

Thanet District Council

Economic Impact of Language Schools/EFL Providers 2013 – Final Report



Prepared for and on behalf of Thanet District Council
by
The South West Research Company Ltd.



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Summary

- The majority of student visits to Thanet in 2013 were from Western Europe (62%) with a further 19% from Asia and the Far East. Eastern and Central Europe (9%), Africa and the Middle East (8%) and Central/South America (2%) account for the remaining 19% of students visiting the district.
- Overseas students made an estimated 43,000 trips to Thanet in 2013 accounting for 495,000 visitor nights.
- An estimated 657 people were employed by language schools in the district in 2013 equating to 354 FTE jobs.
- Language schools turnover in 2013 was an estimated £19.7 million.
- Approximately £6.3 million was paid to an estimated 2,800 host families in the district.
- Students total spend in Thanet in 2013 was an estimated £33.6 million equating to an average spend per person per day of £67.95 including tuition fees. When tuition fees are excluded the average spend per person per day was £28.07.
- When supplier, income induced and host family expenditure are also considered the total business turnover associated with study visits to the district was an estimated £47.8 million.
- A total of 905 actual jobs were estimated to be supported directly by student expenditure in Thanet in 2013.
- When indirect and induced jobs are also considered the total estimated actual employment related to student expenditure in Thanet in 2013 was 1,138 jobs.
- It is clear from the survey findings that there are many wider benefits from students returning to Thanet post-study in the area.
- Language schools clearly build up and develop direct links with many countries across the world which directly benefits the local area as international students come to study English in the area bringing with them tourism and business to Thanet district.
- Personal recommendations from students play a large part in attracting new students to study in Thanet. The schools welcome students and visitors from across the world including students who are royalty, politicians or senior businessmen and women who go on to have strong links with Thanet in the future.
- Thanet is not an obvious destination of choice and many overseas students do not automatically decide to come there to study. Whilst there is a voluntary organisation that co-ordinates the schools (ACTS) the schools are largely acting independently, concerned at losing business to their competitors but a more co-ordinated approach from the schools and Thanet District Council could ultimately increase student numbers and bring more business for everyone concerned.

Introduction and methodology

Introduction

Thanet District Council is fortunate to have been supported by Visit Kent and its Interreg projects (European funding) to deliver economic impact reports on the volume and value of Tourism to the local economy in recent years. Even though the value of the EFL sector (English as Foreign Language) has been considered in the calculations for these reports both the district council and the sector feels that it could have been underestimated. In 2011 the sector themselves estimated the value as being £30 million to the local economy annually.

As a result, Thanet District Council's Tourism Service wished to conduct research into the economic impact of EFL providers to the local economy both directly and indirectly for the calendar year 2013 using an independent consultant and commissioned The South West Research Company Ltd for this purpose.

This report examines the characteristics and numbers of overseas students to the district in 2013 and the subsequent impacts of their expenditure in terms of business turnover, direct, indirect and induced employment. The report also provides an insight into the wider benefits of language students visits in the longer term and offers suggestions for improvements as to how the sector and its promotion could be better co-ordinated in the future.

The South West Research Company would like to thank those language schools in Thanet that took part in this study for their co-operation and providing the information which forms the basis of this report.

Methodology

Information was gathered for this project through an online survey distributed to known language schools in Thanet by the district council's Tourism Service. The questionnaire collected details that included the numbers of students, student origins, host families, language schools employee and turnover details as well as opinions on the wider benefits of language schools to the district. It should be noted that not all schools responded to the survey and survey findings have been applied to non-responding schools to provide overall figures. As a result the findings should be viewed as indicative rather than definitive figures.

Three schools agreed to take part in follow-up telephone interviews to further discuss the wider benefits of the schools to Thanet and how the promotion of the sector could be improved for the future.

