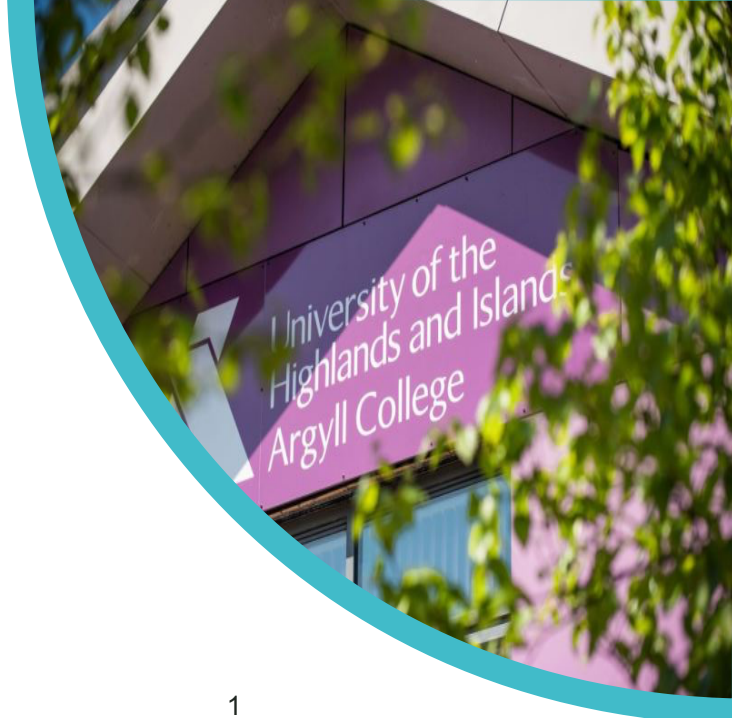


Argyll College UHI Economic Impact Assessment

A final report to UHI
25th September 2020





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1

Introduction

This report presents an assessment of the economic impact of Argyll College UHI in 2019.

This report presents an assessment of the economic impact of Argyll College UHI in 2019. This is linked to a wider commission to evaluate the collective economic contribution made by UHI and its academic partners.

The analysis is based on data provided to BIGGAR Economics by Argyll College in Spring 2020, together with an interview with College Principal, Martin Jones in July 2020.

1.1 Background

Argyll College UHI opened its first learning centres in 2000 and now has ten centres throughout the region, in Campbeltown, Dunoon, Lochgilphead (two centres), Oban and Helensburgh, and on the islands of Arran, Bute, Islay and Mull. As well as providing further and higher education, the college works closely with the region's schools, giving pupils access to college courses as part of their school curriculum. It works with businesses to provide a variety of certified training and professional development opportunities.

The college delivers its activity across a scattered and diverse geographical area, supported by video conferencing and other digital technologies, allowing it to bring education to otherwise isolated areas. It provides opportunities for residents and businesses in rural areas to receive further and higher education in their own communities.

1.2 Reference Year and Geography

Our analysis is intended to measure the impact created by the UHI and its academic partners over a given timeframe, in this case it is 2018/19, the most recently completed academic year for which data are available. Throughout the report this has been referred to as 2019. Graduate data relate to students who graduated in 2019.

The impacts are presented for two geographies, the Argyll and Bute Council local authority area and Scotland as a whole.

1.3 Measurement and Method

The economic impacts are assessed in terms of two commonly used measures:

- Gross Value Added (GVA), which is a measure of economic output; and
- jobs.

GVA impacts are reported to nearest whole £ million and jobs are reported to the nearest 100, or nearest 10 depending on the scale of impacts. Student numbers are rounded to the nearest 10.

A detailed description of the metrics and the methods used to calculate impacts is provided in the Methodological Appendix at the end of the main UHI report.



1.4 Report Structure

The remainder of this report is structured as follows:

- Section 2 introduces Argyll College UHI's quantitative economic impacts, which result from supporting students, employing staff and running services; and
- Section 3 reflects on the wider benefits of the college, which are the result of support for the labour market, and links with industry and communities.



2

Economic Impacts

This section presents the economic impact created by Argyll College UHI.

Its impacts are described according to themes set out in the UHI's strategic plan:

- supporting students; and
- a university for all the region.

The summary tables at the end of this section show the estimated total economic contribution made by the College. This should be read alongside the wider benefits supported by organisation which are described in section **Error! Reference source not found.**

A full description of the methodology used to estimate these impacts is contained in an Appendix to the UHI's main report.

