English UK Covid-19 impact report

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ENGLISH UK COVID-19 IMPACT REPORT: SECOND EDITION

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INTRODUCTION

English UK, the national association for English language teaching centres, represents over 350 accredited centres in the UK. As part of its continued response to the Covid-19 pandemic, English UK commissioned research into the impact of Covid-19 on this vital international education sector. Building on the first edition of the English UK Covid-19 impact report in July 2020, this follow-up research gathers updated data on the full 2020 calendar year and provides inputs for the outlook for 2021.

This report shows the devastation that the Covid-19 crisis wrought on the UK English language teaching (ELT) industry in 2020, the continuing effects of which suggest that recovery will be slow. A fuller but still incomplete recovery, with business levels returning to 60% of pre-Covid-19 levels, is not expected until 2022.

With mobility not yet fully resumed, the pandemic hampered the further growth which the UK had been forecast to enjoy in 2020. In 2019, English UK member centres taught 508,614 English language students, a 1% increase over 2018 in a trend which had been continuing since the strong rebound in 2017.

The UK is the most popular destination in the world for English language students, especially learners aged under 18, whose numbers have risen consistently over the last decade. In addition to the obvious economic contribution ELT makes, the sector plays a vital role as a pipeline for students into Higher and Further Education and as a flagship tool in the UK's soft diplomacy.

This research was conducted by BONARD, English UK's insight partner and an independent market research provider specialising in international education. BONARD is a UNWTO Affiliate Member, with senior research officials also being members of ESOMAR World Research.

Methodology

The results are based on an online survey distributed among English UK member centres. A total of 183 centres provided their data, which constituted a solid response rate given the challenging circumstances under which they were working with staff released or on furlough, difficulties accessing internal data, and attention focused on business survival.

Participating centres represented 50% of all students and 52% of all student weeks spent at English UK member centres in 2019. Based on this market share, further assumptions and generalisations were made to extrapolate the findings over the entire English UK member base.

Data collection took place in February 2021.

The study was conducted in compliance with the ICC/ESOMAR International Code on Market, Opinion and Social Research and Data Analytics. No individual data was shared with any third party, including English UK.

Acknowledgements

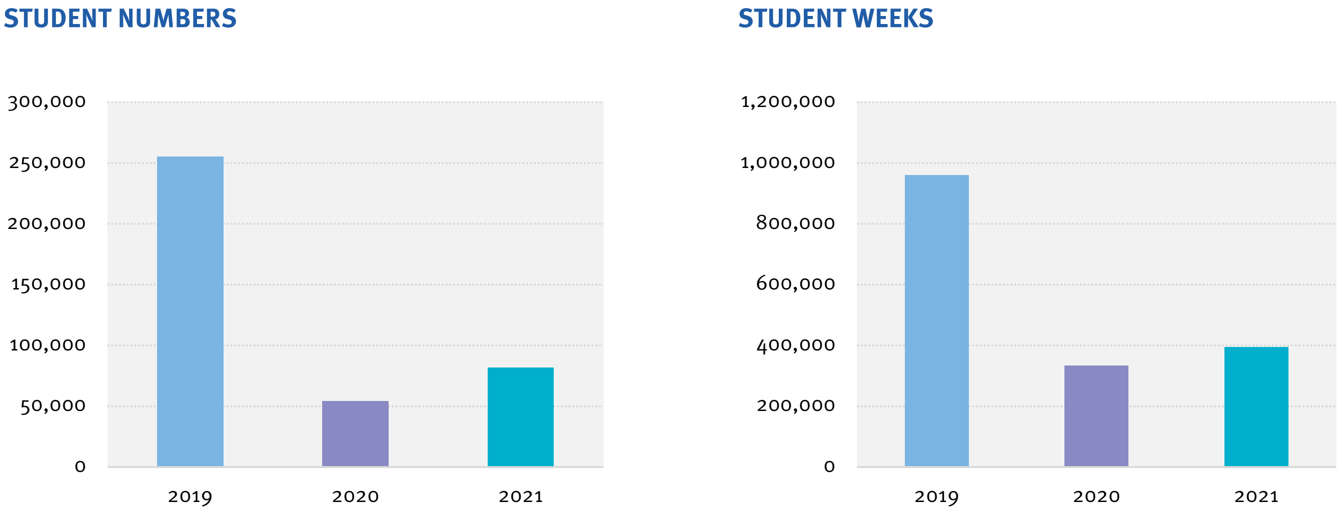
We would like to extend our gratitude to all English UK member centres who contributed to this initiative by submitting their data. This initiative would not have been possible without their timely support.

