The economic and social impact of the University of Kent

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Viewforth Consulting Ltd
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Final Report
Table of Contents

Summary of Overall Economic Impact Results ................................................................. 4
  Impact of University of Kent on the UK and the South East Region .................................. 4
  The local economic impact of the University on the Canterbury and Medway areas ........... 4
    • Total Output generated (£m) ......................................................................................... 5
    • Jobs Generated (FTE) ................................................................................................. 5
    • Contribution to Regional GVA (£m) ............................................................................. 5

Section One. Introduction and Overview ........................................................................... 6

Section Two: The economic impact of the University of Kent ........................................... 7

Section Three. The University, the economy and society: Capturing Dimensions of Impact .... 30

Section Four: Case study Exemplars ................................................................................... 35
  Case Study One: The Kent Student Certificate for Volunteering (KSCV) ......................... 37
  Case Study Two: External Engagement and Public Service Activity of University of Kent Staff .... 40
  Case Study Three: Partnership Development and the Student Ambassador Scheme ............ 45
  Case Study Four: Kent IT Clinic ......................................................................................... 48
  Case Study Five: Making Your Mark: The Employability Points Scheme ....................... 49

Section Five: Conclusions and Reflections ........................................................................ 50

Appendix One: Methodology and Data Sources .................................................................. 52
  - For Section Two (Economic modelling of Expenditure impact) .................................... 52
  - For Section Four (Broader Economic Valuation Case Studies) .................................... 54

Index of Figures

  Figure 1: Institutional Revenue
  Figure 2: Institutional Revenue by Broad Source
  Figure 3: Occupational profile of institutional employment
  Figure 4: Institutional Expenditure
  Figure 5: Total output generated by the Institution
  Figure 6: Secondary output generated by the Institutions
  Figure 7: Total employment generated by the Institution
Figure 8: Secondary employment generated by the Institution

Figure 9: Comparison of the occupational profile of employment generated

Figure 10: Secondary GVA generated by the University

Figure 11: Student Profile by Domicile of Origin

Figure 12: Total University impact: Summary of output generated

Figure 13: Total University impact: summary of employment generated

Figure 14: Total University contribution to Regional GVA

Figure 15: Jobs generated in Medway by the University and its students

Figure 16: Jobs generated in Canterbury by the University and its students

Figure 17: Overall distribution pattern of output generated

Figure 18: Overall distribution pattern of jobs generated

Figure 19: Overall distribution pattern of Regional GVA

Figure 20: University of Kent Dimensions of impact

Figure 21: Identification of outputs for valuation
Summary of Overall Economic Impact Results

Impact of University of Kent on the UK and the South East Region

• Total revenue of the University was £201.3 million in 2012/13
• International revenue amounted to £51.6 million which, together with the estimated off-campus expenditure of international students (£60.3 million) represented a total of £111.9 million of export earnings.
• The University provided 2962 fulltime equivalent jobs across a range of occupations and skill levels.
• 2593 full time equivalent jobs were generated outside the universities, with most (2318) based in the region.
• The University’s own output was £201.3 million. Through knock-on effects it generated an additional £261 million in other industries throughout the UK, with the majority (£226 million) in the region.
• Universities attracted 4530 students from outside the UK to study in the region.
• International students’ off-campus expenditure (£60.3 million) generated £79 million of output and 667 full time equivalent jobs throughout the UK.
• The University also attracted 9070 students from other parts of the UK (outside the South East of England) to study in the region.
• The off-campus expenditure of students from the rest of the UK (£111.8 million) generated £127 million of output and 1106 fulltime equivalent jobs in the region.
• The expenditure of the 6220 students from the more immediate South East Region also had an impact on the economy, generating £87.3 million of output and creating 759 jobs in the region.
• Overall the university, together with the expenditure of its international students and students from the rest of the UK, generated 7742 jobs in the region. This was equivalent to around 0.2% of the South East workforce in employment in 2012.¹
• The University alone generated £249 million of regional GVA (direct plus secondary.)
• Combined with the spending of its students, regional GVA of over £382 million was generated, equivalent to nearly 0.2% of total 2012 South East region GVA ²

The local economic impact of the University on the Canterbury and Medway areas.

• The University’s economic impact was strongest in its immediate host communities.

¹ ONS regional summary of labour market indicators for 2012(4,225,000 people in employment in the South East )
² South East Regional GVA in 2012 was £202.6 billion (ONS 2013)
• The expenditure of the University and its students generated £81 million of output and 830 fulltime equivalent jobs in Medway – equivalent to around 1% of all Medway employee jobs.\(^3\)

• In Canterbury, which has the largest concentration of university activity, the impact was highly significant, with the generation of over £522 million of output and 5936 full-time equivalent jobs in the Canterbury area. This was equivalent to over 10% of all Canterbury employee jobs in 2012.\(^4\)

Overall the expenditure of the University and its students generated £382 million of Regional GVA. Around £44 million of this can be attributed to university activity in the Medway area, with £287 million attributable to the Canterbury area, with the remaining £51 million generated through knock-on effects on other parts of the South East.

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<th>University 'Knock-on' impact</th>
<th>Impact of Student personal expenditure</th>
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\(^3\) Labour Market Profile for Medway Nomis 2012. Total Medway employee jobs were 82,700. Employee jobs excludes self-employed, government trainees and HM Forces.

\(^4\) Labour Market Profile for Canterbury Nomis 2012. Total Canterbury jobs were 58,500. Employee jobs excludes self-employed, government trainees and HM Forces.

\(^5\) Direct output has been allocated in proportion to estimated share of university activity associated with that campus.
### Table

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*Table Totals may not sum exactly due to rounding*

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**Section One. Introduction and Overview**

1.1 This project was undertaken during summer 2014 for the University of Kent. The project updated results from an earlier study of the University’s economic impact on the UK and South East Region in terms of jobs and output generated and contribution to Regional GVA. It went further to analyse the distribution of impact between the University’s Canterbury and Medway campuses as well as its impact on the wider region. Additionally it considered some of the issues involved in assessing the wider social impact of the University and its economic impact in the broadest sense. It presents some case study examples of the University’s wider impact achieved through additional arts, public service and enterprise engagement activities that are additional to its core teaching and research mission.

1.2 One of the biggest challenges to assessment of the broader value and impact of university engagement activities is that many of the activities undertaken and outputs delivered are not priced or have only a ‘nominal’ financial value associated with them, being undertaken largely on a ‘pro bono’, voluntary basis. (Entry to the many of the University’s art exhibitions, for instance, is free.) This can mean that the very real economic and social value being generated by these aspects of the University’s work can be overlooked and subsequently undervalued.

1.3 This project sought to address this issue, by considering the University in a more holistic way. The project undertook key financial analyses and economic modelling of expenditure using well recognised methodology consistent with all of the national studies of higher education (for Universities UK); but it also examined different approaches to economic valuation of all dimensions of the University’s work, drawing on economic cost-benefit
analysis techniques such as shadow-pricing. It included some case study exemplars of how broader valuation could be applied in practice.

1.4 The project report is structured as follows:

- **Section One** gives the introduction and background to the study.

- **Section Two** presents a full analysis of the university’s impact on Canterbury, Medway and the South East region as a major enterprise in itself, generating employment and contributing to UK GDP.

- **Section Three** reflects on the University’s broader role in the economy and society. It highlights the issues involved in assessment of broader impact. It proposes an overall framework and specific methodological approach that could be adopted to capturing all dimensions of University impact in a consistent way, including that of wider public engagement.

- **Section Four** contains a series of exemplar case studies reflecting different aspects of the university’s generation of broader impact and value.

- **Section Five** draws reflections and conclusions from the findings.

**Section Two: The economic impact of the University of Kent**

**2.1. The University of Kent in Context**

This section presents key economic aspects of the University of Kent in the South East Region of England in the academic and financial year ending 2013 and of the University’s impact on the region and on the rest of the UK. This study updates and expands an earlier study, which was undertaken in 2011.

The University of Kent is based in Canterbury on the South East Coast of England. It has an additional campus in Medway and a study centre in Tonbridge in Kent, as well as being the only UK
University to have a campus in Brussels and a postgraduate centre in Paris. The University was granted its University Royal Charter in 1965. It has a strong international outlook with a proactive emphasis on building international links and partnerships across Europe and beyond. It has academic provision covering Humanities, Science, Social Science and Business with 20 schools in three academic Faculties. Among its distinctive features is its encouragement of interdisciplinary working (one of the original aims from its 1965 foundation.) The University also has a firm commitment to encouraging partnerships and collaboration both internally across academic boundaries but also externally, with schools, other universities and businesses. Its positive international identity and presence attracts students from across the globe.

In this study, major economic characteristics of the University are examined, including its revenue, expenditure and employment. The study also includes modelled analysis of the economic activity generated in other sectors of the economy through the secondary or ‘knock-on’ effects of the expenditure of the University and its staff as well as the impact generated by the off-campus expenditure of its students. The model used for UK and regional analysis was the most recent version of the Universities UK economic impact modelling system, which was updated and revised by Viewforth Consulting in Spring 2013. Additional modelling was then undertaken using a ‘gravity modelling’ approach to assess the pattern and distribution of impact between the University’s two main campuses at Canterbury and Medway. A description of the methodology and data sources used is included as Appendix One. Overall this section presents an up-to-date examination of the quantifiable contribution of the University of Kent to the local and regional economy, as well as its impact on the rest of the UK.

2.2. Key University characteristics

2.2.1 Revenue

• The University had total revenue of £201.3 million in the study year. This was earned for a wide range of educational and related services. This is shown in Figure 1.

