



ABERDEEN
CITY COUNCIL

Briefing Paper 2008/03

The economic impact of international students in Aberdeen City

STRATEGIC RESEARCH AND INFORMATION

Strategic Research and Information

Briefing Paper 2008/03 (Published June 2008)

THE ECONOMIC IMPACT OF INTERNATIONAL STUDENTS IN ABERDEEN CITY

This report has been written following a request from the Migrant Worker Action Plan Working Group to '*Clarify the number of overseas students in Aberdeen and their economic impact*'. The report will also consider the number of international graduates that stay in Aberdeen City after completing their study and conclude by examining issues and challenges that need to be considered when predicting future trends in international student numbers.

If you would like further information, please contact Philippa Corley, Research Officer, Strategic Research and Information, Strategic Leadership, Aberdeen City Council, St Nicholas House, Broad Street, Aberdeen AB10 1AX
Tel: 01224 522935 or Email pcorley@aberdeencity.gov.uk

If you wish to discuss general research issues or want to commission a piece of research, please contact:

Tom Snowling, Senior Research Officer, Strategic Research and Information, Strategic Leadership, Aberdeen City Council, St Nicholas House, Broad Street, Aberdeen AB10 1AX
Tel: 01224 523322. Or Email tsnowling@aberdeencity.gov.uk

Information about the Strategic Research and Information Team and the work that we do is on The Zone:
http://thezone/web/site/StrategicLeadership/SL&Info/sl_ServiceReview.asp

Summary

- In 2005/06, Scotland attracted over 36,500 international students to study in the Higher and Further Education sectors.
- International students choosing to study with Scottish Universities has increased by just under a quarter in the last 4 years.
- The impact of international students on the Scottish economy is highly significant with conservative estimates in 2001/02 suggesting that international students were worth £370 million to the Scottish economy.
- In 2005/06, a total of 4,970 international students enrolled at Universities in Aberdeen City. This equates to 15.3% of all international students choosing to study in Scottish Universities in that academic year.
- Between 2002/03 – 2005/06, the number of international students enrolling in Aberdeen Universities increased by 52.1% at The Robert Gordon University and 11.4% at the University of Aberdeen.
- The top five non-EU international student populations in Aberdeen City are from USA, India, China, Nigeria and Malaysia.
- Conservative estimates suggest that in 2005/06, international students in Aberdeen City spent at least £67 million pounds on tuition fees, accommodation, goods and services.
- Findings from the Fresh Talent surveys undertaken in 2005/2006 suggest that almost 24% of all graduate respondents, the largest percentage of any Scottish city, live in Aberdeen City.

1. Introduction

- 1.1 This briefing paper uses data collected from various sources in an attempt to provide a well-rounded and comprehensive analysis of the economic impact of international students in Aberdeen City. The mixed methodology approach combines a literature review, secondary data analysis and semi-structured interviews with staff from the University of Aberdeen, The Robert Gordon University and Aberdeen College. It should be noted that the use of different data sources means that comparison across datasets should not be attempted.
- 1.2 Data on numbers of students in higher education is collected by the Higher Education Statistics Agency (HESA). The figures quoted in this report include full and part time international students at both undergraduate and postgraduate level. The figures record the number of international students at enrolment only and therefore are not accurate for assessing numbers of students who complete their course of study.
- 1.3 Data collected on international graduates is from the Fresh Talent: Working in Scotland Scheme. Fresh Talent: Working in Scotland Scheme was created to help address the decline in the Scottish working age population and the concern that the economic future of Scotland may be affected by an ageing and declining population. The scheme was targeted at students, entrepreneurs and bright, talented working people. The scheme was launched in June 2005 and enabled international graduates from Scottish higher and further education institutions to stay and work in Scotland for up to two years after their course ended without the need for a work permit.
- 1.4 Qualitative interviews with staff from international offices and careers services in the University of Aberdeen, The Robert Gordon University and Aberdeen College took place in January/ February 2008. As well as baseline information, the interviewees were asked for their views on future international student recruitment, how this could be improved and challenges and issues that may be encountered in the future.

