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Eóin Murphy

The Economic Impact of International Students on Northern Ireland

This paper, commissioned by the Committee for Employment and Learning, discusses the economic impact of international students on Northern Ireland.

Key Points

- There were 56,395 Undergraduate (UG) and Postgraduate (PG) students at Northern Ireland (NI) Higher Education Institutions (HEIs) in 2013/14;
- In 2013/14, United Kingdom (UK) domiciled students make up the majority of those studying at NI HEIs at 89.5% and students from outside the UK 10.6%. 5.7% of these students were from outside the EU;
- The number of students coming to NI from outside the UK has fallen from 6,825 in 2011/12 to 5,950 in 2013/14;
- HE is a significant sector within the UK economy, with revenue of £27.9 billion in 2011/12 and direct employment of 378,250 people. Indeed, HEIs directly contribute £17.97 billion to UK GDP;
- NI HEIs had a total income of £571 million in 2011/12, of which 25% was from tuition fees, education grants and contracts. This includes fees paid by international students;
- In addition, NI's HEIs spent £546 million, 58% of which was salaries. This resulted in an economic output of £571 million and Gross Value Added (GVA) of £627.8 million being added to the NI economy;
- International students contributed to this further through off-campus expenditure of £86.1 million which generated 907 full-time equivalent (FTE) jobs and GVA of £43.12 million;
- Queen's University Belfast (QUB) and Ulster University (Ulster) are two of the main contributors to this growth with 9% of QUB's student body and 15% of Ulster's from outside the UK;
- Tuition fees for non-EU international students vary considerably between the two HEI's with QUB's ranging from £13,280 to £33,170 per academic year dependent on the course. Ulster's figures also vary somewhat but the majority of courses are charged £12,495 per academic year;
- In 2013 international students paid QUB tuition fees of £11.73 million and Ulster £4.58 million;
- International students spent an estimated £74.6 million off-campus in 2012/13 for both QUB and Ulster. This expenditure generated 777 jobs in NI and added £36.9 million to NI's GVA. This is a significant contribution to the NI economy;
- QUB has stated that it intends to increase the number of international students attending the HEI from approximately 1,500 to 4,200 by 2020; and,
- Viewforth Consulting found that NI was starting from a lower base than other UK universities in attracting students as a result of historical perceptions of NI.

Introduction

In light of the recent attempts by Northern Ireland (NI) Higher Education Institutions (HEIs) to attract more international students to NI, the Committee for Employment and Learning (CEL) commissioned the Research and Information Service (RaISe) to provide it with a paper on the number of international students coming to NI and their economic impact.

This paper is presented as follows:

- **Section 1:** Statistics on international students in NI;
- **Section 2:** The economic impact of international students in the United Kingdom (UK);
- **Section 3:** The economic impact of international students in NI; and,
- **Section 4:** Discussion and issues of note

1 Statistics on international students in Northern Ireland

This section of the paper provides a series of tables on international students in NI. The majority of the data has been sourced from the Higher Education Statistics Agency (HESA) publication “*Students in Higher Education Institutions*” for the years 2011/12, 2012/13 and 2013/14.

1.1 General Demographics

In order to discuss the economic impact of international students in NI, it is first necessary to identify how many study in the region.

Table 1 below details the number of Undergraduate (UG) and Postgraduate (PG) students in NI by Higher Education Institution (HEI).

Table 1: All UG and PG HE students in NI by HEI, 2011/12 – 2013/14¹

	2011/12	2012/13	2013/14
The Queen's University of Belfast	22,985	22,700	23,320
The Open University in Northern Ireland²	-	-	4,135
St Mary's University College	1,020	1,100	1,210
Stranmillis University College	1,340	1,460	1,525
Ulster University	26,560	26,475	26,200
Total Northern Ireland	51,905	51,735	56,395

¹ HESA, *Students in Higher Education Institutions*, 2011/12, 2012/13 and 2013/14

² OU: A notable change in the 2013/14 HESA publications is the allocation of Open University (OU) students to England, Wales, Scotland and Northern Ireland. Previously all OU enrolments and qualifications were counted within England, where the OU has its administrative centre – as such a large part of the increase in student numbers is a result of the inclusion of OU data.

