



HM Government

Industrial Strategy: government and industry in partnership



# International Education: Global Growth and Prosperity

July 2013

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## Devolved administrations statement

Education is a devolved matter and this is a strategy for England. The strategy does not commit any of the devolved administrations of the United Kingdom to any UK-wide actions or policy positions. Where the stated actions have implications for UK-wide delivery bodies, this is without prejudice to the individual policies of the Governments of the United Kingdom.

As we deliver this strategy, we will work closely with the devolved administrations on our areas of shared interest, particularly where this involves delivery bodies and other organisations with a remit that goes wider than just England.

Research policy is not a devolved matter and research councils offer UK wide support.

## Foreword

There are few sectors of the UK economy with the capacity to grow and generate export earnings as impressive as education. As Minister for Universities and Science I have been fortunate enough to visit many different countries. Yet wherever I am in the world the message about UK education seems to be the same. Our universities, colleges, awarding organisations and schools are recognised globally for their excellence. And we have many excellent education businesses such as Pearson, a truly great British brand and the world's leading education company. However, there is more that we can do to take advantage of this powerful reputation, and to seize the opportunities that stem from it. This strategy sets out an ambitious plan for us to do that.

Overseas students who come to Britain to study make a huge contribution to our economy. Each student in higher education on average pays fees of about £10,000 a year and spends more than this again while they are here. In 2011/12 we estimate that overseas students studying in higher education in the UK paid £10.2bn in tuition fees and living expenses. They boost the local economy where they study – as well as enhancing our cultural life, and broadening the educational experience of the UK students they study alongside. It is because we value this massive contribution that there is no cap on the number of legitimate students coming to Britain, nor do we plan to impose one.

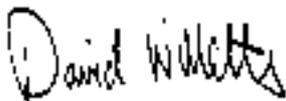
Yet this is only one area in which we can grow. Education is in the early stages of globalisation. I have visited middle income nations such as Indonesia, Turkey and Brazil, which are experiencing a surge in the number of young people. They want to effect a massive expansion of their education systems and they want to do so fast. This is a huge opportunity for us and one we must embrace.

Quite rightly our education system is envied on many levels, stretching beyond our academic excellence. Other countries are attracted to the expertise that UK institutions and organisations can offer on governance models, on professional development and curricular design, on construction, on the international reputation of our qualifications and on management and finance. The attraction also extends to the innovative equipment and technology solutions that our educational suppliers are constantly developing. But the UK can also learn from others. Countries like India quite rightly want a reciprocal partnership with the UK based upon shared values and mutual respect.

Bearing this in mind, for emerging markets we are adopting a new approach. The new Education UK Unit will identify significant opportunities requiring a co-ordinated response – which could include schools, colleges and universities as well as linking up with broader services that support education initiatives such as finance or legal services. They will then mobilise consortia to win the contracts. It is also about making the most of British ingenuity and innovation to develop new and affordable models for these countries to educate their growing numbers of young people. To do this we need to be at the forefront of the edtech revolution.

Because succeeding in emerging markets does not always equate to bricks and mortar. The explosive growth in Massive Open Online Courses (MOOCs) and their global reach has opened up a new door to education. We need to make sure it is a door to our universities and colleges.

Education is changing fast, and we must be agile in our response. We start from a position of tremendous strength. This strategy sets out a determined plan to harness it.

A handwritten signature in black ink that reads "David Willetts". The signature is written in a cursive, slightly slanted style.

**David Willetts MP**

Minister for Universities  
and Science

# Executive Summary

1. The education sector, including expenditure on national education systems, is currently the second largest sector globally after healthcare.<sup>1</sup> Enrolments in primary and secondary education have risen from 400 million and 184 million in 1970 to 691 million and 544 million in 2010. Over the same period, the number of students in tertiary education rose from 33 million to 178 million.<sup>2</sup> Growth is expected to continue globally, as a result of demographic change and rising incomes in developing countries, with emerging economies particularly focused on increasing numbers of students in higher education.
2. International education, in all its forms, represents a huge opportunity for Britain. BIS estimates that in 2011 education exports were worth £17.5bn to the UK economy. This strategy analyses the economic opportunities resulting from this growth, and sets out a targeted plan for the UK to grasp them, building on our education strengths both at home and abroad.
3. Britain is already in a powerful position. Global names such as the BBC, the Science Museum and the Premier League put us firmly on the map. Our schools, colleges and universities have a long history of excellence and innovation, and a global reputation for quality and rigour. Our reforms at all levels of education have excited interest from across the world, with the OECD (Organisation for Economic Co-operation and Development) concluding recently that Britain is the first country in Europe to have achieved a sustainable system for financing higher education. At present 75% of our educational export income comes from international students studying in the UK. While there are now a growing number of courses taught in English around the world, many students still value being taught by native speakers. And they certainly value the British educational experience and the UK educational brand. However, this is not the only area with potential for growth. As we shall explore, we can offer more UK education overseas, exploiting innovations in educational technology and forming multi-faceted relationships with emerging powers all over the world.

<sup>1</sup> *GCC Education Industry Report*, 2010. Produced by Alpen Capital. <http://www.alpencapital.com/includes/GCC-Education-Industry-Report-September-2010.pdf>

<sup>2</sup> World Bank databank.

## A warm welcome for international students

4. Overseas students who come to Britain to study make a huge contribution to our economy. In 2011/12 we estimate that overseas students studying at higher education institutions in the UK paid £3.9bn in tuition fees (net of scholarships) and £6.3bn in living expenses.<sup>3</sup> This market has grown sharply in recent years, but competition from other countries is intensifying. We believe it is realistic for numbers of international students in higher education to grow by 15-20% over the next five years. For this to happen we must show that the UK values international students, will provide a warm welcome and support while they are here and will keep in touch after they go home.
5. We have reformed the student visa system to ensure that students who are not genuine cannot abuse the system. There remain some misunderstandings about visa rules and post study opportunities to work. We must signal clearly that there is no cap on the number of students who can come to study in the UK and no intention to introduce one. Nor is there any cap on the number of former students who can stay on to work as long as they have a graduate job. Additionally, all PhD graduates have an automatic right to stay for up to a year to work after completing their doctorate and there is a new scheme for up to 1,000 MBA students to stay here for a year on a Tier 1 visa.

- We will work with the British Council, UK Trade and Investment (UKTI) and others to communicate the UK education offer in key target markets including China, India, USA, Brazil, Mexico, Indonesia, Turkey, South Korea, Russia and emerging nations within Europe.
- We will increase protection for international students while they are here. In crisis cases, such as the conflict in Syria, students experience problems like accessing money and renewing visas. The Department for Business, Innovation and Skills (BIS) has set up a new cross-Government Responding to International Students Crises (RISC) committee to monitor emerging crises and identify where action is needed.
- We will explore opportunities to broker new partnerships with countries looking to send large numbers of students to the UK on government scholarships. This builds on successful recent programmes like Science without Borders (Brazil – 10,000 students over four years) and Dikte (Indonesia – 150 Indonesian PhD students each year).
- The Foreign Office will work closely with its global network of overseas posts to encourage greater engagement with the alumni of the Chevening scholarship programme. An interdepartmental project is planned to build and maintain engagement with the 200,000 foreign students who graduate from UK universities every year.

<sup>3</sup> BIS calculations based on HESA finance data and the Student Income and Expenditure Survey (SIES) 2011/12.

## Supporting transnational education

6. Many overseas students want to access good quality UK qualifications in their own countries, and technological advances make such transnational education (TNE) a realistic aspiration.
7. TNE, the provision of education for students based in a country other than the one in which the awarding institution is located, opens up much wider opportunities and can encourage international students to pursue further studies in the UK. Figures from the Council of British International Schools (COBIS) indicate that 39% of pupils that left COBIS schools in 2012 went on to study at a UK higher education institution. TNE also improves the profile of UK education overseas and helps to demonstrate that the UK is outward looking and willing to adapt to different countries' requirements. We want to support universities, colleges, English language teaching providers, independent schools and private education companies to deliver a UK education overseas.

- To support this aim we will reinforce the quality assurance framework for TNE:
  - **For English language providers:** English UK is planning to pilot an international accreditation scheme for English language teaching organisations in two countries, one in Europe and one in Central America. This will be delivered by assessing all participating organisations against a set of overarching standards and associated inspection criteria. The proposed scheme will export UK standards as the global benchmark of quality, enhance the UK's reputation as a global leader and signal to potential students the pre-eminence of the UK in English language teaching and learning.
  - **For schools:** The Department for Education has introduced a voluntary scheme for quality assurance of BSOs. Schools can choose to be inspected against standards similar to those for independent schools in England, by inspection bodies whose work is quality assured by Ofsted. BSOs are then awarded a Department for Education number and their names are published on the Government's website. This is an increasingly popular kitemark of quality in this market. They can also participate in the induction programme for newly qualified teachers.
  - **For colleges:** The further education sector has an established quality assurance system for teaching and learning content, and we are asking them to develop this for provision delivered abroad, working with key partners including Ofsted, the Quality Assurance Agency (QAA) and the British Council. The further education sector is also considering how it can develop an appropriate quality assurance system for delivery of qualifications overseas.

- **For universities:** QAA and the Higher Education International Unit will consult the sector in the autumn of 2013 on how to strengthen the quality assurance of higher education delivered overseas. The consultation will propose a significantly strengthened risk-based element to focus resource and attention where they are most needed. It will also propose robust models and mechanisms to demonstrate the commitment of individual UK TNE providers to high quality provision and the protection of the UK sector's strong reputation.
- We are in discussions with key partner countries, including the United Arab Emirates, India and Russia, to achieve mutual recognition of qualifications.

## Leading the world in education technology

8. Efficient exploitation of technology will remain a key feature and enabler of growth in education. UK companies are among the most innovative in the development of digital learning resources in schools and colleges, and we must maintain an environment that supports such innovation. The UK already hosts the annual British Educational Training and Technology (BETT) exhibition, by far the largest and best attended educational technology event in the world, with a reputation for showcasing cutting edge technology drawing on a large international audience – this year over 12,000 people. The Government recognises education technology firms can face challenges accessing finance as well as other support and is committed to making it easier for small and medium sized business to access the right support. We will promote to the education technology community the full range of generic enterprise support that they can access. UK Export Finance, the UK's government-backed export credit agency, can also offer help to exporters and investors, typically in the form of insurance and guarantees.
9. The recent development of Massive Open Online Courses (MOOCs) in higher education has raised the prospect that new technology could fundamentally change how education is delivered. At present the main players are based in the USA, but their potential reach is truly global. Education is becoming a genuinely multi-national sector, attracting more and more investors interested in large scale global expansion. In response, established UK providers need to be flexible, entrepreneurial and willing to form partnerships, which may cross old public-private boundaries.

- We will encourage and promote UK institutions developing new modes of technology-supported delivery in global markets. The Open University, together with 21 other leading UK universities, the British Library, British Museum and British Council will pioneer FutureLearn – the first UK MOOC platform.
- A global market needs an international dimension. FutureLearn has already partnered with Trinity (Dublin) and Monash (Australia) while Edinburgh runs MOOCs on the US Coursera platform.
- We will work with the Technology Strategy Board (TSB) and other partners to develop a more targeted support programme for educational technology innovation and its commercialisation. This will include a call for innovators to come forward with their designs to exploit modern educational technology and a new Small Business Research Initiative competition.
- An advisory group with technology experts from the sector and industry will provide guidance to the Skills Minister on how technology can be used to improve and enhance learning across the skills sector.

## Building a new relationship with emerging powers

10. New relationships will increasingly emerge between countries with a demand for education and countries looking to supply it. The suppliers will need to focus on what these markets want and where they want it. That is likely to mean education and skills training delivered in their own country, supplemented by partnerships that support research and innovation. While emerging economies will continue to send students overseas, they also want transformational change in their domestic education systems. India and China, as well as having the largest education systems, are expected to send the most students abroad.
11. We will demonstrate that the UK wants a relationship based on mutual respect that is thoroughly attuned to their developing aspirations and needs. Core to sustaining such relationships is a two-way exchange of ideas and people. We will expand the number of Chevening scholarships available for international students to study in the UK. It is also a key ambition to increase the number of UK students gaining valuable experience through overseas mobility placements, which both increases students' employability and supports the UK's ties overseas.
12. Individual institutions and companies engage in their own education export activity all over the world and this will continue. But in certain countries, there is also a real opportunity for the UK to bring together the strength and depth of the whole education sector – as well as other sectors that support education exports like finance, construction and law – making a comprehensive UK offer.

- We have identified eight priority countries and one region for international education. These are China, India, Brazil, Saudi Arabia, Colombia, Turkey, Mexico, Indonesia and the Gulf.
- We have enhanced bilateral knowledge and innovation partnerships with emerging powers including the UK-India Education and Research Initiative (UKIERI) and UK-China Partners in Education Programme (UKCPIE).
- We will expand the number of Chevening scholarships available for international students to study in the UK.
- The Department for International Development (DFID) plans to double its investment in development partnerships in higher education. This will increase opportunities to draw on international expertise and the significant strengths of the UK higher education sector to benefit DFID focus countries.
- The higher education sector, through the Higher Education International Unit supported by Government funding, is developing an outward mobility strategy to encourage UK students to study abroad. This will include building an awareness of the benefits of time spent abroad and working with business to fund scholarships, broker internships, and reinforce messages on the value of mobility for employability. The British Council is contributing to this strategy by providing an online portal with information on study opportunities and delivery programmes such as Generation UK which promotes study and internship opportunities in China.
- The Government and the devolved administrations will decide what local measures are necessary to support their outward mobility priorities. For example in 2013/14, England is introducing new measures to promote to students taking study placements outside the EU's Erasmus scheme, recognising the equal importance of students gaining experience in other countries.

