

## Impact of International Students in Northern Ireland - Summary

### International Student Expenditure

There is no UK data source that captures the non-fee expenditure and income of international students in the UK. However, estimates of international student non-fee related expenditure can be made using published methodologies and making some assumptions on use of the available data. Further details are provided in Section 1.

The Department for the Economy (DfE) estimates that international student per capita non-tuition fee expenditure in 2015/16 was £11,402 for full time EU undergraduate students. This is the same level as for UK students. DfE estimate that per capita expenditure for non EU undergraduate students was 8% higher at £12,279. DfE estimate that post graduate per capita expenditure for EU and non EU students was 33% higher than UK undergraduates at £15,203.

**Table 1: Estimated International Student Expenditure 2015/16 (£ per head)**

	Full-Time Student in England	EU U/G Student	Non EU U/G Student	EU / non EU P/G Student
Total Participation Costs (exc. Tuition fees)	£942	£942	£1,015	£1,257
Total Living Costs	£7,052	£7,052	£7,595	£9,403
Total Housing Costs	£3,157	£3,157	£3,400	£4,210
Child Spending	£250	£250	£270	£334
<b>Estimated total expenditure per student (excl. Tuition fees)</b>	<b>£11,402</b>	<b>£11,402</b>	<b>£12,279</b>	<b>£15,203</b>

Source: SEIS 2011/12, DfE calculations

Per capita expenditure on housing was estimated by DfE to be £3,157 for EU full time undergraduates, compared to £3,400 for non EU full time undergraduates and £4,210 for EU and non EU full time post graduates.

Per capita expenditure on travel was estimated by DfE to be £2,071 for the 2015/16 academic year for EU full time undergraduates, compared to £2,230 for non EU full time undergraduates and £2,761 for EU and non EU full time post graduates.

For EU undergraduates, DfE estimated that expenditure on course related travel was estimated to be £4234, with non-course related travel expenditure<sup>5</sup> estimated to be £1,648 per capita.

**Table 2: Estimated International Student Expenditure on travel 2015/16 (£ per head)**

	Full-Time Student in England	EU U/G Student	Non EU U/G Student	EU / non EU P/G Student
Costs of facilitating participation (e.g. course travel)	£423	£423	£456	£564
Non-Course Travel	£1,648	£1,648	£1,775	£2,197
<b>Total travel</b>	<b>£2,071</b>	<b>£2,071</b>	<b>£2,230</b>	<b>£2,761</b>

Source: SEIS 2011/12, DfE calculations

## Student Earnings

### Student Earnings while studying

Earnings for full time students in 2015/16 were estimated by DfE to be £1,743, with part students earning £12,671. Like student expenditure, there were no distinct earning figures reported for international students. It is assumed that any such earnings would be at a similar level to UK students, because they are likely to undertake similar types of employment. Further details are provided in Section 2a.

### Graduate earnings

- The mean salary of all full-time leavers from NI HEIs in full-time employment was £21,090 in 2015/16, with a median of £21,000.
- The mean salary for NI leavers of NI HEIs in 2015/16 was £20,970, which was 1% lower than the overall average.
- The mean salary for GB leavers of NI HEIs in 2015/16 was £24,630, which was 17% higher than the overall average.

<sup>4</sup> Course travel expenditure is included in the participation expenditure total.

<sup>5</sup> Non-course travel expenditure is included in the living cost expenditure total

- The mean salary for other<sup>6</sup> leavers of NI HEIs in 2015/16 was £21,390, which was 1% higher than the overall average.
- UK graduates starting employment in England, Scotland and Wales in 2015/16 were paid on average 12%, 11% and 5% more than graduates starting employment in Northern Ireland. Further details are provided in Section 2b.

---

<sup>6</sup>Other leavers are from other EU countries i.e. not the UK. The sample size is too small to break this category into individual countries. It does not include leavers from outside the EU, who are not included in the overall reporting of data as that data collection is still at the pilot stage.

## **The economic impact of higher education on the Northern Ireland economy<sup>7</sup>**

Viewforth Consulting produced a report for the Department for Employment and Learning, which measured the overall impact of higher education on the Northern Ireland economy 2012/13.

The total output of HEIs in Northern Ireland on the UK economy was estimated to be £1,890 million in 2012/13, of which £1,623.6 million was accrued in Northern Ireland. The total GVA of the HE sector was estimated to be £889 million in 2012/13, which was 2.7% of total GVA in Northern Ireland.

DfE has estimated the total expenditure of EU and non-EU students to be £117.9 million. The contribution of EU and non EU students to GVA in Northern Ireland was estimated to be £61.0 million, which was 0.2% of total GVA in Northern Ireland in 2012/13. Further details are provided in Section 3.

## **The economic impact of further education on the Northern Ireland economy**

Viewforth Consulting produced a report examining the economic impact of further education on the Northern Ireland economy.<sup>8</sup> The FE sector generated over £524 million of output in Northern Ireland from college and student off campus expenditure. In 2013/14 it contributed almost £300 million to NI GVA., which was around 0.9% of GVA in Northern Ireland.

DfE has estimated the economic impact of EU and non EU students at FE Colleges to the Northern Ireland economy in 2013/14. The total output was estimated to be £39.2 million in Northern Ireland. EU and non EU students contributed £20.6 million to GVA in Northern Ireland, which was 0.06% of total GVA in Northern Ireland in 2014.

