

# The Economic Impact of the Welsh Further Education Sector

How much economic impact do Further Education colleges in Wales have on the lives of their learners, society, the taxpayer, and on the economy as a whole? Earlier this year, Colleges Wales commissioned Emsi to carry out an Economic Impact Study (EIS) to answer these questions, with the resulting report clearly demonstrating the value the sector brings.

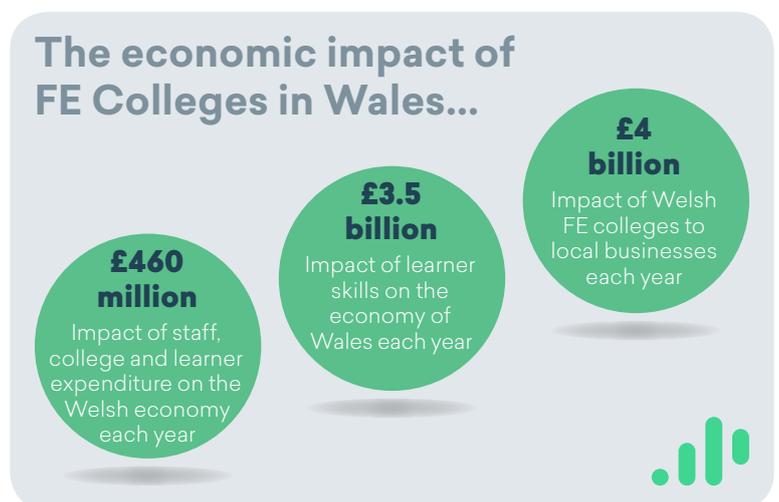
The study involved 12 Welsh FE colleges, and was comprised of two parts: an **impact analysis**, which looked at the wealth generated as a result of the existence of the institutions, and an **investment analysis** looking at the future value learners, taxpayers and society derive from the education provided by the colleges.

## The huge impact of Welsh colleges on the economy

All colleges bring wealth into their region through the employment of staff, spending on goods and services, learner spending, and workforce skills that are added to a region by students who find work in the area after leaving. Emsi's impact analysis calculates these values and, after subtracting the opportunity cost, applies localised "multipliers" – that is, multipliers which take account of local economic nuances – to show how the money then flows through the economy.

The analysis for the 12 colleges involved in the Colleges Wales study turned up some extremely impressive numbers, as you can see from the infographic. In fact, the findings showed that overall, Welsh colleges add £4 billion to the Welsh economy each year, a figure which equated to 9.1% of total economic output in Wales in 2014-15.

As Ian Price, the Director of CBI Wales noted:



“ This report suggests that FE colleges in Wales contribute roughly 183,530 average wage jobs, an incredible contribution by anyone’s standards... I’m pleased that this invaluable contribution has been recognised and hope to see future emphasis placed on the importance of supporting our FE sector to allow it to continue to thrive. ”

# The huge impact of Welsh colleges on learners, society and taxpayers

Whilst the impact analysis focuses on a single time period, the purpose of an investment analysis is to project impacts into the future, in order to see how much return investors are likely to get back over time. In terms of the Further Education sector, there are basically three main investors: **learners** who go to college to get an education they hope will bring future rewards; **taxpayers**, who contribute to the funding of Further Education through taxation; and **society**, which stands to reap the benefits of a more trained and skilled workforce. Emsi's study found significant returns on investment for all three stakeholders:

**Learners** paid a total of £66.9 million to cover costs such as tuition fees, books and supplies, forgoing earnings of £732.7 million while working instead of earning. In return, their aggregate earning potential increased by more than £5.5 billion over the course of their working lives.

**Taxpayers** paid £374 million to support FE colleges in Wales in 2014-15. However, the net present value of added tax revenue stemming from learners' higher lifetime incomes and the increased output of businesses amounts to £2.3 billion.

**Society** as a whole invested £1.7 billion in FE colleges in Wales through direct outlays and the loss of potential output from learners who spent time at the colleges rather than working. In return, society in the UK will receive a present value of £13.3 billion over the course of the learners' working lives, in the form of an expanded tax base and a variety of social benefits related to lower unemployment, increased health and well-being, and reduced crime.

As the infographic shows, these returns are extremely impressive, and they make it clear that the FE sector in Wales makes a huge contribution to the lives of individuals, communities and to the Welsh and UK economies as a whole.

Alun Davies, the Minister for Lifelong Learning and the Welsh Language, who was at the launch of the report, summed up the significance of the findings, and what they demonstrate about the important role played by FE colleges in Wales:



“ While it would have been hard to doubt the incredible contribution made by FE colleges to the Welsh economy, I'm pleased to see this contribution laid out in black and white. The impact these colleges have on their students' lives is huge... This study more than justifies that the money earmarked for FE in the most recent Welsh Government Budget is an investment, not just in those individual students, but the Welsh economy as a whole. ”

If you would like to speak to us about how we can measure the impact of your college, contact **Karla Archibald** at [karla.archibald@economicmodelling.co.uk](mailto:karla.archibald@economicmodelling.co.uk) or on **07841 521 971**