## Building the UK brand and seizing opportunities

13. The UK has strengths across the whole breadth of the education sector which means we can respond to the most complex and highest value opportunities. But to do this, the whole sector must work together.

- We will appoint a UK Education Champion who will co-chair the International Education Council.
- The new Education UK Unit will support the UK education sector in the export market focusing on high value opportunities overseas. It will ensure that large-scale complex commercial education and training opportunities, to which the UK is not currently well-equipped to respond, are effectively pursued. By 2015, the Unit aims to secure contracts worth £1 billion, with a longer-term goal of securing £3 billion by 2020.
- The GREAT Britain campaign was developed last year for the Government to collaborate with British brands in marketing the UK. Education is GREAT Britain will become part of this campaign and the British Council and UKTI are running campaigns promoting education in China, India, USA, Brazil, Mexico, Indonesia, Turkey, South Korea, Russia and emerging nations within Europe.
- We will also expand the Education UK recruitment service, which has been used by the British Council to attract international students to the UK. An enhanced website will represent boarding schools, English language schools, colleges and universities as well as the UK transnational education market. It will be easier for students to search for courses, institutions and scholarships and to find reputable agents in their own country.

## International Education Council

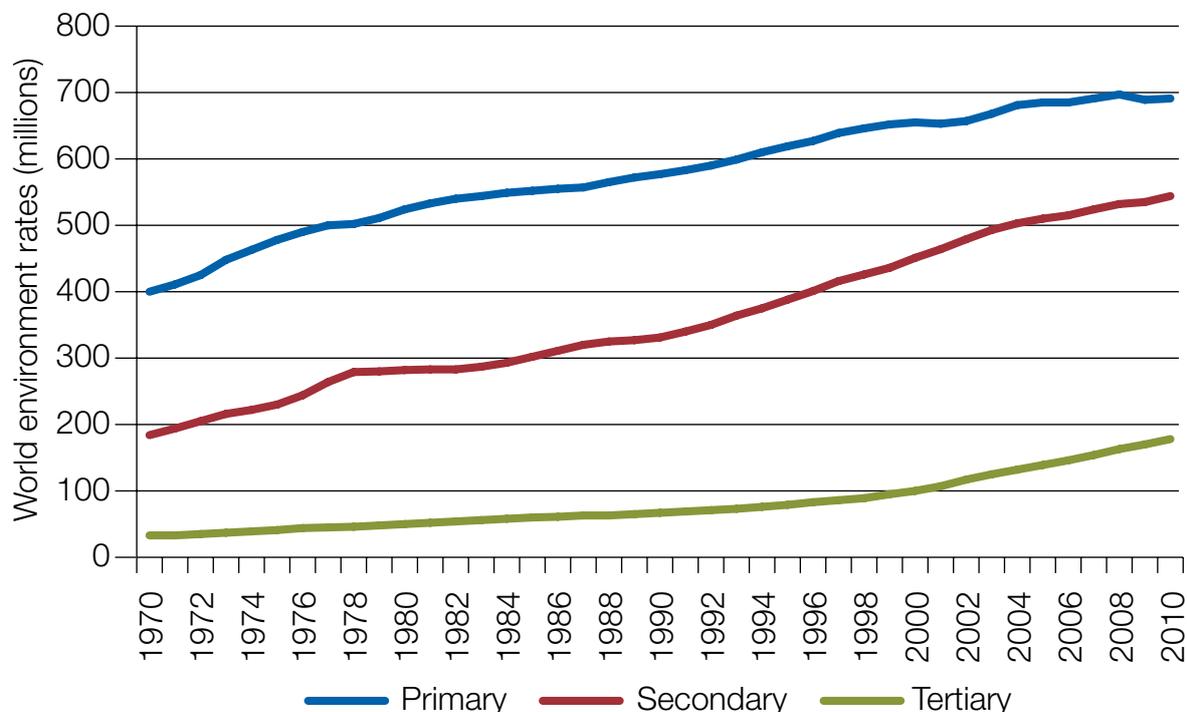
14. The Government will establish a new International Education Council to act as a champion for this strategy and the international education sector. It will ensure effective communication and engagement with all parts of the sector.

# 1 Education Exports in 2013

## The education sector

- 1.1 The education sector is the second largest sector globally after healthcare. Estimates of value vary depending on what is included but one estimate for total global education expenditure in 2012 was US\$4.5tr.<sup>4</sup> It is likely to continue to grow. This is partly due to demographic change with the total global population forecast to increase from nearly 6.9 billion in 2010 to over 7.6 billion in 2020. It is also significant that many emerging economies see education as a priority and are spending comparatively high proportions of household income on education – 13% in China, 11% in India and 10% in Brazil.<sup>5</sup>

Figure 1.1: Global enrolment by level of education, 1970-2010



Source: World Bank Education statistics

<sup>4</sup> Education Sector Factbook 2012. GSV EDU. <http://gsvadvisors.com/wordpress/wp-content/uploads/2012/04/GSV-EDU-Factbook-Apr-13-2012.pdf>

<sup>5</sup> Bureau of Labour Statistics, Office of National Statistics and Credit Suisse – quote in Pearson 2012 results presentation. <http://www.slideshare.net/hemartin/pearson-2012-results-ppresentation25022013-web>

- 1.2 This suggests that the export opportunities for the UK will grow rapidly over the coming decades. This chapter looks at how this growth will be distributed across different parts of the sector. It finds that strong growth will continue across the whole of the education sector and that, in particular, international students coming to study in the UK will continue to be important to UK education exports. The edtech and English language teaching sub-sectors also present very good opportunities for growth. More detailed analysis of the UK current performance in education exports can be found in the analytical narrative accompanying this strategy.
- 1.3 For the purpose of this strategy, we are including in the education sector:
- International students studying at English language schools in the UK
  - International students at independent schools and further education colleges in the UK
  - International students at universities and other higher education providers in the UK
  - Students studying English in their home country with UK English language trainers
  - Students at English-medium schools overseas that follow British curricula
  - Students studying for qualifications awarded by UK awarding organisations
  - Students studying for further education and vocational qualifications overseas
  - Students studying for a UK higher education or vocational qualification overseas
  - Research collaboration
  - Educational publishing, equipment and supplies

## English language teaching in the UK

- 1.4 In 2011 there were over 1.5 million students worldwide who studied English outside of their home country.<sup>6</sup> Over the past five years, the number of students has remained at roughly this level with some slight fluctuation. This market was worth US\$11.6bn in 2011.



<sup>6</sup> All figures from Study Travel Magazine. <http://www.hothousemedia.com/ltn/ltmbackissues/dec12web/dec12specreport.html>

- 1.5 The UK was the most popular destination for students studying English outside of their home country. In 2011, we attracted nearly 50% of students globally worth £2.5 billion including both tuition and living costs<sup>7</sup>. This represents 35% of the global market by value.<sup>8</sup> With the UK's position as the 'home of English' and many people preferring to learn English from native speakers, the UK ELT sector is well positioned to take advantage of the opportunities arising from growth in this global market.

## International students at schools in the UK

- 1.6 In 2012/13 there were nearly 26,000 international students studying at over 1,200 independent schools in the UK on a fee-paying basis. Fee income for international pupils at independent schools was estimated to be £685m in 2012/13, up from £430m in 2007/08.<sup>9</sup> The Independent Schools Council believes that international student numbers in independent schools could increase at 3% per annum in the near future.

## International students at further education colleges in the UK

- 1.7 In 2012, 31,500 visas were approved for students studying in further education.<sup>10</sup> This only captures students from outside the European Economic Area who are studying for more than one year, so it is likely to be an underestimate. Recent research shows that in 2011/12 there were also over 3,000 EU students and 7,600 non-EU students studying at further education level in alternative (privately-funded) higher education providers.<sup>11</sup>
- 1.8 International students in further education are estimated to have paid £350m in tuition fees in 2011/12 and £980m in living expenses.<sup>12</sup> These figures are based on the number of students outlined above, and are likely to be an underestimate.

## International students in higher education in the UK

- 1.9 In 2011/12, there were 435,000 international students studying at 163 publicly-funded higher education institutions. There were also 53,000 international

<sup>7</sup> The figure for the ELT sector in table 1.1 is lower (£2bn) as this only covers private ELT providers to avoid double-counting of public-funded providers, such as HE institutions.

<sup>8</sup> Study Travel Magazine, December 2012 edition.

<sup>9</sup> Based on data from the Independent Schools Council Annual Census 2008 and 2013 and following the same methodology as the London Economics report.

<sup>10</sup> <http://www.homeoffice.gov.uk/publications/science-research-statistics/research-statistics/immigration-asylum-research/immigration-tabs-q4-2012/?view=Standard&pubID=1156263>

<sup>11</sup> *Privately funded providers of Higher Education in the UK*  
<https://www.gov.uk/government/publications/privately-funded-providers-of-higher-education-in-the-uk>

<sup>12</sup> BIS calculations based on tuition fees outlined in the BIS research project, 'Evaluation of the Value of Tier 4 International Students to FE colleges and the UK Economy' and SIES 2011/12.

students studying at 159 alternative providers, 70% of whom were studying at undergraduate level.<sup>13</sup> The UK is the second most popular destination for internationally mobile higher education students (behind the USA). In 2011 the UK's global market share was 13%, up from 12.8% in 2006.<sup>14</sup>

- 1.10 In 2011/12, internationally mobile students studying at higher education institutions in the UK paid £3.9bn in tuition fees (net of scholarships) and £6.3bn in living expenses.<sup>15</sup> Other higher education-related export activity, such as research, academic and administration services and the sale of intellectual property, is estimated to have been worth a further £1.1bn.
- 1.11 Global demographic change and rising incomes in developing countries is likely to increase the number of internationally mobile students. The British Council estimates that the total number of students enrolling in higher education worldwide, including those studying in their home country, will increase by 21 million between 2011 and 2020 from 178 million to 199 million, with continued growth in emerging markets.<sup>16</sup> Of these, about 450,000 are expected to be internationally mobile, with 130,000 going to the major destination countries (US, UK, Australia, Canada, Germany, France and Japan).<sup>17</sup>

## TNE – English language training (ELT)

- 1.12 The market for students studying English in their home country was estimated to be worth over US\$50 billion in 2012.<sup>18</sup> The British Council estimates that the global market for English language learners is 1.5 billion learners, with around 1.5 million studying outside their home country. Of those who study English outside the national education system, only 15% are estimated to access formal face-to-face or blended learning ELT. The other 85% are estimated to be self-access learners; they use media such as the internet, newspapers and TV.
- 1.13 Direct income to the UK from the provision of ELT abroad mainly comes from entry fees for UK awarding organisations' exams and some repatriation of profits from UK providers operating overseas. The purchase of textbooks or other equipment and bespoke training also brings benefit to the UK. There are also enormous indirect benefits to the UK from more people learning to speak English and coming into contact with British culture.<sup>19</sup>

<sup>13</sup> *Privately funded providers of Higher Education in the UK*, BIS, 2013.

<sup>14</sup> Measured by nationality. *Source*: OECD Education at a Glance 2012, table C4.7.

<sup>15</sup> BIS calculations based on HESA finance data and the Student Income and Expenditure Survey (SIES) 2011/12 and international student numbers at both publicly-funded HEIs and alternative providers.

<sup>16</sup> Based on World Bank data for tertiary enrolments in 2011.

<sup>17</sup> *The shape of things to come: higher education global trends and emerging opportunities to 2020* – British Council, 2012.

<sup>18</sup> Total ELT market of US\$63.3bn (*Source*: Education Sector Factbook 2012, GSV EDU) minus size of ELT market for students studying outside their home country – US\$11.6bn in 2011 (*Source*: Study Travel Magazine).

<sup>19</sup> *Culture Means Business*, British Council, 2013.

<http://www.britishcouncil.org/sites/default/files/documents/culture-means-business-report.pdf>

- 1.14 The global ELT sector (both studying in-country and abroad) is forecast to grow by an average of 25% per year over the period 2012-17; rising from US\$63bn to US\$193bn.<sup>20</sup> However, much of this is likely to be in relatively low-level provision. Opportunities for the UK will most likely come from demand for high quality and niche provision, in which the UK has a comparative advantage. Therefore, it is likely that UK firms will only target the high value proportion of this growth.

