University and College Union

Universities at risk

the impact of cuts in higher education spending on local economies

MAKE EDUCATION COUNT

December 2010

Forewords

Universities are one of our great success stories, yet the government is asking them to take part in an experiment untried anywhere else in the world that will fundamentally change the way in which they are funded, how they operate and what their role is.

Much of the debate following the comprehensive spending review has focused on higher tuition fees and the likely impact they will have on student participation, but fees are only part of the story.

The government wants to change the landscape of higher education by shifting the burden of paying for the majority of degree courses from the state to the student.

We have huge concerns about how this alters the fundamental nature of a university and how a consumer-led culture will lead to grade inflation. However, this report focuses on the likely financial impact on universities, how some may struggle to survive and what this will mean for their local communities.

Such a radical policy shift will see entire subject areas, mainly arts and the humanities and social sciences, starved of public funds. We will enter an era of survival of the fittest. An era in which many arts-based and teaching-focused institutions, which rely on public funding far more than the larger research-intensive universities, will face an uncertain future.

Our research shows that 49 universities across England alone are at high financial risk from the government's plans. Many of the 49 are ‘post-92 institutions’ or newer universities, along with a number of specialist institutions.

We are not alone in raising concerns about the future of our universities. A recent survey of university leaders revealed that nine out of ten expect an institution to close due to financial pressures and last month the business secretary, Vince Cable, warned that many universities are essentially bankrupt.

Universities going bust would have a devastating impact on their local communities – as would the withdrawal of government funding. This report sets out just how valuable universities are, with research that measures the trickle-down effect investment in higher education has on local economies.

Every MP with a university in or near their constituency should be clear - these cuts may put their institutions at risk, and lose vital jobs and revenue from the local area. Along with schools and colleges, universities are the lifeblood of our communities and this report shows how cutting their funding will have a huge knock-on effect.

If we are serious about being a major player in the global knowledge economy we need institutions that offer a wide breadth of subjects and that are properly supported. The quicker politicians grasp this reality the better.

Sally Hunt
UCU general secretary

In England the higher education sector forms a core part of the economic infrastructure, generating employment and output, attracting export earnings and contributing to the gross domestic product (GDP).

The sector has become all the more important in a severe recession when other sectors of the economy are contracting.

Our research explores how universities play an important role economically. They are often among our regions' biggest employers, they attract thousands of international students and visitors, and academics are working with every sector of society from public, private and third sectors.

Moreover, at a time of global economic crisis, they can help build a more solid future, enhancing skills, encouraging innovation and generating vital employment and economic output for their regions.

This report comes at a time of extreme turbulence for the sector, in the wake of the Browne review and extensive cuts to the university teaching budget. These changes will have a widespread impact on the financial base of English universities, driving through a considerable change in their income sources and types.

As universities are not-for-profit organisations, tending to spend all their income, changes affecting their revenue base have wider implications beyond the institutions themselves.

If a university is reduced in size or forced to close, the local area will see a big drop in student spending power, which supports local economies, particularly small businesses, and will result in fewer contracts between institutions and local firms.

For example, every £1m of revenue into an East Midlands university generates a further £1.13m for the local region. Therefore a loss to an East Midlands university of £100m would mean the loss of the university's own output and the additional output generated in other industries – a total of £213m lost to the region.

This report confirms how the impact of higher education goes well beyond the confines of the campus, with many communities up and down the country relying on the jobs and business generated by their universities.

Ursula Kelly
University of Strathclyde

Executive Summary

In September, nine out of ten university leaders told the BBC that they expected a university to be forced to close because of financial reasons.[1] In November, Vince Cable said that a number of universities were essentially broke and should not be propped up by the government.[2] However, no government minister or vice-chancellor has dared name which institutions they believe will fail or should be allowed to go bust.

The University and College Union (UCU) has analysed the government's university funding proposals and discovered which institutions are most at risk of impact from the proposals. *Universities at risk* not only examines which institutions are most at risk, but also looks at how local economies will be affected by the government's radical proposals.

The government is removing all public support for courses in arts, humanities and social sciences. In total it is removing 80% of teaching budgets, with only some subjects deemed 'priority' to get protection.

The first part of the report looks at the risk factor for universities under the new proposals. Using four indicators to assess the risk, UCU found that more than one in three (49 out of 130) English universities will face serious impact as a result of the funding.

The indicators look at universities' reliance on public funding, the proportion of public funding an institution receives for 'non-priority' subjects (which will be axed), the number of students from the poorest backgrounds, and institutions' reliance on non-EU students' fees.

The report found that four institutions are at 'very high' risk of potential impact from the proposals, a further 23 are at 'high' risk and 22 are at a 'high-medium' level of risk. All of the institutions are post-92 modern universities or specialist institutions.

For example, Sheffield Hallam University is by common consent a well-run university. On a turnover of £215m in 2009, Sheffield Hallam made a surplus of just £1.9m. The report estimates that the withdrawal of state funding for non-priority subjects will cost the institution around £47m a year. Assuming constant costs, if it fails to recover at least 96% of this lost income, presumably through higher fees, it will be forced into deficit and will need to consider reducing provision.

In 2008-9, 27% of higher education institutions in England were in deficit and 27% made surpluses of over 4% of total income. The average university surplus was 1.7% and the average institutional operating surplus was £2.1m. Sheffield Hallam is ranked in *Universities at risk* in the third set of institutions at risk of impact from the government's proposals - a university considered at high-medium risk of impact.

Sheffield Hallam receives 37% of its total income from the HEFCE block grant and has relatively low levels of income from overseas students to protect it against future income uncertainties. Its student cohort is disproportionately from under-privileged groups, who are the most likely to baulk at higher fees, and it would benefit little from any residual government funding for STEM/priority subjects, given that only 15% of its teaching income is in those areas.

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[1] http://www.bbc.co.uk/news/education-11297962

[2] http://www.dailymail.co.uk/news/article-1329962/Vince-Cable-Many-universities-broke-ones-private.html

Universities at risk also looks at the impact higher education institutions have on their regional economy in creating jobs and revenue far beyond the confines of campus. Research from Ursula Kelly and Ian McNicoll at the University of Strathclyde shows how a university creates a diverse range of jobs and generates considerable revenue for a host of other local industries.

The impact on the local community of a failure by Sheffield Hallam to recoup the lost income would be substantial. Every £1m in income lost by Sheffield Hallam would lead to a combined loss to the regional economy of £2m, according to the regional multiplier formula created by the Strathclyde researchers in their work on the economic impact of higher education.

The Strathclyde research section of the report demonstrates how important higher education institutions are to their regional economy. It shows how many full-time jobs, both on campus and across small businesses in the region, each £1m of university revenue equates to. It also found the multiplier effect in terms of funding lost elsewhere in other industries such as manufacturing, distribution and business services for every pound removed from higher education in the UK.

The researchers also calculated how much additional revenue is generated by universities over and above their own output. Using regional multipliers, they were able to calculate how much a specific amount of revenue in one institution would generate in the local economy and for the country as a whole. For example, £1m of revenue going into the East Midlands universities generates a further £1.13m of output in the East Midlands and £0.27m in other parts of the UK.

Their conclusion, that universities are a vital part of the economic infrastructure, and generate extensive employment, output and GDP, makes for very worrying reading in the light of *Universities at risk* that shows uncertain times ahead for universities.

University and College Union

Risk assessment of the impact of the Browne Review proposals on HEIs in England

This assessment is based on four indicators:

1 Estimated proportion of teaching funding linked to students in clinical and Browne priority subjects

This indicator assesses the estimated proportion of teaching funding linked to students in England in clinical subjects and subjects broadly deemed priority subjects in the Browne Review, and students in non-priority subjects. The indicator is based on the number of students in subject groups, weighted according to the price groups (A, B, C and D) used by the Higher Education Funding Council for England (HEFCE); these weights include an assumption that institutions are receiving from students the flat rate part of the current tuition fee. The HEFCE standard resource for full-time equivalent students in 2010-11 in these price groups ranges from £15,804 (A: clinical) to £3,951 (D: classroom-based).[3]

Browne proposed that clinical programmes and priority programmes [4] – such as STEM (Science, Technology, Engineering and Mathematics) subjects, healthcare and strategically important courses (taken to be those identified by HEFCE as Strategically Important and Vulnerable (SIV) subjects) [5] – would attract public investment of £0.7bn, to be allocated by the higher education funding body. This £0.7bn was 20% of total HEFCE teaching grant; Browne proposed that 80% of total teaching grant should be cut and replaced by tuition fee income.

The data used in this report to represent clinical and priority subjects are the proportion of total HEFCE standard resource for teaching which falls in price groups A (clinical) and B (laboratory-based subjects); the data exclude subjects which fall in price group C (studio, laboratory or fieldwork element) - such as mathematics, modern foreign languages and area studies, which are likely to be categorised as Browne priority subjects – and price group D (classroom-based). Subjects within price group C which are potentially Browne priority subjects, such as mathematics, are excluded from this indicator because published HEFCE data on funding are not disaggregated within price groups.