Sample

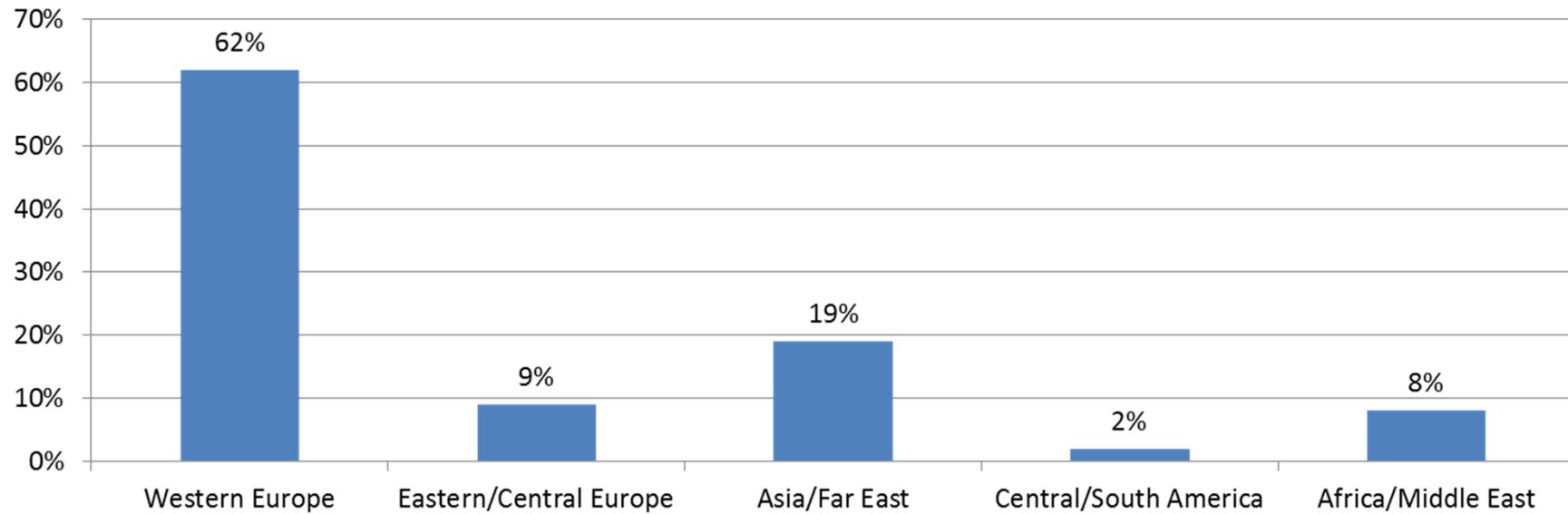
There are an estimated twenty six language schools operating in Thanet of various sizes. Thirteen schools responded to the survey representing a 50% response rate. Eight schools responding to the survey (62%) operated all year round with the remaining five schools being seasonal operators (38%).

All seasonal operators were open during July and August with some also open in February, April, May, June and October.

Overall, local knowledge estimates indicate that 50% of language schools in the district are year round operators with the remaining 50% being seasonal operators.

Student origins 2013

The origins of students to Thanet in 2013 collected through the survey are displayed in the chart below.



The majority of student visits to Thanet in 2013 were from Western Europe (62%) with a further 19% from Asia and the Far East. Eastern and Central Europe (9%), Africa and the Middle East (8%) and Central/South America (2%) accounted for the remaining 19% of students visiting the district.

Calculating student trips and nights

Language schools were asked to provide their total intake of students for 2013 as well as the total number of student weeks that this equated to. This allowed for a total number of student trips (total students) and student nights (student weeks*7 nights) to be calculated for the survey sample.

To provide an estimate of the overall totals of student trips and nights for Thanet the following method was used;

Year-round schools – The average number of trips and nights calculated from the year-round schools survey sample was applied to year-round school non-respondents.

Seasonal schools – The trips and nights median figure calculated from the seasonal schools survey sample was applied to the seasonal school non-respondents. The use of an average figure for seasonal schools was considered to over estimate the number of student trips and nights due to one response which recorded high numbers for this question in comparison to other seasonal schools.

The following page provides details of trips and nights estimates for Thanet district in 2013 calculated using this approach (Please note that figures may not total exactly due to rounding).

Student trips, nights and spend 2013

Year-round Schools	
Student trips	
Survey sample student trips	24,682
Average trips per school	3,085
Total Thanet trips estimate	40,107
Student nights	
Survey sample student nights	321,268
Average nights per school	40,158
Total Thanet nights estimate	476,162

