ENGLISH UK

Examining the economics of the English language teaching industry

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Luke Dorman, Mark Pragnell and Paul Marshall

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Please note numbers in tables may not add due to rounding.

Pragmatix Advisory Limited. enquiries@pragmatixadvisory.com. 020 3880 8640. pragmatixadvisory.com
Registered in England number 12403422. Registered address: 146 New London Road, Chelmsford, Essex CM2 0AW. VAT Registration Number 340 8912 04

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Foreword

A decade after English UK's first serious attempt to quantify the value of English Language Teaching (ELT) to the United Kingdom (UK), we have commissioned Pragmatix Advisory to reassess the impact. This time the research covers the whole accredited ELT sector – not just English UK members - as well as its enrichment of other areas of the economy.

In 2024 the ELT sector created almost £2 billion of added value for the UK economy, contributed £300 million to the exchequer and supported over 40,000 jobs, hosting international students for over 12 million bed nights.

This impact is distributed across the four nations of the UK, includes urban, rural, and coastal communities, and keeps tens of thousands in work.

Our soft power benefits are also extraordinary.

The findings demonstrate the resilience of UK ELT but also the challenges it faces, including a decline in student numbers and centres and growing competition from other destinations, even as global demand for English remains strong.

Growing the UK economy is the Government's number one priority. This report demonstrates why we need it to work with our industry and other stakeholders to drive growth, income, and jobs. We need a better operating environment, a more agile immigration regime and more concrete promotional support.

We would like to thank Pragmatix Advisory for its rigorous research and authoring. We would also like to thank Cambridge University Press & Assessment, LANGUAGECERT and Trinity College London, our sponsors, without whom this project would not have been possible.

Foreword by English UK

Executive summary

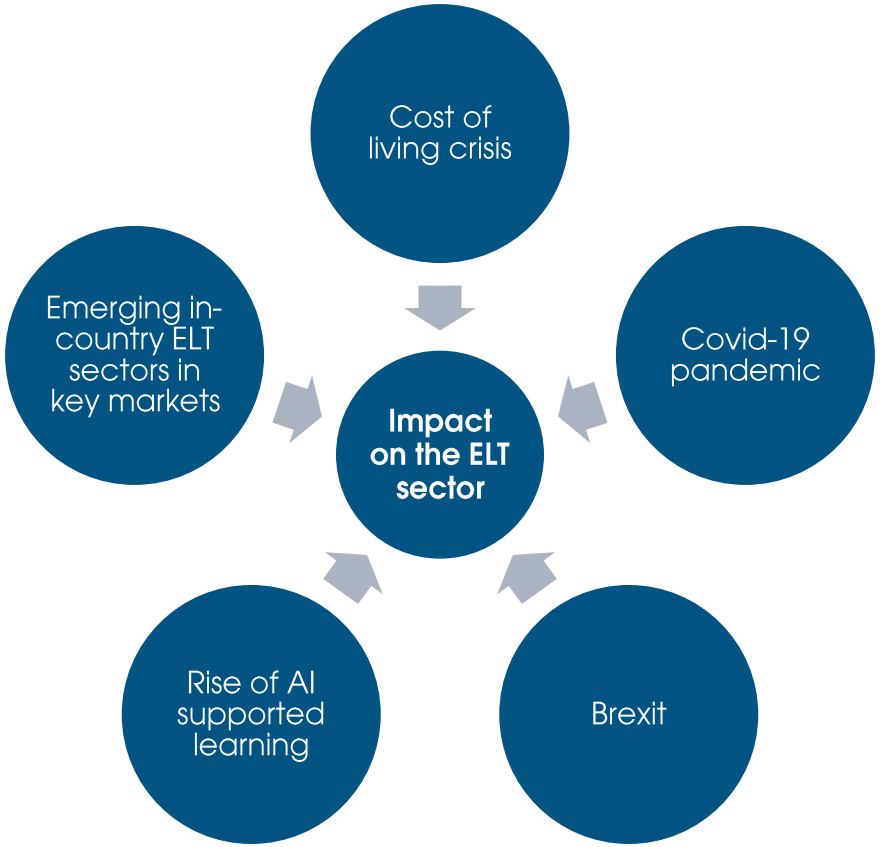
Sector has changed significantly in ten years

The previous economic impact assessment of the English language teaching sector was written in a very different context to today.

Our research has shown that the sector is resilient and should be more confident in communicating its contribution to the UK economy, but given the turbulent external environment it will need to continue to adapt and evolve in order to remain so over the next decade.

The ELT sector, like many others, has had to move from a relatively stable economic and geopolitical environment to one fraught with uncertainty. Since the last report was written in 2015, the UK has left the European Union, faced an unprecedented global pandemic, and seen an energy price shock and a subsequent cost of living crisis following Russia's invasion of Ukraine. Rapid increases in migration (both legal and illegal) within Europe and the United States fuelled by economic circumstances, conflict and climate change have contributed to a rise in populist politics and a change in the world order away from globalisation and towards protectionist-focused economic blocs.

In addition, the rapid rise of online and Artificial Intelligence (AI) supported language learning, alongside a growing domestic ELT sector in key markets, have brought new business risks. Now more than ever it's important to outline the unequivocal benefits of an immersive learning experience in the UK (or through UK centre-led transnational education opportunities).



Source: Pragmatix Advisory interviews and analysis

ELT centres add value of nearly £2 billion

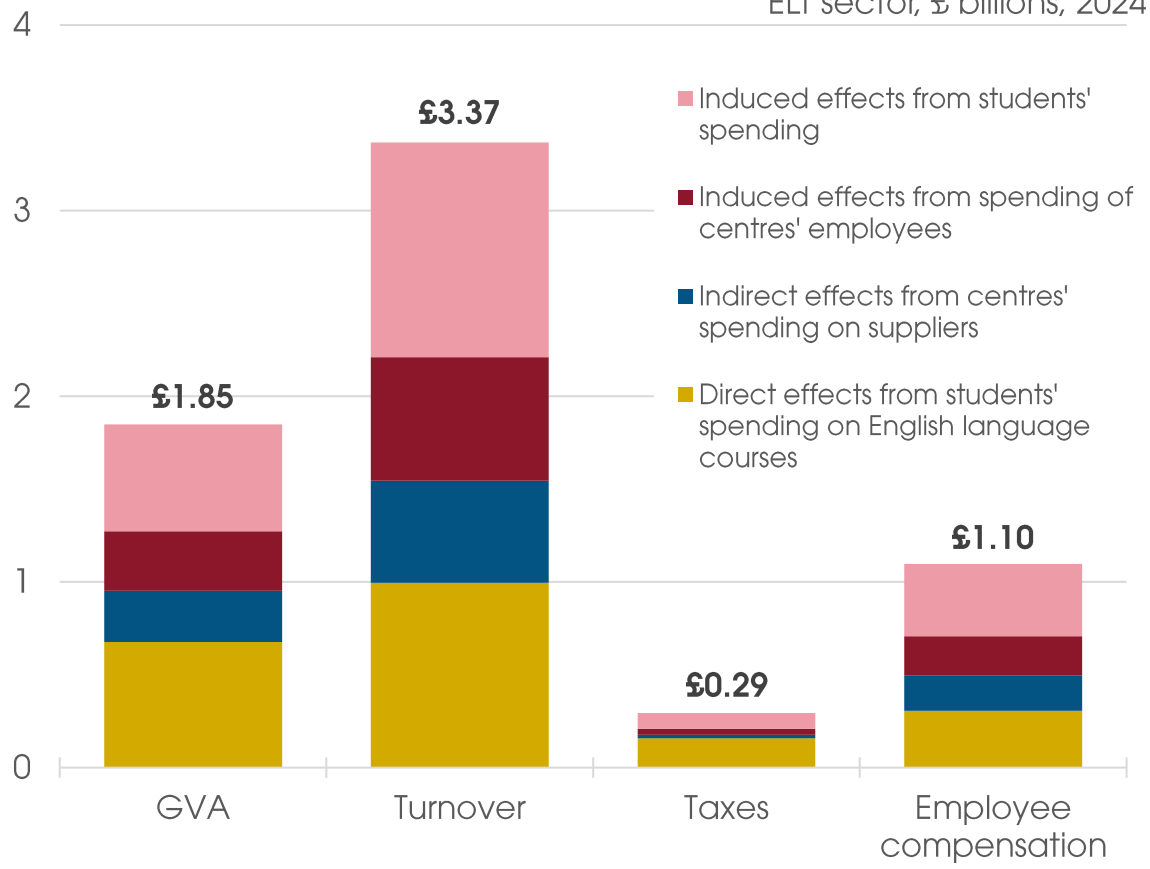
The ELT sector makes a widely unrecognised contribution to the UK's economy and wider global influence.

The headline figure of around £2 billion of gross value added to the UK economy is a substantial contribution but one that ignores the long-term downstream effects on the economy of previous students (or their connections) investing in the UK following a positive experience as a language student.

The total contribution to the long-term fiscal health of the UK, therefore, is far greater than we have calculated and needs to be recognised.

In addition, there are substantial benefits arising from the sector's contribution to the UK's soft power and wider global influence. The sector enables inter-cultural competence and understanding to be built between the UK and other nations, something that is essential at a time of increasing geopolitical uncertainty.

Total impact of ELT centres in the UK
ELT sector, £ billions, 2024



Source: Pragmatix Advisory economic impact analysis

Over 12 million bed nights

Regionally, the ELT sector is concentrated in the south of the UK.

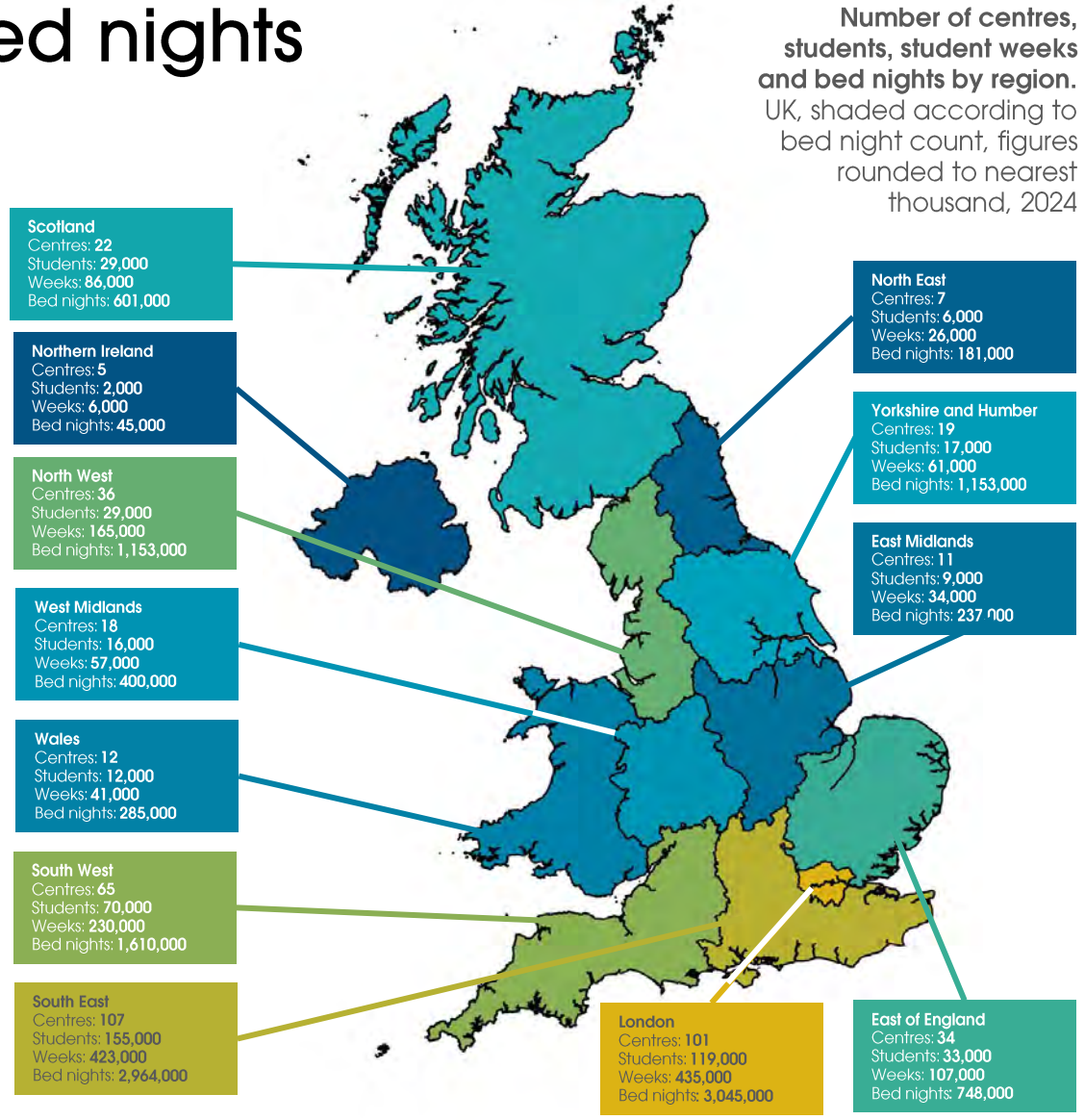
Combined, London and the South East have 48 per cent of centres in the country, and host 51 per cent of bed nights.

However, the south-west and north-west of England are also significant areas of activity and proving to be areas of growth as students seek out more cost-effective options outside of London and the south-east.

There remain areas of low ELT activity across the UK, though, particularly in Northern Ireland and the north-east of England. These, however, show great potential for growth given the small base and on the basis of, for example, Newcastle's status as a nightlife hotspot, and the potential for beneficial regulatory divergence in Northern Ireland.

The overall distribution of activity is, though, unsurprising given the geographical pull of other areas within the UK and, more generally, how the UK's population is distributed across the constituent regions.

Number of centres, students, student weeks and bed nights by region. UK, shaded according to bed night count, figures rounded to nearest thousand, 2024



NB: Figures may not sum due to rounding Source: Pragmatix Advisory economic impact analysis

Introduction

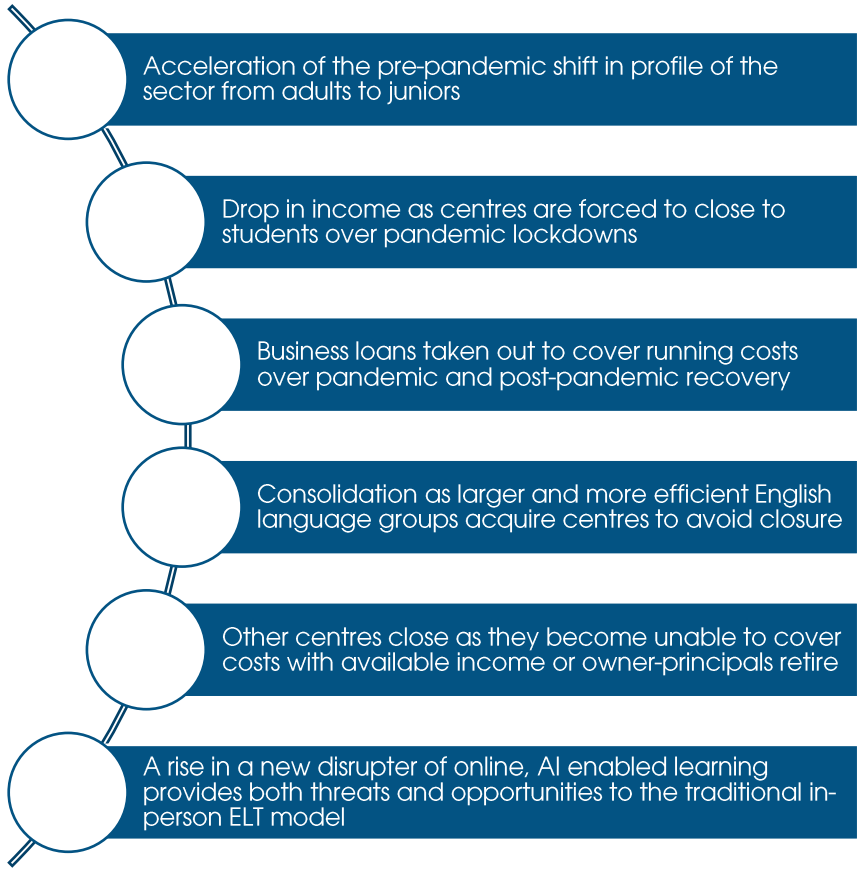
Brexit and Covid-19 have inseparable effects

The UK formally left the European Union just six weeks before the country was placed into lockdown as a result of the Covid-19 pandemic.