HEFCE core recurrent funding for teaching in 2010-11 is £3.9bn. One-third of this funding is £1.3bn, approximately the amount of HEFCE funding for price groups A and B, which is considerably more than the £0.7bn Browne earmarked to support clinical and priority courses. Browne's proposal of keeping 20% of recurrent core grant to support clinical and priority programmes therefore only represents a proportion of the total core teaching grant needed for clinical and priority subjects, not the totality. Browne does not propose any funding to support non-priority subjects. This comes on top of cuts of more than £1bn for higher education in England over the next three years which have already been announced.

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[3] HEFCE circular 2010/08 (2010), Recurrent grants for 2010-11, p10.

[4] Browne Review (2010), Securing a sustainable future for higher education. http://www.bis.gov.uk/assets/biscore/corporate/docs/s/10-1208-securing-sustainable-higher-education-browne-report.pdf p47.

[5] http://www.hefce.ac.uk/aboutus/sis/

The weighting for this impact indicator is indicated at the bottom of Table 1, as follows:

	COL 1
Table 1: Browne potential Impact analysis	**FTE mainstream teaching funding FD & ugrad price group A&B as % HEFCE total standard resource 2010-11**
Total England	**3../%**
Low impact: 1 point	>30%
Medium impact: 2 points	10-30%
High impact: 3 points	<10%

FTE = full-time equivalent
FD = Foundation Degree
Ugrad = undergraduate
Source: UCU calculation based on HEFCE data at http://www.hefce.ac.uk/finance/recurrent/2010/data/default.htm#l

So higher education institutions (HEIs) with more than 30% of their estimated teaching income in priority subjects, ie, in price groups A (clinical) and B (laboratory), are considered to have a low impact from Browne; those with 10-30% of their teaching income in priority subjects are considered to have a medium impact from Browne; and those with less than 10% of their core HEFCE teaching funding in priority subjects are considered to have a high impact from Browne. The reason for the impact weighting is that, because clinical and priority subjects are to some extent protected by the £0.7bn proposed by Browne, HEIs with a higher proportion of funding in priority subjects are less exposed to risk under the tuition fee regime Browne proposed.

Table 2 provides an estimate of the amount of HEIs' core teaching funding which is not supported by the Browne proposals, based on levels of funding for price group A and B subjects.

2 The proportion of total HEI income coming from recurrent funding body grant

The proportion of total HEI income coming from recurrent funding body grant is used as an indicator because Browne proposed removing all recurrent teaching funding (except the £0.7bn), therefore HEIs with a lower proportion of total income dependent on recurrent funding body grant are less exposed to risk under the Browne regime than HEIs which are more dependent on recurrent public funding. A HEI with diverse sources of income will, in theory, be more likely to overcome financial turbulence than a HEI which heavily depends on one source of income, particularly funding body income. Column 2 of Table 1 indicates for each HEI the proportion of its total income coming from recurrent funding body grant (for teaching, research and special items). The weighting used is as follows:

	COL 2
Table 1: Browne potential Impact analysis	**Recurrent funding body grant as 5 total income 2008-9**
Total England	**31.7%**
Low impact: 1 point	<33%
Medium impact: 2 points	33-50%
High impact: 3 points	>50%

Source: UCU calculation based on HESA HE Finance Plus 2008/9 table 6b (excluding capital funding)

For England as a whole, 31.7% of total income in 2008-9 came from recurrent funding body grant. HEIs with less than 33% of total income coming from recurrent funding body grant are considered to face low impact from the Browne proposals; HEIs with 33-50% of total income coming from recurrent funding body grant are considered to face medium impact; HEIs with more than 50% of total income coming from recurrent funding body grant are considered to face high impact under Browne.

3 The proportion of young full-time undergraduates from poorer backgrounds

The proportion of young full-time undergraduates from poorer backgrounds at a HEI, as measured by the HESA indicators (Table 1b), is used as an indicator of impact under Browne on the basis that young people from a poorer background (indicated by socio-economic groups 4,5,6 and 7) will be less likely to want to incur the debt associated with the higher fee regime proposed by Browne.[6] This indicator is shown in Table 1 Column 3. HEIs with a high proportion of young full-time undergraduates from a disadvantaged background are considered to have a higher risk level under Browne than those with a lower proportion. The weighting used is as follows:

	COL 3
Table 1: Browne potential Impact analysis	**Young full-time ugrad entrants 2007/08: Percent from NS-SEC classes 4, 5, 6 & 7 %**
Total England	**30.0%**
Low impact: 1 point	<30%
Medium impact: 2 points	30-50%
High impact: 3 points	>50%

Source: HESA PIs 2007-8 Table T1b
http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=1434&Itemid=141

For England as a whole, 30.0% of young full-time undergraduates in 2007-8 (the most recent year for which data available at the time of writing) came from socio-economic groups 4, 5, 6 and 7. HEIs with less than 30% of total young full-time undergraduates coming from socio-economic groups 4, 5, 6 and 7 are considered to face low impact from the Browne proposals; HEIs with 30-50% of total young full-time undergraduates coming from socio-economic groups 4, 5, 6 and 7 are considered to face medium impact from the Browne proposals; HEIs with more than 50% of total young full-time undergraduates coming from socio-economic groups 4, 5, 6 and 7 are considered to face high impact from the Browne proposals.

[6] As reported in The Guardian on 18 November 2010 in an Ipsos Mori poll http://www.guardian.co.uk/education/2010/nov/18/ipsos-mori-poll-tuition-fees-cuts

4 The proportion of total HEI income from tuition fees paid by non-EU domicile students

The proportion of total HEI income from tuition fees paid by non-EU domicile students is used as an indicator on the basis that HEIs with diverse income sources are less exposed to financial risk, and that tuition fees paid by international students are generally considerably higher than those currently paid by UK and other EU students. This indicator is shown in Table 1 Column 4. The weighting used is as follows:

	COL 4
Table 1: Browne potential Impact analysis	**HE course fees paid by non-EU domicile students 2008-9 as % total income**
Total England	**9.0%**
Low impact: 1 point	>9%
Medium impact: 2 points	3-9%
High impact: 3 points	<3%

Source: UCU calculation based on HE Finance Plus 2008/9 table 6a

For England as a whole, 9.0% of total income came from course fees paid by non-EU domicile students in 2008-9. HEIs with more than 9% of total income from course fees paid by non-EU domicile students are considered to face low impact from the Browne proposals; HEIs with 3-9% of total income from course fees paid by non-EU domicile students are considered to face medium impact; and HEIs with less than 3% of total income from course fees paid by non-EU domicile students are considered to face high impact. This risk factor may need to be reassessed depending on the outcome of the forthcoming Home Office review of immigration by non-EU students, announced in November 2010.[7]

[7] http://www.homeoffice.gov.uk/media-centre/news/non-european

Summary indicator

Table 1 Columns 5 and 6 show the aggregate level of impact of the Browne proposals, based on the four indicators outlined above, on HEIs. The scoring is shown in the following example:

	COL 5	COL6
Table 1: Browne potential Impact analysis	**Brown proposals: impact analysis COLs 1, 2, 3, 4 (High 3, Medium 2, Low 1)**	**Overall Browne potential impact: 1-5: Low; 6-7: Med; 8: High med; 9-10: High; 11-12: Very high**
Anglia Ruskin University	2, 1, 2, 2	Med

So Anglia Ruskin University had medium risk impact for Table 1 Col 1 (proportion of priority funding); low impact for Col 2 (recurrent grant as % of total income); medium impact for Col 3 (proportion of disadvantaged students); and medium impact for Col 4 (international student fee income). Anglia Ruskin's overall total was 7, so was considered to be overall at medium risk from the Browne proposals.

The 3 summary tables that follow indicate:

- **4 HEIs at very high level of potential impact from the Browne proposals.**
- **23 HEIs at high level of potential impact from the Browne proposals.**
- **22 HEIs at high medium level of potential impact from the Browne proposals**

Summary table 1

4 HEIs at very high level of potential impact from the Browne proposals (11-12 out of maximum 12 'risk points')
Bishop Grosseteste University College Lincoln
Edge Hill University
Newman University College
Norwich University College of the Arts

Summary table 2

23 HEIs at high level of potential impact from the Browne proposals (9-10 out of maximum 12 'risk points')
Bath Spa University
Buckinghamshire New University
Canterbury Christ Church University
Harper Adams University College
Leeds College of Music
Leeds Trinity University College
Liverpool Hope University
Roehampton University
Rose Bruford College
St Mary's University College, Twickenham
Staffordshire University
The Arts University College at Bournemouth
The University of Chichester
The University of Lincoln
The University of Winchester
The University of Wolverhampton
The University of Worcester
University College Birmingham
University College Falmouth
University College Plymouth St Mark and St John
University of Chester
University of Gloucestershire
York St John University

Summary table 3

22 HEIs at high medium level of potential impact from the Browne proposals (8 out of maximum 12 ‘risk’ points)
Birmingham City University
Central School of Speech and Drama
Conservatoire for Dance and Drama
De Montfort University
Leeds Metropolitan University
Liverpool John Moores University
London Metropolitan University
London South Bank University
Sheffield Hallam University
Southampton Solent University
The Manchester Metropolitan University
The Nottingham Trent University
The Open University
The University of Brighton
The University of Huddersfield
The University of Northampton
The University of Portsmouth
The University of Teesside
Trinity Laban Conservatoire of Music and Dance
University for the Creative Arts
University of Cumbria
University of Derby