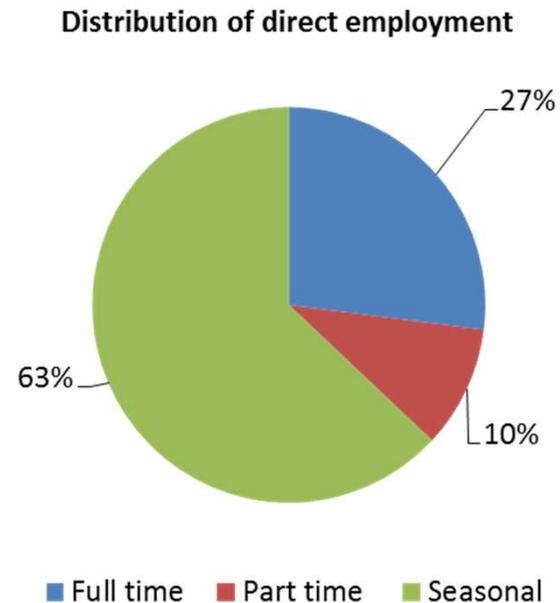
Seasonal Schools	
Student trips	
Survey sample student trips	703
Average trips per school	187
Total Thanet trips estimate	2,232
Student nights	
Survey sample student nights	7,707
Average nights per school	1,470
Total Thanet nights estimate	18,913

All Schools			
Student trips		Student nights	
Survey sample student trips	25,385	Survey sample student nights	328,975
Total Thanet trips estimate	43,000	Total Thanet nights estimate	495,000

Language schools - direct employment

Using a similar method to the calculation of student trips and nights it was possible to estimate the total direct employment at language schools through applying survey averages to both year round and seasonal operators not responding to the survey. To calculate the number of full-time equivalent jobs represented by the actual numbers employed the total number of seasonal weeks that staff were employed for has been divided by 52 and two part-time jobs have been assumed to equal one full-time equivalent job.

Direct employment in language schools	
Permanent full time	179
Permanent part time	67
Seasonal	411
Total actual employment	657
Total FTE's	354

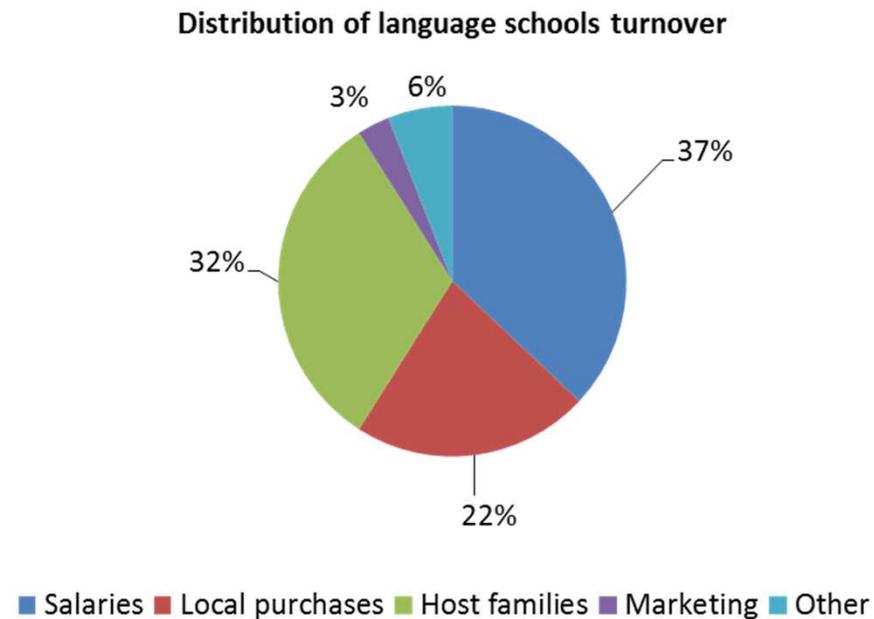


In 2013 Thanet language schools employed an estimated 657 actual people which is equivalent to 354 full-time jobs. The majority of jobs were seasonal (63%), with a further 27% being full-time positions and 10% being permanent part-time positions.

Language schools turnover

Language schools were also asked to provide details of their annual turnover. Using a similar method to the calculation of student trips and nights it was possible to estimate the overall turnover associated with language schools through applying survey data to both year round and seasonal operators not responding to the survey. Due to the potentially sensitive nature of this information a number of schools failed to provide a response to this question. To estimate the overall turnover figure for Thanet a £ turnover per employee figure was calculated which was then applied to employee data for schools previously established.