As a result, it is difficult to separate out the individual negative effects of both factors on the number of English language students and the sector's profile. What is clear is that both led to (1) the closure and consolidation of a large number of ELT centres, (2) an acceleration of the pre-pandemic trend of reductions in the overall number of students coming to the UK to learn English and (3) a shifting profile from adult learners undertaking 'long and thin' courses to under-18s undertaking 'short and intense' courses due to a steeper decline in adult numbers.

This steeper decline in adult learners has been largely due to the removal of the previous 'Right to Work' that European Union (EU) citizens had within the UK pre-Brexit, and this led to previously adult-focused centres becoming financially unviable. Equally, the Covid-19 pandemic and associated lockdowns across the globe led to significant financial difficulties for many centres within the UK because activities had to cease.

The rise in online learning solutions and AI enabled language communication during the pandemic are also factors affecting numbers travelling to the UK, if less significant than the combined effects of Brexit and Covid-19. Despite these effects, though, our analysis shows the sector to be both resilient and adaptable.



Impact of Covid-19 and Brexit on ELT sector

Source: Pragmatix Advisory interviews

Changing picture for homestays

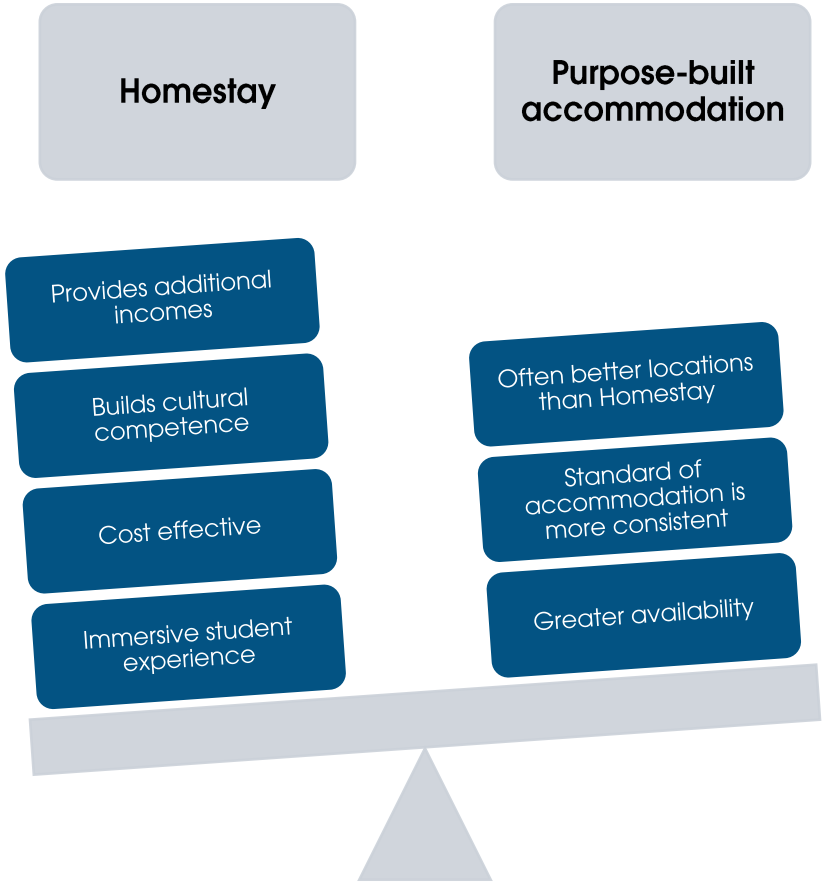
For many ELT providers, the homestay model is a core component of students' academic and cultural experience.

The homestay model has been successfully in place for decades: students coming to the UK stay in the home of their host whilst attending English language classes during the day. The host provides meals and often services such as cleaning and laundry over the duration of the stay.

For the student, it provides a truly immersive experience. They speak English whilst staying with their host, giving them the opportunity to practise what they learn in class and refine their spoken English. Evidence suggests that homestay-focused students are more fluent at the end of their studies than those staying in purpose-built accommodation or hotels.

The host, on the other hand, earns money from an empty room in their house, experiences a different culture and gains from the companionship students often provide. This is often a deeply rewarding experience for both parties as a result.

However, the number of homestay hosts fell dramatically after the pandemic for a number of reasons including changing trends in student preferences, the use of previously-spare rooms for home offices, young adults living with parents for longer, or the use of AirBnB to generate greater incomes than available from homestays. If this trend is not reversed, then it is likely that there will be a further shift to residence-based accommodation.



Advantages and disadvantages of housing arrangements

Source: Pragmatix Advisory interviews

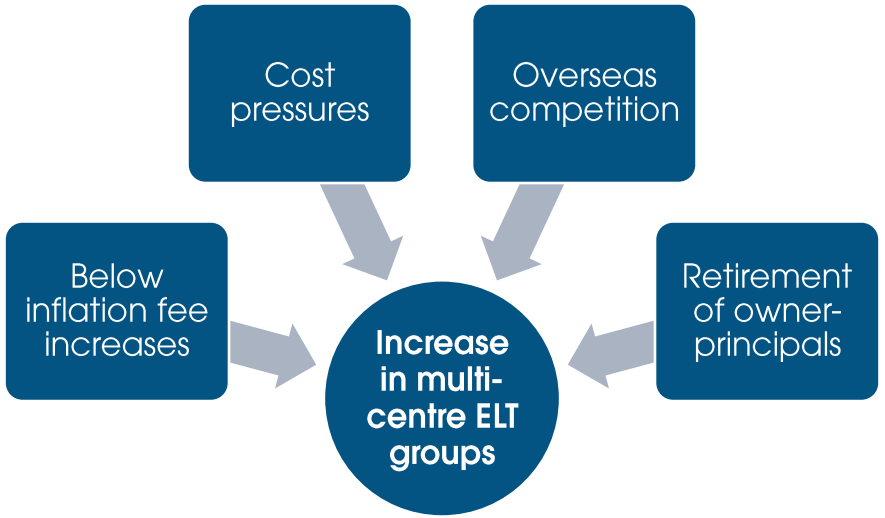
Sector experiencing consolidation

There is a trend towards larger, multi-centre groups and away from the traditional model of single-location English language teaching centres.

The Covid-19 pandemic, coupled with reduced financial sustainability as a result of Government-led cost increases and increasing numbers of owner-principals of current centres reaching retirement age, has accelerated a trend of aggregation and consolidation within the ELT sector. This is changing the nature of the sector in some parts of the UK, with both benefits and risks evident.

The pre-pandemic trend towards greater consolidation in the sector has accelerated in recent years. This has protected provision in many regions where schools would otherwise have closed, preserving local jobs and economic impact and giving students more choice over where they study and the type of institution that can cater to their specific language learning needs and goals.

It is likely that ongoing cost pressures will continue to promote consolidation within the sector, particularly as larger groups are often able to have a lower proportion of their costs tied up in administration, compliance and regulation than smaller providers. English UK needs to continue to champion the interests of larger groups, individual language centres and seasonal providers in order to preserve the diversity of provision that is the UK's unique selling point.



Factors driving multi-centre growth

Source: Pragmatix Advisory interviews

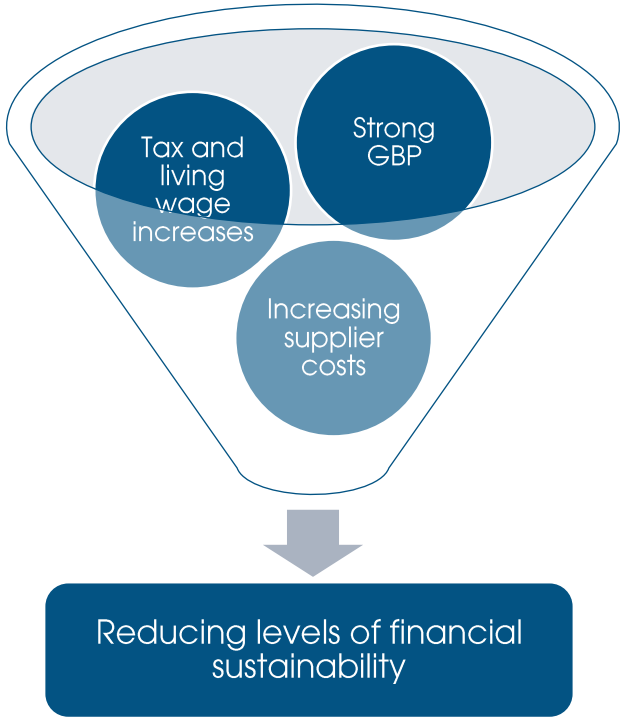
Cost increases are further eroding sustainability

The incoming UK government implemented a number of actions that have increased the cost base for many English language centres beyond what was anticipated before the July 2024 election.

In the Autumn Budget, the Chancellor of the Exchequer raised employer National Insurance contributions, reduced the threshold at which National Insurance was payable, and also increased the National Living Wage by almost seven per cent for those over 21. These decisions have added pressure to a sector already struggling to absorb higher energy and supplier costs, as well as the ongoing uplifts in the levels of commission expected by some recruitment agents.

The British pound is also comparatively strong against the US dollar (against which many currencies of target market countries are pegged) and the Euro, which has reduced the ability of many English language centres to increase their fees to compensate for the cost increases they face.

For a sector that was hurt by the Covid-19 pandemic and has yet to fully recover, these ongoing external threats to its sustainability are a concern because of the often small margins that centres are historically able to achieve given the desire to provide a high-quality experience. They threaten the UK's competitiveness in the ELT sector, when the same cost pressures are not as evident for providers within the EU or the emerging domestic sector within key markets.



Challenges to centres' financial sustainability

Source: Pragmatix Advisory interviews

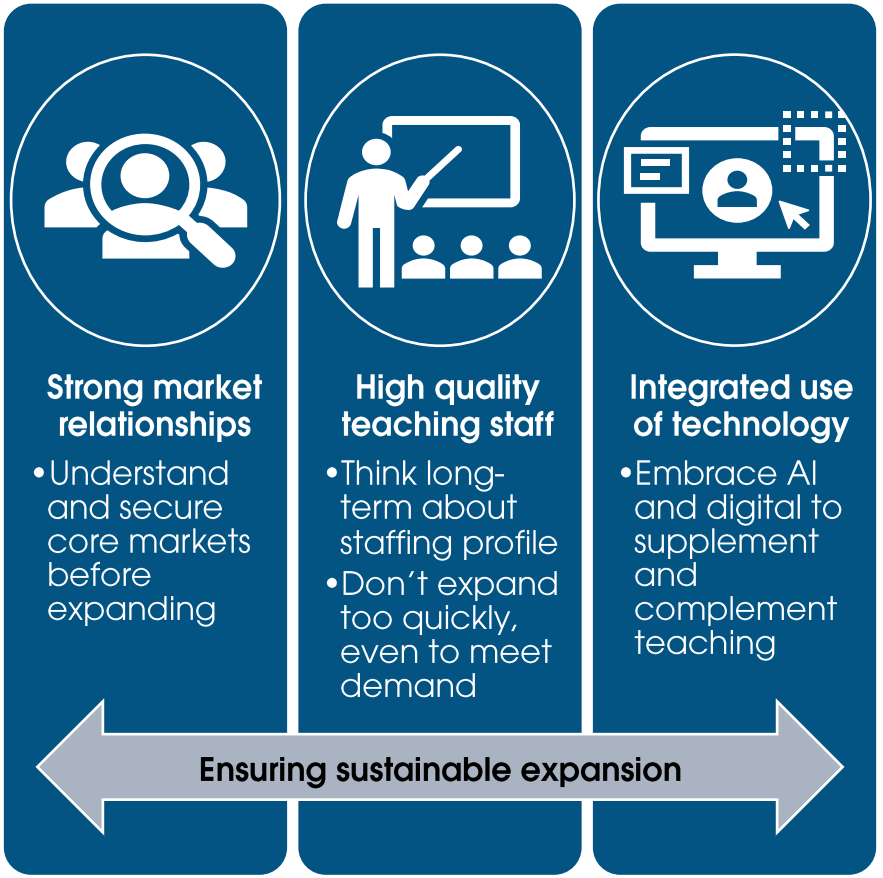
Diversification and quality create success

Whilst the sector is facing a wide range of headwinds, the most successful centres are demonstrating that growth and sustainability are possible through a focus on innovation and quality.

In our interviews, we asked senior managers at a range of centres across the UK where they were finding success and how they were achieving it. For some, success was proving a challenge due to the other factors outlined in this report, however there were also dimensions of success that could be correlated across providers.

Many spoke about the need to innovate in the light of increasing competition within the sector and from digitally-enabled language learning options. For some, this was about providing a more diversified offer that, for example, embedded learning English within a subject-based course. For others, it was providing a more blended experience in terms of how AI and other emerging technologies could be used to supplement and complement the face-to-face learning experience.

Others have simply concentrated on providing high quality language learning courses to a known market that is underpinned by strong, long-term relationships. For these centres, the quality and retention of their teaching staff is paramount as high turnover or their ability to recruit at quality to cope with expansion can create reputational risk and erode relationships with clients.



Strategies for centre success

Source: Pragmatix Advisory interviews

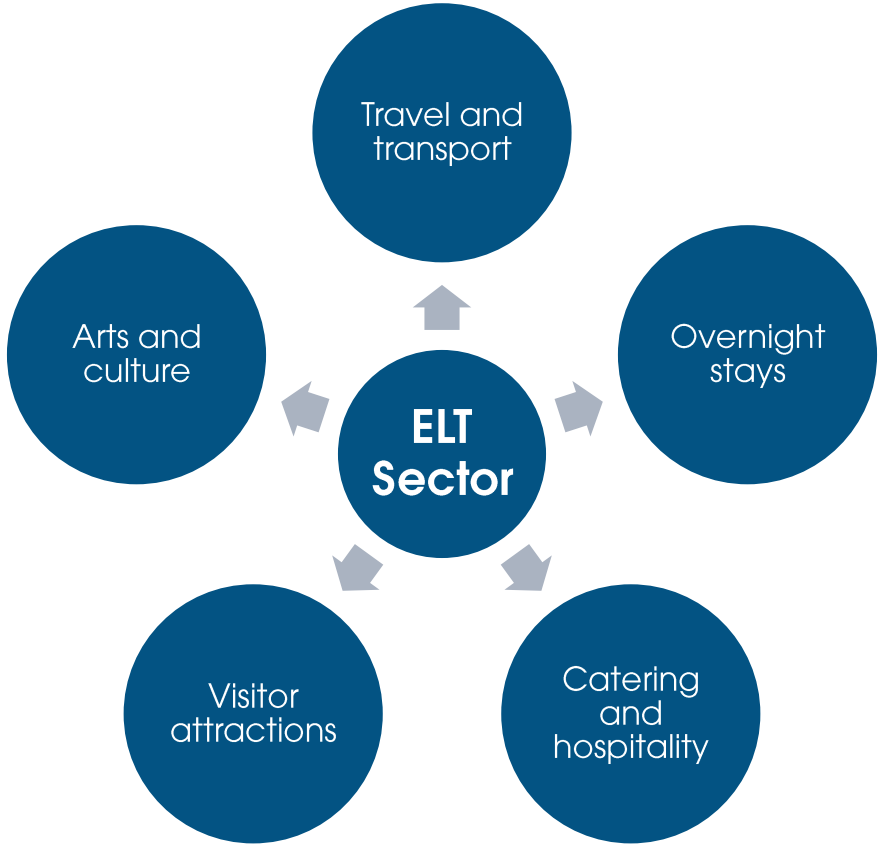
Sector is a key part of the visitor economy

The UK is facing increasing competition from jurisdictions within the European Union (Malta and Ireland) as well as new ELT destinations (e.g. the Philippines and Dubai) and domestic English language provision emerging in key target markets.