Table 1 Potential impact on HEIs of Browne proposals

Table 1 Browne Potential Impact analysis	COL1 FTE mainstream funding FD & ugrad price group A&B as % HEFCE total standard resource 2010-11	COL2 Recurrent funding body grant as % total income 2008-9	COL3 Young full-time ugrad entrants 2007/08: percent from NS-SEC classes 4, 5, 6, & 7 %	COL4 HE course fees paid by non-EU domicle students 2008-9 as % total income	COL5 Browne proposals: impact analysis COLs 1, 2, 3, 4 (High 3, Medium2, Low 1)	COL6 Overall Browne potential impact: 1-5: Low; 6-7: Med; 8: High med; 9-10: High; 11-12: Very high
Total England	**30.1%**	**31.7%**	**30.0**	**9.0%**		
Anglia Ruskin University	22.9%	31.4%	35.8	3.5%	2,1,2,2	Med
Aston University	39.3%	31.3%	37.2	18.4%	1,1,2,1	Low
Bath Spa University	5.6%	49.2%	30.4	2.0%	3,2,2,3	High
The University of Bath	41.5%	33.9%	20.1	12.0%	1,2,1,1	Low
University of Bedfordshire	15.2%	38.0%	44.8	19.9%	2,2,2,1	Med
Birkbeck College	12.2%	46.4%	..	4.6%	2,2,-,2	Med (sdm)
Birmingham City University	20.4%	35.1%	44.3	7.4%	2,2,2,2	High med
The University of Birmingham	45.3%	30.6%	21.0	8.4%	1,1,1,2	Low
University College Birmingham	0.0%	34.1%	46.7	8.7%	3,2,2,2	High
Bishop Grosseteste University College Lincoln	0.0%	54.0%	53.1	0.1%	3,3,3,3	Very High
The University of Bolton	20.8%	46.9%	42.0	9.1%	2,2,2,1	Med
The Arts University College at Bournemouth	9.2%	46.6%	31.2	4.9%	3,2,2,2	High
Bournemouth University	19.6%	41.3%	29.2	4.8%	2,2,1,2	Med
The University of Bradford	54.8%	32.9%	52.3	17.3%	1,1,3,1	Med
The University of Brighton	27.5%	44.4%	30.3	5.0%	2,2,2,2	Med
The University of Bristol	61.9%	33.7%	13.9	6.6%	1,2,1,2	Med
Brunel University	20.0%	31.3%	38.6	13.6%	2,1,2,1	Med
Buckinghamshire New University	8.4%	39.7%	35.4	2.9%	3,2,2,3	High
The University of Cambridge	56.1%	16.7%	11.0	3.4%	1,1,1,2	Med
The Institute of Cancer Research (postgrad only)	n/a	25.8%		0.0%		
Canterbury Christ Church University	2.4%	40.0%	34.6	2.2%	3,2,2,3	High
The University of Central Lancashire#	n/a	39.8%	40.4	7.2%	-,2,2,2	Med (sdm)

Table 1 Potential impact on HEIs of Browne proposals *continued*

Table 1 Browne Potential Impact analysis	COL1 FTE mainstream funding FD & ugrad price group A&B as % HEFCE total standard resource 2010-11	COL2 Recurrent funding body grant as % total income 2008-9	COL3 Young full-time ugrad entrants 2007/08: percent from NS-SEC classes 4, 5, 6, & 7 %	COL4 HE course fees paid by non-EU domicle students 2008-9 as % total income	COL5 Browne proposals: impact analysis COLs 1, 2, 3, 4 (High 3, Medium2, Low 1)	COL6 Overall Browne potential impact: 1-5: Low; 6-7: Med; 8: High med; 9-10: High; 11-12: Very high
Central School of Speech and Drama	0.0%	49.9%	19.8	7.5%	3,2,1,2	High med
University of Chester	13.4%	41.7%	36.0	1.7%	2,2,2,3	High
The University of Chichester	0.1%	46.1%	34.7	2.3%	3,2,2,3	High
The City University	20.5%	21.3%	40.5	19.7%	2,1,2,1	Med
Conservatoire for Dance and Drama	0.0%	71.1%	..	8.2%	3,3,-,2	High med (sdm)
Courtauld Institute of Art	0.0%	31.6%	10.8	8.4%	3,1,1,2	Med
Coventry University	33.0%	36.0%	39.5	13.5%	1,2,2,1	Med
Cranfield University (postgrad only)	n/a	16.0%	35.5	6.9%		
University for the Creative Arts	10.5%	44.8%	42.8	3.9%	2,2,2,2	High med
University of Cumbria	19.8%	43.5%	27.1	0.4%	2,2,1,3	High med
De Montfort University	29.4%	43.4%	40.5	5.4%	2,2,2,2	High med
University of Derby	20.5%	39.9%	36.8	5.2%	2,2,2,2	High med
University of Durham	34.6%	31.3%	14.3	9.2%	1,1,1,1	Low
The University of East Anglia	39.7%	30.5%	24.4	8.2%	1,1,1,2	Low
The University of East London	13.9%	34.9%	49.8	19.7%	2,2,2,1	Med
Edge Hill University	1.9%	51.4%	41.7	0.6%	3,3,2,3	Very high
The University of Essex	12.9%	24.2%	34.4	14.1%	2,1,2,1	Med
The University of Exeter	32.7%	30.7%	17.6	8.8%	1,1,1,2	Low
University College Falmouth	0.0%	39.6%	30.8	3.0%	3,2,2,2	High
University of Gloucestershire	1.6%	43.8%	31.2	5.0%	3,2,2,2	High
Goldsmiths College	0.0%	41.8%	25.9	11.6%	3,2,1,1	Med
The University of Greenwich	24.4%	40.1%	44.1	15.8%	2,2,2,1	Med
Guildhall School of Music and Drama	0.0%	15.5%	..	5.4%	3,1,-,2	Med (sdm)

Table 1 Potential impact on HEIs of Browne proposals *continued*

Table 1 Browne Potential Impact analysis	COL1 FTE mainstream funding FD & ugrad price group A&B as % HEFCE total standard resource 2010-11	COL2 Recurrent funding body grant as % total income 2008-9	COL3 Young full-time ugrad entrants 2007/08: percent from NS-SEC classes 4, 5, 6, & 7 %	COL4 HE course fees paid by non-EU domicle students 2008-9 as % total income	COL5 Browne proposals: impact analysis COLs 1, 2, 3, 4 (High 3, Medium2, Low 1)	COL6 Overall Browne potential impact: 1-5: Low; 6-7: Med; 8: High med; 9-10: High; 11-12: Very high
Harper Adams University College	89.9%	55.3%	57.2	3.0%	1,3,3,2	High
University of Hertfordshire	23.0%	27.4%	39.8	7.6%	2,1,2,2	Med
Heythrop College	0.0%	27.8%	19.2	4.9%	3,1,1,2	Med
The University of Huddersfield	16.3%	46.9%	42.1	3.6%	2,2,2,2	High med
The University of Hull	23.3%	34.6%	32.4	11.0%	2,2,2,1	Med
Imperial College of Science, Technology and Medicine	80.5%	24.1%	16.5	10.4%	1,1,1,1	Low
Institute of Education	0.0%	27.8%	..	3.8%	3,1,-,2	Med (sdm)
The University of Keele	17.4%	32.3%	27.9	4.8%	2,1,1,2	Med
The University of Kent	21.3%	35.8%	26.3	10.7%	2,2,1,1	Med
King's College London	60.7%	29.0%	23.6	7.5%	1,1,1,2	Low
Kingston University	29.4%	38.1%	37.7	10.9%	2,2,2,1	Med
The University of Lancaster	19.5%	26.2%	22.5	10.4%	2,1,1,1	Low
Leeds College of Music	0.0%	40.1%	27.4	1.9%	3,2,1,3	High
Leeds Metropolitan University	10.8%	44.7%	32.6	5.1%	2,2,2,2	High med
The University of Leeds	44.6%	30.3%	19.4	8.1%	1,1,1,2	Low
Leeds Trinity University College	0.0%	47.9%	36.6	3.3%	3,2,2,2	High
The University of Leicester	46.3%	28.2%	26.7	13.6%	1,1,1,1	Low
The University of Lincoln	12.7%	47.9%	35.4	1.5%	2,2,2,3	High
Liverpool Hope University	3.0%	47.1%	40.1	1.8%	3,2,2,3	High
Liverpool John Moores University	27.7%	44.4%	39.1	5.4%	2,2,2,2	High med
The Liverpool Institute for Performing Arts	17.0%	42.1%	24.8	12.2%	2,2,1,1	Med
The University of Liverpool	62.4%	30.1%	23.6	6.6%	1,1,1,2	Low
University of the Arts, London	3.0%	35.0%	28.4	18.3%	3,2,1,1	Med