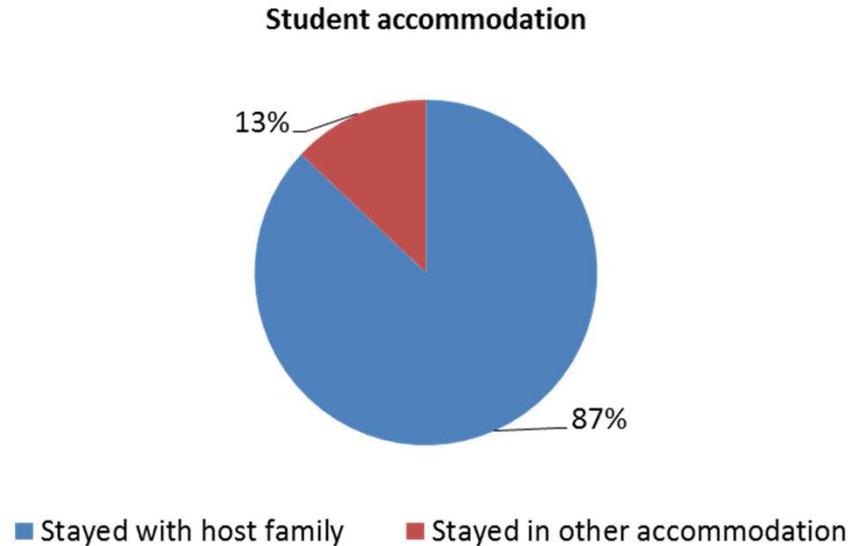
The estimated turnover associated with all Thanet language schools was £19.7 million in 2013. Using survey data the approximate distribution of this turnover is displayed in the chart below.



An estimated 91% of language schools turnover (approximately £18 million) enters the local economy through the spending of wages by language school employees, local purchases made by the language schools and payments to host families.

Host families

Overall the large majority of students stayed with host families during their visit (87%) with 13% using other accommodation during their stay. This equates to approximately 37,400 students accommodated by host families and 5,600 using other accommodation in the district over the course of the year.



Using a similar method to the calculation of student trips and nights it was possible to estimate the overall number of host families used through applying survey averages to both year round and seasonal operators not responding to the survey. Using this method it is estimated that approximately 2,800 host families were used to accommodate students in Thanet in 2013. However, it should be noted that this is not the number of actual individual families used as it is likely that host families will be registered with a number of language schools. As a result the number of actual families is likely to be less than 2,800.

An estimated £6.3 million pounds entered the Thanet economy through payments to host families. The spending of payments received by host families will generate induced employment as covered later in this report.

Student expenditure

Language schools were asked during the survey if they had estimates of personal student expenditure, however, none of the schools responding to this survey were able to provide this level of detail. The International Passenger Survey (IPS) provides details of expenditure for study visits which was explored to use in this project. However, the survey estimates that in 2013 study visits to Kent generated expenditure of £50.19 per person per night which equates to a total spend of £24.8 million in Thanet using the student nights figure established in this report. Considering that language school turnover alone is an estimated £19.7 million IPS 2013 spend data would appear to underestimate student expenditure, likely as a result of the small sample of students interviewed in Kent (33).

As a result International Passenger Survey (IPS) spend distribution data gathered in 1998 provided the only basis to estimate the breakdown of language school student expenditure. This data was used alongside language school turnover data to provide the estimates on the following page, with language school turnover assumed to be made up of student tuition fees alone.

Expenditure is broken down for all students, host family students and non-host family students, with host family students defined as those whose accommodation cost is included in their school tuition fees and as a result is part of the language school turnover estimate. Non-host family students are assumed to pay for their accommodation separately from their tuition fees directly to the accommodation provider or agent.

2013 Student expenditure

2013 student spend						
	All students		Host family students		Non-host family students	
Accommodation	£1,445,970	4%	£0	0%	£1,445,970	26%
Shopping	£6,598,272	20%	£5,072,852	18%	£1,525,419	27%
Food and drink	£3,092,940	9%	£2,377,900	8%	£715,040	13%
Entertainment	£761,225	2%	£634,107	2%	£127,118	2%
Transport	£1,998,215	6%	£1,664,530	6%	£333,685	6%
School fees	£19,740,000	59%	£18,270,195	65%	£1,469,805	26%
All spend	£33,636,623	100%	£28,019,583	100%	£5,617,038	100%
All spend (Exc fees)	£13,896,622		£9,749,388		£4,147,233	

2013 student spend per person per night			
	All students	Host family students	Non-host family students
Accommodation	£2.92	£0.00	£22.47
Shopping	£13.33	£11.78	£23.71
Food and drink	£6.25	£5.52	£11.11
Entertainment	£1.54	£1.47	£1.98
Transport	£4.04	£3.87	£5.19
School fees	£39.88	£42.42	£22.84
All spend	£67.95	£65.06	£87.29
All spend (Exc fees)	£28.07	£22.64	£64.45

In 2013 language school students spent an estimated £33.6 million in Thanet including their school fees (£19.7 million). When school fees are excluded this equates to approximately £13.9 million of personal expenditure spent by students in the district.