The uniqueness of the UK's ELT sector is its ability to blend cultural competence and language learning in an immersive environment. However, a sharp increase in domestically-delivered and digitally-enabled learning opportunities threaten the UK's ability to continue to rely on this USP to drive demand.

There are, of course, opportunities for providers to expand into transnational education and explore online or app-based language learning tools. However, in order to remain competitive, the UK must better harness its appeal as a visitor destination, especially given that evidence shows that visitors who study English language as part of their trip to the UK spend twice as much and stay longer than those who do not.

VisitBritain, VisitEngland, VisitScotland and Visit Wales, as well as local tourism and visitor economy bodies, should be actively engaged with the ELT sector through English UK and the Department for Business and Trade to better understand how they could support the opening of new markets and optimise recruitment from existing markets. This would include the emerging and growing market of 'educo-tourists' seeking to combine language study with travel.



Location of ELT sector in wider economy

Source: Pragmatix Advisory interviews

UK economic impact assessment

Impact analysis grounded in online survey

Our survey of ELT centres returned a twenty per cent response rate.

In order to fully assess the contribution of the ELT sector to the UK's economy, we undertook a survey of teaching centres. 437 accredited English language centres were identified, of which 319 were English UK members.

We received 58 responses from English UK members, representing 87 teaching centres. This represents twenty per cent of the total sample, and 27 per cent of English UK members.

The response rate for different questions varied, so the sample for different questions will vary.

This impact assessment covers the contribution of teaching centres to the UK's economy but does not include the impact of other affiliated business such as examination bodies and pathway providers, which also operate outside the country.

The survey included questions covering:

- Centre turnover, profits, grants and subsidies
- Staff numbers
- Staff pay, hours, and roles
- Taxation
- Supplier spending
- Estimated minimum student spending
- Centre contribution to local businesses and community
- Centre impact outside the UK

Source: Pragmatix Advisory economic impact analysis

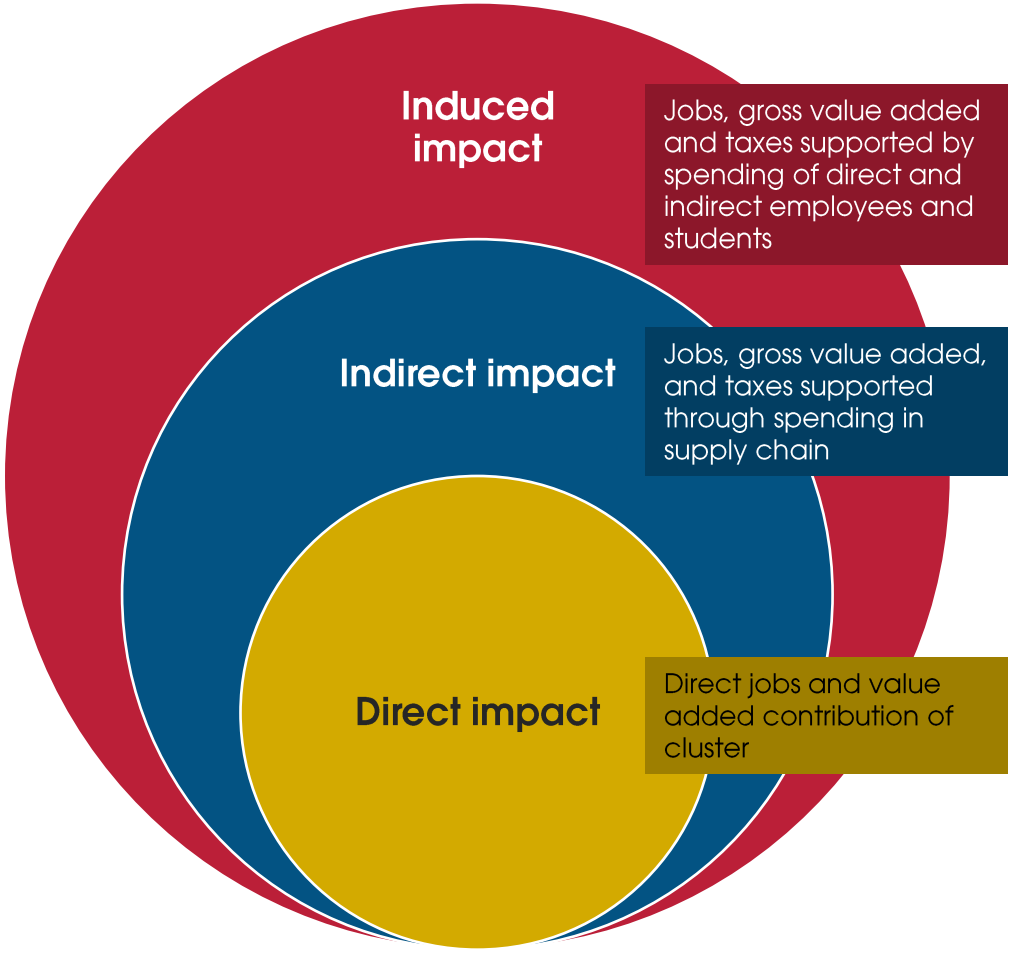
Direct, indirect, induced and catalytic impacts

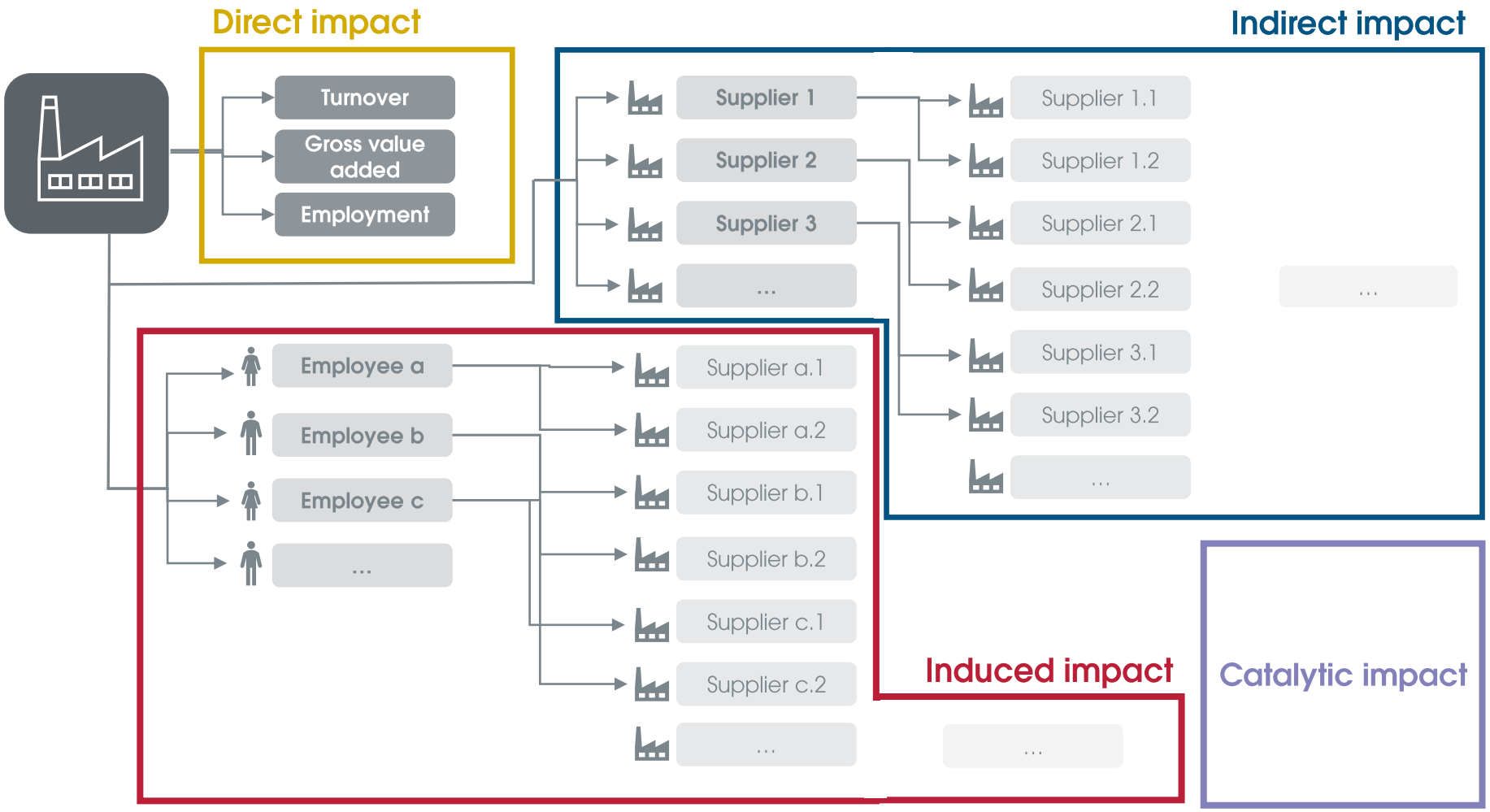
Economic impact can be quantified in four ways.

The economic impact of an industry on an economy reaches far beyond the direct activities of individual businesses. As displayed on the right, the core avenues of impact are direct, indirect and induced economic impacts. This study estimates these impacts and quantifies them in terms of additional gross value added (employee compensation and surplus) and employment both directly and in the supply chain.

However, a standard economic impact approach that excludes wider catalytic and potentially strategic impacts would understate the economic and social impact of the ELT industry.

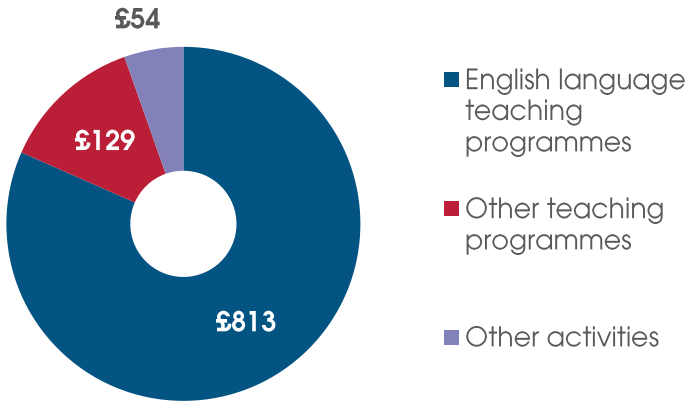
Catalytic impacts are a type of wider benefit created when the work by one organisation or sector boosts the value or productivity of another sector. The next page visually illustrates the relationship between these different types of impact.




Direct impact
Turnover
Gross value added
Employment
Indirect impact
Supplier 1
Supplier 2
Supplier 3
...
Supplier 1.1
Supplier 1.2
Supplier 2.1
Supplier 2.2
Supplier 3.1
Supplier 3.2
...
...
Employee a
Employee b
Employee c
...
Supplier a.1
Supplier a.2
Supplier b.1
Supplier b.2
Supplier c.1
Supplier c.2
...
Induced impact
...
Catalytic impact

Direct economic impact

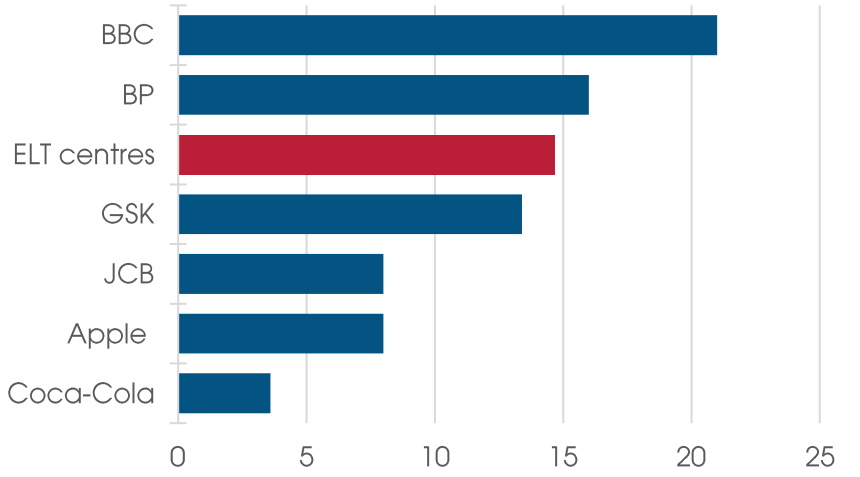
Revenue breakdown
UK, £ millions revenue, 2024



In 2024, ELT centres in the UK collected £996 million in revenue.

Scaling our survey results in line with internal data from English UK, we estimate that the total revenue of centres in 2024 was nearly £1 billion. Over 80 per cent of this revenue was generated directly by ELT programmes within centres.

Number of UK employees
ELT sector and comparable organisations, full time equivalent employees, thousands, 2024



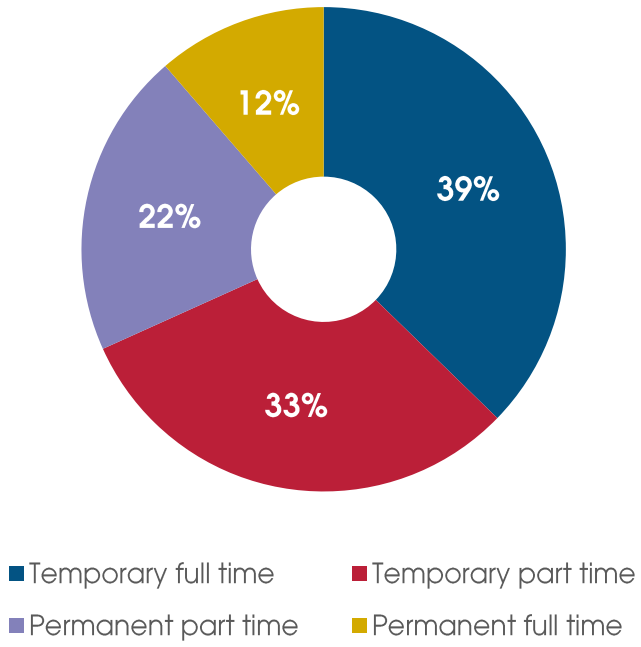
ELT centres provided over 14,000 full-time equivalent jobs and employed over 18,000 people.

This discrepancy between full-time equivalent jobs and people employed reveals the sector's heavy dependence on part time, and often seasonal work. This is because many centres only operate language courses during specific months of the year. Unsurprisingly, then, the most common type of employee for centres in 2024 was a temporary full-time employee (see next page for a detailed breakdown).

