

5 CORE UNIVERSITY IMPACTS

This section describes the impacts generated by the daily operations of the University of Oxford, including the Colleges and Permanent Private Halls (PPHs). The core impacts include:

- the direct contribution;
- contribution associated with the University's supply chain;
- contribution generated by staff expenditure; and
- contribution associated with the capital expenditure of the University.

5.1 Direct Contribution

In 2014/15 the total income of the collegiate University was £1.8 billion and operating expenses amounted to £412.7 million.

Table 5.1 – Key Assumptions for the Direct Impact

	Value	Source
Income of University	£1.8 billion	University of Oxford Financial Statements 2014/15 and aggregated College Financial Data
Expenditure on goods and services	£412.7 m	
Staff (full time equivalents)	17,263	University of Oxford

The direct economic contribution of an institution can be estimated by subtracting its total expenditure on goods and services from its total income. The direct GVA of the University of Oxford in 2014/15 was therefore estimated to be £1.3 billion.

The direct employment contribution is the number of people directly employed by the collegiate University, which in 2014/15 amounted to 17,263 fte staff. These impacts are summarised in Table 5.2.

Table 5.2 – Direct Contribution in 2014/15

Direct GVA (£m)	1,338.4
Direct Employment (fte)	17,263

Source: BiGGAR Economics

5.2 Expenditure on Supplies

The University of Oxford and its Colleges also make an economic contribution through the purchasing of goods and services as this increases turnover and supports employment in the companies that supply the collegiate University.

In 2014/15 the collegiate University spent £412.7 million purchasing goods and services. In order to estimate the economic contribution of this spend it was necessary to consider how much of the collegiate University's supplies were purchased from companies in each of the study areas. Information provided by the central University indicates that 82% of supplies were purchased from UK based

suppliers. 14% of these were purchased from suppliers in Oxfordshire, of which 7% were from Oxford City.

The economic effect of this expenditure depends on the industry in which it was spent. Economic ratios and multipliers appropriate to the sectors in which expenditure occurred were therefore applied.

In this way it was estimated that the collegiate University contributed £265.4 million GVA and 2,840 jobs for the UK economy as a result of purchasing goods and services. Of this, an estimated £32.6 million GVA and more than 370 jobs were in Oxfordshire, and of this £16.1 million GVA and 191 jobs were in the city of Oxford.

Table 5.3 – Contribution from Expenditure on Supplies in 2014/15

	Oxford City	Oxfordshire	UK
GVA (£m)	16.1	32.6	265.4
Employment	191	376	2,840

Source: BiGGAR Economics

5.3 Staff Spending

In 2014/15 the collegiate University employed 17,263 full time equivalent staff and spent £616.8 million on staff costs. Collegiate University employees contribute to the wider economy by spending their wages.

The economic contribution of this spend will depend on where staff spend their wages which in turn depends to a large extent on where they live. Information provided by the central University indicates that 52% of staff lived in Oxford, 32% lived elsewhere in Oxfordshire and 16% lived in the rest of the UK. These proportions were also applied to the staff salaries paid by the collegiate University in 2014/15. It was then necessary to consider how much of their salaries staff might have spent in each area by making appropriate assumptions (further detail can be found in the Methodological Appendix).

It was therefore estimated that collegiate University employees spent a total of £527.8 million in the UK in 2014/15, including £247.7 million in Oxfordshire, of which £120.1 million was spent in Oxford City. The direct and indirect economic contribution of this spending was estimated by applying economic ratios and multipliers for the whole economy as employees spend their wages on a wide variety of goods and services.

It was therefore estimated that collegiate University staff spending contributed £477.5 million GVA to the UK economy and supported 8,695 jobs. Of this, £137.4 million GVA and 2,609 jobs were estimated to be in Oxfordshire. This includes an estimated £56.4 million GVA and 1,092 jobs in Oxford City.

Table 5.4 – Staff Spending Contribution in 2014/15

	Oxford City	Oxfordshire	UK
GVA (£m)	56.4	137.4	477.5
Employment	1,092	2,609	8,695

Source: BiGGAR Economics

5.4 Capital Spending

The University of Oxford also has an impact on the local economy as a result of the investment it makes in the maintenance and construction of buildings and in new technologies and equipment for these buildings. Capital investment by the University stimulates economic activity by generating turnover and supporting employment within the construction companies contracted to maintain the University estate and develop and fit-out new buildings.

The University of Oxford estate comprises a significant portfolio of land and properties. It includes 235 buildings, providing around 655,000m² of central University space, which accommodates the day-to-day activities of the University, including specialist research buildings, teaching laboratories and lecture halls, sports facilities, libraries and museums, administrative and ceremonial buildings. The University has a further 150 properties in and around Oxford which are managed commercially, including accommodation for graduate students, offices, warehouses and land. The estate also includes buildings dating from 1424 and some of the most iconic buildings in Oxford including the Radcliffe Camera, Sheldonian Theatre and Old Bodleian Library. A quarter of the University's estate is listed and 37% was built before 1840. A significant proportion of capital expenditure by the University is therefore devoted to preserving and maintaining its older buildings.

Over and above this however, the central University invests significantly each year in its estate. Over the last five years the central University has invested on average £112.3 million per year. This includes a major £80 million refurbishment of the New Bodleian Library and development of the Radcliffe Observatory Quarter, the Andrew Wiles Building (Mathematical Institute) and the Blavatnik School of Government.

The University's 10-year capital masterplan outlines investment of £1.8 billion over the period 2014 to 2024. As well as this, there is a planned £800 million transformation of the Osney Mead industrial estate into an innovation quarter. This will provide flexible research and commercial space (office and laboratories), a business incubator, a new engineering and materials research centre and 650 accommodation units for people involved in research.

As the level of capital investment tends to fluctuate significantly from year to year as major projects come online or are completed, the impact of this expenditure was estimated based on average expenditure between 2011 and 2016. During this period the University of Oxford invested a total of £561.7 million, an average of £112.3 million per year.

In addition to this, the Colleges of the University have recently invested an average of £77.8 million annually into their own capital development projects. Therefore, the total annual capital investment of the collegiate University of Oxford was £190 million.

By applying appropriate economic ratios and multipliers to this expenditure it was estimated that the central University's capital investment contributed £162.7 million GVA in the UK economy and supported 2,360 jobs.

Table 5.5 – Capital Spending Contribution in 2014/15

	Oxford City	Oxfordshire	UK
GVA (£m)	-	0.3	162.7
Employment	-	5	2,360

Source: BiGGAR Economics

5.5 Core Contributions Summary

The University of Oxford's core activities in 2014/15 supported economic activity that had a monetary value estimated at £2.2 billion GVA and 31,158 jobs in the UK. Of this, £1.5 million GVA and 20,253 jobs were estimated to be supported in Oxfordshire and £1.4 million GVA and 18,295 jobs in Oxford City. A breakdown of this impact within each of the study areas is provided in Table 5.6.

Table 5.6 – Core Economic Contribution 2014/15

	Oxford City	Oxfordshire	UK
GVA (£m)			
Direct	1,176.8	1,176.8	1,176.8
Supplier Spending	16.1	32.6	265.4
Staff Spending	56.4	137.4	477.5
Capital Spending	-	0.3	162.7
Total GVA	1,391.5	1,508.8	2,243.9
Employment			
Direct	17,263	17,263	17,263
Supplier Spending	191	376	2,840
Staff Spending	1,092	2,609	8,695
Capital Spending	-	5	2,360
Total Employment	18,295	20,253	31,158

Source: BiGGAR Economics