In terms of spend per person per night the average expenditure for all students is £67.95, with host family students spending £65.06 and non-host family students spending £87.29. Schools fees are estimated at an average of £39.88 per student for all students, with host family students spending £42.42 and non-host family students spending £22.84.

The full economic overview

Having calculated direct employment in language schools along with turnover and student expenditure these figures were then fed into a Cambridge Model template designed specifically for this project to allow for an estimate of the full economic impact associated with language schools in Thanet. In addition to the direct impacts already established through this project the model will also estimate the indirect and induced impacts as a result of student expenditure in the district.

The Cambridge Model is a computer-based model developed to calculate estimates of the volume, value and economic impact of tourism on a County or District basis. It draws on the combined experience of PA Cambridge Economic Consultants Ltd, Geoff Broom Associates and the former Regional Tourist Boards and utilises a standard methodology capable of application throughout the UK. It therefore offers the potential for direct comparisons with similar destinations throughout the country. The approach was the subject of independent validation (R.Vaughan, Bournemouth University) in December 1994. The model was judged robust and the margins of error acceptable and in line with other modelling techniques. The model in its basic form relies on using information from a range of sources. The methodology and accuracy of these sources varies, and therefore the estimates can only be regarded as indicative of the scale and importance of visitor activity in the local area.

2013 business turnover generated

Turnover derived from trip expenditure	
Businesses in receipt of visitor spend on trip	
Accommodation	£1,508,000
Retail	£6,532,000
Catering	£3,000,000
Attraction/entertainment	£858,000
Transport	£1,199,000
Language schools	£19,740,000
Total direct turnover	£32,837,000

Total local business turnover supported by study visits	
Direct	£32,837,000
Supplier and income induced	£8,638,000
Host families expenditure (induced)	£6,317,000
Total turnover	£47,792,000

The total business turnover derived from student expenditure in Thanet in 2013 was £32.8 million when adjustments are made to recognise that some spending on retail and food and drink will fall within attractions or accommodation establishments. It is also assumed that 40% of travel spend will take place at the origin of the trip rather than at the destination.

When supplier (indirect spend), income induced and host family expenditure are also considered the total business turnover associated with study visits to the district was an estimated £47.8 million. (Income induced spending arises from expenditure by employees whose jobs are supported by language students spend and host family expenditure has also been considered as induced spend for this project).

2013 supported employment

Direct employment in businesses in receipt of student expenditure		
	FTE employment	Estimated actual employment
Accommodation	29	43
Retail	61	91
Catering	54	81
Attraction/entertainment	15	21
Transport	9	13
Language schools	354	657
Total	521	905

A total of 905 actual jobs were estimated to be supported directly by student expenditure in Thanet with the largest proportion being in the actual language schools.

Indirect and induced jobs		
	FTE employment	Estimated actual employment
Indirect jobs in supply businesses	109	125
Income induced jobs	28	32
Host family induced jobs	67	76
Total	204	233

An estimated 125 indirect jobs, 32 income induced jobs and 76 host family induced jobs were supported by student expenditure giving a total of 233 indirect and income induced jobs in the district.

Total study related employment		
	FTE employment	Estimated actual employment
Direct	521	905
Indirect	109	125
Induced	95	108
Total	725	1,138

The total estimated actual employment related to student expenditure in Thanet in 2013 was 1,138 jobs.

Wider benefits

The schools participating in the survey were asked what they thought are the wider long term benefits of language schools in Thanet in the following areas:

- Students returning to Thanet in adult life as a result of having studied there
- Thanet developing links with other countries across the world
- Students promoting Thanet to others as a place to visit
- Any other benefits/comments

A wide range of comments and suggestions were provided by the schools taking part in this survey online and amongst a number of those where a follow up depth telephone interview was undertaken. The keys points and issues identified for each of the areas above are summarised in the following pages.

Wider benefits

Students returning to Thanet in adult life as a result of having studied there

It is clear from the survey findings that there are many wider benefits from students returning to Thanet post-study in the area.

The majority of schools commented that they experience a high proportion of their students returning after their studies have finished, either alone or with their friends, colleagues and other family members for a holiday or leisure visit to the area due to their strong affinity with having studied in Thanet. With high proportions of students subsequently returning to the UK to go to university as well many will also visit the Thanet area again whilst they are studying for their degree so there are wider benefits not just limited to the Thanet area but the UK as a whole.