2.1 Supporting Students

Engaging in education brings an opportunity for people to enhance their earnings potential over the course of their working lives. The sub-section below quantifies the lifetime productivity benefits associated with the qualifications awarded to students at Argyll College UHI.

The College has a total student body of 2,704 across its further and higher education courses. The curriculum offering for students is at the heart of the College and it aims to meet the needs and expectations of a diverse and geographically dispersed student body. Its approach facilitates greater access to a range of courses that offer pathways through tertiary education, delivering qualifications at all 12 SCQF levels from access courses up to and including PhD level. For all students, especially those living in communities where tertiary education was previously limited or non-existent, this represents a step change in the local education offering.

In 2018/19, Argyll College UHI had 790 qualifiers from its full-time and part-time courses. In cases where students achieved more than one award in the same year, the productivity premium was applied to the highest level of award received by each qualifier to avoid double counting.

The table below shows the highest qualification achieved by students at Argyll College in 2018/19. Qualified undergraduates were assumed to have achieved Level 10 on the SCQF scale, which assumes they have completed an honours qualification. For those that do not complete honours level, assigning this group to Level 9 does not affect the analysis below.



Table 2-1 Qualifiers from Argyll College UHI by SCQF Level, 2019

SCQF	Number of Qualifiers	Examples of Awards Included
Level 1	-	National 1 Awards
Level 2	<5	National 2 Awards, National Certificate, National Progression Award
Level 3	50	National 3 Awards, Skills for Work National 3, National Certificate, National Progression Award
Level 4	100	National 4, Skills for Work National 4, National Certificate, National Progression Award, SVQ 1
Level 5	200	National 5 Awards, Skills for Work National 5, Modern Apprenticeships, National Certificate, National Progression Award, SVQ 2
Level 6	290	Higher Awards, Skills for Work Higher, National Certificate, National Progression Award, Foundation Apprenticeships, Professional Development Award, SVQ 3
Level 7	100	Advanced Higher Awards, Scottish Baccalaureate, Modern Apprenticeships, HNC, Professional Development Award, SVQ 3
Level 8	20	Diploma of Higher Education, Technical Apprenticeship, HND, Advanced Diploma, Professional Development Award, SVQ 4
Level 9	10	Bachelors/ Ordinary Degree, Graduate Diploma, Technical Apprenticeship, Professional Development Award, SVQ 4
Level 10	10	Honours Degree, Graduate Diploma, Graduate Certificate, Graduate Apprenticeships, Professional Development Award
Level 11	20	Masters' Degree, Post Graduate Diploma, Professional Apprenticeship, Professional Development Award, Graduate Apprenticeship, SVQ 5
Level 12	-	Doctoral Degree, Professional Apprenticeship, Professional Development Award
Foundation Apprenticeships	<5	
Total	790	

Source: [SCQF](#) (2020); BiGGAR Economics Analysis of Data from UHI (Numbers have been rounded to the nearest 10)

The analysis considers the productivity impacts associated with qualifications at Level 4 and above. Three different methodologies have been used to suit available data on earnings premia associated with different levels of education. The groupings used and a brief description of the methodology applied in each case is described below. A full description of the methodologies used is contained in the methodological appendix in the main UHI report.

1.1.1 Qualifiers at SCQF Levels 4 to 6

SCQF Levels 4 to 6 represent qualifications gained in the senior phase of formal education (typically, ages 16-19) and in the initial stages of employment up to



National Certificate and SVQ3 level. Foundation Apprenticeships are included as a Level 6 qualification. Based on the data received from UHI, it was estimated that 580 people received Levels 4 to 6 qualifications at Argyll College UHI in 2018/19.

The methodology applied uses data from a study for the Department for Business Innovation and Skills¹ that measured the lifetime productivity impacts realised in England from achieving qualifications that are equivalent to SCQF Levels 4 to 6 in Scotland. The resulting productivity premium applied to qualifiers at these levels is shown in Table 2-2. The economic impact associated with each study area was estimated based on qualifiers' term-time address.

Table 2-2 Earnings Premium Assumptions, SCQF Levels 4 to 6

RQF Level	Equivalent SCQF Level	Productivity Premium
Level 1	Level 4	£8,667
Level 2	Level 5	£22,444
Level 3	Level 6	£29,444

Source: BIS (2011), Measuring the Economic Impact of Further Education and BiGGAR Economics Analysis

1.1.2 Qualifiers at SCQF Levels 7 and 8

SCQF Levels 7 and 8 represent advanced further education, modern apprenticeships, some professional development awards, SVQ Level 3/4, HNCs and HNDs. Based on the data received from UHI and its academic partners, it was estimated that 120 people received qualifications at Levels 7 and 8 from Argyll College UHI in 2018/19.