## TNE – schools

- 1.15 In the schools sector, there were 3.1 million pupils studying at over 6,300 English-medium schools worldwide in 2012.<sup>21</sup> Of these, 1.4 million pupils were studying at nearly 3,000 British Schools Overseas (BSOs), where at least 50% of the curriculum is British. This figure includes approximately 19,000 pupils studying at 29 overseas campuses of UK independent schools.<sup>22</sup> Fee revenue in 2012 at English-medium schools worldwide was £20bn with an estimated £9.6bn coming from British Schools Overseas,<sup>23</sup> although the majority of this will remain in the country of delivery, for example for the upkeep of estates and staff salaries.
- 1.16 The number of students at English-medium schools worldwide is forecast to increase to over 4.4 million in 2017 and nearly 6.2 million in 2022. Of these, student numbers at BSOs is forecast to grow to nearly 2 million in 2017 and 2.75 million in 2022, with fee income forecast to rise to £12.9bn and £17.2bn in 2017 and 2022, respectively.<sup>24</sup>

## TNE – further education and qualifications

- 1.17 The main form of TNE in the further education sector is the administration of UK awarding organisations' qualifications to individuals abroad. These awarding organisations also offer qualifications to other sub sectors such as schools and English language teaching. British international qualifications such as the IGCSE and Cambridge International A Level are the national secondary qualifications in some countries. Information provided by awarding organisations suggests that the total income from overseas activities was around £210m in 2011.
- 1.18 The large awarding organisations of City & Guilds, Cambridge International Examinations and Cambridge English all report positive year on year growth in

<sup>20</sup> Education Sector Factbook 2012, GSV EDU. <http://gsvadvisors.com/wordpress/wp-content/uploads/2012/04/GSV-EDU-Factbook-Apr-13-2012.pdf>

<sup>21</sup> ISC Research Ltd.

<sup>22</sup> Latest data from Independent Schools Council

<sup>23</sup> ISC Research Ltd.

<sup>24</sup> ISC Research Ltd.

their international markets. In the case of City & Guilds, they have experienced at least 20 percent year on year growth and predict this trend to continue. Cambridge English Language Assessment (formerly Cambridge ESOL) has reported significant increases in the number of international students taking their English Language certificates; they now cover 130 countries and 3.5 million people. English language training is a particularly important, and growing, market as it is often essential for overseas students to progress into tertiary education and employment in the UK. While it has been harder to quantify, there is a significant export market for other smaller awarding organisations and professional bodies, which also report opportunities for growth. The biggest potential for economic growth from qualifications exports lies in existing organisations further expanding their business.

## TNE – higher education

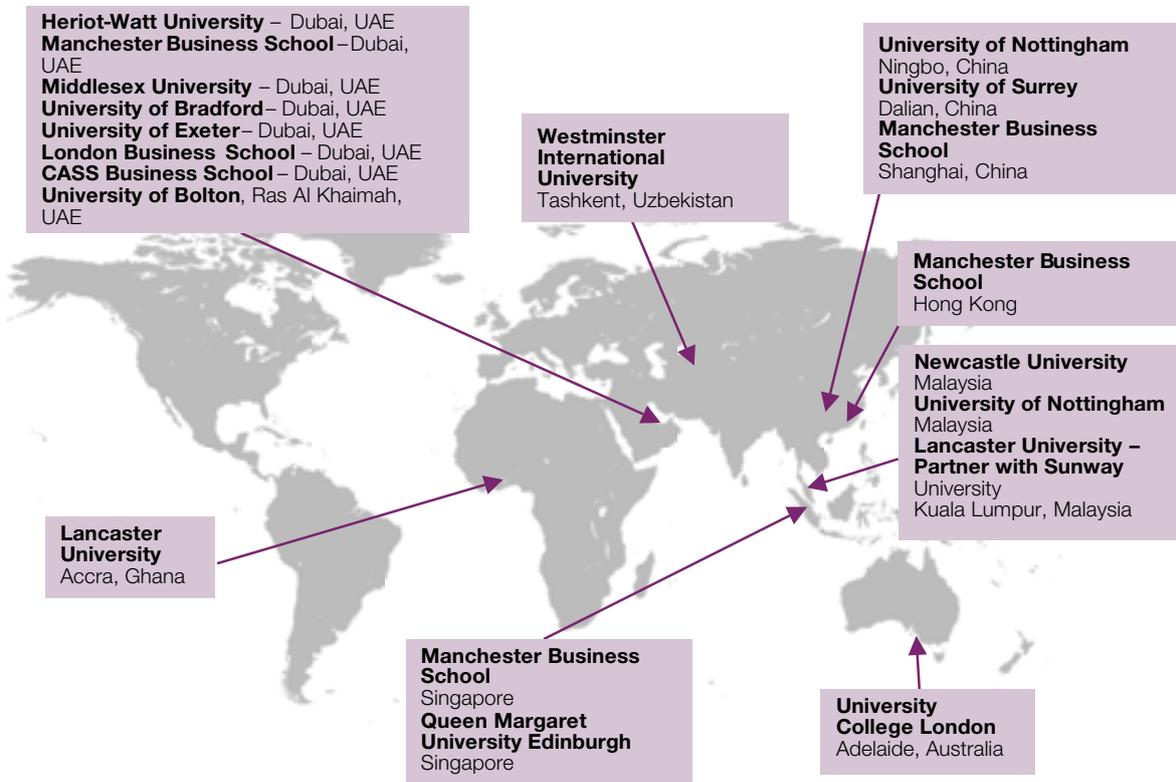
- 1.19 In 2011/12, there were 570,000 higher education students (474,000 at undergraduate level and 96,000 at postgraduate)<sup>25</sup> studying for a UK higher education qualification at institutions abroad or via distance learning, with 124 UK institutions offering accreditation for these courses. In 2011/12, there were also nearly 8,000 international students studying at alternative providers via distance learning.<sup>26</sup>
- 1.20 The Government does not collect data on UK higher education institutions' earnings from TNE. There are many different models of TNE and each will have different potential for income generation per student, running costs, export potential (repatriation of gross income to the UK) and risk (such as the level of quality oversight). All these factors will be affected by local country conditions, the reputation of UK institutions and overseas providers, and the level of competition.
- 1.21 It is likely that TNE programmes will continue to be developed in established host country markets such as Malaysia and Singapore. Recent survey evidence suggest that a majority of global institutions have plans to expand their offering of joint and/or double degree courses.<sup>27</sup> Forthcoming British Council research finds that the TNE landscape varies from country to country and that it is generally linked to the host country's rationale for TNE with Hong Kong, Malaysia, Singapore and the United Arab Emirates currently offering the most favourable environments.

<sup>25</sup> HESA Student Record.

<sup>26</sup> *Privately funded providers of Higher Education in the UK*, BIS, 2013.

<sup>27</sup> Institute of International Education (2011), *Joint and Double Degree Programs in the Global Context*. <http://www.iie.org/Research-and-Publications/Publications-and-Reports/IIE-Bookstore/Joint-Degree-Survey-Report-2011>

## UK Higher Education Campus Presence Overseas



Source: *Global Higher Education, 2013*<sup>28</sup>

**N.B** There is no single definition of what constitutes a UK campus overseas. This means the number of UK campuses indicated by reporting organisations such as HESA (Higher Education Statistics Agency), OBHE (Observatory on Borderless Higher Education) and Global Higher Education (diagram above) will vary.

## Overseas universities setting up in the UK

1.22 The UK is also an important market for overseas higher education providers and many have a presence in the UK, including Syracuse University and Richmond, the American International University in London. BIS issues clear guidance, on request, on what is required to establish an overseas campus here. It also provides advice for overseas institutions who want to offer UK degrees in addition to their own degrees, as well as options for establishing links with existing UK higher education providers.

<sup>28</sup> Global Higher Education, 2013 <http://www.globalhighered.org/branchcampuses.php>

## Publishing, educational supplies and equipment

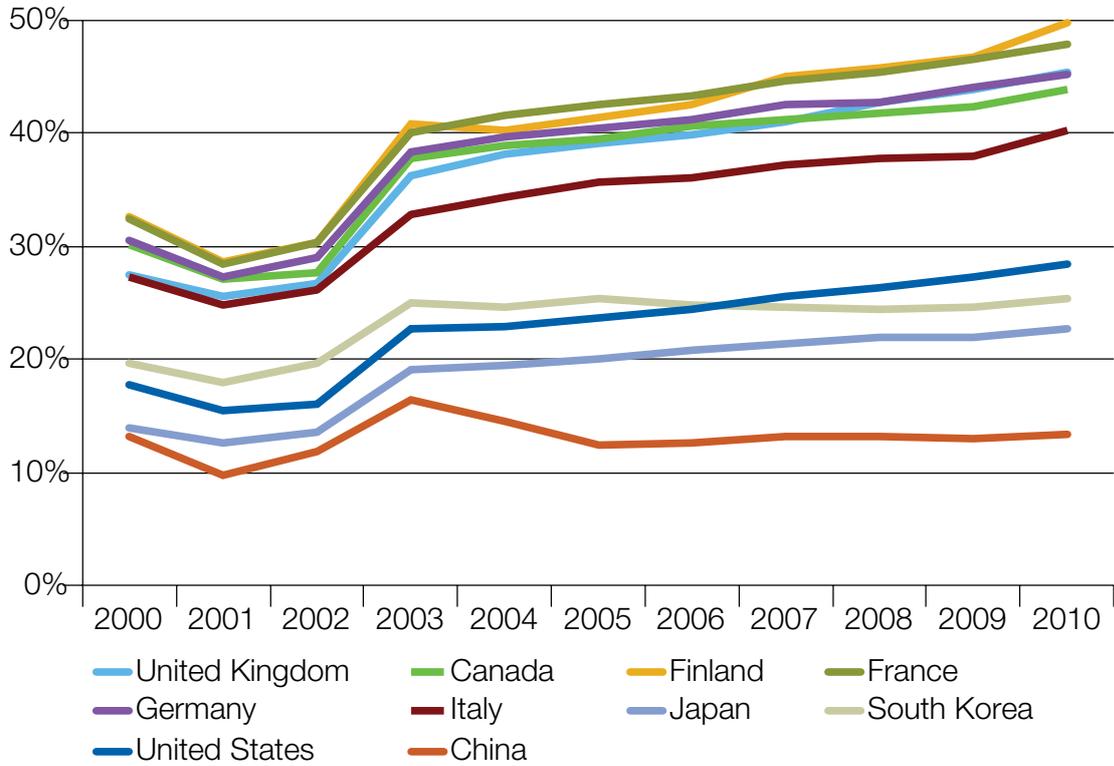
- 1.23 In 2011, total education-related publishing export income, both physical and digital was worth £858 million. In addition, the Publishers Association estimate that 80-90% of learned journal turnover arises from exports, with total turnover (domestic and export) estimated to be between £1bn and £1.5 billion. According to the British Educational Suppliers' Association (BESA), in 2011 there were 476 firms in this sector, 291 of which exported directly; other firms sell via distributors which may then export themselves. In 2011, exports were estimated to have been worth £507 million. This was expected to rise to £539 million in 2012 and £580 million in 2013.<sup>29</sup>
- 1.24 BESA has identified the following areas, in particular, as target regions for future exports: the Gulf, North-East and South-East Asia and the EU. The range of products that are exported is extensive for all levels of education: not only leading-edge technology, but also more traditional teaching aids, an area in which there is still substantial innovation by UK manufacturers, as well as advanced ergonomic furniture design.

## Research Collaboration

- 1.25 Research is inherently a global activity with the best researchers affiliated to organisations all over the world and the most highly cited papers produced through international collaboration. International collaboration is important to maintain the excellence of the UK research base, provide early access to markets and promote inward investment. The UK has a high percentage of co-authored papers compared to many others.

<sup>29</sup> BESA research report: Education Export Market Performance Outlook, January 2012

Figure 1.2: Research Collaboration, 2000-2011



Source: *International Comparative Performance of UK Research Base*<sup>30</sup>

1.26 Spending on research and development in many emerging economies has been increasing rapidly in recent years. The quality of science and research in these countries is improving and there are already clear benefits for the UK from collaboration.

<sup>30</sup> International Comparative Performance of UK Research Base, 2011 report  
<https://www.gov.uk/government/publications/uk-research-base-international-comparative-performance-2011>

## University of Nottingham – Ningbo

The University of Nottingham Ningbo China (UNNC) was the first Sino-foreign university to be established in China. This award winning campus offering a UK-style education has grown to a student body of more than 5,000 in just 8 years. It generates high-impact, internationally relevant research and has obtained research grants from China in a number of significant areas at the



Municipal, Provincial and National level as well as winning an important EU grant.

An exciting development for the University involves the International Doctoral Innovation Centre (Energy and Digital Economy). It will train up to 100 of the brightest researchers to become future leaders and to transform and implement technologies, which address global challenges and enhance the cooperation of research and innovation between China and the UK.

In August 2009, the Graduate School was added to the University. This provides Masters and PhD opportunities. The Graduate School promotes research and training on a campus-wide scale while creating links with the UK campus, Malaysia campus and the external business and training community in China.

## Value of education exports to the UK

- 1.27 A previous BIS-commissioned research project<sup>31</sup> estimated that UK education exports were worth £14.1bn in 2008/09.<sup>32</sup> Internal BIS analysis using a similar methodology and the most recent data, gives an updated figure to be worth £17.5bn in 2011 (see table 1.3).

