



Department  
for Education

# **UK revenue from education related exports and transnational education activity 2010-2014**

**Research Report**

**July 2017**

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# 1 Introduction

## 1.1 Purpose of Release

Exports of education products and services bring revenue into the UK, having a positive impact on the balance of trade and providing jobs and livelihoods for UK workers. The estimates contained in this note provide a new experimental data series for the value of export income to the UK from education-related sales of products and services for the years 2010-2014. The estimates relate to the education sector (Higher Education, Further Education, Schools and English Language Training) and to organisations exporting education-related products and services.

These estimates build upon work published by the Department of Business, Innovation and Skills (BIS)<sup>1</sup> in 2011 and earlier studies by Johnes (2004)<sup>2</sup> and Lenton (2007)<sup>3</sup>. These developed a methodology to estimate the value of income to the UK from education-related sales of products and services. BIS published an update to this work in the form of a concise set of estimates for 2011 alongside the Government's International Education Strategy<sup>4</sup> in 2013. Estimates provided in this note cover the years 2010 to 2014 and include revised estimates for 2011.

Statistics on the value of education exports might be used by a variety of users and for many purposes, some examples include:

- education sector representative organisations to assess the strength of their sector
- businesses providing education services to understand their share of the export market
- central and local government to help inform international education policy
- academics and students wishing to understand the education sector more fully; and
- other individuals wishing to be informed or for political engagement

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<sup>1</sup> BIS (2011) Estimating the Value to the UK of Education Exports' June 2011. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32395/11-980-estimating-value-of-education-exports.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32395/11-980-estimating-value-of-education-exports.pdf). A report prepared by London Economics.

<sup>2</sup> Johnes, G. (2004) The Global Value of Education and Training Exports to the UK economy, <http://gianlucasalvatori.nova100.ilssole24ore.com/wp-content/uploads/sites/31/files/global-value-of-education-and-training-exports-to-the-uk-economy.pdf>

<sup>3</sup> Lenton, P. (2007) The value of UK education and training exports: an update <https://www.britishcouncil.org/sites/default/files/the-value-of-uk-education-and-training-exports-an-update.pdf>

<sup>4</sup> 'International Education – Global Growth and Prosperity: An Accompanying Analytical Narrative' July 2013. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf)

## 1.2 Experimental Statistics

These estimates are experimental statistics since they are still to be fully developed and rigorously tested to ensure they meet the required standard for national statistics. This is because the data used to compile these estimates come from multiple sources, some with varying quality or limited coverage.

Particular areas where the data is presently incomplete include: data on exports from privately funded providers (so-called 'Alternative Providers'); income from EU students attending Further Education Colleges; income from on-line education-related courses; and fees collected from visas granted to individuals coming to the UK from outside the EU for the purposes of study. These areas are explored in more detail in Section 3.8.

As improvements are best made by publishing the data and opening up the discussion with data users, we would welcome feedback on the usefulness of the statistics and on the methodology we have used to produce them. We would also welcome ideas for appropriate data sources which could be used to assess the value of exports in these areas and suggestions on additional areas, outside of those already identified, which might contribute to the overall value of education-related exports.

Aspects which we would like to consider further during the experimental statistics phase include:

- *coverage* – bringing in sectors currently excluded due to data quality concerns or lack of data
- *accuracy* – refining the assumptions used to improve our overall estimates
- *explanation* – better communication of the limitations of the data sources used
- *consistency* – with other statistics on exports and imports; and
- *presentation* – publishing the data in the right format to meet user needs

## 1.3 Contact Details and Feedback

As these statistics are currently experimental we welcome feedback on the methodology and definitions used. Please contact James Cox, Higher Education Analysis Team, Department for Education: [he.statistics@education.gov.uk](mailto:he.statistics@education.gov.uk)

## 1.4 Definitions of Exports and Transnational Education

### Exports

Exports are transactions between UK residents and non-residents. In most of the transactions represented in this report the non-residents travel to the UK to procure their education-related services from a UK-based organisation. Whether tuition fees are paid in advance of arrival or once in the UK does not impact on the nature of the transaction.

In addition to fees, any type of transaction that is carried out by the non-resident while in the UK also counts as international trade. So any money spent on living costs is counted as a UK export.

Exports of education products are physical goods that are procured by a non-resident. According to Balance of Payments definitions an export only occurs when goods change ownership between a resident and non-resident; goods crossing a border do not necessarily count as exports in a strict Balance of Payments sense.

The full value of the transaction is counted as an export; no adjustment is made to subtract any costs involved in delivering the service, or in producing and shipping the goods overseas.

### Transnational education (TNE) activity

Some UK-based organisations will have subsidiaries or long-term bases outside the UK from where they sell their services. In such situations much of the initial value of transactions will flow out of the business into the local economy – local staff, rent, consumables, etc. – only the profit will be available to be repatriated to the UK. Additionally, where there are operational profits these may be reinvested in the foreign operations rather than being repatriated.

Unlike exports where the full value of the transaction is counted, here we only count the proportion of the revenue that is repatriated to the UK.

## 2 The Value of Education Exports and Transnational Education

Figures presented throughout this report are expressed in current prices, with the exception of Table 4 which expresses data in constant 2014 prices. All figures are rounded to the nearest £10 million. This means that the totals will not necessarily equal the sum of the parts. Percentages have been calculated on unrounded data. Data have been calculated using a consistent methodology to allow comparison over time.

### Headline results

In 2014, the total value of UK education-related exports and TNE activity was estimated to be £18.76 billion, an increase of 18 per cent over 2010 in current prices (Table 1).

Education-related services and goods (of which Higher Education is the main contributor) accounted for 92 per cent of the total value with revenue from TNE activity accounting for the remaining 8 per cent in 2014. The relative shares have changed little since 2010.

**Table 1: Share by revenue stream of UK revenue from education related exports and repatriated income from transnational education activities**

	% share of total education exports and TNE activity				
	2010	2011	2012	2013	2014
Higher Education - HEIs	60%	62%	64%	65%	66%
Further Education (Non-EU only)	6%	6%	4%	2%	2%
Independent schools	4%	4%	4%	4%	4%
English Language Training	14%	12%	11%	10%	10%
Education Products and Services	9%	9%	9%	10%	9%
Transnational Education	7%	7%	8%	8%	8%
<b>Total value education exports and transnational education activity</b>	(100%) £15.88 bn	(100%) £16.83 bn	(100%) £17.28 bn	(100%) £17.93 bn	(100%) £18.76 bn

Totals will not necessarily equal the sum of the parts due to rounding

### Changes in value between 2010 and 2014

#### Higher Education

Higher Education exports were estimated at £12.43 billion in 2014, an increase of around 30% over 2010 in current prices (Table 2 and 3). This figure rises to an estimated £12.98 billion if Higher Education related TNE activity, valued at around £550 million, is included. This increase has largely been driven by an increase in two sources of income:

- Non-EU student income which rose by around 30% in current prices from £6.56 billion to £8.55 billion between 2010 and 2014; and

- Income from research and other contracts which rose by around 56% in current prices from £0.77 billion to £1.19 billion over the same period.