2 International students in Scotland

- 2.1 In 2005/06, Scotland attracted over 36,500 international students to study in the Higher and Further Education sectors. Over the last five years in Scottish Universities, there has been a 36% increase in the number of international students from EU countries and a massive 86% increase in the number of international students from non-EU countries with Scottish numbers rising faster than those for the UK as a whole.
- 2.2 The impact of international students on the Scottish economy is very significant with conservative estimates in 2001/02 suggesting that international students are worth £370 million to the Scottish economy. (<http://openscotland.gov.uk/publications/2007/06/20105021/3>)

Figure 1 - Students at All Scottish Universities 2005/06

Name of Institution	Total students	Total international students	International students as % of total students	International students as % of all international students in all Scottish Universities
The University of Strathclyde	25,105	2,590	10.3	8.0
The University of Edinburgh	23,715	4,290	18.1	13.2
The University of Glasgow	23,590	2,415	10.2	7.5
The University of Dundee	18,610	3,040	16.3	9.4
Glasgow Caledonian University	17,045	1,220	7.2	3.8
Napier University	14,850	3,090	20.8	9.5
The University of Aberdeen	13,760	2,285	16.6	7.1
The University of Paisley	13,040	965	7.4	3.0
The Robert Gordon University	12,790	2,685	21.0	8.2
Heriot-Watt University	10,225	3,015	29.5	9.3
The University of Stirling	8,940	1,005	11.2	3.1
University of St Andrews	8,645	2,945	34.1	9.1
UHI Millennium Institute	6,600	150	2.3	0.5
Queen Margaret University College, Edinburgh	5,410	925	17.1	2.8
Bell College	4,720	15	0.3	0.1
University of Abertay Dundee	4,125	850	20.6	2.6
Edinburgh College of Art	1,705	465	27.3	1.4
Glasgow School of Art	1,555	295	19.0	1.0
Scottish Agricultural College	770	30	3.9	0.1
The Royal Scottish Academy of Music and Drama	680	105	15.4	0.3
TOTAL	215,880	32,380	.	100%

- 2.3 Figure 1 illustrates that of the 32,380 international students that chose to study in Scottish Universities in 2005/06, 15.3% studied at Aberdeen City institutions. The average percentage intake of international students in Scottish universities was 15.4%. Both the University of Aberdeen and The Robert Gordon University recruit above this average with 16.6% and 21% respectively.
- 2.4 Figure 2 shows how international student intake has increased in Scottish Universities between 2002/03 and 2005/06. These results show that international students choosing to study with Scottish Universities have increased by just under a quarter in the last 4 years. The increase is visible in both students coming from other EU countries and students coming from outside the EU.