As can be seen in Table 1, there were 56,395 UG and PG students at NI HEIs in 2013/14. This is a large increase in the number of students from 2012/13 and is mainly the result of the inclusion of Open University figures.

The majority of HEI's have had an increase in the number of students that have enrolled over the three years of data. Of note is the slight drop in the number of students attending Ulster University (Ulster) between 2011/12 and 2013/14. Closer examination of the data found that this drop is mainly in the number of UG's. There has been an increase over the three years in the number of PG's.

Table 2 provides a breakdown of students studying in the UK by domicile.

Table 2: All students studying in the UK by region and domicile

	Postgraduate				Undergraduate			
	UK	Other EU	Non-EU	Total	UK	Other EU	Non-EU	Total
2011/12								
England	302,160	40,650	132,195	475,005	1,437,905	64,535	119,785	1,622,225
Wales	16,040	1,725	10,385	28,150	89,875	4,295	8,865	103,035
Scotland	32,240	5,395	16,475	54,115	138,100	12,080	12,025	162,205
Northern Ireland	8,355	1,695	1,185	11,235	36,730	2,180	1,765	40,675
Total	358,800	49,465	160,245	568,505	1,702,610	83,090	142,440	1,928,140
2012/13								
England	281,800	37,155	126,170	445,125	1,315,645	60,770	123,460	1,499,870
Wales	16,235	1,665	9,715	27,620	88,120	3,880	9,160	101,165
Scotland	31,340	5,570	15,850	52,760	136,500	13,070	12,455	162,025
Northern Ireland	8,200	1,445	1,290	10,935	37,175	1,735	1,870	40,780
Total	337,575	45,835	153,025	536,440	1,577,440	79,455	146,945	1,803,840
2013/14								
England	276,830	37,485	130,245	444,560	1,242,610	59,670	128,180	1,430,460
Wales	16,715	1,655	10,625	28,995	94,815	3,995	9,335	108,140
Scotland	32,535	5,905	15,670	54,105	149,910	13,845	12,940	176,695
Northern Ireland	9,065	1,410	1,300	11,775	41,385	1,340	1,900	44,620
Total	335,140	46,455	157,840	539,440	1,528,715	78,845	152,355	1,759,915

In 2013/14, UK domiciled students made up the majority of those studying at NI HEIs at 89.5% (50,450 students). Students from outside the UK accounted for 10.6% of the student population (5,950). Importantly, 5.7% of these students are from outside the EU and therefore pay higher fees than NI domiciled, GB domiciled and Other EU students.

Table 2 also shows an increase in the number of non-EU UG attending HEIs in NI over time from 1,765 in 2011/12 to 1,900 in 2013/14. However, in percentage terms there is

no change between 2011/12 and 2013/14 (it remains at approximately 4.3%). This increase in numbers is replicated for PG students, with a slight increase in the percentages (from 10.5% in 2011/12 to 11% in 2013/14).

Table 3 provides information on the domicile of non-UK PG and UG students.³

Table 3: Non-UK domiciled HE students by domicile, location of HEI and level of study⁴

	2011/12	2012/13	2013/14
Total European Union exc. UK	3,875	3,180	2,750
EEA (other than UK)	5	5	10
Other European Countries	35	55	55
Africa	285	235	220
Asia	2,275	2,505	2,480
Australasia	5	5	10
Middle East	80	115	140
North America	245	215	190
South America	20	25	95
None EU unknown	0	0	0
Total	6,825	6,340	5,950

The number of students coming to NI from outside the UK has fallen in the three years shown from 6,825 in 2011/12 to 5,950 in 2013/14 (a fall of 14.7 percentage points or 850 students in the three years shown). The majority of this reduction appears to be from EU students; although there is a slight drop in the number of students from Asia and North America.