Table 1 Potential impact on HEIs of Browne proposals *continued*

Table 1 Browne Potential Impact analysis	COL1 FTE mainstream funding FD & ugrad price group A&B as % HEFCE total standard resource 2010-11	COL2 Recurrent funding body grant as % total income 2008-9	COL3 Young full-time ugrad entrants 2007/08: percent from NS-SEC classes 4, 5, 6, & 7 %	COL4 HE course fees paid by non-EU domicle students 2008-9 as % total income	COL5 Browne proposals: impact analysis COLs 1, 2, 3, 4 (High 3, Medium2, Low 1)	COL6 Overall Browne potential impact: 1-5: Low; 6-7: Med; 8: High med; 9-10: High; 11-12: Very high
London Business School (postgrad only)	n/a	6.6%		32.8%	,,,	
University of London (Institutes and activities) (postgrad only)	n/a	8.5%		26.1%	,,,	
London Metropolitan University	13.9%	40.8%	54.9	14.7%	2,2,3,1	High med
London South Bank University	26.2%	36.5%	48.7	8.1%	2,2,2,2	High med
London School of Economics and Political Science	0.0%	14.2%	14.9	30.1%	3,1,1,1	Med
London School of Hygiene and Tropical Medicine (postgrad only)	n/a	16.1%		9.3%	,,,	
Loughborough University	40.0%	27.8%	22.1	11.3%	1,1,1,1	Low
The Manchester Metropolitan University	28.1%	45.5%	35.0	4.9%	2,2,2,2	High med
The University of Manchester	48.8%	26.2%	20.5	12.0%	1,1,1,1	Low
Middlesex University	9.5%	35.6%	..	16.0%	3,2,-,1	Med (sdm)
The University of Newcastle-upon-Tyne	52.5%	29.9%	19.3	8.0%	1,1,1,2	Low
Newman University College	0.0%	55.1%	48.5	0.1%	3,3,2,3	Very high
The University of Northampton	16.9%	39.4%	35.6	5.7%	2,2,2,2	High med
The University of Northumbria at Newcastle	n/a	34.6%	33.1	11.5%	-,2,2,1	Low (sdm)
Norwich University College of the Arts	0.0%	54.5%	37.8	0.5%	3,3,2,3	Very high
The University of Nottingham	49.6%	27.6%	17.8	13.2%	1,1,1,1	Low
The Nottingham Trent University	15.3%	42.2%	34.1	7.6%	2,2,2,2	High med
The Open University	25.3%	54.2%	..	0.8%	2,3,-,3	High med (sdm)
Oxford Brookes University	19.5%	29.7%	43.2	11.9%	2,1,2,1	Med
The University of Oxford	46.0%	21.4%	10.5	5.6%	1,1,1,2	Low
University College Plymouth St Mark and St John	0.0%	46.1%	38.3	3.4%	3,2,2,2	High
The University of Plymouth	36.2%	51.3%	33.7	3.4%	1,2,2,2	Med
The University of Portsmouth	22.2%	41.0%	30.9	9.0%	2,2,2,2	High med

Table 1 Potential impact on HEIs of Browne proposals *continued*

	COL1	COL2	COL3	COL4	COL5	COL6
Table 1 Browne Potential Impact analysis	FTE mainstream funding FD & ugrad price group A&B as % HEFCE total standard resource 2010-11	Recurrent funding body grant as % total income 2008-9	Young full-time ugrad entrants 2007/08: percent from NS-SEC classes 4, 5, 6, & 7 %	HE course fees paid by non-EU domicle students 2008-9 as % total income	Browne proposals: impact analysis COLs 1, 2, 3, 4 (High 3, Medium2, Low 1)	Overall Browne potential impact: 1-5: Low; 6-7: Med; 8: High med; 9-10: High; 11-12: Very high
Queen Mary and Westfield College	63.4%	34.3%	33.6	11.0%	1,2,2,1	Med
Ravensbourne College of Design and Communication	69.9%	42.6%	34.2	4.2%	1,2,2,2	Med
The University of Reading	29.9%	26.7%	23.3	10.0%	2,1,1,1	Low
Roehampton University	5.2%	45.1%	37.9	4.5%	3,2,2,2	High
Rose Bruford College	0.0%	53.3%	27.7	7.5%	3,3,1,2	High
Royal Academy of Music	0.0%	29.2%	19.6	15.8%	3,1,1,1	Med
Royal Agricultural College	41.2%	32.3%	34.4	3.4%	1,1,2,2	Med
Royal College of Art (postgrad only)	n/a	55.0%		9.3%	,,,	
Royal College of Music	0.0%	35.7%	..	12.2%	3,2,-,1	Med (sdm)
Royal Holloway and Bedford New College	17.8%	30.2%	21.5	15.4%	2,1,1,1	Low
Royal Northern College of Music	0.0%	41.9%	..	10.2%	3,2,-,1	Med (sdm)
The Royal Veterinary College	89.9%	45.4%	26.2	3.2%	1,2,1,2	Med
St George's Hospital Medical School	93.6%	32.2%	25.2	3.0%	1,1,1,2	Low
St Mary's University College, Twickenham	12.2%	48.0%	36.1	1.4%	2,2,2,3	High
The University of Salford	18.5%	33.0%	39.4	10.1%	2,2,2,1	Med
The School of Oriental and African Studies	0.0%	26.1%	19.7	31.5%	3,1,1,1	Med
The School of Pharmacy	85.5%	40.3%	35.2	11.2%	1,2,2,1	Med
Sheffield Hallam University	15.3%	37.1%	32.1	7.9%	2,2,2,2	High med
The University of Sheffield	47.5%	29.2%	20.7	10.0%	1,1,1,1	Low
Southampton Solent University	15.2%	39.7%	34.3	7.1%	2,2,2,2	High med
The University of Southampton	47.6%	28.8%	20.4	8.0%	1,1,1,2	Low
Staffordshire University	21.9%	51.7%	40.0	5.7%	2,3,2,2	High
University Campus Suffolk	13.1%		43.7		2,-,2,-	Low (sdm)

Table 1 Potential impact on HEIs of Browne proposals *continued*

Table 1 Browne Potential Impact analysis	COL1 FTE mainstream funding FD & ugrad price group A&B as % HEFCE total standard resource 2010-11	COL2 Recurrent funding body grant as % total income 2008-9	COL3 Young full-time ugrad entrants 2007/08: percent from NS-SEC classes 4, 5, 6, & 7 %	COL4 HE course fees paid by non-EU domicile students 2008-9 as % total income	COL5 Browne proposals: impact analysis COLs 1, 2, 3, 4 (High 3, Medium2, Low 1)	COL6 Overall Browne potential impact: 1-5: Low; 6-7: Med; 8: High med; 9-10: High; 11-12: Very high
The University of Sunderland	14.0%	39.1%	42.4	19.6%	2,2,2,1	Med
The University of Surrey	31.0%	22.9%	24.6	11.5%	1,1,1,1	Low
The University of Sussex	28.2%	34.2%	17.1	8.7%	2,2,1,2	Med
The University of Teesside	26.4%	47.7%	47.4	6.1%	2,2,2,2	High med
Thames Valley University	16.4%	29.4%	43.0	6.6%	2,1,2,2	Med
Trinity Laban Conservatoire of Music and Dance	0.0%	47.7%	20.4	4.6%	3,2,1,2	High med
University College London	49.8%	25.9%	17.7	8.8%	1,1,1,2	Low
The University of Warwick	38.6%	21.6%	17.4	12.5%	1,1,1,1	Low
University of the West of England, Bristol	18.4%	35.4%	28.2	4.1%	2,2,1,2	Med
The University of Westminster	12.7%	40.6%	44.1	12.1%	2,2,2,1	Med
The University of Winchester	0.0%	40.6%	32.1	3.4%	3,2,2,2	High
The University of Wolverhampton	14.9%	38.8%	52.0	4.5%	2,2,3,2	High
The University of Worcester	12.7%	44.5%	38.4	1.7%	2,2,2,3	High
Writtle College	79.5%	21.1%	31.7	2.3%	1,1,2,3	Med
York St John University	0.0%	45.1%	32.4	3.6%	3,2,2,2	High
The University of York	31.3%	25.6%	18.1	7.5%	1,1,1,2	Low
Low impact: 1 point	>30%	<33%	<30%	>9%		Low impact
Medium impact: 2 points	10-30%	33-50%	30-50%	3-9%		Med impact
High impact: 3 points	<10%	>50%	>50%	<3%		High impact

Source: UCU calculations based on HEFCE grant data at http://www.hefce.ac.uk/finance/recurrent/2010/data/default.htm; UCU calculations based on HESA HE Finance Plus 2008-9; HESA PIs 2007-8 Table T1b
http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=1434&Itemid=141
#data not available at http://www.hefce.ac.uk/finance/recurrent/2010/data/default.htm
n/a = not available
(sdm) = some data missing
FD = Foundation Degree; FTE = full-time equivalent; NS-SEC = National Statistics Socio-economic Classification; ugrad = undergraduate
A & B = subject price groups A (clinical and veterinary) and B (science, technology, engineering). HEFCE standard resource includes teaching grant and the flat-rate undergraduate tuition fee (£1,310 in 2010-11)

Table 2 Estimate of proportion of HEFCE core teaching funding for clinical and priority subjects, and for non-priority subjects, based on total undergraduate FTE numbers

