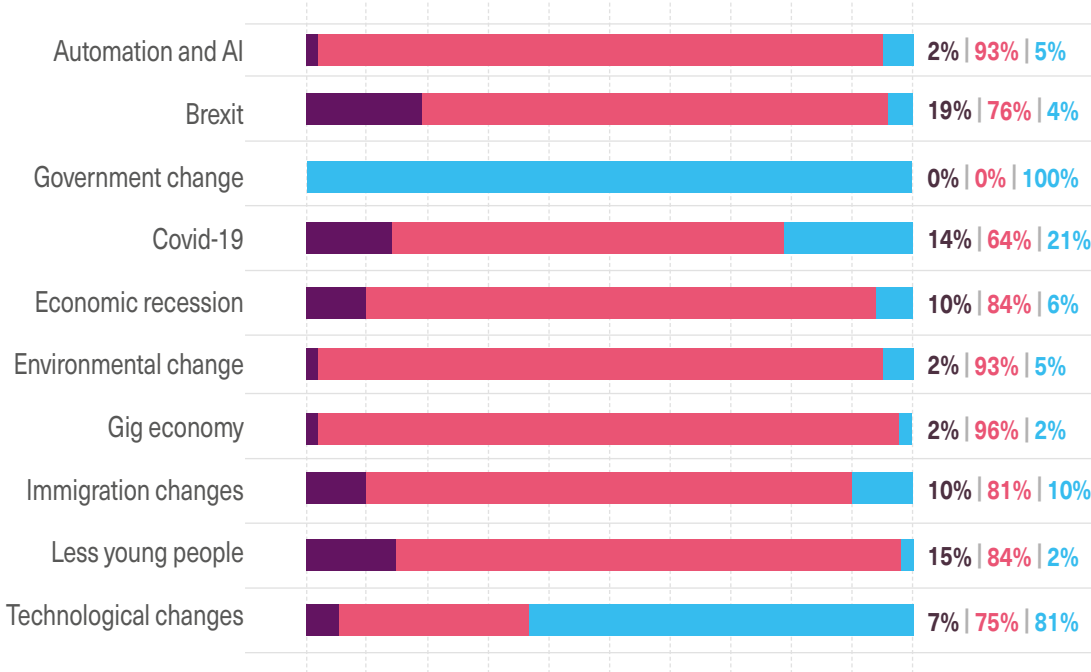**The future recruitment plans of employers** (140 organisations)

Half of the respondents expected that their recruitment would be mainly virtual over the next five years and 38% expected that they would increasingly automate the process of student recruitment. A smaller proportion (18%) anticipated that an increasing number of their entry-level staff would be based at home.

Around a third of employers (29%) expected to drop qualification requirements and move to a 'qualification blind' approach to student recruitment. And almost a quarter (28%) expected to rebalance their entry-level recruitment away from graduates and towards school and college leavers.

We asked employers about contextual changes that have happened over the last 12 months, and how they have impacted recruitment. Have they recruited less, the same amount, or more students? Systemic changes such as Brexit and immigration changes have led to less recruitment (19% & 10% less, respectively). Whereas government change and Covid-19 have led to more recruitment (100% and 21% more, respectively).

Figure 10.3

How are contextual changes impacting recruitment now? (52 organisations)

