

THE ECONOMIC IMPACT OF  
**London's International  
Students**



**LONDON**  
& PARTNERS

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# Executive Summary

**Key finding: International students studying at London universities directly contributed £3.4 billion to the UK economy in 2016-17 and supported almost 40,000 jobs.**

This London & Partners report presents the findings of an assessment of the impact of London's international students on the UK economy in the academic year of 2016-17.

We estimate that the contribution from subsistence spending (living expenses) was more than £1.7 billion, while the impact of fees paid directly to London universities contributed a further £1.5 billion. We also estimate that £180 million was spent by overseas friends and relatives visiting international students in London. Compared to our previous findings in 2015, this is an 11 percent increase in real terms.

China, the United States, Italy and India were the most common countries of origin, with considerable growth in both Chinese and Italian student numbers in the past four years. The largest contributions to London and the UK's economy were from China contributing £598m, and the United States contributing £240m. Italy and India both contributed £137m each. The top ten student markets contribute over 50 percent of all the spending from international students in London.

Spending per student was highest among US students who spent £36,705 per year. On average, EU students spent £25,200 per year. Chinese students supported over 7,000 jobs, whilst the top four European markets supported 4,600 jobs and the US supported 2,800 jobs.

After calculating the major costs of international students in London in 2016/17, we estimated a net benefit of £2.7 billion. This is the equivalent of a benefit of £310 per Londoner per year.

This report also raises some other issues which policymakers should consider. These considerations include; volunteer hours, economies of scale for higher education (HE) institutions, EU funding and loan access, and the ambassadorial role of international students in London. These preliminary insights highlight the need for future research in these areas.



**JOBS CREATED AND SUPPORTED: ENOUGH TO FILL 40 TUBE TRAINS**



Added

**£3.4 Billion**  
To London's  
Economy

**£1.5bn**  
Fees



**£180m**  
Visitors

**£1.7bn**  
Subsistence



# About this Report

**Research focus: Understanding the economic contribution of all non-UK students in London and comparing findings to previous assessments.**

London has long been recognised as a magnet that draws students into the UK. This is largely due to its HE institutions which make up a quarter of all UK education institutions<sup>1</sup>. The city's HE sector has a strong international focus, and international students account for almost one third of the total international student population in the UK, and 41 percent of the London's total student population.

Previous research has found a significant and increasing economic impact generated by non-UK students on the UK economy. After changes in international student numbers and tuition fees in 2015 we recognised that new research would be needed to make a more up-to-date economic assessment on the impact of London's economy. Following this, London and Partners decided to update this report with the most recent economic assessment, including some additional analysis.

Our work builds on the findings of our previous report published in 2015, and the report by PwC and London First early in 2015<sup>2</sup>, which explored the contribution made by international students to Britain's economy but excluded students from the European Union. In our 2015 report we extended the analysis to include all students from outside the UK and to pinpoint the respective direct economic impact of students from London's top ten international student markets, both overall and per capita. This report provides an update on the economic impact but also extends the analysis to include additional sections on costs, qualitative benefits and implications.

We would like to thank London Economics, for their assistance with our costs methodology, and recognise the contribution their recent 2018 report<sup>3</sup> has made to the public discourse regarding international students in the UK. We would also like to thank the economists at Greater London Authority, the ONS and the Student Loans Company for their assistance in producing this report.

This report aims to achieve similar outputs to our previous report in 2015, with a focus on direct economic impact, and consists of seven main sections. The first section outlines the methodology and approach taken in our estimates and calculations.

In section two we give an overview of current student numbers by countries of origin. The third section estimates the direct economic impact of international students on London and the UK's economy. In section four we have calculated the costs associated with hosting international students and the overall net benefit. Section five outlines how the direct economic impact relates to Gross Value Added and job creation for London's economy.

Section six presents other benefits to be considered such as; the economies of scale achieved by universities which ensures diverse subject offerings for domestic students, unpaid volunteer work undertaken by international students, the future of EU students, and the soft-power established in countries of origin. In the final section, we provide implications of our findings and considerations for policy makers and future research endeavours.

We believe that this report will shed further light on the contribution of London's international students to the UK economy, and will help us understand how international students bring this benefit to London and the UK.

**Published in April 2018 by London & Partners**

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<sup>1</sup> This report only covers the 40 publicly funded Higher Education institutions based in London. Satellite campuses of other UK Institutions, private universities and colleges have not been included. A complete list of the 40 institutions considered in the report is available in the appendix.

<sup>2</sup> London First and PwC, 2015. *London calling: International students' contribution to Britain's economic growth*, available at: <http://londonfirst.co.uk/wp-content/uploads/2015/05/London-Calling-report.pdf>

<sup>3</sup> London Economics, 2018, *The costs and benefits of international students by parliamentary constituency*, Report for Higher Education Policy Institute and Kaplan International Pathways, available at: <http://www.hepi.ac.uk/wp-content/uploads/2018/01/Economic-benefits-of-international-students-by-constituency-Final-11-01-2018.pdf>

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# 1. Methodology

**Approach: Identifying spending categories in London's economy, quantifying impact by expenditure 'channel' and estimating direct economic benefit.**

## Main data sources:

- Tuition fees paid to London universities from the Higher Education Statistics Agency (HESA)<sup>4</sup>
- Subsistence spending in the local economy adjusted from the Student Income and Expenditure Survey<sup>5</sup>
- Expenditure by visiting friends and relatives (VFR) of London's international students according to the International Passenger Survey<sup>6</sup>

To estimate the total economic impact of international students in London, it is important to look at their contribution to the UK economy overall.

Firstly, students incur costs directly related to university attendance such as tuition fees, books and transport to and from university. Secondly, students spend on accommodation and food. Expenditure varies across the UK, so the figures must be adjusted to reflect the characteristics of the London market. Finally, other spending items must be considered, such as leisure, entertainment and holidays.

As in our previous report, we are classifying spending items in three categories, through which international students support the local economy:

- **Fee income** paid to higher education institutions
- **Subsistence spending** (e.g. rent, food, transport and leisure)
- **Expenditure of friends and relatives** who come to London to visit international students. This is known as Visiting Friends and Relatives (VFR) spending



The sum of economic benefit across all three spending channels represents the overall direct economic impact of international students in London on the UK economy.

<sup>4</sup> Higher Education Statistics Agency, (HESA), 2018, available at: [www.hesa.ac.uk](http://www.hesa.ac.uk)

<sup>5</sup> Department of Business, Innovation and Skills, 2013, *Student income and expenditure survey 2011-2012*, available at: <https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012>

<sup>6</sup> ONS, *International Passenger Survey, Visiting friends and relatives, 2016-17*, available at: <https://www.visitbritain.org/nation-region-county-data>

In addition to this, we estimated costs across three different channels, public funding grants, loans and public service provision, to calculate an economic net benefit to the UK economy.

Further detailed calculation steps are included in the appendix.



## 2. Countries of Origin

**Key finding: Most international students in London are from outside the European Union.**

### Main points:

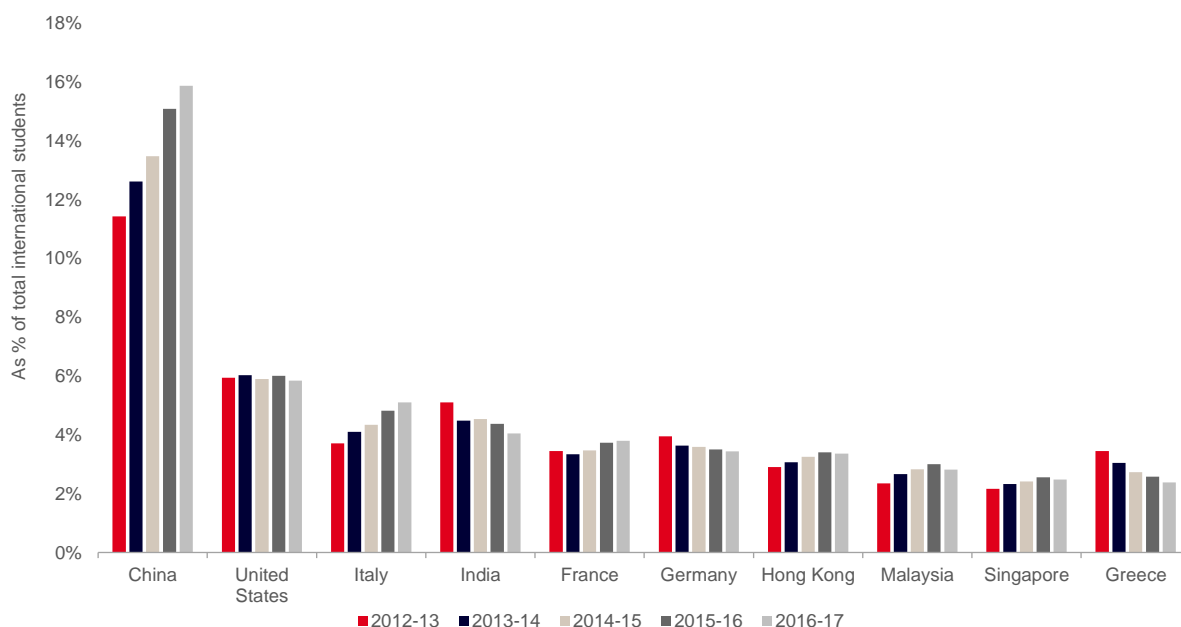
- 41 percent of students attending London's higher education institutions are from outside the UK
- London attracts 29 percent of the UK's international student market
- China is the dominant source country

To understand the economic impact of London's international students, London & Partners analysed the latest data published by the Higher Education Statistical Agency (HESA). The last academic year 2016-2017 saw London welcome 384,955 students studying at HE institutions. Of these, 29 percent (112,200) were international students, a 1.5 percent increase on the previous academic year.