Table 2 Browne priority funding	FTE mainstream FD & ugrad A & B standard resource as % HEFCE total standard resource 2010-11	HEFCE core funding for teaching 2010-11 final £	Estimated core teaching funding not supported under Browne proposals £	Estimated % HEFCE funding not supported under Browne proposals
Total England	**30.1%**	**3,767,196,015**	**2,633,270,014**	**69.9%**
Anglia Ruskin University	22.9%	32,543,058	25,090,698	77.1%
Aston University	39.3%	20,156,019	12,234,704	60.7%
Bath Spa University	5.6%	16,741,643	15,804,111	94.4%
The University of Bath	41.5%	30,955,839	18,109,166	58.5%
University of Bedfordshire	15.2%	26,046,332	22,087,290	84.8%
Birkbeck College	12.2%	13,375,488	11,743,678	87.8%
Birmingham City University	20.4%	34,104,292	27,147,016	79.6%
The University of Birmingham	45.3%	73,477,774	40,192,342	54.7%
University College Birmingham	0.0%	9,065,024	9,065,024	100.0%
Bishop Grosseteste University College Lincoln	0.0%	3,324,230	3,324,230	100.0%
The University of Bolton	20.8%	17,386,471	13,770,085	79.2%
The Arts University College at Bournemouth	9.2%	8,673,941	7,875,938	90.8%
Bournemouth University	19.6%	34,563,442	27,789,007	80.4%
The University of Bradford	54.8%	25,420,325	11,489,987	45.2%
The University of Brighton	27.5%	41,620,118	30,174,586	72.5%
The University of Bristol	61.9%	61,897,855	23,583,083	38.1%
Brunel University	20.0%	32,816,089	26,252,871	80.0%
Buckinghamshire New University	8.4%	17,470,994	16,003,431	91.6%
The University of Cambridge	56.1%	53,558,547	23,512,202	43.9%
Canterbury Christ Church University	2.4%	19,649,035	19,177,458	97.6%
The University of Central Lancashire	n/a	57,037,893	n/a	n/a
Central School of Speech and Drama	0.0%	2,379,271	2,379,271	100.0%

Table 2 Estimate of proportion of HEFCE core teaching funding for clinical and priority subjects, and for non-priority subjects, based on total undergraduate FTE numbers *continued*

Table 2 Browne priority funding	FTE mainstream FD & ugrad A & B standard resource as % HEFCE total standard resource 2010-11	HEFCE core funding for teaching 2010-11 final £	Estimated core teaching funding not supported under Browne proposals £	Estimated % HEFCE funding not supported under Browne proposals
University of Chester	13.4%	21,101,642	18,274,022	86.6%
The University of Chichester	0.1%	9,373,559	9,364,185	99.9%
The City University	20.5%	20,862,356	16,585,573	79.5%
Conservatoire for Dance and Drama	0.0%	3,752,132	3,752,132	100.0%
Courtauld Institute of Art	0.0%	519,805	519,805	100.0%
Coventry University	33.0%	39,515,037	26,475,075	67.0%
Cranfield University (postgrad only)	n/a	2,604,004	n/a	n/a
University for the Creative Arts	10.5%	20,465,901	18,316,981	89.5%
University of Cumbria	19.8%	14,808,459	11,876,384	80.2%
De Montfort University	29.4%	44,919,370	31,713,075	70.6%
University of Derby	20.5%	29,961,911	23,819,719	79.5%
University of Durham	34.6%	39,067,795	25,550,338	65.4%
The University of East Anglia	39.7%	34,306,368	20,686,740	60.3%
The University of East London	13.9%	33,244,327	28,623,366	86.1%
Edge Hill University	1.9%	18,005,563	17,663,457	98.1%
The University of Essex	12.9%	25,666,935	22,355,900	87.1%
The University of Exeter	32.7%	40,845,651	27,489,123	67.3%
University College Falmouth	0.0%	10,931,076	10,931,076	100.0%
University of Gloucestershire	1.6%	19,224,632	18,917,038	98.4%
Goldsmiths College	0.0%	14,106,366	14,106,366	100.0%
The University of Greenwich	24.4%	48,078,103	36,347,046	75.6%
Guildhall School of Music and Drama	0.0%	2,170,938	2,170,938	100.0%
Harper Adams University College	89.9%	8,938,848	902,824	10.1%

Table 2 Estimate of proportion of HEFCE core teaching funding for clinical and priority subjects, and for non-priority subjects, based on total undergraduate FTE numbers *continued*

Table 2 Browne priority funding	FTE mainstream FD & ugrad A & B standard resource as % HEFCE total standard resource 2010-11	HEFCE core funding for teaching 2010-11 final £	Estimated core teaching funding not supported under Browne proposals £	Estimated % HEFCE funding not supported under Browne proposals
University of Hertfordshire	23.0%	44,367,160	34,162,713	77.0%
Heythrop College	0.0%	1,226,039	1,226,039	100.0%
The University of Huddersfield	16.3%	42,526,402	35,594,598	83.7%
The University of Hull	23.3%	34,318,398	26,322,211	76.7%
Imperial College of Science, Technology and Medicine	80.5%	51,753,223	10,091,878	19.5%
Institute of Education	0.0%	1,812,531	1,812,531	100.0%
The University of Keele	17.4%	21,033,393	17,373,583	82.6%
The University of Kent	21.3%	41,792,282	32,890,526	78.7%
King's College London	60.7%	66,599,432	26,173,577	39.3%
Kingston University	29.4%	57,315,629	40,464,834	70.6%
The University of Lancaster	19.5%	24,570,635	19,779,361	80.5%
Leeds College of Music	0.0%	2,446,125	2,446,125	100.0%
Leeds Metropolitan University	10.8%	54,137,895	48,291,002	89.2%
The University of Leeds	44.6%	84,625,258	46,882,393	55.4%
Leeds Trinity University College	0.0%	5,226,230	5,226,230	100.0%
The University of Leicester	46.3%	33,683,722	18,088,159	53.7%
The University of Lincoln	12.7%	31,519,044	27,516,125	87.3%
Liverpool Hope University	3.0%	13,303,058	12,903,966	97.0%
Liverpool John Moores University	27.7%	53,759,585	38,868,180	72.3%
The Liverpool Institute for Performing Arts	17.0%	2,143,709	1,779,278	83.0%
The University of Liverpool	62.4%	67,262,055	25,290,533	37.6%
University of the Arts, London	3.0%	44,737,542	43,395,416	97.0%
London Business School (postgrad only)	n/a	146,973	n/a	n/a

Table 2 Estimate of proportion of HEFCE core teaching funding for clinical and priority subjects, and for non-priority subjects, based on total undergraduate FTE numbers *continued*

Table 2 Browne priority funding	FTE mainstream FD & ugrad A & B standard resource as % HEFCE total standard resource 2010-11	HEFCE core funding for teaching 2010-11 final £	Estimated core teaching funding not supported under Browne proposals £	Estimated % HEFCE funding not supported under Browne proposals
University of London (Institutes and activities) (postgrad only)	n/a	31,678	n/a	n/a
London Metropolitan University	13.9%	41,119,327	35,403,741	86.1%
London South Bank University	26.2%	32,842,058	24,237,439	73.8%
London School of Economics and Political Science	0.0%	8,431,357	8,431,357	100.0%
London School of Hygiene and Tropical Medicine (postgrad only)	n/a	2,334,793	n/a	n/a
Loughborough University	40.0%	38,534,218	23,120,531	60.0%
The Manchester Metropolitan University	28.1%	72,235,515	51,937,335	71.9%
The University of Manchester	48.8%	93,338,666	47,789,397	51.2%
Middlesex University	9.5%	40,157,716	36,342,733	90.5%
The University of Newcastle-upon-Tyne	52.5%	61,001,363	28,975,647	47.5%
Newman University College	0.0%	4,773,949	4,773,949	100.0%
The University of Northampton	16.9%	21,440,263	17,816,859	83.1%
The University of Northumbria at Newcastle	n/a	50,941,839	n/a	n/a
Norwich University College of the Arts	0.0%	5,336,248	5,336,248	100.0%
The University of Nottingham	49.6%	69,527,866	35,042,044	50.4%
The Nottingham Trent University	15.3%	54,564,322	46,215,981	84.7%
The Open University	25.3%	113,674,230	84,914,650	74.7%
Oxford Brookes University	19.5%	31,999,097	25,759,273	80.5%
The University of Oxford	46.0%	49,984,131	26,991,431	54.0%
University College Plymouth St Mark and St John	0.0%	4,262,504	4,262,504	100.0%
The University of Plymouth	36.2%	69,709,595	44,474,722	63.8%
The University of Portsmouth	22.2%	49,259,805	38,324,128	77.8%
Queen Mary and Westfield College	63.4%	56,008,275	20,499,029	36.6%

Table 2 Estimate of proportion of HEFCE core teaching funding for clinical and priority subjects, and for non-priority subjects, based on total undergraduate FTE numbers ***continued***