<sup>31</sup> *Estimating the Value to the UK of Education Exports*, BIS Research Paper Number 46, June 2011. Undertaken by London Economics for BIS. <http://www.bis.gov.uk/assets/biscore/higher-education/docs/e/11-980-estimating-value-of-education-exports.pdf>

<sup>32</sup> Education exports are defined as those activities where money comes to the UK from an overseas source, either for an education-related activity taking place in the UK (e.g. international students studying at a UK HEI) or from an education-related activity occurring overseas (e.g. TNE).

Table 1.3: Estimated value of education exports to the UK in 2011

<b>£m (2011 prices, to nearest £10m)</b>	
<b>Higher Education</b> (including EU students)	
Tuition fees (net of scholarships)	3,660
Living expenditure	5,540
Other	1,000
<i>(Cost to Govt of tuition fee loans to EU undergraduates – RAB charge)</i>	<i>(70)</i>
<b>English Language Training</b>	
Tuition and living expenses	2,000
<b>Schools</b>	
Tuition and living expenses	620
<b>Education Products and Services</b>	1,590
<b>Further Education</b>	
Tuition fees	320
Living expenditure	810
Other	40
<i>Transnational education income – indicative figures only</i>	
Higher Education *	300
English Language Training **	90
Schools ***	960
Further Education ****	30
<b>TOTAL</b>	<b>17,490</b>

Source: Internal BIS estimates based on methodology from London Economics report

\* Based on value from London Economics report and assuming average value per student is maintained in real terms

\*\* Assuming 10% of income for UK ELT providers abroad is repatriated

\*\*\* Assuming 10% of income for British Schools Overseas is repatriated

\*\*\*\* Based on value from London Economics report

1.28 Over 75% of estimated income in 2011 (£13.6bn) is derived from the tuition fees and living expenses of students physically studying in the UK. TNE adds less direct economic value to the UK as the majority of expenditure occurs abroad, with only a proportion being repatriated to the UK.

- 1.29 Education exports also bring a number of indirect benefits, including strengthening the quality and reputation of the UK education sector and promoting the English language and British culture.
- 1.30 ELT and school-level education help to provide a pipeline of prospective students who will study in the UK. A survey by the Independent Schools Council (ISC) found that 77% of international pupils at ISC schools go on to universities in the UK. This equates to 8,000 entrants per annum from ISC schools. Figures from the Council of British International Schools (COBIS) indicate that 39% of pupils that left COBIS schools in 2012 went on to study at a UK higher education institution. ELT can also increase the potential pool of international students as it helps more individuals gain the required level of English for education courses in the UK.
- 1.31 Fee income from non-EU students is a significant proportion of total income for a large number of higher education institutions. In 2011/12, fee income from non-EU students accounted for more than 20% of total income at 13 higher education institutions and between 10% and 20% for a further 68 higher education institutions – together this means that half of all publicly-funded higher education institutions in the UK earn more than 10% of their income from non-EU students. International students also stimulate demand for courses where domestic demand alone can be insufficient to sustain them, thus ensuring that a wider range of courses are available for all students and some strategically important courses remain viable. For example, for taught postgraduate courses in 2011/12 non-UK students made up 84% of new entrants in electronic and electrical engineering, 76% in production and manufacturing engineering and 67% in computer science.<sup>33</sup>
- 1.32 International students in the UK bring diversity to the education sector, helping to provide an international dimension that benefits all students. Engagement in international education, both in the UK and via TNE, enhances the reputation and brand recognition of UK institutions and helps project the UK's soft power. The experience of students in UK education helps to create good relations that will enable successful engagement with the next generation of global leaders. TNE also plays a role in promoting the UK as a destination for study.
- 1.33 Certain models of TNE, such as overseas campuses, can allow UK higher education institutions to bid for and engage in overseas-funded research projects. For example the University of Nottingham's presence in China enables them to bid for Chinese Government research funding. More broadly, TNE enables UK institutions to develop partnerships with overseas counterparts and businesses, which can lead to joint research and collaboration in other areas. It can also help to attract students to the institution's campus in UK for further

<sup>33</sup> HESA Student Record

study, from which the institution and the UK economy will derive additional value.

- 1.34 International education also helps to strengthen overseas business, research, social and cultural links. People in emerging economies that have learnt English or studied for UK qualifications are more interested in working with, and doing business in, the UK than those who have not. The experience of students in UK education helps to create good relations that will enable successful engagement with the next generation of global leaders. More directly, delivering accredited courses abroad is likely to create additional demand for UK qualifications and/or educational equipment produced in the UK. British Council research supports the idea that international students studying in UK universities are more likely to have a higher level of trust in the people of the UK.<sup>34</sup>

<sup>34</sup> *Trust Pays*, British Council, 2012. [http://www.britishcouncil.org/new/Documents/full\\_trust\\_report.pdf](http://www.britishcouncil.org/new/Documents/full_trust_report.pdf)

## 2 Major Trends and Challenges

### UK Strengths

- 2.1 The UK has a number of truly international educational brands, many of them with a long tradition behind them. Our independent school sector has been attracting students from all over the world for decades. Some schools, like Dulwich College, are now building on this by establishing new campuses overseas. UK universities and colleges gain hugely from the international reputation of institutions such as Oxford and Cambridge, or specialist arts or technical colleges like the Royal College of Music. Awarding organisations like City and Guilds, or the University of London's external degree programme, have operated abroad for decades. UK international qualifications such as the IGCSE, O-Level and Cambridge International A level are the national secondary examinations in some countries (e.g. Singapore) and Pearson is the largest private company (by turnover) in the education sector internationally.
- 2.2 In the professions, the UK's institutions, such as its accountancy bodies, command worldwide respect for their roles in setting standards of entry to the professions and for professional development, covering ethical as well as technical standards. The qualifications offered by UK professional bodies are seen as benchmark standards in countries around the world. These qualifications are valued by business and governments for the depth and breadth of finance and business skills they teach, and by students because they open a wide range of international career opportunities. The Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants both operate across international networks and interact with accredited trainers and huge student bodies worldwide. Similarly, UK sourced business qualifications are highly valued. The UK has more triple-accredited business schools than any other country in the world, and over a third of students studying business and management here come from overseas. Such institutions as London, Henley, the Cass (London) and Bath, have strong international reputations and profiles.
- 2.3 The UK has an education sector that consists of independent, autonomous institutions with the confidence and expertise to take decisions and develop strategies for themselves. This Government's reforms are reinforcing that

tradition, opening the market to new providers and encouraging competition. In so doing they are strengthening all institutions' capacity to compete internationally.

- 2.4 In the school sector, the Government has strongly encouraged the growth of academies and free schools, free of local authority control. This has in turn seen the growth of chains of schools, with the extra resilience that a grouping can bring. Further education colleges have been freed from unnecessary central restrictions by legislation, and are now much more able to operate truly independently. In addition to the support available to UK and EU students studying at publicly-funded providers, we have enabled those studying higher education at alternative providers to access loans for tuition fees to a maximum of £6,000. Alternative providers have made successful applications for university or university college title. The University of Law became the first private, for-profit university in the UK. Regent's College became Regent's University following its successful application for degree awarding powers and BPP became the first for-profit provider to gain University College Title. Degree awarding powers have also been granted to the College of Estate Management. Our open qualifications system allows qualification bodies to compete with each other for business, rather than freezing out innovation through centrally prescribed and delivered systems.

- 2.5 Science, research and innovation power UK growth. They deliver the technological advances and skilled people that are needed to sustain an advanced, competitive economy. The UK delivers very high quality output in research and development with 14% of the most highly cited scientific articles, second only to the US. After accounting for its size, the UK research base is the most productive of the major economies in terms of volume and excellence.



- 2.6 UK universities work with business to commercialise research. Income from businesses, charities and other research users was over £3.3 billion in 2010-11. The World Economic Forum Global Competitiveness Report placed the UK second in the world for university business interaction, ahead of the US. Between 2003 and 2011, 40 university spin-outs were floated on the stock exchange with an initial public offering (IPO) value of £1.79 billion and 25 were acquired for over £3 billion.

## Challenge one – lack of co-ordination between agencies and actors

- 2.7 Although the UK has many strengths there are also some challenges we must face if we want to seize the opportunities of international education.
- 2.8 The UK's institutions, because of their autonomy, are able to offer distinctive programmes that attract students from all over the world. However, at times they find it harder to act cooperatively in their mutual interests when the opportunities are on a large scale. Many emerging economies are looking not only to send large numbers of students overseas but also to achieve transformational change in their domestic education systems. To do this, they look for co-ordinated expertise from a range of organisations providing services to the education sector, encompassing, for example, construction services, legal advice and project finance.
- 2.9 There are extra benefits that can come from better coordinated activity. For example, when a large mining company in Saudi Arabia wanted to develop both technical and management skills in their new graduates, UKTI and the Training Gateway joined up organisations from both the further and higher education sectors. The UK was able to offer a comprehensive solution to the company. However, it is harder to estimate the opportunities that are lost when such an offer has not been possible.
- 2.10 The Sector Advisory Group on Education and Skills (SAGES) was established in 2006 as the UKTI education export advisory body to support the development of agreed activities and help deliver events in key overseas markets. The International Education Advisory Forum (IEAF) was established in 2009 in recognition of a government wide co-ordination failure, in order to facilitate a synchronized UK Government approach to international education policy and strategy. The 2011 Growth Review resulted in the creation of HEGlobal in 2012.
- 2.11 Nevertheless, this remains an area where the Government can do more, recognising that any initiative from government requires the active consent of the institutions operating in the sector.

## Challenge two – not structured for growth

- 2.12 UK education institutions have a noble history, rooted in the charitable impulses of past generations. To this day, many schools, universities and colleges have charitable status. They consider that this is an important part of their identity, and they discharge their obligations willingly and diligently. Although this model has many strengths, it does not lend itself to rapid growth. The governance structures and obligations of charities, or of bodies of similarly ancient pedigree established by Royal Charter or equivalent instruments, were not designed to

grow rapidly, or to run a network across the world. Consequently, many higher education institutions are conservative in their approach to risk, in both the size and type of funding, viewing equity finance as a last rather than optimal resort.

- 2.13 It is for institutions themselves to decide their own structures. Some have found ingenious ways to combine profit-making and non profit-making arms. Others, such as the recently created University of Law, have amended their governance structures, establishing models that could be of interest to others. In some circumstances the current structures could mean that international opportunities are taken by other organisations with fewer constraints.
- 2.14 The challenge will be to ensure that decisions are not taken by default. A positive strategic commitment to remain at a certain size is one thing. A reluctant ossification and decline, caused by an inability to see how to change a structure that is thought to have outlived its usefulness, would be quite another.
- 2.15 Planning constraints affect the sector's capacity to expand. There is a shortage of buildings dedicated to educational use, particularly in London, with local councils sometimes being reluctant to increase the numbers of buildings used for education purposes. Consequently, planning restrictions prevent institutions from being able to expand and increase their international student numbers. This problem is most acute for private colleges in the further education and schools sectors.

### Challenge three – visas

- 2.16 Having a clear and efficient visa system is one of the things that can affect the attractiveness of any country to any potential student. In 2011, we made changes to the UK visa regime to address some of the past abuses which damaged the reputation of the sector and the quality of the student experience, and consequently had an impact on the UK economy.
- 2.17 We now have in place a robust visa regime that welcomes all genuine students to the UK (provided they meet certain criteria, such as the ability to speak sufficient English). We know that there have been some perceptions that the UK does not welcome students as warmly as we used to. Our key challenge is to work together to overcome these negative perceptions and to make sure that prospective students know that the UK is open for business and fully welcomes all genuine students. We have no cap on the number of students we want to welcome to the country and no intention of introducing one.
- 2.18 We fully recognise the economic, cultural and social benefits that overseas students bring to our institutions and to our country.
- 2.19 The ability to work in the country of study after graduation is also known to be one of the factors that affects someone's decision about where to study. We

must work harder to communicate to students, both existing and prospective, that there are a number of different routes by which they can stay on after graduation to work in the UK. They can transfer to a skilled worker visa after graduation if they obtain a graduate level job, or apply for a graduate entrepreneur visa if they wish to set up their own business. All PhD graduates have a right to stay on and work for up to a year after completing their doctorate and there is a new scheme for up to 1,000 MBA students to stay here for a year on a Tier 1 visa.