Most international students, 67 percent or 75,460 students, were from outside the EU, with the remaining 36,745 students from within the EU. This proportion has remained relatively constant since our previous report in 2014, with only a small increase in EU students. Regarding the overall level of study, there was almost an even split between international postgraduate (49 percent) and international undergraduate students (51 percent), but a higher proportion of postgraduate students came from outside the EU.

A breakdown of the ten top origin markets is provided in Figure 1 below. China remains the leading international student source market for London. Chinese student numbers have grown by 48 percent since 2012-13 and Italian student numbers grew by 47 percent over the same period.

**Figure 1: Top 10 countries of origin for London's international students as a proportion of total international students in the capital, 2016-17**



Source: HESA Student Record (2012-2017)

By contrast, the Indian market has continued to decline, falling by 15 percent over the same period. The drop in Indian students, started after the peak in 2009-10, followed by a sharp expansion of the Indian

student population that took place between 2004-05 and 2009-10. A possible explanation in this decline could be attributed to a change in post-study visa requirements<sup>7</sup>.

Since 2014-15, the share of US<sup>8</sup> students has remained relatively flat, while countries such as France, Hong Kong, Italy, Malaysia and Hong Kong have increased their share. Greece occupies a lower position, tenth compared with eighth, and Nigeria has dropped from tenth to twentieth place, when comparing student numbers reported in 2014-15.

International students in London make up 23 percent of all international students in the UK. When comparing London to the UK, different countries dominate. Table 1 illustrates how London attracts a higher proportion of international students from countries such as Italy, the US, Singapore and France, while countries such as China and Malaysia tend to be relatively underrepresented in the capital.

**Table 1: Students by country of origin in London and as a percentage across the UK, 2016-17**

Rank	Country of origin	Number of students in London	% of London's students to UK students from each country
1	China	17,795	18%
2	United States	6,550	35%
3	Italy	5,725	39%
4	India	4,545	26%
5	France	4,255	30%
6	Germany	3,855	26%
7	Hong Kong	3,775	22%
8	Malaysia	3,155	18%
9	Singapore	2,780	37%
10	Greece	2,670	25%
<b>Total International Students in London</b>		<b>112,200</b>	<b>24%</b>

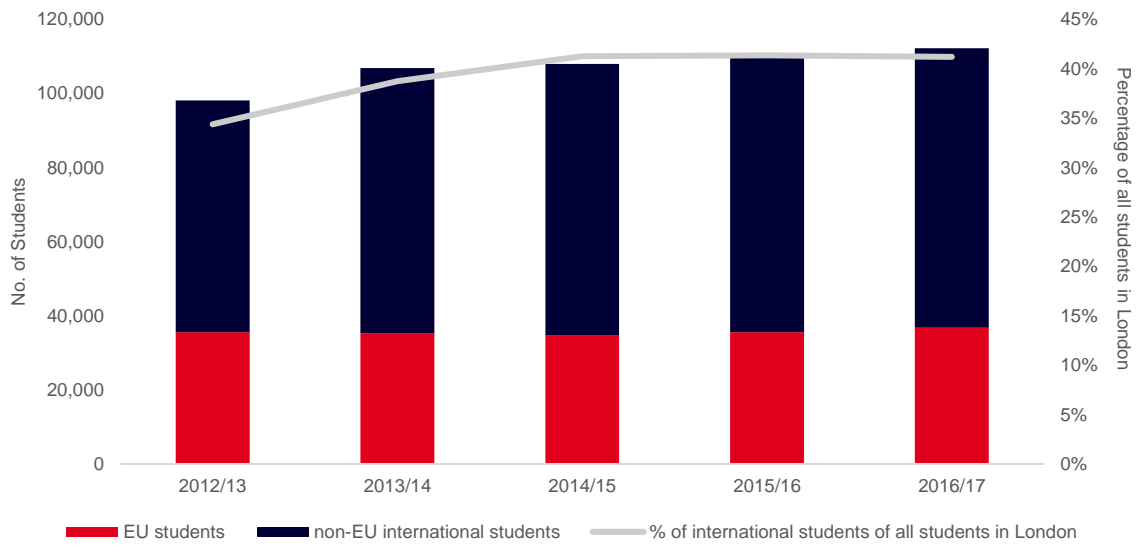
Source: HESA Student Record (2016-17)

Figure 2 shows that the proportion of international students in London has slightly increased over the past five years, from 34 percent up to 41 percent.

<sup>7</sup> Universities UK, 2014, *International students in higher education: The UK and its competition*, available at: <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2014/international-students-in-higher-education.pdf>

<sup>8</sup> This report does not cover US students studying in London on study abroad programmes due to lack of official statistics.

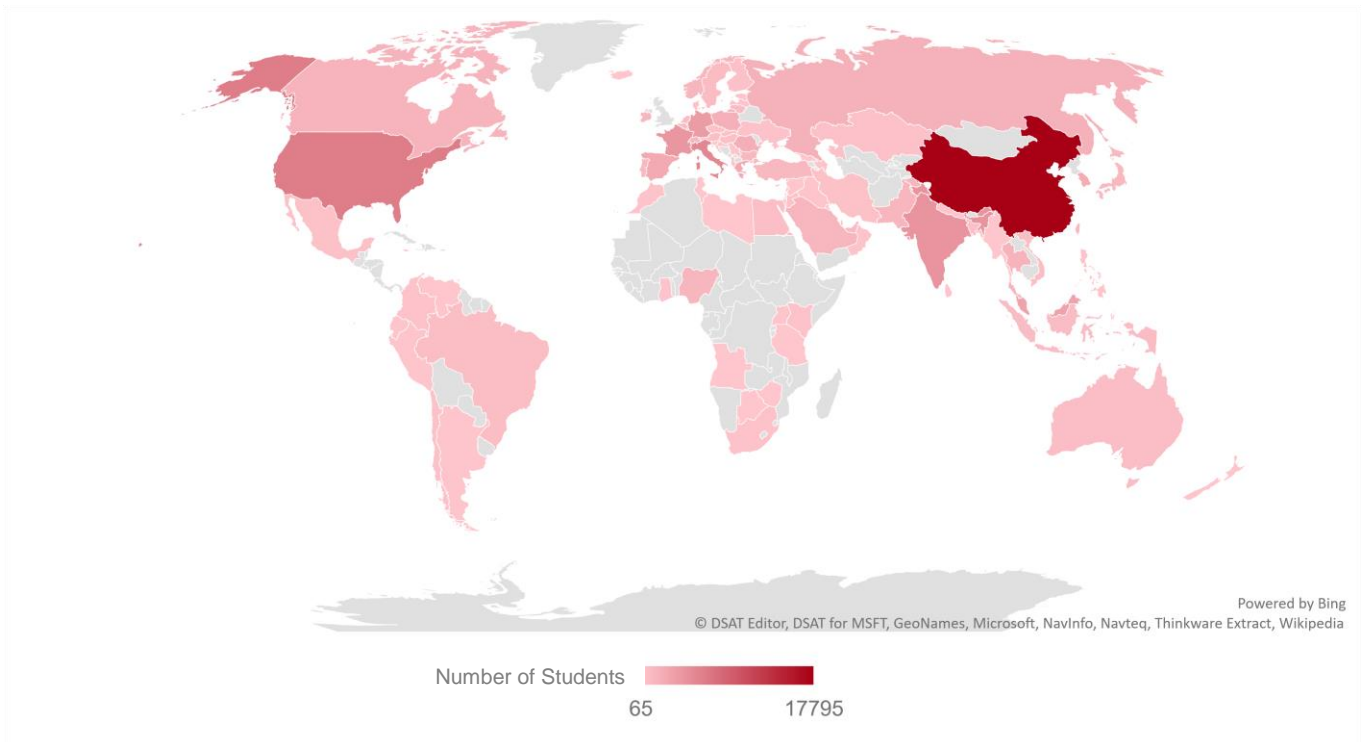
**Figure 2: Proportion of international students in London, 2016-17**



Source: London & Partners analysis (2018), HESA Student Record (2016-17)

Figure 3 shows a heat map of the top 100 countries of origin of international students who studied in London in 2016-17.

**Figure 3: Heat map of top 100 countries of origin, 2016-17**



Source: HESA Student Record (2016-17)

# 3. Direct Economic Impact

**Key finding:** Overall spending in the 2016-17 academic year totalled £3.45 billion, up 11 percent in real terms<sup>9</sup> from 2013-14<sup>10</sup>.

