

£1 In, £1.6 Out: Commonwealth Scholarships Make Economic Sense to the UK

Policy briefing paper

Dr. Jie Ma

Introduction

International students are widely recognised as a significant economic asset to the UK, supporting universities through tuition fees and boosting the country's overall economic prosperity.

Leading Policy and Economics Consultancy London Economics has estimated that the 2021/22 cohort of 381,365 international students could generate £37.4 billion during their studies in the UK, meaning each international student contributes £98,000 in net economic value. This indicates that every 10 international students generate a net economic contribution of £1 million for the UK economy over their period of study (London Economics, 2023).



But what about international students funded by the UK government? This paper provides an overview of the estimated economic benefits, public costs, and net impact associated with **the 2023/24 cohort of 394 Commonwealth Scholars**.

Funded by the Foreign, Commonwealth and Development Office (FCDO), Commonwealth Scholars not only promote the development of their home countries but also make significant economic contributions to the UK's economy during their studies.

These Scholars are studying in the UK at **78 institutions** across **four programmes**: Master's, Shared Master's, PhD, and Split-Site PhD, **generating a net economic impact of £12m during their studies**.

This analysis builds on the methodology developed in London Economics' report, which estimated the economic benefits¹ and public service costs² to the UK economy associated with international students in 2021/22. The approach has been adapted to reflect the specific profile of Commonwealth Scholars—government-funded, non-EU, full-time postgraduate students (both Taught and Research)—with additional costs particular to the Commonwealth Scholarships³ considered.