There has been a slight increase in the number of non-EU students studying in NI of 8.5% (from 2,950 to 3,200, an increase of 250 students from 2011/12 to 2013/14).

Interestingly there is a relatively large increase in the number of students attending NI HEIs from South America, with an increase of 70 students between 2012/13 and 2013/14.

The ten countries sending the most students to NI in 2013/14 were:⁵

- Republic of Ireland (RoI): 2,420;
- China: 1,210;
- Malaysia: 295;
- Bangladesh: 175;

³ HESA, Students in Higher Education Institutions, Table 8: Non-UK domiciled HE students by country of domicile, location of HE provider and level of study

⁴ Ibid

⁵ Ibid

- India: 170;
- United States (US): 145;
- Sri Lanka: 115;
- Germany: 100;
- Nepal: 85; and,
- Pakistan: 85

As would be expected with a shared land border, the majority of non-UK students studying in NI are from the RoI. The high number of RoI makes up the majority of EU students studying in NI.

Chinese domiciled students are the next largest group at 1,210. There is then a significant drop in the third highest with Malaysia domiciled students at 295.

1.2 Summary

In 2013/14 there were 56,395 UG and PG students in NI.

Based on the data above, international students (EU and non-EU) were 10.5% of the NI UG and PG student population in 2013/14. This is a fall of 1.8 percentage points on the previous year.

However, as noted above the Open University has been included in HESA statistics for NI for the first time in 2013/14, increasing the number of students by 4,135. When this data is removed from consideration for the purposes of consistency, there is still a slight percentage drop in the number of international students coming to NI. But it is reduced to 11.4%, a fall of 0.9 percentage points.

The number of non-EU international students has increased slightly, from 2,950 to 3,200 (or 8.5%). This is of note, as non-EU international students pay higher fees than other students, and as such have the highest potential economic benefit to NI.

2 Economic Impact of International Students on the United Kingdom

This section of the paper is considers the economic impact of international students on the UK economy. Sub-section 2.1 discusses how universities and student expenditure impact on the economy and sub-section 2.2 applies this to the UK.

2.1 Universities and the Economy

Universities generate revenue through a number of inputs, including teaching grants, research grants and tuition fees.

In addition, universities have two “knock-on” economic impacts on the area in which they are based:⁶

- **Indirect:** Universities buy goods and services from suppliers. These suppliers subsequently make purchases in order to fulfil these orders. This carries on down the supply chain, acting as an economic driver; and,
- **Induced:** Universities pay employees wages which in turn spend their salaries on housing, food and other consumer goods and services. This creates income for employees in other businesses and sectors, which also spend their income, and so on.

These impacts act as attractors for other businesses and suppliers, with the large numbers of students living in and around universities, also acting as an economic driver, further boosting the local, regional and national economy.

In addition, students also contribute to the economy in two main ways:⁷

- Students pay money to HEIs for their fees, accommodation (where applicable) and other ancillaries (canteen/on campus catering etc.) The HEIs then re-spend the money; and,
- Students also spend money on a wide range of goods and services off-campus. This includes the private rented sector, local supermarkets and local pubs and clubs.

For UK domiciled students, the revenue they bring into an area is largely recycled within the economy. For example, students apply for student loans to cover the costs of tuition fees and living expenses. This money is paid to universities and local businesses, which in turn use this inflow to pay salaries, purchase from the supply chain and pay taxes. These taxes are used (in part) to provide students with loans in order to access HE.⁸ *Via* multiplier effects this cycle helps the economy grow. For example, with every £1 million of HEI expenditure in NI there is a further £0.88 million of output⁹ from NI industries.¹⁰

International students, however, introduce ‘new money’ to the system. As stated by Viewforth Consulting in their report on the economic impact of HE students on Belfast (written for Belfast City Council):¹¹

Money spent by students from outside Northern Ireland is a clear and obvious injection into the Northern Irish economy whereas the expenditure

⁶ Universities UK, The Economic Impact of Queen’s University Belfast on the Northern Ireland Economy, <http://www.universitiesuk.ac.uk/highereducation/Documents/2015/EconomicImpactQUB.pdf>

⁷ Viewforth Consulting, February 2014, Belfast: A Learning City, The economic impact of higher education students on the economy of Belfast, <http://www.viewforthconsulting.co.uk/sitebuildercontent/sitebuilderfiles/belfastreport2.pdf>

⁸ Please note, this is a rather simplified version of the economy and is for illustrative purposes only.