**Table 2: UK revenue from education related exports and repatriated income from transnational education activities**

	£m current prices to nearest £10m, calendar years				
	2010	2011	2012	2013	2014
<b>Higher Education - HEIs</b>					
Non-EU students					
Fee income	2,700	3,040	3,340	3,650	4,000
Living expenditure	3,860	4,140	4,270	4,380	4,550
(Scholarships awarded)	(40)	(40)	(40)	(40)	(40)
EU students					
Fee income	350	380	430	530	630
Living expenditure	1,580	1,680	1,710	1,680	1,700
Incoming Erasmus students (living expenditure) <sup>1</sup>	260	280	310	330	330
(Cost to Govt of tuition fee loans)	(50)	(50)	(60)	(80)	(100)
Other					
Research and other contracts	760	840	970	1,100	1,190
Other (e.g. IP income) <sup>2</sup>	100	110	120	140	170
<b>Total</b>	<b>9,530</b>	<b>10,390</b>	<b>11,040</b>	<b>11,690</b>	<b>12,430</b>
<b>Further Education (Non-EU only)</b>					
Fee Income	230	260	160	130	110
Living costs	650	720	450	260	210
Other income	40	40	40	40	40
<b>Total</b>	<b>920</b>	<b>1,020</b>	<b>650</b>	<b>420</b>	<b>360</b>
<b>Independent schools</b>	<b>630</b>	<b>700</b>	<b>760</b>	<b>760</b>	<b>800</b>
<b>English Language Training</b>	<b>2,230</b>	<b>2,000</b>	<b>1,890</b>	<b>1,860</b>	<b>1,820</b>
<b>Education Products and Services</b>					
Qualification awarding bodies <sup>3</sup>	140	160	180	210	230
Education-related publishing	870	860	860	940	940
Education-related equipment <sup>4</sup>	480	510	560	560	580
Education-related broadcasting	10	10	20	20	20
<b>Total</b>	<b>1,510</b>	<b>1,540</b>	<b>1,610</b>	<b>1,730</b>	<b>1,770</b>
<b>TOTAL EDUCATION RELATED EXPORTS</b>	<b>14,810</b>	<b>15,640</b>	<b>15,950</b>	<b>16,460</b>	<b>17,180</b>
<b>Transnational Education</b>					
Higher Education	350	400	470	510	550
Further Education	30	30	30	30	30
Schools <sup>5</sup>	610	670	730	830	900
English Language Training	80	90	90	100	100
<b>TOTAL TRANSNATIONAL EDUCATION ACTIVITY</b>	<b>1,070</b>	<b>1,190</b>	<b>1,330</b>	<b>1,470</b>	<b>1,580</b>
<b>TOTAL EDUCATION EXPORTS AND TNE ACTIVITY</b>	<b>15,880</b>	<b>16,830</b>	<b>17,280</b>	<b>17,930</b>	<b>18,760</b>

1. 2014 figure preliminary estimate based on 2013/14 numbers carried forward

2. 2014 IP figure preliminary estimate based on 2013 HE-BCI survey

3. 2014 figure preliminary estimate as it uses 2013 estimates for City & Guilds

4. 2010 figure estimated from trend data

5. 2010 and 2011 figures estimated from trend data

Totals will not necessarily equal the sum of the parts due to rounding

Figures in brackets are subtracted

## Other education related export sectors

English Language Training (ELT) exports was estimated at £1.82 billion in 2014, 18 per cent lower in current prices compared to between 2010 and 2014. This primarily reflects a decrease in the length of courses being taken-up by ELT students, resulting in lower fees and living expenditure<sup>5</sup>.

Education products and services were valued at £1.77 billion in 2014, a 17 increase in current prices over 2010. This reflects in part the additional demand created by the continued steady growth in student numbers at UK Higher Education providers.

Non-EU Further Education exports were estimated at £0.36 billion in 2014, a 61 per cent fall in current prices compared to 2010, primarily reflecting a decline in the number of non-EU visa applications for individuals wishing to study at UK FE colleges.

Independent school exports increased slightly over the period 2010-2014 from £0.63 billion to £0.8 billion, an increase of 27 per cent in current prices.

## Transnational Education (TNE) activity

The value of TNE activity was estimated at £1.58 billion in 2014, an increase of 48 per cent in current prices over 2010. This was driven in the large part by TNE in British schools overseas (£0.29 billion), but due to the nature of the estimates and limitations in the methodology these changes should be seen as indicative only (see section 3.7 for further information).

UK Higher Education TNE income increased by 56 per cent (£0.20 billion) between 2010 and 2014. This was driven by a 54 per cent increase in HE TNE enrolments between the 2009/10 and 2014/15 academic years.

## Changes in share between 2010 and 2014

Over the period 2010-2014, the share of Higher Education to the total value of education related exports has increased by a further 6 percentage points from 60 to 66 per cent. TNE activity has increased by 1 percentage point over the same period from 7 to 8 per cent (Table 1).

The share of ELT and Further Education (non-EU students) have both fallen by 4 percentage points: the ELT share dropping from 14 to 10 per cent and the Further Education share dropping from 6 to 2 per cent.

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<sup>5</sup> Study Travel Magazine report that the average ELT student spent 5.7 weeks in the UK in 2010 but only 4.0 weeks in 2014, over the same period the number of ELT students in the UK increased by 18 per cent. Study and Travel Magazine <http://www.studytravel.network/magazine/issues/december2015>

**Table 3: Change between 2010 and 2014 UK revenue from education related exports and repatriated income from transnational education activities**

	£m current prices to nearest £10m, calendar years			
	2010	2014	Change 2010-2014	% Change 2010 - 2014
<b>Higher Education - HEIs</b>				
Non-EU students				
Fee income	2,700	4,000	+1,300	48%
Living expenditure	3,860	4,550	+690	18%
(Scholarships awarded)	(40)	(40)	0	-1%
EU students				
Fee income	350	630	+280	79%
Living expenditure	1,580	1,700	+120	8%
Incoming Erasmus students (living expenditure) <sup>1</sup>	260	330	+70	29%
(Cost to Govt of tuition fee loans)	(50)	(100)	+50	105%
Other				
Research and other contracts	760	1,190	+430	56%
Other (e.g. IP income) <sup>2</sup>	100	170	+70	64%
<b>Total</b>	<b>9,530</b>	<b>12,430</b>	<b>+2,900</b>	<b>30%</b>
<b>Further Education (Non-EU only)</b>				
Fee Income	230	110	-130	-54%
Living costs	650	210	-430	-67%
Other income	40	40	0	7%
<b>Total</b>	<b>920</b>	<b>360</b>	<b>-560</b>	<b>-61%</b>
<b>Independent schools</b>	<b>630</b>	<b>800</b>	<b>+170</b>	<b>28%</b>
<b>English Language Training</b>	<b>2,230</b>	<b>1,820</b>	<b>-410</b>	<b>-18%</b>
<b>Education Products and Services</b>				
Qualification awarding bodies <sup>3</sup>	140	230	+90	60%
Education-related publishing	870	940	+70	8%
Education-related equipment <sup>4</sup>	480	580	+100	20%
Education-related broadcasting	10	20	0	31%
<b>Total</b>	<b>1,510</b>	<b>1,770</b>	<b>+260</b>	<b>17%</b>
<b>TOTAL EDUCATION RELATED EXPORTS</b>	<b>14,810</b>	<b>17,180</b>	<b>+2,370</b>	<b>16%</b>
<b>Transnational Education</b>				
Higher Education	350	550	+200	56%
Further Education	30	30	0	7%
Schools <sup>5</sup>	610	900	+290	47%
English Language Training	80	100	+20	27%
<b>TOTAL TRANSNATIONAL EDUCATION ACTIVITY</b>	<b>1,070</b>	<b>1,580</b>	<b>+510</b>	<b>47%</b>
<b>TOTAL EDUCATION EXPORTS AND TNE ACTIVITY</b>	<b>15,880</b>	<b>18,760</b>	<b>+2,880</b>	<b>18%</b>

1. 2014 figure preliminary estimate based on 2013/14 numbers carried forward

2. 2014 IP figure preliminary estimate based on 2013 HE-BCI survey

3. 2014 figure preliminary estimate as it uses 2013 estimates for City & Guilds

4. 2010 figure estimated from trend data

5. 2010 and 2011 figures estimated from trend data

Totals will not necessarily equal the sum of the parts due to rounding

Figures in brackets are subtracted

## Changes in constant prices

Table 4 shows the value of education-related exports and TNE converted to constant 2014 prices, which takes into account the impact of inflation. The overall value of education exports and TNE activity grew by 10 per cent in real terms between 2010 and 2014, this compares with an increase of 18 per cent when values are expressed in current prices (Table 3).