Table 2 Browne priority funding	FTE mainstream FD & ugrad A & B standard resource as % HEFCE total standard resource 2010-11	HEFCE core funding for teaching 2010-11 final £	Estimated core teaching funding not supported under Browne proposals £	Estimated % HEFCE funding not supported under Browne proposals
Ravensbourne College of Design and Communication	69.9%	6,465,579	1,946,139	30.1%
The University of Reading	29.9%	28,041,764	19,657,277	70.1%
Roehampton University	5.2%	16,988,513	16,105,110	94.8%
Rose Bruford College	0.0%	2,557,218	2,557,218	100.0%
Royal Academy of Music	0.0%	1,325,563	1,325,563	100.0%
Royal Agricultural College	41.2%	2,760,956	1,623,442	58.8%
Royal College of Art (postgrad only)	n/a	1,761,883	n/a	n/a
Royal College of Music	0.0%	1,401,267	1,401,267	100.0%
Royal Holloway and Bedford New College	17.8%	20,805,528	17,102,144	82.2%
Royal Northern College of Music	0.0%	1,854,231	1,854,231	100.0%
The Royal Veterinary College	89.9%	20,499,195	2,070,419	10.1%
St George's Hospital Medical School	93.6%	19,868,852	1,271,607	6.4%
St Mary's University College, Twickenham	12.2%	7,325,315	6,431,627	87.8%
The University of Salford	18.5%	39,318,364	32,044,467	81.5%
The School of Oriental and African Studies	0.0%	6,060,364	6,060,364	100.0%
The School of Pharmacy	85.5%	3,885,242	563,360	14.5%
Sheffield Hallam University	15.3%	56,056,576	47,479,920	84.7%
The University of Sheffield	47.5%	62,217,909	32,664,402	52.5%
Southampton Solent University	15.2%	30,414,368	25,791,384	84.8%
The University of Southampton	47.6%	50,496,874	26,460,362	52.4%
Staffordshire University	21.9%	39,347,958	30,730,755	78.1%
University Campus Suffolk	13.1%	9,949,163	8,645,823	86.9%
The University of Sunderland	14.0%	29,014,537	24,952,502	86.0%

Table 2 Estimate of proportion of HEFCE core teaching funding for clinical and priority subjects, and for non-priority subjects, based on total undergraduate FTE numbers *continued*

Table 2 Browne priority funding	FTE mainstream FD & ugrad A & B standard resource as % HEFCE total standard resource 2010-11	HEFCE core funding for teaching 2010-11 final £	Estimated core teaching funding not supported under Browne proposals £	Estimated % HEFCE funding not supported under Browne proposals
The University of Surrey	31.0%	21,374,875	14,748,664	69.0%
The University of Sussex	28.2%	28,466,210	20,438,739	71.8%
The University of Teesside	26.4%	41,287,854	30,387,861	73.6%
Thames Valley University	16.4%	20,104,877	16,807,677	83.6%
Trinity Laban Conservatoire of Music and Dance	0.0%	2,617,243	2,617,243	100.0%
University College London	49.8%	60,151,483	30,196,044	50.2%
The University of Warwick	38.6%	38,596,378	23,698,176	61.4%
University of the West of England, Bristol	18.4%	56,497,846	46,102,242	81.6%
The University of Westminster	12.7%	47,250,644	41,249,812	87.3%
The University of Winchester	0.0%	9,247,203	9,247,203	100.0%
The University of Wolverhampton	14.9%	40,752,415	34,680,305	85.1%
The University of Worcester	12.7%	14,777,639	12,900,879	87.3%
Writtle College	79.5%	3,640,816	746,367	20.5%
York St John University	0.0%	8,708,516	8,708,516	100.0%
The University of York	31.3%	28,327,703	19,461,132	68.7%

Source: UCU calculations based on HEFCE grant data at http://www.hefce.ac.uk/finance/recurrent/2010/data/default.htm and HEFCE final grant allocations for 2010-11, published 22 July 2010
HEFCE = Higher Education Funding Council for England
FD = Foundation Degree; FTE = full-time equivalent
n/a = not available
data not available at http://www.hefce.ac.uk/finance/recurrent/2010/data/default.htm
A & B = subject price groups A (clinical and veterinary) and B (science, technology, engineering). HEFCE standard resource includes teaching grant and the flat-rate undergraduate tuition fee (£1,310 in 2010-11)

UK Universities and the economy

Summary issues and regional revenue-employment/ouput multipliers

Report to UCU

Ursula Kelly
Iain McNicoll
November 2010

Introduction

In the UK and internationally, universities have been recognised as a core part of the national and regional economic infrastructure, generating employment and output, attracting export earnings and contributing to GDP. There has also been considerable emphasis placed by governments in all developed countries on the potential for higher education to contribute to economic recovery through innovation, increased exploitation of research, and better knowledge transfer from a university to wider society.

Universities and their regions

The economic importance of higher education institutions is particularly visible in the regional economy. Universities are clearly important for the educational opportunities they provide for local citizens and for the supply of graduates into the labour market. They directly help to increase the skills base of a region, with the knowledge and skills of university graduates contributing to the creation of a more flexible and adaptable workforce, which is important in enhancing a region's economic competiveness.

Universities as large employers and businesses

However, universities are also vitally important to a region in themselves, as large businesses operating in the region. They make a very tangible contribution to the regional economy as large employers as well as generating a significant impact on the region through their expenditure and that of their staff and students.

At a local level universities are frequently among the largest employers in their city. They provide job opportunities across the whole range of skill levels and occupations – typically between 40-45% of a university's staff will be academic staff with around 55-60% support personnel ranging from non-academic professionals such as librarians to technical staff, administration, secretarial and clerical staff, as well as gardeners, trades, cleaning and security wardens.

Generating employment in other industries

With universities being large employers as well as a focus for the influx of students to an area, many other local businesses and industries are dependent on the universities for business. Even the most casual observer will note the many businesses - cafes, coffee houses, pubs, newsagents, grocery stores, night clubs, clothes shops, to mention but a few – that spring up around universities to serve the student population as well as the staff employed in the university. The local shops and businesses that serve the university community hire staff and pay wages; their staff then spend their wages, creating demand for other shops and businesses and so on, rippling through the local economy.

Less immediately obvious, but just as important, is the university institutional buying power – most universities manage large, complex, estates and need all kinds of goods and services, from test tubes and laboratory equipment to furniture, stationary, computers, wholesale food supplies etc. They need electricity, gas, water and all the other usual utilities required by a large organisation. All of these requirements generate employment in other local industries.

Housing impact and business tourism

University areas tend to be areas of high housing demand, with income generated for private landlords. Local hotels and conference centres also benefit, with universities being important in terms of generating business tourism, attracting high spending conference and business visitors to the area. Most local tourist boards now recognise the vital importance of universities and university staff in attracting major national and international conferences to a region. Many cities work closely with their local universities with ambassador programmes – providing support for academic staff to attract major learned societies to hold their annual conference in the city.[8]

The degree of importance of an individual university to its region will depend on many factors, not least the characteristics of its host region – a university in a more remote or rural area where there are fewer overall employment opportunities may be a more critical part of the local economic infrastructure than a single institution in a large city such as London. However, all our universities generate economic activity, jobs and output and are embedded into the economic and social fabric of their surrounding area. It follows therefore that the impact of an expansion or contraction of a university goes beyond the university campus itself and has implications for the surrounding region.

Universities in the UK economy

A 2009 study for Universities UK showed the impact of universities on the UK to be substantial, responsible for generating around 640,000 full time equivalent jobs across the economy and contributing over £31 billion to GDP.[9]

In the UK as a whole, every £1 million of revenue generates 13.4 fte jobs in the universities and 13.8 jobs in other UK industries. In other words more than 27 jobs may be affected by every change in £1 million of university income.

Taking universities across the UK, there are slightly different impacts in different regions. Extended analysis of the impact of universities on each of the UK regions (the nine English Regions as well as Scotland, Wales and Northern Ireland) was undertaken by the same team who undertook the UK-wide study. This analysed the collective impact of the HE institutions in each region on their region. (The full report on the English regions is available from Universities UK.)[10]

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8 See for example http://www.derryvisitor.com/Ambassador-Programme.T243.aspx

9 Kelly, McLellan and McNicoll *The impact of universities on the UK economy* Universities UK 2009

10 Kelly McNicoll & McLellan *Making and economic impact: Higher education and the English regions* Universities UK 2010

Universities in their region

Further analysis has revealed the likely impact on employment of a change in the revenue of universities in each region . This is summarised in the table below.

Table 1. Revenue- Employment multipliers for each region

For every £1 Million revenue to the Universities	Employment in Universities: across all occupations, typically 405 academic professionals 60% other supporting occupations	Employment in other regional sectors: accross all industries with typically relative concentrations in manufacturing, distributive tables and business services	total employment in the region dependent on £1 million of university revenue
East Midlands	15.0	12.9	27.9
East of England	10.2	13.1	23.3
London	11.5	12.6	24.1
North East	14.2	11.3	25.5
North West	14.3	13.4	27.7
South East	13.9	13.8	27.7
South West	14.9	13.5	28.4
West Midlands	14.4	11.7	26.1
Yorkshire & Humber	15.1	12.0	27.1
Northern Ireland	14.7	11.2	25.9
Wales	14.2	11.8	26
Scotland	14.2	14.1	28.2
UK-wide	13.4	13.8	27.2

The modelled results shown in table 1 can be used to estimate the impact on a region of a change in university income. Because of the different regional characteristics (both of the groups of HEIs and of the industrial structure of the surrounding region) there is a slightly different impact in each region.