⁹ Output refers to the quantity/value of goods and services produced by a firm, industry or economy.

¹⁰ Viewforth Consulting, February 2014, Belfast: A Learning City, The economic impact of higher education students on the economy of Belfast, <http://www.viewforthconsulting.co.uk/sitebuildercontent/sitebuilderfiles/belfastreport2.pdf>

¹¹ Ibid

of Northern Irish students is arguably not additional to the Northern Ireland economy as a whole.

As such, international students, although a smaller part of the overall student body, are an important resource both for Universities (in terms of the higher fees they pay and therefore an important revenue raiser) and the government (through the impact of the additional injection they make into the economy).

2.2 HE Impact

HE acts as an important driver within an economy for both developing skills of future employees and through the introduction of significant levels of income.

A Universities UK report on *The Impact of Universities on the UK Economy* found that:¹²

Through both direct and secondary or multiplier effects, the higher education sector generated over £73.11 billion of output and 757,268 full-time equivalent (FTE) jobs throughout the economy.

The report also found that:¹³

- Total revenue earned by UK Universities in 2011/12 was £27.9 billion;
- Universities directly employed 378,250 people, equating to approximately 319,474 FTE (1% of all UK employment in 2011);
- Universities directly contribute £17.97 Billion to UK GDP; and,
- International revenue sources, including fee payments and research and consultancy income for non-UK students, amounted to £5.7 billion or 20% of all universities income.

The report highlights the role students play in a local area's economy, stating that:¹⁴

The contribution of students to university cities and regions is an important part of a universities impact. Bangor University is a case in point: the higher education term-time student population of over 11,000 students – 2,000 of whom are international students – almost doubles the city's resident population. Many local businesses rely for their livelihood on the university and its students.

The report also examined the impact international students had on the UK economy. In 2011/12 there were 435,235 students from outside the UK, or 17% of the UK student population of 2,496,645.¹⁵

¹² Universities UK, *The Impact of Universities on the UK Economy*, <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/TheImpactOfUniversitiesOnTheUkEconomy.pdf>

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

Of the non-UK students, 302,680 come from 185 non-EU countries. 188,525 (62%) come from Asia.

It should be noted that in their report on the impact of universities on the UK economy¹⁶ Universities UK makes a distinction between non-UK EU students and non-EU students. This appears to be a result of the differences in fees arrangements for these two groups, with EU students paying the same tuition fees as UK domiciled students (which can vary depending on which UK country they attend university in). Non-EU students, however, can pay anywhere from £9,500 to £30,000 per year in tuition fees.

It also found that:

- Non-EU students paid £3.24 billion in tuition fees, with EU students paying an estimated £0.4 billion in fees;
- Non-EU students are estimated to have paid £517 million to universities for accommodation, food and other expenses in 2011/12;
- The off-campus expenditure of all non-UK students in 2011/12 was estimated to be £4.9 billion and £3.42 billion for non-EU students;
- Non-UK student off-campus spend generated £7.37 billion of output across the economy and over 62,380 FTE jobs.

Importantly:¹⁷

Expenditure by students from outside the UK makes an injection into the national economy, as well as representing export earnings.

In addition:¹⁸

It also generates economic activity in the UK, generating output and jobs and contributing to GDP¹⁹.