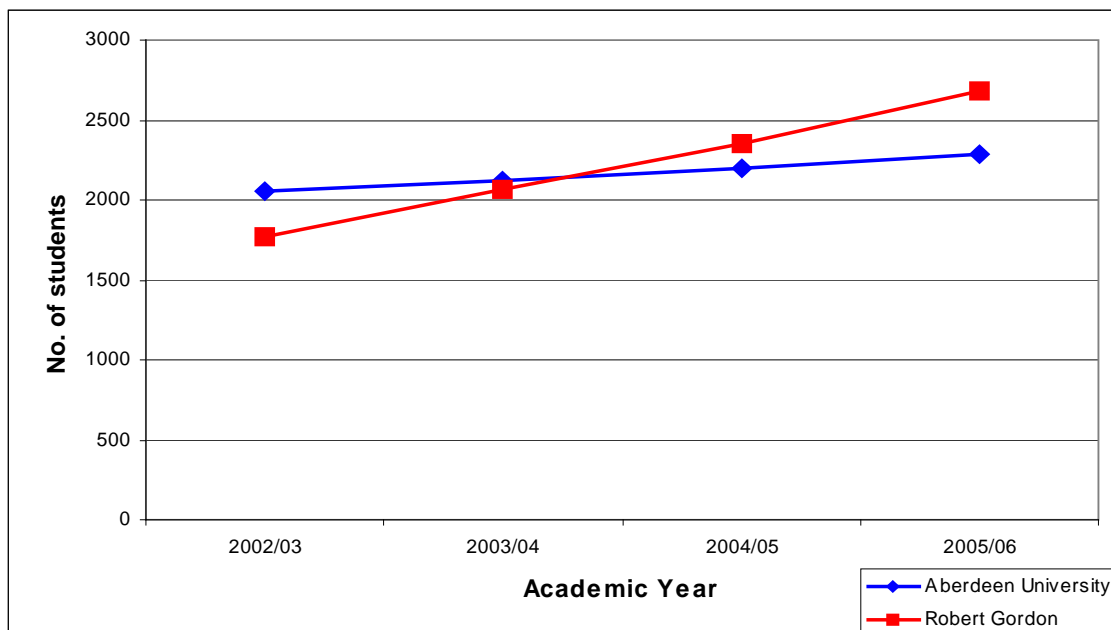
Figure 2 – International student intake in Scottish Universities from 2002/03 – 2005/06

	2002/03	2003/04	2004/05	2005/06	Total % increase
Students from EU countries (ex UK)	8,810	9,630	10,475	11,465	23.1%
Students from outside the EU	15,840	17,845	19,430	20,905	24.2%
Total international students	24,650	27,475	29,905	32,370	23.8%