**Key points:**

- Subsistence spending comprises 51 percent of the economic impact
- China, USA, Italy and India are the biggest contributors
- Annual spending per student ranges from £23,700 (Greece) to £36,700 (United States)

London & Partners’ analysis found that international students contributed an estimated £3.45 billion to the London economy during the 2016-17 academic year. Subsistence spending had the highest impact, making up £1.75 billion (51 percent), followed by tuition fees at £1.52 billion (44 percent). The remaining 5 percent was spent by friends and relatives coming to London to visit international students (£180 million).

Table 2 illustrates the total expenditure of international students in London during the academic year 2013-14.

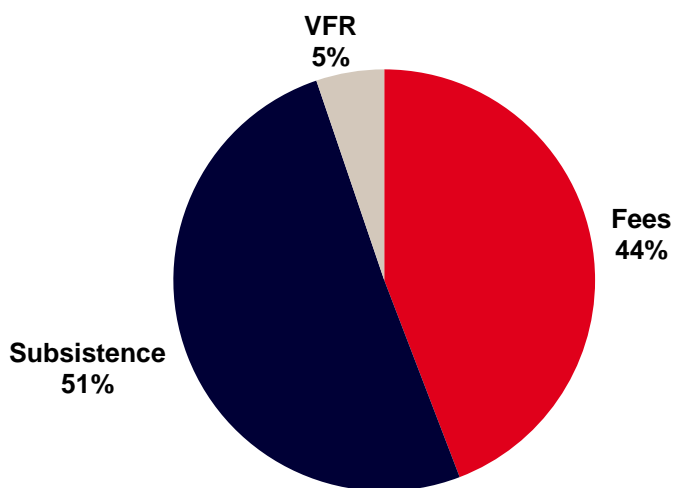
**Table 2: Total spending by channel in the academic year 2016-17**

Spending channel	Impact (£m)
Fees	£1,523
Subsistence	£1,745
VFR	£180
<b>Total</b>	<b>£3,448</b>

Source: London & Partners analysis (2018)

Figure 4 shows the share of spending by each channel, with more than half coming from subsistence.

**Figure 4: Share of overall expenditure by spending channel, 2016-17**



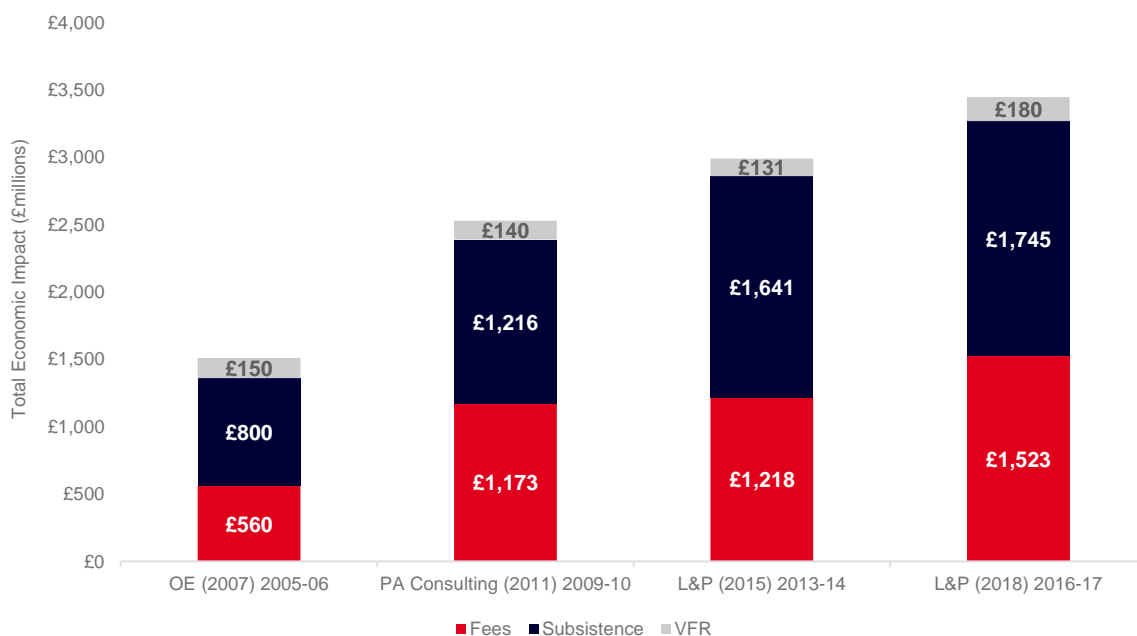
Source: London & Partners analysis (2018)

<sup>9</sup>Using CPI for Fees and VFR, and RPI for subsistence. A more detailed methodology is outlined in the appendix.

<sup>10</sup> From our previous analysis, London and Partners, 2015, The economic impact of London’s International Students, [http://files.londonandpartners.com/l-and-p/assets/media/students\\_impact\\_report.pdf](http://files.londonandpartners.com/l-and-p/assets/media/students_impact_report.pdf)

By comparing the results of studies by Oxford Economics (2007)<sup>11</sup> and PA Consulting (2011)<sup>12</sup> on the estimated impact of international students in London and the UK economy, we can see that there has been an overall rise in spend. Total spending amounted to £1.51 billion in 2005-6 and £2.53 billion in 2009-10. Figure 5 compares results from previous studies with the present analysis<sup>13</sup>.

**Figure 5: Overall expenditure broken down by spending channel comparison (£m in nominal terms), 2005-6 to 2016-17**



Source: Oxford Economics (2007), PA Consulting (2011), London & Partners analysis (2018), Note: PwC and London First (2015) not included as report only focuses on non-EU students

Overall spending has increased by 15 percent in the three years since 2013-14, 36 percent since 2009-10 and 128 percent since 2005-6. In real terms, adjusting for inflation, there has been an 11 percent increase since 2013-14.

Many factors contributed to the estimated increase in the impact of international students: the growth in the number of international students enrolled in London institutions, up by 5 percent since 2013-14; the rise in tuition fees charged by universities to undergraduate EU students<sup>14</sup> and inflation as the average UK Retail Price Index increased by almost 6 percent, and Consumer Price Index increased by 3 percent, since 2013-14<sup>15</sup>.

The magnitude of the visiting friends and relatives channel (VFR) has changed slightly over time, with the greatest change from 2013-14 and 2016-17, up 37 percent. Both fee impact and subsistence spending have more than doubled since 2005-06. Fees were up 25 percent since 2013-14 and subsistence had slightly less growth, up 6 percent.

<sup>11</sup> Oxford Economics, 2007, The economic impact of London's international students, available at: <https://www.oxfordeconomics.com/my-oxford/projects/129046>

<sup>12</sup> PA Consulting, 2011, The Economic Impact of International Students to London's Economy: A Quantitative Perspective. Available at: [https://www.londonhigher.ac.uk/wp-content/uploads/2017/02/StudyLondon\\_EconomicAnalysis\\_2011.pdf](https://www.londonhigher.ac.uk/wp-content/uploads/2017/02/StudyLondon_EconomicAnalysis_2011.pdf)

<sup>13</sup> The studies carried out by Oxford Economics and PA Consulting do not employ the exact same methodology and student base used for the present study. However, to the best of our knowledge, they remain the most comparable research pieces available and an extremely useful resource to study the evolution of the economic impact of international students over time.

<sup>14</sup> In 2004 a fee threshold of £3,000 per year for undergraduate EU students was set by the UK Government. By 2010-11 maximum fees had increased to £3,290. In 2012 the upper limit was further raised to £9,000 per year. Again in 2017, this limit was raised to £9,250. Maximum capping only applies to undergraduate EU students, whereas universities are free to set tuition fees for undergraduate non-EUs and postgraduate students (irrespective of country of origin).

<sup>15</sup> Retail Price Index and Consumer Price Index used from Office for National Statistics, 2018, Inflation and price indices, available at: <https://www.ons.gov.uk/economy/inflationandpriceindices>

China was London's biggest market in terms of both student numbers and local spend in 2016-17. Chinese students in London spent £598 million. £300 million (50 percent) was spent on fee expenditure, £277 million (46 percent) was spent on subsistence and the remaining £21 million (4 percent) was spent by friends and relatives visiting the city. In our previous analysis, subsistence was the highest spending category. Table 3 presents this overall spending by channel broken down by London's top ten international student markets.

**Table 3: Expenditure by channel and by country of origin, top 10 markets, 2016-17**

Domicile	No. of Students	Fees (£m)	Subsistence (£m)	VFR (£m)	Total (£m)	Spending per student (£)
China	17,795	£300	£277	£21	£598	£33,600
United States	6,550	£110	£102	£29	£240	£36,700
Italy	5,725	£43	£89	£5	£137	£24,000
India	4,545	£65	£71	£1	£137	£30,100
France	4,255	£48	£66	£7	£121	£28,500
Germany	3,855	£29	£60	£6	£96	£24,800
Hong Kong	3,775	£64	£59	£6	£129	£34,200
Malaysia	3,155	£52	£49	£6	£107	£34,000
Singapore	2,780	£52	£43	£6	£101	£36,300
Greece	2,670	£18	£42	£3	£63	£23,700

Source: London & Partners analysis (2018)

The second largest market was the US, which spent £240 million in London's economy. Americans' spending patterns differed slightly from that of the Chinese: £110 million (46 percent of the US's contribution) went on tuition fees, but only £102 million (42 percent) was spent on subsistence. The remaining £29 million, a total of 12 percent, which was one of the highest proportions among the countries in our analysis, came from the spending of friends and relatives visiting American students in London.

