

The strategic importance of universities to London's economic revival from COVID-19

Supporting the capital's universities is paramount to London's economic and social recovery from COVID-19. This paper explores why universities are critical to London's skills, innovation, and business eco-systems. And calls on the Mayor of London to champion and utilise higher education's strengths, helping create fair and inclusive growth across London's 32 boroughs and supporting the sector with seven key steps.

Coronavirus has impacted every corner of the UK, including our major cities. As the country continues to ease lockdown restrictions and we look to rebuild and renew, different sectors will be critical to local revivals. In London, higher education is one of these sectors.

London is home to more than 50 higher education facilities, with more universities in the world's top 40 than any other cityⁱ. They attract the brightest talent for London's businesses, enhance international and diplomatic relations and support London's local economies, communities, and industries.

But like many sectors, universities have been heavily impacted by coronavirus, with the true scale of its impact still unknown. Like many other businesses, they are now looking at the challenges of recovering from the pandemic, alongside a change in the UK's relationship with the European Union.

While the sector has successfully developed models for online and blended learning, and enhanced student support, concerns remain over universities' ability to attract and retain both international and domestic students. Alongside the wider economic impact this will have on the capital. The Institute for Fiscal Studies has estimated that the higher education sector could lose between £3bn and £19bn this yearⁱⁱ, with fewer international students a major factor.

London's universities are global exporters with unrivalled international reputations that must be harnessed

Higher education is a critical UK export, and one that must be embraced and enhanced to support London's economic recovery. While international student fees cross-subsidise crucial research activity and STEM provision, this enables the capital to be leaders in academia and research. A significant drop in numbers could damage universities contribution to the UK's: R&D aspirations, innovation ecosystem (including start and scale-up support) and agenda to increase productivity.

International students also contribute heavily to the UK economy more widely. Oxford Economics estimates a net economic contribution of £22.6bn per cohortⁱⁱⁱ, while London & Partners estimate London's economy specifically gains £3.4bn each year^{iv} from its international students. It is essential that international students, as well as domestic students, continue to feel that London is a safe, welcoming, and a viable place to study. Local government and the wider business community have critical roles to play in championing London as the European city to work and study.

Higher education institutions are critical to maintaining one of London's most competitive advantages: the capital's skilled, diverse talent pool

London's higher education sector ensures that the capital's business community has access to the brightest and most diverse talent. The capital has continued 'to have the highest proportion of young people starting an undergraduate course [in the UK], increasing each year since 2013'. In 2019, 'it increased by a further 2.2%, reaching a record 44.5%'.^v The sector also welcomed '134,000 UK BAME domiciled students (2018/19), with 51% of the London student population being of an ethnic minority, compared to 21% in the rest of the UK'.^{vi}

But while UCAS data on prospective students offers some encouragement on home student numbers, a second outbreak or local lockdowns could shatter fragile student confidence and hinder those who rely on working while studying to afford university. Part-time workers make up 24% of the UK workforce but account for 35% of the jobs most at risk due to coronavirus. In terms of age, around 45% of the more vulnerable jobs are held by younger people, aged 35 years or less.^{vii}

Fewer students from disadvantaged backgrounds attending university is at the detriment of London's workforce and businesses. Impacting the future talent pipeline and social mobility across the capital. Planning for local lockdowns and the revival of London's economy, must be undertaken in consideration of the student population and in partnership with the higher education sector. This is particularly important to ensure disadvantaged Londoners are not excluded from higher education.

London's universities are anchor institutions and economic multipliers

Universities have an integral role to play in building back better. Acting as anchor institutions to support local growth, driving innovation in collaboration with business, and in tackling inequalities for a fair and inclusive recovery.

The local, regional, and global impact of London's universities is almost unparalleled. With few businesses underpinning the same levels of local employment or economic contribution. Without direct support enabling universities to continue delivering for communities, there is a real danger that London's revival will be hindered. Collaboration between local government, business, education providers, and London stakeholders, such as London and Partners and Transport for London (TfL), will be critical in ensuring London's higher education sector continues to thrive, and the capital's business-echo system thrives too.

