

## **SECTION 8 - RESPONSE TO THE ECONOMIC ASSESSMENT**

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## **ECONOMIC ASSESSMENT**

This response to the Economic Assessment is made by local residents as lay persons. We have examined the documents and have many queries about the assertions and factual claims in them. Many of the figures are based on assumptions, with no supporting qualitative or quantitative data.

The application contains frequent assertions that although the proposed development goes against the Local Plan, it should be approved because of the economic advantages it would bring to Canterbury. The case for these economic advantages, however, has not been demonstrated.

### **1. Is the economic case made for developing this site?**

#### **1.1 Construction Stage**

'The construction phase will generate £22.1m on net expenditure which will result in £9.0m of GVA for the local economy and 149.7 temporary construction jobs for Canterbury. A further 15 jobs will be supported through additional expenditure.'  
(*Economic Assessment* p.2)

#### **Response**

- The University has not stipulated that a percentage of workers will be from the Canterbury district, or any apprenticeship options. 164.6 FTE jobs for construction would be good for the wider economy, but there is no guarantee that the University will specify local employment as a condition in its selection process for the contractor.
- It is highly unlikely that there would be 15 of the supply chain jobs estimated, as larger contractors will have a procurement process, and the University advisors would be aware of this.
- The University's assertions are not site specific, and could be applied equally to other sites on the campus.

#### **1.2 Operational Stage**

##### **Conference Centre and Hotel**

'Once operational in 2016, the conference centre will generate £3.3m of net expenditure in the local economy, which will result in £1m of GVA and 71.3 jobs in Canterbury.'  
(*Economic Assessment* p.3)

#### **Response**

- The economic assessment assumes that the conference centre will benefit Canterbury as a whole. There appears to be little account taken of existing conference facilities at Canterbury Christ Church University and the planned conference centre at the cricket ground.
- There is no evidence of a need for more hotels in Canterbury. Travelodge has

refurbished and opened a 60 bed hotel in central Canterbury in February. There are several sites in Canterbury where planning permission has already been approved for further hotel development:

- Cricket ground 130 bed 4 star hotel, with health and fitness and conference centre (approved 2007)
- Tannery site 44 bedroom hotel, bar & bistro (2008)
- Slatters hotel, extension (approved 2006 65 bed, question mark on moving vacant building forward)
- Abbots Barton hotel, extension of 34 bedrooms, 3 star (granted 2009).

This is an additional 333 bedrooms. The approved hotel developments have not progressed because of the current economic climate. These sites should be allowed to progress before others are agreed.

- Canterbury City Council could be left with planning permission for 4 hotels and none progressing. If all progressed, there would seem to be a real risk of ventures failing because of over-exposure. For the sake of the city's economic viability the Council has a responsibility to ensure that any ventures for which planning permission is granted meet a real need, and that that need is not already met by existing planned developments. It is significant that the council has given permission to convert hotels to residential accommodation when evidence was produced of low occupancy rates (Pointers Hotel, London Rd: planning permission 2003, converted 2005).
- There is also a responsibility to maintain Canterbury as a World Heritage attraction and to retain and grow the tourism trade. Permitting development on key viewpoints and green space will affect its reputation as a tourist destination. Existing planned developments for hotels are on brownfield sites. There is no determined need for the city to have a hotel on important green space.

## **Student Accommodation**

'The student accommodation will generate £4.8m of net expenditure which will result in £1.5m of GVA for the local economy and 78.5 jobs for Canterbury'. (*Economic Assessment* p.3)

## **Response**

This model is flawed as it is based on the assumption that the accommodation (762 rooms at a rent of £132.58 a week) will be occupied by students who would otherwise live off-campus. The assertion that houses currently occupied by students would then be rented privately to non-students is not supported by evidence, and we feel that the University is trying to capitalise on local concerns about the political and social pressures on residential communities with high numbers of student HMOs. Unless the University reduces its new rents, these pressures are unlikely to be relieved. The assertion on page 27 that 762 students will leave the private rental market to move into the more expensive University student accommodation is not substantiated. In Appendix 1 we provide details to show that the new accommodation would be more expensive for students than student houses (HMOs). The University has also not undertaken any studies on student aspirations for where they want to

live. Local residents have been told by students that they do not want to live on campus after their first year.