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6 The Universities UK economic impact modelling system is a purpose-built system, designed for higher education institutions. The current version was revised and updated by Viewforth Consulting in Spring 2013 as part of a project for Universities UK.
The largest part of institutional revenue (79.9%) was earned for delivering teaching and research (Funding Council grants, Tuition Fees and Research Income.) This came from a range of sources, individual student fee payments and research contracts with private and international clients as well as from the UK public sector. In addition to money for teaching and research the sector also earns 19.5% of its income from other services including, for example, consultancy services, the provision of residence and catering services, conference support or facilities hire. Income from endowments and investments (frequently these come from charitable or philanthropic donations) stands at 0.6% - this is relatively modest but is typical of UK Universities, few of which have endowment income more than 1% of total income.

Around 37% of university revenue in the study year was estimated as being derived from public sector sources. However only 24% of this was the baseline Funding Council Income which is awarded directly from the Higher Education Funding Council for England (HEFCE.) ‘Other’ public sector income makes up an estimated 13% of total university income. (This includes Research Council funding, any tuition fees paid by public sector agencies, or research and consultancy contracts with public sector bodies – much of which is won in competition with other bodies such as consultancy firms.) 37% of university revenue comes
from the UK private sector and 26% from international sources. Private revenue includes student fee payments (whether made directly by individuals or through loans from the Student Loans Company), payments for other services such as residence and catering, consultancy or research contracts with private firms. International revenue (estimated as amounting to nearly £707 million) includes overseas student fees as well as residence and conference income and research and consultancy contracts with international agencies. At 26% of total income, the University’s international revenue is particularly high - the average for the South East higher education sector as a whole is 19%. This reflects one of the University’s distinctive features, which is its emphasis on international engagement and building extensive international networks.

• The University’s income profile has changed noticeably since the previous study, which focussed on the academic and financial year 2009/10 – 3 years earlier than the current study which is analysing 2012/13. The University’s income has increased and diversified. It increased by 16% in cash terms, from £173 million to £201 million. The sources of income have also changed – with a significant increase in international revenue from 20% in 2009/10 to 26% in 2012/13. Money from UK public sector sources has also dropped from 44% to the current 37% and private sector income has gone up from 36% to 37% of the total. The fall in UK public sector revenue reflects the changing student funding regime, with significantly less funding being received for teaching from HEFCE (The Funding Council component of the public sector income fell from 38% to 24%).
2.2.2 Export earnings

- The University’s international revenue of £51.6 million together with the estimated off-campus expenditure of international students (£60.3 million) represents a total of £111 million of export earnings. This is an important contribution to the UK balance of trade.

2.2.3 Employment

- The University directly provided 2962 full time equivalent (FTE) jobs across a wide range of occupations. The occupational profile of University employment is shown in Figure 3. Unsurprisingly, academic professions (Professors, Lecturers and researchers) are the largest single type of occupation. However jobs are provided across a very wide range of occupations, including a range of skilled and semi-skilled jobs. This reflects the need to maintain significant university estates including lecture halls, laboratories, offices as well as halls of residence, cafeteria and related facilities for students such as sports facilities.

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In this analysis, based on HESA Finance Plus information, tuition fees paid through the Student Loans Company are classed as ‘private’ as the payments are made on behalf of specific private individuals who are then responsible for repayment to the SLC.
2.2.4 Expenditure

- University expenditure, together with the expenditure of university staff and students generates economic activity through secondary or ‘knock-on’ effects.
- In 2012-2013 the HESA data show a total expenditure (including staff salaries) of £189 million.
2.2.5 Students at the University of Kent

- There was a total (headcount) student population of 19,820 in 2012/13.\(^8\)
- The University attracted 4530 students from outside the UK. As well as paying fees to the university, international students spend money on rent, food and other living expenses, much of which accrues to the local area. International student off-campus personal expenditure amounted to an estimated £60 million.
- In addition, the University attracted 9070 students from other parts of the UK who spent an estimated £112 million on living and personal expenses. The expenditure of domestic students from outside the region can be regarded as an injection into the regional economy.
- The University also enrolled 6220 local students, from within the South East Region itself. While the expenditure of more local students is not additional to the region, the University arguably helped retain these students and their expenditure within the region. Local student expenditure is also of importance in terms of planning and concentration in particular parts of the region – an issue which will be discussed in more detail in the final report. South East domiciled students spent an estimated £77 million and this too generated jobs and output in the region.

2.3 Secondary or ‘Knock-on’ effects on the economy

The higher education sector generates economic impact through its expenditure. Known as ‘knock-on’ effects, this impact is chiefly recognised as occurring in two ways:

- through the universities buying goods and services from a wide range of suppliers (from books and stationery to legal services, laboratory equipment to catering supplies); the suppliers also have to make purchases in order to fulfil the university orders and their suppliers in turn make other purchases and so on, rippling through the economy.
- through the universities paying wages to their employees, who in turn spend their salaries on housing, food and other consumer goods and services. This creates income for employees in other businesses and sectors, who also spend their income and so on.

In the case of universities that are long established in a particular location, purchasing linkages will be highly developed within their host region (previous studies of universities in the UK have shown that universities have a relatively high propensity to spend on UK, rather than imported, goods and

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\(^8\) Student data is taken from HESA 2012/2013
services, generating greater regional economic impact than businesses that rely more heavily on imports.

Staff expenditure tends to follow a different pattern from institutional expenditure, being more consumer oriented, but while staff expenditure will have a higher proportion of expenditure on imported consumer goods and goods from elsewhere in the UK (e.g. through online shopping), there is still an observable reliance on local goods and services – such as cafes, pubs, restaurants, fast food outlets, taxi services or personal services such as hairdressing etc. The ‘snapshot’ analysis of the impact of expenditure will reflect the composition of those linkages.

In this particular study, the impact of University of Kent expenditure on the UK as a whole was modelled and then analysis made of the proportion of that impact accruing to the South East region. This took into account the business and industry structure of the region as well as consideration of purchases that are most likely to be more locally based - for instance the goods and services of local pubs and coffee shops, grocery stores and personal services such as hairdressers.

2.3.1 Output generated by the institutions

- The University’s output in 2012-2013 was £201.3 million. Through the ‘knock-on’ effects of its expenditure in that year, the University generated an additional £261 million in other industries throughout the UK, with the majority (£226 million) accruing in South East Industries.

Figure 5: Total output generated by the University of Kent 2012-2013

Source: Viewforth modelling system (2013) analysis

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9 Institutional revenue or ‘turnover’ equates to institutional output.
The impact was spread across a range of other industries, with an emphasis on manufacturing, wholesale and retail, and business activities. The spread of impact is determined by the types of goods and services bought by the university and its staff – as well as from whom they are bought. A University may buy laboratory equipment direct from a manufacturer, for instance, or through a wholesaler. The University may purchase legal services from a local firm of solicitors. University staff expenditure tends to be more oriented towards consumer goods and services, many of these from local companies and shops. Figure 6 shows the pattern of output impact across industries.

**Figure 6: Secondary output generated by the University 2012/2013**

![Bar chart showing secondary output generated by the University of Kent 2012/13 Total £261 million](chart)

Source: Viewforth modelling system analysis

### 2.3.2 Output multipliers

The impact is generated by institutional expenditure. By studying the volume of impact generated by 2012/13 university expenditure it is possible to calculate ‘multipliers.’ Analysis of the output impact enabled Type II output multipliers for the South East higher education sector to be derived. These were:
In other words, every £1 million of university revenue will generate a further secondary output impact of £1.12 million in the region plus a further £0.17 million in the rest of the UK.

2.3.3 Employment generated by the University

- In addition to directly providing 2962 full time equivalent (FTE) jobs, university expenditure generated additional jobs in other parts of the economy.
- Over 2593 more FTE jobs were generated outside the University. The majority of the additional jobs (2318) were generated in the South East of England.
- Total employment generated by the HEIs amounted to 5555 full time equivalent jobs.

Source: Viewforth modelling system (2013) analysis
Figure 8 shows the other industries within which the additional jobs would be generated. This pattern of employment generated has a particular emphasis on the wholesale and retail trade, business activities and public administration. This is because of a combination of two major factors – that the University had a relatively high output impact in these areas and also that these industries tend to be relatively labour intensive.

Figure 8: Secondary employment generated by the University of Kent

![Secondary Employment generated by University of Kent 2012/13 Total 2593 fte jobs](chart.png)

Source: Viewforth modelling system (2013) analysis

2.3.4 Employment multipliers

As with the analysis of output impact, it is possible to calculate ‘multiplier’ values.

- The Type II employment multipliers derived for the East of England higher education sector were observed to be as follows:
  - UK : 1.88
  - Region: 1.78

- In other words, for every 100 direct full time equivalent (FTE) jobs created in the University itself, another 88 UK jobs would be generated outside the universities in other industries, 78 of which would be in the South East of England.

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10 The economic model used is based on SIC 2003 descriptors, which at a 1 digit level are not significantly different from SIC 2007. Hence the industry descriptors used here are SIC 2003.
• The total UK employment impact of £1M received by the University is 27.59 FTE jobs. Every £1 M of sectoral output\textsuperscript{11} creates:
  - 14.71 FTE jobs directly in the university
  - plus 11.51 FTE additional (secondary impact or ‘knock-on’) jobs in the region
  - plus 1.37 FTE secondary impact jobs in the rest of the UK

Figure 3 has shown how the University’s employment profile covers the full range of skill levels. By translating the institutional employment profile into Standard Occupational Classifications it is possible to compare the profile of higher education employment with that generated outside the university. Figure 9 compares the University occupational profile with that of the employment created outside the University in the rest of the region and in the rest of the UK.\textsuperscript{12}

\textbf{Figure 9: Comparison of the occupational profile of the employment generated}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{comparison.png}
\caption{Comparison of occupational profile of employment generated by the University of Kent in 2012/13: Total 5,555 FTE jobs}
\end{figure}

\textit{Source: Viewforth modelling system (2013) analysis}

As figure 9 illustrates, University employment is relatively specialised in high skilled ‘white collar’ jobs compared to jobs in the rest of the economy. This might be expected from the knowledge intensive nature of University activity. The relatively fewer ‘managerial’ occupations in universities

\\textsuperscript{11} University output is definitionally equivalent to revenue or ‘turnover’.
compared to the jobs generated in the rest of the economy will tend to be more of a reflection of how universities classify their own staff – with many academics (who are classed as professional occupations, rather than managers) undertaking managerial roles. It can also be noted that the University has a higher proportion of ‘elementary occupations’ compared to the jobs generated elsewhere. This includes occupations such as cleaning staff, security wardens, etc. and is again reflective of the University’s large estate with two campuses in the South East, in Canterbury and Medway.

