



MIGRATION ADVISORY COMMITTEE

Impact of international students in the UK



September 2018

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Chair's foreword

There are over 750,000 students who come to the UK to study each year – in higher and further education, in independent and language schools. Some come for short English language courses, others for PhDs at the frontier of scientific research. The UK has a long-standing comparative advantage in providing education to international students based on the importance of English in the global economy and the high quality of the courses offered. Historically, the UK has the second-largest group of international students in the world after the US but there is a real risk we will be overtaken by Australia in the near future. And the UK leaving the EU poses new threats. There are no grounds for complacency – although international student numbers have risen in recent years, the UK's overall market share has fallen slightly and competitor countries are more active in recruitment.

There is no doubt that international students offer positive economic benefit, including cross-subsidising the education of domestic students and research. Universities are one of the largest sectors in many local economies; they play a vital role in research and innovation in the UK economy. If the government's industrial strategy is to be a success it needs a vibrant higher education sector and it is impossible to imagine that without significant and strong recruitment of international students. The evidence suggests that, on balance, domestic students have more positive than negative views of how international students affect their education. There is no evidence international students adversely affect the wider communities in which they live. Opinion polls suggest most people in the UK have a favourable view of international students even though they are less positively inclined towards immigration in general.

There is currently no cap on the numbers of international students able to come to the UK to study and we recommend it stays that way. This is not a change in policy – the commissioning letter from the Home Secretary wrote, "the Government has consistently made clear that it has no plans to limit any institution's ability to recruit international students". When engaging with the sector some seemed to be concerned the government had plans to introduce a cap. Many do not trust the government: when the commissioning letter also wrote, "There is no limit on the number of genuine international students" they may wonder what the phrase 'genuine' means.

What the government means and what many in the sector think the government means are not aligned. There is a risk this makes it harder for the sector and government to work together more closely to grow the number of international students; something both think desirable. The sector and government need to work in partnership to grow numbers; an appropriate migration regime is part of that but only a part.

Many of the responses to the call for evidence argued that students should be taken out of the government's net migration target. None suggested a practical way in which this might be done and we cannot see a reliable method. Even if a method was found, it would be unlikely to make much difference to the net migration statistics because most students leave the country and the ones who do not have to be counted. If there is a problem with students in the net migration target, it is with the target itself rather than the inclusion of students in that target. Summarising migration policy through the net migration target may give the impression that the government seeks to reduce the net migration of all types of migrants including students.

Many responses to the call for evidence also wanted a more generous regime for post-study work visas, arguing that the UK offer compares unfavourably with the competition. Currently, PhD student visas allow students to remain in the UK for four months after expected course completion, but they can apply for the Doctorate Extension Scheme, allowing them a year of work; Master's students and undergraduates have up to four months, though those Master's students in the Tier 4 pilot have six months. To remain in the UK for work, non-EEA students need to find a Tier 2 sponsor or to be accepted onto a Tier 1 Entrepreneur scheme.

It is likely that a more generous post-study work regime would increase demand to study in the UK but it is important that any scheme has benefits that extend beyond the education sector. International students are an important source of skilled workers, especially in STEM subjects and especially PhD students, so it is vital that they have a reasonable opportunity to find a graduate job after completion of their studies. We recommend that PhD students automatically be given one year's leave to remain after completion of studies, that the current MSc pilot should be extended so all these students have six months, and that the window of opportunity to apply for a Tier 2 visa be widened. Graduates of UK Higher Education Institutions should also be eligible for the existing easier access to Tier 2 jobs for two years after course completion that is not dependent on them physically remaining in the UK as it is at the moment.

We do not recommend a separate post-study work visa though our proposals on automatic leave to remain at the end of study have some of the same effect. One reason for not recommending a longer post-study work period is that the earnings of some graduates who remain in the UK seem surprisingly low and it is likely that those who would benefit from a longer period to find a graduate level job are not the most highly skilled. We accept that the evidence for this is not as strong as it could be: one of our recommendations is that there is a proper evaluation, by us or others, of what students are doing in the post-study period and when they move onto other work permits. If, after that evaluation, a longer post-study work period seems warranted our advice could change.