## **The costs and benefits of international students by parliamentary constituency**

London Economics were commissioned by the Higher Education Policy Institute (HEPI) and Kaplan International Pathways to undertake a detailed analysis of

---

<sup>7</sup> Department for Employment and Learning (January 2015). *The economic impact of higher education on the Northern Ireland economy*, Belfast.

<sup>8</sup>

<http://niopa.qub.ac.uk/bitstream/NIOPA/2141/1/Economic%20Impact%20of%20FE%20in%20NI.pdf>

both the benefits and costs to the United Kingdom economy associated with international students.

For Northern Ireland the total economic benefit was estimated to be £210.6 million. Total costs were estimated to be £43.2 million which gives an overall net benefit of £167.4million. Further details are provided in Section 4.

It was estimated that on average each EU student attracted visitor expenditure with an impact of £3,000 to the UK over the course of their studies. This figure was £2,000 for non EU students.

## **Section 1 – International Student Expenditure**

There is no UK data source that captures the non-tuition fee expenditure and income of international students in the UK. This is noted in the BIS report 'Estimating the Value of UK Education Exports' (2011)<sup>9</sup>, which states that the SIES survey does not cover non-UK domiciled students. However, it is possible to come up with an estimate of international student non-fee related expenditure using published methodologies and making some assumptions on use of the available data.

This following sub-sections outline:

- The approach used to estimate international student expenditure.
- The assumptions on the use of expenditure data.
- Headline UK student non-tuition fee expenditure in 2011/12 and 2015/16.
- Estimated non-tuition fee expenditure of international students in 2015/16.

### **The approach used to estimate international student expenditure**

The BIS 2011 report provides a methodology for estimating the expenditure of international students in the UK.

The report states "it is not believed that the level and pattern of expenditure by non-UK domiciled students is significantly different to that of English domiciled students, so we assume that the average non-tuition fee expenditure per full-time international student is the same as English domiciled students"<sup>10</sup>.

The report produced estimates of EU / non-EU student non-tuition fee expenditure by adjusting the UK domiciled non-tuition fee expenditure by the assumed length of time that the non-UK students were in the UK relative to the overall term time of 39 weeks.

It assumed that EU undergraduates were in the UK for the duration of the course i.e. 39 weeks, so there was no time period adjustment.

For non-EU undergraduates it was assumed that the students were less likely to travel home in the holiday period compared to EU undergraduates due to the cost and ease of travel and so they spent 42 weeks per year in the UK. It was assumed that all overseas postgraduate students (EU and non-EU) spent 52 weeks in the UK due to dissertations undertaken in the summer.

---

<sup>9</sup> BIS (2011), *Estimating the Value of UK Education Exports*, London.

<sup>10</sup> Ibid P. 29

The method for arriving at an expenditure figure for these **non EU undergraduate** students is outlined as follows.

Non EU undergraduate expenditure = UK domiciled student non-tuition fee expenditure\*42/39

For **EU and Non EU postgraduate** students as it is assumed that they spend the entire year in the UK including over the summer to write their dissertations.

EU and Non EU postgraduate expenditure = UK domiciled non-tuition fee expenditure \* 52/39

### **The assumptions on the use of expenditure data**

Viewforth Consulting produced a paper examining the economic impact of higher education on the Northern Ireland Economy in 2012/13<sup>11 12</sup>.

They used the Student Expenditure Survey data from Department of Business, Innovation and Skills (BIS) for 2011/12 <sup>13</sup>, and uprated using the CPI<sup>14</sup>.

International Student off-campus expenditure using the approach outlined in the BIS 2011 paper.

Because the BIS figures are the only extant estimates of international (rather than domestic) student expenditure in the UK, they assumed that international students studying in Northern Ireland will have similar expenditure patterns to international students in other parts of the UK.

### **Headline UK student non-tuition fee expenditure in 2011/12 and 2015/16**

The student expenditure provided in this section of the paper is from the 2011/12 *Student Income and Expenditure Survey, published by BIS in June 2013*. The total expenditure in each category are provided for 2011/12 and 2015/16. The

---

<sup>11</sup> Department for Employment and Learning (January 2015). *The economic impact of higher education on the Northern Ireland economy*, Belfast.

<sup>12</sup> A summary of this paper is provided in Section 3.

<sup>13</sup> BIS (June 2013). *Student Income and Expenditure Survey (SEIS) 2011/12*, BIS, Research paper number 115.

<sup>14</sup> They used data for England because the last NI student expenditure survey was conducted for 2004/05. They noted that when the NI survey findings were uprated to 2011/12 using the consumer price index, the figures turn out to be remarkably similar to those in England. The minor differences in the uprated NI expenditure figures and the England 2011/12 expenditure figures were of the same order of magnitude as the difference between the 2004/05 NI expenditure survey and the 2004/05 England expenditure survey.

expenditures for 2015/16 levels are uplifted using the consumer price index. The detailed costs in each category are provided in Annex A.