2.4 GVA generated by the University

The importance of the University to the regional economy can be seen by its generation of significant levels of gross output and employment. However another key measure of the University’s contribution to the economy is the GVA generated. GVA or ‘Gross Value Added’ is a measure of the value created by the sector – GVA is the industry level measure of GDP (O). GDP (O) is a production measure of the net change in wealth or prosperity in the economy as a whole over the year. The University’s direct GVA amounted to £136.95 million and through secondary or ‘knock-on’ effects it generated a further £127.86 million of GVA in other industries across the UK (£112 million of GVA was related to South East of England industries.)

Figure 10: Secondary GVA generated by the University 2012/13

| Secondary GVA generated by the University of Kent 2012/13 Total £128 million |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| £m                              | Agriculture, Forestry and... | Mining and Quarrying | Manufacturing | Electricity, Gas and... | Construction |
| £m                              | Wholesale and Retail... | Hotels and Restaurants and... | Transport Storage and... | Financial Intermediation | Business Activities |
| £m                              | Public Administration | Other Services |

Source: Viewforth modelling system (2013) analysis
The University generated £249 million regional GVA in total (direct plus secondary), which was equivalent to around 0.12 % of all 2012 South East of England GVA.\(^{13}\)

The GVA multipliers were calculated as being:

- UK: 1.93
- Region: 1.82

2.5. The impact of student expenditure

2.5.1 Student profile

As well as providing educational opportunities for local students, with around 31 % of all students coming from the region itself, the University attracts a substantial number of students from the rest of the UK and from overseas. 46 % come from the rest of the UK and 23% from other countries.

Figure 11: Student Profile by Domicile of Origin

Source: HESA Students in higher education 2013/14

\(^{13}\) South East Regional GVA in 2012 was £202.6 million (ONS 2013)
2.5.2 International Students

By attracting students from further afield to study in the region, the University is attracting additional money into the region and boosting export earnings.

- In 2012/13 the University attracted over 4530 students from outside the UK. The fees paid by international students to the universities are captured in the university accounts and their impact is included in analysis of the overall institutional impact at sectoral level. (Non EU students alone paid the universities over £29.3 million in fee income in 2011/12.) Payments to the universities for Halls of Residence Accommodation, or money spent in university cafeteria, bars etc. are likewise captured in the institutional impact. However, in addition to any fees or other monies they pay to the University, international students spend money off-campus. This can be on private sector rental, food, entertainment, consumer goods, travel etc. In 2012/13 this off-campus expenditure of international students was estimated as £60 million.\(^{14}\) In this context ‘international’ includes both students from the rest of the EU and non-EU students, as all of their personal expenditure can be regarded as an injection into the UK economy and are export earnings.

- The off-campus expenditure of international students generated £ 78.8 million of output (of which £68.6 million was in the region) and 667 full time jobs throughout the UK (of which 597 were in the South East of England.) The international student expenditure generated £36.5 million of GVA in the UK. (£32.3 million regional GVA.)

2.5.3 Domestic Students

All student expenditure, domestic as well as international, can be very important to the local and regional economy and is seen by local businesses as a core part of their own revenue stream. There is a visible impact on the areas surrounding a university. The most casual observer can see the

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14 International Student off-campus expenditure was estimated by drawing on the detailed analysis of International student expenditure carried out for the HM Government International Education Strategy Paper International Education: Global Growth and Prosperity (July 2013) and uprated by the CPI. Overall student spend figures were adjusted downwards to reflect the estimated amount (13%) spent on campus (for residence, catering etc.) This was to avoid double counting. Amounts spent on campus are already included in the University impact.)
plethora of bars, cafes and shops and other services that spring up to serve the student population. Local landlords also benefit from the need for rented accommodation.

The off-campus expenditure of domestic students who come from outside the South East Region. However the expenditure of students from outside the region - while it is not additional to the UK economy as a whole - can be regarded as an injection into the regional economy.

The expenditure of local students is also important. It can be argued that the University helped retain the expenditure of these students in the region and – particularly in the areas most immediately surrounding the university, the expenditure of local students also generates jobs and output.

- In 2012/13, there were 9070 students from outside the South East region registered at the University of Kent.\(^{15}\)
- There was also 6220 more local students, from within the South East Region, studying at the University.
- The off-campus expenditure of the 9070 students from the rest of the UK was estimated to be £112 million.
- The off-campus expenditure of students from the rest of the UK generated £127 million of output in the region and 1106 fte jobs in the region.
- The off-campus expenditure of students from the rest of the UK generated £60 million of regional GVA.
- The off-campus expenditure of the 6220 South East students studying at the University was estimated to be £77 million.
- The off-campus expenditure of the South East students generated £87 million of output in the region and 759 fte jobs in the region.
- The off-campus expenditure of students from the rest of the UK generated £41 million of regional GVA.

2.6. Summary of regional and UK impact

A summary of the results for the modelled analysis for the University’s impact on the South East of England and on the UK is provided in Figures 12, 13 and 14. The study shows the University to be of significant economic importance to the regional economy bringing immediate benefits to the region in terms of output generated, jobs created and its contribution to regional GVA.

\(^{15}\) Source: HESA Students 2012/13 and University of Kent Registry.
Figure 12: Total impact: Summary of Output generated

<table>
<thead>
<tr>
<th></th>
<th>Direct (£ million)</th>
<th>Knock-on' Impact on UK*</th>
<th>Of Which Accruing to the Region</th>
<th>Total UK Impact (Direct &amp; 'Knock-on')</th>
<th>Total Impact on the Region (Direct &amp; 'Knock-on')</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>201.31</td>
<td>260.54</td>
<td>225.91</td>
<td>461.85</td>
<td>427.23</td>
</tr>
<tr>
<td>Plus International</td>
<td>0</td>
<td>78.8</td>
<td>68.65</td>
<td>78.8</td>
<td>68.65</td>
</tr>
<tr>
<td>students</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>201.31</td>
<td>339.34</td>
<td>294.56</td>
<td>540.65</td>
<td>495.88</td>
</tr>
<tr>
<td>Plus Rest of UK</td>
<td>0</td>
<td>127.25</td>
<td>127.25</td>
<td>127.25</td>
<td>127.25</td>
</tr>
<tr>
<td>Students</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>201.31</td>
<td>466.59</td>
<td>421.81</td>
<td>667.9</td>
<td>623.13</td>
</tr>
<tr>
<td>Plus Local Students</td>
<td>0</td>
<td>87.26</td>
<td>87.26</td>
<td>87.26</td>
<td>87.26</td>
</tr>
<tr>
<td>Total Combined Impact</td>
<td>201.31</td>
<td>553.85</td>
<td>509.07</td>
<td>755.16</td>
<td>710.39</td>
</tr>
</tbody>
</table>

Source: Derived from University accounts from HESA Finance Plus 2012/13 together with analysis of the secondary impacts modelled in the Viewforth modelling system.

* Because of the wider displacement effects of domestic student expenditure, the knock-on impact of domestic student expenditure only on the UK as a whole is defined to be identically equal to the estimated impact on the region.

Figure 13: Total impact: Summary of Employment Generated 2012/13
<table>
<thead>
<tr>
<th></th>
<th>Direct Employment (FTEs)</th>
<th>Knock-on' Impact on UK*</th>
<th>Of Which Accruing to the Region</th>
<th>Total UK Impact (Direct &amp; 'Knock-on')</th>
<th>Total Impact on the Region (Direct &amp; 'Knock-on')</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>2962</td>
<td>2593</td>
<td>2318</td>
<td>5555</td>
<td>5280</td>
</tr>
<tr>
<td>Plus International students</td>
<td>0</td>
<td>667</td>
<td>597</td>
<td>667</td>
<td>597</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2962</td>
<td>3260</td>
<td>2915</td>
<td>6222</td>
<td>5877</td>
</tr>
<tr>
<td>Plus Rest of UK Students</td>
<td>0</td>
<td>1106</td>
<td>1106</td>
<td>1106</td>
<td>1106</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2962</td>
<td>4366</td>
<td>4021</td>
<td>7328</td>
<td>6983</td>
</tr>
<tr>
<td>Plus Local Students</td>
<td>0</td>
<td>759</td>
<td>759</td>
<td>759</td>
<td>759</td>
</tr>
<tr>
<td>Total Combined Impact</td>
<td>2962</td>
<td>5125</td>
<td>4780</td>
<td>8087</td>
<td>7742</td>
</tr>
</tbody>
</table>

Source: Derived from University accounts from HESA Finance Plus 2012/13 together with analysis of the secondary impacts modelled in the Viewforth modelling system.