**Table 4: UK revenue from education related exports and transnational education activities, constant 2014 prices<sup>1</sup>**

	£m constant 2014 prices to nearest £10m, calendar years					% change
	2010	2011	2012	2013	2014	2010-2014
<b>Exports</b>						
Higher Education - HEIs <sup>2</sup>	10,270	10,970	11,470	11,910	12,430	21%
Further Education (Non-EU only)	990	1,070	670	430	360	-64%
Independent schools	670	740	780	770	800	19%
English Language Training	2,400	2,110	1,970	1,890	1,820	-24%
Education Products and Services <sup>3</sup>	1,630	1,620	1,670	1,760	1,770	9%
<b>Total education related exports</b>	<b>15,960</b>	<b>16,510</b>	<b>16,570</b>	<b>16,760</b>	<b>17,180</b>	<b>8%</b>
<b>Transnational Education activity</b>						
Higher Education	380	430	490	520	550	45%
Further Education	30	30	30	30	30	0%
Independent schools <sup>4</sup>	660	710	760	840	900	36%
English Language Training	90	90	100	100	100	18%
<b>Total transnational education activity</b>	<b>1,150</b>	<b>1,250</b>	<b>1,380</b>	<b>1,500</b>	<b>1,580</b>	<b>37%</b>
<b>Total education exports and TNE activity</b>	<b>17,110</b>	<b>17,760</b>	<b>17,940</b>	<b>18,260</b>	<b>18,760</b>	<b>10%</b>

1. Based on GDP deflators taken from HM Treasury GDP deflators at market prices, and money GDP: December 2015 <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2015-quarterly-national-accounts>

2. 2014 figure based on 2013 data for IP income and Erasmus

3. 2014 figure based on 2013 data for the City and Guilds element of education products and services

4. 2010 and 2011 figures estimated from trend data

Totals will not necessarily equal the sum of the parts due to rounding, percentages are based on unrounded data

## 3 Methodology and Accuracy

### 3.1 Summary

The data presented in this document are built up from many different data sources, most of which were not constructed for the purpose of estimating the export value of education services and products. The data vary in their quality and in their security of supply:

- **Official data sources:** This includes for example data the Higher Education Statistics Agency (HESA) provide for estimating exports related to Higher Education Institutes or visa application data from the Home Office. For these we have an understanding that the quality of the data is high and there is reason to expect a continuation of supply.
- **Research evidence:** Some of the figures rely on research evidence from a single study and rely on extrapolation to fill in gaps over time.
- **Market research from trade associations and representative bodies:** These data are of varying quality and much of it is relatively new. As these organisations are often the sole source of such information it is not possible to obtain a complete understanding of the level of accuracy. Furthermore, the data are provided to the department through the good will of individual organisations and there is a risk that data collection may be changed or discontinued.
- **Publicly available data from private companies:** This is the type of information published in annual reports and financial statements. In these cases the data are not captured or presented for the purposes we are using them for so there are questions surrounding the appropriateness of using these data.

### 3.2 Higher Education – Higher Education Institutes (HEIs)

#### Fee income

Fee income data are compiled from the Higher Education Statistics Agency (HESA) data record. For EU (non-UK) domiciled students the fee income is calculated from the total EU domiciled fees, which include UK home students. HESA data on the numbers of students at each HEI, split by UK domiciled and EU domiciled, are used to produce the proportion that is EU (non-UK) that is then applied to the fees for that HEI.

Data on the aggregate value of fees at HEIs from non-EU domiciled students are provided from the HESA data record without requirement of further calculation.

## Living expenditure

Estimates for weekly living costs are taken from the Student Income and Expenditure Survey (SIES)<sup>6</sup>. Research was conducted in 2007/2008 and in 2011/2012. For other years the average weekly living costs are profiled (between the two surveys) or adjusted to reflect changes in the Consumer Price Index (after 2011/12).

The calculation for average weekly living costs is based on micro-data analysis which excludes students who live with their parents. This has been done to better reflect the costs of international students. In 2014/15 we estimate average student living expenditure to be £312 per week.

It is currently unknown whether the living expenditure of international students is comparable to that of UK domiciled students. When making a judgement we might consider the following:

- International students do not have access to maintenance loans for living costs, so may spend less on discretionary items. This could lead to an overestimate of living expenditure for international students.
- International students may have less access to free resources from their family than UK-domiciled students, so they have to spend more. This could lead to an underestimate of living expenditure for international students. Having dependents will push the living expenditure per student up. It is not known whether there are differences in the likelihood of having dependents between international students and UK domiciled students.
- Home Office regulations state that available funds for living costs for Tier 4 students should be £1,265 (London) and £1,015 (national) for each month<sup>7</sup>.

For full time students the living cost per course per year is assumed to be the average weekly living costs multiplied by:

- 39 weeks for undergraduate EU students
- 42 weeks for undergraduate non-EU students
- 52 weeks for postgraduate students.

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<sup>6</sup> BIS Research Paper No. 115 Student Income and Expenditure Survey 2011 to 2012, published June 2013 <https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012>

<sup>7</sup> Paragraph 162 of Tier 4 Migrant Guidance:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/477366/T4\\_Migrant\\_Guidance\\_Nov\\_V1\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/477366/T4_Migrant_Guidance_Nov_V1_0.pdf)

Since they are likely to be closer to their country of origin, EU undergraduates are assumed to be more likely to return home during vacations than non-EU students. Overseas postgraduate students will spend time over the summer writing up dissertation so it is assumed that all (EU and non-EU) spend 52 weeks in the UK.

The number of students split by full-time/part-time, EU/non-EU, undergraduate/postgraduate in each year is taken from the HESA data record. These numbers are then multiplied by the course length (weeks) and by the weekly living costs to allow a calculation of the aggregate level of living costs for EU and non-EU students.

### Earnings from employment in the UK

For part time students there is an assumption that they will also be working. In the previously published figures for 2011 the employment income earned in the UK was subtracted from the living expenditure, hence this element was calculating a net export.

We have now changed this assumption as subtracting UK earnings does not agree with the standard practice for calculating exports. Table 5 shows the living expenditure lines from Table 2 with and without the estimated UK employment earnings subtracted.

**Table 5: HE international student's living expenditure<sup>1</sup> and estimated UK employment earnings<sup>2</sup>**

	£m current prices to nearest £10m, calendar years				
	2010	2011	2012	2013	2014
Non-EU students					
Total living expenditure	3,860	4,140	4,270	4,380	4,550
Estimated UK employment earnings	230	220	200	180	170
Living expenditure minus UK employment earnings	3,640	3,920	4,060	4,200	4,380
EU students					
Total living expenditure	1,580	1,680	1,710	1,680	1,700
Estimated UK employment earnings	130	130	120	110	110
Living expenditure minus UK employment earnings	1,450	1,550	1,590	1,570	1,600
All international students					
Total living expenditure	5,440	5,820	5,970	6,060	6,250
Estimated UK employment earnings	360	350	320	290	280
Living expenditure minus UK employment earnings	5,080	5,470	5,650	5,770	5,970

1. Total living expenditure relates to full-time and part-time students, it excludes Erasmus students living expenditure

2. Estimated UK employment earnings relate to part-time students only, full-time students are assumed not to work

Totals will not necessarily equal the sum of the parts due to rounding

To estimate employment earnings we assume that:

- full-time students will not work while they are studying
- part-time students will be earning the minimum wage and that they will be working 20 hours a week

Non-EU students can only work to a maximum of 20 hours a week, whereas EU students have no restrictions. We do not currently have data that would enable us to estimate more accurately the proportion of students working or their earnings. Using the assumptions above the average weekly earnings per student working in the UK in 2014/15 was estimated to be £130. This is then multiplied by the number of part-time students and the number of weeks spent in the UK (39 for EU undergraduate, 42 for non-EU undergraduate and 52 for all postgraduates). This gives an estimate of £280 million UK employment earnings from international HE students in 2014 (Table 5).

## Scholarships

Scholarships for non-EU students are subtracted from the fee income as the scholarships are publically funded. Information is taken from a variety of sources. Links to the data sources for each scholarship program are provided in Section 4.1:

- **Chevening** is the UK government's international awards scheme aimed at developing global leaders since 1983. The scholarships are funded by the Foreign and Commonwealth Office (FCO) and partner organisations.
- **The Overseas Research Students Award Scheme (ORSAS)** offered international students the opportunity to carry out a broad range of research at well-established UK academic institutions of worldwide recognition. The total budget for the ORSAS was £15 million per annum. The Higher Education Funding Council for England (HEFCE) and the Higher Education Funding Council for Wales (HEFCW) did not fund ORSAS after 2009, and the Department for Employment and Learning in Northern Ireland initiated a phased withdrawal of funding over 2009/10 and 2010/11. The Scottish Funding Council ran a rebranded Scottish Overseas Research Students Award Scheme (SORSAS) from 2009/10 with a budget of approximately £2.8 million per annum. There was no funding for SORSAS from 2012/13 onwards.
- **Commonwealth Scholarships** for Master's and PhD study in the UK are offered for citizens of developing Commonwealth countries. These scholarships are funded by the UK Department for International Development (DFID), with the aim of contributing to the UK's international development aims and wider overseas interests, supporting excellence in UK Higher Education, and sustaining the principles of the Commonwealth.
- **Marshall Scholarships** finance young Americans of high ability to study for a degree in the United Kingdom. Up to forty Scholars are selected each year to study at graduate level at an UK institution in any field of study.