## Challenge four – competition from new types of provider

2.20 Until recent years, education in most countries was a state-controlled business, dominated by national providers and national norms. This is changing rapidly, with the growth of genuinely multi-national companies that operate across the world. They are a response to the rapidly growing global demand for education, coupled with a realisation by national governments that state provision alone cannot meet this demand. The business model is typically for a large scale operation that is transferable to many countries. It seeks economies of scale and aims to offer value for money to students or governments. The table below shows some of the major players:

Table 2.1: Largest global education providers

Education provider	2011 Education revenues US\$bn	Registered headquarters in	Operational in
Pearson	7.0	UK	Europe, Asia, Americas
Apollo Group	4.5	US	Europe, Americas
Benesse Education	3.7	Japan	Asia
Laureate	3.2	US	Europe, Asia-Pacific, Americas, Middle East & N Africa
Kaplan	2.5	US	Europe, Asia, N America
McGraw-Hill	2.3	US	Europe, Africa, Americas, Middle East
Career Education Corp	1.8	US	Europe, N America
Corinthian Colleges	1.7	US	N America

Education provider	2011 Education revenues US\$bn	Registered headquarters in	Operational in
Cengage Learning	1.6	US	Europe, Asia, Africa, Americas, Middle East
Houghton Mifflin Harcourt	1.2	US	Europe, Asia, Africa, Americas, Middle East

Source: Pearson 2012 results presentation, 25 February 2013 & provider websites

- 2.21 Most of these providers have grown rapidly in recent years. For example, sales across the whole Pearson group (including non-education sales) increased from £4.2bn in 2007 to £5.9bn in 2011, an increase of over 40%. Total revenue for the Apollo Group has risen from \$2.7bn to \$4.7bn over the same period. This type of growth makes them attractive propositions for private and institutional investors.
- 2.22 Efficient exploitation of technology has been, and remains, a key feature and enabler of this growth. As the equipment becomes cheaper, and therefore more widely-available, there is naturally an ever-increasing number of educational tools and opportunities that can be offered electronically, and an increasing number of suppliers that can put offers together. For example:
- harnessing specialist technologies, such as haptic techniques which can simulate touch, allowing complex and delicate manual skills to be practised virtually – changing the way that technical expertise, from surgery to plumbing, can be learnt. For example, an innovative haptic dentistry platform has recently been developed as one of the projects supported by the Technology Enabled Learning programme supported by the Economic and Social Research Council (ESRC) and Engineering and Physical Sciences Research Council (EPSRC)
  - assistive technology enables those who might otherwise be excluded from education to participate fully. Assistive technology can also replace expensive one-to-one carers, freeing up these resources for use elsewhere
  - other technologies being developed in the UK include artificial intelligence, analytics, assessment and adaptive technologies which, allied to the wider creative areas around educational publishing, broadcasting and gaming, give an excellent base to build on and exploit. The UK also has a history of competitive educational technology innovation, blending hardware, software and pedagogy to further exploit existing technologies
- 2.23 UK companies are among the most innovative in the development of digital learning resources to support teaching and learning in schools and colleges. Companies such as Pearson, Promethean, GL Assessment and Espresso are

among the most prominent in this area. Their expertise is not only in developing the new technologies, but harnessing them to effective educational use. The UK has a lead in a number of specific products to benchmark pupil performance such as MiDYIS, YELIS and ALIS and RaiseOnline. It also has a lead on school management information systems. The “European EdTech Top 20”<sup>35</sup> listing of the fastest growing and most innovative e-learning companies published in June 2013 included ten UK companies in the top 20.

- 2.24 The recent development of Massive Open Online Courses (MOOCs) in higher education has raised the prospect that new technology might fundamentally change how education is delivered. At present the main names are US-based – Coursera, Udacity and EdX. They combine world-leading education brands (Harvard, Stanford, MIT) with the technological capacities of Silicon Valley and the Massachusetts cluster, and resources from venture capital or from large-scale philanthropists like Bill Gates. Their ambitions, and potential reach, are truly global. It is probably already easier, as well as much cheaper, for a student in rural India to access a physics course at MIT on-line, than to access one in India.
- 2.25 While nobody can say with certainty where these disruptive new business models will lead, it is clear that major changes are afoot and that education is becoming a genuinely multi-national industry, attracting more and more investors interested in large-scale global expansion. This change offers challenges, as well as opportunities, to established UK providers. In particular, they need:
- the autonomy, flexibility and entrepreneurial approach to search out opportunities and respond rapidly
  - an ability and willingness to form partnerships and cooperate where that is the best approach to secure an opportunity – including cooperating across the old public-private boundaries, and contemplating growth where appropriate
  - access to extra investment if required, and an understanding of how to strike mutually beneficial deals with investors.

## Challenge five – Stronger country-to-country competition

- 2.26 As well as stimulating growth in new types of education provider, the international demand for education is also stimulating growth in the countries that want to promote themselves in this market. Typically, that means countries trying to attract more students from overseas to come to them to study, because that is what produces the largest and most visible financial benefits to the country concerned. For some countries, this is an intensification of activity

<sup>35</sup> <http://edxusgroup.com/europes-20-fastest-growing-and-most-innovative-e-learning-companies-named-2/>

that is already well-established and backed up with large marketing budgets. There is also growing interest from countries that didn't previously compete in the education market including offering courses in English even where it is not their first language.

Australia is aiming to host around 520,000 students by 2020, studying across all education sectors and contributing around GBP £13.1 billion to the local economy. They intend to do this through: better coordination; increasing quality; providing a positive student experience; partnerships; ensuring integrity; Australia's student visa programme; data analysis and research in international education; and competition, marketing and promotion.

Canada's goal is to double the number of international students to 478,000 by 2022. Canada's strategy focuses on: targets for success; policy coordination and ensuring sustainable quality; promotion of education in Canada; investments; and infrastructure and support.

In the US, the Immigration Reform Bill is projected to cut the US deficit by almost \$200bn over 10 years and as part of this, the US is lifting restrictions on the number of international students that could study at US higher education institutions. The US State Department gives diplomatic, security, advertising, quality assurance and some financial support to American schools overseas. Its Overseas Advisory Council involves senior US corporations in supporting US education for its nationals and for expanding overseas business.

Other countries that are not traditional competitors of the UK, particularly other European countries, are looking to increase their share of international students. France is considering a change to legislation which would allow France's public universities to offer courses in foreign languages. The aim is to make French universities more attractive to foreign students (and complements another legal change from last year which lifted restrictions on foreign students' right to work in France). Similarly, the Netherlands has over 1,500 international study programmes available, 75% of which are taught entirely in English, and Germany are becoming increasingly competitive by offering courses in English and providing job opportunities for international graduates.

- 2.27 The expected growth in the potential global market suggests that the UK can continue to increase numbers of international students, even as other countries also increase theirs. The UK's current market share of international higher education students is 13%. Given that, it is likely that UK overseas higher education student numbers will increase by 15-20% over the next 5 years. However, achieving this will be challenging. The UK needs an offer, and a coordinated approach, that matches that of our competitors.

## Challenge six – Changing customer relationships

- 2.28 Forecasts suggest that Asia, Latin America and Africa will provide the majority of growth in education in the 21st century. Naturally there is a strong correlation between countries with high growth in 16-22 year-olds and increasing demand for secondary education, vocational qualifications, higher education, language training and other educational services. By 2020, four countries will account for over half of the world's 18–22 population: India, China, US and Indonesia. A further 25% will come from Pakistan, Nigeria, Brazil, Bangladesh, Ethiopia, Philippines, Mexico, Egypt and Vietnam. India and China are expected to send the most students abroad, but many other of the fastest-growing countries are in a different position.<sup>36</sup> Their students are not expected to study abroad in large numbers. This suggests that any country or supplier that wants to benefit from the steep growth in further and higher education demand from, say, Indonesian students, will have to reach them in Indonesia.
- 2.29 New relationships will increasingly emerge, between countries with a demand for education, and countries looking to supply it. Some of this demand will come from industry looking for individuals to meet their skills needs. The suppliers will need to be increasingly focused on what these markets want, and where they want it. That is likely to mean education delivered in their own country, supplemented by partnerships that support research and innovation. While emerging economies will continue to send some students overseas, their focus will be on transformational change in their domestic education systems.
- 2.30 That offers the opportunity for serious strategic partnerships, possibly on a large scale. For example, Saudi Arabia spent £28 billion in 2012 and has budgeted £34 billion in 2013 to finance construction work on 742 new and 2,900 existing schools, 40 new colleges and new facilities at universities. In such a market, there are opportunities not only for the usual providers of education, but for many other services such as construction, legal advice, or project finance.
- 2.31 Education is a proven way of building relationships and trust between countries. As emerging powers gain economic and educational clout, provider countries, like the UK, will need to ensure that the tone of their engagement is one of genuine partnership bringing mutual benefit. The emerging powers will be selective, and demanding, in what they expect from providers. Providers, both countries and suppliers, will need to ensure their products meet the needs of their target markets. For example, in the ELT sector, UK providers will need to consider the type of English and examination that dominates their target markets, and ensure they offer the relevant qualification. At national level, the

<sup>36</sup> The shape of things to come: higher education global trends and emerging opportunities to 2020 – British Council, 2012.

UK will need to demonstrate that it is really thinking about what a partner country wants, and how its aspirations can be met.

- 2.32 Individual institutions and companies engage in education export activity all over the world in line with their own institutional and corporate strategies and this must continue. But in certain countries, there is also a real opportunity for the UK to bring together the strength and depth of the whole education sector – as well as other sectors that support education exports like finance, construction and law – to offer “system-to-system” engagement.
- 2.33 The countries where this is likely to be appropriate are those where: demographic changes are driving demand for a rapid increase in education provision; where economic growth means substantially increased investment in education is possible; and where the political environment creates an openness to international collaboration on education provision. Additionally, it makes more sense to focus on countries where there are currently barriers to the expansion of UK provision rather than those where UK activity is already strong or expansion can take place without government support.
- 2.34 Through offering a co-ordinated “system-to-system” approach to engagement, we hope to:
- generate income from international education activities
  - increase our ability to influence a wide range of agenda, including foreign policy goals that are not primarily economic
  - support internationalisation of the UK education sector, leading to links between researchers and teachers that will enhance the quality and reputation of UK education.
- 2.35 We have identified eight priority countries and one region for international education. These are China, India, Brazil, Saudi Arabia, Turkey, Colombia, Mexico, Indonesia and the Gulf. More detailed analysis of why these countries were selected can be found in the supporting analytical narrative.

## 3 The Policies

### A warm welcome for international students

As shown in earlier sections, the UK gains hugely from students who come to this country to study. That market has grown sharply in recent years but other countries are competing more strongly with us, and there remain some misunderstandings about UK visa rules and the opportunities for students to remain here after finishing their studies.

We consider it is realistic for the number of international students in higher education in the UK to grow by 15-20% over the next 5 years. The number of internationally mobile higher education students globally is forecast to increase, however there is expected to be increased competition for these students from other countries. Therefore, the UK requires a competitive, sustainable core offer from the UK to all overseas students, which is well communicated and delivered. It also requires initiatives to support partner countries in sending more of their best students to the UK, and thereby building better long-term bilateral relationships.

### Providing a competitive visa system

- 3.1 The Coalition's Mid-Term Review stated there is no cap on the number of students who can come to study in the UK, and there is no intention to introduce one. Moreover international students who obtain a graduate level job can stay after their studies on a work visa, and are exempt from the cap on economic migrants. Their employers do not need to test the local labour market before employing former international students, provided the job is at the right skills level and paid an appropriate salary. Those who wish to stay to develop a business idea can do so under the Graduate Entrepreneur scheme, to which we recently added an additional 1,000 places for MBA students. In April this year we introduced the Doctorate Extension Scheme, which allows those completing PhDs and other doctoral qualifications to stay for a year to work, gain experience in their chosen field, or set up as an entrepreneur. During their studies, university students can gain paid work experience in

casual jobs or on formal work placements, and there is also scope to do internships.

The Graduate Entrepreneur scheme was launched in April 2011. It allows graduates who have demonstrated entrepreneurial flair and have a good business idea to stay in the UK for up to two years after graduating. For 2013/14 there are 2,000 places in the scheme. Graduates applying to take part must be endorsed by their higher education institution. Business ideas so far include the development of a test for assessing an individual's risk of skin cancer, a new collaborative approach between the private and public sector to create affordable housing, a community interest company that creates clean water projects in Pakistan and the manufacture of solar lights to eradicate the problems of electrification in rural India and Africa.

- 3.2 While being clear that all legitimate students are welcome, without a limit on numbers, the Government is equally committed to eliminating the immigration abuse and poor standards which affected international students in the past. A reform of the visa regulations and the educational oversight regime for colleges sponsoring international students in 2011 has been effective in rooting out abuse and improving standards, so institutions and prospective students are operating within a stable and transparent system.
- 3.3 Government in conjunction with Universities UK, the British Council and other partners will work to promote the message that there is “no limit on the number of legitimate students” and the policies to support PhDs and graduate entrepreneurs who want to remain in this country after finishing their studies.

The GREAT Britain campaign is the Government's most ambitious international marketing campaign ever and showcases the very best of what Britain has to offer in order to encourage the world to visit, study and do business with the UK. It is part of the Prime Minister's 'global race for growth' and supports the UK's Olympic Legacy programme. GREAT draws together the work of UKTI, VisitBritain, British Council and the Foreign and Commonwealth Office into a unified campaign. It aims to deliver significant and long-term increases in trade, tourism, education and inward investment in support of the Government's prosperity and growth agenda. Through GREAT, campaigns promoting UK education in a number of priority markets including China, Brazil, India, the USA, South Korea, Indonesia and emerging nations within Europe are being jointly developed by the British Council, UKTI and the Foreign & Commonwealth Office. A new Education is GREAT Britain campaign pillar has now been created and is described later in this strategy.

- 3.4 The Government is consulting on how temporary migrants from outside the European Economic Area (including students) might contribute to the costs of their healthcare.