Employees across the UK received a total compensation of £307 million in 2024.

Source: Pragmatix Advisory analysis (top right) various company websites (bottom left)

Breakdown of employee hours
ELT centres, per cent, 2024

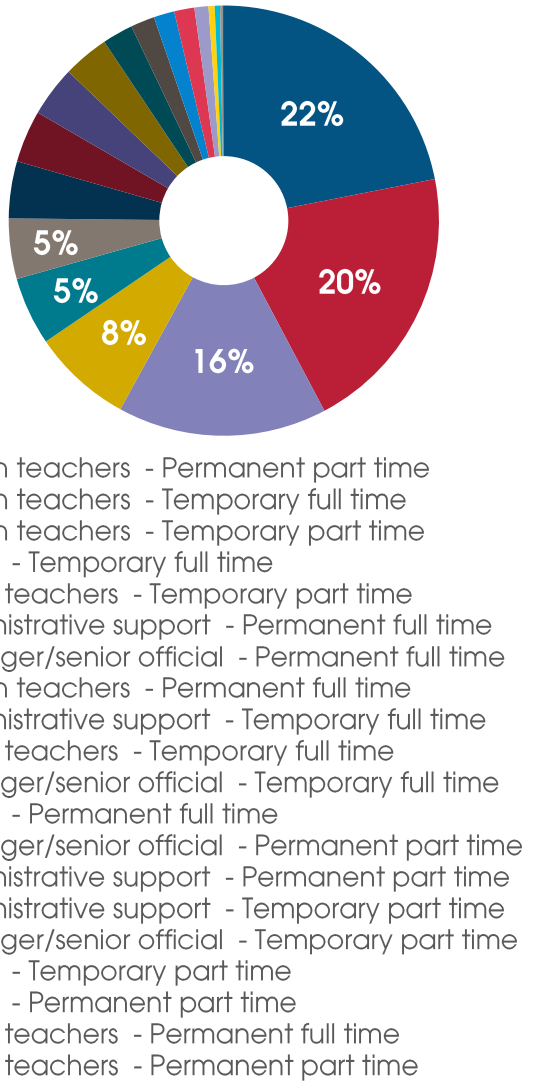


Permanent staff are defined as staff working for twelve months of the year, and temporary staff are those who work fewer than this.

Full time staff are defined as those who work for more than 35 hours a week, and part time staff defined as those who work for fewer hours than this.

Student-facing non-teaching roles, such as activity leaders, will be classed as 'other'.

Breakdown of employee type
ELT centres, per cent, 2024



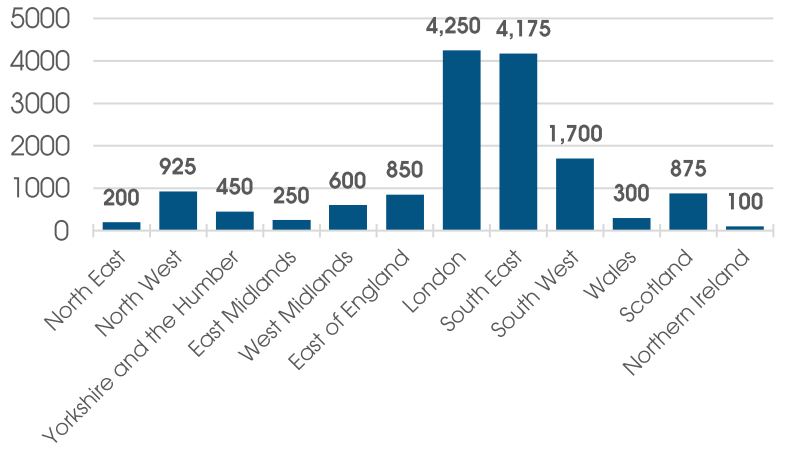
Source: Pragmatix Advisory analysis

Employment distribution

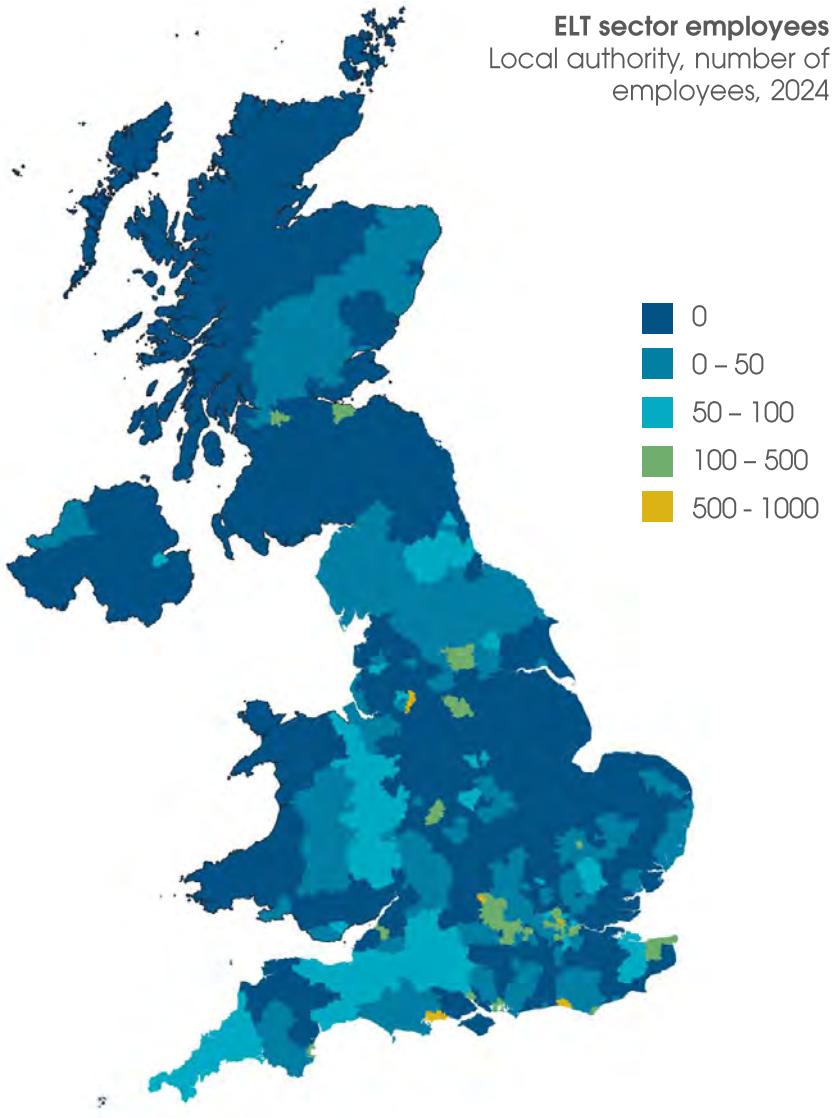
Employment is particularly concentrated in urban centres.

Towns and cities with notably high employment in the ELT sector include Brighton, Bournemouth, Cambridge, Oxford, London and Manchester. Local authorities with the highest number of employees are Camden (934), Bournemouth (783) and Brighton and Hove (711).

Number of employees by region
UK, count to nearest 25, 2024



ELT sector employees
Local authority, number of employees, 2024



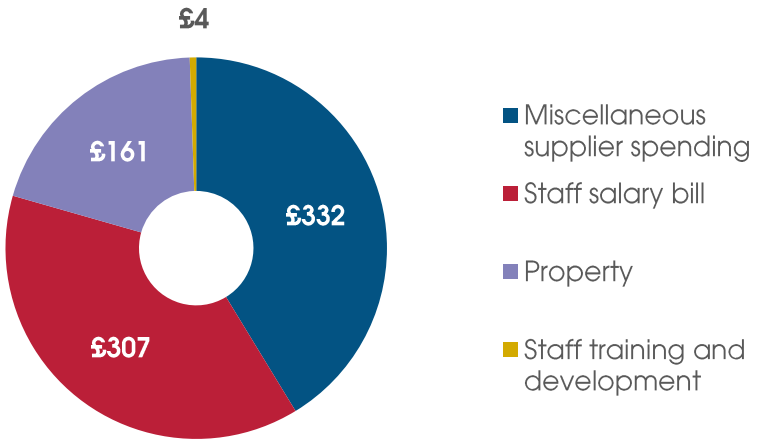
Source: Pragmatix Advisory analysis

The sector's total expenditure to deliver and support their activities in 2024 was £804 million.

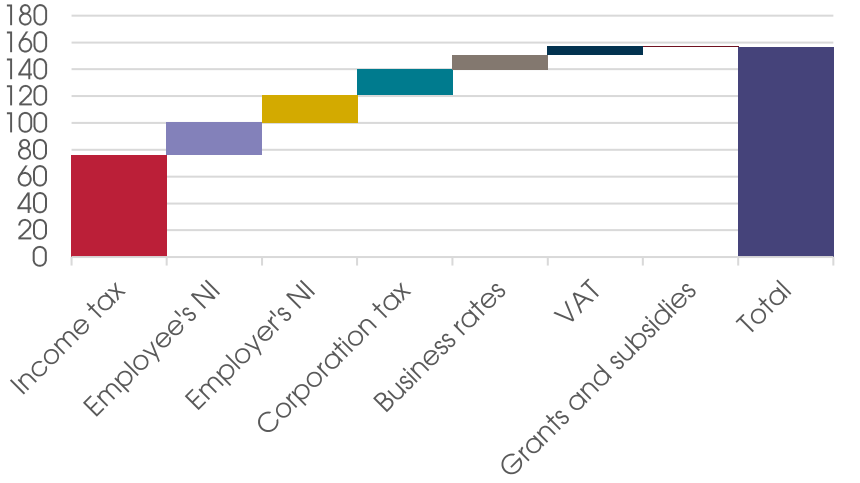
This included wages, utilities, property fees, equipment for the centres, and in some cases accommodation for students. Expenditure on student accommodation can take a variety of forms, from paying homestay hosts, to maintaining student accommodation onsite. Of the centres which responded to our survey, 40 per cent housed students onsite.

Subtracting supplier spending from revenue, we can estimate the total gross surpluses of centres to be £352 million.

Expenditure breakdown
UK, total £ millions expenditure, 2024



Net fiscal contribution of centres
UK, total £ millions taxes paid and subsidies received, 2024



ELT centres, and their employees, paid over £150 million in taxes in 2024.

The sector makes a material contribution to HM Treasury through a range of taxes generated by their business activity. In total, we estimate that the payments of business rates, employer and employee related taxes by the centres amounted to £158 million in 2024. Deducting the modest subsidies and grants the sector receives from the government reduces the net annual fiscal contribution of the sector to £157 million.

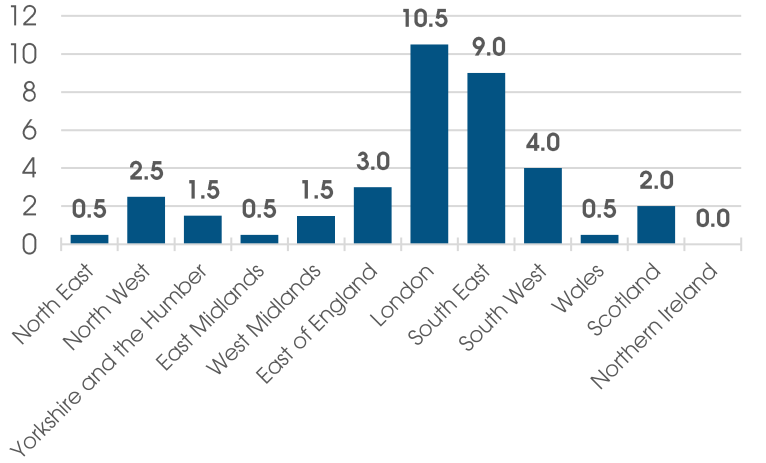
Source: Pragmatix Advisory analysis

Tax distribution

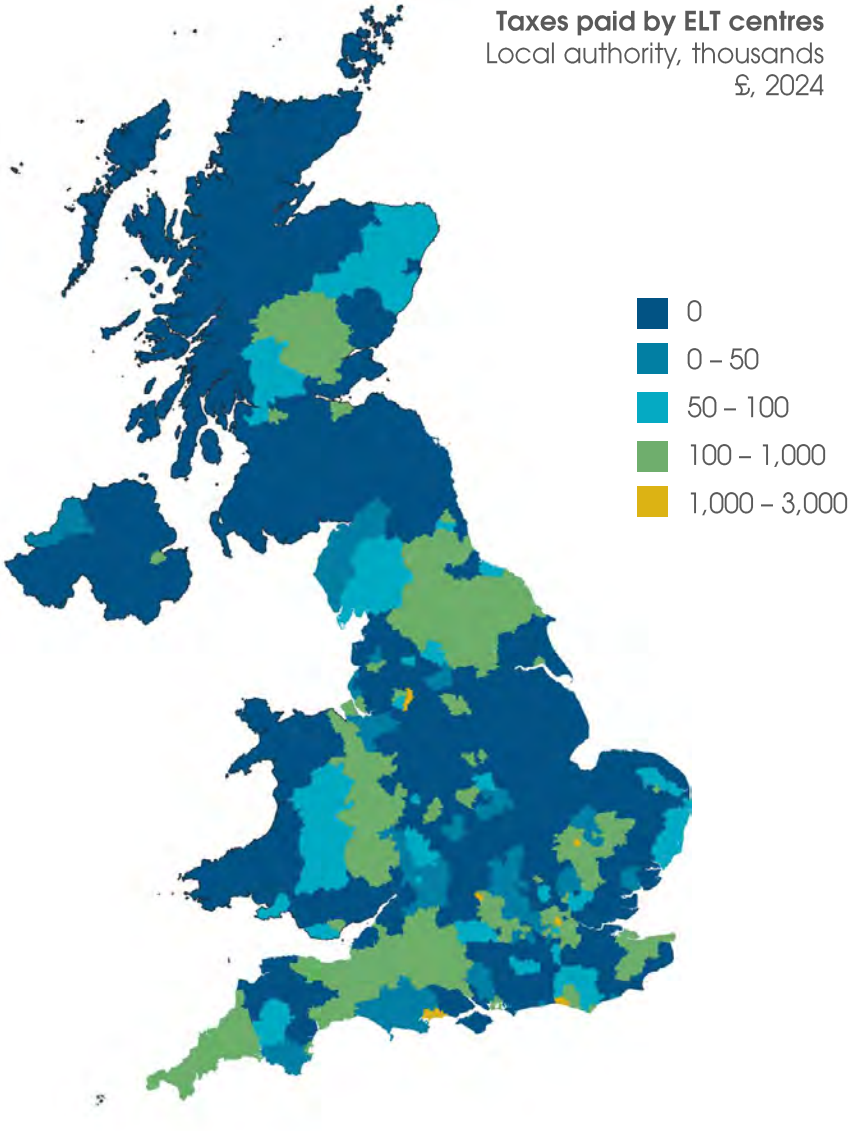
The geographical distribution of gross value added from ELT centres is similar to that of their employment distribution.

Local authority districts with the highest taxes paid are Camden (£3 million), Brighton and Hove (£2 million), Bournemouth (£2 million). These are closely followed by Manchester, Oxford and Cambridge. As with employment, the taxes paid by centres are concentrated in London and the South East.

Gross value added
UK region, £ millions, 2024



Taxes paid by ELT centres
Local authority, thousands £, 2024



Source: Pragmatix Advisory analysis

Overall, the sector directly added over £670 million in value to the UK's economy.

Gross value added (GVA) measures the value of goods and services produced by a sector, subtracting the cost of inputs in the production process.