## **Erasmus**

Statistics on the number of Erasmus students coming into the UK are published by Eurostat. HE students who study in the UK under the Erasmus scheme do not pay fees to the UK University; instead, if applicable, they pay fees to the partner University in their country of origin.

Living expenses are calculated for Erasmus students with the assumption that they are all full time, undergraduates, and study for 39 weeks.

In the 2013/14 academic year there were 27,400 incoming HE students under the Erasmus scheme, an increase of 21 per cent on 2009/10.

Data for the 2014/15 academic year were not available at the time of compiling these statistics so the 2013/14 estimate of 27,400 incoming was carried forward to 2014/15. The latest estimate of living expenditure was then applied to this.

## **Cost to Government of fee loans**

Non-EU students cannot apply for student loans. EU students can access student loans for fees. The proportion of these loans that are not paid back is subtracted from the fee income as this value is funded by Government. The proportion of the value of fee loans to EU students which the Government pays is estimated to be 25 per cent. This estimate is based on latest modelling of the cost of fee loans to Government and is applied consistently across all years.

## **Research and other contracts**

The value of research grants and contracts split between UK and international sources are captured through data HEIs return to HESA. This incorporates export income from academic departments' research grants and contracts, academic services and administrative/central services.

## **International Intellectual Property income**

This methodology was developed by London Economics (2011) in their report 'Estimating the Value to the UK of Education Exports'. Information on the total value of HE Intellectual Property (IP) revenue comes from the Higher education-business and community interaction survey (HE-BCI). This provides data on the total (domestic and international) income from IP.

To estimate the proportion that is exported, London Economics took data on the total revenue and export revenue for the R&D sector in 2008. These data were taken from analysis of ONS International Trade in Services Survey (ITIS) micro-data and National Accounts supply use tables. This showed that 38 per cent of R&D sector revenue was generated through exports. The R&D sector was used as data for the education sector

were not available. This analysis has not been updated so the 2008 value of 38 per cent has been carried forward.

This proportion is then applied to the total HE income from IP to give an estimate of HE IP exports.

### **Other overseas income**

This is also based on the London Economics survey of Tier 4 sponsors. HEIs responding to questions on income sources were also asked about any income that they earn from an overseas source that is not covered elsewhere. It is therefore not clear what is covered in this category. As before, responses were grossed up from 14 responses to the population of 165 HEIs, suggesting a high level of uncertainty in these estimates. London Economics estimated £61.6 million of HE income from other sources in 2008/09.

The growth rate over the 2004/05 to 2008/09 period was calculated by London Economics to be 12.3 per cent. This was applied to the 2008/09 figure and carried forward.

## **3.3 Further Education (non-EU only)**

### **Numbers of students**

These estimates use visa application data published by the Home Office and are for non-EU students only. These include applications for visas for study using sponsor acceptances for the 'Tertiary, Further education or other colleges' sector.

The volume figures are revised downwards to reflect the number of applications that are granted. This is estimated based on the proportion of Tier 4 applications granted, which will include students in other education sectors, not just FE. The numbers used in our estimation of non-EU FE students are shown in Table 6. We do not know whether all of the granted applications are subsequently used to study in the UK.

**Table 6: Non-EU students at Further Education Colleges: visa applications and estimate of number granted**

	Thousands and per cent, calendar years					
	2010	2011	2012	2013	2014	2015
Visa applications for study at FECs <sup>1</sup>	65	84	32	21	19	16
Proportion granted (Tier 4 general student) <sup>2</sup>	74%	83%	90%	92%	93%	94%
Number granted (estimate)	48	70	29	20	18	15

1. Home Office Sponsorship Data Table cs\_09 -

<https://www.gov.uk/government/publications/immigration-statistics-october-to-december-2015/list-of-tables#sponsorship>

2. Home Office Visa Data table vi\_01\_q

<https://www.gov.uk/government/publications/immigration-statistics-october-to-december-2015/list-of-tables#visas>

FE students from within the EU do not require a visa to study and so are not included in these estimates, leading to a likely underestimate of the total number of individuals entering the UK to study in the FE sector.

Some of the sponsors that are captured in this category will be HE Alternative Providers (APs) and may be providing higher level education. There is expected to be no double counting of UK HEIs with that reported through the HESA record. The Home Office states that the category contains:

- “...the remainder of sponsors who described themselves as ‘University and tertiary’, plus those who described themselves as ‘Private Institution of Further or Higher Education’ or whose self-description included ‘Further education’ or ‘Higher Education’.”

It excludes:

- “UK-based Higher Education Institutions - A higher education institution (HEI) is a ‘recognised body’ (meaning that it has its own UK degree-awarding powers), or a body in receipt of public funding as a HEI. Institutions (including further education colleges) which receive some public funding to deliver higher education courses do not fall within this definition of an HEI.”
- English Language Schools
- Independent schools

## Fee expenditure

The estimated average value of tuition fees for international FE students comes from BIS Research on the value of Tier 4 international students<sup>8</sup>. Data are available for 2010/11 to 2012/13 from the research and a GDP deflator is used to estimate these values for other years.

Total fee expenditure for each year is calculated by multiplying the number of students by the average tuition fee value.

As the average fee income is based on Tier 4 students only, it is possible that this methodology overestimates the value of fee income for those studying at Further Education colleges. Those studying shorter courses and arriving in the UK under a study visa are likely to pay lower fees.

## Living expenditure

Average weekly living expenditure is assumed to be the same as for HE students, which is based on information taken from the Student Income and Expenditure Survey (see Section 3.2).

The course duration is assumed to be 36 weeks. This assumption is taken from the London Economics work which states *“We have assumed that the average overseas FE student spends 36 weeks per year in the UK. This is to take into account the fact that some courses are very short, whilst others are one year long”*.<sup>9</sup>

Total living expenditure is calculated by multiplying the average weekly living expenditure, by the number of students and by the average number of weeks per student.

## Other income

This is an estimate produced by London Economics from their survey of Tier 4 sponsors. Further Education Colleges were asked about any income that they earn from overseas sources that are not covered elsewhere. These estimates are based on only 21 responses (out of a total population of 429) so should be treated with caution.

When these responses are grossed up to reflect all 429 FE Tier 4 sponsors, London Economics estimates £37.3 million of UK FE income comes from overseas alumni and

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<sup>8</sup> BIS Evaluation of the value of Tier 4 international students to FE colleges and the UK economy, published April 2013 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/182049/13-767-evaluation-of-value-of-tier-4-international-students-to-fe-colleges-and-uk-economy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182049/13-767-evaluation-of-value-of-tier-4-international-students-to-fe-colleges-and-uk-economy.pdf)

<sup>9</sup> BIS Research Paper Number 46 Estimating the Value to the UK of Education Exports, published June 2011 page 48

international charitable organisations in 2008/09. A GDP deflator has been used to carry this value forward as no further information is available.

It is not clear what other income could be. It is possible that some of this will be from research and consultancy services, but it may include charitable donations which technically should not be counted as exports.

### 3.4 Independent Schools

These data are published in the Independent Schools Council (ISC) Annual Census. This provides data on the number of non-British pupils at ISC member schools with parents overseas.

Not all UK independent schools are ISC members. Figures for the total number of pupils in the UK independent schools sector are published by the Department for Education in the 'Schools, pupils and their characteristics' statistical release<sup>10</sup>. These show that there were 583,000 pupils in independent schools at the start of 2015, compared to 517,000 reported by ISC. These data are available for each year back to 2010 and are used to calculate a series of grossing factors (113 per cent in 2015) which are then applied to the number of non-British pupils with parents overseas.

The proportion of pupils that are boarders is reported by ISC at around 92 per cent, but there is some small variation year on year. This allows a calculation of the number of international boarders and day pupils.