Spending £137.4 million, Italy ranked third; £43 million (31 percent) was spent on tuition fees, £89 million (65 percent) on subsistence and £5 million (4 percent) on VFR spending.

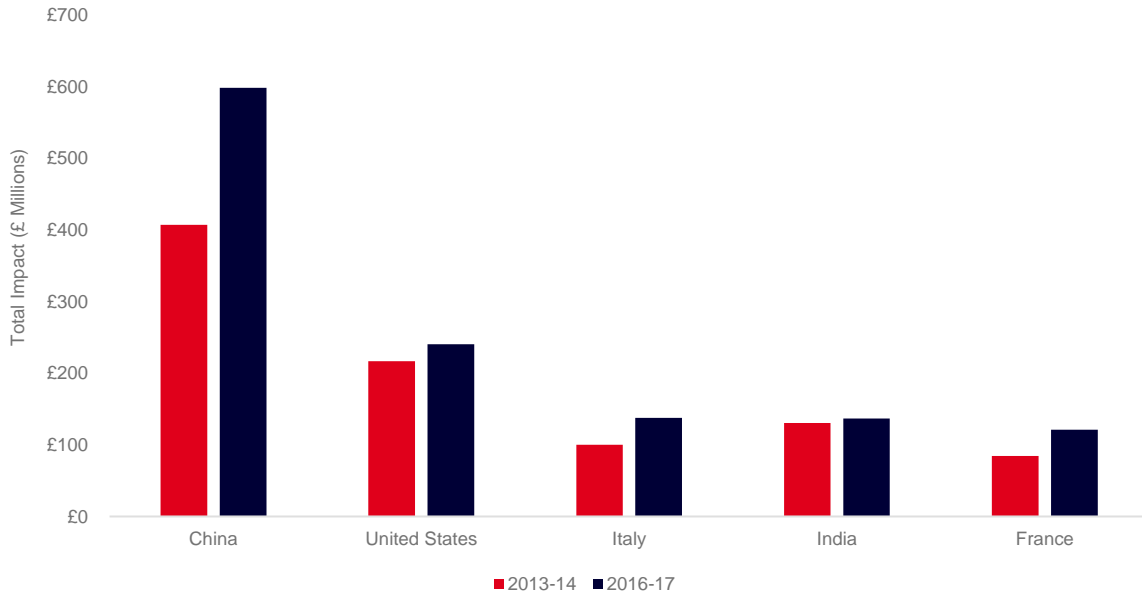
Close behind Italy was India who fell to fourth place when compared from previous report on 2013-14 academic year, with £136.7 million spent. India's fee expenditure was greater than that of Italy, with £65 million spent (47 percent) on tuition, £71 million (52 percent) on subsistence and £1 million (less than 1 percent) on VFR spending<sup>16</sup>.

Collectively the top ten markets spent £1.73 billion in London's economy, equating to half of the total economic impact of international students, which is an increased share, up from 46 percent, since our previous report.

Figure 6 shows the change in the top 5 markets compared with our previous report on the 2013-14 academic year. The largest increase was in China's market which increased 47 percent, second was the increase in France's spend, up 44 percent, and third, Italy's spend, up 37 percent.

<sup>16</sup> Indian spending in the visiting friends and relatives (VFR) channel might be underestimated due to the methodology employed. See appendix for more details.

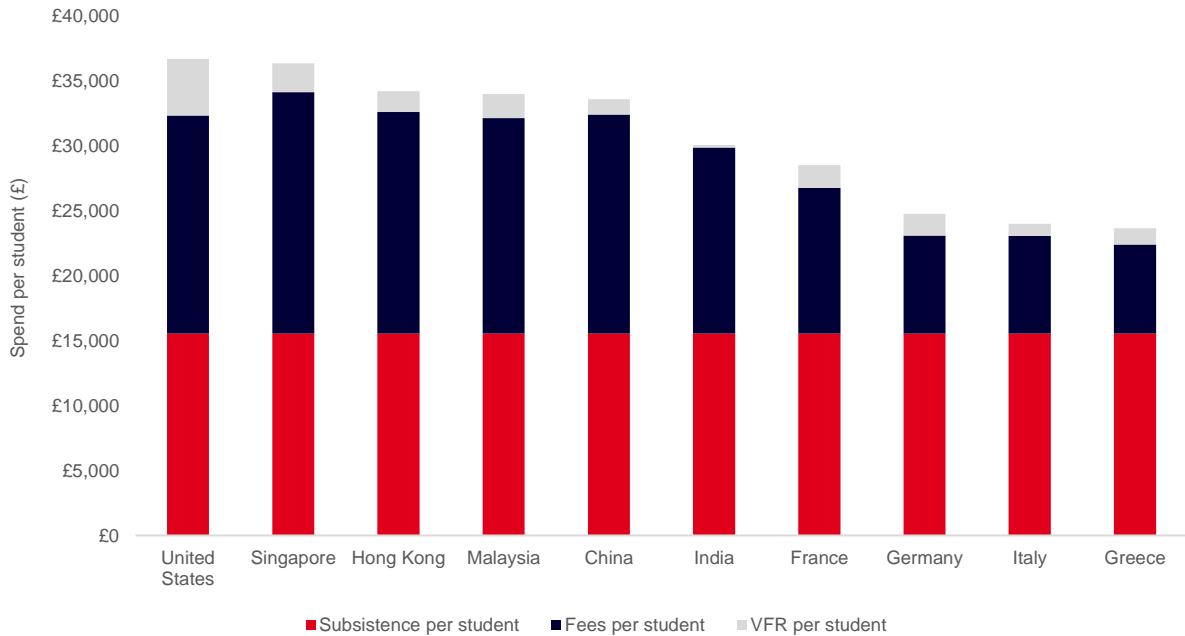
**Figure 6: Total spend from top 5 markets by student size, compared with previous L&P analysis, nominal terms, 2013-14 & 2016-2017**



Source: London & Partners analysis (2015), London & Partners analysis (2018)

Figure 7 shows individual average expenditure by student and channel, for the top ten markets by student population size in London.

**Figure 7: Individual student spend by channel, top 10 markets, 2016-17**



Source: London & Partners analysis (2018)

Individual impact is lower for the four EU markets. This is due to the lower tuition fees charged by UK higher education institutions for European students. Individual spending for Italian, German, French and



Greek students averaged around £25,000 per year, compared to Singaporean students, who spent around £36,000 per year, and Americans, who spent on average £37,600<sup>17</sup> per year.

### **The indirect and induced effects on London's economy**

While we provide a direct economic impact, we have also considered the indirect and induced impact on the economy. Initial spend creates additional activity in the economy and therefore indirect effects are the result of additional demand throughout supply chains in the host economy. The induced effect is the result of increased personal income caused by the direct and indirect effects. When personal income increases, personal spending at local businesses increases too, thus generating further activity in the economy.

Estimating multipliers is complex and dependent on the size and nature of the economy being considered. London Economics in their estimation of the impact of international students in 2015-16, applies multipliers ranging from 1.9 to 2.5 for tuition fees, subsistence spending and spending by visiting friends and relatives. Using the same multipliers, we estimate a total impact of £7.8 billion from London's international students for the UK economy in 2016-17.

These multipliers relate to the UK economy and there would be less leakage from the total UK economy than for London's economy. Hence, multipliers for London should be lower. This is because we assume some of the income received in London would be spent in the UK, outside of London. Given the uncertainty in estimating a multiplier specifically for London, and as recommended by GLA Economics<sup>18</sup>, we have not estimated a specific multiplier for this report. We recommend that further studies estimate the indirect and induced effects of spending in London's economy.

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<sup>17</sup> Due to the limited availability of data, it hasn't been possible to compute different subsistence spending figures for each of the markets in our analysis. Subsistence spending amounts to £15,548 per student, irrespective of country of origin.

<sup>18</sup> Smith, B and Conti, E, 2014, *Working paper 61: London & Partners Evaluation Methodology Study*, available at: [https://www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/wp61.pdf](https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/wp61.pdf)

# 4. Costs and Net Benefit

**Key finding: International students contributed a net benefit of £24,000 per student in 2016-17.**

**Main points:**

- The net economic impact for London was £2.68 billion in 2016-17
- Total costs were £770 million in 2016-17



Economic costs are divided into three main categories; public funding grants, unpaid student loans and public service provision. We have estimated these costs totalling £770 million, to derive a net economic benefit of £2,678 million for the UK<sup>19</sup>.