The BONARD Team

IMPACT ON STUDENT MOBILITY TO THE UK

The Covid-19 pandemic caused an unprecedented drop in business in the UK ELT industry. 2019 saw a 1% increase in the number of language students travelling to the UK to learn English – the third consecutive increase since 2017. However, in 2020, any further growth was curbed by the suspension of mobility – the essential component of an immersive language learning experience. The 183 participating member centres catered to 54,196 students in 2020, representing a 79% decrease in student numbers compared to 2019. While the state sector faced a drop of 46%, there was a more severe impact on private sector providers, who saw an 80% lower student intake.

Chart 1: Number of students and student weeks delivered by responding English UK member centres in 2019 and 2020, and expectations for 2021



Source: BONARD survey of English UK member centres, n=183, February 2021

In order to better understand the impact, data was also collected in student weeks (a student week is defined as one student taking 10 or more teacher-taught hours in one week).

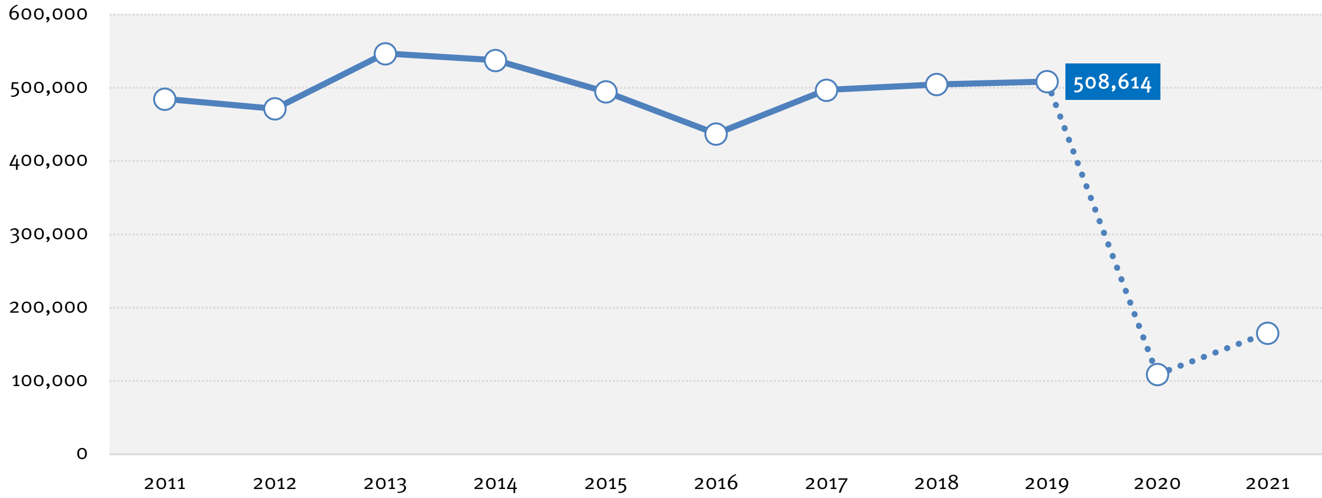
In absolute terms, surveyed members generated 960,511 student weeks in 2019 (accounting for 52% of the entire English UK membership's). In 2020, these responding members declared 333,959 student weeks, equalling a 65% year-on-year drop. Whilst the state sector delivered 38% fewer student weeks, the private sector witnessed a drop of 68%.

Going into 2021, the surveyed UK ELT providers anticipated a slight increase in student numbers and student weeks compared to 2020. However, while 83,154 English language students for 2021 would represent a 52% increase on 2020, it would equate to only one third of the 2019 student number intake.

Based on the survey responses, English UK private sector providers are more optimistic about the rate of recovery than state sector, anticipating that they will welcome more than 76,000 new students in 2021.

The state sector, in contrast, expects the downward trend in English language student intake to continue in 2021 (a y-o-y decrease of 7% is predicted).

Chart 2: Number of English language students at English UK member centres



Source: BONARD survey of English UK member centres, n=183, February 2021; English UK Student Statistics Reports 2011-2019

Note: Y-o-y change for 2020 and 2021 indicated by the surveyed members was used to recalculate the overall effects on student intake for the UK ELT sector presented in Chart 2. The estimate for 2020 and 2021 is based on data from centres representing more than half of the English UK membership. While this constitutes a strong basis for the calculation, missing input from providers who did not submit their data may be a limiting factor (it is likely that their data is less optimistic). Exact data on 2020 will be presented in the upcoming Student Statistics Report 2021, English Language Students in the UK in 2020.

ECONOMIC IMPACT

£307 MILLION

DIRECT LOSS IN REVENUE (RESPONDING CENTRES)

Reflecting on 2020, participating members estimated that the overall drop in student numbers translated into a direct revenue loss of £307 million.