**Table 3: Total non-tuition fee expenditure in 2011/12 and 2015/16**

	2011/12	2011/12	2015/16	2015/16
Summary of Costs	Full-Time	Part-Time	Full-Time	Part-Time
Total Participation Costs (exc. Tuition fees)	£896	£948	£942	£997
Total Living Costs	£6,705	£11,534	£7,052	£12,131
Total Housing Costs	£3,002	£3,995	£3,157	£4,202
Child Spending	£238	£1,178	£250	£1,239
Total Spending per student (excl. Tuition fees)	£10,841	£17,655	£11,402	£18,569

Source: SEIS 2011/12, DfE calculations

### Estimated non-fee expenditure of international students in 2015/16

#### Estimation Approach

In summary, to provide estimates of International Student non-tuition fee expenditure in 2015/16 in Northern Ireland the steps below were followed:

- SEIS data for England 2011/12 was used.
- This data was uplifted to 2015/16 prices using the CPI data<sup>15</sup>.
- International student expenditure was estimated by adjusting UK expenditure data for the time spent by EU and non EU students in the UK.

Table 4 provides DfE estimates of international student non-fee expenditure in 2015/16. DfE estimate that international student per capita non-tuition fee expenditure in 2015/16 was £11,402 for full time EU undergraduate students. This is the same level as for UK students. DfE estimate that per capita expenditure for non EU undergraduate students was 8% higher at £12,279. DfE estimate that post graduate per capita expenditure for EU and non EU students was 33% higher than UK undergraduates at £15,203, due to the assumption that the post graduate academic year runs for 52 weeks compared to 39 weeks for UK undergraduates. The methodology for estimating international student expenditure (BIS, 2011) is only provided for full time students therefore no estimates have been undertaken for part time students in this paper.

<sup>15</sup> This approach was in the BIS 2013 paper and the DEL 2015 paper.

**Table 4: Estimated International Student Expenditure 2015/16 (£ per head)**

	Full-Time Student in England	EU U/G Student	Non EU U/G Student	EU / non EU P/G Student
Total Participation Costs (exc. Tuition fees)	£942	£942	£1,015	£1,257
Total Living Costs	£7,052	£7,052	£7,595	£9,403
Total Housing Costs	£3,157	£3,157	£3,400	£4,210
Child Spending	£250	£250	£270	£334
<b>Estimated total expenditure per student (excl. Tuition fees)</b>	<b>£11,402</b>	<b>£11,402</b>	<b>£12,279</b>	<b>£15,203</b>

Source: SEIS 2011/12, DfE calculations

Per capita expenditure on travel was estimated by DfE to be £2,071 for the 2015/16 academic year for EU full time undergraduates, compared to £2,230 for non EU full time undergraduates and £2,761 for EU and non EU full time post graduates.

For EU undergraduates, DfE estimated that expenditure on course related travel was estimated to be £423<sup>16</sup>, with non-course related travel expenditure<sup>17</sup> estimated to be £1,648 per capita.

**Table 5: Estimated International Student Expenditure on travel 2015/16 (£ per head)**

	Full-Time Student in England	EU U/G Student	Non EU U/G Student	EU / non EU P/G Student
Costs of facilitating participation (e.g. course travel)	£423	£423	£456	£564
Non-Course Travel	£1,648	£1,648	£1,775	£2,197
<b>Total travel</b>	<b>£2,071</b>	<b>£2,071</b>	<b>£2,230</b>	<b>£2,761</b>

Source: SEIS 2011/12, DfE calculations

<sup>16</sup> Course travel expenditure is included in the participation expenditure total.

<sup>17</sup> Non-course travel expenditure is included in the living cost expenditure total

## Section 2a – Student Earnings while studying

As noted in section 1, the most recent student expenditure and income in Northern Ireland was conducted in 2004/05. Therefore, the 2011/12 SEIS in England is used to provide an indication of student earnings in Northern Ireland. It is assumed that student earnings in England will act as a reasonable proxy for student earnings in Northern Ireland. The figures are uplifted for 2015 using the consumer price index.

Income from paid work was important for full-time students and it averaged £1,662 overall in 2011/12 which represented 15 per cent of their average total income. It was key for part-time students and averaged £12,083, comprising 80 per cent of income.

Earnings for full time students in 2015/16 were estimated to £1,743, with part time students earning £12,671. Like for expenditure, there were no distinct earning figures reported for international students. It is assumed that any such earnings would be at a similar level to UK students, because they are likely to undertake similar types of employment.

**Table 6: Average student earnings in 2011/12 and 2015/16**

	2011/12	2011/12	2015/16	2015/16
	Full-Time	Part-Time	Full-Time	Part-Time
Earnings	£1,662	£12,083	£1,743	£12,671

Source: SEIS 2011/12, DfE calculations

## Section 2b - Graduate Earnings

The statistical bulletin produced by the Department for the Economy (DfE)<sup>18</sup> presents findings from the 2015/16 Destinations of Leavers from Higher Education (DLHE) survey. The DLHE survey is carried out approximately six months after a student graduates from Higher Education (HE).

The coverage of the survey has been expanded to include additional HE qualifications and now includes non-EU domiciled leavers, where it was previously restricted to UK and European Union (EU) domiciled leavers only. Surveying these leavers was undertaken as a pilot from 2011/12, with a clear distinction that the information collected should not be published until carefully reviewed. Therefore, these leavers are excluded from the report.

