

BiGGAR Economics

The Contribution of Scottish Universities

A report to
Universities Scotland

**Universities
Scotland**



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BiGGAR Economics

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There are 19 higher education institutions (HEIs) in Scotland, including:

- 13 campus based universities;
- two art schools;
- one distance-learning university;
- an educational partnership institution based in the Highlands and Islands;
- one conservatoire; and
- an agricultural college.

Together these institutions directly employ more than **35,700 full-time equivalent (fte) employees** and account for an annual turnover of around **£2.7 billion**.

The main sources of economic impact from Scottish universities include:

- **core impacts** – arise as a direct result of the HEIs day to day activity, spending on supplies and the spending by employees;
- **student impacts** – associated with part-time jobs undertaken by students and student expenditure on accommodation and food;
- **tourism impacts** – associated with additional visitors coming to Scotland because of the HEIs to attend conferences, graduations and special events;
- **commercialisation impacts** – associated with the commercialisation of research undertaken at Scotland's HEIs through the creation of spin-outs, start-ups and licences;
- **business & industry impacts** – arise as a result of knowledge transfer between Scotland's HEIs and the business community through training courses, consultancy work and student placements;
- **health impacts** – arise as a result of HEIs medical research and teaching;
- **community interaction** – the result of contributions made by students and staff to community and cultural projects;
- **impact of capital projects** – the impact of expenditure by HEIs on capital projects; and
- **graduate premium** – the additional life time earnings accruing to graduates as a result of their graduate level education.

Between 2008 and 2010 BiGGAR Economics undertook economic impact studies for five separate Scottish HEIs which account for 38% of the total turnover of the sector. These studies show that these institutions contribute just over £2.3 billion GVA per year to the Scottish economy and support more than 56,000 jobs.

The total impact of Scotland's HEIs can be estimated by factoring these results up (i.e. by multiplying the total value from each source of impact by 38%). In this way it can be estimated that the total impact of Scotland's university sector amounts to:

- **£6.2 billion GVA;**
- **149,000 fte jobs.**

This impact derives from the following sources:

Source of Impact	Value – GVA	Value - Jobs	% of total
Core activities	£3,186,770,329	65,157	51.38%
Students	£1,552,239,358	65,025	25.03%
Tourism	£52,272,335	2,547	0.84%
Commercialisations	£597,223,368	9,076	9.63%
Business & Industry	£402,486,510	650	6.49%
Health	£96,223,055	116	1.55%
Community Interaction	£2,193,688	n/a	0.04%
Capital Projects	£313,219,915	6,778	5.05%
Total	£6,202,628,558	149,349	n/a
Graduate Premium ¹	£3,360,307,710	n/a	n/a

Source: BiGGAR Economics

There are currently around 2.4 million workers in Scotland² and the total GVA by the Scottish economy is around £103.8 billion per annum³. This implies that the Scottish University sector contributes:

- **6.0% of total Scottish GVA** each year;
- supporting **7.6% of Scottish jobs**.

The university sector ranks fourth of the seven priority sectors identified by the Scottish Government.

Sector	GVA	
	Total (£m)	% of Scottish
Energy	21,216	20.4%
Business services*	10,100	9.7%
Food & Drink	8,946	8.6%
Universities	6,203	6.0%
Tourism	4,000	3.9%
Creative Industries	2,400	2.3%
Life Sciences	763	0.7%

Source: Scottish Government Key Sectors Reports, 2009/10 and BiGGAR Economics * data on the GVA by financial services is not available.

¹ Graduate premium impact is excluded from the total since it refers to the total additional life time earnings of graduates and is not an annual impact like the other sources.

² ABI 2008, total full-time and part-time workers (converted into 1.97 million FTE workers)

³ ONS, Regional GVA Statistical Bulletin, December 2009.