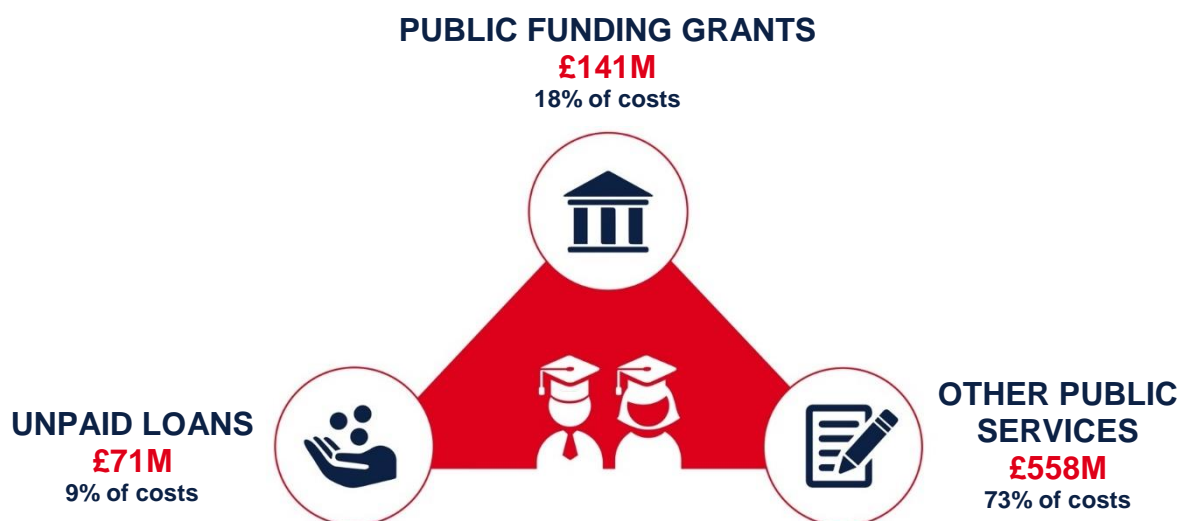
Costs are divided into the following three separate categories and Figure 8 details costs for 2016-17:

**Public funding grants** – This includes teaching, research and knowledge exchange grants as recorded by the Higher Education Funding Council for England<sup>20</sup>.

**Unpaid loans** – This includes the cost to the government over the annual period of unpaid loans from EU Students.

**Other public services** – This includes health, education, social security, housing, general public services, defence, public order and safety, economic affairs, environment protection, recreation, culture and religion, non-apportioned other costs<sup>21</sup>.

**Figure 8: Cost of international students in London 2016-17**



Source: London & Partners analysis (2018)

<sup>19</sup> Further methodology details are included in the appendix.

<sup>20</sup> Higher Education Funding Council for England, 2018, *Recurrent grants for 2016-17*, available at: <http://www.hefce.ac.uk/funding/annalocns/1617/institutions/>

<sup>21</sup> The London total annual public service costs per student are from Table 22 of London Economics', 2018, *The costs and benefits of international students by parliamentary constituency*.

Table 4 outlines the breakdown of these costs by EU and non-EU students. Total public funding grants totalled £141 million, or £3,800 per EU student. As HE providers do not receive funding for non-EU international students, this was only apportioned over EU students.

Similarly, non-EU international students do not receive tuition-fee loan support. The total tuition-fee loan support costs totalled £71 million, or £2,100 per full time EU student. This is an estimate of the cost to the government due to loans which are not repaid. The methodology is outlined in the appendix. It is estimated by the Student Loans Company that 72.5 percent of EU students across the UK took up loans in 2015-16. The cost estimated is for unpaid loans which are not repaid and this is detailed further in the appendix.

Other public service provision was the largest cost and was estimated at £557 million. This is £201 million for EU students and £357 million for non-EU international students, £5,263 per full-time EU student and £4,726 per non-EU student.

**Table 4: Total Costs (£M) of International Students in London 2016-17**

	EU	Non-EU	Total
Public funding grants	£141	£0	£141
Unpaid loans	£71	£0	£71
Public service provision	£201	£357	£558
<b>Total</b>	<b>£413</b>	<b>£357</b>	<b>£770</b>

Source: London & Partners analysis (2018)

### Net economic benefit

After considering these costs we have subtracted these from the economic benefit calculated in the previous section to calculate a net economic benefit of £2,678 million, which is outlined in Table 5. Average costs per student were £6,800, whereas net benefits totalled £23,900 per student.

**Table 5: Net economic benefit of international students in London in 2016-17**

	Total (£m)	Per Student (£)
Direct benefit	£3,448	£31,000
Costs	£770	£7,000
<b>Net economic benefit</b>	<b>£2,678</b>	<b>£24,000</b>

Source: London & Partners analysis (2018)

# 5. Gross Value Added and Employment Impact

**Key finding: Overall GVA in the 2016-17 academic year totalled £1.80 billion, supporting 39,800 jobs in the UK.**

**Main points:**

- Fee income made up over half of total GVA
- China was the biggest market contributing 18 percent of overall GVA
- Average impact per student is £48,200 for undergraduate students and £16,100 for postgraduate students

To estimate the Gross Value Added (GVA) impact associated with international students' spending, sectoral turnover to GVA ratios from the Annual Business Survey by the ONS<sup>22</sup> were used. Adjustment factors to convert the gross economic output to GVA have been generated based on the following assumptions about the sectors benefiting from the additional expenditure:

- **Fee income:** The adjustment factor has been calculated using the ratio between total employment costs and employment costs, plus bought-in goods and services in the education sector, which provides a GVA adjustment factor of 60 percent
- **Subsistence:** An average of the turnover to GVA ratios for food and beverage service (50 percent), real estate activities (68 percent) and retail trade (19 percent) sectors. This provides an average ratio of 46 percent
- **Family and friends' visits:** An average of the turnover to GVA ratios for the accommodation (57 percent) food and beverage service activities (48 percent)

As a result, we estimated the total direct annual GVA impact of international students on UK economy to be £1.8 billion in 2016-17.

Using the same assumptions about the sectors benefiting from the additional students' expenditure it is possible to translate GVA into jobs supported in the UK economy<sup>23</sup>. As a result, our calculations suggest that the spending of international students and their visitors are responsible for supporting 39,796 jobs.

Table 6 shows spend allocation across fees, subsistence and spend generated by friends and relatives visiting, and its conversion into GVA together with the number of jobs supported.

**Table 6: Gross value added and jobs supported by channel in 2016-17**

Spending Channel	Total expenditure (£m)	Gross Value Added (GVA), £m	Jobs supported
Fee income	£1,523	£913	21,100
Subsistence	£1,745	£794	16,500
Family and friends	£180	£96	2,200
<b>Total</b>	<b>£3,448</b>	<b>£1,803</b>	<b>39,800</b>

Source: London & Partners analysis (2018)

<sup>22</sup> Office of National Statistics, 2014, *Annual Business Survey*, November 2014. SIC codes 47,56, and L used for subsistence spending expenditure to GVA conversion using London data, see footnote 19 for family and friends visits conversion.

<sup>23</sup> See for the appendix for detailed calculations and explanation of our methodology.

When looking at GVA contribution by country, China and US are the biggest contributors, followed by India and Hong Kong. Table 7 outlines GVA and jobs contribution broken down by London's top ten international student markets.

**Table 7: Gross Value Added and jobs supported by country of origin, top 10 markets, 2016-17**

Domicile	Number of students	Total expenditure (£m)	GVA (£m)	Jobs supported
China	17,795	£598	£317	7,000
United States	6,550	£240	£128	2,800
Italy	5,725	£137	£69	1,500
India	4,545	£137	£72	1,600
France	4,255	£121	£63	1,400
Germany	3,855	£96	£48	1,000
Hong Kong	3,775	£129	£69	1,500
Malaysia	3,155	£107	£57	1,300
Singapore	2,780	£101	£54	1,200
Greece	2,670	£63	£32	700

Source: London & Partners analysis (2018)

Using these estimates of direct GVA impact it is possible to assess the incremental value to the economies of London and the UK of attracting more international students to the capital. Table 8 summarises the per-student GVA impact, considering the three core sources of economic contribution from international students. This high-level analysis suggests that each international student in London made a direct GVA impact of around £16,068 for each year of their studies, in 2017 prices.

**Table 8: Estimation of incremental value of international students, 2016-17**

	Undergraduate	Postgraduate
Number of students	57,190	55,015
% of total students	51%	49%
GVA apportioned according to share of students (£ million)	£919	£884
Annual impact per student	£16,100	£16,100
Average total impact per student	<b>£48,200</b>	<b>£16,100</b>

Source: London & Partners analysis (2018)