Figure 14: Total contribution to regional GVA in 2012/13

<table>
<thead>
<tr>
<th></th>
<th>Direct (£ million)</th>
<th>Secondary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>136.95</td>
<td>111.86</td>
<td>248.81</td>
</tr>
<tr>
<td>Plus International students</td>
<td>0</td>
<td>32.32</td>
<td>32.32</td>
</tr>
<tr>
<td>Subtotal</td>
<td>136.95</td>
<td>144.18</td>
<td>281.13</td>
</tr>
<tr>
<td>Plus Rest of UK Students</td>
<td>0</td>
<td>59.92</td>
<td>59.92</td>
</tr>
<tr>
<td>Subtotal</td>
<td>136.95</td>
<td>204.1</td>
<td>341.05</td>
</tr>
<tr>
<td>Plus Local Students</td>
<td>0</td>
<td>41.09</td>
<td>41.09</td>
</tr>
<tr>
<td>Total Combined Impact</td>
<td>136.95</td>
<td>245.19</td>
<td>382.14</td>
</tr>
</tbody>
</table>

Source: Derived from University accounts from HESA Finance Plus 2012/13 together with analysis of the secondary impacts modelled in the Viewforth modelling system.
2.7 The local economic impact of the University of Kent on the Canterbury and Medway areas

The preceding sections have shown that the University of Kent has a substantial economic impact at regional level – even in the context of a particularly large region. The University alone is responsible for generating 0.12% of South East Regional GVA\(^{16}\). When student expenditure is taken into consideration this rises to 0.19% of Regional GVA. This is noteworthy for a single organisation, as is the overall amount of employment generated. However the University’s impact at the more immediate local level is of particular interest to both the University and local agencies, including the local economic partnerships (LEPs) and local councils.

Further analysis was therefore undertaken to analyse the share and distribution pattern of economic impact within the SE region, in particular focussing on the immediate environs of the University. The University has a major presence in Canterbury with a growing presence in Medway at Chatham, where it works in partnership with Canterbury Christ Church University and the University of Greenwich. The majority of students and staff are based in the Canterbury area but with a significant minority (c. 3000 students and nearly 300 staff) in and around Medway. There is a further centre of activity in Tonbridge where the University has a centre offering part-time study access. However the majority of its activity is focussed firstly around the Canterbury campus and then Medway.

In order to undertake this analysis an additional modelling approach was required. This is because in our experience a top-down input-output modelling approach – which works well at national and regional level – is not as satisfactory at a more local level as it does not sufficiently reflect more localised characteristics of an economy. Therefore we (Viewforth Consulting) have developed a “gravity-type” model to reflect more aspects of the local economy and to better capture distribution of impact at a local level. The “gravity modelling” approach involves firstly identifying positive “mass” or “attraction” variables reflecting the availability in the locations of interest (in this case Canterbury and Medway) of consumer goods and services. These are combined with negative “distance” variables reflecting the travel time and convenience cost from the main place of residence and place of work/study for students and staff. A modelled combination of these variables was applied

\(^{16}\) South East Regional GVA in 2012 was £202.6 billion (ONS 2013)
to derive estimates of the pattern of impact distribution across the two main University sites (including some University impact accruing outside of those sites to other parts of the South East, including Tonbridge.) The Canterbury area was defined as all Canterbury postcodes and the Medway area included all Medway postcodes. There is some additional discussion of this approach in Appendix One. The key results are presented below.

2.7.1 Impact on Medway

The Medway Campus is relatively new – the University of Kent moved some of its activities to Medway in 2005 and its impact on the Medway area is of particular interest. The Medway campus is based in Chatham, near the historic dockyard. The Medway Campus is a shared university campus, with the University of Kent, Canterbury Christ Church and the University of Greenwich working in partnership on the site. The resident Medway population are currently less qualified than other part of the south East – with only 23.7% of the population qualified to NVQ 4 level compared to 38.3% for the South east as a whole and hence the University is helping to address this situation. The Medway Campus provides educational opportunities for local residents as well for those from further afield and plays an important part on the economy of the area.

The impact of the University of Kent activity on Medway, including the expenditure of its students was analysed and the results showed the University to be of increasing importance. In 2012/13 it was estimated that the expenditure of the University and its students generated over £81 million of output in the Medway area and 830 full-time-equivalent (fte) jobs, including c. 296 fte University jobs. 830 FTE jobs represents around 1% of employee jobs in Medway. 17

The share of Regional GVA attributable to the University’s activities in Medway amounted to £43.8 million.

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2.7.2 Impact on Canterbury

Figure 16: Jobs generated in Canterbury by the University of Kent and its students

Source: Viewforth Modelled analysis
With the majority of its staff and students based around the Canterbury campus, it is not surprising that the majority of the University’s economic impact is felt there. There were over 16,000 students based on the Canterbury campus and over 2,600 fte staff.\textsuperscript{18}

The results for the analysis of the University’s impact on Canterbury showed that the University and its students generated £ 522 million of output and 5936 fte jobs in Canterbury. This represented around 10% of Canterbury employee jobs in 2012\textsuperscript{19}

The share of Regional GVA attributable to the University’s activities in Canterbury amounted to £287 million.

2.7.3 Reflections on economic impact

This section of the report has been focussed on the University of Kent as a business, generating jobs and output through its expenditure. It has examined the impact that the University has through its expenditure and that of its students, on the local, regional and national economies.

The analysis shows the University to be of significant economic importance bringing immediate benefits to all of its host communities – in Canterbury and Medway, as well as to the South East region more generally in terms of output generated, jobs created and its contribution to regional GVA.

The University’s importance is particularly notable during the recent recession because Universities tend to be countercyclical. While they may not grow as fast as other organisations and industries during boom times, neither do they contract as much in lean times. This has been shown to be true of the University of Kent – its overall student numbers have remained steady between 2009/10 to 2012/13 and its income and direct employment increased in that time. Its income increased from £173 million to £201 million – approximately 9% in real terms.\textsuperscript{20} Direct employment also increased by 16% - from 2551 FTE jobs in 2009/10 to 2962 FTE jobs in 2012/13. The University is a non-profit-making

\textsuperscript{18} The FTE staff figure is based on information supplied by the University of Kent which gave headcount numbers of both substantive and occasional (timesheet) staff at the Canterbury and Chatham campuses

\textsuperscript{19} Labour Market Profile for Canterbury Nomis 2012. Total Canterbury employee jobs were 58,500. Employee jobs excludes self-employed, government trainees and HM Forces.

\textsuperscript{20} Using the Service Producers’ Price Index between 2009 - 2012
organisation and its increased revenue therefore led to increased expenditure (expenditure was up £31 million – increased to £189 million in 2012/13 from £158 million in 2009/10) and this generated additional economic activity, output and jobs in the region.

The University’s impact is largely concentrated in and around its host towns of Canterbury and Medway. This is not surprising, particularly because of the concentration of personal living and consumer expenditure of students and staff resident in those areas. However there are additional knock-on benefits accruing to other parts of the South East and to the UK more generally both through staff and students who live outside the immediate university campus towns as well as through the flow of expenditure throughout the economy.

Figures 17, 18 and 19 below show the overall pattern of distribution of impact at local, regional and national levels.

**Figure 17: Overall distribution pattern of output generated**

- Distribution of Output generated by University of Kent 2012/13 Total £755 Million

- Canterbury Postcode Area 69%
- Medway Postcode Area 11%
- Rest of South East 14%
- Rest of UK 6%

**Figure 18 Overall distribution pattern of jobs generated**
Section Three. The University, the economy and society: Capturing Dimensions of Impact

The previous section presented a thorough analysis of university’s economic impact on the Medway and Canterbury areas as well as the rest of the region and on the UK. This was in terms of its existence as an economic enterprise in itself, earning revenue, attracting export earnings, generating jobs and contributing to GDP. It takes the University ‘in the round’ and
is of considerable importance in highlighting the University of Kent as being a major and vital economic player in its city and region. However the analysis stops short of putting any valuation on the impact of what the University actually does. It does not consider the broader value generated by the University’s teaching, research or outreach work.

There are many challenges to assessing the overall impact or value of the work of the University to the economy and to society. All Universities are complex, multifaceted institutions which undertake very many different activities and have many different outputs. The University of Kent is a good example of this, with teaching and research across 3 faculties and 20 schools, with an extensive estate including a theatre, cinema, music venues and sporting facilities. As a complex organisation producing many different outputs there are various dimensions to the impact the University will have, dimensions that are financial, socio-cultural and environmental. However the current ‘impact agenda’ has tended to be overly compartmentalised and somewhat simplistic (e.g. the REF approach to ‘impact’ was very narrowly defined in terms of which outputs were eligible; outside of that there has also been a tendency to emphasise the ‘tangible’ things that might have a financial impact – e.g spin-outs/licensing/patents rather than considering the broader and deeper economic impact of all that a University does.)

Figure 20 illustrates the concept of a holistic approach to economic valuation. This should ideally encompass all dimensions of the University’s impact – including socio-cultural impacts as well as environmental impacts and financial impact. This is because economic valuation is a much broader concept than financial valuation. Financial value is about actual money flows, cash used or generated, money changing hands. Economic value however is about all resources used or generated (financial and non-financial.) Economic value can encompass non-monetary benefits and impact. Hence when we consider the overall economic impact or economic value being generated by the University, socio-cultural and environmental impacts are an integral part.
Figure 20: The University of Kent Dimensions of Impact

The University of Kent
Internationally Distinctive
Partnership Working
Inclusive and Diverse Community

**ECONOMIC IMPACT**
Holistic Unified Valuation
Technical and Allocative Efficiency

**Financial Impact**

**Dimensions of Impact**

**University outputs and wider impacts**

- **Example Activities and Outputs**
  - Estates and Buildings Management
  - Green Impact Projects
  - Waste Management
  - Gardens/green Space provision
  - Cycle to work and cycle hire'
  - Transport Strategy
  - Provision of other facilities eg Sports, Nature Trail

- **Example Impacts**
  - Energy Efficiency
  - Sustainability
  - Amenity Value
  - Health
  - Carbon Footprint reduction
  - Well-being
  - Amenity Value

**Example Impacts**

- Well-Being: Developing Graduate skills for society
- Health: Research outputs leading to social, cultural or health advances
- Equity: Partnership Development with Schools Kent Opportunity Fund
- Social Capital: Public Service & Outreach
- Creativity and Innovation: Making your Mark Initiative
- Cultural capital: Artistic and cultural engagement; Gulbenkian, Kent Arts Network

**University as Enterprise**

- Revenue
- Jobs
- Expenditure
- Output
- Export Earnings
- GVA

**Activities and outputs**

- Employability Initiatives and Graduates in employment
- Business Knowledge Exchange & Enterprise activity
- Enterprise Hub and Research outputs leading to Inventions/patents/Spin-outs

**Impacts**

- Productivity
- Creativity & Innovation & Increased absorptive capacity of economy
- Jobs Output GDP

(C) Adapted from Viewforth Dimensions of Impact Matrix 2013
The Dimensions of Impact Framework presented in Figure 20 reflects a number of key points:

- Within a holistic framework it is possible to develop an overall picture of the economic impact and value being generated by the university. One can find a ‘rate of exchange’ for apparently very different types of impact (for instance, the value of green space provided by the university, or that of volunteer programmes or the value generated by the teaching and research of the university) so that they can be viewed ‘in the round’ and in the same framework.
- There is interaction between and across different types of impact being generated. They can work together and do not have to be viewed in a compartmentalised way.
- There is continuous interaction with the actual aims, goals and actions of the University. University policies and practices can influence and steer many types of impact being generated, while the University itself can be influenced by observation of how it has an impact.