Table 4 details the total impact generated by non-EU students at UK Universities in 2011/12.²⁰

¹⁶ Universities UK, The Impact of Universities on the UK Economy, <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/TheImpactOfUniversitiesOnTheUkEconomy.pdf>

¹⁷ Ibid

¹⁸ Ibid

¹⁹ GDP refers to Gross Domestic Product, a measure of economic activity which captures the value of goods and services that the UK produces during a given period.

²⁰ Universities UK, The Impact of Universities on the UK Economy, <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/TheImpactOfUniversitiesOnTheUkEconomy.pdf>

Table 4: Total impact generated by non-EU students at UK Universities, 2011-12

	Impact generated through payments made to the Universities	Impact generated by off-campus expenditure of non-EU students	Total Impact
Output	£8.8bn	£5.1bn	£13.96bn
Jobs	93,254 FTE	43,385 FTE	136,639 FTE
Contribution to GDP	£4.9bn	£2.4bn	£7.3bn

The total impact made by non-EU students to the UK economy is a significant £13.96 billion, with a contribution to GDP of £7.3 billion. However, as pointed out by Universities UK, the per capita impact may be even more noteworthy, as seen in Table 5 below.

Table 5: Per capita impact of non-EU students

	Per capita impact
Output generated	£46,071
FTE jobs generated	0.45 FTE
Contribution to UK GDP	£24,028

As can be seen in the table, for every non-EU student studying in the UK, almost half a job is generated. Universities UK states that:²¹

This is a significant impact per capita and clearly has important economic and policy implications. Policies affecting the number of non-EU students will have very clear ramifications for the economy and will impact substantially on jobs, output and GDP.

2.2 Summary

HE is a significant industry within the UK economy, with revenue of £27.9 billion in 2011/12 and direct employment of 378,250 people. Indeed, HEIs directly contribute £17.97 billion to UK GDP.

HE students play an important role in generating income, not just for universities, but for the towns, cities and regions the university is based in. International students are especially important as they introduce new money flows into the economy, with significant benefit to UK GDP and the generation of new employment.

²¹ Ibid

3 Economic Impact of International Students on Northern Ireland

This section of the paper considers the economic impact of international students in NI. It uses two publications by Universities UK as its main source of information, with the reports considering the economic impact of students based at QUB and Ulster.

A Viewforth Consulting review, on behalf of Belfast City Council, examined the economic impact of higher education students on Belfast.

As discussed in Section 2, students generate an economic impact in two ways, payments to the HEI (on-campus spend) and off-campus expenditure.

Viewforth Consulting considered students on-campus spend and included it within its figures on HEI impact (for example, as part of a HEI's income created through tuition fees and other income).

It found that NI HEIs had a total income of £571 million in 2011/12, made up of:²²

- Funding Council Grants (mainly *via* the Department for Employment and Learning): 44%;
- Tuition fees, education grants and contracts: 25%;
- Other income: 15%;
- Research grants and contracts: 14%; and,
- Endowment and investment income: 2%.

In this same period, NI's HEIs provided 7,205 FTE jobs, with a ratio of 47:53 of academics to support staff.

In terms of expenditure, NI's HEIs spend £546 million, with 58% of this a result of staffing costs.

Viewforth Consulting also found that:²³

- NI's HEIs had an output of £571 million;
- When knock-on effects were taken into consideration, this rose to £1.3 billion (of which £758 million was due to knock-on effects);
- 7,538 jobs were generated in other industries by the HEI expenditures, with 5,756 of these located in NI industries; and,
- NI HEIs generated Gross Value Added (GVA)²⁴ in 2011-12 of £627.8 million of which £380.8 million was generated by the HEI's and £247 million was secondary GVA.

²² Viewforth Consulting, February 2014, The economic impact of higher education students on the economy of Belfast <http://www.viewforthconsulting.co.uk/sitebuildercontent/sitebuilderfiles/belfastreport2.pdf> - please note, the Viewforth Consulting data covers QUB, Ulster University, St. Mary's University College, Stranmillis University College and Belfast Metropolitan College

²³ Ibid

²⁴ Gross Value Added: GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. It is the main measure of economic output used in NI.