There is also no evidence to back up the claims that the suggested 218 houses would become private homes and that these new occupants would be working in and bringing money into Canterbury. On page 22 the *Economic Assessment* asserts that new occupants of these houses will bring additional spend into Canterbury, regardless of where their jobs are located. However on page 15 of the same document the figures show that house prices are more expensive in Canterbury. The document provides no reason for thinking that student landlords would sell their properties and that other people would move into the area, or that landlords would rent properties at a cheaper margin to non-students.

## **2. Other economic factors which should be considered**

There appear to be a number of factors which the University has not fully taken into account in its submission. Residents do appreciate the University and what it brings to the local economy. However, many external factors have changed since the University first presented the case to its Finance Committee in early 2009. Residents are concerned that the University is seeking to attempt a 'prestige' large development, at a significant risk, and would prefer the University to take a more measured approach.

### **2.1 One large development versus smaller developments**

Section 5 of the document includes the claim that the proposed development would support growth and innovation in virtue of links with the Innovation Centre and the potential Business Innovation Park. However, to date the Innovation Centre is only 60% occupied, and there are no businesses within it that would need to use combined hotel and conferencing facilities. The outcome of the site assessment has been pre-judged by imposing the strict criterion that the 762 student rooms and the hotel and conference centre should be a single development combined in one location, rather than two or more smaller developments, constructed either at the same time or successively. The combined scheme seems to be an ambitious 'vision' rather than a considered proposal.

The claimed synergy between the student accommodation and the hotel/conference centre is unconvincing. If the University is short of teaching space, the proposed development would not help, as the conference centre would be in use for conferences and CPD events during term-time, and would not be available for regularly timetabled university teaching. Conversely, the 762 student bedrooms would not be available for conference use when occupied by students during term-time; very large conferences could therefore be held only during University vacations, when many other of the 4,000+ student rooms would be available on campus, including those near the Innovation Centre in Keynes College and its new extension.

There is therefore no advantage to be gained by combining a hotel and conference centre with student accommodation. Indeed the viability and attractiveness of a hotel to guests, if next to 800 student residences and a café / bar area, would be questionable. Without the restriction of requiring a single large project, the University can re-evaluate several other sites within its large land-holdings.

## 2.2 Home student numbers

The economic case for such a large single development is a matter for concern at a time of great uncertainty in future student numbers under the new £9K fees regime. There is little evidence at present on which to assess what effect the increase tuition fees will have on student numbers. It is likely that the first figures will not be available until UCAS applications are made this winter for the September 2012 intake, when the fees will come into place.

The first study so far, commissioned by insurance firm LV= and published in April, was based on a survey of 1,000 students and parents. It predicted that the increase in tuition fees to a maximum of £9,000 a year, coupled with falling numbers of 18 to 24-year-olds, will see a 14% decline in student numbers over the next decade, and that almost half of youngsters who were planning to go to university would choose a local one and stay at home. The number of students living at home will double to 47% over the next 10 years and will climb to over 50% by 2030, said the report. John O'Roarke, managing director of LV= home insurance, said: "The LV= student towns report shows how student life is set to be transformed over the next decade, as the impact of rising tuition fees forces university students to reassess their finances and living arrangements."

## 2.3 Overseas student market

The *Economic Assessment* suggests that "increasing the quality and scale of on-campus accommodation" would enable the University to benefit financially by "offering accommodation to overseas fee-paying students for duration of study" (5.8, p.28). However, this is a very competitive market and similar policies to attract overseas students are being pursued by every UK Higher Education institution. The UK government is restricting overseas student visa numbers. Universities in countries such as the USA and Australia are making strong recruitment drives in traditional UK markets such as Malaysia. The authoritative *Times Higher Education* magazine quotes HEFCE (the Higher Education Funding Council for England) as saying that the overseas recruitment plans of UK universities are "unbelievable" (see Appendix 2).

Universities are also adapting to their market and using technology which may mean that overseas students no longer have to travel to study at a UK university. Figures released by the British Council in March 2011 show that there are now more "overseas students" taking UK degrees in their own countries than there are overseas students coming to study in the UK.<sup>1</sup> Sean Coughlan, BBC News education correspondent, says:

'There are now 340,000 students taking UK university courses in their home countries, either through partnerships between UK and local universities or else through UK universities setting up branch campuses, such as Nottingham in Ningbo in China.