3. International students in Aberdeen City

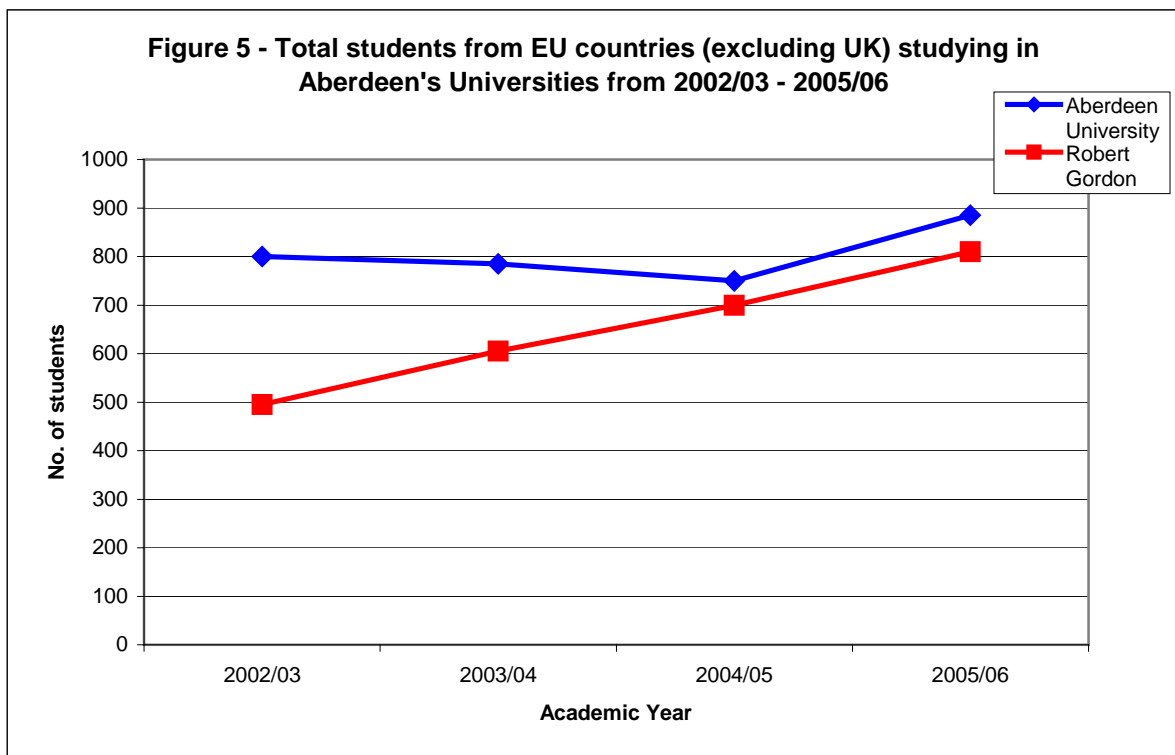
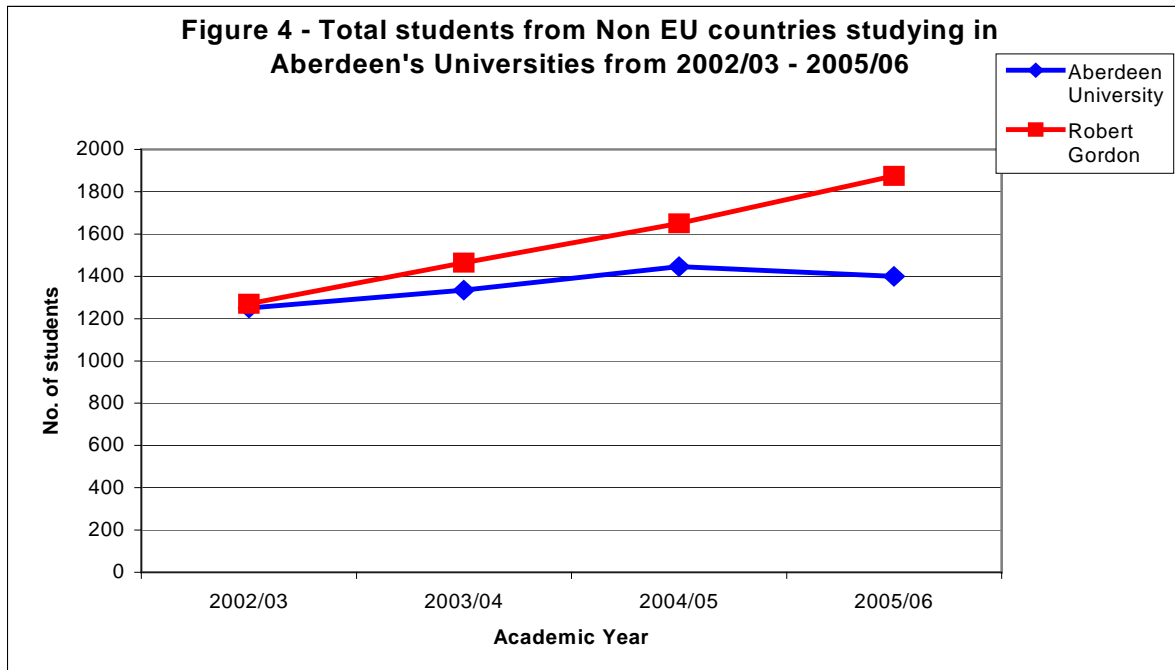
3.1 Figure 3 shows the number of international students enrolling in Aberdeen Universities between 2002/03 – 2005/06. This shows an increase of just over 52.1% at The Robert Gordon University and 11.4% at the University of Aberdeen.

Figure 3 - Total number of international students enrolling in Aberdeen's Universities from 2002/03 - 2005/06



3.2 In 2005/ 06 HESA statistics recorded a total of 2,685 international students at The Robert Gordon University and 2,285 international students at the University of Aberdeen. This gives a total of 4,970 international students enrolling at Universities in Aberdeen City.

3.3 Figures 4 and 5 break this information down to show the numbers of students coming from Non-EU and EU countries.



3.3 Figures 4 and 5 tell us that enrolment of EU (excluding UK) students in Aberdeen's Universities has increased by 10.6% at the University of Aberdeen and 63.6% in The Robert Gordon University whilst enrolment of Non EU students has increased by 12% and 47.6% respectively.