This vision of holistic impact assessment and valuation is rooted in the principles of welfare economics and involves the application of cost-benefit analysis techniques to higher education outputs. The methodological approach follows accepted theory and practice for economic appraisals and programme evaluation - as used by the World Bank\textsuperscript{21} and HM Treasury. The entire valuation task (covering the entirety of the University) is an extensive one for a single organisation to tackle\textsuperscript{22} and clearly cannot be undertaken within the parameters of the current project; however through the case studies in Section 4, we give examples of how at least some aspects could be addressed.

Essentially we propose that the value being generated by the University can be assessed by:

1. Identifying the University’s outputs (What is being produced?)
2. Quantifying the outputs (How much is being produced?)

\textsuperscript{22} The task would be made considerably easier if a sector-wide approach was adopted to economic valuation, with an agreed ‘master list’ of university outputs on which data should be collected and a sector-wide set of ‘shadow-prices’ were independently developed e.g. by HEFCE, HESA or similar body.
3. Applying economic shadow-pricing techniques to obtain an ‘economic price’ for each unit of output.

The overall value being generated can then be expressed as:

\[
\text{Economic Value} = \text{quantity of output produced} \times \text{economic price per unit of output}
\]

It is important to highlight that the ‘economic price’ is not necessarily the same as the actual price the university may actually charge or the income it actually receives to provide certain services or outputs. The actual income received is the *financial value* and this shows up in the University’s accounts. But this does not always reflect the underlying *economic value* of the output delivered.

There are a range of techniques (known as ‘shadow-pricing’) that can be applied to different types of output to deduce the ‘economic price’ and ‘economic value’. These include ‘Revealed preference’, ‘Stated preference’ and ‘Contingent valuation’. These techniques are commonly used in environmental economics and health economics. The cultural sector also sometimes uses these techniques to assess the value of cultural assets. More recently there has been a move to develop measures that reflect “wellbeing” making estimates of how people value increases in well-being or health although this is still in experimental stages.

Another important aspect to using cost-benefit analysis techniques in a holistic framework to assess economic value generation is that it is also legitimate to apply sets of ‘social weights’ to the outcome economic evaluation. This is in the interests of ‘equity’ and is appropriate when the project, programme or activity being assessed affects higher policy priority social groups. (Widening Participation initiatives are an example of where a policy is targeting particular groups and hence a higher weight can be given to the economic value of an activity that affects the target group compared to one which affects other groups.) Shadow-pricing is a tool used in cost-benefit analysis and is a recognised way to estimate the value of an output where an actual financial flow does not exist or where it is clearly a ‘non-market price’

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23 See *Measuring the value of culture* O’Brien 2010 for a discussion of measurements applicable to the cultural sector.
(for example it is a ‘nominal’ or and ‘administered’ price.) Shadow-pricing is about finding ways to impute the underlying economic value of an output which cannot be observed by looking at financial value alone.

In the case study example (Case Study Three— the School Ambassador Scheme) where social weights are applied, these have been based on sample distributional weights from the UK Treasury Green Book. The Green Book is a UK government handbook of good practice for policy evaluation and provides guidance on approaches to valuation of non-market impacts. This includes using weights to impute additional value to policies or projects that are targeted at particular priority groups such as low income groups. Sample distribution weights are given in the Green Book, based on income quintiles with positive weights given where the beneficiaries are in the bottom two income quintiles. The top two quintiles have negative weights with the third quintile being neutral. 25

Section Four: Case study Exemplars
In this section we have taken some examples of university activities and considered how the outputs of these activities could be valued. This is a first step towards a broader consideration of the impact generated by the University and can only give an initial ‘flavour’ of how broader value is generated and how the value could be captured. The case studies were chosen to reflect different aspects of the University, particularly those which do not always have an obvious financial impact. However they have very real underlying economic value and this is explored in the case study discussion. We deliberately chose not to focus on ‘core’ research or teaching but to focus on the less visible aspects of university activity, particularly in relation to enterprise and engagement with the external community. These activities are not always ‘priced’ and their real value is consequently often invisible.

General issues in approaching the individual case studies

In terms or practical steps, the identification and quantification of outputs are the most important step. If these elements of key data can be generated for the relevant activity under examination, there will be a way to deduce a value for the activity.

Figure 21: Identifying outputs for valuation

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Because this is a new approach to valuation of broader University impact, the relevant types of data are not always readily available. Our selection of case studies was therefore limited to ones which had at least some relevant data available (for example, the number of student volunteer hours delivered.) We also undertook a brief survey of university staff to ascertain the degree of broader public engagement and public service activity undertaken by staff. From our own tacit knowledge of universities, staff frequently engage in a very wide range of ‘pro bono’ external activities that – while arising from or linked to their professional expertise or standing – tend to be ‘additional’ to their core work as academics or professional services staff. This can include, for example acting as adviser to a local or national government committee; working with international agencies (eg UNESCO). However – in the UK at least - there has been very little in-depth consideration of the value generated by this additional work and it can sometimes be overlooked when considering the impact of the University.

As far as possible we sought to apply shadow-pricing techniques to estimate the value of the work delivered in the case study examples. Where we were not completely able to deduce a full valuation due to data constraints we still tried to give examples of the magnitude or potential scale of the economic value involved.
Case Study One: The Kent Student Certificate for Volunteering (KSCV)

Context

Student Volunteering has a long history in UK Universities, in particular in terms of fund-raising for charity (for example the traditional ‘RAG’ societies and RAG week.) However in recent years there has been a trend of increasing numbers of students becoming involved in a very diverse range of volunteering, working with community groups, charities and other local and national organisations. A recent NUS report estimated that around 1/3rd of UK students engage in some type of volunteering activity every year. Students engage in volunteering for a wide variety of reasons. They can be motivated by a desire to help others and to contribute to their local community (this was the reason most often cited by student volunteers in the 2014 NUS study.) Volunteering can also provide an activity focus for meeting new people or for gaining work experience and new skills, improving employability and enhancing their cv. Overall volunteering can be mutually beneficial for students and for the communities and organisations with whom they work. Many Student Unions and Universities have begun programmes specifically designed to support and encourage students to participate in volunteering. These include a mix of formal and informal programmes. More formal programmes enable students to gain course or ‘leadership’ credits from undertaking a particular amount of volunteering but all programmes – formal and informal - are recognition that the effort students put into volunteering has a wider value to society.

The initiative

The Kent Student Certificate for Volunteering Scheme (KSCV) is a joint initiative between Kent Students’ Union (Kent Union) and the University of Kent. It builds on extensive work undertaken by Kent Union over several years to encourage and support Kent students to become more involved in both the university community and the wider community surrounding the campuses in Canterbury and Medway. Kent Union was the first UK student

26 The Student Volunteering Landscape Fiona Ellison and Helen Kerr NUS 2014

The KSCV provides a supporting infrastructure for volunteering, including an ‘employability and volunteering toolkit’, induction and training programmes as well as established processes and routes for organisations seeking volunteer input and handbook and guidance for student societies seeking to increase volunteer time. The KSCV scheme provides recognition for volunteering through award of a certificate across a number of tiered levels ranging from ‘Bronze’ (25 hours) to ‘Gold’ (100 hours of volunteering delivered) and ‘Gold +’ (200 hours of volunteering delivered). 

Volunteer contributions to both the University and wider community are recognised. Students give their time on and off-campus for club and society organisations, Raise and Give (RAG) charitable fund-raising activities, acting as Course representatives on College Committees. They work with local charity and voluntary organisations, join in community projects (from litter-picking to mentoring in local schools and helping out in care homes.) 

There is a further ‘platinum’ level of the K SVC which encourages additional personal reflection and development in community volunteering, project leadership and one unit of volunteering, which can give a formal credit as part of the student’s degree.

**Economic and Social Value generated by the KSCV.**

Between May 2013 – May 2014, 1161 students logged a total of 104,868 hours of volunteering delivered.

While volunteering is an unpaid activity and can also deliver considerable personal satisfaction, it still generates economic value for society and this economic value can be expressed in monetary terms. Volunteering involves the individual donation of resources (an individual’s time) to deliver a range of services. The most obvious way to shadow price volunteering is to price each hour of volunteer time at the level they would have been paid if they had been hired to deliver the activity. Most of the Kent student volunteers are under 21. The legal 2013 minimum wage rate for that age group in 2013 was £5.03 per hour. This could be a reasonable, if conservative, reflection of the economic value to society of each

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27 This is a recognised UK-wide quality standard for Volunteer Management
http://iiv.investinginvolunteers.org.uk/
volunteer hour to society (reflecting the minimum rate that someone else would be willing to pay for work undertaken by a person of that age group.)