It is calculated by combining the total compensation of employees, gross surpluses, and value added tax, then subtracting subsidies and grants.

	English language teaching (£ millions)	All activities (£ millions)
Compensation of employees	190	307
Gross surpluses	287	352
Value added tax	0	6
Less subsidies or grants	0.2	0.3
Gross value added	**477**	**676**

Estimate of gross value added of ELT centres
UK, millions £, 2024

	Per centre (£ million)	Per employee (£ thousand)	Per student (£)	Per student week (£)
Gross value added	1.547	46	1,325	400
Net fiscal contribution	0.359	11	300	100

Direct impact of centres
UK, £, 2024

As such, value added per employee is £46,000 per annum and net fiscal contribution per employee is £11,000 per annum.

In addition, for every student the sector teaches, centres will add over £1,300 of value to the economy.

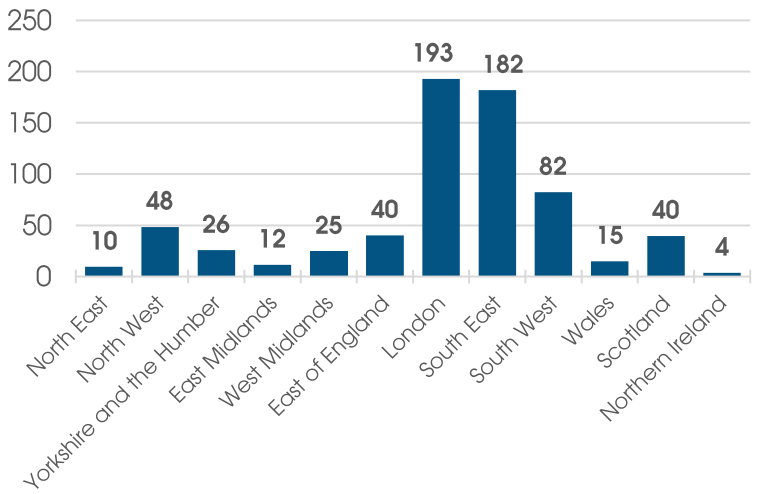
Source: Pragmatix Advisory analysis (both) – due to scaling methodology, figures for top right may not sum exactly

GVA distribution

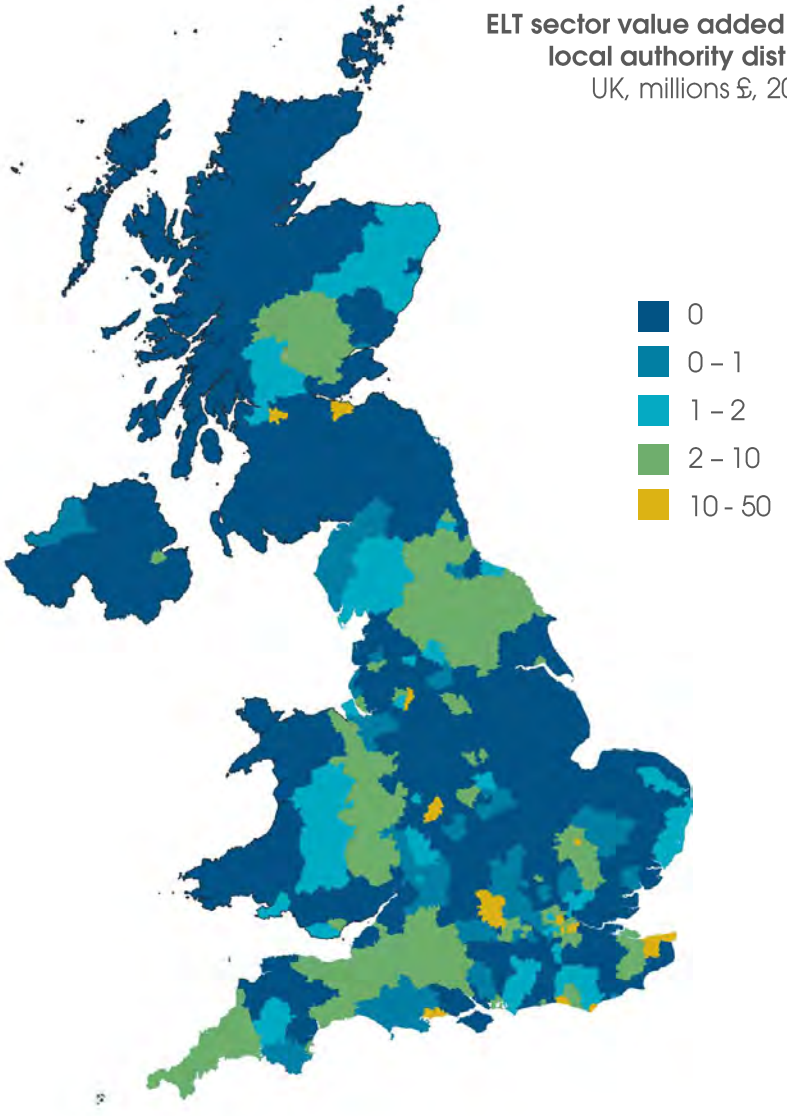
The geographical distribution of gross value added from ELT centres is similar to that of their employment distribution.

Local authority districts with the highest value added are Brighton and Hove (£44 million), Camden (£43 million) and Bournemouth (£38 million). These are closely followed by Manchester, Oxford and Cambridge. As with employment, value added is concentrated in London and the South East.

Gross value added by region
UK, millions £, 2024



ELT sector value added by local authority district
UK, millions £, 2024



Source: Pragmatix Advisory analysis

Indirect economic impact

Supplier spending adds £276 million in GVA

The average centre in the UK will contribute £632,000 of value added through its indirect spending on suppliers.

The centres spent £337 million on domestic suppliers in 2024. This expenditure included renting properties, paying for utilities, office equipment, and accommodation for students.

Centres will have an impact on the economy through the money they spend on suppliers. This spending will support jobs, gross value added, and taxes paid by their respective suppliers. These suppliers, in turn, will then spend on their own suppliers, supporting more jobs, and spending on more suppliers.

This 'indirect multiplier effect' spreads out from centres, and has been estimated in the table across. The following slide showcases both the distribution of initial supplier spending, and the way that impact (in this case GVA) spreads out geographically from centre locations in subsequent rounds.

Indirect impact of centres and associated indirect multipliers
UK, £, 2024

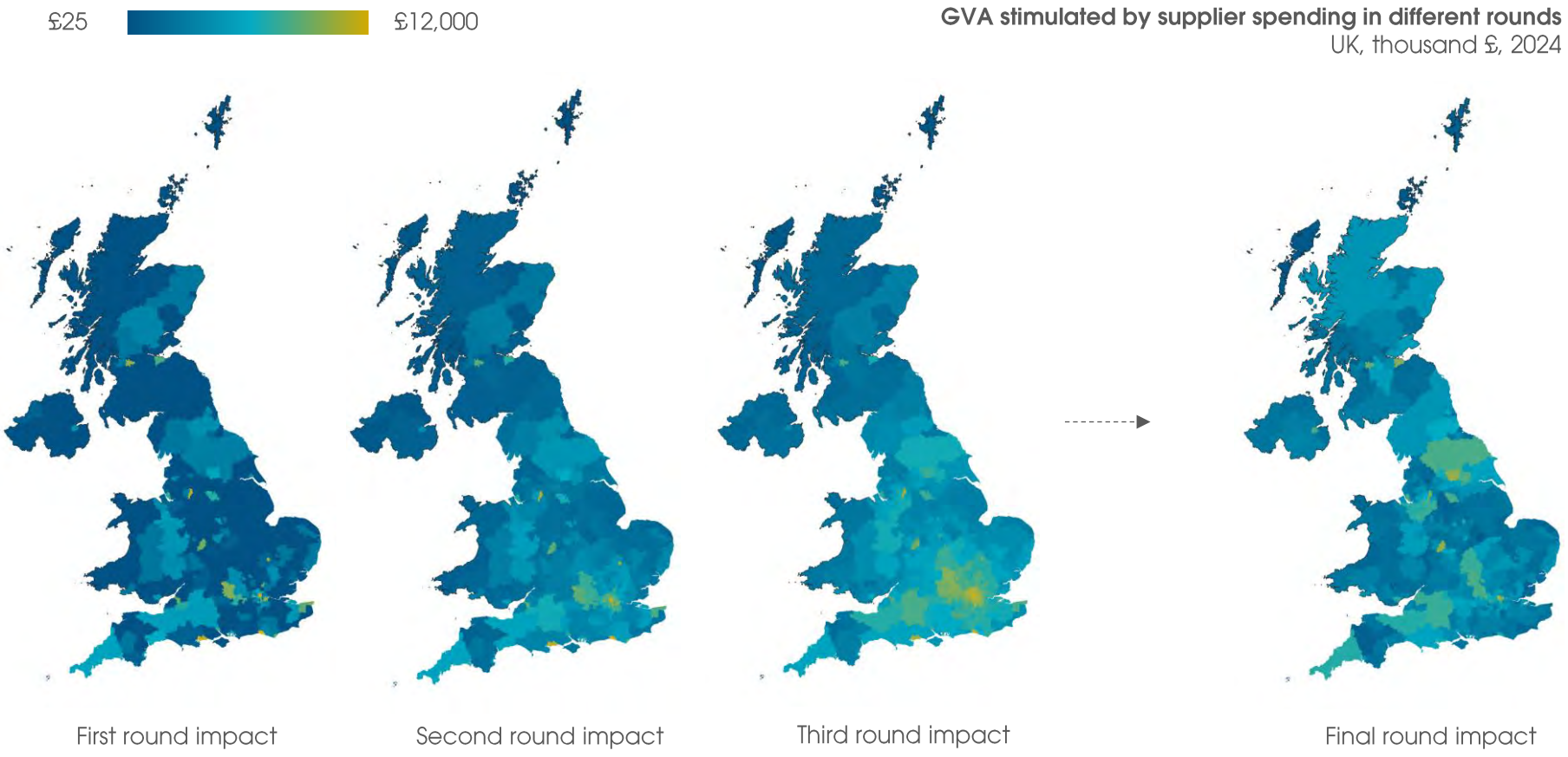
	Total figure	Indirect multiplier
GVA (£ millions)	276	1.41
Jobs	7,500	1.51
Turnover (£ millions)	549	1.55
Taxes (£ millions)	19	1.12
Employee compensation (£ millions)	190	1.62

The indirect multiplier is the ratio between the direct impact of a sector, and the sum of the direct and indirect impacts. In this case, an employment multiplier of 1.51 tells us that for every 10 direct jobs, a further 5 are supported in the wider economy through the supply chain.

Source: Pragmatix Advisory analysis

GVA stimulated by supplier spending in different rounds

UK, thousand £, 2024



Supplier spending by ELT centres is geographically concentrated in particular locations, notably cities such as Brighton, Bournemouth, Cambridge, Oxford, London and Manchester. As spending reaches the next set of suppliers, we can see that it spreads into local regions, as suppliers become progressively further from the original ELT centre. By the time we reach the final round, spending is distributed between regions in proportion with the GVA of these regions. The total indirect impact is estimated by summing all rounds between the first and final round of impact. See appendix for detailed methodological notes.

Source: Pragmatix Advisory analysis

Impact in education and administrative sectors

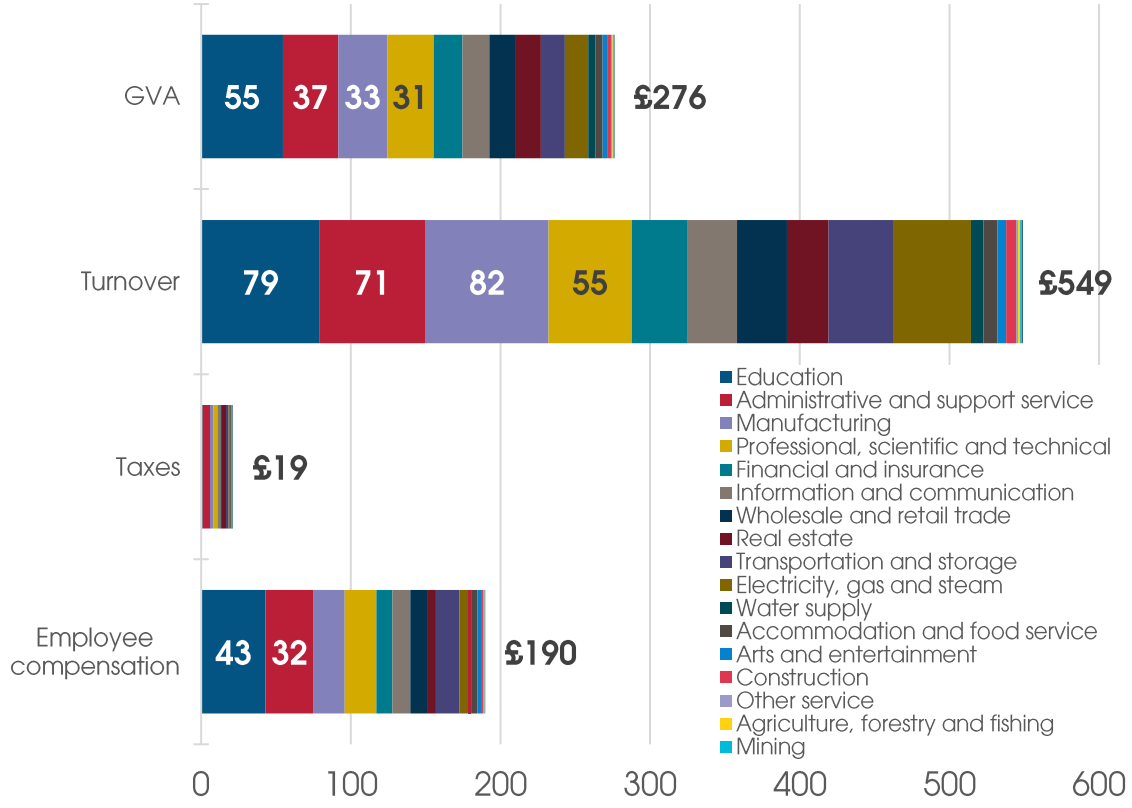
The majority of value added indirectly was split between four sectors: education, administrative services, manufacturing and professional and technical services.

Using our spending estimates, we have deployed the Office for National Statistics' input-output tables to estimate the indirect economic impact of ELT centres on different sectors and regions of the UK.

In total, our modelling suggests that the ELT sector supports over £210 million of gross value added in the UK through the spending of centres on goods and services. The impact of this value added is felt mostly within the education (£55 million) and administrative (£37 million) sectors.

This sector spread was largely uniform across all avenues of impact, though it's notable that manufacturing contained the greatest share of turnover generated: £82 million in 2024. This was highly concentrated specifically in food manufacturing, due to the catering services offered by a number of centres.

Sector breakdown of indirect impact
UK, millions £, 2024



Source: Pragmatix Advisory analysis

Induced economic impact

Employee spending adds £321 million in GVA

The average employee of an ELT centre in the UK will contribute £21,926 of value added per year through their personal spending.

In addition to the economic activity stimulated by purchases from their suppliers, centres support jobs and value creation through their employees spending in local shops, online, on their household bills, and elsewhere in the wider economy.

These are known as 'induced effects'.

By scaling employee remuneration figures from our survey, we estimate that the 14,700 employees of ELT centres in the UK spent £285 million in 2024. This supports 6,650 jobs and £321 million of gross value added.