### Summary of findings for leavers from Northern Ireland (NI) Higher Education Institutions (HEIs) in 2015/16

- Approximately six months after leaving, 63.2% of full-time leavers from NI HEIs were in full-time work, 11.1% were in part-time work, 2.2% primarily in work and also studying and 2.3% primarily studying and also in work – a total of 78.8% in some sort of employment.
- The employment rate of full-time leavers from NI HEIs varied depending on subject area studied. The rate was highest for those who studied Medicine & Dentistry (97.3%), Subjects Allied to Medicine (89.4%) or Education (86.9%); and lowest for Physical Sciences (54.2%) and Mathematical Sciences (63.2%).
- Full-time leavers from NI HEIs (78.8%) were more likely to be in employment than leavers from English (73.9%), Scottish (73.3%) and Welsh (72.4%) HEIs.
- 88.1% of NI domiciled full-time leavers from NI HEIs in employment were employed in NI, whereas non-NI domiciled full-time leavers from NI HEIs were more likely to be in employment outside NI (61.7%).
- The mean salary of all full-time leavers from NI HEIs in full-time employment was £21,090 in 2015/16, with a median of £21,000 (See Table 7).

---

<sup>18</sup> DfE, (August 2017). *Destinations of Leavers from UK Higher Education Institutions (DLHE): Northern Ireland analysis – 2015/16*, Belfast.

- The mean salary for NI leavers of NI HEIs in 2015/16 was £20,970, which was 1% lower than the overall average.
- The mean salary for GB leavers of NI HEIs in 2015/16 was £24,630, which was 17% higher than the overall average.
- The mean salary for other<sup>19</sup> leavers of NI HEIs in 2015/16 was £21,390, which was 1% higher than the overall average.

**Table 7: Salary of full-time leavers from NI HEIs in full-time employment by country of domicile and gender - 2015/16**

Country of domicile	Gender	Mean	Median
NI	Male	£21,520	£21,000
	Female	£20,585	£21,000
	<b>Total</b>	<b>£20,970</b>	<b>£21,000</b>
GB	Male	£26,435	£25,000
	Female	£22,220	£21,000
	<b>Total</b>	<b>£24,630</b>	<b>£23,000</b>
Other	Male	£23,390	£24,000
	Female	£20,205	£21,000
	<b>Total</b>	<b>£21,390</b>	<b>£21,000</b>
<b>Total</b>	Male	£21,775	£21,000
	Female	£20,605	£21,000
	<b>Total</b>	<b>£21,090</b>	<b>£21,000</b>

Source: DfE, DLHE 2017

**Table 8: UK domiciled leavers who obtained first degree qualifications and entered full-time paid work in the UK by location of HE provider 2015/16**

	Mean Full time (£)	% difference with NI
UK	£21,500	4.9%
England	£22,000	7.3%
Wales	£20,500	0.0%
Scotland	£22,500	9.8%

<sup>19</sup> Other leavers are from other EU countries i.e. not the UK. The sample size is too small to break this category into individual countries. It does not include leavers from outside the EU, who are not included in the overall reporting of data as that data collection is still at the pilot stage.

Northern Ireland	£20,500	
------------------	---------	--

Source: HESA 2017

Note: In this table salary figures are rounded to the nearest £500.

Table 8 provides the average salary for UK domiciled leavers who entered full-time paid employment in 2015/16 by the location of the HE provider. UK graduates from HEIs in England and Scotland were on average paid 7% and 10% more respectively than graduates from HEIs in Northern Ireland. Graduates from HEIs in Wales were on average paid the same as graduates from HEIs in Northern Ireland.

**Table 9: Salary of all leavers<sup>20</sup> from UK HEIs, in full-time employment approximately six months after graduating, by location of employment - 2015/16**

Location of employment	Mean	Median	% difference to NI (mean)	% difference to NI (median)
England	25,675	22,000	+12%	+5%
Scotland	25,365	22,000	+11%	+5%
Wales	24,105	22,000	+5%	+5%
Northern Ireland	22,860	21,000	-	-

Source: Higher Education Statistics Agency (HESA)

Table 9 provides the average salary for all leavers of UK HEIs who entered full-time paid employment in 2015/16 by the location of employment. UK graduates employed in England and Scotland were paid on average 12% and 11% more than graduates starting employment in Northern Ireland. Graduates in employment in Wales were paid 5% higher than in Northern Ireland in 2015/16.

<sup>20</sup> Full-time and part-time students.

### **Section 3 – Summary of The economic impact of higher education on the Northern Ireland economy<sup>21</sup>**

This section provides a summary of the findings of the Viewforth Consulting report on the economic impact of higher education (HE) on the Northern Ireland economy.

Viewforth Consulting produced a report for the Department for Employment and Learning, which measured the overall impact of higher education on the Northern Ireland economy in 2012/13. It measured the impact of Higher Education Institutions (HEIs) and the impact of off campus expenditure by students.

The impact of Northern Ireland's Higher Education Institutions (HEIs) on the UK economy was modelled using a purpose-designed economic model of the UK. The share of Northern Ireland higher education institutional impact likely to have accrued to Northern Ireland was also calculated.

The impact of student off-campus expenditure in Northern Ireland was also estimated. This expenditure excludes monies paid by to the HEIs for fees, accommodation and other ancillaries (canteen/on-campus catering) as this impact is captured with the analysis of the HEI impact.

Table 10 show the total output generated by HEIs and students in Northern Ireland in 2012/13.

---

<sup>21</sup> Department for Employment and Learning (January 2015). *The economic impact of higher education on the Northern Ireland economy*, Belfast.