To estimate the impact for qualifiers at this level, the analysis relied on a study by London Economics on the returns from RQF Level 4 and 5 qualifications for STEM and non-STEM subjects². Based on European Commission guidance, these correspond with SCQF Levels 7 and 8 in Scotland. The study found that the premium realised was different for STEM and non-STEM subjects and also for full-time and part-time qualifiers. This is because many part-time students undertake courses at a later stage in their working lives and have less time in which to realise the benefits.

The premiums applied are shown in Table 2-3. The appropriate rate of return was applied to UHI qualifiers according to courses they graduated from and the mode of study. Impacts were allocated to each area according to where students lived.

Table 2-3 Earnings Premium Assumptions, SCQF Levels 7 and 8

Study Mode	STEM Subjects	Non-STEM Subjects
Full-time	£78,500	£28,500
Part-time	£45,200	£13,500

Source: London Economics (2017), Assessing the economic returns to Level 4 and 5 STEM-based qualifications

1.1.3 Qualifiers at SCQF Levels 9 to 12

SCQF Levels 9-12 represents higher education awards, Bachelors' degrees, Masters' degrees, PhDs and other equivalent qualifications such as Professional Development Awards. Based on the data received from UHI and its academic

¹ BIS (2011), Measuring the Economic Impact of Further Education and BiGGAR Economics Analysis

² London Economics (2017), Assessing the economic returns to Level 4 and 5 STEM-based qualifications.



partners, it was estimated that 40 awards were made by Argyll College UHI at Levels 9 to 12 in 2018/19.

The approach towards estimating the productivity premium associated with higher education graduates is based on research carried out by the Department for Business Innovation and Skills (BIS)³. This considers the lifetime earnings premium accruing to a graduate compared with others whose highest formal qualification is an A-level or equivalent qualification. This study also gives a breakdown of graduate premia by subject studied and highlights the considerable variation in the returns from different degree subjects. Their research implies that the average graduate premium for all first-degree qualifiers is estimated to be £108,100 over their working lives. The study also estimates the returns from postgraduate and research degrees.

The total productivity impact associated with the students who achieved Level 9 to 12 qualifications was estimated by multiplying the returns associated with each degree type and subject by the number of graduates who qualified in that subject and degree type in 2019.

To estimate the economic impact generated in each study area, a distinction was made between UK qualifiers and non-UK qualifiers, as graduates from outside the UK are less likely to remain in the UK after achieving their degrees. Based on the Destination of Leavers from Higher Education Survey⁴, it is estimated that around 84% of graduates from Scottish institutions remain in Scotland on completion of their course. The graduate premium impact for UK-domiciled qualifiers in the Highlands and Islands was then estimated based on data provided by UHI for students' postcodes. Based on research from BIS, it is further assumed that only 20% of non-UK qualifiers remain in the UK following graduation. The total graduate premium across the Highlands and Islands and Scotland was then estimated by summing up these impacts.

2.1.1 Summary Productivity Impacts of Qualifications

Using these methods, the productivity impact associated with students receiving awards from Argyll College UHI in 2019 is estimated to be £18 million GVA in Argyll and Bute and £20 million GVA across Scotland. A breakdown of impact by qualification level is provided in the table below.

Table 2-4 Earnings Premium by Level of Qualification – Argyll College UHI

	GVA (£ million)	
	Argyll and Bute	Scotland
SCQF Levels 4-6 (Further Education)	13	14
SCQF Levels 7-8 (Advanced Further Education)	4	5
SCQF Levels 9-12 (Higher Education)	1	2
Total	18	20

Source: BiGGAR Economics Analysis (Note, figures may not sum due to rounding)

2.2 A University for All the Region

There are several aspects to this impact that arise from the College's operational activities as an employer that spends money on staff, capital projects, goods and

³ Department for Business Innovation & Skills (BIS) (2011), The Returns to Higher Education Qualifications.

⁴ Higher Education Statistics Agency (HESA) (2018), Destination of Leavers from Higher Education 2016/17.



services and attracts a student community that spends in the local economy. Other impacts are created through the visitors that it brings to the area. These are collectively reported as operational impacts in the summary table at the end of this section.

