

Universities borrow £3bn for new boom

Greg Hurst, Education Editor

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The London School of Economics has built a £90 million centre for social sciences
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Leading universities are set to borrow more than £3 billion to fund an unprecedented era of expansion and meet booming demand for places from international students.

University College London announced yesterday that it had secured a £280 million loan, the largest amount lent to a university by the European Investment Bank.

The money will help to finance a new campus on the Queen Elizabeth Olympic Park in east London and upgrade and expand buildings on the Bloomsbury campus. The sum eclipses loans of £200 million provided by the same bank to the universities of Edinburgh and Oxford.

Vice-chancellors are taking advantage of ultra-low interest rates to recruit more students and researchers from home and abroad after the removal of controls on numbers.

London universities are particularly appealing to international students, many of whom want to live and study in the capital, and vice-chancellors are using cheap borrowing to break out of constraints imposed by high property costs in the capital.

King's College London has taken a lease on one of the capital's most recognisable buildings, Bush House on the Strand, formerly home to the BBC World Service, to create a new campus opposite its arts and science faculties on the north bank of the Thames.

Imperial College London is developing a second £1 billion campus in White City for research facilities and collaborative work with scientific research companies, freeing space at its Kensington site which will remain the focus of undergraduate teaching.

The London School of Economics has refurbished three buildings, opened a new student centre and acquired a site in Lincoln's Inn Fields, which will house an institute for philanthropy and social entrepreneurship named after Paul Marshall, a hedge fund entrepreneur who gave £30 million towards it. The LSE has also built a £90 million Global Centre for Social Sciences.

Universities are funding their growth with a mixture of bank loans, bonds and private debt placements, supplemented by mixture of cash from surpluses, appeals to alumni and philanthropic gifts.

Beyond the capital, the University of Cambridge is building a £1 billion campus to the north of the city, the largest development in its 800-year history, for research facilities and low-cost housing for postgraduate students and staff.

The University of Glasgow has acquired a 14-acre former hospital site and plans a £1 billion campus for research, commercial collaboration and new faculty buildings.

Michael Arthur, UCL president and provost, said that its investment would support the university's activities for decades by "enhancing facilities for students and allowing our academics to continue to tackle key global research challenges". Lord O'Neill of Gatley, a Treasury minister, added that the loan from the EIB, which is owned by European Union countries, showed the benefits to British higher education of "the EU's bank".