Another potential way to shadow-price the volunteering is against the opportunity cost of an individual’s time – they are giving up an hour of leisure time to undertake the volunteering rather than doing something else. The Department for Transport (DfT) has published figures on estimated values for an hour of adult working time and an hour of adult leisure time; these values are used extensively in official cost-benefit appraisals of transport projects. The DfT Transport Analysis Guidance (TAG) gives an average hourly rate for non-commuting leisure time equivalent to £6.10 per hour for 2013.

Using these two pricing approaches the overall economic value generated by Kent Certificated Student Volunteers in 2012/13 can be estimated as between £527k - £640k.

<table>
<thead>
<tr>
<th>Number of Volunteering hours delivered in one year May 2013 – May 2014</th>
<th>Pricing Approach A (Minimum Wage)</th>
<th>Pricing Approach B (Leisure time value)</th>
<th>Total economic value generated by one year’s Kent Student volunteering through the KSCV initiative (Between A and B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>104,868</td>
<td>£5.03</td>
<td>£6.10</td>
<td>£527,486 - £639,695</td>
</tr>
</tbody>
</table>

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28 Transport Analysis Guidance Department for Transport May 2014
Case Study Two: External Engagement and Public Service Activity of University of Kent Staff

Context

Universities are considerably more engaged with their surrounding communities than many people imagine. Indeed, a 2009 survey of all UK academic staff exposed the ‘myth of the ivory tower’ and highlighted that academic staff across all disciplines are very active in working with external organisations of all kinds – not only with business but also with the public sector, government and charities. Much of this activity is undertaken ‘pro-bono’ and does not attract payments to the University nor to the individual (Public Sector or Government Advisory positions for example rarely attract more than a token honorarium or expenses, the majority of media and public engagement work is unpaid.) However, data on additional staff contributions activity is rarely collected by universities and so the full extent of the additional value being generated by University staff is as yet unknown and unrecognised.

Initiative

To explore the degree of public service activity undertaken by University of Kent staff we undertook an anonymous online survey of all University staff. The link to the survey was circulated to all staff and responses collected over two weeks at the beginning of September 2014. The survey was open to all staff, academic and non-academic, as we were considering the value generated by University staff as a whole, not only by academic staff. Staff were asked to estimate the average amount of time they spent per month (taking the last two academic years as a guide) on a range of additional unpaid or nominally paid (honorarium/expenses only) external engagement and service activities:

- Advisory roles/Committee memberships for local/regional or national Government bodies, international organisations, charities or business groups (eg Chambers of Commerce)
- Submission of evidence to local/regional/national inquiries or consultations
- Presentations or talks to schools, community groups or business organisations


There can be non-academic staff (particularly among the more senior staff) who undertake external ‘pro-bono’ work related to their professional expertise and standing—this activity is not restricted to academic staff.
• Participation in events designed to promote public understanding of academic disciplines (e.g. Science week, Festival of Social Science or of the University more generally (e.g. Universities week)
• Media engagement related to professional role or expertise- print, broadcast and social media for professional purpose (blogging, twitter etc)
• Networking support or building connections between businesses and other external organisations and the University (where this was not part of their normal job)

299 responses were received, equivalent to 10% of all staff. 40% of responses came from academic staff with 60% from professional services staff. In total an estimated 28,880 hours annually of additional engagement and public service activity were reported by respondents. 31 This equates to nearly 19 FTE of effort delivered across the 299 respondents on top of normal duties in a one year period. 32

Figure 22: Types of Public Service Engagement

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31 An initial glitch in the online survey (subsequently corrected) did not allow full access for all respondents to itemise subsections of activity within each grouping. However this did not affect the overall reporting of hours within each grouping, which were always intended to be aggregated for reporting purposes.
32 Based on a 7 hour day and 220 working day year.
Economic value of additional staff public service and external engagement activity

To estimate the economic value of the additional engagement work delivered, the ‘economic price’ applied was the estimated fees that University staff could plausibly command in an external consultancy market place. Respondents were allocated to four different ‘bands’ of seniority for fee-pricing purposes. Our tacit knowledge of the general market for most HE experts combined with a range of University ‘charge-out’ rates gives a range of between £250 - £850 for different levels of expertise. Some top HE Experts in specialist fields could command considerably higher per diem rates. However the rates used are considered a fair and unexceptional range.33

<table>
<thead>
<tr>
<th>Proportion of Respondents allocated to each band</th>
<th>Fee Banding</th>
<th>Relevant Groups</th>
<th>Assumed Market Daily Fee Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>Senior Expert Consultant</td>
<td>Professors &amp; Senior Management above Grade 10</td>
<td>£850 (£121.4/hr)</td>
</tr>
<tr>
<td>14%</td>
<td>Senior Consultant</td>
<td>Senior Lecturer/Reader/Prof Services 9/10</td>
<td>£650 (£92.86/hr)</td>
</tr>
<tr>
<td>36%</td>
<td>Consultant</td>
<td>Lecturer/Researcher/Prof Services 7/8</td>
<td>£500 (£71.43/hr)</td>
</tr>
<tr>
<td>40%</td>
<td>Junior Consultant</td>
<td>Prof Services 1-6</td>
<td>£250 (£35.71/hr)</td>
</tr>
</tbody>
</table>

The survey collected estimated hours delivered across 6 broad types of activity. It was an anonymous survey and did not explicitly link levels of staff to each activity. Tacit Judgement was applied to allocate likely levels of staff effort in each area of activity.

<table>
<thead>
<tr>
<th>Activity Type</th>
<th>Allocation of Consultant hours and rates</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory roles/Committee/Board memberships</td>
<td>50% Senior Expert Consultant 40% Senior Consultant 10% Consultant</td>
<td>This type of expert advisory activity tends to be undertaken by more senior levels of staff</td>
</tr>
<tr>
<td>Submission of evidence</td>
<td>10% Senior Expert Consultant 14% Senior Consultant 36% Consultant</td>
<td>Assumed same proportion as all respondents</td>
</tr>
</tbody>
</table>

33 As another reference point and for interest we also compared the rates to the outcomes of a ‘cost +’ approach based on university staff salary bands. However we have found that a ‘cost +’ approach tends to overestimate the market rates attainable by junior staff and underestimate those attainable by more senior and specialist staff.
### Presentations to external audiences

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Consultant Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior Consultant</td>
<td>40%</td>
<td></td>
<td>Assumed same proportion as all respondents</td>
</tr>
<tr>
<td>Senior Consultant</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultant</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Consultant</td>
<td>36%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior Consultant</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Promotion of public understanding of Science type events

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Consultant Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Consultant</td>
<td>40%</td>
<td></td>
<td>This type of activity is predominantly academic</td>
</tr>
<tr>
<td>Consultant</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior Consultant</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Media Engagement

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Consultant Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Expert Consultant</td>
<td>40%</td>
<td></td>
<td>This type of activity is predominantly academic and senior Management</td>
</tr>
<tr>
<td>Senior Consultant</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultant</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Networking support & connection building

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Consultant Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Consultant</td>
<td>10%</td>
<td></td>
<td>Assumed most related to mid-levels</td>
</tr>
<tr>
<td>Consultant</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior Consultant</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Overall Valuation results (10% of University staff)

<table>
<thead>
<tr>
<th>Activity Type</th>
<th>Total Hours</th>
<th>Allocation of Consultant hours and rates</th>
<th>Estimated Economic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory roles/ Committee/Board memberships</td>
<td>9198 hours/year</td>
<td>Average Hourly Rate £105/hr (50% Senior Expert Consultant 40% Senior Consultant 10% Consultant)</td>
<td>£965,790</td>
</tr>
<tr>
<td>Submission of evidence</td>
<td>2358 hours/year</td>
<td>Average Hourly Rate £ 65.19/hr (10% Senior Expert Consultant 14% Senior Consultant)</td>
<td>£153,718</td>
</tr>
<tr>
<td>Activity</td>
<td>Hours/Year</td>
<td>Average Hourly Rate</td>
<td>Total Value</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-------------</td>
<td>-----------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Presentations to external audiences</td>
<td>7842</td>
<td>£65.19/hr</td>
<td>£511,220</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10% Senior Expert Consultant 14% Senior Consultant 36% Consultant 40% Junior Consultant)</td>
<td></td>
</tr>
<tr>
<td>Promotion of public understanding of Science type events</td>
<td>1050</td>
<td>£72.56/hr</td>
<td>£76,503</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(40% Senior Consultant 40% Consultant 20% Junior Consultant)</td>
<td></td>
</tr>
<tr>
<td>Media Engagement</td>
<td>5982</td>
<td>£100/hr</td>
<td>£598,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(40% Senior Expert 40% Senior Consultant 20% Consultant)</td>
<td></td>
</tr>
<tr>
<td>Networking support &amp; connection building</td>
<td>2400</td>
<td>£70/hr</td>
<td>£168,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10% Senior Consultant 80% Consultant 10% Junior Consultant)</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ECONOMIC VALUE GENERATED</strong></td>
<td></td>
<td></td>
<td><strong>£2,473,431</strong></td>
</tr>
</tbody>
</table>

The value generated by University staff undertaking additional public service and engagement activities beyond their ‘core’ duties is clearly significant. The estimated valuation above is based on activity delivered by just 10% of the University of Kent staff. This could imply that if the pattern of engagement for all staff were to be the same as for the survey respondents the full value of staff
additional activity could be in the region of £24 million. However within the project resources the survey was intended to explore the scale of activity taking place and was meant to be indicative rather than rigorously statistically valid. The survey responses were to some extent self-selecting in that staff chose whether to respond or not. However it may be noted that 40% of responses were made by staff who would be regarded as least likely to engage in external professionally-related activity (i.e. Professional Services Grades 1 – 6) and many responses included a ‘null return’ on each question. To the best of our knowledge this is the first such survey of all staff to be undertaken at a UK University and highlights the significant ‘hidden value’ of additional and unpaid public service delivered by University staff.