	Total figure	Induced multiplier
GVA (£ millions)	321	1.48
Jobs	6,650	1.30
Turnover (£ millions)	665	1.45
Taxes (£ millions)	33	1.21
Employee compensation (£ millions)	211	1.69

Induced impact of centres from employee spending and associated induced multipliers
UK, millions £, 2024

Source: Pragmatix Advisory analysis

Employee spending impacts retail and arts

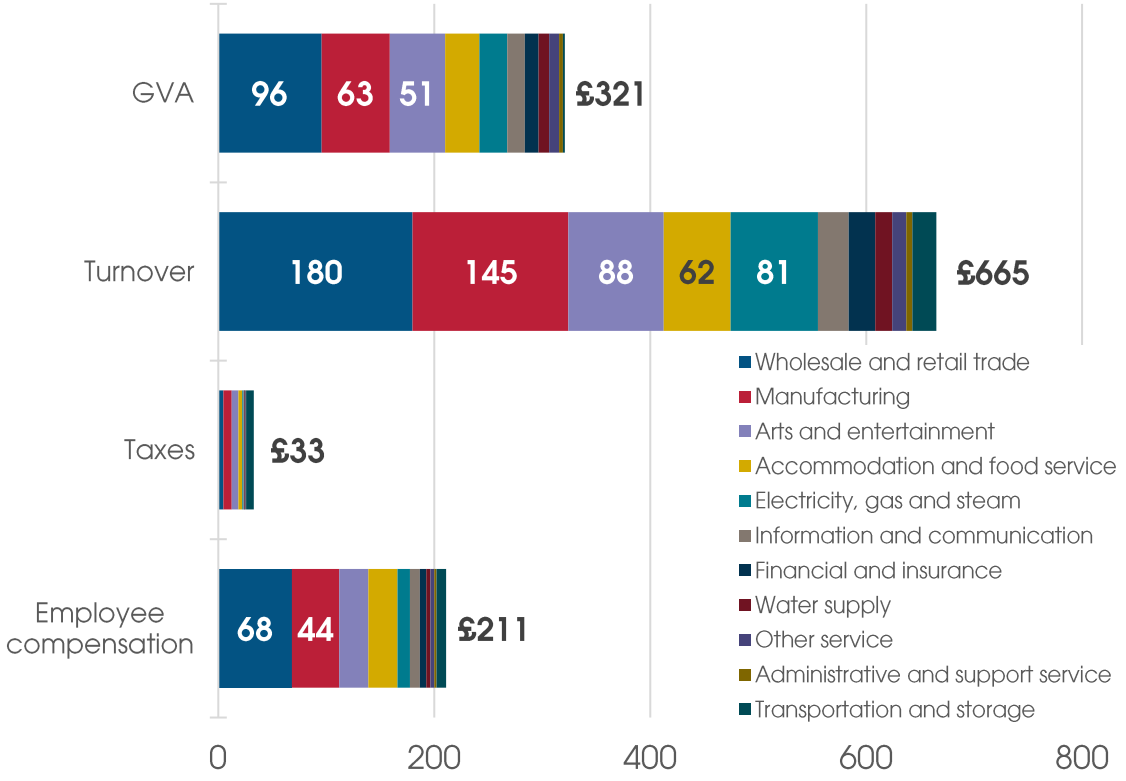
Employee spending impacts consumer goods sectors most heavily, since employees spend a significant proportion of their income on personal goods and services.

Much of the spending by employees goes directly into local retail sectors, and so the induced impact of their spending is concentrated in these sectors.

Employee spending adds the most value to the retail (£96 million), manufacturing (£63 million) and arts and entertainment (£51 million) sectors.

Though a large amount of everyday spending will impact the retail sector, the food and textiles manufacturing sectors further along the supply chain benefit from this employee spending.

Sector breakdown of induced impact from employee spending
UK, millions £, 2024



Source: Pragmatix Advisory analysis

Student spending adds £575 million in GVA

The average English language student will contribute £1,332 of value added per year through their personal spending.

From our survey, we estimated that students had an average weekly spend of £328 excluding fees and payments to centres, which resulted in a total external spending of £564 million in 2024. This translates to an average per night spend of £47.

For adults at publicly-owned centres, who stayed for 8.9 weeks on average, this translated to a per stay spend of £2,922, while juniors studying with privately owned centres, who only stayed for an average of 1.8 weeks, had an average per stay spend of £591. There was significant regional variation in the estimated weekly spending of students, in line with regional variations in the cost of living. Estimated student spending also varied by the extent of services offered by the centre itself.

This spending stimulates economic activity in the same way as employee spending, and supported over 11,000 jobs and £575 million of gross value added in 2024.

	Total figure	Induced multiplier
GVA (£ millions)	575	1.85
Jobs	11,575	1.79
Turnover (£ millions)	1,156	2.16
Taxes (£ millions)	85	1.54
Employee compensation (£ millions)	390	2.27

Induced impact of centres from student spending and associated induced multipliers
UK, £, 2024

Source: Pragmatix Advisory analysis

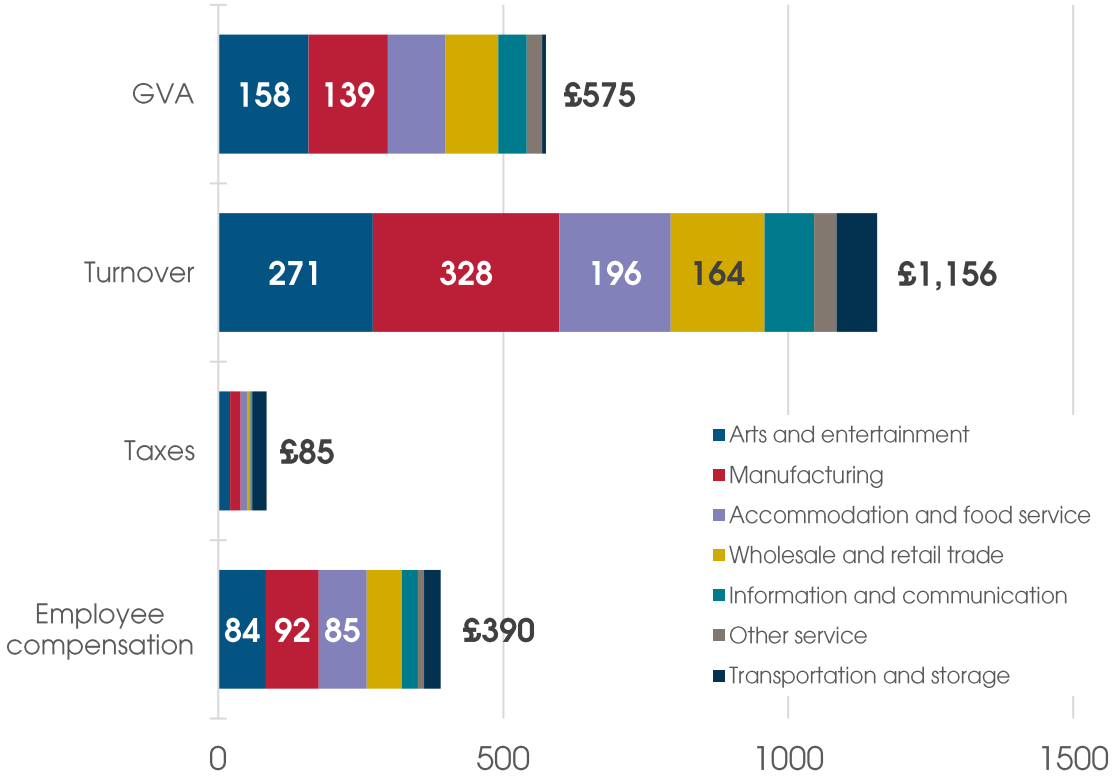
Student spend impacts arts and food sector

Student spending is understandably geared towards the entertainment industry, but is broadly similar to the sector distribution of employee spending.

Student spend has a similar sector distribution to employee spending but has a greater impact in the entertainment industry. This is understandable. Outside of tuition fees students will spend their money on local attractions, food, and accommodation (if it is not provided by the centre). Often students will rent accommodation directly from local families who provide homestays. Letting out a spare room to a student can make a large difference to a family's finances, and in these cases student spending goes directly into the local community.

Student spending adds the most value to the entertainment (£158 million), manufacturing (£139 million) and accommodation and food service (£101 million) sectors. It is students' spend on food and to a lesser extent clothing which contributes most to the manufacturing sector.

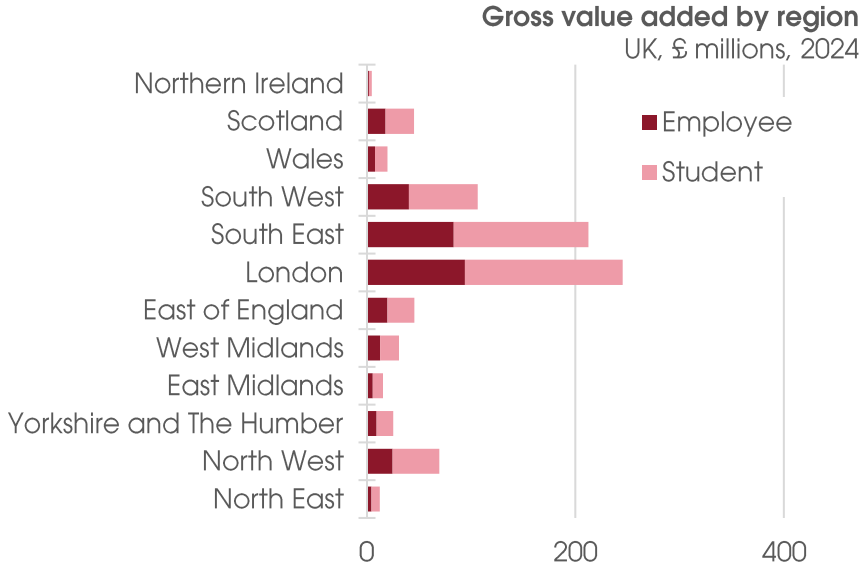
Sector breakdown of induced impact from student spending
UK, millions £, 2024

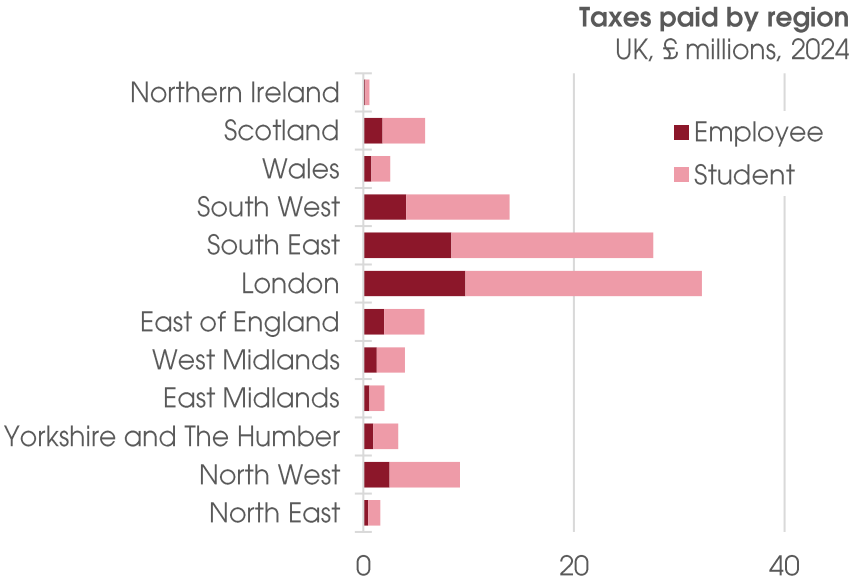


Source: Pragmatix Advisory analysis

Induced value added distribution across the UK reflects centres' geographical distribution.

The induced impacts from employee and student spending are geographically distributed in line with centre distribution. Gross value added from induced impacts is highest in London, with a combined value added of over £245 million, and the South East, with a combined value added of over £212 million.





Student spending contributes disproportionately to induced tax receipts.

The same geographical spread can be seen in the induced taxes paid by region, with London and the South East far outstripping other regions. When considering taxes paid, the disproportionate contribution of student spending is also noticeable.

Source: Pragmatix Advisory analysis (top right, bottom left)

Catalytic impact

Fiscal impact of students is net positive

By modelling per-capita spending, we estimate that foreign English language students cost the taxpayer £204 on average for each visit in 2024.

Students are not without cost to the taxpayer, using resources when they access public services such as recreation, health and culture. We estimate this by calculating per capita spending by the UK government, then adjusting for students' access and expected use of different public services.

For example, students from outside Europe enter the UK on visas allowing them to study, but one of the conditions of their visa prevents them from claiming a range of income-related benefits. Similarly, students are typically young and so are likely to be less demanding of the National Health Service than the average member of the UK domiciled population. Students will also consume more public resources than the average member of the population in certain areas. The prevalence of junior courses in the industry in the past few years will have only exacerbated these trends.

Finally, we estimate the marginal cost to the government of providing public services to students. This is relevant as the government will not alter its spending plans for many public services, such as environmental protection, defence and housing and community amenities, because of additional student visitors. The following pages will cover the positive contributions students make to government revenues which result in their net positive contribution.

All figures are provided in £ per 3.39 week period, which is the average duration of a student visit.	Per capita cost of all public services (£)	Cost of public services accessed by foreign English language students (£)	Incremental cost of provision of public services to students (£)
General public services	153	46	0
Defence	54	54	0
Public order and safety	46	92	92
Economic affairs	89	89	44
Environment protection	15	15	0
Housing and community	20	10	0
Health	209	63	63
Recreation, culture and religion	13	13	0
Education	107	5	5
Social protection	344	0	0
Total	**1047**	**385**	**204**

Fiscal cost per average student stay
UK, 2024

Source: Office for National Statistics and Pragmatix Advisory analysis

Students also contribute to government revenues through many channels other than induced taxes from their spending.

As the following section will estimate, a large portion of a student's impact in the UK is found in the money they pay towards visa fees, healthcare surcharges and value added tax in their spending. This section will assess these impacts and estimate the net fiscal contribution of students to the UK government.

Students contribute taxes through:
Visa fees and healthcare surcharges
Tuition fees which pay for the centre's taxes
Spending outside of centres pays for other businesses' tax revenues
Economic activity stimulated
Centre's employee spending

Visa type	Requirements	Visa application cost	Healthcare surcharge applicable
Visitor visa	Visit the UK for up to 6 months	£115	Visa is less than 6 months so not applicable
Short term study visa	Study courses from 6 to 11 months. Must be over 16 years old	£200	£776 (for 11 months)
Student visa	Study program longer than 11 months. Must be over 16 years old	£490	£776 per year
Child student visa	Study at an independent school if between 4 and 17 years old	£490	£776 per year

Student visa types and fees
UK, 2024

Most notably, there are a number of direct charges for students which have changed since Brexit.

Before the implementation of Brexit, a clear distinction between EU and non-EU students allowed European students to study in the UK with no visa, paying home tuition fees and working freely without restrictions. Now, EU students need a visa if they are visiting the UK for more than six months.

Using data on English language students in the UK, we estimate that the average student stayed in the UK for 3.39 weeks. From this we can draw the conclusion that the vast majority of students will be on a visitor visa, paying no healthcare surcharge. Data on student nationality allows us to estimate that 58 per cent of students will be required to apply for a visitor visa and around 10 per cent of students may be required to apply for a short-term study visa. Under these assumptions, total visa fee revenue in 2024 would have been over £83 million.