## 6. Other Benefits and Considerations

### Main points:

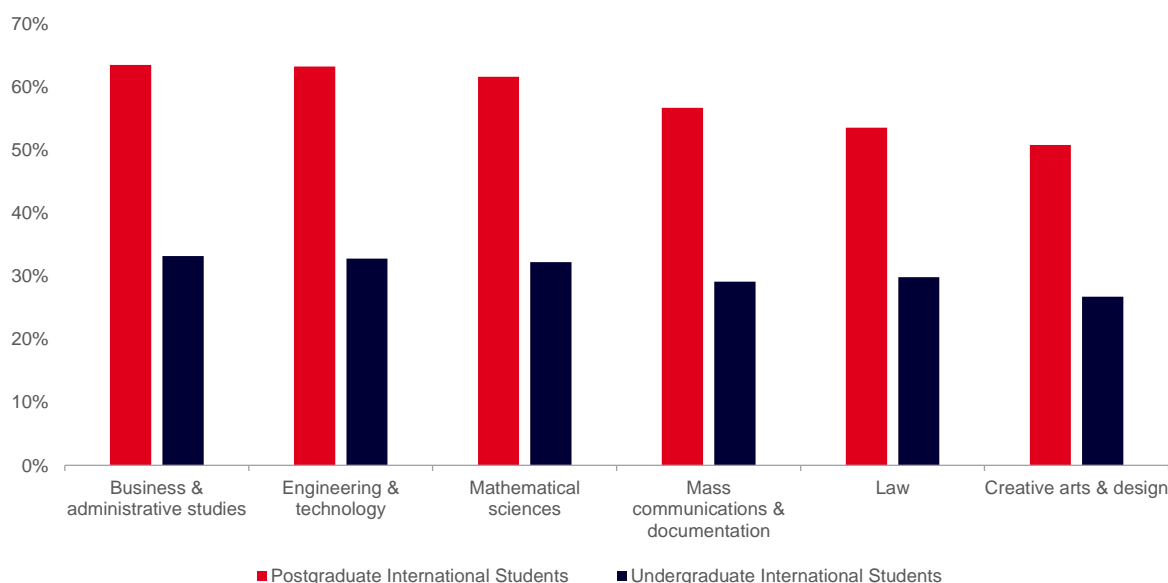
- Larger pool of students increases the ability of HE providers to offer a wider range of subjects
- International students provide positive externalities such as unpaid volunteer hours
- The benefit EU students contribute, EU research funding and access to tuition loans need to be considered as the UK negotiates leaving the EU
- International students are ambassadors for London in their home countries

### Economies of scale at London universities ensuring subject offering diversity and viability

From our analysis, there is a large proportion of international students studying at London HEs in certain subjects, which raises the question of how vital their fee income is in ensuring the financial viability of subject offerings.

In Figure 9 the percentage of students studying in post graduate and undergraduate courses is represented as a proportion of all students at London HEs. The figure shows the top 6 subjects by postgraduate students. International postgraduate students represented 41 percent of all postgraduate students at London universities and more than half of all students in the subjects of business, engineering, mathematical sciences, communications, law and the creative arts. International undergraduate students represented 23 percent of all students at London Universities.

**Figure 9: Proportion of international students to all students at London HEs, by the top 6 subjects undertaken by international postgraduate students, 2016-17**



Source: HESA student record (2018), London & Partners analysis (2018)

As international student numbers grow, they continue to provide a large share of tuition fee income for HE providers. It is plausible that subjects and places are continuously offered to domestic students due to the fee-support from international students. While the exact and quantifiable benefit is difficult to ascertain, a larger pool of students would suggest feasibility of a wider range of subjects on offer at HE institutions.

Universities UK reported on the overall funding shortfall universities face and stated income from non-EU international students allowed high-cost subjects and research activities to run where costs

exceeded government funding<sup>24</sup>. They estimate 5 percent of all research income to the UK between 2014-16 came from non-EU international sources, asserting long-term viability for total funding depends on sufficient non-EU international student numbers. The Russell Group of Universities, which represents 34 percent of students at UK HEs, adds to the discourse and states many postgraduate courses may be at risk without the enrolment of international students<sup>25</sup>.

Further, sentiment that suggests crowding out or displacement of domestic students by international students is not supported by recent evidence. On the contrary, in addition to the above benefits outlined, research suggests a positive effect of 'crowding-in,' occurring in the UK for postgraduate students, where additional income from international students allows cross-subsidies for domestic students<sup>26</sup>.

### **Unpaid volunteer contribution**

In a recent survey conducted by London & Partners of international students studying in London, we found over two thirds of students volunteered while they were in the London.<sup>27</sup> Similarly, the Russell Group surveyed its international student membership and between a third and half of respondents stated they were involved in volunteering<sup>28</sup>. Another survey of the Student Union of the University College of London found 43 percent of its 2,100 volunteers were international students<sup>29</sup>.

We suggest further research be conducted in this area to ascertain a more quantifiable benefit. However, if volunteer efforts are similar across London HEs to these proportions of between one and two thirds, between 25,000 and 50,000 non-EU international students<sup>30</sup> may be volunteering in some capacity in London each year.

### **Benefits of EU students, EU funding and the future of loan accessibility**

EU student numbers have remained at a level of around 9-10 percent of all students studying in London for the past five years. However, we saw a small increase from 2015-16 to 2016-17 up from 9.4 percent to 10.0 percent. Making up a third of international students, they continue to be a considerable portion of London's student body.

The research funding received from EU sources has a wide impact on HE providers in London. Universities UK estimated £204 million of direct university output for London, which was attributable to EU research funding in 2014-15<sup>31</sup>. This includes research funding from EU government bodies, charities, industry and other EU sources.

It is not known how the UK's withdrawal from the EU will affect universities' access to EU structural funds such as Horizon 2020. The UK may decide, as a net recipient of Horizon 2020 funding, to remain a participant in this scheme and others after it leaves. In any case, the Chancellor of the Exchequer has agreed to underwrite the payments of research funds beyond the UK's departure from the EU.<sup>32</sup>

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<sup>24</sup> Universities UK, 2015, University funding explained, <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2016/university-funding-explained.pdf>

<sup>25</sup> Russell Group, 2018, *Evidence to the Migration Advisory Committee on international students*, available at: <https://www.russellgroup.ac.uk/media/5679/rg-evidence-to-mac-commission-on-international-students-jan-2018.pdf>

<sup>26</sup> Centre for Economic Performance, 2014, 'Paying out and crowding out?: The globalisation of higher education,' <http://cep.lse.ac.uk/pubs/download/dp1299.pdf>

<sup>27</sup> London & Partners, 2018, *Study London Survey*. This specific question comprised of a small subset sample size of 88 respondents.

<sup>28</sup> Russell Group, 2018, *Evidence to the Migration Advisory Committee on international students*. This data includes the following universities; UCL, Cardiff, Warwick, Manchester, QMUL, LSE, Cambridge.

<sup>29</sup> Students' Union of University College of London, 2018, *Information for International Students at:* <http://studentsunionucl.org/services/volunteering/students/international-students>

<sup>30</sup> Only non-EU students considered as EU students have the right to work which may change their volunteering capacity.

<sup>31</sup> Universities UK 2016, *Economic Impact on the UK of EU Research Funding to UK Universities*, available at:

<http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2016/economic-impact-of-eu-research-funding-in-uk-universities.pdf>

<sup>32</sup> Department for Business, Energy & Industrial Strategy, 2016, *Safeguarding funding for research and innovation*, available at: <https://www.gov.uk/government/news/safeguarding-funding-for-research-and-innovation>



The continued accessibility to loans must also be considered by policymakers and a point of further research. Currently, EU students are eligible for tuition-fee loans through the Student Loans Company, under the UK government loan scheme.

An estimated 72.5 percent of EU students in London take up loans to support their tuition and based on our analysis, approximately £202 million of EU tuition-fees paid in London were supported by the government loan system in 2016-17. The continued eligibility for EU students into the future is an important consideration for policy makers as any change to this access for EU students may have a negative impact on student numbers.

### International students as ambassadors for London

In the recent survey by London & Partners of international students, 1,969 international students who were considering study options in London answered a question on the aspects considered prior to choosing London. The open field 'other' response was answered by 146 students, many with a positive view on what London has to offer. Figure 10 below highlights some of the responses received.

**Figure 10: Aspects considered prior to choosing London, StudyLondon Survey 2018**



Source: StudyLondon Survey (2018), London & Partners analysis (2018)

In the soft power index in 2016, the UK fell from first to second place, behind France, and maintained this position of second in 2017<sup>33</sup>. Campaigns such as #LondonIsOpen and #WeAreInternational have persuaded prospective international students that the UK is welcoming to international students, with a recent survey finding 84 percent were influenced by these campaigns<sup>34</sup>. The soft power positioning of London, particularly the perception as a welcoming city, is one which international students can help maintain and grow.

International students who live in London become ambassadors for the city when they return home. Not only do they encourage tourism within their families and friends, they establish a life-long relationship with our city, in future trade, investment, or tourism, with the city of London.

<sup>33</sup> University of Southern California Center on Public Diplomacy, 2017, *The Soft Power 30: A global ranking of soft power*, available at: <https://softpower30.com/wp-content/uploads/2017/07/The-Soft-Power-30-Report-2017-Web-1.pdf>

<sup>34</sup> Hobsons, 2017, *Hobsons International Student Survey: Welcoming the World*, available at: <https://www.internationalstudentsurvey.com/international-student-survey-2017/> Report focussed on 27,955 prospective international students who were considering studying in the UK.

# 7. Conclusion and Implications

International students continue to provide a significant contribution to London and the UK. We estimate the direct economic benefit of international students of £3.4 billion in the 2016-17 academic year at London HE institutions. This represents an 11 percent increase in real terms since 2013-14. The upward trend from our previous report continues, due to a number of factors such as increases in student numbers, tuition fees and inflation.

China, the United States, Italy and India were the most common countries of origin by student numbers, with considerable growth in both Chinese and Italian student numbers in the past four years. The largest contributions to London's economy were from China contributing £598m, and the United States contributing £240m, with Italy and India both contributing £137m each. Looking at the top ten student markets they contribute over 50 percent of all the spending from international students in London.