7 steps to support London's universities in their revival from COVID-19

Following consultation with London's universities and representative bodies, the CBI is calling on the Mayor of London, to:

1. Ensure universities are represented within City Hall's plans for economic revival and are recognised as integral to London's economic recovery. Universities must be considered as key economic businesses within London, in the same light as other major business sectors. Systemic engagement with the Mayor of London and Deputy Mayors, including for Business and Planning, Regeneration and Skills, will be crucial to utilising their economic contribution.
2. Be actively involved in and endorse, the targeted communications campaigns planned by London & Partners encouraging international students to live and study in London. These are aimed at key international markets (including China, India and the USA) and will emphasise the quality of the academic and cultural experience, despite the "new normal". They will also highlight the ease and safety of moving around London and the welcoming environment for international students.

Once in London, international students are overwhelmingly: pedestrians, cyclists, and users of public transport, so will benefit from the Transport for London's (TfL) Streetspace Scheme. They also become important economic and social contributors to their borough communities and should be encouraged to participate in local activities via the London Alliance's "*Because I'm a Londoner*" campaign.

3. Showcase universities role in London's response to coronavirus, including the development of a high-quality educational offer and enhanced student, medical and community support, Actively promote the *London Higher COVID-19 Secure Charter* underpinning universities work.
4. Ensure no prospective or current student is unable to attend university because of digital and data poverty or exclusion. Alongside the CBI, create a London "tech guarantee" in collaboration with universities, colleges and business, to provide disadvantaged young Londoners with devices and data, to fully participate in work and continued learning.

In addition, as workplaces and learning environments continue to “digitise” accessible online training and support will be essential to ensuring young people are “work ready” or “study ready”. Particularly for those unable to maintain or develop their digital skills during the coronavirus pandemic. The Tech Guarantee Scheme and support for digital skills, should build on the Mayor’s Digital Talent programme and Skills for Londoners COVID-19 Response Fund.

5. Call on the government to ensure that the visa and immigration system underpins the International Education Strategy. Streamlining and simplifying the visa process for prospective international students will be vital to boosting those choosing to study in UK HEIs to 600,000 by 2030. Meanwhile, reforming assessment of sponsor compliance by removing the 10% visa refusal threshold could encourage growth in new markets.
6. Work with universities on coordinating international student travel from London’s airports to campuses and accommodation.
7. Engage with the newly appointed International Education Champion to support London university involvement in international trade missions at all levels of government, utilising the sector’s role in international diplomacy and soft power.



The role of business in supporting universities and next steps

The CBI will:

- Utilise the local power of businesses and universities to ensure that areas of high deprivation across London are not excluded from the national 'levelling-up' agenda. The CBI will work with City Hall to ensure that higher education is central to London's growth and industrial strategy. It is integral that London helps drive inclusive regional growth across the UK and benefits from it within its own areas of deprivation and poverty
- Facilitate engagement between universities and TfL to support current and prospective students to travel around London safely and encourage student-heavy boroughs and university campuses, to benefit from the Streetspace scheme
- Enhance industry and university engagement to ensure placements, internships and mentoring continues where possible, as a part of the capital's recovery
- Continue to emphasise that job creation, skills training and opportunities for young people must be the top priority in a jobs rich and inclusive recovery from coronavirus. Proposals include:
 1. The creation of Jobs & Skills Hubs to help create dynamic local labour markets and link young people with new opportunities for training and employment
 2. A Future Skills Fund to support sectors with high job potential, such as digital, low carbon and health, with universities and colleges playing a key role in upskilling and retraining
 3. Introduce greater flexibility into the apprenticeship levy to help school, college and university graduates get into work.



Why support London's universities?

Higher education is a fundamental economic sector for the capital's economy

Simply put, London's universities are integral for: skills, innovation, business development, inward investment, wider employment, and economic growth. Enabling universities to retain student populations will help to underpin the sectors essential role in the capital's economic recovery from coronavirus. The role of universities will be particularly important as London redefines itself, following the UK's departure from the EU.