Case Study Three: Partnership Development and the Student Ambassador Scheme

Context

The University’s institutional plan makes a strong public commitment to promoting diversity and inclusivity in the University community and to partnership working to achieve the University’s goals.

A clear example of how these themes underpin practical action can be seen in the work of the Partnership Development Office and the support for the Student Ambassador scheme.

The Partnership Development Office supports the development and maintenance of local educational partnerships to promote engagement with higher education. This includes working with further education colleges in Kent and Medway together with ‘partner’ schools in the region, with community learning groups and supporting and managing the work with the University’s sponsored school – Brompton Academy. The Office acts as a bridge between the partners and the University, strengthening communications, identifying and supporting new opportunities for collaboration. It manages the outreach ‘Student Ambassador Programme’ which places Kent students (undergraduate and postgraduate) in over 40 partner schools and colleges to work with teachers and mentor students. This includes specialist Arts and Science Support in Brompton Academy for sixth form science study, including personal tutoring and training for pupils on working in a lab environment.

The initiative

The Student Ambassador Programme has been established for over 10 years. Its core purpose is to raise aspirations and achievements among local school students, to increase those considering
higher education as an option and thereby widen participation in higher education. Kent students can represent specific disciplines and degree programmes, act as mentors and personal tutors as well as supporting a range of outreach and recruitment events and partnership projects. The scheme has been significantly expanded in recent years, with numbers of ambassadors rising from 165 in 2008 to 354 in 2013. The Ambassador scheme is now formally included as part of the portfolio of outreach activity the University undertakes as part of its agreement with the Office for Fair Access (OFFA). The formalising of the programme has meant that a clear funding stream for the Ambassador work has been established, with the University committing to reinvesting a proportion of its tuition fee income into outreach and widening participation initiatives. Additional initiatives include summer schools, outreach events & exhibitions, curriculum development in partnership schools and working closely with the Kent and Medway Progression Federation Schools (KMPF) to improve HE progression rates. The University employs 26 people dedicated to the direct delivery of outreach (including the student ambassador scheme.)

Student Ambassadors receive training for their roles and are paid an appropriate rate for the skill level of the work they are undertaking. Basic training includes units in Health & Safety, Inclusive practice, classroom management as well as guidance on ambassadorial behaviour and standards. Some ambassadors undertake more specialised training for specific roles as mentors or for undertaking administrative or organisational duties. The Kent ambassadors also receive personal development support and can earn credits in some subject areas. Additional voluntary work is possible within the programme and some students use the Ambassador programme as a volunteering rather than paid opportunity (in which case they can earn volunteering points.)

**Economic value of the Student Ambassador Programme**

Where students volunteer, they earn KSCV points and so their effort is included in the valuation of KSCV hours delivered (859 students took this route in 2012/13.) Where ambassadors are paid, they are paid by the University at a level commensurate with the role they are undertaking. The total cost to the University (financial value) of the Ambassador programme could be regarded as equivalent to the economic value of the work delivered. In 2012/13 the University spent a total of
£137K specifically on the programme\textsuperscript{34}, with 10,884 paid hours delivered as part of the programme, an overall average value of £12.59 per hour delivered. \textsuperscript{35}

**Social Valuation**

The Ambassador programme is explicitly targeted at schools in areas of deprivation and low HE participation. Medway, for example is known to be less qualified than other parts of the South East – with only 23.7% of the population qualified to NVQ 4 level compared to 38.3% for the South East as a whole. The programme’s inclusion on the University’s agreement with OFFA reflects its role in addressing a social policy priority. In this case an additional social weighting could therefore be legitimately applied to the economic value, to reflect the higher social priority of encouraging participation in Higher education from the targeted school populations. This would give the ‘Socially Modified Economic Value’. The HM Treasury Green Book gives guidance on weights to be used for policy recipients across 5 income bands. Detailed information on the income profile background of all the programme recipients was not available. However as the programme is a targeted one, it was assumed that at least 50% of recipients were likely to come from the bottom income quintile, 40% from the second bottom, with 10% in the more middle or ‘neutral’ band.

<table>
<thead>
<tr>
<th>Ambassador Programme</th>
<th>Numbers of paid hours delivered by Student Ambassadors</th>
<th>Average Economic value per hour delivered</th>
<th>Total Economic Value</th>
<th>Application of social weights (Using HM Treasury Green Book distributional weights)</th>
<th>Socially Modified Economic Value</th>
<th>Estimated as being between</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assuming 50% of hours delivered to recipients from lowest income quintile</td>
<td>5442</td>
<td>£12.59</td>
<td>£68514.78</td>
<td>1.9 – 2.0</td>
<td>£130178.08 - £137029.56</td>
<td></td>
</tr>
<tr>
<td>Assuming 40% of hours delivered to recipients from the 2nd lowest income quintile</td>
<td>4353.6</td>
<td>£12.59</td>
<td>£54811.82</td>
<td>1.3- 1.4</td>
<td>£71255.37 - £76736.55</td>
<td></td>
</tr>
<tr>
<td>Assuming 10% of</td>
<td>1088.4</td>
<td>£12.59</td>
<td>£13702.96</td>
<td>0.9 – 1.0</td>
<td>£12332.66- £13702.96</td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{34} The £137k comprises the payments made to the student ambassadors for the final output delivery. Administration and support costs are borne separately by the University.
In this case the social value of the Ambassador programme would be shown to be up to 60% higher than its economic and financial value.

**Case Study Four: Kent IT Clinic**

The Kent IT Clinic (KITC) was established in 2004 by the University’s School of Computing. A not-for-profit enterprise, it provides low cost help and advice to small local businesses who need additional IT support. The unique feature of the KITC is that it addresses a dual purpose. It helps local businesses and start-ups address their key IT needs and enables Kent Computing students to gain vital practical work experience as IT consultants. Students are supervised by IT professionals. The Clinic now operates from both Canterbury and Medway campuses and offers network advice, web development and software development. Recent projects have included setting up a new wifi hotspot service for local guesthouses. Recognised as part of the Medway Fair Trader Scheme, the KITC has achieved a Technology Enterprise Kent Enterprise and Training Award.

Participating students need to have completed first year studies in a computing-related subject at Kent and they receive additional training to learn about the consultancy environment. Students can then undertake consultancy assignments as part of their degree course work.

**Economic value generated by the KITC**

The KITC is operated on a not-for-profit basis, with low cost fees for local businesses. KITC helps small businesses and community organisations become more efficient and effective through better use of technology, thereby helping the local economy. It enables students to develop and enhance their business-focused skillset, which gives students a head start in the job market post-graduation. The opportunity value to the students of being able to undertake consultancy assignments as part of their degree could be regarded as being an inherent part of the value of the degree course they are undertaking (hence subsumed within the overall value of the degree.) However additional value is generated for the economy through the provision of the consultancy support. The additional economic value of the service delivered will not be fully captured by the fees actually charged to clients as these are not fully commercial rates. However it could be reflected by what clients would otherwise have had to pay for IT Consultancy support. The ‘market’ rate for IT consultancy support can be seen as a reflection of the perceived value of similar services to businesses.
<table>
<thead>
<tr>
<th>Kent IT Clinic</th>
<th>Student Consultant Hours delivered</th>
<th>Market Hourly rate(^{36})</th>
<th>Economic value delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canterbury Area</td>
<td>1980</td>
<td>26.88</td>
<td>£53,222</td>
</tr>
<tr>
<td>Medway Area</td>
<td>630</td>
<td>26.88</td>
<td>£16,934</td>
</tr>
<tr>
<td>ALL</td>
<td>2610</td>
<td></td>
<td>£70,156</td>
</tr>
</tbody>
</table>

**Case Study Five: Making Your Mark: The Employability Points Scheme**

**Context**

The employability points scheme is a distinctive University of Kent initiative, aimed at supporting student development and employability as well as building links with businesses and third sector organisations. It is part of the broader University *Making Your Mark* programme which aims to encourage student enterprise and innovation, bringing longer term benefits to students and society. *Making Your Mark* is run by the University’s business development Unit, Kent Innovation and Enterprise. It includes opportunities to participate in business idea competitions and awards as well as the Kent Enterprise Hub – an incubator specifically intended to support student fledgling businesses.

**Initiative**

The Employability Points Scheme encourages students to engage in a wide range of extra-curricular activities that enhance their skills and also integrates them into the broader community inside and outside the University. Students earn ‘points’ for different tasks, projects or activities. Points can be exchanged for ‘rewards’ which comprise further development activities including opportunities for placements, work experience and specialist skills development workshops. The scheme has been recognised by Government (Department for Business, Innovation and Skills) as representing good practice in industry-university collaborations. It was also shortlisted in the Times Higher Awards as an example of ‘Outstanding Support for Students.’ In the most recent year 2013-14, 3713 students participated in the scheme earning a total of 410 ‘rewards’.

**Economic valuation of the Employability Points Scheme**

As an initiative organised and managed for students alongside their degree programme which is explicitly intended to enhance the student skillset and their networking abilities, the value of the programme will predominantly consist of the value accruing to the individual students. This would ultimately be subsumed within the overall ‘value’ of the Kent degree itself (as a distinctive University of Kent offering, the scheme itself would be part of the ‘Kent experience’). However participation in the scheme is not compulsory or essential to a degree programme. It is an additional feature which requires additional effort on the part of students – their willingness to participate may signal the degree of additional value it represents to them. The willingness of companies to sponsor rewards through provision of work experience or placements is indicative of perceived broader value to the sponsors as well.