**Table 10: Summary of total Output generated 2012/13 ( the HEIs and students together)**

	Direct (£ million)	Knock-on' Impact on UK*	Of Which Accruing to the Region	Total UK Impact ( Direct & 'Knock-on'	Total Impact on the Region (Direct & 'Knock-on')
HEI	£502.9	£664.9	£439.6	£1,167.8	£942.5
Plus Non-EU Students	£0.0	£66.2	£44.0	£66.2	£44.0
Subtotal	£502.9	£731.1	£483.5	£1,234.0	£986.4
Plus EU students	£0.0	£55.8	£37.1	£55.8	£37.1
Subtotal	£502.9	£786.9	£520.6	£1,289.8	£1,023.5
Plus RUK Students	£0.0	£26.5	£26.5	£26.5	£26.5
Subtotal	£502.9	£813.4	£547.1	£1,316.3	£1,050.0
Plus N.I Students	£0.0	£573.7	£573.7	573.7	573.7
<b>Total Combined Impact</b>	<b>£502.9</b>	<b>£1,387.1</b>	<b>£1,120.7</b>	<b>£1,890.0</b>	<b>£1,623.6</b>

Source: Viewforth Consulting, (2015)

The total impact of HEIs in Northern Ireland on the UK economy was estimated to £1,890 million in 2012/13, of which £1,623.6 million was accrued in Northern Ireland.

There were 6,170 jobs in Northern Ireland due to the HE sector, with a total of 18,136 jobs resulting from the direct and knock-on effects of the HE sector. Table11 outlines the total GVA impact of the HE sector in Northern Ireland and the GVA impact of EU and non-EU students. The total GVA of the HE sector was estimated to be £889 million in 2012/13, which was 2.7% of total GVA in Northern Ireland.



**Table 11 Summary of contribution to Regional GVA 2012/13 (Universities and students together)**

	Direct (£ million)	Secondary	Total
HEIs	343.4	216.3	559.7
Plus All students	0.0	329.2	329.2
<b>Total Sector</b>	<b>343.4</b>	<b>545.5</b>	<b>888.9</b>

Source: Viewforth Consulting, (2015)

*The impact of EU and non EU students*

Using the analysis reported by Viewforth Consulting, The Department for the Economy (DfE) in Northern Ireland estimated the economic impact of EU and non EU students to the Northern Ireland economy in 2012/13.

The share of HEIs expenditure resulting from having students from the rest of the EU and non EU countries was estimated using the percentage of HEIs income that was from EU and non-EU students Northern Ireland. This figure was 3.9%<sup>22</sup>. This figure was used to apportion the share of HEIs expenditure to EU and non-EU students.

As reported in Table 12, the direct HEIs expenditure due to EU and non EU students was estimated to be £19.6 million. This resulted in wider impacts to the Northern Ireland economy of £36.8 million when multiplier effects are included. Off campus expenditure by EU and non EU students in Northern Ireland in 2012/13 (direct and knock-on) was estimated to be £81.1 million.

The total expenditure of EU and non-EU students was estimated to be £117.9 million, which was 7.3% of the total sector output in Northern Ireland.

---

<sup>22</sup> Fee income for EU and non EU students was £19.7 million out of total HEI income of £503 million in 2012/13.

**Table 12: Summary of total Output generated by EU and non EU students in 2012/13 (HEIs and students together)**

	Direct (£ million)	Knock-on' Impact on UK*	Of Which Accruing to the Region	Total UK Impact (Direct & 'Knock-on')	Total Impact on the Region (Direct & 'Knock-on')
HEIs	19.6	25.9	17.1	45.5	36.8
Non EU students	0.0	66.2	44.0	66.2	44.0
EU students	0.0	55.8	37.1	55.8	37.1
<b>Total</b>	<b>19.6</b>	<b>147.9</b>	<b>98.2</b>	<b>167.5</b>	<b>117.9</b>

Source: Viewforth Consulting (2015), DfE estimates

241 jobs in the HE sector could be directly attributable to EU and non EU students, with a total of 470 jobs due to direct and knock-on effects resulting from these students.

The contribution of EU and non EU students to GVA in Northern Ireland was estimated to be £61.0 million, which was 0.2% of total GVA in Northern Ireland in 2012/13.

**Table 13: Summary of EU and non EU Student contribution to Regional GVA 2012/13 (Universities and students together)**

	Direct (£ million)	Secondary	Total
<i>HEIs - EU and non EU student contribution</i>	13.4	8.4	21.8
<i>Students - EU and non EU student contribution</i>	0.0	39.2	39.2
<b>Total attributed to EU and Non EU Students</b>	<b>13.4</b>	<b>47.6</b>	<b>61.0</b>

Source: Viewforth Consulting (2015), DfE estimates

## Section 4 – Summary of The economic impact of further education on the Northern Ireland economy

This section provides a summary of the findings of the Viewforth Consulting report on the economic impact of further education (FE) on the Northern Ireland economy<sup>23</sup>.

The study examined the six colleges in the FE sector in Northern Ireland and measured the impact generated by the sector's expenditure during the college academic and financial year 2013-14. The report considered the impact of expenditure on the generation of output, employment and contribution to GDP.

The impact of off campus student expenditure was also estimated. Only students who were identified as being from outside Northern Ireland and living in Northern Ireland were included because their expenditure was considered as additional to the Northern Ireland economy<sup>24</sup>.