- 3.4 These figures demonstrate that the total number of international students enrolling into higher education institutions in Aberdeen City has increased by 30.3% between 2002/03 and 2005/06.
- 3.5 The University of Aberdeen has international students from approximately 120 different countries. The top five non-EU international student populations are from USA, India, China, Nigeria and Malaysia. There is also a high proportion of students from the Middle East. The Robert Gordon University has international students from approximately 65 countries. The largest non-EU international student populations are from Malaysia, India, China and Nigeria.
- 3.6 HESA figures do not include information about the Further Education sector and therefore does not provide data on Aberdeen College but in order to gauge the overall Aberdeen City picture, it is important that this is taken into account.
- 3.7 Aberdeen College has approximately 5,000 full time student and 28,000 part time students. Students are either home students or full-fee paying students. The number of full fee-paying students has almost doubled this year from approximately 25 to 46. Most of these students are from Nigeria, Iran and China but there is a wide spread from all over the world.

It is difficult to provide figures on home students as they are recorded by ethnicity and not nationality. One indicator on intake is the demand for ESOL (English for Speakers of Other Languages) courses. Demand is far outstripping supply with 160 full time students enrolled this year, but applications from over 400 students. The increase in uptake of ESOL courses maybe due to several reasons including the increased number of migrant workers and the introduction of the citizenship test.

ASET (Aberdeen Skills and Enterprise Training) Ltd is a wholly owned and subsidiary company of Aberdeen College and provides vocational training within the oil and gas industry. They currently have 42 modern apprenticeship students, of which 26% are Libyan. ASET report an increasing demand from overseas delegates to provide more HNC/HND courses.

4. The economic impact of international students in Aberdeen City

- 4.1 In 2001-02, The Scottish Executive estimated international students were worth £370 million to the Scottish economy (based on their expenditure on both tuition and goods and services) with £128 million on tuition fees alone. As well as fees, it is estimated that each student contributes an average of £8000 per annum in accommodation and living expenses.
(<http://openscotland.gov.uk/publications/2007/06/20105021/3>)
- 4.2 A market overview presented in a report by the British Council in 2005 (*Investing in the UK: The impact of the UK's international student market*) suggests that each international student attending a UK university contributes an average of £16,000 per annum to the UK economy in fees and living expenses.
- 4.3 Using HESA figures adjusted to take account of EU undergraduate students (who will not pay fees but will pay living expenses) and distance learners (who will pay fees but not contribute in living expenses), from 2005/06, this gives the following approximate figures for Aberdeen City.

Figure 6

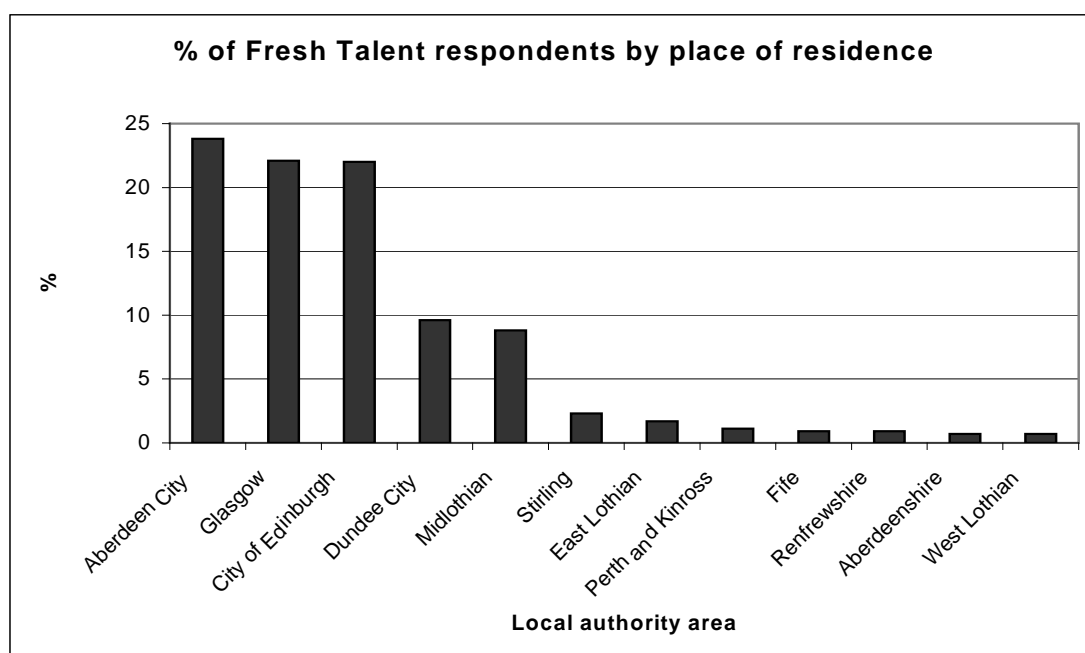
	Number of international students	Economic impact (approx.)
The University of Aberdeen	1695 (x 16k) + 590 (x 8k)	£31.8 million
The Robert Gordon University	1720 (x 16k) 965 (x 8k)	£35.2 million
Total	4970	£67 million