Suppose, for example, the University of Loughborough had a drop in income of £20 million. The resultant impact on employment in the East Midlands would be a loss of 300 jobs in the university itself and 258 jobs elsewhere in the East Midlands economy.

By comparison, taking a Scottish university such as the University of Glasgow, a drop in £20 million of income to the University of Glasgow would mean 284 jobs lost in the university and 282 jobs elsewhere in the Scottish economy.

The modelling was undertaken for each of the 12 UK regions separately. A separate analysis was not undertaken for England. However as 83% of the total UK HE revenue in the year studied (2007/08) accrued to HEIs in England (£19.4 billion in total) it is reasonable to assume that the revenue – employment multiplier for all England will be very similar to that for the UK as a whole. Hence if for example all of the English HEIs as a whole had a drop in total revenue of 10% or £1.94 billion, applying the same multipliers as for the UK as a whole would mean a loss of 25,996 jobs in English HEIs with a further 26,772 jobs lost outside the HEIs in other industries – the majority of which will also be in England

Table 2: Output multipliers for all regions

Region	UK output multiplier	Regional output multiplier	For every £1 million of University output this much *additional* was generated in the region
East Midlands	2.40	2.13	1.13
East of England	2.38	2.20	1.20
London	2.39	2.02	1.02
North East	2.37	1.97	0.97
North West	2.40	2.16	1.16
South East	2.39	2.19	1.19
South West	2.38	2.18	1.18
West Midlands	2.36	2.01	1.01
Yorkshire & Humber	2.36	2.0	1.0
Northern Ireland	2.31	1.85	0.85
Wales	2.37	2.02	1.02
Scotland	2.50	2.30	1.30
UK-wide	2.38	N/A	1.38

Table 2 above gives the output multipliers for each region. These show how additional output is generated by the universities in each region over and above their own output. For example, the East Midlands universities have a UK output multiplier of 2.40, with the regional multiplier being 2.13. This means that every £1 million of revenue into the East Midland universities generates a further £1.40 million of output in other UK industries. Most of this output impact will be in the East Midlands, £1.13 million of the additional output will be in the East Midlands (with the remaining £0.27 million generated in other parts of the UK).

Therefore a loss to the East Midlands universities of £100 million would mean the loss of the universities' own output and the additional output generated in other industries – a total of £213 million lost to the region.

Separate analysis was not undertaken for England as a whole; however given that English higher education institutions (HEIs) make up the largest part of the UK HEI sector, the multiplier for English institutions overall will be very similar to that for the UK as a whole. In other words, for every £1 million revenue to an English institution a further £1.38 million is generated in other UK industries, most of which will be in industries located in England itself.

Conclusions

Our universities are a vital part of the economic infrastructure and generate extensive employment, output and GDP. They have an impact which goes well beyond the confines of the campus, with many communities up and down the country relying on the jobs and business generated by the universities.

Looking to the future financial position of universities in the UK, the outcome of the most recent comprehensive spending review, with cuts in public teaching support - together with the recommendations of the Browne review of student finance - will have a widespread impact on the financial base of the universities, driving through a considerable change in their income sources and types. As universities are not-for-profit organisations, tending to spend all their income (where a university generates a surplus on any type of activity this will be reinvested to support or cross-subsidise other activities) changes affecting their revenue base have wider implications beyond the institutions themselves.

It is also likely to affect some universities more extensively than others. UK Universities currently receive significant funding and business from the UK public sector, however the pattern across the UK in terms of dependence on public sector funds differs according to the type of institution.

Analysis of HESA data for example, shows the smaller arts-based and teaching-focussed institutions as tending to have a greater degree of reliance on public funding than the larger research-intensive universities (which are more able to leverage private and international investment on top of any public funding support).

Appendix Two

Methodology and Data Sources

This is a summary of the key revenue-employment multipliers for UK universities. It is drawn from further analysis of work undertaken for Universities UK during 2009. The studies for universities UK examined UK higher education institutions as operating businesses, the higher education institution sector as an industry, and the impact generated during the academic and financial year 2007-2008.

The 2009 studies utilised a two-stage approach to the estimation of the economic impact of the universities. The regional analyses modelled the collective impact of the universities in a particular region (eg East Midlands) on the UK economy, using a purpose-designed economic model of the UK. Further analysis was then undertaken, using a Location Quotient approach, to estimate the share of the impact on the UK likely to have accrued to the host region.

The model used was a 'Type II' input-output model based on actual UK data derived from the 2006 UK Input-Output Tables (Office of National Statistics) together with Labour Force Survey and Annual Business Inquiry data and the 2008 UK Bluebook. The modelling system was purpose-designed for UK higher education institutions and was the new and most recent version of the Universities UK modelling system (the first edition of which was published in 2006.) The technical specification for the model is included in *The impact of universities on the UK economy* Kelly, McLellan and McNicoll Universities UK 2009.

Appendix Three

References

Higher Education Statistics Agency (HESA) Resources in Higher Education Institutions 2008/09 Higher Education Information Database (HEIDI), an online resource of HESA.

Kelly, McLellan & McNicoll Universities UK 2009 *The impact of universities on the UK economy*.

Kelly, McLellan & McNicoll Universities UK 2006 & 2009 *The Universities UK economic impact modelling system*

Kelly, McLellan & McNicoll Universities UK 2010 *Making an economic impact: Higher Education and the English regions*.

Office of National Statistics: *United Kingdom, Input -Output Analyses, 2006 Edition.*

Appendix Four

Region/Institution	Estimated teaching funding at risk	Estimated additional regional output at risk	Total regional output at risk (£)
East	**£162,623,981**	**£195,148,777**	**£357,772,758**
Anglia Ruskin University	£25,090,698	£30,108,838	£55,199,536
Cranfield University (postgrad only)	£0	£0	£0
Norwich University College of the Arts	£5,336,248	£6,403,498	£11,739,746
The University of Cambridge	£23,512,202	£28,214,642	£51,726,844
The University of East Anglia	£20,686,740	£24,824,088	£45,510,828
The University of Essex	£22,355,900	£26,827,080	£49,182,980
University Campus Suffolk	£8,645,823	£10,374,988	£19,020,811
University of Bedfordshire	£22,087,290	£26,504,748	£48,592,038
University of Hertfordshire	£34,162,713	£40,995,256	£75,157,969
Writtle College	£746,367	£895,640	£1,642,007
East Midlands	**£226,656,723**	**£256,122,097**	**£482,778,820**
Bishop Grosseteste University College Lincoln	£3,324,230	£3,756,380	£7,080,610
De Montfort University	£31,713,075	£35,835,775	£67,548,850
Loughborough University	£23,120,531	£26,126,200	£49,246,731
The Nottingham Trent University	£46,215,981	£52,224,059	£98,440,040
The University of Leicester	£18,088,159	£20,439,620	£38,527,779
The University of Lincoln	£27,516,125	£31,093,221	£58,609,346
The University of Northampton	£17,816,859	£20,133,051	£37,949,910
The University of Nottingham	£35,042,044	£39,597,510	£74,639,554
University of Derby	£23,819,719	£26,916,282	£50,736,001
London	**£521,163,070**	**£531,586,331**	**£1,052,749,401**
Birkbeck College	£11,743,678	£11,978,552	£23,722,230
Brunel University	£26,252,871	£26,777,928	£53,030,799
Central School of Speech and Drama	£2,379,271	£2,426,856	£4,806,127
Conservatoire for Dance and Drama	£3,752,132	£3,827,175	£7,579,307
Courtauld Institute of Art	£519,805	£530,201	£1,050,006
Goldsmiths College	£14,106,366	£14,388,493	£28,494,859

Appendix Four *continued*

Region/Institution	Estimated teaching funding at risk	Estimated additional regional output at risk	Total regional output at risk (£)
Guildhall School of Music and Drama	£2,170,938	£2,214,357	£4,385,295
Heythrop College	£1,226,039	£1,250,560	£2,476,599
Imperial College of Science, Technology and Medicine	£10,091,878	£10,293,716	£20,385,594
Institute of Education	£1,812,531	£1,848,782	£3,661,313
King's College London	£26,173,577	£26,697,049	£52,870,626
Kingston University	£40,464,834	£41,274,131	£81,738,965
London Business School (postgrad only)	£0	£0	£0
London Metropolitan University	£35,403,741	£36,111,816	£71,515,557
London School of Economics and Political Science	£8,431,357	£8,599,984	£17,031,341
London School of Hygiene and Tropical Medicine (postgrad only)	£0	£0	£0
London South Bank University	£24,237,439	£24,722,188	£48,959,627
Middlesex University	£36,342,733	£37,069,588	£73,412,321
Queen Mary and Westfield College	£20,499,029	£20,909,010	£41,408,039
Ravensbourne College of Design and Communication	£1,946,139	£1,985,062	£3,931,201
Roehampton University	£16,105,110	£16,427,212	£32,532,322
Rose Bruford College	£2,557,218	£2,608,362	£5,165,580
Royal Academy of Music	£1,325,563	£1,352,074	£2,677,637
Royal College of Art (postgrad only)	£0	£0	£0
Royal College of Music	£1,401,267	£1,429,292	£2,830,559
St George's Hospital Medical School	£1,271,607	£1,297,039	£2,568,646
St Mary's University College, Twickenham	£6,431,627	£6,560,260	£12,991,887
Thames Valley University	£16,807,677	£17,143,831	£33,951,508
The City University	£16,585,573	£16,917,284	£33,502,857
The Royal Veterinary College	£2,070,419	£2,111,827	£4,182,246
The School of Oriental and African Studies	£6,060,364	£6,181,571	£12,241,935
The School of Pharmacy	£563,360	£574,627	£1,137,987
The University of East London	£28,623,366	£29,195,833	£57,819,199
The University of Greenwich	£36,347,046	£37,073,987	£73,421,033