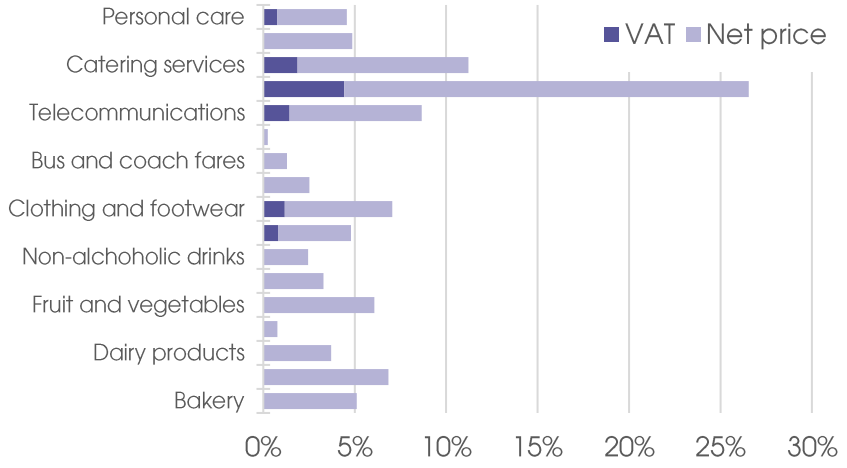
Source: Pragmatix Advisory analysis (top rights) Home Office immigration and nationality fees (bottom left)

Student spending contributes £59 million of value added tax.

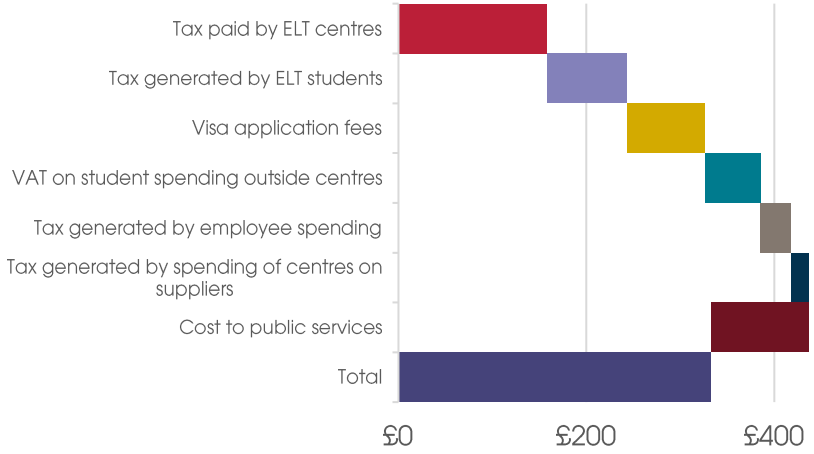
Students are charged value added tax on much of their regular spending. The standard rate of value added tax is 20 per cent. Key zero-rated goods which students consume include food and drink (excepting alcoholic drinks, confectionery, crisps, sports drinks and a few other items), leisure and study related travel, and accommodation.

We estimate that around 10 per cent of a student's total expenditure comprises value added tax, generating revenue for the exchequer of approximately £59 million. This translates to a value added tax contribution of £116 per student.

Share of student expenditure
UK, per cent, 2024



Net fiscal contribution of students
UK, £ millions, 2024



On average, each student contributed £650 to the exchequer in 2024.

The combination of taxes paid, and public services used results in a net fiscal contribution to the exchequer of £333 million from students in 2024. This is equivalent to an average net fiscal contribution of £650 per student.

Source: Pragmatix Advisory analysis

Comparison to 2014 study

Fewer and younger students, lower stay length

Brexit and Covid-19 have accelerated the pre-pandemic trend in a decline in adult markets, and a shift toward shorter courses for juniors.

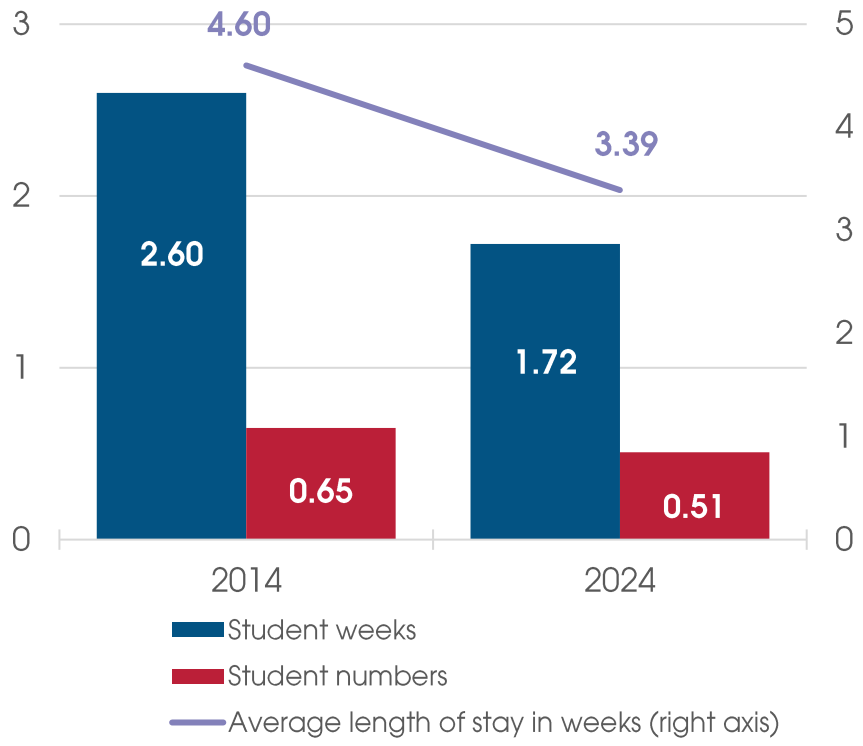
As noted already, the sector is in a vastly different place to ten years ago. The phenomenon of Brexit was symptomatic of a desire for greater self-determination within the UK and deteriorating relations with the European Union. The Covid-19 pandemic not only paused international travel, but fostered the development of online learning in an unprecedented way. These demand-side disincentives have been exacerbated by supply side challenges from the ongoing cost-of-living crisis.

With these factors in mind, it is no wonder that the sector has shrunk, with nearly 150,000 fewer students in 2024 than in 2014. Another noteworthy trend is the marked decrease in average length of stay, which has dropped from 4.6 weeks in 2014 to 3.4 weeks in 2024. This marks a shift towards junior markets, which tend to opt for shorter study periods.

This shift can partly be explained by the growth in online language learning methods, which offer a cheaper and easier alternative for professionals looking to gain basic language skills for work. A stay in a language centre in the UK offers language advancement, but also a cultural experience, and it is often junior markets where this is most evident. The value of international experience and cultural experience is taken as given for children, but a luxury for adults.

Student weeks and numbers over time

UK, millions - student weeks and numbers (left axis), number - average length of stay in weeks (right axis), 2024



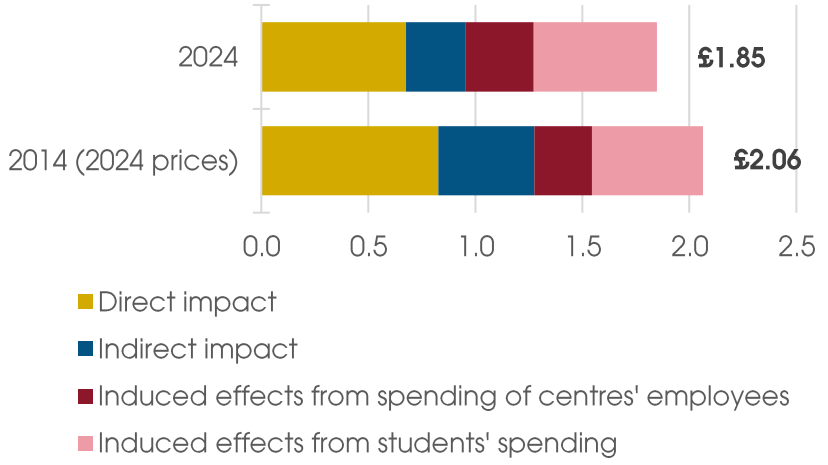
Source: Pragmatix Advisory analysis; English UK data (right)

Total gross value added decreases by ten per cent in real terms between 2014 and 2024.

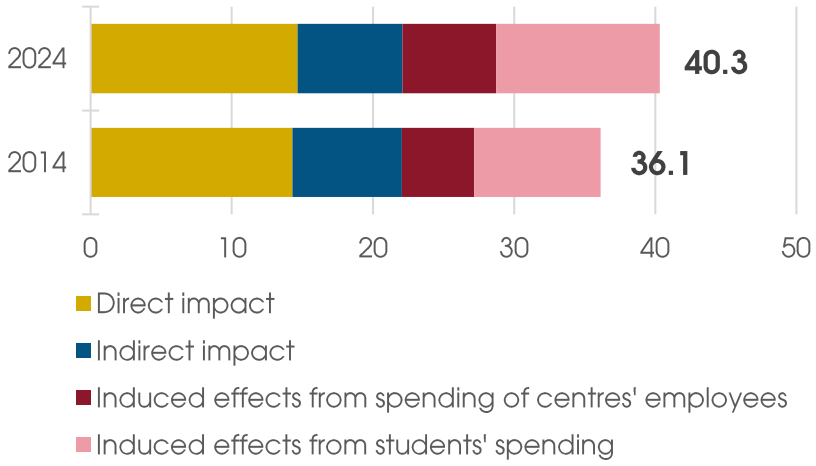
In line with the trends in student numbers and student weeks, we understandably observe a decline in the total value added of the sector, which decreased by ten per cent in real terms between 2014 and 2024.

Significant decreases in the direct and induced impact of the sector are the cause of this. These decreases are predominantly caused by centre closure and consolidation due to inflation. As we will note later, employment does not decrease, and the average spend of students significantly increases, partly caused by the increased price of English language tuition restricting travel to higher income demographics. These factors ensure that the induced impact of the sector actually grows between 2014 and 2024.

Change in gross value added over ten years
UK, billions £, 2014 and 2024



Change in employment supported over ten years
UK, thousands, 2014 and 2024



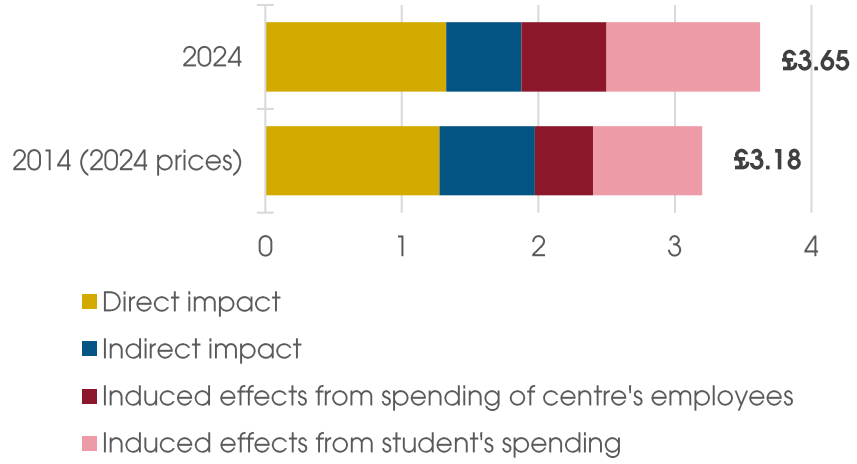
Direct employment by ELT centres rises slightly by three per cent.

This rise in direct employment may initially appear counterintuitive if the total contribution of the sector is decreasing. However, we can make sense of it in light of the broad shift in the sector toward junior markets. The number of employees needed per student is far higher when catering to junior markets, as students are far less likely to rent accommodation independently. Additional staff for safeguarding and activities, sports and excursions will also be needed given the nature and popularity of summer/winter camp courses for juniors.

Other factors influencing this include the need for additional staff to compensate for fewer experienced staff as well as a need to increase sales capacity to boost recruitment in declining markets.

Source: Pragmatix Advisory analysis

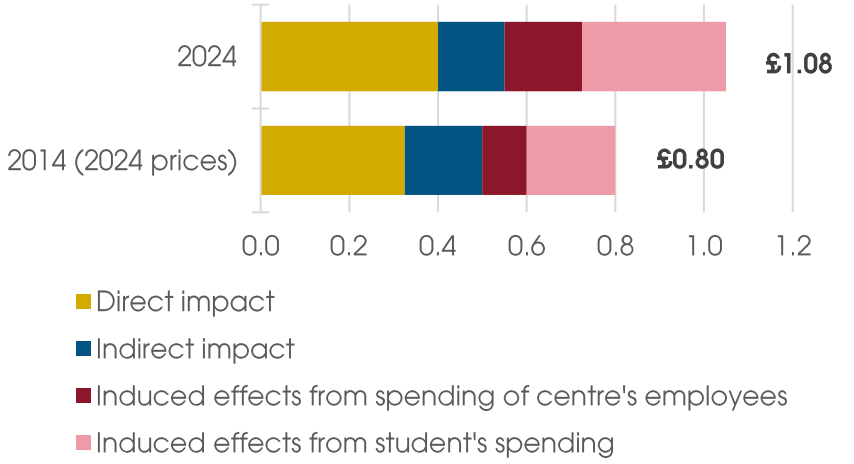
Change in gross value added per student
UK, thousands £, 2014 and 2024



The sector displays a fifteen percent growth in real gross value added when assessed on a per student basis.

We can be more certain that the root of the sector's shrinkage is found in a decrease in student numbers when we see the change in real value added per student. These figures reveal a fifteen per cent increase in real gross value added per student. Though the sector's total value added has shrunk, there is obvious potential in the increased contribution per student.

Change in gross value added per student week
UK, thousands £, 2014 and 2024



In 2024 prices, gross value added increases by 34 per cent when assessed per student week.

This is made even more stark when gross value added is assessed per student week. Now, gross value added per student week, in 2024 prices, increases by 34 per cent. It is clear that centre productivity itself is not decreasing, but instead a decrease in the number of centres, students and student weeks can explain this.

So why an increase in gross value added? The greatest increases in impact in real terms are in induced impacts from student spending (63 per cent) and employee spending (75 per cent). These can be explained partly by greater proportions of affluent students attending courses, and spending more. Employee remuneration in the sector has also increased in real terms, partly due to labour shortages post-covid.

Source: Pragmatix Advisory analysis

Case studies

Bournemouth

Bournemouth has a long tradition of hosting English language students and is widely regarded as the UK's second most important ELT hub after London.

There is therefore a substantial impact on the local economy from a number of different perspectives. For example, English language students help subsidise the public bus network enabling greater connectivity within Bournemouth and Poole and ensuring that a range of routes used by the elderly and other vulnerable groups are financially sustainable. Relationships within the town are strong, with active political interest in the sector and how it contributes to the town's prosperity, particularly during the winter and shoulder-season when English language students provide much needed income for a range of businesses. From this perspective, the sector is seen as very much part of the town's visitor economy, and the town's residents welcome the vibrancy brought by the students.

Key figures:

Member centres	18
Non-member centres	3
Total students	23,098
Total student weeks	88,606
Average adult length of stay (weeks)	6.1
Average junior length of stay (weeks)	2.0
Proportion year-round providers	89%

*All figures refer to member centre activity in 2024

Source: Pragmatix Advisory interviews and analysis

Cardiff

The Covid-19 pandemic and Brexit have had a significant impact on Cardiff's ELT sector, with a number of centre closures and increasing competition for staff and students.

Cardiff has traditionally had a low profile for ELT: whilst it is a cost-effective destination with a welcoming local population, it struggles to compete for language students with locations on the English side of the Bristol Channel, most notably Bristol and Bath. This is for various reasons that include Bristol Airport being more internationally connected than Cardiff Airport, as well as Wales' visitor economy strategy focussing on the UK and United States (93 per cent of visitors to Cardiff come from England). There is also a feeling that there is a not a significantly attractive (or well-publicised) cultural or national identity to Wales in the same way as in Scotland. However, agent interest in Wales is increasing given its cost-effectiveness and the increasing inclusion of the ELT sector within the Cardiff visitor economy will enable future opportunities.