International students support almost 39,800 jobs per year in London, with each student supporting £16,068 in GVA per year. Chinese students supported over 7,000 jobs, the top four European markets supported 4,616 jobs and the US supported 2,836 jobs.

After calculating the main costs of international students, we estimated a net benefit of £2.7 billion to London's economy. Per capita this is estimated to provide a benefit of £3 per Londoner per year.

We also raised some of the less quantifiable but still valuable benefits and issues of which policymakers should consider. International students provide unpaid work hours in volunteering and further research efforts should be focussed on this contribution, particularly on how it benefits universities and local communities. Further research could also be conducted on the economies of scale brought by international students which ensure long term viability of subject offerings.

We raised the important considerations surrounding EU students and the contribution the EU makes to funding research, as well as the implications of changes to their access to the current tuition fee loan scheme. Finally, we highlighted the important role international students play as ambassadors for London, promoting it as a city of welcome.

# Appendix

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This appendix outlines the calculations undertaken to successfully identify the local economic impact of international students coming to London to study in one of the city's 40 publicly funded higher education institutions.

This analysis is drawn from the methodologies employed by London First and PwC (2015), PA Consulting (2011), Oxford Economics (2007) and our previous report (2015) to evaluate the economic impact of international students in London. Three spending channels have been considered: university fees, subsistence expenditure and visiting friends and relatives (VFR).

A complete list of the 40 Institutions included in the analysis is available in section eight.

## 1. University fees channel

Tuition fees are the most direct and clearly identifiable source of income for the local economy. The amount international students pay varies according to country of origin and university.

EU passport-holders are charged the same fees<sup>35</sup>, irrespective of home country, while fees for non-EU residents can be up to three times higher. However, scholarships and other exemptions can reduce the overall amount of fees paid, and have been considered when estimating fee income.

The main data source employed to estimate fee impact is the 2015-16 HESA publication *Finances of Higher Education Providers*. The main advantage of using HESA finance data compared to other sources is that it provides fee data as directly reported by HE Institutions, and therefore net of any kind of exemptions. This is then adjusted using the Consumer Price Index (CPI) and a per student fee calculation to estimate fees for the academic year 2016-17.

Data on overall fees by HE institution are drawn from the 2015-16 HESA publication *Finances of Higher Education Providers*<sup>36</sup>. Individual fees charged to international students are also available on the websites of the HE institutions and from alternative data sources, for example the *Reddin Survey of University Tuition Fees*<sup>37</sup>. However, as previously noted by Oxford Economics, HESA provides fee data directly as reported by higher education Institutions, and thus net of scholarships and other fee exemptions. For this reason, we have used HESA over alternative data sources.

Fee data is collectively reported for two student categories: EU students (including UK and EU non-UK) and non-EU students. For the purposes of this research, only fees paid by international students (ie

<sup>35</sup> Residents in the EEA and Switzerland are also included, however specific eligibility may differ between institutions.

<sup>36</sup> Higher Education Statistics Agency, *Finances of higher education providers*, April 2015

[https://www.hesa.ac.uk/component/pubs/?task=show\\_pub\\_detail&pubid=1719](https://www.hesa.ac.uk/component/pubs/?task=show_pub_detail&pubid=1719)

<sup>37</sup> Complete University Guide, 2018, *Reddin Survey of University Tuition Fees 2017–18*, available at:

<http://www.thecompleteuniversityguide.co.uk/university-tuition-fees/reddin-survey-of-university-tuition-fees/>

non-UK students) are included in the calculations. EU students (UK-domiciled or not) pay the same amount in tuition fees, hence it is possible to isolate fees from internationals by simply computing the share of EU non-UK over the total EU students. An average fee per student is derived for 2015-16 and then data on student numbers by country of origin are drawn from the 2016-17 HESA Student Record and adjusted for inflation by the one-year period.

HESA Finance also provides a breakdown of tuition fees by level of study (undergraduate and postgraduate) and mode of study (e.g. part time, full time, sandwich) for EU students. This enabled accuracy in the calculation of EU non-UK students within the four categories: FT undergraduates, PT undergraduates, FT postgraduates and PT postgraduates. Unfortunately, breakdowns by level or mode of study are not available for non-EU students.

In total, during the academic year 2016-17, international students contributed £1.523 billion in fee income to London universities, of which £278 million came from EU non-UK students and £1.245 billion from non-EU students. Table A1 displays the fee spend for the ten countries in our analysis.

**Table A1: Tuition fees by level and mode of study for the top 10 markets in our analysis, 2016-17**

Country of origin	FT – Undergrad (£000s)	FT – Postgrad (£000s)	PT – Undergrad (£000s)	PT – Postgrad (£000s)	Total (£000s)	Growth since 2013-14
China	-	-	-	-	£294,100	52%
United States	-	-	-	-	£107,800	-
India	-	-	-	-	£63,900	14%
Hong Kong	-	-	-	-	£63,200	27%
Malaysia	-	-	-	-	£51,400	21%
Singapore	-	-	-	-	£50,700	-
France	£35,101	£10,600	£493	£620	£46,800	100%
Italy	£24,696	£16,232	£218	£1,143	£42,300	60%
Germany	£11,806	£15,659	£239	£852	£28,600	18%
Greece	£8,213	£9,031	£98	£656	£18,000	-4%

Source: London & Partners analysis 2013-14, 2016-17. Breakdown of tuition fees by level of study (undergraduate and postgraduate) and mode of study (e.g. part time, full time, sandwich) only available for EU students

For the University of London, the total fees received as recorded by HESA were included, however their student numbers on record were not. This is due to the online offering they provide to students who are based globally. While they have approximately 52,000 students studying every year, none of these students were living in London. Therefore, we included their fee tuition total, however did not include the student count in subsistence and VFR spending channels.

## 2. Subsistence spending channel

The second channel through which international students contribute to the local economy is subsistence spending. Day-to-day expenditure is on rent, food, beverages and entertainment, transport to and from university, and in some cases, childcare. Due to the mixed nature of these items, a number of assumptions had to be made in order to estimate the magnitude of this spending channel.

To calculate spending figures, we combined data from the *2011-12 Student Income and Expenditure Survey (SIES)* by the former Department for Business, Innovation & Skills (BIS)<sup>38</sup> with data from the 2014-15 Universities UK report *The Impact of Universities on the UK Economy*<sup>39</sup>. These figures consider the conditions of the London market such as higher housing costs.

The Department for Business, Innovation & Skills periodically carries out a comprehensive analysis of the expenditure patterns of England-domiciled students in the UK (*Student Income and Expenditure Survey – SIES*). The SIES provides detailed information on the spending of full-time and part-time students, identifying the key areas in which they make purchases: living costs, housing costs, participation costs and spending on children.

<sup>38</sup> Department for Business, Innovation and Skills became the Department for Business, Energy and Industrial Strategy in July 2016

<sup>39</sup> Universities UK, 2014-15. *The impact of Universities on the UK economy*. Available at: <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Pages/economic-impact-universities-2014-15.aspx>

SIES provides details on correction factors for students living in London and students not living with parents (the most common scenario for the majority of international students). By applying the adjustment factors for English students to international students we obtained a more reliable estimate of the real expenditure level of students in London, assuming correction factors are the same for English and international students.

Since the SIES only covers England-domiciled students, we adjusted the figures for international students by employing the same methodology proposed by PwC and London First (2015)<sup>40</sup>. Estimates of total subsistence expenditure by international students in the UK in 2016-17 were drawn from *The Impact of Universities on the UK Economy* (Universities UK, 2014) by adjusting the 2014 to account for inflation.

By dividing total subsistence expenditure by the overall number of international students in the UK in the same academic year, we obtained average individual subsistence spending figures. However, this figure is likely to vary widely across the UK. In London, for example, we would expect average spending to be above the UK average, mainly due to housing costs.

According to Universities UK, individual subsistence spending of international students amounted to £13,032 on average in 2014-15, drawn from £6.1bn spent by 468,078 international students. The correction factor drawn from SIES for students living in London without parents is 1.14 (i.e. on average a London student spends 14 percent more than an average UK student a year). From this we calculated a per student spend of £14,874 after applying this London correction factor.

This number was adjusted for inflation over the period 2014-15 to 2016-17 using the UK Retail Price Index (RPI) data from the ONS. The RPI was used instead of other indexes due to the inclusion of rent in the basket of goods. Average individual subsistence spending in 2016-17 for international students living in London amounted to £15,548. Table A2 provides estimates of the economic impact from subsistence spending for the main markets in our analysis.

**Table A2: Number of students and subsistence impact for the top 10 markets in our analysis, 2016-17**

Country of domicile	Number of Students	Impact (£m)
China	17,795	£277
United States	6,550	£102
Italy	5,725	£89
India	4,545	£71
France	4,255	£66
Germany	3,855	£60
Hong Kong	3,775	£59
Malaysia	3,155	£49
Singapore	2,780	£43
Greece	2,670	£42

Source: London & Partners analysis 2013-14, 2016-17. HESA Student Record 2018

### 3. Visiting friends and relatives (VFR) channel

Finally, international students indirectly generate further economic benefit by attracting international visitors (friends and relatives) from their country of origin to London. Their economic contribution is like that made by international tourists: while visiting, friends and relatives spend on accommodation, food, transport, entertainment and so on. The main source for data on tourism spending in London is the 2016-17 edition of the *International Passenger Survey (IPS)* by the Office for National Statistics (ONS).