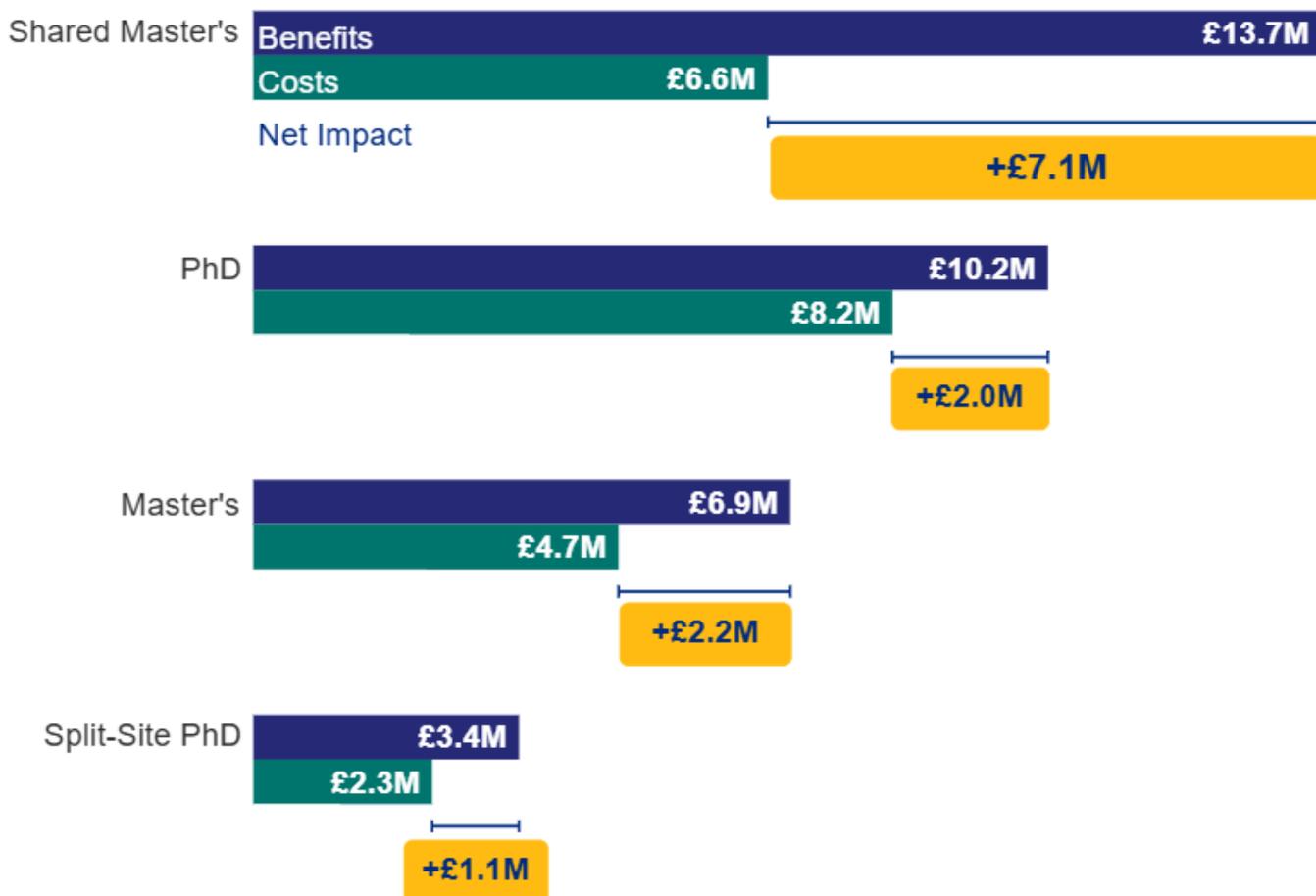
Findings

The estimated **total benefits** to the UK economy from the 2023/24 cohort of Commonwealth Scholars studying in the UK over their study duration were approximately **£34m**, while the estimated **total costs** were **£22m**. This implies a **benefit-to-cost ratio** of **1.6**, meaning that for every £1 spent on Commonwealth Scholars, the UK receives an economic return of £1.6.

The **total net impact** on the UK economy of this cohort of Commonwealth Scholars was estimated at **£12m** over their entire study duration. The **net impact per Scholar** was estimated at **£32k**. In other words, **32 Commonwealth Scholars** generate **£1m** worth of **net economic impact** for the UK economy over their study duration.

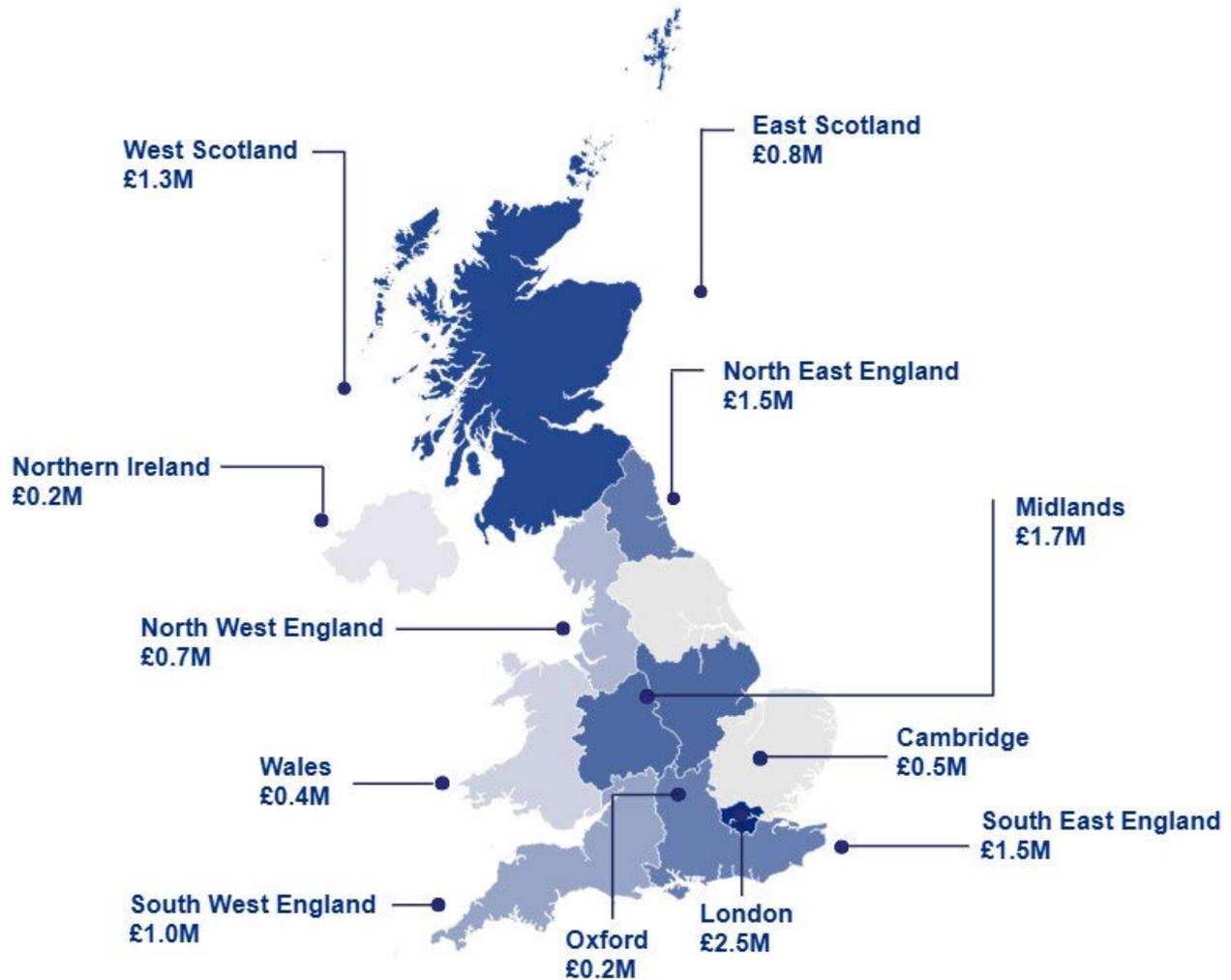
All four analysed programmes of Commonwealth Scholarships were estimated to create a positive economic impact, as shown in Figure 1. But over half (**£7.1m**) of this net impact was linked to Scholars on the **Shared Master's** programme. The remaining £5.3m was connected to the programmes of Master's (£2.2m), PhD (£2.0m), and Split-Site PhD (£1.1m).