Table 14 shows the impact of the sector on the Northern Ireland economy, which generated over £524 million of output in Northern Ireland from college and student off campus expenditure.

**Table 14: Summary of total Output generated 2013/14 (FE Colleges and non-NI students together)**

	Direct (£ million)	Knock-on' Impact on UK £m	Of Which Accruing to the Region £m	Total UK Impact ( Direct & 'Knock-on' £m	Total Impact on the Region (Direct & 'Knock-on') £m
Colleges	253.96	364.32	240.53	618.28	494.49
Plus Non-NI Students	-	44.86	29.81	44.86	29.81
<b>Total Combined Impact</b>	<b>253.96</b>	<b>409.18</b>	<b>270.34</b>	<b>663.14</b>	<b>524.3</b>

Source: Viewforth Consulting (2015)

There were 4,074 jobs in Northern Ireland due to the sector, with a total of 7,139 jobs resulting from the direct and knock-on effects of the FE sector in Northern Ireland.

<sup>23</sup>

<http://niopa.qub.ac.uk/bitstream/NIOPA/2141/1/Economic%20Impact%20of%20FE%20in%20NI.pdf>

<sup>24</sup> There were 123,431 students attending courses in 2013/14. 2,629 students from outside Northern Ireland were resident in Northern Ireland.

Table 15 reports the overall impact of the FE sector. In 2013/14 it contributed almost £300 million to NI GVA, which was around 0.9% of GVA in Northern Ireland in 2013/14.

**Table 15: Summary of contribution to Northern Ireland GVA 2013/14 (FE Colleges and Non-NI students together)**

	Direct (£ million)	Secondary (NI)	Total
Colleges	166.6	118.2	284.8
Plus NON NI students	-	14.41	14.41
<b>Total Combined Impact</b>	<b>166.6</b>	<b>132.61</b>	<b>299.21</b>

Source: Viewforth Consulting (2015)

### The Impact of EU and Non EU Students

DfE estimated the economic impact of EU and non EU students at FE Colleges to the Northern Ireland economy in 2013/14. As reported in Table 16, the total output generated was estimated to be £39.2 million. £17.3 million was attributed to the expenditure associated with EU and non Students by the FE colleges and £21.9 million was due to off campus expenditure by these students<sup>25</sup>.

**Table 16: Summary of total Output by EU and Non EU Students generated 2013/14 (FE Colleges and non-NI students together)**

	Direct (£ million)	Knock-on' Impact on UK £m	Of Which Accruing to the Region £m	Total UK Impact ( Direct & 'Knock-on' £m	Total Impact on the Region (Direct & 'Knock-on') £m
<i>Colleges - EU and non EU student</i>	8.9	12.8	8.4	21.6	17.3
<i>Students - EU and non EU</i>		33.0	21.9	33.0	21.9
<b>Total Combined Impact</b>	<b>8.9</b>	<b>45.8</b>	<b>30.4</b>	<b>54.7</b>	<b>39.2</b>

Source: Viewforth Consulting (2015), DfE estimates

Table 17 shows that EU and non EU students contributed £20.6 million to GVA in Northern Ireland, which was 0.06% of total GVA in Northern Ireland in 2014.

<sup>25</sup> The 694 students from the rest of the UK were excluded from the estimate of EU and Non EU students, to give a total of 1935 students.



**Table 17: Summary of contribution of EU and non EU students to Northern Ireland GVA 2013/14 (FE Colleges and Non-NI students together)**

	<b>Direct (£ million)</b>	<b>Secondary (NI)</b>	<b>Total</b>
<i>Colleges - EU and non EU student</i>	5.8	4.1	10.0
<i>Students - EU and non EU</i>	0.0	10.6	10.6
<b>Total attributed to EU and Non EU Students</b>	<b>5.8</b>	<b>14.7</b>	<b>20.6</b>

*Source: Viewforth Consulting (2015), DfE estimates*

## **Section 5 – Summary of “The costs and benefits of international students by parliamentary constituency”<sup>26</sup>**

This section provides a summary of the London Economics report on “The costs and benefits of international students by parliamentary constituency”.

### **Approach**

London Economics were commissioned by the Higher Education Policy Institute (HEPI) and Kaplan International Pathways to undertake a detailed analysis of both the benefits and costs to the United Kingdom economy associated with international students.

With 438,000 international students studying for qualifications at higher education institutions across the United Kingdom – equivalent to 19% of all HE students – international students contribute significantly to UK economic and social prosperity, both in the short term during their studies as well as in the medium to longer term after they graduate.

Although many of the costs of higher education are borne by these students themselves, there are some costs imposed on the UK public purse associated with hosting international students. These costs relate to general Exchequer expenditure on the provision of public services (whether used or otherwise) for both international students and dependants who accompany them to the UK, as well as the higher education costs associated with the teaching grants provided to universities and student support (for EU students but not for non-EU students).

### **Economic benefits**

They estimated the economic benefits of international students in terms of:

- The tuition fee income generated by international students studying in the UK;

---

<sup>26</sup> London Economics, (January 2018). *The costs and benefits of international students by parliamentary constituency*, Report for the Higher Education Policy Institute and Kaplan International Pathways.