Taking into account that responding centres represented 52% of all student weeks generated in 2019, it can be estimated that the overall loss in gross revenue (as a direct result of the impact of Covid-19) for all English UK members exceeded £590 million in 2020.

£590+ MILLION

DIRECT LOSS IN REVENUE (ENTIRE ENGLISH UK MEMBERSHIP)

Note: These figures represent the direct economic impact. The total economic impact of the UK ELT sector on the UK economy would also include students' out-of-school spending as well as indirect (knock-on) economic benefits such as taxes and supporting jobs (local suppliers such as grocery shops, transportation, etc.). Comprehensive research completed in 2016 established that the sector was worth £1.4 billion, taking into consideration both direct and indirect economic impact.

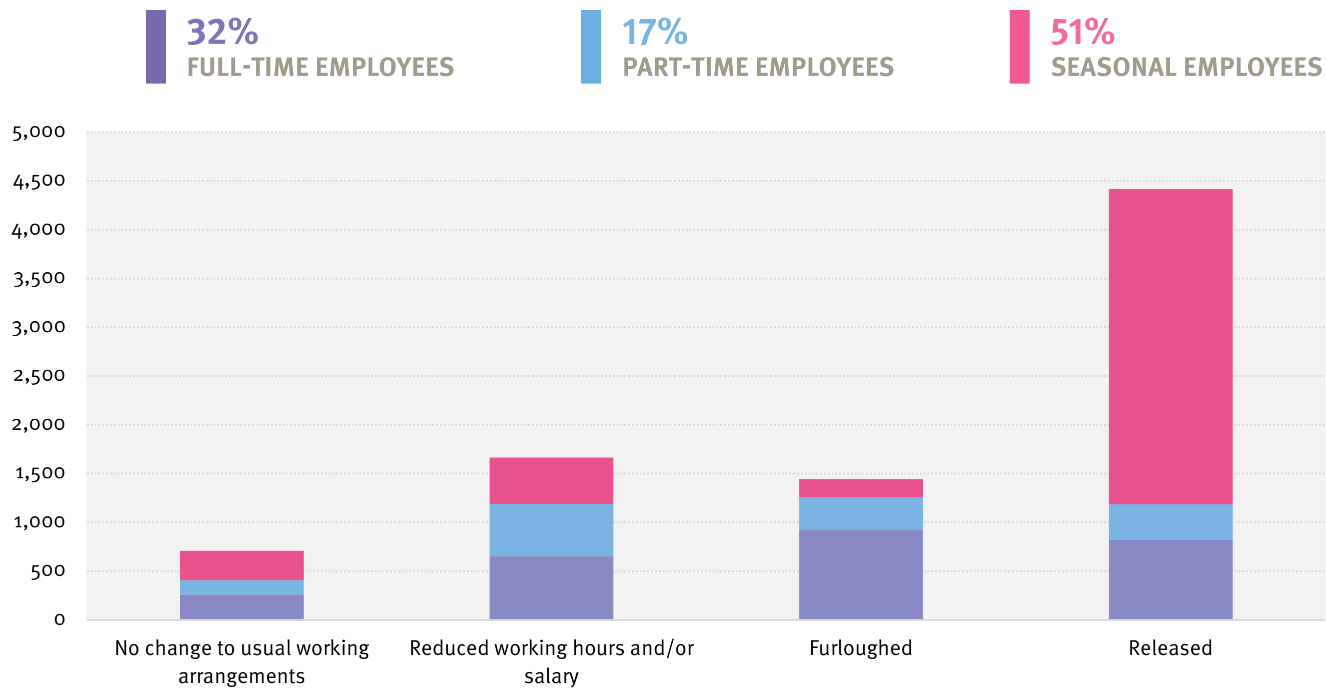
IMPACT ON JOBS

The jobs market has been heavily affected by the pandemic. Surveyed centres cumulatively reported 8,232 employees and so overall it is estimated that the UK ELT sector directly supports more than 12,000 jobs. Of these 91% were impacted by the pandemic. By the end of 2020 54% of staff had been released and an additional 18% are currently benefiting from the furlough scheme.

Based on the survey results, 32% of the workforce were employed in full-time positions and 17% in part-time positions. Reflecting the seasonal nature of the UK ELT sector (with additional support and teaching capacity required in the July to September peak season), 51% were employed on temporary contacts.

In 2020, only 10% of full-time and 11% of part-time employees witnessed no change to their working arrangements. Research revealed that the biggest share of full-time workers were furloughed (35%) and an additional 31% released.