In addition, Viewforth Consulting developed Table 6, which identifies the impact of non-NI student off-campus expenditure in NI.²⁵

As can be seen, off-campus expenditure by international students amounted to £86.1 million from paying for services such as off-campus accommodation, food and other such services. This spend generated an estimated 907 FTE jobs being generated and GVA of £43.12m being added to the value of the NI economy.

Table 6: Additional economic impact on NI of off-campus expenditure by non-NI domiciled students

	Student numbers 2011/12	Estimated expenditure off campus	Output generated in NI by off-campus expenditure	Employment generated in NI by off-campus expenditure	GVA generated by off-campus expenditure	GVA generated in NI per capita (per student) by off-campus expenditure
Students from outside the EU	2,955	£36.9 million	£38.3 million	389	£18.49 million	£6,257
Students from the rest of the EU	3,937	£49.2 million	£51.0 million output	518	£24.63 million	£6,257
Students from the rest of the UK	1,823	£24.7 million	£25.7 million	261	£12.42 million	£6,813
Total	8,715	£110.8 million	£115 million	1,168 FTE	£55.54 million	£6,373

Per capita, each international student generated £6,257 from his/her off-campus spend.

As such, international students make a significant contribution to the NI economy. Indeed, as stated by Viewforth Consulting:²⁶

...money spent by students from outside Northern Ireland is a clear and obvious injection into the Northern Irish economy.

3.1 Queen's University Belfast and Ulster University

This section of the paper discusses the economic impact of international students studying at QUB and Ulster.

²⁵ Viewforth Consulting, February 2014, Belfast: A Learning City, The economic impact of higher education students on the economy of Belfast, <http://www.viewforthconsulting.co.uk/sitebuildercontent/sitebuilderfiles/belfastreport2.pdf>

²⁶ Viewforth Consulting, February 2014, Belfast: A Learning City: The economic impact of higher education students on the economy of Belfast, <http://www.viewforthconsulting.co.uk/sitebuildercontent/sitebuilderfiles/belfastreport2.pdf>

Table 7 uses Universities UK data to provide a breakdown of student domiciles by HEI.²⁷

Table 7: Domicile of QUB and Ulster Students 2012/13

	Total number of students	Northern Ireland		Rest of the UK		Rest of Europe		Rest of the World	
		Number	%	Number	%	Number	%	Number	%
QUB	22,700	19,615	87	955	4	915	4	1,215	5
Ulster University	26,465	21,280	81	1,045	4	2,195	8	1,945	7

In 2012/13 QUB had 22,700 students, of which 87% were from NI. 9% of its students were from outside the UK. Ulster had a larger per cent of its student body from Europe and the rest of the world than QUB (15% at Ulster in comparison to 9% at QUB).

Tuition fees form a major part of QUB and Ulster's incomes, with international students paying significantly higher rates than NI domiciled students.

Whilst for NI student's tuition fees are paid for through the UK student loans system (as are EU students in most cases), international students must pay their own fees.

QUB charges international undergraduate student fees based on a tier system, as seen in Table 8 below.

Table 8: QUB International Student Fees 2015/16²⁸

Fee type	2014/15 (£)	2015/16 (£)
Fee Rate 1 Courses which are essentially classroom based	12,650	13,280
Fee Rate 2 Courses with a substantial laboratory or workshop component or pre-clinical elements of nursing courses	16,225	17,035
Fee Rate 3 Pre-clinical elements of medical and dental courses	16,750	17,590
Fee Rate 4 Clinical elements of medical and dental courses	31,590	33,170

²⁷ Universities UK, The Impact of Universities on the UK Economy, <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/TheImpactOfUniversitiesOnTheUkEconomy.pdf>

²⁸ Queen's University Belfast, International Tuition Fees, <http://www.qub.ac.uk/home/StudyatQueens/InternationalStudents/FeesandFunding/InternationalTuitionFees/>

There is a broad range of fees charged at QUB to international students, with courses involving laboratory or workshop-based elements more expensive.