- The knock-on (or 'indirect'<sup>27</sup> and 'induced'<sup>28</sup>) effects across the UK economy associated with universities' spending of this tuition fee income on staff, goods and services;
- The income from the non-tuition fee expenditure of international students;
- The subsequent knock-on effects associated with the non-tuition fee expenditure undertaken by international students; and
- The income associated with the spending of friends and family visiting international students in the UK.

There are a number of benefits that were **not** considered as part of this analysis, given the difficulty in providing adequately robust evidence and measuring some of these benefits in monetary terms. These include:

- The tax and National Insurance paid by international students (or their dependants) while in employment in the United Kingdom – during and/or after their studies;
- The longer term investment, business and trade links that are expected to occur as a result of hosting international students in the United Kingdom;
- The soft diplomatic power exerted by the United Kingdom on an international stage as a result of the networks built up during their stays; and
- The wider cultural and societal impacts associated with a more diverse population.

Given these omissions, the analysis will **underestimate** the true contribution of international students to the UK economy.

### Costs

---

<sup>27</sup> An indirect effect arises from universities' and students' purchases of goods and services from other sectors in the economy to support their consumption and investment decisions. These purchases generate income for the supplying industries, which are in turn spent on their own purchases from input suppliers to meet the universities' and students' demands. This results in a chain reaction of subsequent rounds of spending across industries, commonly referred to as the 'ripple effect'.

<sup>28</sup> The induced effect is based on universities' and suppliers' statuses as employers. In return for their services, each university and supplier pays salaries to their employees, who will use this income to buy consumer goods and services within the economy. This generates wage income for employees within the industries producing these goods and services, who in turn spend their own income on goods and services. Again, this leads to subsequent rounds of wage income spending, i.e. a further 'ripple effect' throughout the economy as a whole.



In relation to the public costs associated with hosting international students, they considered:

- The teaching grant costs incurred by HEFCE, HEFCW, the Scottish Funding Council and the Department for Employment and Learning Northern Ireland to fund higher education institutions' provision of teaching and learning activities (for EU students only);
- The costs associated with the tuition fee support (through loans and/or grants) provided to EU students studying across the home nations; and
- The costs associated with the provision of other public services to international students (*net* of any direct contribution) or their dependants, including healthcare; housing and community amenities, primary and secondary-level education received by dependent children; social security; public order and safety; defence; economic affairs; recreation and culture; environmental protection, and other general public services.
- They also included the costs associated with other 'non-identifiable' public expenditure incurred by the UK Exchequer (e.g. expenditure relating to the servicing of the national debt), and expenditure on overseas activities (i.e. diplomatic activities etc.).

#### Students considered

The analysis focuses on the aggregate economic benefits and costs to the UK economy associated with the 231,065 international students ***commencing their studies in the UK in 2015/16***, taking account of the total impacts associated with these ***students over the entire duration of their study in the UK*** (adjusted for completion rates).

In addition to the total UK-wide impact, to understand the contribution at a regional level, they linked international students to the location of the higher education institution they attend. This allowed then to estimate the contribution to the UK economy originating at a regional level. The total costs and benefits for Northern Ireland were based on the share of all international students in the UK studying in Northern Ireland.

#### Students in Northern Ireland

There were 2,445 international students *commencing* their studies in Northern Ireland in 2015/16. 43% from the EU and 57% from non EU countries. This was just over 1% of the total.

## The economic contribution of international students to the UK economy

### Benefits per student

The average benefit to the UK economy associated with a typical EU-domiciled student was approximately £87,000 in 2015/16, with the comparable estimate for non-EU-domiciled students standing at approximately £102,000. As reported in Table 18, the difference between the two estimates is primarily driven by the relatively higher tuition fees charged to non-EU-domiciled students compared to students from (other) EU countries studying at UK higher education institutions (HEIs).

**Table 18: Average benefits per student (£)**

<b>Expenditure</b>	<b>EU</b>	<b>Non-EU</b>	<b>Average</b>
Direct, indirect and induced impact of tuition fee income (£)	£29,000	£52,000	£46,000
Impact of non fee expenditure (£)	£55,000	£47,000	£49,000
Impact of visitor expenditure (£)	£3,000	£2,000	£2,000
<b>Total (£)</b>	<b>£87,000</b>	<b>£102,000<sup>29</sup></b>	<b>£97,000</b>

Source: London Economics, January 2018

### Costs per student

Table 19 outlines the breakdown of costs for international students. The estimated cost to the Exchequer associated with a typical EU-domiciled student was £19,000, while the comparable figure for non-EU students was estimated to be £7,000.

**Table 19: Average costs per student (£)**

<b>Costs</b>	<b>EU</b>	<b>Non-EU</b>	<b>Average</b>
Teaching grant costs (£)	£2,000	n.a.	£1,000
Student support costs (£)	£2,000	n.a.	£1,000
Other public costs (£)	£15,000	£7,000	£9,000
<b>Total (£)</b>	<b>£19,000</b>	<b>£7,000</b>	<b>£11,000</b>

Source: London Economics, January 2018

<sup>29</sup> Note - Values per student are rounded to the nearest £1,000 therefore the total may not equal the sum of the individual items.

## **Net economic benefits across the UK economy**

### Total net impact for the UK

Across the total cohort of first-year international students enrolled with UK HEIs in the 2015/16 academic year, **the total net impact of international students on the UK economy was estimated to be £20.3bn**, with £4.0bn of this net impact generated by EU-domiciled students, and £16.3bn of net impact generated by non-EU-domiciled students in the cohort<sup>30</sup>.