2.2.1 Core Impact

The core impact of an organisation is the economic contribution it makes through its main activities. The core impacts associated with Argyll College UHI includes:

- **direct impact** –the value that it adds to the economy through its own operations which can be estimated as the difference between total income and total supply spending. In 2018/19, the College had a total income of £6 million and spent £1 million on supplies;
- **supply spending impact** – which measures the contribution made throughout the organisation’s supply chain by its expenditure on goods and services. This amounted to less than £1 million in 2018/19;
- **staff spending impact** –staff at the College create an impact on the economy by spending their wages and salaries in the areas where they live. In 2018/19 staff at Argyll College UHI received £4 million in salaries and wages; and
- **capital spending impact** - this contributes to economic activity by supporting businesses in the construction sector and the amount spent can fluctuate from year to year. Based on spending over the past five years and taking future plans into account for the next five years, it is estimated that Argyll College UHI spends around £700,000 per year on capital investment. Around 10% of capital spending benefitted businesses in Argyll and Bute, and a further 79% was spent with businesses elsewhere in Scotland.

Summing up the economic impact generated by core activities, it is estimated that, in 2018/19, Argyll College supported £5 million GVA and 200 jobs in Argyll and Bute. Across Scotland, the College created an economic impact of £7 million GVA and 220 jobs. A summary of impact by source is provided in Table 2-5.

Table 2-5 Core Impact – Argyll College UHI

	GVA (£ million)	
	Argyll and Bute	Scotland
Direct Impact	4	4
Supply Spending Impact	<1	1
Staff Spending Impact	1	1
Capital Spending Impact	<1	<1
Total	5	7
Employment		
Direct Impact	170	170
Supply Spending Impact	10	20
Staff Spending Impact	10	20
Capital Spending Impact	<10	10
Total	200	220

Source: BiGGAR Economics Analysis (Note, figures may not sum due to rounding)

2.2.2 Student Community

In 2018/19, there were 370 full-time students enrolled at the College on all further and higher education courses. The student community at the College creates an



economic contribution in four ways: through their spending patterns, through working part-time in their local communities, through placements and through voluntary work. Each of these impacts are explained below:

- **Student spending** – students’ spending habits during term time supports turnover and employment in the businesses where purchases are made. Student spending is estimated based on where they live and on their spending patterns which are informed by the “Student Income and Expenditure Survey 2014 to 2015”⁵ which is published by the Department for Education (DfE). It is estimated that the full-time student community at Argyll College UHI spend £4 million in the local economy each year.
- **Student part-time work** - students also make an economic contribution by working part-time during their studies, most commonly in the hospitality and retail sectors. Based on national data it was estimated that around 33% of full-time students worked during term time⁶ for around 14 hours each week.
- **Student placements** - students at the College contribute to local employment by carrying out work placements. As well as giving students valuable experience, they also support the activities of businesses and organisations where they are placed. Data provided by the College indicate that 38 students took part in placements in 2018/19.
- **Student volunteering** – this makes an economic contribution to a range of organisations and helps to make services possible that may not happen otherwise. Based on the evidence from a study by the National Union of Students⁷ (NUS), it was estimated that around 31% of students take part in volunteering activities and that each volunteer spends around 44 hours volunteering per year.

By summing the economic impacts generated by the College’s student community, it is estimated that it contributed £3 million GVA and supported 80 jobs in Argyll and Bute in 2018/19.

Table 2-6 Student Community Impact – Argyll College UHI

	GVA (£ million)	
	Argyll and Bute	Scotland
Student Spending Impact	2	2
Student Part-Time Work Impact	1	1
Student Placements Impact	<1	<1
Student Volunteering Impact	<1	<1
Total	3	4
	Employment	
Student Spending Impact	40	50
Student Part-Time Work Impact	40	40
Student Placements Impact	<10	10
Total	80	100

Source: BiGGAR Economics Analysis (Note, figures may not sum due to rounding)

⁵ Department for Education (2018), Student Income and Expenditure Survey 2014 to 2015.

⁶ Office for National Statistics (2019), Labour Force Survey.

⁷ National Union of Students Connect (2014), The Student Volunteering Landscape.



2.2.3 Tourism from Conferences and Events

The College attracts visitors to its students and staff and through organising conferences, events and graduations. This creates short-term tourist spending impacts in the local economy.

It is estimated that, in 2018/19, the economic impact associated with tourism-related activities at Argyll College UHI was £58,000 GVA and 2 jobs in Argyll and Bute.

2.3 Summary

The College is a significant part of the community's fabric. It is estimated that it generated an economic contribution that was worth £26 million GVA and 280 jobs throughout Argyll and Bute in 2018/19.

