

Demonstrating the Value of the Cardiff & Vale College Group



CARDIFF and Vale College Group (CAVC Group) generates a return on investment to its major stakeholder groups—learners, society, and taxpayers and creates a significant positive impact on the business community. Using a two-pronged approach that involves an investment analysis and an economic impact analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect 2017-18.



Return on investment to learners, society, and taxpayers

Learner perspective

- CAVC Group's 2017-18 learners paid a total present value of **£6.2 million** to cover the cost of tuition, fees, and supplies. They also forwent **£111.4 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in CAVC Group, learners will receive a present value of **£538.7 million** in increased earnings over their working lives. This translates to a return of **£4.60** in higher future earnings for every £1 that learners invest in their education. The average annual return for learners is **16.4%**.

Social perspective

- Society as a whole invested **£334 million** in CAVC Group in 2017-18. The economic base in the UK will grow by **£1.3 billion** over the course of the learners' working lives. Society will also benefit from **£32.2 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the country.
- For every £1 that society spent on CAVC Group 2017-18 educations, society will receive a cumulative value of **£4.10** in benefits, for as long

For every £1 spent by...



£4.60

Gained in lifetime earnings for LEARNERS



£4.10

Gained in added UK revenue and social savings for SOCIETY



£3.40

Gained in added taxes and public sector savings for TAXPAYERS

LEARNER RATE OF RETURN



16.4%

Average Annual Return for CAVC Group Learners



6.1%

U.K. Stock Market 30-year Average Percent Change*



0.9%

Individual Savings Account Return Per Annum

* FTSE 100, 1987-2016.

as the 2017-18 learner population at CAVC Group remains active in the UK's workforce. The average annual return for society is **15.2%**.

Taxpayer perspective

- In 2017-18, taxpayers in the UK paid **£72.7 million** to support the operations of CAVC Group. The present value of the added tax revenue stemming from the learners' higher lifetime earnings and the increased output of businesses amounts to **£235.4 million** in benefits to taxpayers. Savings to the public sector add another **£8.5 million** in benefits due to a reduced demand for government-funded services in the UK.
- Dividing benefits to taxpayers by the associated costs yields a 3.4 benefit-cost ratio, i.e., every £1 in costs returns **£3.40** in benefits. The average annual return on investment for taxpayers is **13.0%**.



Impact on business community

During the analysis year, CAVC Group and its learners added **£445.9 million** in income to the Cardiff Capital Region economy, approximately equal to **1.7%** of the region's total gross regional product (GRP). By comparison, this impact from CAVC Group is nearly as large as the entire Arts, Entertainment, & Recreation industry in the region. The economic impacts of CAVC Group break down as follows:

Staff and College expenditure impact

- CAVC Group employed 1,161 full-time and part-time employees in 2017-18. Payroll amounted to £42.4 million, much of which was spent in the Cardiff Capital Region to purchase groceries, clothing, and other household goods and services. The Group spent another £45.3 million to support its day-to-day operations.
- The net impact of Group payroll and expenses in the Cardiff Capital Region during the analysis year was approximately **£70.3 million** in income.

Learner expenditure impact

- Around 17% of learners attending CAVC Group originated from outside the region. These relocated learners spent money on groceries, transportation, rent, and so on at regional businesses.
- The expenditures of relocated learners during the analysis year added approximately **£10.7 million** in income to the Cardiff Capital Region economy.

Added workforce skills impact

- Over the years, learners have studied at CAVC Group and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former learners are employed in the Cardiff Capital Region.
- The accumulated contribution of former learners currently employed in the regional workforce amounted to **£364.8 million** in added income during the analysis year.

IMPACTS CREATED BY CAVC GROUP IN 2017-18



Staff and College expenditure impact

£70.3 million

Added income

2,510

Average-wage jobs



Learner expenditure impact

£10.7 million

Added income

479

Average-wage jobs



Added workforce skills impact

£364.8 million

Added income

16,247

Average-wage jobs



Total impact

£445.9 million

Added income

19,236

Average-wage jobs