\(^{36}\) The Average hourly rate in 2013 for Contract IT Consultants outside London Taken from *IT Jobs Watch* http://www.itjobswatch.co.uk/contracts/uk/consultant.do
If considering the scheme on a ‘standalone’ basis and as ‘added value’ to the degree programmes, one way of imputing a value could be to consider the equivalent additional ‘hours of effort’ required per employability point. Students can gain points through a very wide and diverse range of activities – from simply attending a careers fair (5 points) to organising an event (20 points) to taking a language module (45 points). The diverse range of activities makes it difficult to achieve absolute equivalency – and there is an element of judgement and discretion in the points awarded depending on the exact activity involved. However points can also be awarded for KSCV achievements ranging from 15 points for a bronze award (25 hours of volunteering) to 30 points for a Gold Plus Award (200 hours of volunteering.) Pegging the points value to the number of volunteer hours required helps to derive a proxy time value for the points and a potential ‘exchange rate’.

<table>
<thead>
<tr>
<th>KSCV award</th>
<th>Equivalent KSCV ‘Hours of effort’</th>
<th>Employability Points</th>
<th>Average points ‘per hour of effort’ equivalent</th>
<th>Value per point Using 2013 ‘minimum wage’ hourly rate (for 18-20 year olds) as value £5.03 per hour</th>
<th>Value per point using DfT ‘hour of adult leisure time’ value £6.10 per hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Bronze)</td>
<td>25</td>
<td>15</td>
<td>(90/375)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Silver)</td>
<td>50</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gold)</td>
<td>100</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gold Plus)</td>
<td>200</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>375</td>
<td>90</td>
<td>0.24</td>
<td>£1.21</td>
<td>£1.46</td>
</tr>
</tbody>
</table>

Students participating in the employability points scheme tend to accrue an average of 50 points over a year. With 3173 students participating in 2013/13 and an average of 50 points achieved per student (158,650 points) this implies an ‘added economic value’ generated through the employability points scheme in 2013/14 equivalent to between £158,650 (using hourly minimum wage value) and £231,629 (using DfT hourly value of adult leisure time.)

Section Five: Conclusions and Reflections
This report has highlighted some of the many ways in which the University of Kent is making an impact on the wider community and generating economic value. The University is a major enterprise of considerable direct importance to Canterbury, Medway and the wider South East economy, creating extensive employment and output in the surrounding area and making a significant contribution to UK GDP. As well as the financial contribution the University makes to the economy, the work that the University undertakes also has a substantial broader economic impact with social, cultural and environmental dimensions.

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37 Guidelines to points allocation can be found at: http://www.kent.ac.uk/employabilitypoints/howtobepoints.html
This study adopted a two pronged approach to assessing the impact of the university. Firstly we undertook an analysis of the key economic characteristics of the University, its revenue, employment and expenditure and then, using input-output analysis, modelled the impact of the economic activity generated by expenditure of the University and its students. This is a recognised and well-established approach to considering the significance of a University as an economic actor. Additional sub-regional ‘gravity modelling’ was undertaken to estimate the distribution of impact around the University’s main sites of operation in Canterbury and Medway.

Secondly we considered the University’s overall economic impact and value generated within a holistic framework which aims to capture all aspects of the University’s broader impact. This ‘Dimensions of Impact’ framework is based on the principles of welfare economics and involves the application of cost-benefit analysis techniques, in particular shadow-pricing, to higher education outputs. While valuation of all of the University’s work was beyond the scope of this project we were able to analyse a number of selected areas of activity which reflect different aspects of the University’s commitment to knowledge exchange and generating value through Enterprise, through public service and partnership working. The extensive contribution that students can make through volunteering and enterprise activities is also considered. It may be noted that while this report presents these activities as case study examples, they are not ‘stand-alone’ – rather they are ‘pieces of the jigsaw’ fitting into the overall picture of the University’s impact as conceptualised in the ‘Dimensions of Impact Framework (Figure 20). It would be possible over time to continue to add additional analysis of the University’s outputs to build a more complete picture.

One of the most interesting aspects revealed in the course of this study was that the University’s commitment to partnership working - with business, the public sector, third sector and schools - is enabling the University as an organisation to maximise its positive impact locally and further afield. This may be a reflection of the University’s original founding ethos of interdisciplinary that has extended to enable working across

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39 It is important to note here that the results from the expenditure analysis and the case study analysis cannot be added together as they are in essence two different methodological approaches.
departmental and organisational boundaries to build new partnerships, internally and externally.

Among the key strategic themes for the University in its Strategic plan to 2015 is:

- To Work with partners in whom we have confidence for mutual benefit.

The case studies presented in this report are examples of where the University positively supports partnership initiatives which have a wider economic, social and cultural goal. The University has sought to embed innovation, enterprise and partnership working across the board - in teaching, research, and operational management – to create and maintain opportunities for students and for the University itself to work collaboratively. As the University approaches its 50th Anniversary it can be seen that its strategy for the future has firm roots in its well established and successful past.

Appendix One: Methodology and Data Sources

- For Section Two (Economic modelling of Expenditure impact)

The primary focus of the study was the University of Kent as a business and the impact generated by its activity during the academic and financial year 2012-13. The study also examined the impact of the off-campus expenditure of international students who were studying at the higher education institutions in that year. It also analysed the additional injection into the regional economy of the expenditure of domestic students. While domestic student expenditure is not additional to the UK economy as a whole, it is legitimate at a regional level to consider the money being attracted into a region from the rest of the UK by the attraction of students from outside the region. The expenditure of local students domiciled in the region is also analysed, on the basis that it is retained in the region by the University.

There was a three-stage approach to the estimation of the economic impact of the University. The impact of the University on the UK economy was modelled, using a purpose-designed economic model of the UK. Analysis was then undertaken, using a Location Quotient approach, to estimate the share of the institutional impact on the UK likely to have accrued to the region. Finally, drawing on data relating to staff and student residence trends and their relevant campus base, analysis was undertaken to estimate the distribution of impact at a sub-regional level, in particular to estimate the distribution of impact between the two Campuses of Canterbury and Medway. A gravity

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40 In this context ‘International students’ refers to all students whose permanent domicile is recorded as outside the UK, including other parts of the EU as well as non EU students.
modelling approach was developed and applied to estimates of student expenditure. In particular this took into account the characteristics of each of the three towns in terms of the proportion of consumer expenditure-related employment and the distances between the towns and main residence locations. This meant, for example, that we sought to take into consideration that while a student resident in the Tonbridge area will incur a good proportion of their day-to-day expenditure there, they are also likely to spend at least some money in Canterbury and/or Medway. Broad staff residence trends between Canterbury and Medway were also examined to help refine estimates of concentration of overall university expenditure (including on staff) and its impact across the campus locations.

The UK model used was a ‘Type II’ input-output model based on actual UK data derived from the UK Input-Output Tables (Office of National Statistics) together with Labour Force Survey and Annual Business Inquiry data and the 2008 UK Bluebook. The modelling system has been updated in 2013 to reflect productivity increases and related economic changes. Additional data sources include the Producers’ Prices Index, ONS Regional Accounts and Local Area Data from the ONS including the Business Register and Employment Survey and other regional labour market data from nomisweb.co.uk. The core modelling system is based on SIC 2003 classifications and this has been used for the 1 digit aggregate presentation of results. The modelling system used was purpose-designed for UK higher education institutions and is the most recent version of the Universities UK modelling system. The technical specification for the model is included in The impact of universities on the UK economy Kelly, McLellan and McNicoll Universities UK 2009.

Other data sources and issues arising

The main source of higher education data is the Higher Education Statistics Agency (HESA) publications on HE Finance, staffing and students. These do not however completely disaggregate HEI revenue sources (for instance they do not separately identify EU student fees paid from domestic HE student fees paid.) Hence there needs to be additional analysis to estimate overall proportions of income from public, private and international sources. In this study estimates were made of the EU student fee component of institutional international earnings on the basis of the average fee paid by the UK and EU student group in each region. Where data was not available in HESA, estimates were made of the pattern of public/private/international split of income based on tacit knowledge and observations from previous detailed studies of the income sources of individual universities (making the assumption that the broad pattern of other income sources, e.g. for Residence and Catering, is likely to be similar for most institutions.) Estimates of student
expenditure were made drawing on the most recent BIS Student Income and Expenditure survey (for domestic students) as well as BIS estimates of international student expenditure.

- For Section Four (Broader Economic Valuation Case Studies)

The approach to the Case Studies in Section Four is based on the principles of welfare economics and involves the application of cost-benefit analysis techniques to higher education outputs. The methodological approach follows accepted theory and practice for economic appraisals and programme evaluation - as used by the World Bank and HM Treasury. A fuller discussion of the approach is contained in Section Three and also has been detailed extensively in earlier reports. See for example: Towards the estimation of the economic value of the outputs of Scottish Higher Education Institutions Report to the Scottish Funding Council (2005) Kelly, McLellan & McNicoll, Economic Valuation: Next Steps Report to the Scottish Funding Council (2008) Kelly, McNicoll & Brooks, Through a Glass Darkly: Measuring the Social Value of Universities (2011) NCCPE Kelly & McNicoll

An entire valuation task (covering the entirety of the University) would be an extensive one for a single organisation to tackle and was not undertaken within the parameters of the current project. The case studies in Section Four, gives examples of how at least some aspects could be addressed. The activity and output data for the Case studies were supplied by the University of Kent.

Appendix Three: Bibliography


Higher Education Statistics Agency (HESA) (2013) 2012/13 publications on Finance, Staff and Students


Kelly, U., McNicoll, I & White, J (2014) *The impact of universities on the UK economy* Universities Uk
Nomisweb (www.nomisweb.co.uk)
Office of National Statistics Regional Accounts
Office of National Statistics Regional Summary of Labour Markets Headline Indicators
Office of National Statistics Business Register and Employment Survey (BRES)
The University of Kent *Regional Impact 2012*
The University of Kent Annual Review 2013
The University of Kent Financial Statements 2013
The University of Kent Institutional Strategic Plan 2012-2015
The University of Kent Medway Campus Self-Guided Tour
The University of Kent *Employability Points Scheme Rewards Pack*
The University of Kent *Employability Points Scheme Students’ and Sponsors’ Packs*
UN System of National Accounts (SNA 93 & 98)