Medical and dental courses are the most expensive, at £33,170 per academic year, with classroom based courses charging £13,280 in 2015/16.

QUB's annual accounts reported for 2013 international students paid fees of £11.77 million, an increase of £1.67 million on 2012.²⁹

Table 9 provides information on Ulster's tuition fees for international (although referred to in Ulster documentation as "Overseas") students. Please note, for comparison purposes only UG are discussed in this paper. Both universities list their postgraduate fees on their websites.

Table 9: Ulster tuition fees 2015/16 and 2014/15

	2014/15 (£)	2015/16 (£)
Undergraduate and Integrated Master's awards and equivalent courses	10,450	12,495
Students on placement year of sandwich courses/intercalary year abroad	1,895	1,895
Overseas students on foundation year at undergraduate level	n/a	8,330

There is a significant gap difference in fees charged at QUB and Ulster, with Ulster charging a single fee for its UG courses. Ulster appears to only charge one rate, with variations based on specific conditions attached to a course. For example, an overseas student undertaking a foundation year will pay £8,330 rather than £12,495 (the price for a year of degree level tuition).

Review of Ulster's annual accounts found that full-time students charged overseas fees generated income of £4,580,000 in 2013, down from £5,061,000 in 2012.³⁰

This level of fees, and as discussed in Section 2, international students injection of monies into local economies *via* spending outside the university setting, has a substantial impact on the NI economy.

International student spend is further enhanced by a student's off-campus expenditure.

²⁹ Queen's University Belfast, Consolidated Financial Statements 2012-13,

<https://www.qub.ac.uk/directorates/FinanceDirectorate/FileStore/Fileupload,425680.en.pdf>

³⁰ Ulster University, Annual Report and Financial Statements for year end 31 July 2013,

<http://www.ulster.ac.uk/finance/statements/2013/2013.pdf>

Table 10 below, sourced from the work carried out by Universities UK, shows the economic impact off-campus expenditure by international students studying at QUB and Ulster in 2012/13.³¹

Table 10: Additional economic impact on NI of off-campus expenditure by international students

	Student Type	Student numbers 2012/13	Estimated expenditure off campus (£m)	Output generated in UK by off-campus expenditure (£m)	Output generated in NI by off-campus expenditure (£m)	Employment generated in UK by off-campus expenditure (FTE jobs)	Employment generated in NI by off-campus expenditure (FTE jobs)	Regional GVA generated by off-campus expenditure (£m)
Queen's University Belfast	Students from outside the EU	1,215	16.16	25.3	16.8	214.0	171.0	8.1
	Students from the rest of the EU	915	10.61	16.6	11.0	140.0	112.0	5.3
Ulster University	Students from outside the EU	1,945	23.5	35.2	23.4	298.0	238.0	11.3
	Students from the rest of the EU	2,195	24.3	38.1	25.3	322.0	256.0	12.2
Total		6,270	74.6	115.2	76.5	974.0	777.0	36.9

As can be seen, international students spent an estimated £74.6 million off-campus in 2012/13. This expenditure generated 777 jobs in NI and added £36.9 million to NI's GVA. This is a significant contribution to the economy.

In terms of future impacts, a study by Oxford Economics in 2013³² examined the economic impact of international students for the University of Sheffield. It found that around 10% of international students stayed in the region (Yorkshire and Humberside) to secure future employment. However, to what extent these jobs displaced native workers was not possible to discern. Oxford Economics went on to state that:³³

The fact that a significant proportion of international students in the latest academic year were taking STEM degrees, in which the UK suffers from acknowledged skill gaps suggests that "displacement" effects are likely to be limited to a considerable extent.