The average fee per term for boarders and for day pupils are published by ISC. By multiplying these fees by three (assuming three terms per year) and by the estimated number of international boarders and day pupils, we arrive at an estimate for the annual value of boarding fees and day fees from international pupils at UK independent schools.

Boarding fees to an extent capture course fees and an element of living expenditure. No estimate for the value of living expenditure for day pupils has been produced as there is no appropriate data source for this information.

### 3.5 Private Sector English Language Training

Data on the value of English Language Training (ELT) in the UK are obtained from the Global Market Report published each year by Study Travel Magazine<sup>11</sup>.

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<sup>10</sup> <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2015>

<sup>11</sup> Study and Travel Magazine Global Market Report  
<http://www.studytravel.network/magazine/issues/december2015>

## **Study Travel Magazine methodology**

This is based on research conducted by Study Travel Magazine on the UK ELT provider market. STM use industry statistics from English UK to estimate the number of ELT providers and students in the UK. These figures are weighted up to capture the whole language school sector by making an estimate of the total number of language schools (based on advice from industry heads and information taken from STM databases).

Figures on average spend are taken from the STM Status surveys which capture average course and accommodation costs.

The Status survey goes out to all schools on the STM database. The sample size varies from year to year – in 2014 53 English language schools took part, in 2013 the sample was 30 schools and in 2012 the sample was 19 schools.

Other living expenses are assumed to be 75 per cent of the accommodation and tuition fee expenses.

Data for the value of ELT is presented as a composite value including an estimate for fees paid and for living expenditure. It is assumed that all ELT delivered in the UK will be for international students, so all revenue can be counted as an export.

### **Adjustment for public sector ELT provision**

The values of exports published in the Global Market Report will include revenue from a mixture of private and public ELT providers. The expectation is that we will already be capturing some of the public ELT provision in the estimates of exports linked to publicly funded Further Education providers. We therefore make an adjustment to avoid double counting. Information on the number of private and public ELT providers was provided to the department by English UK. In 2012, 80 per cent of ELT providers were private and 20 per cent public. We multiply the value of exports reported by STM data by 80 per cent to give the final value of private sector ELT export.

## **3.6 Education Products and Services**

### **Qualification awarding bodies**

Data on the value of exports from qualification awarding bodies are estimated from company level figures taken from published accounts for City & Guilds, Cambridge Assessment and an estimate for Edexcel (now part of Pearson).

The assumption is that these three enterprises cover most of the activity in the area of qualification and assessment services, but it is possible that there is additional activity in this sector that we are not currently capturing.

These companies provide qualification, examination and assessment services as well as consultancy and research, working in both public and private sectors. They use a number of models for revenue generation so the data may represent a mixture of export revenue and revenue from TNE activity. Furthermore, information we received suggests that businesses will vary their operating model over time so it would be difficult to split out exports from TNE.

Estimates of the value of exports from City & Guilds are based on the total value of educational income published in their financial accounts<sup>12</sup>. City & Guilds have provided information to the department that has allowed the estimation of the proportion of total educational income that is exported, which is then applied to headline educational revenues to produce an estimate of education exports for City & Guilds. Data for 2014/15 are not yet available for City & Guilds so the value from 2013/14 has been carried forward as a preliminary estimate.

Cambridge Assessment Annual Reports contain a table of data relating to 'examination fees and other educational and assessment services'.<sup>13</sup> These data are split by where the revenue accrues from allowing calculation of revenue from outside the UK.

Edexcel is now part of Pearson so separate financial accounts are no longer published. The estimation of the value of exports relating to the Edexcel brand is based on historical information from financial accounts published for the 14 months ending February 2011<sup>14</sup>. Data in these accounts provide the revenue Edexcel accrued from outside the UK. This was valued at £31 million (adjusted to £27 million for 12 months). This value has then been carried forward using a GDP deflator.

## Education-related publishing

These data are published as part of The Publishers Association (PA) Statistics Yearbook which BIS gets access to directly from the PA. These data are collected through the PA Sales Monitor Scheme and PA Digital Sales Monitor, both of which include PA members and non-members. The participants are a mixture of book distributors and publishers. The data are grossed up based on the estimate of coverage (PA estimate those contacted account for 75 per cent of UK Book Publishers' turnover).

Data cover school books, ELT books and academic & professional books. Both physical exports and digital exports are covered.

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<sup>12</sup> City & Guilds Annual Reports

<http://apps.charitycommission.gov.uk/Showcharity/RegisterOfCharities/DocumentList.aspx?RegisteredCharityNumber=312832&SubsidiaryNumber=0&DocType=AccountList>

<sup>13</sup> Cambridge Assessment Group Annual Reports <http://www.cambridgeassessment.org.uk/news/our-publications/annual-review/>

<sup>14</sup> Sourced from Companies House

## Education-related equipment

Data on the value of education-related equipment exports are provided directly to BIS by C3 Education on behalf of British Educational Suppliers Association (BESA). C3 compile their data through a questionnaire of BESA members and gross up to the overall education supplier sector using market analysis of significant non-BESA members.

Education-related equipment is either a physical product or software that is supplied to customers in the education sector. These data are therefore preferential to that collected by HMRC as it captures products that are used within the education sector, rather than classifying primarily by the type of product.

BESA data exclude publishing exports so there is no double counting with the data that the Publishers Association provide on book exports.

Data for 2010 are not available so an estimate was made by extrapolating from the annual compound growth rate for 2011-2015. The estimate of the change between 2010 and 2013 should therefore be treated with caution.

## Education-related broadcasting

Estimates of the value of education-related broadcasting use publicly available figures taken from the BBC, Channel 4 and Open University Worldwide annual accounts and annual reports. It is assumed that these three organisations are responsible for the majority of education-related broadcasting in the UK.

BBC data are taken from the published Annual Reports<sup>15</sup>. BBC Worldwide commercial income is available for each year and all of the income associated with this is assumed to be export income. The proportion of this income that is related to education broadcasting is estimated from the Schools/formal education output hours on BBC1-4 and the total network hours. For example, in 2014/15 financial year BBC Worldwide reported commercial income of £851 million. BBC schools/formal education output represented 1.4 per cent of total network hours on BBC 1-4. This was assumed to be representative of output in BBC Worldwide, so by multiplying the £851 million by 1.4 per cent gives £12 million. The limitations of this methodology is that it assumes that the ratio in output hours will be the same in revenue and that BBC Worldwide output has a similar proportion of education content as BBC 1- 4 in the UK.

The value of Channel 4 total income is taken from their published Annual Reports<sup>16</sup>. The proportion of total output hours that is education output is calculated from data in the Annual Report. This ratio is then applied to the total value of Channel 4 income. Data for 4learning from 2004 (which are not published for subsequent years) provide information

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<sup>15</sup> BBC Annual Reports <http://www.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/ara>

<sup>16</sup> Channel 4 Annual Reports <http://annualreport.channel4.com/>

that shows the method of using output hours produces an estimate of revenue from education broadcasting in 2004 that was around 6 times too high. This allows the calculation of a second scaling factor, which is then applied to the data based on output hours. Only a proportion of education related broadcasting revenue is generated through exports. This figure of total education revenue estimate is adjusted based on a London Economics' assumption that 10 per cent of 4learning output is exported.

Open University Worldwide data are partly taken from published Annual Reports.<sup>17</sup> These supply the total value of OU Worldwide revenue for each year. Additional information provided by the OU to BIS has allowed us to estimate the proportion of total OU Worldwide revenue that is export revenue.

## 3.7 Transnational Education Activity (TNE)

### Higher education

HE TNE student revenue for 2012/13 was captured through BIS research on the value of TNE. Information from the HESA Aggregate Offshore Record (AOR) was used to estimate the number of TNE enrolments.

The average revenue per enrolment calculated for 2012/13 is then projected backwards and forwards using a GDP deflator.

The absolute value of HE TNE revenue is calculated by applying the average revenue per enrolment to the TNE enrolments taken from the AOR.

### Further education

This estimate was taken from the London Economics survey of UK Border Agency Tier 4 (students) sponsors, in relation to Further Education Colleges<sup>18</sup>. From this it was estimated that TNE income for the FE sector was £26.8m in 2008/09. This estimate was based on responses from only 23 FE colleges; it is not clear whether survey respondents are representative of the wider sector, so there is substantial uncertainty about this estimate.