More than 160 branch campuses have been opened in more than 50 countries - mostly by US universities. There are also a multitude of partnerships and

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1 Source BBC Business News 10 March 2011

joint degrees as part of this academic cross-pollination.

According to the British Council, this type of "transnational" studying has increased by 70% in a decade.

The council's chief executive, Martin Davidson, says this is going to appeal to "students across the world who may not be able to afford to spend several years thousands of miles away from home".

Technology can only accelerate this process. Online degrees are making strides in the mainstream, with US firms such as Laureate teaming up with institutions such as Liverpool University to offer internet-based courses. Laureate has a network of university links in 24 countries.

## **Conclusion**

This larger picture confirms our view that the case for the economic benefits of the development is based on questionable assumptions. It therefore undermines the claim that the economic benefits outweigh the acknowledged objections, and leaves those objections as conclusive reasons for rejecting the application.

## APPENDIX 1

### Private Landlords: Rental Income, Housing Benefit, and Students

The University is using the argument that the proposed Chaucer Fields development will free up HMOs for families. There is no compelling evidence to back up this claim.

There are several considerations:-

- Private landlords will want to maximise their income; renting to students brings more rental income than renting to families.
- Students want value for money; new campus accommodation is more expensive than off campus.
- Do year 2 and 3 students want to live on campus? Surrounding accommodation may be more desirable. There is often parking, still in walking distance to both university and town, with independence and freedom from campus restrictions.
- Are the University accommodation plans future-proofed? UK students may want shorter courses with more work done from home due to rising costs, making use of improving IT – webinars etc.

#### 1. Private Landlord Income – Family Rental v Student Rental

Some families in Canterbury who need accommodation will be on benefits, or on a low income and receiving some housing benefit.

Housing Benefit for private tenants is capped at what is called the Local Housing Allowance (LHA). This means housing benefit will not pay more than the LHA and the tenant has to pay the difference. The LHA is also only paid for the size of property someone needs, e.g. a couple with a son and daughter, aged 6 and 3 for example, living in a 3 bed, will only have a 2 bed rent allowance paid.

Average student rents are £80 to £90 per week per room, for good accommodation. For the calculations, in the following table, the average of £85 a week is used.

#### Comparison of Rental Income – Private Rents – Housing Benefit v Student Lets

Type of property	Housing Benefit per month <sup>2</sup>	Student Rent (12 months rent)	Difference per month
2 bedrooms	£650.00	£736.00	£86.00
3 bedrooms	£750.01	£1,105.00	£350.00
4 or more bedrooms	£1,100.02	£1,473.00	£370.00
5 bedrooms <sup>3</sup>	£1,100.02	£1,841.67	£740.00

Students bring in a higher rental income than the LHA and HB rates. This means that

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2 LHA figures for April as at 27/03/2011 – Canterbury City Council web-site

3 Housing benefit rates do not increase for any property larger than 4 bed

student accommodation will usually be a better return for investors. Landlords would be able to reduce their rents, undercutting the University if needed, and it would still be more profitable to rent to students rather than families.

### 3. Comparison of new student accommodation on campus (includes utility bills)

The University is completing the building of 495 new rooms in the Keynes extension this year. Weekly rents are £118.51 (45 rooms), £137.27 (349 en-suite rooms), £150.08 (96 large en-suite rooms), charged for 39 weeks.

These new flats are more expensive than student houses, even with utility bills added and even allowing for the fact that student house rentals are usually for 52 weeks (some landlords only charge ½ rent in the summer).

Most student houses have to pay their utility bills direct to the supplier, approx £10 per week per room. Properties that do include bills work out at approx £93 a week including utility and internet.

The older university self-catering accommodation such as Parkwood is cheaper than the new Keynes flats, from £95.76 to £132 a week, but any new flats will be at a similar rent to the Keynes new flats. Can students afford them?