■ Recruit less   ■ No change   ■ Recruit more

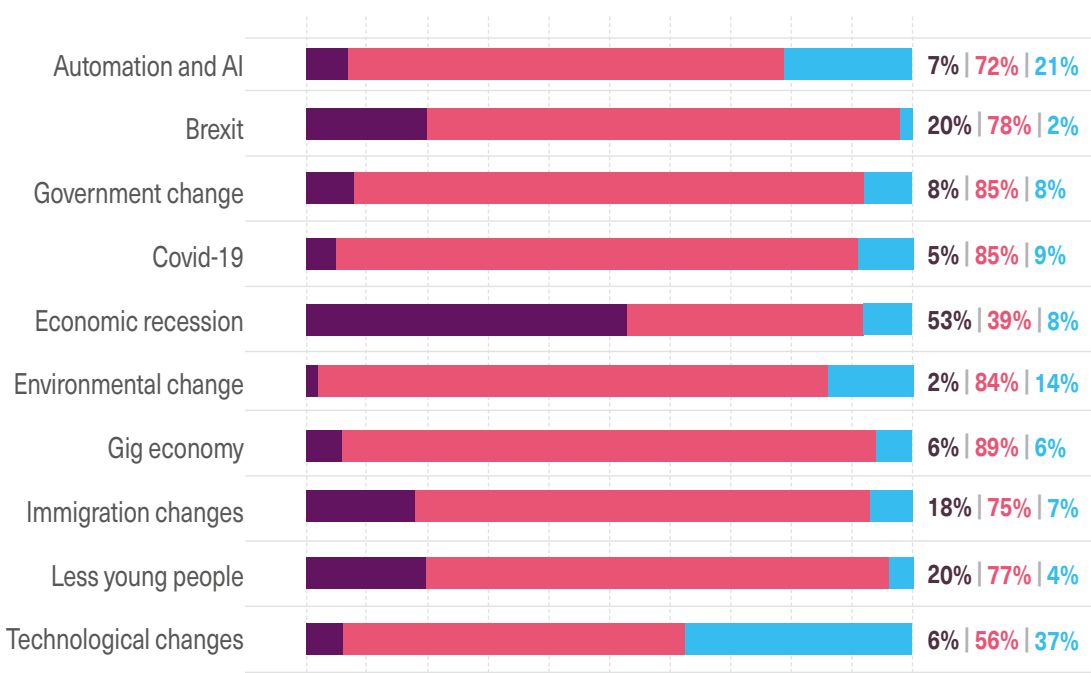|	Recruit less	No change	Recruit more
Automation and AI	2%	93%	5%
Brexit	19%	76%	4%
Government change	0%	0%	100%
Covid-19	14%	64%	21%
Economic recession	10%	84%	6%
Environmental change	2%	93%	5%
Gig economy	2%	96%	2%
Immigration changes	10%	81%	10%
Less young people	15%	84%	2%
Technological changes	7%	75%	81%

100%

of employers expect a change in government to increase recruitment

We asked employers what contextual changes over the next five years will make them recruit less, the same amount, or more. The highest number of employers on record (53%) expect that an economic recession will cause them to recruit less in the coming years (up from 42% in 2021, 45% in 2020, and 36% in 2019). Brexit is continuing to be felt, with 20% of employers expecting Brexit will lead to a decrease in student hiring (up from 16% in 2021, 18% in 2020, but down from 34% in 2019). Some employers (20%) perceive that shifting demographics, namely less young people, will lead to a reduction in student recruitment. Some employers (18%) perceive that immigration changes will threaten the number of student hires in the next five years.

Figure 10.4

Anticipated student recruitment changes following different contextual changes over the next five years (54 organisations)

■ Recruit less   ■ No change   ■ Recruit more

	Recruit less	No change	Recruit more
Automation and AI	7%	72%	21%
Brexit	20%	78%	2%
Government change	8%	85%	8%
Covid-19	5%	85%	9%
Economic recession	53%	39%	8%
Environmental change	2%	84%	14%
Gig economy	6%	89%	6%
Immigration changes	18%	75%	7%
Less young people	20%	77%	4%
Technological changes	6%	56%	37%

53%

of employers anticipate less recruitment due to a recession

Final thoughts

11

In this report, we set out to explore how student recruitment was changing against a backdrop of political instability and economic uncertainty. This is indicative of this uncertainty, projected hiring levels for the coming year have slowed from the explosive growth experienced in the student labour market following Covid-19. In line with this, salaries across the board are stagnating, this means that student hires are experiencing a real time loss of purchasing power. These dynamics will shape the labour market, likely with a concentration of applicants in higher paying roles, and a lack of applicants and higher renege rates in lower paying roles.

The findings from this report sound an important alarm for employers in view of broader labour market trends in the UK. Levels of unemployment are at a decades-low, yet at the same time levels of labour inactivity (people deciding not to work at all) are at a record high, as are the levels of unfilled vacancies. Employers are having to spend more to hire experienced hires due to the lack of skilled applicants available for work. If employers act in haste to drastically reduce student hiring now in response to economic uncertainty, the knock-on consequences in one, two and three years when employers haven't built and developed their talent pipeline may be felt dramatically.

This year, we can see signs of employers trying to access a broader pool of talent: fewer employers have educational requirements, and more are seeking to hire people that have been typically excluded from work. Nevertheless, the number of applicants per vacancy has fallen to a record low, and the percentage of reneges has risen dramatically. The labour market is shifting, and economic pressures felt by inflation are impacting candidates and employers alike. Moving forward, student candidates should prioritise acting early to secure positions and employers should take a strategic approach to build their talent and develop their talent pipeline as much as they can to protect them against future talent shortages and salary inflation in a decades-tight labour market.