With levels of recommendation amongst past students also typically quite high, many schools commented that the affiliation with Thanet is passed on through family generations and many will re-visit the area later on in life with their own children, recommend the schools to their own siblings who subsequently go on to study in the area or indeed send their own children to study English in Thanet many years later.

Wider benefits

Thanet developing links with other countries across the world

The language schools clearly build up and develop direct links with many countries across the world which directly benefits the local area as international students come to study English in the area bringing with them tourism and business to Thanet district .

Many of the schools spend time promoting themselves around the world as well as Thanet as a destination, producing lots of information about the local area for potential students to read and find out about what the local area can offer them in terms of their whole study experience. Many indicated that Thanet is not an obvious destination of choice for students and therefore promoting the area and what it has to offer is essential although many feel it is down to them alone to do this whilst the benefits of attracting students to the area is much more widespread and support in this area, from the local authority in particular, would be very welcome. The EFL industry is very competitive in the UK and Thanet is not known around the world like London, Oxford, Cambridge and Brighton are for example.

Many of the schools also provide a full social programme for their students to participate in during their stay organising excursions to places such as Canterbury, London etc. as well as encouraging students to join in with local community groups. Many feel there is a role for the local authority to play in bringing together local language schools for this aspect of promoting the area together and which could also increase their collective buying power when negotiating things such as entrance fees to visitor attractions etc. rather than them all working independently to negotiate prices.

One school mentioned the need for the local authority to also be actively trying to attract group visits into Thanet from other schools in nearby areas such as London and should be looking to improve its own tourism product and things such as the re-opening of the amusement park in Margate which would increase in-county student excursions and visits in from other areas.

Some schools also feel that the promotion of industry in the local area would also be very beneficial as many of the countries where they develop links and undertake promotion are looking to invest and the additional benefits for local industry could be significant.

Wider benefits

Students promoting Thanet to others as a place to visit

Personal recommendations from students play a large part in attracting new students to study in Thanet – one school said a many as 60% of their students come as a direct result of personal recommendation.

The schools welcome students and visitors from across the world including students who are royalty, politicians or senior businessmen and women who go on to have strong links with Thanet in the future.

Students clearly go on to recommend the area to their friends and families and so do the group leaders and accompanying teachers. This is extremely important for the schools as recommendations are the best and most cost effective way of increasing visitors to the schools and the local area.

Wider benefits

Any other benefits/comments

The language schools participating in the survey feel there are far and wide ranging, largely economic and financial, benefits for the local area derived from the existence of their schools within Thanet district.

There are also wider cultural and multi-cultural benefits for the local area by welcoming other nationalities to study in Thanet and it should help to enhance local peoples' understanding and respect for other cultures and nationalities and this is especially significant for host families and also young people from the area. Unfortunately, this is not always the case and some schools feel that perhaps the local people (and council included) do not appreciate their industry or are not aware of the wide ranging financial implications if their industry were to disappear.

Language schools are currently largely marketing and promoting the local area out of their own budgets which helps boost tourism for the whole area many schools feel that their importance is far greater than is currently recognised not only in terms of the direct impacts of year round visitors to the area when many other usual tourism businesses will be quieter but also additional spend by long high spending staying guests, often influential and well connected and originating from countries with booming economies.

Tourism promotion of the area currently doesn't really acknowledge educational tourism in any of its activities. Indeed, the last local authority economic redevelopment plan didn't even reference language schools. However, their students buy from the local shops, eat and drink in the local bars, pubs and restaurants and they are a main source of business for many tourism and leisure businesses across the south east and they feel they should be better promoted and assisted by the government and local councils. The schools currently receive little or no communication from local government and there is little meaningful communication between the schools themselves. Many schools feel this all needs to change and a more co-ordinated, strategic approach will benefit everyone and enhance the benefits to the local economy promoting the area as a destination, language schools, local industry etc. This style of approach is evident from other more pro-active areas promoting the whole rather than just an individual school.

Thanet is not an obvious destination of choice and many overseas students do not automatically decide to come there to study. Whilst there is a voluntary organisation that co-ordinates the schools (ACTS) the schools are largely acting independently, concerned at losing business to their competitors but a more co-ordinated approach from the schools and Thanet District Council could ultimately increase student numbers and bring more business for everyone concerned.



Economic Impact of Language Schools/EFL Providers 2013

For further information contact info@tswrc.co.uk