Indeed, the study went on to state that their long-run fiscal impact is likely to be positive, with employers benefiting from the boost to the labour supply, international

³¹ Universities UK, The Economic Impact of Queen's University Belfast on the NI Economy, <http://www.universitiesuk.ac.uk/highereducation/Documents/2015/EconomicImpactQUB.pdf> and The Economic Impact of Ulster University on the NI Economy, <http://www.universitiesuk.ac.uk/highereducation/Documents/2015/EconomicImpactUlster.pdf>

³² Oxford Economics, January 2013, The economic cost and benefits of international students, https://www.sheffield.ac.uk/polopoly_fs/1.259052!/file/sheffield-international-students-report.pdf

³³ Ibid

relations being boosted as a result of increased familiarity with local-goods and increased tourism revenues if international students return to visit the region.

Whilst this analysis is based on international students studying at the University of Sheffield, Oxford Economics found that there seemed to *be few grounds to suppose that the result would not hold at other higher education institutions across the UK.*³⁴

3.2 Summary

NI HEIs had an output of £571 million, provided 7,205 FTE jobs and generated GVA of £627.8 million.

In addition, international student's off-campus expenditure amounted to £86.1 million, generating 907 FTE jobs, making a significant contribution to the NI economy.

Closer examination of this contribution *via* QUB and Ulster identified that the 6,270 international students at both HEIs generated estimated off-campus of £74.6 million and generated 777 FTE jobs.

4 Discussion

This paper discusses the economic impact of international students on the NI economy. As can be seen in the data provided by Viewforth Consulting and the Universities UK reports, international students have a significant, positive impact on the NI economy.

Indeed, as found by Viewforth Consulting:³⁵

Higher education is an important part of the Northern Ireland economy – and in particular, since most higher education provision is located in Belfast, it is a core part of the Belfast economy. The employment generated by the HEIs and students from outside Northern Ireland is equivalent to around 2 % of all Northern Ireland employment.

Indeed, international students added £36.9 million to NI's GVA in 2012/13 and generated 777 off-campus jobs.

QUB has stated that it intends to increase the number of international students it takes in from approximately 1,500 to 4,200 by 2020.³⁶ This would have a significant impact not only on QUB's own finances, but on the local and regional economy, as seen by the impact generated by the 1,215 students from outside the EU in 2012/13.

³⁴ Ibid

³⁵ Viewforth Consulting, February 2014, Belfast: A Learning City, The economic impact of higher education students on the economy of Belfast, <http://www.viewforthconsulting.co.uk/sitebuildercontent/sitebuilderfiles/belfastreport2.pdf>

³⁶ BBC News, 13 October 2015, Queen's University, Belfast, to treble intake of international students, <http://www.bbc.co.uk/news/uk-northern-ireland-34509899>

However, in regards attracting international students to NI, Viewforth Consulting noted that:³⁷

In relation to students from outside Northern Ireland, Northern Ireland is starting from a lower base than other UK universities in seeking to attract more students from outside the region, not because of any inherent failings in the equality of educational provision but because of the legacy of the Troubles and historical perceptions of Northern Ireland.

In addition, Viewforth Consulting noted that the availability of purpose-built accommodation was an important factor for international students in selecting where they will study.

The CEL may wish to ask QUB how it intends to tackle the increase in international in light of the budget cuts the university has recently faced and how the increase will impact on capacity within the university (such as class sizes, lecturer numbers and any potential impact on the number of NI domiciled students QUB is able to accept, if any).

Universities play an important role in NI's economy, as evidenced by the information and data stated throughout this paper. Their international students introduce new revenue streams, boost local businesses and have a positive impact on a local economy.

The CEL may wish to consider the following:

- **How does QUB intend to increase its international student numbers from 1,500 to 4,200 by 2020?**
- **Will this have an impact on NI domiciled people who would like to study at QUB (i.e. course capacity, grade inflation, etc.)?**

³⁷ Viewforth Consulting, February 2014, Belfast: A Learning City, The economic impact of higher education students on the economy of Belfast, <http://www.viewforthconsulting.co.uk/sitebuildercontent/sitebuilderfiles/belfastreport2.pdf>