



The economic impact of the N8 Research Partnership

Green Book compliance note

May 2025

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London Economics were commissioned to assess the **impact of N8 universities' research, knowledge exchange activities and institutional expenditures on the UK economy**, focusing on the 2021-22 academic year. The report follows on from a recent analysis by London Economics for Universities UK, considering the economic impact of the entire UK higher education sector in the same academic year (see [here](#)).

The total economic impact on the UK economy associated with N8 universities' **research, knowledge exchange activities and institutional expenditures** in 2021-22 was estimated at approximately **£18.8 billion** (see Table 1). In terms of the components of this impact, the value of N8 universities' research activities stood at **£8.6 billion (46% of total)**, while N8 universities' knowledge exchange activities generated a further **£1.7 billion (9%)** of impact. In addition, the impact associated with N8 universities' institutional expenditures was estimated to be **£8.5 billion (45%)**.

Table 1 Total economic impact of N8 universities' research, knowledge exchange activities and institutional expenditures in the UK in 2021-22 (£m and % of total)

Type of impact	£m	%
Impact of research and knowledge exchange	£10,284m	55%
Research activities	£8,594m	46%
Knowledge exchange activities	£1,689m	9%
Impact of university expenditure	£8,542m	45%
Direct impact	£3,495m	19%
Indirect and induced impacts	£5,047m	27%
Total economic impact	£18,826m	100%

Note: All estimates are presented in 2021-22 prices, rounded to the nearest £1 million, and may not add up precisely to the totals indicated. The percentages show the proportion of total impact associated with the strand/sub-strand of analysis.

Source: London Economics' analysis

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The analysis above broadly consists of **two core methodological components**:

- The **direct, indirect, and induced economic impacts** associated with the universities' research, knowledge exchange activities, and institutional expenditures (i.e. the direct value of these activities measured by the universities' income and expenditures and the turnover of the universities' spinout companies) plus the indirect and induced 'multiplier' effects throughout the rest of the economy (i.e. supply chain and wage spending effects)); and
- The **productivity spillovers** associated with the institutions' research.

Whilst measuring productivity effects (the second component) is compliant with HM Treasury guidance, indirect and induced economic impacts have recently been removed from accepted methodologies in the revised Green Book (see Section 6.6 (page 57) of the Green Book guidance [here](#)).

It's important to note that, while the Green Book states that these effects should be excluded when comparing different policy options to each other, these effects 'may well form part of the higher-level analytical research that informs identification of a policy, and policy priorities'. Given this acknowledgement in the Green Book – and, more importantly, given the significant inherent difficulties in measuring the economic impact of intangible assets like research, knowledge, and intellectual property – we continue to include these indirect and induced impacts throughout our analysis. However, we acknowledge that indirect and induced multiplier effects are now technically no longer Green Book compliant.

Revised estimates

To arrive at more Green Book compliant estimates, we can adjust our analysis to **remove any indirect and induced effects** that are estimated. Specifically, we remove economic impacts relating to the indirect and induced effects of N8 universities' research activities (**£1.1 billion**), knowledge exchange activities (**£1.0 billion**) and institutional expenditures (**£5.0 billion**). Deducting the total indirect and induced effect estimated of **£7.2 billion** from our total economic impact of **£18.8 billion**, we arrive as a revised, lower bound estimate of the economic impact of N8 universities' research, knowledge exchange activities and institutional expenditures of **£11.6 billion**.