<sup>40</sup> PwC, London First, 2015. *London calling: International students' contribution to Britain's economic growth*. Available at: <http://londonfirst.co.uk/wp-content/uploads/2015/05/London-Calling-report.pdf>

Estimating this economic impact involves a key challenge: while it is possible to measure the number of visitors coming to London to visit friends and relatives, we don't know *a priori* of how many of these people are visiting international students.

To overcome this problem, we were consistent with the methodology employed by Oxford Economics (2007), PA Consulting (2011) and London First and PwC (2015) and assumed the following: the proportion of VFR visitors with "x" nationality who come to London to visit students is equal to the proportion of "x" students over the total population in London with "x" nationality.

IPS provides data on 'visiting friends and relatives spend' in the London economy<sup>41</sup>, while the most recent data source for 'London population by country of origin' is the Annual Population Survey 2016<sup>42</sup>. In table A3 we show total spending by VFR visitors, the share of students over the total population in London, and the estimated 'impact by student' for the main markets under analysis<sup>43</sup>.

**Table A3: VFR channel – calculation steps for the top 10 markets in our analysis, 2016-17**

Country	Total VFR spend (£m)	% of students over total London population	Total expenditure (£m)	Total expenditure per student (£)
China	£30.1	71%	£21.4	£120
United States	£218.6	13%	£28.6	£437
Italy	£91.5	6%	£5.3	£92
India	£60.3	2%	£0.9	£20
France	£135.7	5%	£7.4	£174
Germany	£91.8	7%	£6.4	£167
Hong Kong	£46.1	13%	£6.0	£159
Malaysia	£27.8	21%	£5.8	£185
Singapore	£22.0	28%	£6.1	£220
Greece	£33.4	10%	£3.3	£124

#### 4. Employment impact calculations

The impact of international students on employment is calculated by dividing the Gross Value Added (GVA) impact associated with international students' spending by the relevant sectorial GVA per workforce job for London<sup>44</sup>. In line with the assumptions about the sectors benefiting from the additional expenditure made to translate expenditures into GVA, the following sectors has been considered to translate GVA into jobs supported:

- **Fee income:** A GVA per workforce job of £43,200 for SIC code P (education sector) has been used.
- **Subsistence:** A GVA per workforce job of £48,300 has been used, calculated as average GVA per workforce jobs for food and beverage service (SIC code 56), real estate activities (SIC code L) and retail trade (SIC code 47) sectors.
- **Family and friends' visits:** A GVA per workforce job of £43,619 has been used (Tourism industry GVA per workforce job)<sup>45</sup>.

<sup>41</sup> The International Passenger Survey (IPS) groups together spending figures where a small sample size was collected for certain countries. This will likely lead to more conservative estimates of the overall economic impact for this channel.

<sup>42</sup> London & Partners' previous report used Census Data 2011, whereas this report uses the updated Annual Population Sample data. The sampling limitations of using survey data outweighed the relatively outdated data of 2011.

<sup>43</sup> Estimated figures depend heavily on the proportion of students over the total population in London. Figures for markets with a relatively large London population but a relatively small student population might be underestimated (the opposite applies to countries with small non-student populations). Estimated figures also depend on the assumption that foreign nationals are visiting friends/relatives of the same nationality. Despite this, we still trust the present methodology to be the most robust given the data sources currently available.

<sup>44</sup> All figures updated to 2017 prices using ONS GDP deflator, for full details on the methodologies put in place to derive estimates of GVA per workforce job, by section and division, for London and the UK as a whole, see: Smith, B and Girardi, B, 2017, *Working paper 87: Productivity Trends: GVA per workforce job estimates for London and the UK, 1997 – 2015*, Greater London Authority Economics, available at: <https://www.london.gov.uk/sites/default/files/working-paper-87.pdf>

<sup>45</sup> See page 50 in Smith, B and Girardi, B, 2017, *Working paper 87: Productivity Trends: GVA per workforce job estimates for London and the UK, 1997 – 2015*, Greater London Authority Economics, available at: <https://www.london.gov.uk/sites/default/files/working-paper-87.pdf>

## 5. Public grant costs channel

The public grant costs channel comprises of all recurring grants funded for London HE providers in 2016-17 academic year, as provided by Higher Education Funding Council for England (HEFCE), and totalled £141 million. The grant categories include; teaching, mainstream quality-related funding, quality-related charity support, quality-related business research, research degree program supervision, funding for National Research Libraries, and knowledge exchange funding. HEFCE place a London weighting on mainstream quality-related funding. The sum of these categories is drawn from 2016-17. Generally, non-EU students are not eligible for grant funding and therefore these costs have been apportioned to EU students only<sup>46</sup>.

## 6. Loan costs channel

EU students are eligible for loan support and using methodology adapted from the 2018 London Economics report, London & Partners' analysis estimated total loan costs of £71 million. This is an estimate of the cost to the government due to loans which are not repaid.

This was calculated using the Student Loans Company Student Support for Higher Education in England 2017, 2016/17 Payments, 2017/18 Awards tables. By taking the amount paid in loans to all EU students over 2016-17, including both EU students who begun prior to 2012 (£0.8m) and post-2012 (£395m), an average of £8,378 per EU student is calculated.

The Resource Accounting and Budgeting (RAB) charge of 25 percent<sup>47</sup> was applied against a full-time and part time split of total students, with an average part time intensity of 40 percent applied, which totalled £2,100 per full time student and £840 per part time student<sup>48</sup>. Each per student cost was then multiplied by the total full time (31,910) and part time (4,835) students in London, to give a total of £71 million.

## 7. Public service costs channel

Drawing from the regional breakdown of public service provision costs for London per EU and Non-EU student, we estimated total public costs following the 2018 London Economics report's annual cost calculations. The costs included are; health, education, social security, housing, general public services, defence, public order and safety, economic affairs, environment protection, recreation, culture & religion, non-apportioned & overseas costs. Table A4 details these costs.

**Table A4: Public service provision costs, EU and non-EU students, 2016-17**

Students in London	EU students	Non-EU students
Full-time	£5,145	£4,620
Part-time	£6,689	£4,620

## 8. Publicly funded Higher Education Institutions based in London

The following table shows the 40 Higher Education Institutions considered for the calculations of the spending channels outlined above, and the relative number of international students enrolled in the academic year 2016-17<sup>49</sup>.

<sup>46</sup> This also follows the methodology as used by London Economics, 2018.

<sup>47</sup> This is drawn from the London Economics 2018 report. The RAB charge is the accounting method the UK government use to estimate the cost of future loan-write offs and interest subsidies in terms of net present values. See: Department of Business, Innovation and Skills, n.d., *The RAB charge*, available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/501419/BIS-16-131-RAB-charge.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/501419/BIS-16-131-RAB-charge.pdf)

<sup>48</sup> This intensity study load was taken from London Economics 2018 and their previous estimates outlined in their report with Higher Education Policy Institute in 2013.

<sup>49</sup> Fees are considered from all of the students to University of London, however 55,000 overseas students enrolled in one of the University of London's External Programs (<http://www.london.ac.uk/aboutus.html>).



**Table A5: HE Institutions based in London and number of international students enrolled in 2016-17**

HE Provider	Number of Students
Birkbeck College	1,450
Brunel University London	3,905
City University of London	7,740
Conservatoire for Dance and Drama	460
Courtauld Institute of Art	205
Goldsmiths College	2,400
Guildhall School of Music and Drama	350
Heythrop College	45
Imperial College of Science, Technology and Medicine	9,520
King's College London	10,595
Kingston University	3,385
London Business School	1,490
London Metropolitan University	1,235
London School of Economics and Political Science	7,825
London School of Hygiene and Tropical Medicine	675
London South Bank University	1,815
Middlesex University	4,645
Queen Mary University of London	6,280
Ravensbourne	220
Roehampton University	1,075
Rose Bruford College of Theatre and Performance	105
Royal Academy of Music	370
Royal College of Art	1,120
Royal College of Music	390
Royal Holloway and Bedford New College	3,055
SOAS University of London	2,860
St George's, University of London	430
St Mary's University, Twickenham	350
The Institute of Cancer Research	30
The Royal Central School of Speech and Drama	295
The Royal Veterinary College	375
The University College of Osteopathy	60
The University of East London	1,210
The University of Greenwich	3,755
The University of West London	1,375
The University of Westminster	6,230
Trinity Laban Conservatoire of Music and Dance	250
University College London	15,955
University of London (Institutes and activities)	100
University of the Arts, London	8,565
Total	112,195

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# Contacts

This research was undertaken by London & Partners' Strategy and Insight team. London & Partners is London's official promotional organisation. Our job is to promote London and attract visitors, businesses, students, events and congresses to this remarkable world city. As part of our work, we try to understand why individuals choose to visit, study and invest in London, and quantify the economic contribution they make.

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## Thank you

We would like to thank GLA Economics, especially Christopher Rocks who provided invaluable feedback and advice on this project.

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