For time periods after 2008/09 the value has been adjusted using a GDP deflator.

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<sup>17</sup> Open University Worldwide Annual Reports and Financial Statements

[http://www.ouworldwide.com/freedom\\_information/corporate\\_management.asp#regulation](http://www.ouworldwide.com/freedom_information/corporate_management.asp#regulation)

<sup>18</sup> BIS Research Paper Number 46 Estimating the Value to the UK of Education Exports, published June 2011

## Schools

Information on UK schools with an international presence is provided to BIS directly from the International School Consultancy (ISC Research). ISC collect the data by the following methods:

- Desk-based researchers who refresh the whole school database annually (twice per year for some data fields that may change more often)
- Field researchers who visit and survey approx. 700 schools per year
- Agreements with all major international school associations whereby ISC Research receive annual updates of their membership data.

Data relate to international English-speaking medium schools with a UK 'orientation'. The orientation is derived from the curricula and examinations used by the school. If a school delivers a curriculum to any combination of infant, primary or secondary students, wholly or partly in English outside an English-speaking country, then it is included in ISC Research systems.

We assume that 10 per cent of the fee income reported by these schools is repatriated to the UK. This assumption is not based on empirical evidence and so hard to substantiate. For this reason the schools TNE estimates have a high level of uncertainty associated with them. Repatriation might occur where there are direct links with UK based independent schools. Other mechanisms for repatriation are the use of UK private sector services for course and syllabus provision, assessment and qualification. Furthermore, repatriation of earnings of UK nationals working as teachers in British overseas schools could account for some repatriation (UK nationals often form a high proportion of teaching staff in these schools).

Also, data for 2010 and 2011 are not available from ISC Research. The value of schools TNE in these years was estimated by using a) a GDP deflator to estimate the value of fees per pupil and b) the average compound growth between 2012 and 2016 to estimate the number of pupils at British schools overseas. The estimate of the change between 2010 and 2014 should therefore be treated with caution.

We welcome feedback on how to improve the estimates of repatriated income from British schools overseas.

## English Language Training

These data are based on information reported in financial accounts for the British Council<sup>19</sup> and Pearson<sup>20</sup>.

Data for the British Council are taken from their published accounts, which report the 'Fees, sponsorship and other income received from activities in furtherance of the objects - Developing a wider knowledge of the English language'. This is expected to be the best representation of the value of revenue generated through ELT which is delivered overseas by the British Council.

Pearson only publish their total education income in their accounts. We know that in 2012 English language income for Pearson was \$800m<sup>21</sup>. For the same year, total education income for Pearson was reported as £4,616m. Once all converted to pounds sterling, this allows a creation of a ratio where English language income is assumed to be 11 per cent of total education income for Pearson.

We assume that 10 per cent of the income generated through overseas ELT activity's in The British Council and Pearson is repatriated to the UK. The assumption is that the vast majority of revenue will flow back into the economy where the training is delivered, for example through teachers' wages, rents and other delivery costs. 10 per cent is a broad assumption without any firm foundation in empirical evidence. Some businesses will make decisions to reinvest any profits back into their overseas operations.

We welcome feedback on how we might improve the assumption on the proportion of revenue from ELT training that is repatriated to the UK.

We also welcome thoughts on how to increase coverage of exports of overseas ELT provision.

## 3.8 Limitations of coverage

### Alternative Providers of Higher Education

Higher Education Alternative Providers (APs) do not receive recurrent funding from HEFCE or other public sources, so fall outside the data captured by HESA on publicly

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<sup>19</sup> British Council Annual Reports <https://www.britishcouncil.org/organisation/transparency/reports-documents>

<sup>20</sup> Pearson Annual Reports and Accounts <https://www.pearson.com/investors/investor-information/reports-and-presentations.html>

<sup>21</sup> Pearson 2012 results presentation (English Language Learning revenue) <http://www.slideshare.net/hemartin/pearson-2012-results-ppresentation25022013-web>

funded Higher Education Institutions. The data in Table 2 do not include estimates for APs as there is currently no reliable way to estimate the value of exports of HE Alternative Providers over time.

The estimates published in July 2013 in 'International Education – Global Growth and Prosperity: An Accompanying Analytical Narrative' included estimates for 2011 for the value of fee and living cost income associated with HE Alternative Providers. It was estimated that these contributed £950 million to the value of education exports in 2011/12. These data were taken from BIS research conducted in 2012<sup>22</sup>.

Forthcoming BIS research conducted in spring 2014 has allowed a new estimate of the value of exports from HE Alternative Providers to be calculated. It is estimated that Alternative Providers accounted for fee and living expenditure exports of £1,960 million in 2014. Due to differences in the methodology and coverage of the two research projects, this should not be seen as an increase in the value of exports from HE Alternative Providers between 2011/12 and 2014.

The 2014 estimate was calculated from estimates in the research of the number of students, the domicile of students and the mode of study at Alternative Providers. Distance learners were excluded from the estimates. Estimates of fee income were taken from part of the research which relates to students on courses designated for student loan funding. It is likely that these courses are longer, and therefore have higher fees than the average Alternative Provider course, so it is possible that fee revenue is overestimated.

Student Loan Company data shows that £4.3 million of tuition fee loans were made to full time students of EU domicile at HE Alternative Providers in 2013/14. It is estimated that 25 per cent of this value will be funded by the Government, so this is subtracted from the total fee income.

Living expenditure is calculated in the same way as for publically funded Higher Education Institutions (see Section 3.2).

Some of the value of HE Alternative Provider exports may be captured through the estimates based on FE non-EU visa applications due to the imprecise way the FE sector is categorised in the data collection (see the FE section above).

### **Further Education income from EU students**

Current calculations of export income from students travelling to the UK use Study Visa application data, but these data are only available for those entering the UK from the

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<sup>22</sup> BIS Research Paper No. 111 Privately funded providers of higher education in the UK, June 2013

non-EU. Information on the number of students coming from the EU to study in Further Education is not available.

### **Living expenditure for day pupils in independent schools**

The element of living expenditure for international day pupils in independent schools is not currently captured. These are pupils whose parents do not live in the UK so the expectation is that they will be in the UK primarily for the purposes of education; however we do not know what types of living arrangements these pupils may have. Any accommodation and general living expenditure is therefore difficult to estimate for this group.

### **Pathway Provision**

Some of the income generated by HE Pathway Providers will be captured through the HE Alternative Provider research (which is at the moment excluded from these estimates); however there is a strong likelihood that a substantial amount of revenue is not being captured as part of this exercise.

Some pathway provision may be captured through the estimates based on FE non-EU visa applications (see above).

### **Private sector Technical Vocational Education and Training (TVET)**

We have good coverage of Higher Education provision (aside from Alternative Providers – see above) and also in private sector learning in the areas of independent schools and English Language Training. What we don't have is any estimate of the value of specific TVET that is delivered outside these subjects and delivery methods. This includes specific vocational or technical training, for example software training courses run by private companies and professional development through professional institutes in areas such as accountancy, project management, medicine, architecture and engineering.

### **Online education related income – MOOCs**

We are not currently capturing income from organisations offering online education courses (MOOCs) that are delivered outside the HE and ELT systems. In the future this is likely to be a growing revenue stream as these businesses look to attract fees from university badging of qualifications gained. An example of such a company is Future Learn<sup>23</sup> which is a private company owned by The Open University. They have a business model based around the payment for certificates of participation or attainment, which are badged by universities. Currently we do not have a proposed methodology for capturing this segment of the education market.

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<sup>23</sup> <https://www.futurelearn.com/>

## Study visa application income

Individuals wishing to travel to the UK from outside the EU for the purposes of study require either a Tier 4 or a short term study visa. Applications for these visas require payment of a fee. We have not included estimates of the value of the income generated from study visa applications. The latest fee information is shown below.

- Tier 4 (General) student visa £322 (plus the same for dependents)
- Short-term study visa: £89 for a 6 month visa, £170 for an 11 month visa
- Healthcare surcharge £150 per year as a student, e.g. £300 for a 2-year visa, with dependents having to pay the same rate

The Home Office does not publish estimates of the level of income derived from applications from international students (and their dependents). Research conducted by Capital Economics estimated that English language students alone contributed £39 million in 2014 through these fees, at an average of £195 for each student requiring a visa.