For Northern Ireland the total economic benefit was estimated to be £210.6 million. Total costs were estimated to be £43.2 million which gives an overall net benefit of £167.4million<sup>31</sup>.

### Net economic impact per international student in the UK

The **net economic impact** was estimated to be **£68,000** for each typical EU-domiciled student in the 2015/16 cohort, and **£95,000** generated by each typical non-EU-domiciled student.

On average, international students make a £31.3m net economic contribution to the UK economy for each of the 650 parliamentary constituencies across the UK, which is equivalent to £310 per member of the resident population. This varies from **£549** per member of the resident population per constituency in London to **£92** in Northern Ireland.

### Impact of visitors to international student

They estimated that in 2015/16 alone there were approximately 1.4 international visitors for every first-year student undertaking some form of higher education learning in the United Kingdom. This equates to approximately 330,000 visitors in 2015/16.

The analysis demonstrated that EU students typically attract more overseas visitors per year than non-EU students (3.0 visits per EU student compared to 0.9 visitors per non-EU-domiciled student per year). However, non-EU-domiciled visitors spent more on average during each visit (£822) compared to EU student visitors (£296).

---

<sup>30</sup> This approach measures the impact of one cohort over the course of their studies, which is broadly comparable to the estimate of the impact of all international students in one particular year.

<sup>31</sup> These figures are calculated by the average benefit and costs for 18 constituency in Northern Ireland. Summing the report net benefit for each constituency in Northern Ireland gives a slightly higher estimated net economic benefit of £168.7 million.

Over the course of their studies it was estimated that on average each EU student attracted visitor expenditure with an impact of £3,000 to the UK. This figure was £2,000 for non EU students.

## ANNEX A – Detailed breakdown of Student Expenditure

The following sections present the detailed student expenditure breakdowns for England for 2011/12 and 2015/16. The data for 2011/12 is from SEIS 2011/12. The data for 2015/16 (in the shaded columns) is calculated by DfE, by uplifting the 2011/12 figures using the consumer price index.

### Participation Costs

These are the costs that students incur as a direct result of attending university or college and are the third-largest category of expenditure for most students. They include: the costs of course-related books, equipment and stationery; the costs of travelling to and from their university or college; the costs of any childcare that parents obtain in order to allow them to study; and all course fees paid by the students.

**Table 20: Total participation costs 2011/12 and 2015/16**

	2011/12	2011/12	2015/16	2015/16
Participation Costs	Full-Time	Part-Time	Full-Time	Part-Time
Direct Course Costs (e.g. Books & equipment)	£459	£414	£483	£435
Costs of facilitating participation (e.g. study related travel)	£402	£520	£423	£547
Other participation costs	£35	£14	£37	£15
<b>Total Participation Costs (exc. Tuition fees)</b>	<b>£896</b>	<b>£948</b>	<b>£942</b>	<b>£997</b>

Source: SEIS 2011/12, DfE calculations

### Living Costs

This is by far the largest category and includes expenditure on: food and drink; personal items such as clothes, toiletries, mobile phones, CDs, magazines and cigarettes; entertainment, including nightclubs, concerts, sports and gambling; household goods including cleaning and servicing costs; and non-course travel such as holidays and visits to family and friends.

**Table 21: Total living costs 2011/12 and 2015/16**

	2011/12	2011/12	2015/16	2015/16
Living Costs	Full-Time	Part-Time	Full-Time	Part-Time
Food	£1,884	£3,387	£1,982	£3,562
Personal Items	£1,840	£2,500	£1,935	£2,629
Entertainment	£1,082	£1,618	£1,138	£1,702
Household Goods	£344	£905	£362	£952
Non-Course Travel	£1,567	£3,056	£1,648	£3,214
Other Living Costs	£37	£70	£39	£74
<b>Total Living Costs<sup>32</sup></b>	<b>£6,705</b>	<b>£11,534</b>	<b>£7,052</b>	<b>£12,131</b>

Source: SEIS 2011/12, DfE calculations

### Housing Costs

This is the second-largest category of expenditure for most students and includes rent, mortgage costs, retainers, council tax and household bills.

**Table 22: Total housing costs 2011/12 and 2015/16**

	2011/12	2011/12	2015/16	2015/16
Housing Costs	Full-Time	Part-Time	Full-Time	Part-Time
Mortgage and Rent Costs	£2,462	£2,880	£2,589	£3,029
Retainer Costs	£148	£9	£156	£9
Other Housing Costs	£391	£1,051	£411	£1,105
<b>Total Housing Costs</b>	<b>£3,001</b>	<b>£3,940</b>	<b>£3,156</b>	<b>£4,144</b>

Source: SEIS 2011/12, DfE calculations

### Spending on Children

This is the smallest category and covers all spending by parents on their children, including the costs of any childcare that is not related to their study.

**Table 23: Total childcare costs 2011/12 and 2015/16**

	2011/12	2011/12	2015/16	2015/16
Spending on Children	Full-Time	Part-Time	Full-Time	Part-Time
Child Spending	£238	£1,178	£250	£1,239

Source: SEIS 2011/12, DfE calculations

<sup>32</sup> Note: The reported total living costs are adjusted for joint financial responsibility (where relevant) and therefore the sum of the components does not equal the total.