Appendix Four *continued*

Region/Institution	Estimated teaching funding at risk	Estimated additional regional output at risk	Total regional output at risk (£)
The University of Westminster	£41,249,812	£42,074,808	£83,324,620
Trinity Laban Conservatoire of Music and Dance	£2,617,243	£2,669,588	£5,286,831
University College London	£30,196,044	£30,799,965	£60,996,009
University of London (Institutes and activities) (postgrad only)	£0	£0	£0
University of the Arts, London	£43,395,416	£44,263,324	£87,658,740
North East	**£109,866,348**	**£106,570,358**	**£216,436,706**
The University of Newcastle-upon-Tyne	£28,975,647	£28,106,378	£57,082,025
The University of Northumbria at Newcastle	£0	£0	£0
The University of Sunderland	£24,952,502	£24,203,927	£49,156,429
The University of Teesside	£30,387,861	£29,476,225	£59,864,086
University of Durham	£25,550,338	£24,783,828	£50,334,166
North West	**£293,830,696**	**£340,843,607**	**£634,674,303**
Edge Hill University	£17,663,457	£20,489,610	£38,153,067
Liverpool Hope University	£12,903,966	£14,968,601	£27,872,567
Liverpool John Moores University	£38,868,180	£45,087,089	£83,955,269
Royal Northern College of Music	£1,854,231	£2,150,908	£4,005,139
The Liverpool Institute for Performing Arts	£1,779,278	£2,063,962	£3,843,240
The Manchester Metropolitan University	£51,937,335	£60,247,309	£112,184,644
The University of Bolton	£13,770,085	£15,973,299	£29,743,384
The University of Central Lancashire	£0	£0	£0
The University of Lancaster	£19,779,361	£22,944,059	£42,723,420
The University of Liverpool	£25,290,533	£29,337,018	£54,627,551
The University of Manchester	£47,789,397	£55,435,701	£103,225,098
The University of Salford	£32,044,467	£37,171,582	£69,216,049
University of Chester	£18,274,022	£21,197,866	£39,471,888
University of Cumbria	£11,876,384	£13,776,605	£25,652,989
South East	**£435,362,422**	**£518,081,282**	**£953,443,704**
Buckinghamshire New University	£16,003,431	£19,044,083	£35,047,514

Appendix Four *continued*

Region/Institution	Estimated teaching funding at risk	Estimated additional regional output at risk	Total regional output at risk (£)
Canterbury Christ Church University	£19,177,458	£22,821,175	£41,998,633
Oxford Brookes University	£25,759,273	£30,653,535	£56,412,808
Royal Holloway and Bedford New College	£17,102,144	£20,351,551	£37,453,695
Southampton Solent University	£25,791,384	£30,691,747	£56,483,131
The Open University	£84,914,650	£101,048,434	£185,963,084
The University of Brighton	£30,174,586	£35,907,757	£66,082,343
The University of Chichester	£9,364,185	£11,143,380	£20,507,565
The University of Kent	£32,890,526	£39,139,726	£72,030,252
The University of Oxford	£26,991,431	£32,119,803	£59,111,234
The University of Portsmouth	£38,324,128	£45,605,712	£83,929,840
The University of Reading	£19,657,277	£23,392,160	£43,049,437
The University of Southampton	£26,460,362	£31,487,831	£57,948,193
The University of Surrey	£14,748,664	£17,550,910	£32,299,574
The University of Sussex	£20,438,739	£24,322,099	£44,760,838
The University of Winchester	£9,247,203	£11,004,172	£20,251,375
University for the Creative Arts	£18,316,981	£21,797,207	£40,114,188
South West	**£246,961,452**	**£291,414,513**	**£538,375,965**
Bath Spa University	£15,804,111	£18,648,851	£34,452,962
Bournemouth University	£27,789,007	£32,791,028	£60,580,035
Royal Agricultural College	£1,623,442	£1,915,662	£3,539,104
The Arts University College at Bournemouth	£7,875,938	£9,293,607	£17,169,545
The University of Bath	£18,109,166	£21,368,816	£39,477,982
The University of Bristol	£23,583,083	£27,828,038	£51,411,121
The University of Exeter	£27,489,123	£32,437,165	£59,926,288
The University of Plymouth	£44,474,722	£52,480,172	£96,954,894
University College Falmouth	£10,931,076	£12,898,670	£23,829,746
University College Plymouth St Mark and St John	£4,262,504	£5,029,755	£9,292,259
University of Gloucestershire	£18,917,038	£22,322,105	£41,239,143

Appendix Four *continued*

Region/Institution	Estimated teaching funding at risk	Estimated additional regional output at risk	Total regional output at risk (£)
University of the West of England, Bristol	£46,102,242	£54,400,646	£100,502,888
West Midlands	**£240,174,632**	**£242,576,378**	**£482,751,010**
Aston University	£12,234,704	£12,357,051	£24,591,755
Birmingham City University	£27,147,016	£27,418,486	£54,565,502
Coventry University	£26,475,075	£26,739,826	£53,214,901
Harper Adams University College	£902,824	£911,852	£1,814,676
Newman University College	£4,773,949	£4,821,688	£9,595,637
Staffordshire University	£30,730,755	£31,038,063	£61,768,818
The University of Birmingham	£40,192,342	£40,594,265	£80,786,607
The University of Keele	£17,373,583	£17,547,319	£34,920,902
The University of Warwick	£23,698,176	£23,935,158	£47,633,334
The University of Wolverhampton	£34,680,305	£35,027,108	£69,707,413
The University of Worcester	£12,900,879	£13,029,888	£25,930,767
University College Birmingham	£9,065,024	£9,155,674	£18,220,698
Yorkshire/Humberside	**£284,566,516**	**£284,566,516**	**£569,133,032**
Leeds College of Music	£2,446,125	£2,446,125	£4,892,250
Leeds Metropolitan University	£48,291,002	£48,291,002	£96,582,004
Leeds Trinity University College	£5,226,230	£5,226,230	£10,452,460
Sheffield Hallam University	£47,479,920	£47,479,920	£94,959,840
The University of Bradford	£11,489,987	£11,489,987	£22,979,974
The University of Huddersfield	£35,594,598	£35,594,598	£71,189,196
The University of Hull	£26,322,211	£26,322,211	£52,644,422
The University of Leeds	£46,882,393	£46,882,393	£93,764,786
The University of Sheffield	£32,664,402	£32,664,402	£65,328,804
The University of York	£19,461,132	£19,461,132	£38,922,264
York St John University	£8,708,516	£8,708,516	£17,417,032
Grand Total	**£2,521,205,840**	**£2,766,909,860**	**£5,288,115,700**

*Using University of Strathclyde regional multipliers

Appendix Five

City	Estimated teaching funding at risk	Estimated additional regional output at risk	Total regional output at risk (£)
Nottingham	**£81,258,025**	**£91,821,569**	**£173,079,594**
The Nottingham Trent University	£46,215,981	£52,224,059	£98,440,040
The University of Nottingham	£35,042,044	£39,597,510	£74,639,554
Liverpool	**£78,841,957**	**£91,456,670**	**£170,298,627**
Liverpool Hope University	£12,903,966	£14,968,601	£27,872,567
Liverpool John Moores University	£38,868,180	£45,087,089	£83,955,269
The Liverpool Institute for Performing Arts	£1,779,278	£2,063,962	£3,843,240
The University of Liverpool	£25,290,533	£29,337,018	£54,627,551
Manchester	**£101,580,963**	**£117,833,918**	**£219,414,881**
The Manchester Metropolitan University	£51,937,335	£60,247,309	£112,184,644
The University of Manchester	£47,789,397	£55,435,701	£103,225,098
Royal Northern College of Music	£1,854,231	£2,150,908	£4,005,139
Brighton	**£50,613,325**	**£60,229,856**	**£110,843,181**
The University of Brighton	£30,174,586	£35,907,757	£66,082,343
The University of Sussex	£20,438,739	£24,322,099	£44,760,838
Bristol	**£69,685,325**	**£82,228,684**	**£151,914,009**
The University of Bristol	£23,583,083	£27,828,038	£51,411,121
University of the West of England, Bristol	£46,102,242	£54,400,646	£100,502,888
Sheffield	**£80,144,322**	**£80,144,322**	**£160,288,644**
Sheffield Hallam University	£47,479,920	£47,479,920	£94,959,840
The University of Sheffield	£32,664,402	£32,664,402	£65,328,804