Collectively London's higher education institutions:

- Generate £17bn each year in goods and services, including £2.9bn in export earnings
- Support 172,000 jobs at all skill levels
- Educate 386,000 students or 16% of the UK total
- Attract almost 120,000 international students (2/3 of which are non-EU students), a third of all those in the UK, directly contributing £3.2bn to the UK economy and 37,000 jobs (London and Partners)
- Produce over 140,000 skilled graduates every year^{viii}

Case Study: Kingston University

- In 2014/15, Kingston University generated an estimated £921.1 million Gross Value Added (GVA) as well as supporting 12,500 jobs throughout the country. Of this total:
 - £453 million GVA and 7,900 jobs were in London and
 - £221.1 million GVA and 3,800 jobs were in the Royal Borough of Kingston upon Thames.
- The 2016 study also found that, for every pound spent, the University generated £10 GVA for the national economy, making it a dynamic economic driver. Similarly, every job provided directly by the University supported 6.9 jobs throughout the United Kingdom.

Case Study: Middlesex University of London

- Middlesex University brings an estimated £289 million into the local economy through employment and reach into local businesses, which supports 3,869 jobs.
- In total, students spend £62.4 million per year in the Barnet economy (2015 study), with 19,301 Middlesex alumni living in Barnet.

Case Study: Brunel University London

- Brunel University London supports more than £788 million GVA in the UK and 10,200 jobs (2014/15). Of this:
 - £227 million GVA is provided to the universities home borough of Hillingdon, also providing 4,300 jobs in the area.
 - £510 million GVA is afforded to wider London, alongside 7,600 jobs
- Every £1.00 of income received by Brunel University supports £3.93 GVA in the UK. For every job directly created by the university, 4.8 jobs are supported by the UK economy

Case Study: Goldsmiths, University of London

- Goldsmiths' accounts for 1.2% of the total annual GVA produced in Lewisham and is one of the largest employers in the borough. Direct employment at Goldsmiths accounts for 2.7% of all jobs in Lewisham and 13% of all jobs in New Cross/Deptford.
- As a large business, Goldsmiths also has a significant economic impact through its purchasing of goods and services. In its last financial year (Aug 2018 - Jul 2019) the university spent £41.2m on the purchase of goods and services. The overwhelming majority of the £39.1m, was spent on UK suppliers. In total, this expenditure would support an estimated 410 jobs at the UK level. Of these 64 (16%) are with employers based in the borough of Lewisham and 191 (47%) are with employers based in London.
- Total expenditure by Goldsmiths students comes to £134m, or £89.1m excluding housing.

Anchor institutions for social mobility and diversity of thought

London's diverse student population is critical to the capital's skilled workforce and London's future productivity; notably as diverse businesses are higher performing businesses. Firms with the highest levels of gender and ethnic diversity are between 15% and 35% more likely to outperform their rivals and full representation of BAME individuals across the labour market would give the UK economy a boost of £24 billion per year – 1.3% of UK GDP^{ix}.

Ensuring that no one is excluded from partaking in higher education in London must be central to the capital's economic recovery. Failure to support disadvantaged students will blunt one of the capital's most competitive advantages - its diverse talent – hindering London's business community and productivity.

Maintaining London's reputation as a leading international city will also be key to unlocking new global partnerships following Brexit and diversifying the workforce. The international nature of London's universities offers London (and the UK) critical soft power to achieve this. City Hall and London and Partners should maximise the visibility and role of the higher education sector, particularly as London looks to redefine its position on the global stage and encourage inclusive growth and investment, post coronavirus and Brexit.

“Tackling structural inequalities in the UK is fundamental in enabling economic growth to benefit all. And the case for businesses to do so is clear: reducing the gender pay gap in labour market participation, STEM qualifications, and wages, could increase the UK economy by £55bn by 2030.”

“Likewise, companies in the top 25% for gender diversity on their executive team are 21% more likely to experience above-average profitability than those in the bottom 25%. For ethnic diversity, top-quartile companies are 33% more likely to outperform on profitability.”