Key figures:	
Member centres	5
Non-member centres	0
Total students	1,892
Total student weeks	12,946
Average adult length of stay (weeks)	10.5
Average junior length of stay (weeks)	1.9
Proportion year-round providers	100%

*All figures refer to member centre activity in 2024

Source: Pragmatix Advisory interviews and analysis

Edinburgh

Edinburgh is a vibrant, global, European-facing city, with students comprising around a fifth of its population.

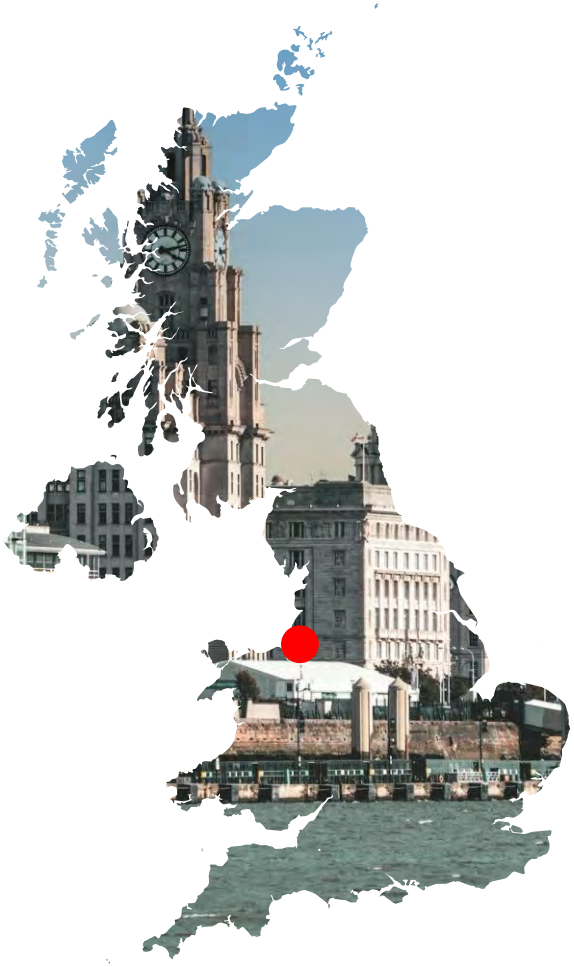
Like Cardiff, Edinburgh suffered a sharp decline in its ELT sector through the Covid-19 pandemic and after Brexit, particularly in terms of students from Italy and Spain. The increasing cost of living, barriers to working and shift in demand has seen the city's ELT sector become a short-stay ELT hub with a sharp drop in adult learners. A fall in homestays has also had an impact, with Airbnb becoming a more financially attractive option for potential homestay hosts during the peak summer months, and there has been an increase in houses being sold for student accommodation. In terms of local impact, English language students are a small proportion of the city's overall visitor numbers and therefore their impact is more about supporting inter-cultural competence within the city, as well as providing a long-term pipeline of international students for the city's universities.

Key figures:	
Member centres	8
Non-member centres	1
Total students	5,682
Total student weeks	25,962
Average adult length of stay (weeks)	5.3
Average junior length of stay (weeks)	1.8
Proportion year-round providers	88%

*All figures refer to member centre activity in 2024

Source: Pragmatix Advisory interviews and analysis

Liverpool



Liverpool is an important port city with a reputation for its strong cultural assets as well as being welcoming and outward-facing.

The city is a growing destination for ELT students for a number of reasons. It is more cost-effective for both teaching and accommodation than other destinations in the south of England, and its music, performing arts and sporting success have a global reputation. Like neighbouring Manchester, it is fast becoming the destination of choice for students from the Middle East, although it is perceived to offer a more traditionally 'British' experience than other more internationalised cities and this is seen as a benefit. However, the changing mix of English language students with a move away from European markets has also caused some challenges in terms of the ability to attract homestay hosts. Homestay, though, remains an important part of the local economy, and more so than other parts of the UK, helping support often older people with an additional income stream through the winter.

Key figures:	
Member centres	6
Non-member centres	2
Total students	6,519
Total student weeks	45,183
Average adult length of stay (weeks)	8.0
Average junior length of stay (weeks)	2.7
Proportion year-round providers	83%

*All figures refer to member centre activity in 2024

Source: Pragmatix Advisory interviews and analysis

Thanet

Thanet, with its traditional British seaside resorts of Ramsgate, Broadstairs and Margate, is a thriving centre for ELT in the UK.

The area has always held a strong attraction for junior groups because of its proximity to Channel ports and the seaside feel of the towns. The number of students in the area can be overwhelming for local residents and this can lead to some limited disruption, although the local retail, entertainment and hospitality business community are very positive about the impact that the students have through the off- and shoulder-seasons. The English language community is close-knit within Thanet, with long-term homestay hosts largely remaining committed to the sector for both financial and non-financial reasons. However, more local political support for the role of the sector in the area's visitor economy, particularly to support building links within Europe through 'twinning' arrangements, could help further growth and help re-position English language students as visitors.

Key figures:

Member centres	7
Non-member centres	0
Total students	19,381
Total student weeks	26,834
Average adult length of stay (weeks)	2.6
Average junior length of stay (weeks)	1.3
Proportion year-round providers	83%

*All figures refer to member centre activity in 2024

Source: Pragmatix Advisory interviews and analysis

Appendix

Glossary of key terms and metrics

Accredited centres – For the purposes of this report, accredited ELT centres are accredited by one or more of the Home Office-approved accrediting bodies for study visa purposes. These bodies include Accreditation UK (a joint venture between English UK and the British Council), ASIC, the British Accreditation Council, Edu Scotland, the Independent Schools Inspectorate and OFSTED.

Bed nights – A key performance indicator for the hospitality industry, which measures bed occupancy as opposed to room occupancy.

Full-time equivalent employees – The number of full-time employees a company would employ, if the total hours of all their full-time and part-time staff were added up and combined.

Gross value added (GVA) - The value of goods and services produced by a sector, subtracting the cost of inputs in the production process.

Student Week - defined as one student taking 10 or more teacher-taught hours in one week. Those studying fewer hours are excluded from the calculations.

UK ELT - English language teaching to international students and professionals whose first language is not English. These individuals of all ages travel to the UK to learn or improve their English for career, academic or social purposes, often with leisure or soft skills elements to the course.

Detailed methodological outline

Direct impact

To calculate direct impact, we either recorded or calculated figures for employment, turnover, taxes, gross value added and employee compensation for each centre surveyed. We then scaled this to match our database for the total ELT industry. For English UK members, we had data on the total number of students and student weeks, and so could scale our survey results in proportion with the number of student weeks a centre provided. Student weeks were chosen as the scaling factor instead of student numbers, as it was believed that student weeks better represented the total activity of a centre. Data on student weeks was not available for centres not accredited by English UK, and so a raw average of figures from English UK members was used instead. Extensive sensitivity testing was undertaken, and results remained broadly similar when scaled by student numbers, when averages of English UK members were weighted by student weeks, and when an assumed decrease was applied to the size of non-member centres.

Indirect impact

To calculate indirect impact, it is necessary to use input-output tables provided by the Office for National Statistics. We used the 2020 input-output tables for our analysis. Input-output tables display the average intermediate consumption of different industries. This is the amount that the average organisation in an industry will spend on suppliers in different industries. This allows us to generalise about how different suppliers spend their money. Input-output tables also display the total compensation of employees, taxes paid, gross operating surplus and mixed income, and gross value added associated with a certain output of an industry. These tables are incredibly powerful in allowing us to estimate the effects of the supplier spending of ELT centres. The ELT sector does not fit neatly into a particular industry, so a weighted average of spending data from the education, travel agency and accommodation sectors was used. Type I multipliers only take account of indirect impacts and are also provided by the Office for National Statistics. They represent the ratio between the direct and indirect impacts. Using both input output tables, and type I multipliers we estimated the total indirect impact of the ELT sector. For illustrative purposes we also calculated regional breakdowns of impact in the first round of supplier spending (ELT centres on suppliers), the second (suppliers on their own suppliers) and the third (etc.).

Induced impact

Calculating induced impact from employee spending and student spending involved estimating the average spend of employees and students on different goods and services. These could then be mapped to the industry which produced them (or divided between this industry and retail for many products), to calculate the spend in each industry.

Detailed methodological outline continued

Induced impact continued

These spend estimates were derived from the household expenditure survey, and adjusted for students. For employees, it was necessary first to deduct expenditure on taxes and housing costs before allocating the remaining income between industries, accounting for savings. The effect of employees and students spending goes to suppliers, and is then passed down the supply chain, as these suppliers themselves compensate more employees, who spend more. To capture the total effect of this it is necessary to use type II multipliers, which are not provided by the Office for National Statistics. To overcome this, we instead used type II multipliers supplied for Scotland and scaled them in line with the English type I multipliers. The sensitivity of this scaling was tested, and whether scaled by direct proportions, or regression, results remained similar. With these multipliers, it was then possible to estimate the total induced impact of the spending of employers and students from ELT centres.

Catalytic impact

There is much less of an established methodology for calculating catalytic impacts. Most of our calculations followed the methodology of the 2015 report, updating and adjusting data and calculations as needed. To estimate the average cost of a student's use of public services we first calculated per capita measures of government spending, dividing total government spending in different areas by the current population. These figures were then manually adjusted by spending area to reflect students' actual use of public services. Decisions around when to increase or decrease public service use were based, where possible, in existing literature, but were otherwise informed by our interviews with primary stakeholders. Visa fee revenue proved a challenge to accurately calculate due to a lack of granular data on student weeks, however conversations with multiple ELT centres allowed us to estimate that ten per cent of students stay in the UK for longer than six months. With this information, and publicly available breakdowns of student numbers by nationality, we could estimate visa fee revenue under the assumptions that ten percent of students stayed longer than six months, and 58 per cent of students were eligible for a visitor visa. Finally, our estimates of value added tax contributions were derived from government lists of VAT exemptions, and student spending patterns derived from the household expenditure survey. Values in the household expenditure survey were adjusted to reflect international student spending patterns by, for example, removing expenditure on council tax. These adjustments were informed by a picture of student expenditure derived from our stakeholder interviews.

Change in total impact over ten years

Table displays nominal and real values from the 2014 study and percentage change over the ten-year period.	GVA				Jobs (FTE employees)			Turnover				Taxes			
	£ millions				Number to nearest 10			£ millions				£ millions			
	2014	Real	2024	%	2014	2024	%	2014	Real	2024	%	2014	Real	2024	%
Direct impact	611	827	676	-18%	14,300	14,660	3%	1,132	1,533	996	-35%	145	196	158	-19%
Indirect impact	331	448	276	-38%	7,760	7,440	-4%	814	1,102	549	-50%	49	66	19	-72%
Induced effects from employee spending	199	269	321	19%	5,120	6,650	30%	454	615	665	8%	28	38	33	-14%
Induced effects from student spending	383	519	575	11%	8,950	11,570	29%	803	1,087	1,156	6%	24	32	85	163%
Total	**1,524**	**2,063**	**1,849**	**-10%**	**36,130**	**40,320**	**12%**	**3,203**	**4,337**	**3,367**	**-22%**	**194**	**263**	**295**	**12%**

Economic impact of the ELT sector in 2014 and 2024 and percentage change
UK, 2014 and 2024, 2024 prices, Pragmatix Advisory analysis

Source: Pragmatix Advisory analysis

Change in impact per student over ten years

Table displays nominal and real values from the 2014 study and percentage change over the ten-year period.	GVA				Jobs (FTE employees)			Turnover				Taxes			
	£ millions				Number to nearest 10			£ millions				£ millions			
	2014	Real	2024	%	2014	2024	%	2014	Real	2024	%	2014	Real	2024	%
Direct impact	950	1275	1325	4%	0.02	0.03	31%	1750	2350	1950	-17%	225	300	300	0%
Indirect impact	500	700	550	-21%	0.01	0.01	23%	1250	1700	1075	-37%	75	100	25	-75%
Induced effects from employee spending	300	425	625	47%	0.01	0.01	66%	700	950	1300	37%	50	50	75	50%
Induced effects from student spending	600	800	1125	41%	0.01	0.02	66%	1225	1675	2275	36%	25	50	175	250%
Total	**2350**	**3175**	**3650**	**15%**	**0.06**	**0.08**	**43%**	**4925**	**6675**	**6625**	**-1%**	**300**	**400**	**575**	**44%**

Economic impact of the ELT sector per student in 2014 and 2024 and percentage change
UK, 2014 and 2024, 2024 prices, Pragmatix Advisory analysis

Source: Pragmatix Advisory analysis

Change in impact per student week

Table displays nominal and real values from the 2014 study and percentage change over the ten-year period.	GVA				Jobs (FTE employees)			Turnover				Taxes			
	£ millions				Number to nearest 10			£ millions				£ millions			
	2014	Real	2024	%	2014	2024	%	2014	Real	2024	%	2014	Real	2024	%
Direct impact	225	325	400	23%	0.01	0.01	55%	425	600	575	-4%	60	80	90	13%
Indirect impact	125	175	150	-14%	0.00	0.00	45%	325	425	325	-24%	20	30	10	-67%
Induced effects from employee spending	75	100	175	75%	0.00	0.00	96%	175	225	375	67%	10	10	20	100%
Induced effects from student spending	150	200	325	63%	0.00	0.01	95%	300	425	675	59%	10	10	50	400%
Total	**575**	**800**	**1075**	**34%**	**0.01**	**0.02**	**69%**	**1225**	**1675**	**1950**	**16%**	**70**	**100**	**170**	**70%**

Economic impact of the ELT sector per student week in 2014 and 2024 and percentage change
UK, 2014 and 2024, 2024 prices, Pragmatix Advisory analysis

Source: Pragmatix Advisory analysis

Change in impact per centre

Table displays nominal and real values from the 2014 study and percentage change over the ten-year period.	GVA				Jobs (FTE employees)			Turnover				Taxes			
	£ millions				Number to nearest 10			£ millions				£ millions			
	2014	Real	2024	%	2014	2024	%	2014	Real	2024	%	2014	Real	2024	%
Direct impact	1.08	1.46	1.55	6%	25	34	33%	1.99	2.70	2.28	-16%	0.26	0.35	0.36	5%
Indirect impact	0.58	0.79	0.63	-20%	14	17	25%	1.43	1.94	1.26	-35%	0.09	0.12	0.04	-64%
Induced effects from employee spending	0.35	0.47	0.74	55%	9	15	69%	0.80	1.08	1.52	41%	0.05	0.07	0.07	12%
Induced effects from student spending	0.67	0.91	1.32	44%	16	26	68%	1.41	1.91	2.65	38%	0.04	0.06	0.20	242 %
Total	**2.68**	**3.63**	**4.23**	**16%**	**64**	**92**	**45%**	**5.64**	**7.64**	**7.70**	**1%**	**0.34**	**0.46**	**0.67**	**46%**

Economic impact of the ELT sector per centre in 2014 and 2024 and percentage change
UK, 2014 and 2024, 2024 prices, Pragmatix Advisory analysis

Source: Pragmatix Advisory analysis

Pragmatix Advisory Limited

enquiries@pragmatixadvisory.com
020 3880 8640
pragmatixadvisory.com

Registered in England number 12403422
Registered address: 146 New London Road, Chelmsford, Essex CM2 0AW
VAT Registration Number 340 8912 04