## Reinforce protection for overseas students coming to the UK

- 3.5 In some overseas countries, agents are routinely used to match potential students with UK institutions. While many agents enjoy a strong and reputable relationship with UK institutions, others can seek to act in an unscrupulous way, risking a potential student's chances of obtaining a UK visa. The British Council has a programme for training agents and a supporting programme of continuing professional development. 3,600 agents around the world have undertaken this training. The UK (along with Australia, Ireland and New Zealand) has agreed to a 'Statement of principles for the Ethical Recruitment of International Students by Education Agents and Consultants' known as the London Statement. Each country is working towards implementing the principles this sets out.
- 3.6 International students in the UK need to be able to get help when things go seriously wrong while they are here. This requires a response both from government and their host institution. For example, from time to time, conflict in their home countries can cause students anxiety, as well as practical problems like accessing money from home and renewing visas. This is currently the case with students from Syria. We want students to be able to complete their courses when this happens. BIS has set up a cross-Government Responding to International Students Crises (RISC) committee. It will monitor emerging crises, identify where cross-government action is required and facilitate the taking of that action. BIS, the Home Office, FCO, Universities UK, the Higher Education International Unit and the National Union of Students will all be core members with the UK Council for International Student Affairs (UKCISA), the Council for Assisting Refugee Academics (CARA) and other relevant organisations invited when appropriate. Universities UK and the Higher Education International Unit are also working with stakeholders to identify good practice across the sector and develop processes that can pre-empt and address issues affecting international students arising from crises in their home countries.
- 3.7 BIS is working closely with the sector to ensure greater collaboration between Government and institutions to help them meet their compliance responsibilities and to try and resolve any compliance issues early. This will minimise the chances of students' study being disrupted due to non-compliance by an institution with the regulations for being a sponsor of international students. The recent formation of UK Visas and Immigration and a new team within it to deal specifically with both sponsorship and compliance

issues in the higher education sector will bring renewed impetus and accelerated focus to this work.

## Providing brokerage and support for countries wishing to send large numbers of students to the UK on government scholarship schemes

- 3.8 In recent years, the UK has successfully negotiated a number of large-scale scholarship programmes e.g. Science without Borders (Brazil – 10,000 students over four years) and UK-Indonesia Dikti (150 Indonesian PhD students each year). BIS, the Foreign Office, the Higher Education International Unit and the British Council will work with international counterparts to administer these, and explore opportunities to create similar schemes with other emerging powers.

### Science without Borders

Science without Borders is a Brazilian Government scholarship programme which aims to send 101,000 Brazilian students on undergraduate sandwich courses, PhD sandwich courses and full PhDs to study in science, technology, engineering, mathematics and courses in the creative industries at universities around the world.

Science without Borders UK (Ciência sem Fronteiras no Reino Unido) is the first large scale student mobility programme operated in the UK. This ground breaking initiative will see the UK welcome up to 10,000 Brazilian students and is run by the UK Higher Education International Unit on behalf of Universities UK.

The programme, which will generate over £200 million for the UK economy, has enjoyed considerable success since its launch with over 1000 undergraduates and 150 PhD students already placed at higher education institutions across the UK. Opportunities for future intakes will be boosted with the provision of fully funded pre-sessional English courses that are now being offered as part of the programme.

In total 110 UK universities are eligible to participate in Science without Borders UK all of which were selected to participate based on their excellence in the priority areas, determined by either an exceptionally high student satisfaction rate and/or the recognition of departments that produce world class research.

A number of businesses are supporting Science without Borders UK, with placements and sponsorship. These include:

- GlaxoSmithKline
- General Electric
- Harris Pye
- BG Group
- Unilever
- Rolls Royce
- Cisco
- National Grid
- Centrica

- 3.9 In May 2013, the Universities and Science Minister, David Willetts, led a UK education sector delegation on a visit to Colombia and Mexico to explore opportunities for partnerships in the region. The UK will develop a consortium approach for Colombia and Mexico that will include offers in English language, higher education, student mobility, vocational training and teacher development.

### **Expansion of alumni programmes to maintain relationships with UK graduates**

- 3.10 Our UK alumni have created a network of people in positions of influence around the world who can promote British foreign policy goals, including by opening doors to people, resources and information we would not otherwise have been able to access.

**Table 3.1: World Leaders who studied in the UK**

Individual	Position	Country
Elio Di Rupo	Prime Minister	Belgium
Juan Manuel Santos	President	Colombia
Queen Margrethe II	Queen	Denmark
Ólafur Ragnar Grímsson	President	Iceland
Manmohan Singh	Prime Minister	India
Michael Higgins	President	Ireland
Najib Razak	Prime Minister	Malaysia
Hage Geingob	Prime Minister	Namibia
King Harald V	King	Norway
Aníbal Cavaco Silva	President	Portugal
Lee Hsien Loong	Prime Minister	Singapore
George Maxwell Richard	President	Trinidad & Tobago
Abdullah Gül	President	Turkey

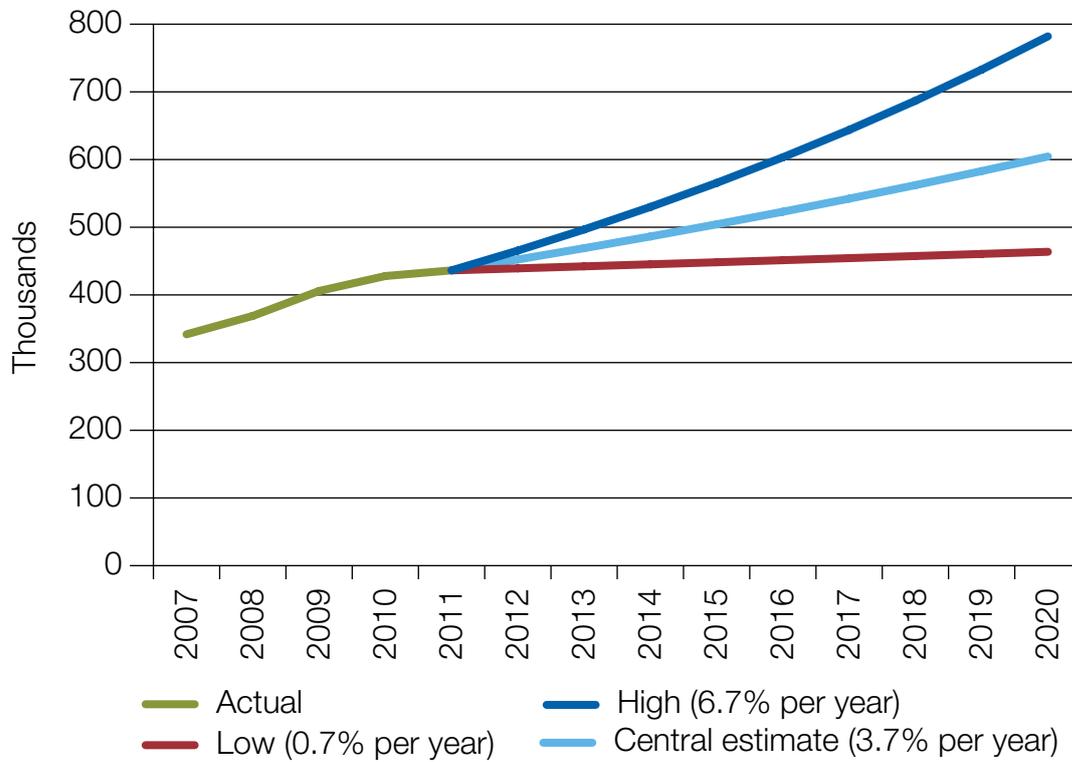
3.11 The Foreign and Commonwealth Office (FCO) works closely with its global network of overseas posts to encourage greater engagement with the alumni of the Chevening scholarship programme. It has recruited more alumni officers in posts and is developing a centralised database of Chevening alumni to help ensure continued and sustained engagement over time. A broader interdepartmental project is also planned to build and maintain engagement with the 200,000 foreign students who graduate from UK universities every year, as well as the alumni of the government-funded scholarship schemes (Chevening, Marshall, Commonwealth).

## Student numbers

3.12 The actions outlined above will help to attract students to UK universities. Based on the average rate of international student number growth over the past three years (3.7%), which corresponds to the mid point between Higher Education Funding Council for England (HEFCE)<sup>37</sup> and British Council reports, it is likely that the UK overseas higher education student numbers will increase by 15-20% over the next 5 years.

<sup>37</sup> Financial health of the higher education sector, 2011-12 to 2014-15 forecasts – [http://www.hefce.ac.uk/media/hefce/content/pubs/2012/201230/financial\\_health\\_112012.pdf](http://www.hefce.ac.uk/media/hefce/content/pubs/2012/201230/financial_health_112012.pdf)

Figure 3.1: Projected growth in international student enrolments in the UK



Source: HESA Student Record & BIS calculations

3.13 Under the central scenario, tuition fee income would increase from £3.9bn in 2011/12 to £4.4bn in 2020 (in 2011 prices, assuming constant fee levels in real terms) and living expenditure would increase from £6.3bn in 2011/12 to £7.7bn in 2020 (in 2011 prices). Our aim is to support the sector to achieve this growth.

## Supporting Transnational Education (TNE)

Many countries want to improve and expand their own education systems and are looking for international support. There is also growing overseas student demand for access to good quality UK education in their own countries, with recent technological advances significantly aiding the ability to meet this aspiration. Taking advantage of these opportunities requires education providers, and countries, to modernise and adapt. UK institutions of all types have a long tradition of delivering successful transnational education and UK education provision is, in general, well-adapted to support this. The UK needs to ensure it maintains this position.

## Supporting new and long-established British schools and colleges to operate overseas

- 3.14 To assist with their wider recognition abroad, the Department for Education has introduced a voluntary scheme for quality assurance of British Schools Overseas (BSOs). Schools can choose to be inspected against standards similar to those for independent schools in England, by inspection bodies whose work is quality assured by Ofsted. BSOs are then awarded a Department for Education number and their names are published on the Government's website. This is an increasingly popular kitemark of quality in this market. They can also participate in the induction programme for newly qualified teachers.
- 3.15 The Association of Colleges offers the International Charter – a voluntary scheme for colleges to demonstrate their commitment to all areas of their international work including TNE.



## Promoting English language training overseas

- 3.16 The UK has a natural advantage in English language training and we have a wide range of excellent organisations involved in this. Building capacity in English is vital to many countries, particularly as it is the international business

language and is crucial for tourism. We would like to be able to offer a complete solution to these countries, harnessing all aspects of the UK's English language expertise to suit the local environment. Building capacity in English might well involve teacher training, digital and communications resources, textbooks, curriculum development, quality assurance/accreditation processes, on-going assessments and internationally recognised qualifications, research into teaching approaches and language development as well as direct delivery of English language classes. It is a very broad area where considerable synergies are possible to maximize the impact. We are developing, with a range of UK organisations, including the British Council and English UK, an 'end-to-end' offer around English language which can be tailored to the needs of particular countries and situations. A number of initiatives will help to improve the UK's English language teaching exports:

- a. **New centre of excellence for English language teaching in Latin America:** Following a Ministerial visit in April, the Government is working with the sector to develop proposals for a teacher training and development centre within a leading university in the region. This centre could be operated by a small consortium of UK English Language organisations which are highly rated for their initial teacher training and in-service professional development. The Education UK Unit will support the sector to develop this opportunity.
- b. **New English language teaching accreditation scheme for English language teaching organisations:** English UK are planning a pilot for an international accreditation scheme for English language teaching organisations in two countries, one in Europe and one in Central America. This will be delivered through implementation of a set of overarching standards and associated inspection criteria that will be used to benchmark the quality of all participating organisations. The proposed scheme will: export UK standards as the global benchmark of quality; enhance the UK's reputation as a global leader; signal to potential students the pre-eminence of the UK in English language teaching and learning; and extend the reach and influence of our international bodies.
- c. **A new approach to scale up delivery in Brazil:** The Education UK Unit, along with a range of UK organisations, will explore new approaches to respond to growing demands for English language training provision in Brazil. The British embassy in Brasilia is leading negotiations to teach English to civil servants in the state of Sao Paulo. The British Council has signed a memorandum of understanding with Brazil to support the training of their English teachers, co-sponsored with HSBC. This will see around 90 teachers coming to the UK to train, who will then train English teachers on their return to Brazil. Pearson's English language course material, printed and digital, helped more than one million Brazilians learn English in

2012 and they plan to quadruple this number by 2020. Wall Street English plans to expand its presence by opening new centres in key cities across Brazil over the next two years and Pearson's recent acquisition, GlobalEnglish, already used by over 120 organizations in Brazil, will continue to partner with companies in Brazil who recognise the importance of proficiency in business English.