Several points should be noted in regards to these figures. Firstly, this calculation is based on all students making an equal economic impact. Obviously, this is not the case in reality with variation occurring in all aspects including cost of tuition fees and part time study. Secondly, the HESA statistics record data on the point of enrolment. The number of international students completing a full year of study may vary. Thirdly, we can logically expect the figure quoted within the British Council report of £16,000 to have risen over the last few years. Finally, it should also be noted that this figure does not include the 'knock on' income from related activity, such as the substantial tourism generated by relatives and friends visiting international students.

5 International graduates in Aberdeen City

- 5.1 As well as having an impact on Aberdeen City as students, international graduates who choose to stay in the City after completing their studies should also be considered. Universities are required to complete an annual 'Destinations' survey, which reports where graduates are working after graduation, but this does not apply to international students. As this is the case, this briefing paper uses data collected from the Fresh Talent: Working in Scotland Scheme. The data source is relatively small and should therefore be treated with some caution but does give us some insight into where international graduates go after they finish their study.
- 5.2 Up to January 2008, 6,281 people have been part of the scheme in Scotland. The Scottish Executive published 2 six monthly reports between June 2005-June 2006 to track the progress of international graduates on the scheme (www.scotland.gov.uk/topics/government/promoting-scotland/18738) Participants were asked to complete and return a questionnaire. The following results are based on 705 returns.
- 5.3 In total, 60% of respondents were male and 39% were female. Three quarters of respondents were under 30 years old and two thirds were from China, India or Nigeria.
- 5.4 Figure 7 shows us that 23.8% of respondents live in Aberdeen City. This is the highest percentage of any Scottish city. Glasgow followed closely with 22.1% of respondents and Edinburgh with 22%.

Figure 7



**Note – local authorities with less than 5 respondents have been excluded*

5.5 Figure 8 shows which Scottish institution the international graduates studied at. The results report that 16.5% had studied at The Robert Gordon University. This is the highest percentage of any educational institution listed with the University of Edinburgh ranking second with 10.6%. 7.5% of respondents studied at the University of Aberdeen and this rated 6th overall.

Figure 8

Institution studied at	Number of respondents	% of respondents
The Robert Gordon University	116	16.5
University of Edinburgh	75	10.6
University of Strathclyde	66	9.4
Heriot Watt University	63	8.9
Napier University	57	8.1
University of Aberdeen	53	7.5
University of Abertay	47	6.7
University of Glasgow	39	5.5
University of Dundee	34	4.8
University of Stirling	28	4
Queen Margaret University College	26	3.7
Glasgow Caledonian University	22	3.1
University of Paisley	17	2.4
Edinburgh College of Art	8	1.1
University of St Andrews	7	1
All other institutions	47	6.7
Total	705	100%

5.6 When respondents were asked about their place of employment, 23.4% of respondents worked in Aberdeen City. This is second only to the City of Edinburgh with 24.6% of respondents.