## UK government education services

These estimates exclude contracts for education services between the UK government (and its agencies and associates) and governments and organisations abroad. For example, the estimates exclude leadership services provided by The National College for Teaching and Leadership's international business unit, which generated revenue in excess of £4 million between 2012 and 2016.

## 3.9 Revisions to 2011 Data

Table 7 shows the revisions to the data originally published in 2011 as part of the International Education Strategy<sup>24</sup>.

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<sup>24</sup> International Education – Global Growth and Prosperity: An Accompanying Analytical Narrative, published July 2013  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf)

**Table 7: Explanation of revisions to the 2011 UK education export figures as published in the International Education Strategy**

	£m current prices to nearest 10m, calendar years			
	2011 earlier published <sup>1</sup>	2011 revised	Revision	Reason for revision
<b>Higher Education</b>				
Tuition fees (net of scholarships)	3,660	3,390	-270	Now excludes Alternative Providers
Living expenditure	6,150	6,100	-50	Now excludes Alternative Providers, includes Erasmus students, includes UK employment earnings
Other	1,000	950	-50	Now excludes charitable donations
(Cost to Government of tuition fee loans)	(70)	(50)	-20	Improved assumption of cost to Government of tuition fee loans
<b>English Language Training</b>				
Tuition and living expenses	2,000	2,000	-	
<b>Independent schools</b>				
Tuition and living expenses	620	700	+80	Upward revision of the pupil population
<b>Education Products and Services</b>				
	1,590	1,540	-60	Better information on the proportion of sales that are exports
<b>Further Education (non-EU)</b>				
Tuition fees	320	260	-60	Student numbers revised down to reflect the proportion of visas granted
Living expenditure	810	720	-100	Reflecting downward revision of student numbers
Other	40	40	-	
<b>Transnational education income</b>				
Higher education	300	400	+100	New method used to estimate HE TNE
English Language Training	90	90	-	
Schools	960	670	-290	Incorrect data originally published, new figure estimated from trend data
Further Education	30	30	-	
<b>Total</b>	<b>17,490</b>	<b>16,830</b>	<b>-660</b>	

<sup>1</sup> International Education – Global Growth and Prosperity: An Accompanying Analytical Narrative, published July 2013 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf)

- revision zero or less than £5 million

Totals and values of change will not necessarily equal the sum of the parts due to rounding

Figures in brackets are subtracted

## Higher Education

The largest revisions are due to the HE data now excluding exports associated with Alternative Providers of Higher Education. AP exports were estimated to be worth £950 million in 2011, but it is not currently possible to estimate these exports across the time series.

We have also changed the way we calculate living expenditure. Since the 2011 estimates were published, we have included estimates for living expenditure of Erasmus students. This has increased the 2011 HE exports by £280 million.

In addition, we no longer subtract UK employment earnings of international students, and this has revised up living expenditure by £350 million in 2011 (see Section 3.2).

We have reassessed the likely cost of fee loans to Government. Previously we used an estimate of 45 per cent to calculate this. We have now revisited this assumption and our revised estimate of the likely proportion of fee loan value that is paid for by Government is 25 per cent. This has reduced the estimated cost to Government in 2011 by £20 million.

Other export revenue for HEIs has been revised down to take into account the removal of charitable donations from the estimates. According to international standards for reporting the balance of payments charitable donations do not count as exports. The amount of other revenue has been revised down by £50 million, which includes a downward revision of £10 million due to a rounding error in the original published figure.

## **Schools**

We identified that the ISC estimates of the total number of pupils at independent schools were too low when compared to official statistics published by Department for Education. We made the decision to gross up the number of non-British pupils with parents overseas from the ISC census, based on the relative difference between the ISC and DfE total pupil population figures. This re-grossing of the pupil population has increased the estimate of independent school exports in 2011 by £80 million.

## **Education products and services**

The value of exports of education products and services for 2011 was revised down by £60 million. This reflects improved information on the proportion of revenue accounted for by exports by the qualification awarding bodies and broadcasters.

## **Further Education (non-EU)**

Previously estimates were based on the number of visa applications but not all applications are subsequently granted. Data on the proportion of Tier 4 visa applications granted was taken from the Home Office visa application statistics, an annual average was calculated for each year and this was then applied to the number of applications with FE sponsors. This has the impact of reducing the value of FE (non-EU) exports overall by £160 million in 2011.

## Higher Education TNE

A new methodology was employed to estimate repatriated revenue from Higher Education TNE activity, but detail on the previous methodology used to produce the earlier figure cannot be found.

## Schools TNE

An incorrect figure was originally published for the revenue of British schools overseas; this has now been replaced with an estimated value of £670 million.

## 3.10 Other Statistics on Education Exports

### Office for National Statistics estimates of education related services exports

ONS statistics are not captured in a way that allows reporting of total exports for the education sector. The current ONS trade statistics series which do cover education services under-estimate the value of exports. This is thought to be partly because of an underestimate of fee income reported in the International Passenger Survey (IPS) - some fee income is paid directly from abroad and so is not reported as expenditure during the visit by the student.

One other possible difference is that the ONS data may not capture research and development exports of UK HEIs.

Table 8 shows the data captured by ONS on education-related services exports with a comparison to the closest equivalent from the BIS estimates.

**Table 8: ONS estimates of education services exports, £m current prices to nearest 10m, calendar years**

		2010	2011	2012	2013	2014
ONS	Education related services <sup>1</sup>	5,020	4,480	5,880	6,440	6,920
ONS	Training and educational services <sup>2</sup>	450	280	320	270	320
<b>ONS</b>	<b>Total education services exports</b>	<b>5,480</b>	<b>4,760</b>	<b>6,200</b>	<b>6,700</b>	<b>7,240</b>
<b>BIS</b>	<b>Education services exports<sup>3</sup></b>	<b>11,320</b>	<b>11,920</b>	<b>11,880</b>	<b>11,980</b>	<b>12,430</b>
	Proportion of education services exports captured by ONS in the above series	48%	40%	52%	56%	58%

1. Pink Book 2015, table 3.3

<http://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/compendium/unitedkingdombalanceofpaymentsthepinkbook/2015-10-30/unitedkingdombalanceofpaymentsthepinkbook>

2. International Trade in Services 2014, table C1

<http://www.ons.gov.uk/businessindustryandtrade/internationaltrade/datasets/internationaltradeinnservicesreferencetables>

3. To compare as closely as possible on education services exports this excludes the value of TNE, exports of goods, HE research and IP income, FE other income, broadcasting exports and exports associated with qualification awarding bodies (as some of this may be considered TNE)

Totals will not necessarily equal the sum of the parts due to rounding, percentages are based on unrounded data

### HMRC goods export statistics – education books

HMRC Overseas Trade Statistics capture the exports of physical goods including books. However the standard trade classifications cannot differentiate between education-related books and other types of books.

A further issue is that HMRC defines exports as goods crossing the UK border as exports. Exports should see a change of ownership between a resident in the UK (individual or business) and resident outside the UK. Information supplied by the Publishers Association suggests that HMRC overestimate the value of book exports as the figures do not distinguish between books being exported by UK book publishers and re-exports; i.e. books imported for re-export not necessarily by UK book publishers.

### HMRC goods export statistics - other-education related exports

The HMRC trade in goods statistics use standard trade classifications to describe the nature of the product. It is therefore not possible to identify whether a product is something that is education-related from the trade classification alone.

## 4 Further Information

### 4.1 Links to Data Sources

The following is a list of the published data sources used in the production of the education export estimates. Where unpublished data was supplied to BIS we have given a link to the main web site of the relevant organisation.