Table 2-7 Total Impact Summary – Argyll College UHI

	GVA (£ million)	
	Argyll and Bute	Scotland
Student Lifetime Earnings Impact	18	20
Operational Impact	8	10
Total	26	30
	Employment	
Student Lifetime Earnings Impact	-	-
Operational Impact	280	320
Total	280	320

Source: BiGGAR Economics Analysis (Note, figures may not sum due to rounding)

Beyond its economic contribution, the College also makes an important contribution to the social, industrial and cultural fabric of life in the Argyll and Bute. These wider impacts are described in the following section.



3

Wider Benefits

In addition to its economic impact, Argyll College UHI brings a suite of wider benefits which support essential services and communities of Argyll and Bute.

There are several ways in which Argyll College UHI creates economic and wider benefits for the communities it serves. Routes to impact include support for the labour market through skills and other labour market development work, links that directly support businesses and sustain key sectors of the economy, and the various ways the college engages with and supports the community of which it is part.

3.1 Labour Market

Argyll College UHI plays a fundamental role in the region's labour market, from supporting employability for those furthest from the labour market, to skilling and re-skilling people by providing vocational skills and academic qualifications. As well as responding to demand from learners, the college develops customised courses designed to meet the needs of individual businesses.

The college's digitally connected centres allow for provision across geographically scattered rural communities, in a way that would be impossible for more traditional college and university institutions. There are several areas of value here for the labour market.

The college helps address skills shortages that would be faced by the health and care sector without local provision. These sectors struggle to attract labour from elsewhere in Scotland, and so the college provides an opportunity for Argyll to "grow its own" health and social care workers, allowing its residents to move into the sector during their life course. The sustainability of the labour market in this sector is of fundamental importance to the future of Argyll. Without nurses and care workers the viability of rural hospitals in Dunoon, Lochgilphead and Campbeltown might be questionable.

The opportunity to study at post graduate level for a teaching career with UHI's PDGE qualifications provides similar support in the labour market for education, allowing Argyll residents to re-skill into the teaching profession. The college also trains the region's teaching assistants. A parent returning to work after having a family makes a relatively common entrant to the teaching profession, and this would be challenging for families to accommodate where a move is required to attend university. The college works with the council to provide this support where it is needed most, moving provision throughout the learning centres as the labour market needs arise.

Together, this means the college plays an important role in plugging structural gaps in key public services. There is a similar role being played to support the labour market for commercial sectors. HNs and Modern Apprenticeships are vital to support many sectors. Construction industry training is particularly challenging in a very rural context, where a physical location is required to deliver the practical side of training. Argyll College's centre for construction is based in Lochgilphead, with dedicated workshops in Dunoon, Campbeltown, Rothesay, and Lochgilphead. The college's role in addressing skills shortages in construction sector is fundamental to the sustainability of the sector in Argyll.



3.2 Industry Relationships

Argyll College UHI has close relationships with existing employers throughout the area and with businesses that have been started by ex-students who have gained skills here. There are some challenges in business engagement, with no cross Argyll Chamber of Commerce which means engagement with individual businesses is required across the region. The learning centre managers play an important role here, acting as the “eyes and ears” of the college in each area to speak to employers, adapt services to their needs and to signpost them to other services throughout UHI.

The presence of the college also creates opportunities for economic development of key sectors. For example, for the last four years it has been delivering marine education. Argyll and Bute Council have developed a £7 million project as part of its Rural Growth Deal to create a Marine Industry Training Centre in Oban under the auspices of Argyll College UHI. More than 100 marine businesses operate within a 20-mile radius of Oban, and the college’s potential to support the development of this sector is key.

Argyll College is the host organisation for Developing the Young Workforce (DYW) Argyll, one of 21 such partnerships across Scotland. DYW Argyll brings businesses and schools across the Argyll area closer together to support young people to become more work ready. They can achieve this by taking part in quality work-related activities whilst still at school and increasing work-based learning opportunities such as Modern Apprenticeships (MAs) on leaving school. All DYW regional groups are industry led. The college works with employers to better inform education of the needs of the local labour market to support the curriculum to be more work focused.

3.3 Community and Civic Role

Argyll College UHI is very much present within its community. Learning centres across the area are equipped with facilities and a staff presence to support individual learners, and also bring people together to learn. So, while there may only be one person studying a particular course at a centre, they are not isolated – the centre brings learners together from across disciplines, providing them with peers, as well as offering broader pastoral and academic skills support.

It is likely this plays an important role as a community asset within each location and adds to a sense of community cohesion and capacity. This is especially important in rural and fragile communities, and along with its structural role in providing skills to maintain core public services in health, care and education, highlights a particularly significant role for Argyll College UHI.

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