Siobhan Morris, UCL Grand Challenge of Justice & Equality and Dr Olivia Stevenson, Head of UCL Public Policy

Diversifying thought and talent in London's future workforce

1. Using the Index of Multiple Deprivation (IMD), 53% of Brunel University London's (Brunel) Home entrants in 2018/19 were from IMD Q1 and Q2. For those declaring income information, 58% of Brunel Home entrants in 2017/18 had a household income of under £25k.
2. Using Higher Education Access Tracker (HEAT) data for activities run by Brunel's Widening Access team in 2019/20, 63% of students who participated were first generation in higher education.
3. 52% of Middlesex University of London (Middlesex) students are eligible for free school meals, the highest of any UK university (average for the universities with data available - 112 institutions - is 22%). 87% of Middlesex undergraduate UK and EU students, fall within at least one widening participation category. One third of Middlesex students' undergraduate students, come from deprived areas and are also the first generation from their household to enter higher education. Typically, around 37% of Middlesex intake only have BTEC qualifications, compared to just under 30% who only have A-levels. Approximately one quarter of Middlesex students, who are often mature, also have neither A-levels or BTEC qualifications.
4. 63% of Middlesex undergraduate students are classified as BAME.
5. Survey data shows that a third of students are undertaking part-time paid work within the first term of starting at Middlesex, with some likely continuing a prior job. Of those working, 70% do between 8-20 hours a week and 40% work more than the University's recommended maximum of 16 hours per week – that is over 10% of all undergraduate students.



Diversifying thought and talent in London's future workforce cont.

6. Kingston University draws the majority of its undergraduate population from a 20-mile radius and recruitment from Greater London currently stands at 58.9% with further growth forecast.
7. The proportion of home undergraduate students attending Kingston University, who are from a BAME background, also stands at 58.9%.
8. Kingston has a higher than average proportion of care leavers as students, being one of only a handful of universities to have over 1% of its students from this background. Due to the success of its KU Cares programme the first-year continuation of care-experienced students has increased from 78.9% in 2013/14 to 93% in 2016/17 and is currently above that of the wider undergraduate population.
9. 49.9% of Kingston University's students come from IMD quintiles 1 and 2, with 39.2% having been in receipt of Free School Meals (against a sector average of 20.8% FSM). The University has in place a range of initiatives including its Head Start programme and Beyond Barriers mentoring scheme, which are targeted at students who fall within a widening participation category and whose participants are more likely to progress to the next level of study than the wider student population.
10. In the sector, there remained a persistent and large attainment gap of 18pp between the most and least deprived IMD quintiles in 2017/18. At Kingston, this has been decreasing steadily since 2013/14 and stood at 12pp in in 2017/18. Eliminating these unexplained differential outcomes remains is a high priority.



Case Study: The importance of supporting students to travel Middlesex University of London

At Middlesex, over three quarters of new UK students (76%) have commutes of more than 40 minutes (69% of all new students). Nearly half (47%) of UK students travel for an hour or more to reach campus, with many of them living in the parental home. This falls slightly to 41% of all new students, due to the significant proportion of international students living close to campus in university halls. Middlesex's 41% of students commuting over an hour, compares to a London average of just 13.9% and a national average of 5.9%.

Some students have very complicated journeys with multiple connections, with three in ten using multiple modes of transport (in addition to walking) as part of their commute. For approximately 8% of students, this entails getting a train, tube, and bus as part of their journey. Those using a train or tube... have the longest commutes, with average travel times each way of over 70 minutes and for some this involves travelling into central London before then travelling out to Hendon. Those using a train at some point have average commutes of nearly 80 minutes.

Undertaking part-time work is a common practice for many students and it also introduces another location into their daily journeys. For such students, the daily commute becomes less a binary to-and-from trip but more triangular in nature between three destinations. This adds extra complexity to the commutes of these students.

Case Study: The importance of supporting students to travel Brunel University London

- From 2018/19 data, over half of Brunel's UK students are commuters who need to travel a reasonable distance to campus.
- 45% of our student population live more than 5 miles away from campus during term-time. Within this, 28% live more than 10 miles away.
- Female, Black, Asian, and mature students are more likely to be commuters, and male, White and under-21 students more likely to live locally.



London Tech Guarantee Scheme

Ensuring no young Londoner is excluded from education, training, or skills because of digital and data poverty

Local government, education providers, and the business community, must support young people into education and the workplace. Increasing opportunities for young people is a fundamental part of “building back better” and tackling digital exclusion is critical to this mission.