- d. Vodafone online delivery in India (Pearson/Vodafone mLearning project):** This project is delivering an affordable English language course for mobile platforms in locations where learners do not have access to, or cannot afford, classroom infrastructure. Pearson have developed bite-sized pay-as-you-go course modules.
- e. Working together to deliver English language teaching at scale in Kazakhstan:** The Education UK Unit, working with English UK, the British Council and others is looking into opportunities presented by increased demand and work to improve delivery of English language training based around the Kazakh national education reform programme. Activities could include a consortia backed by government providing:
- Support for teacher training, especially in vocational education and in key sectors such as energy and engineering
  - English language training for major international events including World Expo 2017 and the Student Winter Games 2017
  - Support for UK education sector businesses to engage with Kazakhstan including a detailed market analysis report
  - Ministerially-led education trade mission

3.17 Given the rapid growth expected in this sector globally, the International Education Council (discussed in more detail later in this strategy) will, as a priority, consider the development of this UK offer.

## Quality frameworks for UK further and higher education overseas

3.18 The growth in demand for TNE has made it even more important that the UK is able to maintain and demonstrate the quality of its education exports. Higher education quality is assured both internally by individual institutions and externally by the Quality Assurance Agency for Higher Education (QAA). The QAA conducts reviews of TNE provision, including in-country elements in major delivery locations. However, the global growth in UK TNE provision, particularly different models of in-country delivery and the need to comply with local regulatory frameworks, presents increasing assurance complexity and risk.

- 3.19 To ensure that the UK continues to be able to demonstrate the quality of its overseas provision, BIS has asked higher education sector representative bodies to give serious consideration to the assurance of the quality of TNE. Whilst this is the responsibility of each individual institution, failure to do so has the potential to impact negatively on every institution.
- 3.20 As a first step, QAA and the Higher Education International Unit will consult the sector in the autumn of 2013 on what is needed to strengthen the quality assurance of TNE. The consultation will propose a significantly strengthened risk-based element to focus resource and attention where they are most needed. It will propose possible models and mechanisms to demonstrate the commitment of individual UK TNE providers to high quality provision and the protection of the UK sector's high reputation.
- 3.21 The further education sector has an established quality assurance system for teaching and learning content. The sector is now considering options for how this could be developed for provision delivered abroad, working with key partners including Ofsted, QAA and the British Council. Government and the further education sector are also working together to develop an appropriate quality assurance system for delivery of qualifications.

### **Working with key partner countries to achieve mutual recognition of qualifications**

- 3.22 We are engaged, in collaboration with the UK National Academic Recognition Information Centre (UK NARIC), in multilateral agreements, networks and initiatives to promote UK qualifications and to improve mutual recognition internationally. These include the Lisbon Convention on the mutual recognition of higher education qualifications in the European region, the Bologna Process and ASEM – the initiative between the European Union and the Asia Pacific regional recognition agreement. We are also engaged in bilateral discussions with a number of countries – including the United Arab Emirates, Spain, Russia, India and Chile to resolve some specific bilateral issues regarding mutual recognition of qualifications.
- 3.23 The HEGlobal Integrated Advisory Service aims to support higher education institutions to undertake and expand their overseas TNE. HEGlobal promotes TNE as a strategic and sustainable higher education export, nationally and internationally, in order to increase its take-up and development. It provides signposting to expert advice, guidance and intelligence from partner organisations, and aims to help support development of good practice in TNE delivery. Key partner organisations include the HE International Unit, UKTI, the British Council, the Science and Innovation Network, UK Export Finance, the Quality Assurance Agency and Research Councils UK.

## Education services in trade negotiations

- 3.24 The European Union is engaged in a suite of Free Trade Agreement (FTA) negotiations with third countries. Most of these negotiations are intended to cover the full range of trade and trade-related issues, including trade in services, a key interest of the UK. The UK is a strong supporter of the EU's ambitious trade agenda.
- 3.25 In order to ensure the UK is best placed to take advantage of global opportunities in the education services sector, the Government will look actively at how significant trade negotiations, both ongoing and future, could address the market access barriers which our education services suppliers face in some third country markets.
- 3.26 We will seek to identify those barriers and, where trade negotiations provide a good opportunity for tackling them, we will work with the European Commission to see how trade in education services can be treated as a priority in such negotiations. We would intend to focus primarily on barriers in the higher education sector and to seek access for the provision of privately-funded education services.

### Which organisations are involved in supporting UK education exports?

BIS is the Government Department with policy responsibility for international education. There are two main sources of government-sponsored support for the UK education sector overseas:

- the BIS/UKTI **Education UK Unit** promotes and supports companies and institutions seeking to invest overseas and will focus on large scale and complex high value commercial opportunities that require a consortia approach.
- the **British Council** is the UK's international organisation for educational opportunities and cultural relations.

There is a wide range of membership and representative organisations involved in supporting international activity, both commercial and non-commercial, alongside their domestic role. These include:

- **Universities UK** and the **Higher Education International Unit** which work on behalf of higher education providers
- the **Association of Colleges**, representing English colleges – there are similar organisations in the devolved administrations
- **TVET UK** has a varied membership of organisations involved in vocational education and training, including suppliers of educational equipment, and develops new markets for its members

- the **British Educational Suppliers Association** which represents its member educational equipment and resources organisations
- **English UK**, representing English language providers that are members
- the **Federation of Awarding Bodies**
- the **Publishers' Association**
- The Headmasters' and Headmistresses' Conference , the Council of British International Schools, British Schools in the Middle East and the CfBT Education Trust
- The Devolved Administrations also provide support tailored to sectors in Scotland, Wales and Northern Ireland.

## Leading the world in education technology

**Technology is the essential enabler for many types of transnational education, and it underpins the growth of multinational education companies. The UK has many established institutions as well as private companies that are well-placed to secure investment for greater use of technology, and to grow their offer if they wish. Government's role is therefore primarily a facilitative one, but we will act positively to stimulate innovation.**

- 3.27 The UK starts from a position of strength in education technology. As well as having a number of world class companies, universities and some of the most experienced and expert providers of distance learning, it has been able to marry successfully educational excellence and tradition with technology and research to produce world class pedagogies. However, the demand for education and vocational skills is changing at an unprecedented rate. The rising cost of education in the US has provoked demand for alternatives to the traditional campus college education. Global businesses are using technology platforms for employee learning and development. This in turn has given rise to a number of innovations which could disrupt the education marketplace – the emergence of MOOCs, development of individualised learning and a surge in the use of educational analytics.
- 3.28 As the new global market takes shape, the UK needs to move quickly to secure a world leading position. As in other areas of industrial strategy where emerging technology is creating significant growth opportunities, the Government is keen to encourage developments and work with the sector to accelerate innovation and remove obstacles. We have identified four important areas:
- **Enterprise support.** Small and medium sized enterprises (SMEs) are not always aware of the business support schemes that are available. The Government is committed to improving the way it promotes this support and to making it easier for SMEs to access it. We are working with the business community to develop a new small business strategy for publication in the Autumn.
  - **MOOCs.** The concept of Massive Open Online Courses was developed some ten years ago but really took off in the last two years with rapidly growing new platforms based in the US. The UK needs to respond. One option has been for individual institutions to place their offer on these US platforms. For example, Edinburgh successfully launched six MOOCs on the Coursera platform early in 2013. The other approach is collaboration around a UK platform. The Open University is leading the development of FutureLearn with 21 UK universities as partners, along with the British

Library, the British Museum and the British Council and overseas partners Trinity (Dublin) and Monash (Australia). FutureLearn courses will start in the Autumn and will provide content that is freely-available and of a high-quality. The Government will actively encourage and promote these developments, and others, as part of the UK international offer.

### Case study: University of Edinburgh

In January 2013 the University of Edinburgh launched six MOOCs on the Coursera platform. Over 310,000 people registered with 124,000 accessing course content at launch. About 90,000 actively engaged in week one material.

Ultimately 36,000 undertook the week five assessments and 34,850 course completion certificates were issued. This represents 21% of those who actively engaged in the courses or 12% of those who registered.

Although the high drop-out rate is common to most MOOCs, the number who completed the course (35,000) roughly equates to the entire student enrolment at the University of Edinburgh.

**Why did people do a MOOC at Edinburgh?** Some 15,000 completed an exit survey; 98% said they “got what they wanted” from the MOOC. More specifically:

96% said they did the MOOC to learn more about the subject

78% said “to try on-line education”

72% “to see what a MOOC was like”

68% “to browse the course offering”

- Edtech start ups and commercialising research.** The UK has a vibrant edtech business community and our research councils have supported pioneering work in areas like haptics and analytics. However, the challenge facing many edtech innovators is how to commercialise their products successfully. The Government is working with the Technology Strategy Board (TSB) and others to meet this challenge through more targeted support specifically for edtech innovation. The TSB will launch a design call asking innovators to come forward with their designs to exploit modern educational technology. This will mark the first phase of a wider programme to support start-ups with a range of tools and advice to allow innovative products to be properly developed and brought to market. A further element will be a new Small Business Research Initiative competition for educational technology with a budget of £1 million. This will build on the recent success of competitions for specialist assistive learning solutions which have enabled five innovative new products to come to the market this year. A range of other partners, such as Intellect, the IT industry body, Jisc, which provides

technology support for higher and further education, and charitable bodies like the Ufl Trust, are being asked to consider how they can align their support and investment to ensure the greatest possible overall impact. Edtech companies should also benefit from measures to support innovation and exports outlined in the recently published Information Economy Strategy.<sup>38</sup>

- **The skills system.** We believe there are opportunities to stimulate more demand for innovative use of technology to support skills acquisition in the workplace and colleges, for which there is also export potential. The Skills Minister has established a group to provide advice to him and the sector on educational technology. The group contains technology experts from the sector and industry and is tasked with examining how technology can be used to improve and enhance learning across the skills sector. The Government will continue to promote the concept of employer ownership to deliver a skills system that is responsive to the needs of business. The proposed new employer ownership fund, which builds on the two rounds of Employer Ownership Pilot projects, could provide an opportunity for Government to co-invest in projects to deliver technology use at scale.

3.29 While Government will provide support, it is for the UK's education providers to challenge the edtech sector to develop new, world class technologies.

<sup>38</sup> <https://www.gov.uk/government/publications/information-economy-strategy>

## Providing education globally – DFID support for education technology

- 3.30 The rapid pace of technological change has implications for teaching and learning at all levels of the system; from the use of tablets and e-readers in schools to MOOCs at tertiary level. Africa is now the world's second largest mobile market by connections after Asia; over the past five years, the number of mobile phone subscribers across Africa has grown by almost 20% each year. Affordable information and communication technology has the potential to expand flexible access to better, adaptable educational content, including engaging students with special education needs in new ways.
- 3.31 Through English in Action in Bangladesh, the Department for International Development (DFID) is supporting an English communicative skills development project. Specially designed audio and video training modules and English lessons, downloaded onto low cost phones, are being used by school teachers to improve their teaching. In addition, general English courses are being accessed by over 25 million people from communities nationwide, with courses available via all the major mobile phone networks and internet service providers.
- 3.32 DFID Pakistan's innovation fund is supporting the use of technology to improve the quality of education. Using a van equipped with a generator and satellite, Tele Taleem travels to remote government schools to link students via the internet with city-based maths teachers. An online assessment follows each lesson with follow up two weeks later. Khan Academy videos that provide free, world-class mathematics and science education are being translated into Urdu and adapted for use in classrooms and to develop teacher content knowledge.

## Building a new relationship with the emerging powers

**There is significant and growing demand for education in countries outside Europe and North America. The UK faces strong international competition in meeting this demand. It will be essential to affirm, and demonstrate, that the UK wants a relationship based on values and mutual respect, which is thoroughly attuned to the emerging powers' developing aspirations and needs.**

- 3.33 The Government is responding to the economic growth and expanding political influence in the South and East by strengthening relationships with the powers of tomorrow to increase Britain's prosperity and security. It is working hard to take advantage of new opportunities and build closer relationships with emerging powers through more active engagement across Government, to allow the UK to thrive in this changing environment. International education has an important role to play in this.
- 3.34 Bearing this in mind, we have identified eight priority countries and one region to be the primary focus of our international education partnerships. These were chosen on the basis that they are important countries for increased engagement by the UK for a whole host of foreign policy reasons and, in addition, their demographics and ambitions mean they are prioritising and investing in education. These are China, India, Brazil, Saudi Arabia, Colombia, Turkey, Mexico, Indonesia and the Gulf.
- 3.35 This should not be taken to suggest that individual institutions should not decide their own international ambitions and choose their own partners in line with their own strategies. Government, together with UKTI, the British Council and the Science and Innovation Network will continue to provide help and support to institutions seeking to form partnerships all over the world. But it does mean that Government will have a particular focus on building partnerships with these countries. We have either recently signed or are negotiating memoranda of understanding on education with most of these countries and, through this process, we are learning what their priorities are and how we can best work together. In some countries we also have co-funded programmes to build partnerships. The UK-India Education Research Initiative (UKIERI) has supported a step change in the UK's research and education partnerships with India. We hope for similar success for the UK-China Partners in Education Plan signed in 2011.

The UK-India Education and Research Initiative (UKIERI) is a five year joint programme funded by the UK and Indian governments with the objective of enhancing the education and research relationship between the two countries. The first phase ran from 2006 to 2011 and phase two was announced by the UK Prime Minister David Cameron and Indian Prime Minister Dr. Manmohan Singh in July 2010 to run from 2011-2016. The programme is worth £5 million per year and focuses on four strands: Leadership Development, Innovation Partnerships, Skills Development, and Enhancing Mobility.