Figure 9



* Note – local authorities with less than 5 respondents have been excluded

6. The future picture – Challenges and issues

6.1 *International challenges*

In September 2007, a report titled 'Global Value: The Value of UK Education and Training exports' (www.britishcouncil.org/eumd-information-research-global-value.htm) stated that in 2003-04, over £28 billion was earned in the UK from overseas students with £2.6 billion being spent on living costs alone. Other countries including Australia and the USA are also reaping these economic benefits and this has led to increased international competition for international students. It is vital that Scotland understands the true value of international education so we can compete in the international arena.

6.2 *UK and Scottish challenges*

A new, UK-wide points based immigration system is coming into effect shortly. This new system has several possible implications for the future numbers of international students and graduates nationally as well as more locally and these need to be taken into consideration. Increased immigration security measures and stronger monitoring and reporting may impact on the number of international students and graduates from non-EU countries in particular, choosing to study in the UK.

From a Scottish perspective, the new legislation may impact the number of international students choosing to study in Scotland. The Fresh Talent scheme may have given Scotland's Universities a competitive advantage at recruiting international students by allowing international graduates to stay in Scotland for up to two years after graduating. The effect of this advantage may be lessened when a similar policy is adopted UK wide later this year.

6.3 *Challenges for Aberdeen City*

The following bullet points summarise the main challenges and issues highlighted by interviewees at a more local level.

- There is a lack of cheap student/ postgraduate accommodation in Aberdeen City. Cheap family accommodation is also limited and is not available to rent through the Universities and College.
- The cost of living is perhaps perceived to be higher in Aberdeen than in some other Scottish cities.
- Although Aberdeen's job market is buoyant, the lack of jobs in some employment sectors means that international graduates cannot be retained. International graduates may instead choose to move to another Scottish City.

- There is some concern that employers do not fully understand the Fresh Talent legislation. There may be a perception that recruiting international graduates is too complicated and will involve too much paperwork.
- Interviewees noted the importance of extra-curricular integration activities for international students. Examples of which are both educational and social and include an International 'Careers Club', buddying schemes, trips around Scotland and international ceilidh dances.
- Interviewees noted the importance of understanding and managing cultural expectations of working as an international graduate in Aberdeen. In the UK, students have to proactively seek employment, whilst in some countries, employers go into Universities and actively seek the best graduates.
- Aberdeen needs to continue to raise its international profile so students from around the world see Aberdeen as an educational centre of excellence.
- There is currently no requirement to record what international students do after graduation. Whilst it is acknowledged that tracking and tracing international graduates is expensive and time consuming, the lack of any data in this area makes it difficult to measure improvement.

7 Conclusions

- 7.1 There is no doubt that Aberdeen City has benefited substantially from the increasing numbers of international student's choosing to study here. In 2005/06 just over 15% of the total international student population coming to Scotland chose to study in Aberdeen City and spent approximately 67 million pounds on tuition fees, accommodation, goods and services. As well as the economic impact, international students have also had an important cultural impact on the city.
- 7.2 This briefing paper also highlights that Aberdeen City is an attractive place to live and work as a graduate. The Fresh Talent findings, although based on a small sample, are very positive with almost 24% of all respondents, the largest percentage of any Scottish city, choosing to live in Aberdeen.
- 7.3 Finally, this report notes that although international student numbers have risen over recent years, it is important to consider factors both international and local, that may impact this trend in the future.

Acknowledgements

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ABERDEEN
CITY COUNCIL

Strategic Leadership

St Nicholas House
Broad Street
Aberdeen AB10 1BW

Telephone 01224 522000
Fax 01224 636181

Visit the Council Website www.aberdeencity.gov.uk