#### Earlier estimates of UK education exports

BIS Research Paper Number 46 Estimating the Value to the UK of Education Exports, published June 2011

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32395/11-980-estimating-value-of-education-exports.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32395/11-980-estimating-value-of-education-exports.pdf)

The value of UK education and training exports: an update Pamela Lenton, published September 2007 <https://www.britishcouncil.org/sites/default/files/the-value-of-uk-education-and-training-exports-an-update.pdf>

The Global Value of Education and Training Exports to the UK economy, Geraint Johnes, published April 2004 <http://gianlucasalvatori.nova100.ilsole24ore.com/wp-content/uploads/sites/31/files/global-value-of-education-and-training-exports-to-the-uk-economy.pdf>

#### International Education Strategy

International Education – Global Growth and Prosperity: An Accompanying Analytical Narrative, published July 2013

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf)

#### Higher Education Alternative Provider Research

BIS Research Paper No. 111 Privately funded providers of higher education in the UK, published June 2013

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207128/bis-13-900-privately-funded-providers-of-higher-education-in-the-UK.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207128/bis-13-900-privately-funded-providers-of-higher-education-in-the-UK.pdf)

#### Higher Education Student Living Costs

BIS Research Paper No. 115 Student Income and Expenditure Survey 2011 to 2012, published June 2013 <https://www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012>

DIUS Research Report 09-05 Student Income and Expenditure Survey 2007/08, published April 2009

<http://doc.ukdataservice.ac.uk/doc/6319/mrdoc/pdf/6319researchreport.pdf>

### **Erasmus statistics**

Erasmus statistics, January 2016 [http://ec.europa.eu/education/tools/statistics\\_en.htm](http://ec.europa.eu/education/tools/statistics_en.htm)

### **Higher Education Transnational Education**

BIS Research Paper No. 194 The value of Transnational Education to the UK, published November 2014 <https://www.gov.uk/government/publications/transnational-education-value-to-the-uk>

### **Higher Education Scholarships**

Chevening - Letter to the Committee Specialist from the Head, Parliamentary Relations Team, Foreign and Commonwealth Office for data on 2007/08, 2008/09, 2009/10 <http://www.publications.parliament.uk/pa/cm200809/cmselect/cmcaff/195/195we97.htm>

See Parliamentary Question 214964 for data on 2012/13 and 2013/14

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2014-11-18/214964/>

ORSAS/SORSAS - London Economics report Page 24

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32395/11-980-estimating-value-of-education-exports.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32395/11-980-estimating-value-of-education-exports.pdf)

Commonwealth Scholarships - Annual reports of the Commonwealth Scholarship Commission <http://cscuk.dfid.gov.uk/?s=annual+report&x=0&y=0>

Marshall Scholarships - The Marshall Aid Commemoration Commission Accounts [https://www.gov.uk/government/publications?departments\[\]=marshall-aid-commemoration-commission](https://www.gov.uk/government/publications?departments[]=marshall-aid-commemoration-commission)

### **Further Education**

BIS Evaluation of the value of tier 4 international students to FE colleges and the UK economy, published April 2013 <https://www.gov.uk/government/publications/value-of-tier-4-international-students-to-further-education-colleges-and-the-uk-economy-evaluation>

Home Office immigration statistics quarterly release

<https://www.gov.uk/government/collections/immigration-statistics-quarterly-release>

## **Independent schools**

Independent Schools Council Annual Census <http://www.isc.co.uk/research/annual-census/>

Schools, pupils and their characteristics (includes data on independent schools), Department for Education <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2015>

International Schools Consultancy <http://www.iscresearch.com/>

## **English Language Training**

Study and Travel Magazine Global Market Report 2014  
<http://www.studytravel.network/magazine/issues/december2015>

The British Council Annual Reports  
<https://www.britishcouncil.org/organisation/transparency/reports-documents>

Pearson Annual Reports and Accounts <https://www.pearson.com/investors/investor-information/reports-and-presentations.html>

Pearson 2012 results presentation (English Language Learning revenue)  
<http://www.slideshare.net/hemartin/pearson-2012-results-ppresentation25022013-web>

Supporting the British economy through teaching English as a foreign language, A report by Capital Economics for English UK, published November 2015  
[http://www.englishuk.com/uploads/assets/members/newsflash/2015/11\\_nov/Economic\\_impact\\_report\\_44pp\\_WEB.pdf](http://www.englishuk.com/uploads/assets/members/newsflash/2015/11_nov/Economic_impact_report_44pp_WEB.pdf)

English UK <http://www.englishuk.com/>

## **Qualification awarding bodies**

City & Guilds Annual Reports  
<http://apps.charitycommission.gov.uk/Showcharity/RegisterOfCharities/DocumentList.aspx?RegisteredCharityNumber=312832&SubsidiaryNumber=0&DocType=AccountList>

Cambridge Assessment Group Annual Reports  
<http://www.cambridgeassessment.org.uk/news/our-publications/annual-review/>

## **Education related publishing**

Publishers Association Yearbook  
[http://www.pabookshop.co.uk/index.php?option=com\\_jw\\_bookshop&task=showYearbook&call\\_task=showPromoted&Itemid=1410](http://www.pabookshop.co.uk/index.php?option=com_jw_bookshop&task=showYearbook&call_task=showPromoted&Itemid=1410)

## Education-related equipment

BESA, British Educational Suppliers Association <http://www.besa.org.uk/>

## Education related broadcasting

BBC Annual Reports

<http://www.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/ara>

Channel 4 Annual Reports <http://annualreport.channel4.com/>

Open University Worldwide Annual Reports and Financial Statements

[http://www.ouworldwide.com/freedom\\_information/corporate\\_management.asp#regulation](http://www.ouworldwide.com/freedom_information/corporate_management.asp#regulation)

## Related National Statistics

ONS United Kingdom Balance of Payments (Pink Book) 2015, containing data on exports and imports of goods and services

<http://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/compendium/unitedkingdombalanceofpaymentsthepinkbook/2015-10-30>

ONS International Trade in Services, containing data on the value of exports and imports of services

<http://www.ons.gov.uk/businessindustryandtrade/internationaltrade/bulletins/internationaltradeinservices/2014>

HMRC Overseas Trade Statistics, containing data on the exports and imports of goods by detailed trade classification

<https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/Pages/OTS.aspx>

## 4.2 Glossary of Terms

**Aggregate Offshore Record (AOR):** The Aggregate offshore record is collected in respect of students studying (to date) wholly outside the UK who are either registered with the reporting provider or who are studying for an award of the reporting provider. The Aggregate offshore record is collected as a headcount, rather than a collection of individualised data. Information is collected on the location, provision and numbers of students.

**Alternative Providers (AP):** Providers of higher education courses that do not receive funding from the UK funding councils and do not receive any other form of direct annual funding.

**British Educational Suppliers Association (BESA):** A trade association working on behalf of its members to support UK-based companies that supply goods and services to the education sector.

**Higher Education Funding Council for England (HEFCE):** HEFCE funds and regulates universities and colleges in England, to promote excellence and innovation in research, teaching and knowledge exchange.

**Higher Education Institution (HEI):** An institution which delivers higher education, an optional final stage of formal learning that occurs after secondary education. HEIs include a variety of institutions such as universities, academies and colleges.

**Higher Education Pathway Providers:** These providers offer study and language courses to prepare students for studying in the UK.

**Higher Education Statistics Agency (HESA):** HESA collects a range of data every year UK-wide from universities, higher education colleges and other differently funded providers of higher education. These data are then provided to UK governments and higher education funding bodies to support their work in regulating and funding higher education providers.

**Independent Schools Council (ISC):** A non-profit organisation that represents over 1,200 schools in the United Kingdom's independent education sector. The organisation comprises eight independent school associations and promotes the common interests of its member schools in the political arena.

**International Passenger Survey (IPS):** The IPS collects information about passengers entering and leaving the UK. The results are used to measure the impact of travel expenditure on the UK economy, estimate the numbers and characteristics of migrants into and out of the UK, and provide information about international tourism and how it has changed over time.

**International School Consultancy (ISC):** ISC is the leading provider of data and market intelligence on the world's international schools market, helping to support education suppliers developing business internationally.

**Massive Open Online Course (MOOC):** An online course aimed at unlimited participation and open access via the web. MOOCs may include access to course materials such as lecture slides, filmed lectures and readings, and can also include interactive user forums to support community interactions.

**Student Income and Expenditure Survey (SIES):** This is the main source of information that the government uses in order to track student expenditure and debt. The

study paints a detailed picture of student finances, looking at how students' financial situations affect their experiences of higher education.

**Technical Vocational Education and Training (TVET):** TVET comprises formal, non-formal and informal learning for the world of work. Participants learn knowledge and skills from basic to advanced levels across a wide range of institutional and work settings and in diverse socio-economic contexts.

**Transnational education activity (TNE):** The delivery of education for students based in a country other than the one in which the awarding institution is located.



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