The UK-China Partners in Education Action Plan (UKCPIE) is a three year joint UK and China government programme with the objective of enhancing the education and skills relationship between China and the UK. It was launched in October 2011 at the 6th UK-China Education Summit. The programme is worth around £4million per year and focuses on 4 strands: Higher Education: Building Partnerships and Promoting Mobility; Vocational Education: Developing Vocational Education and Skills Training; Basic Education: Raising School Standards; and Language Cooperation: Promoting Mandarin Learning in the UK and English in China.

## Partnering through scholarships

- 3.36 It is clear from these discussions that reciprocity is an essential element of these partnerships. In recent years, the UK has successfully negotiated a number of large-scale scholarship programmes like Science without Borders (Brazil – 10,000 students over four years) and UK-Indonesia Dikti (150 Indonesian PhD students each year). BIS, FCO, the Higher Education International Unit and the British Council will work with international counterparts to administer these, and explore opportunities to create similar schemes with other emerging powers. To support this, we are also going to expand the number of scholarships that we fund for students from the emerging powers.
- 3.37 Scholarships are a long-established way to give extra support to selected students, who would not otherwise be able to come to the UK to study. FCO funds the Chevening scholarship programme, aimed at those whom we believe will become future leaders and decision-makers. They spent £17 million on 712 scholarships in 2012/13. Around £3 million of funding came from the private sector. Evaluation of the programme found that it has created a network of people in positions of influence around the world who can open doors that would not otherwise be available. Chevening has a large and influential alumni network of 41,000 scholars in more than 150 countries, with large alumni communities in China, India, Malaysia, Indonesia and Mexico.

## Promoting UK outward student mobility

- 3.38 We recognise the importance of UK students spending time abroad. The higher education sector is developing a strategy for outward student mobility. The strategy will promote the benefits of outward mobility and signpost opportunities for students and institutions. It will work with business and others to source scholarship funding, support the brokerage of internships, and reinforce messages on the value of outward student mobility for employability. Government has made a funding contribution to support this initiative.
- 3.39 We also have bilateral programmes with a number of countries. For example, under UK-China Partners in Education, David Willetts launched the British Council Generation UK initiative in June. It aims to increase the number of UK students going to China to 15,000 over three years. In 2012, 4,250 UK students studied in China, the aim through this programme would be for over 5,000 a year to go to China, an increase of nearly 20%.
- 3.40 The Government and the Devolved Administrations will decide what local measures are necessary to support their outward mobility priorities and to address barriers, which can include cost, language capability and academic credit and understanding of opportunities. For example in 2013/14, England is introducing new measures which extend support to students taking study placements outside the EU's Erasmus scheme. This recognises the equal importance of students gaining experience in other developed and emerging economies. BIS will continue to explore opportunities for other support measures, such as whether the current higher education fee loan system could be amended to allow English resident students to use their loans when studying abroad, particularly in key emerging economies.

## More effective loan repayment collection

- 3.41 BIS and the Student Loans Company (SLC) will improve arrangements for collecting student loan repayments from borrowers living abroad. The SLC will make it easier for borrowers overseas (most of whom are British) to repay and take action against those who try to avoid repaying.
- 3.42 The SLC will explore options for digitalising further the collection of repayments from overseas borrowers, for example through the introduction of PayPal or other electronic overseas repayment methods, and enabling borrowers to update their personal information online. However, if borrowers seek to avoid repayment, we have the power to apply penalties for non-compliance. We have created an incentive for borrowers to remain in contact with SLC, whether or not they are due to repay, borrowers who take out loans within the post 2012 scheme will be charged the highest rate of interest (RPI +3%) if they fail to keep in touch. The SLC will continue to take legal action in pursuit of arrears, where

appropriate. We wish to work closely with authorities in other countries to improve collections from overseas borrowers.

## Education for development

3.43 Education is fundamental to development. It enables people to shape, strengthen and contribute to open economies and open societies. The Department for International Development is the largest bilateral donor to basic education in developing countries. Over this current spending review period,



DFID is investing £2.7 billion in education through bilateral support in 21 countries. It also provides broader support through multi-national institutions including the United Nations and development banks. Through open competition, DFID ensures that goods and services are obtained in the most cost-effective way, bringing maximum value for money for the UK taxpayer.

- 3.44 DFID supports higher education through capacity building at individual, departmental and institution level, for example, through support to higher education partnerships and scholarships. It provides around 800 awards a year to scholars and young professionals to study with UK institutions at post-graduate level through Commonwealth Scholarships. Just over half of these awards are for female students, and new routes of entry for women are being explored. DFID has committed £87 million over four years (2011-2015) to the Commonwealth Scholarships Commission, an increase on the previous funding period. The Department for Business, Innovation and Skills' annual contribution is currently £400,000 and the Scottish Government £50,000. These scholarships enable the brightest and best women and men from Commonwealth countries to study in the UK and apply this learning to build capacity in their own countries. It also means that the UK can develop long-lasting relationships with individuals who often take up public and private sector leadership roles in their own countries.
- 3.45 DFID also invests over £1 billion in development research across the spending review period. Around one third of DFID's central research contracts are with UK-led consortia of universities or research institutes, which reflects the high quality of innovation, skills and ideas the UK academic sector has to offer.
- 3.46 DFID will explore with others across Government, higher education institutions and the private sector how, as they graduate from aid, countries can still take

advantage of UK educational services. The Education UK unit will identify and broker access to high value UK services.

- 3.47 DFID plans to double its investment in development partnerships in higher education. This will increase opportunities to draw on international expertise, and the significant strengths of the UK higher education sector to benefit DFID focus countries.

### Higher Education Taskforce

- 3.48 The Secretary of State for International Development will establish a Higher Education Taskforce in summer 2013. The Taskforce will identify future development needs for higher education in low income countries and areas where development assistance and UK expertise can deliver the biggest impact. Areas to be explored include the potential of partnerships, technological advances, transnational education models, scholarships to build higher education capabilities in different development contexts, and increased opportunities for women and girls.

## Building the UK brand and seizing opportunities

**The Government, individual institutions and suppliers need to promote the UK actively in key markets. We need to explain the UK offer, including our strong commitment to high quality education to generate economic, personal and cultural growth. It is also about Government understanding, and describing, the whole breadth of what the UK, and UK providers, can offer in the field of education. For the most complex and highest value opportunities, Government can help bring together providers and suppliers to provide a UK response.**

### A new approach to marketing the UK offer

- 3.49 The GREAT Britain campaign is the overarching vehicle to promote UK education overseas, both to students and international buyer audiences. To enable this to happen, a new campaign pillar, specifically for this task ‘Education is GREAT Britain’ has been created. By providing a single, recognisable and distinct identity for the whole of the UK, and capitalising on the momentum of the GREAT campaign, we will most effectively promote excellence beyond attracting international students via the Education UK recruitment service to cover all education exports: transnational education, education products and services and work with other countries to develop their own education infrastructure.
- 3.50 We are refreshing the Education UK recruitment service as part of the wider UK marketing initiative. The Education UK trademark, which is owned by the Government, was licensed to the British Council in 1999 and has been developed into a leading international student recruitment brand. The British Council has successfully used it to attract international students to the UK predominantly through an annual programme of international events and the Education UK website. The Education UK website is currently undergoing a comprehensive renewal and expansion to offer a broader and enhanced service to represent more fully boarding schools, British schools overseas, English language schools, colleges and universities as well as the UK’s transnational education market. It will be easier for students to search for courses, institutions and scholarships and to find reputable agents in their own country. Integration with social media platforms will aim to develop a sense of community.

### The Education UK Unit

- 3.51 The new Education UK Unit will promote and support companies and institutions seeking to export and will focus on large scale and high value

commercial opportunities. By 2015, the Unit aims to secure contracts worth £1 billion, with a longer-term goal of securing £3 billion by 2020. The unit has around 10 people, and, as a joint BIS/UKTI initiative, is based at 1 Victoria Street in London. The role of the Education UK Unit is to:

- support companies and organisations in the UK education sector to export businesses
- research, identify and help to develop significant opportunities for UK exports; support UK providers to respond effectively to large scale international opportunities, by fostering the development of UK consortia and helping them to prepare and promote high quality bids
- ensure large-scale complex commercial opportunities, which the UK is not currently well-equipped to respond to, are effectively pursued so UK organisations win the business
- take particular care to act even-handedly between different providers, public or private, large or small. These providers may be in competition with each other, and there is no intention by Government to restrict such competition. The purpose of the unit is to win business for the UK that individual suppliers and providers could not win on their own, to the benefit of the whole UK.

3.52 The Education UK Unit is currently involved in scoping opportunities, with stakeholders, in a number of markets including Saudi Arabia, Mexico, Colombia and Kazakhstan, where vocational training, student mobility and English language training feature as common themes. It also has a sectoral interest in oil and gas education and training, which is an area of particular UK expertise and of high demand in many markets. For example, recent bidding rounds for new vocational colleges in both Saudi Arabia and Kazakhstan have attracted considerable interest from UK organisations and the Unit has worked with the British Council and the Association of Colleges to support these.

Recently, UK Export Finance (UKEF) has been able to help a consortium of UK further education colleges to secure a contract in Saudi Arabia to develop a vocational training college. As is common in Saudi Arabia, the bidders were asked to provide substantial performance and advance payment bonds, and parent company guarantees. Providing the insurance required for these sorts of products to further education colleges is not common in the UK and is very difficult to purchase at a price which is commensurate to the value of the contract. The new Education UK Unit working with the UK college consortium brought in the UKEF, who worked closely with the colleges and their banks to explore innovative ways to resolve this issue under considerable time pressure. This resulted in a £75 million contract being secured by the consortium and teaching starts in early autumn 2013.

## Capacity and resilience training

3.53 The UK has a strong reputation internationally for education, training and advice on the global challenges around defence, security and resilience. The Defence Academy, in collaboration with its academic and NGO partners, has an increasingly comprehensive international offer ranging from Professional Military Education to training on counter corruption, cyber security, equipment acquisition, languages and cultural awareness, through to bespoke capacity-building programmes for individual countries. The Academy has strong relationships with its counterpart institutions around the world and is providing specific expertise to both existing and new Professional Military Education establishments in a number of countries. The Academy now also hosts the cross-government National School of Government International (NSGI) which draws on wider UK civil service expertise to provide advice, assistance and capacity-building to civil services overseas, in particular those in conflict affected and fragile regions. The Defence Academy, NSGI, Emergency Planning College, Fire Service College and the College of Policing will be working together to present the combined capabilities of HMG and its private sector to offer world class training and education across the full spectrum of security and resilience issues to the UK's friends and allies overseas. Our Defence Academy is also introducing its principal partners (Cranfield University, King's College London, SERCO) to new export opportunities for the UK model of Professional Military Education.

## Cyber security training

3.54 In recognition of the importance of building the UK's cyber security knowledge, skills and capability, the Government is delivering the commitments made in the National Cyber Security Strategy. Eleven leading universities have been awarded Academic Centre of Excellence for cyber security research status and 78 PhDs have so far been sponsored, as well as funding provided for two Research Institutes. The Information Economy Strategy, published in June 2013, set out actions to further support this work, including ways to improve employment outcomes from computer science courses.

## An International Champion for UK Education

3.55 An international education champion will be appointed to: champion the whole of the UK education sector overseas in relation to commercial opportunities; raise the Education UK Unit's profile and help it to broker introductions at the right level in foreign markets; and co-chair the International Education Council.

## A new strategic International Education Council

- 3.56 To ensure high-level oversight and support for this strategy, a new International Education Council is being created. Co-chaired by David Willetts, the Minister for Universities and Science, and the new international education champion, membership of the Council will include senior stakeholders drawn from across the education sector and Government with significant international experience. Its key responsibilities will include:
- acting as an advocate for the UK International Education Strategy
  - providing pragmatic leadership, co-ordination and strategic direction
  - ensuring effective communication and engagement with all parts of the sector, industry and Government.
- 3.57 Building on the work of the International Education Advisory Forum and sector advisory group on education and skills the Council will operate in an advisory capacity. The Council will aim to meet every three-four months and will form working groups on topics of particular interest drawing on relevant domestic and overseas experts.

## Conclusion

- 3.58 Education is already an enormously important sector for the UK. Worldwide demand is growing fast presenting us with ever greater opportunities if we can be sufficiently agile and responsive to seize them. We will take action on several fronts. We will welcome international students to the UK, look after them while they are here and keep in touch after they have gone home. We will make it possible for people to access a wide choice of UK education in their own countries – and to do so with confidence that they are getting a quality product and a recognised qualification. We will seize the opportunities of new technology to deliver education in new and exciting ways and we will support countries to develop their own education infrastructure so that more people are able to use education to achieve their aspirations and improve their lives.
- 3.59 By doing this, we will create jobs and growth. This will come not only through direct income from students taught, products sold and contracts won but also by using education to strengthen our relationships with partner countries and build a platform for many other activities to our mutual benefit.

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Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET  
Tel: 020 7215 5000  
Email: [educationstrategy@bis.gsi.gov.uk](mailto:educationstrategy@bis.gsi.gov.uk)

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