Figure 1. Total benefits, costs and net impact by scholarship programmes



The economic impact spreads across the UK (Figure 2). Leading the way is **London**, which was estimated to generate a total of **£2.5m**. Along with Oxford and Cambridge, these three cities accounted for a quarter of the economic contribution to the country. This is followed by **Scotland**, contributing **£2.1m** from both West and East Scotland. The **Midlands**—encompassing the East and West Midlands—added **£1.7m**.

Figure 2. Total net impact across the UK



Policy Implications

The estimates strongly support ongoing investment in Commonwealth Scholarships, emphasising the positive economic benefits for the UK. Continued and sustainable investment in these scholarships will not only enable the UK to strengthen its global influence within the Commonwealth and reaffirm its long-term commitment to the UN's Sustainable Development Goals but also help support the local economy. Policies that decrease the number of Commonwealth Scholarships would not only weaken the UK's soft diplomatic power, built through its international alumni across the Commonwealth, but also pose a direct threat to this positive financial contribution.

¹ **Economic benefits** were based on London Economics' figures on the impact of tuition fee income, non-tuition fee income, and visitor income associated with non-EU full-time postgraduate students during their studies in the UK.

² **Public service costs**—such as healthcare and education for dependents—were estimated by London Economics to be £9,000 for a taught Master's and £23,000 for a research student over their study duration.

³ **Additional costs specific to the Commonwealth Scholarships** were divided into programme and administrative costs. **Programme costs** include tuition fees, stipends, and research and travel grants that the UK government provides to support Scholars throughout their entire study duration in the UK, calculated at £37,700 for Master's, £23,600 for Shared Master's, £37,200 for Split-site PhD, and £118,600 for PhD. **Administrative costs** were calculated by combining the FCDO Grant-in-Aid admin budget (£424,000) and other programme expenditure (£2,195,000) from the CSC 2023 Annual Report. This total of £2,619,000 for 1,676 Scholars and Fellows equates to approximately £1,600 per Scholar per year.