Chart 3: Number of staff that have been or are in the following circumstances as a result of the impact of Covid-19

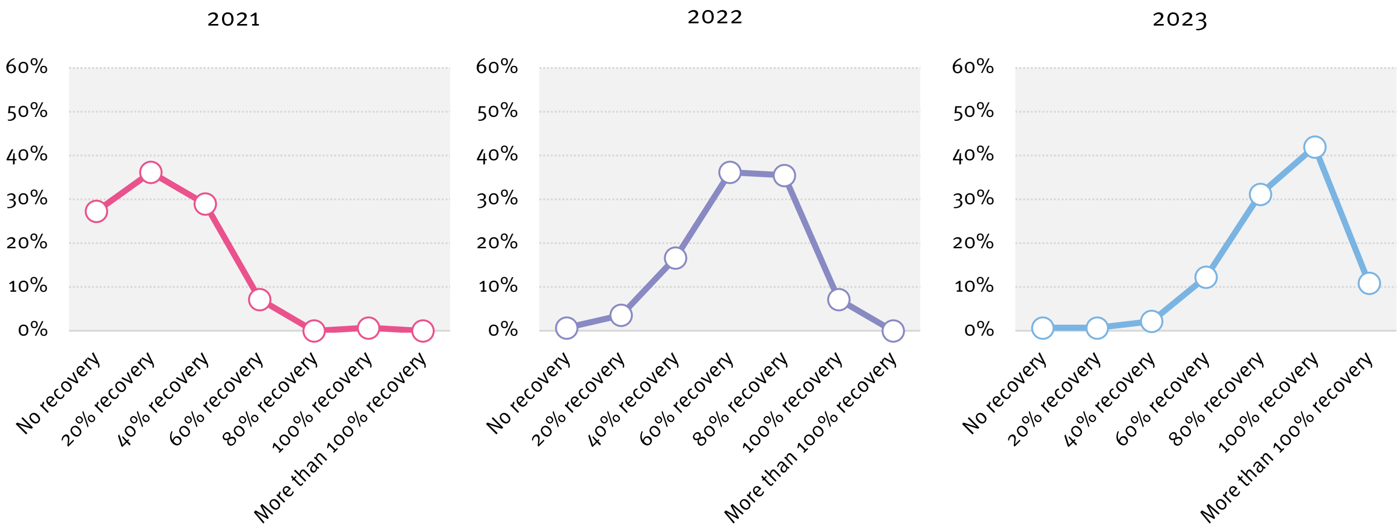


Source: BONARD survey of English UK member centres, n=183, February 2021

Examining the ELT sector in more depth, the impact was particularly marked in private sector member centres where as many as 56% of staff were released, compared to 14% in the state sector. Most of the full-time workforce in the state sector either saw no change to usual working arrangements (40%) or entered the job retention scheme (38%) over the period measured. Of every 10 employees released in 2020, 7 were seasonal workers. Less than 9% of those on temporary contracts saw no change to their usual work arrangements.

MARKET RECOVERY SCENARIOS

Chart 4: Percentage of respondents anticipating the following market recovery trajectory



Note: 100% recovery = business back to pre-Covid-19 levels
Source: BONARD survey of English UK member centres, n=183, February 2021

Respondents were also asked to share their viewpoints on possible recovery scenarios, to aggregate individual knowledge into an informed overall assessment of the future outlook.

Surveyed member centres are less optimistic about 2021 than in the previous survey undertaken in July 2020, when 31% of respondents anticipated a 40% recovery and 43% expected a 60% recovery of their pre Covid-19 business volume. Now, 36% of respondents do not expect recovery to exceed 20% in 2021.

Concerning business in summer 2021, 27% surveyed members do not anticipate that recovery will start at all. Only 29% of respondents think they will regain 40% of the business volume they had prior to the outbreak of Covid-19.

Commenting on 2022, 72% of responding providers estimated that the market will reach between 60% and 80% of pre-Covid-19 levels. Only 7% of respondents expected a full recovery by 2022.

Going into 2023, the recovery of the UK ELT sector is perceived more optimistically by responding members. While 42% of providers anticipate that the UK ELT sector will regain 100% of pre-Covid-19 business volumes, 11% of English UK members predict it will recover to more than 100% of such levels.

In a qualitative section of the survey, respondents highlighted the need for English UK to continue its lobbying efforts to ensure the industry profile is raised and recognition is given to how UK ELT continues to be among the most impacted sectors nationally.

This report shows the extent the Covid-19 crisis has damaged the UK ELT industry, and indicates that recovery will be slow given that the industry relies heavily on inbound visitors to the UK. Government support will be critical, as will the implementation of policies by all stakeholders to restore market confidence in the UK as an ELT destination.

Prepared by