While coronavirus has increased flexible, online, and blended learning, it has also exposed the reality that many young Londoners do not have access to physical technology or data. As the world of work and education continue to adapt, digital poverty must be addressed or thousands of Londoners face exclusion from the ability to learn, train and work.

The London Tech Guarantee scheme will aim is to ensure that all young Londoners have equal access to education and training, and to jobs and skills. This will help ensure that no one is left behind simply because of their background or circumstances.

CBI members recognise that digital literacy and access to online tools and platforms can be essential to gaining the skills and experiences required for the workplace. Therefore, the CBI is calling on the Mayor of London to collaborate with business to improve digital inclusion across the capital. With digital inclusion a key priority for the Mayor, and the GLA developing proposals for the city’s recovery, the time for partnership is now. The CBI will work to ensure London’s business community is actively engaged on this agenda, to drive change for those who most need it.

“With a ‘London Tech Guarantee’ – a partnership between business, government, universities and local colleges – we can ensure every young Londoner has equal access to education and training. This will help to lessen the effects of digital exclusion across our capital. CBI members are firmly behind this agenda and stand ready to help make it a success.

“It’s a small step on our longer journey towards an inclusive recovery, but it’s one that could transform thousands of lives for the better.”

Dame Carolyn Fairbairn, Director-General, CBI

Case Study: Goldsmiths, University of London

During the coronavirus pandemic so far, Goldsmiths, University of London has provided 304 of their students with equipment and/or broadband to combat digital exclusion during the coronavirus pandemic. This was applied for through the university's Online Learning Access Fund (OLAF), which was run at the beginning of the UK's lockdown period. Note: these numbers are expected to change, and some students have had less access to apply for the fund, for example, where they had returned to their main place of residence. Specific numbers:

- 235 students required laptops
- 51 students required both laptops and broadband
- 18 students required broadband only

“Digital poverty is a real issue for Middlesex current and prospective students. We have repurposed funding for our student PC cluster and staff laptop replacements and brought forward other planned funding to provide an additional 1,000 student loan laptops on long-term loan to our students during the period of blended online and face-to-face learning. This supplements the 350 student loan laptops we already have. The University has loaned 180 laptops to students since the lockdown began on 23 March 2020.”

Middlesex University of London

Case Study: Brunel University

An internal survey of students in June 2020 reported that since the coronavirus lockdown, 5% of students from Brunel University London, have not had regular access to a laptop to use for studying and 4% do not have regular access to Wi-Fi. A further 8% of students noted challenges with the quality of their internet, reporting inconsistent or poor connection which made engaging with their studies challenging. It should be noted that as this survey was circulated via email, requiring some form of device or internet to respond, the actual proportion of students without access to technology is likely to be higher.

“We know that many students rely on University computers and/or Wi-fi to engage with their studies and this is backed up by student responses, with 49% reporting use of University Wi-Fi, 27% regularly using Brunel desktop computers and 4% utilising the laptop loan scheme.”

Endnotes

ⁱ <https://www.londonandpartners.com/>

ⁱⁱ <https://www.ifs.org.uk/publications/14919>

ⁱⁱⁱ Oxford Economics commissioned by Universities UK: <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Pages/briefing-economic-impact-of-international-students.aspx>

^{iv} <https://www.londonandpartners.com/>

^v UCAS: https://www.ucas.com/file/292721/download?token=f0_lrcH-

^{vi} <https://www.londonhigher.ac.uk/wp-content/uploads/2020/04/London-Higher-Position-Paper-impact-of-coronavirus-on-Londons-HE-sector.pdf>

^{vii} <https://www.mckinsey.com/industries/public-sector/our-insights/covid-19-in-the-united-kingdom-assessing-jobs-at-risk-and-the-impact-on-people-and-places>

^{viii} <https://www.londonhigher.ac.uk/wp-content/uploads/2020/04/London-Higher-Position-Paper-impact-of-coronavirus-on-Londons-HE-sector.pdf>

^{ix} <https://www.cbi.org.uk/our-campaigns/building-diverse-and-inclusive-workplaces/>

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