#### Comparison of new UKC accommodation versus private rental

	Rent	Yearly cost	Comments
<b>University</b>			
En-suite Keynes extension - University	£137.27 a week	<b>£5,353.53</b>	39 weeks, bills included
Room Keynes Extension - University	£118.51 a week	<b>£4,621.89</b>	39 weeks, bills included
<b>Private</b>			
Beverley Road - John Morgan lets	£85 a week	<b>£4,420.00 (plus utility bills)</b>	Year Let. Does not include bills. ½ rent 1 <sup>st</sup> month if not living there
St Michaels Place - accommodationforstudents.com	£93 a week including bills	<b>£4,836.00</b>	Year let. Includes bills and cleaning fortnightly
Downs Rd - Jon Gauld lettings	£80 a week incl bills	<b>£4,125.00</b>	Year Let - ½ rent July / Aug. Includes utilities & internet

Deputy Vice-Chancellor Keith Mander has conceded that the student accommodation proposed for Chaucer Fields will not reduce the number of student houses in Canterbury city, but suggested that perhaps it will do so in places further afield. He arranged for the consultation web-site to be changed to reflect this. We are disappointed that the University insists on repeating, in the documentation supporting this application, the assertion that the number of HMOs will be reduced in Canterbury by the proposed development.

## APPENDIX 2



20 April 2011

# Banking on doubling foreign enrolments is 'unbelievable' aim

14 April 2011

By [John Morgan](#)

Universities are relying on unrealistic targets for overseas income, it is claimed. John Morgan reports

English universities are relying on "unbelievable" plans to increase international student numbers by up to 100 per cent in four years as government policy leads to fears of volatility in home student numbers.

Durham University plans for a 97 per cent increase in non-European Union undergraduates between now and 2014-15, while the University of Exeter is planning for a 73 per cent rise in certain areas in the same period.

Senior figures in the sector warn that universities are relying too heavily on unrealistic targets for overseas income in their financial planning.

For 2010-11, English higher education institutions aimed to increase their non-EU student fee income from £2.1 billion (9.6 per cent of total income) to £2.3 billion, according to figures from the Higher Education Funding Council for England.

But in a statement to *Times Higher Education*, the funding body highlights increased competition for international students between UK universities, and fiercer recruitment battles with other nations.

A Hefce spokesman said this "implies optimism in some of the current growth forecasts".

Les Ebdon, chair of the Million+ group of new universities, said Hefce had used stronger words in informal discussions about future projections.

"Every (institution's) strategic plan includes losses of money on home students and a massive increase in international students. (Hefce) says it is unbelievable. It is unlikely the numbers would increase by the amount people are predicting."

A Hefce spokesman said it would have to wait for universities to formally submit their long-term financial plans - due on 15 April - before it could "provide a comment on the realism of the forecasts".

Fees for home and EU students are limited by the government, which also caps the number of places to control costs to the taxpayer. But fees and places for non-EU students are not subject to such limits.

The highest international fee this year was at Imperial College London, where overseas undergraduates faced annual tuition charges of up to £26,250 in lab-based subjects.

Some universities are worried that home and EU student applications may decline when the maximum fee rises to £9,000 in 2012.

To add to their anxiety, the government has threatened to cut the number of places for home and EU students in a bid to control the cost of the loans system, as many universities propose to charge the maximum fee.

Professor Ebdon said: "If you prevent growth in one direction, it bursts out in another. There is a clear cause and effect."

But in a statement to *THE*, Shaun Curtis, Exeter's international director, says the university's growth strategy is not a response to domestic concerns but was "outlined in a new internationalisation strategy prior to the announcement of UK government funding cuts. Exeter's recruitment plans are driven by diversity as much as volume."

Dr Curtis says in minutes from an Exeter council meeting on 16 December: "Overall, excluding the Business School, delivery for 2014-15 would require 73 per cent growth on 2010-11 planned (international) numbers."

Without the Business School, the increase is 37 per cent. Exeter wants to host 4,000 non-EU students by 2014-15.

Minutes from a meeting of Durham's executive board, held on 22 February, state: "Undergraduate full-time home student numbers were forecast to decrease marginally over the planning period (2010-11 to 2014-15). Undergraduate full-time international student numbers were anticipated to grow by 97 per cent over the planning period."

A Durham spokesman said: "At present, international students make up approximately 9 per cent of the total undergraduate population. The forecasted increase is to 16 per cent of the total undergraduate population in 2014-15."

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