We know that the sector will be disappointed by our recommendations on post-study work but demand for UK education should not be based on work rights. If students

had unrestricted rights to work in the UK for two years after graduation there would potentially be demand for degrees (especially short Master's degrees) based not just on the value of the qualification and the opportunity to obtain a graduate level job and settle in the UK, but for the temporary right to work in the UK that studying brings. A post-study work regime could become a pre-work study regime. It is important that demand for courses in the UK is built around the quality of the education offered and a reasonable opportunity to contribute to the UK as a skilled worker. The UK has a lot to offer and we hope that the sector continues to grow.

The UK leaving the EU poses additional challenges to the sector. Our main competitors require a visa for all international students so it is not impossible for the sector to thrive even if EU students were brought within the non-EU student visa system. We do not, though, see any upside for the sector in leaving the EU: any barriers to student mobility are likely to have a negative impact

Every MAC report is a team effort and I would like to thank all of those who submitted evidence, attended stakeholder meetings, the Committee and the Secretariat for their work.

A handwritten signature in cursive script that reads "Alan Manning". The signature is written in black ink and is positioned to the left of the typed name below.

Professor Alan Manning

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Executive summary

Introduction

1. In August 2017, we were commissioned by the Home Secretary to assess the impact of international students in the UK¹. We were asked to consider all levels of education and the whole of the UK.
2. Following receipt of the commission, we issued a call for evidence along with a briefing paper on international students.² We have drawn on these responses, and the evidence provided in stakeholder meetings, in preparing this report. We have used the evidence available to cover as much of the breadth of the commission as possible.
3. In this report we consider UK policy towards international students, trends in the numbers coming to the UK, and where and what they study. We compare UK policy toward international students with other countries as competition for international students is intense. We explore the impacts of international students while they are studying, on the economy, educational institutions, domestic students, and wider communities. We consider the impacts of international students once their studies end, both those who remain in the UK and those who leave. Finally, we make a series of policy recommendations.

Policy

4. Currently, students from the European Economic Area (EEA) can come to the UK to study with only light-touch requirements. Those from outside the EEA can come to the UK to study, applying for a Tier 4 visa or under short-term study provisions. Short-term study visas are for up to six months, or 11 months for English language courses.
5. There are two types of Tier 4 visas for international students – a Tier 4 (Child) student visa, or a Tier 4 (General) student visa. Those on a Tier 4 visa must be sponsored by a licenced institution and meet minimum English language requirements.
6. Depending on the length of their original visa, Tier 4 students may remain in the UK for up to four months after their course has ended (or six months for those in the Tier 4 pilot scheme). They may be eligible to extend their visa to remain in the UK for further study, or may meet the requirements to switch to a work-related visa.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/639814/HS_to_MAC_-_students.pdf

² <https://www.gov.uk/government/consultations/international-students-economic-and-social-impacts>

7. Over recent years, there have been numerous changes to the policies on international students. In particular, restrictions to those in further education and the closure of the Tier 1 Post-Study Work route.

International students in the UK

8. More than 750,000 students come to the UK each year to study – the overwhelming majority come to study English, though their average stay is a few weeks and a relatively small number³ require Tier 4 visas. While the higher education sector, often with courses lasting at least a year, makes up over 80 per cent of student visas sponsored each year.
9. Students come from all over the world to study in the UK. English language centres and further education colleges are popular amongst EU students, while international students from China are the largest group in both higher education and independent schools. However, students come from a wide range of countries – 61 countries had at least 500 students coming to the UK for higher education in 2016/17.
10. The number of international students in higher education has grown nearly 30 per cent over the past nine years, though much more slowly in recent years. The further education sector saw a boom in international students following the introduction of the Tier 4 Points Based System, and a subsequent contraction with the tightening of the rules and ending of licences for many further education colleges.
11. International students attend institutions throughout the UK, though are more concentrated in some areas of the UK, with London, Scotland, and the south-east popular destinations.
12. In higher education, international students primarily undertake courses related to business and administrative studies, engineering and technology, or social studies.

International context

13. Competition for international students is increasing, and while the UK is currently the second most popular destination for international students, market share has declined slightly in recent years. In particular the UK's market share

³ In 2017, around 4,000 Tier 4 visas were sponsored by English language schools, though some studying English language may have been sponsored by further education colleges. Data available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709283/sponsorship-mar-2018-tables.ods

of students from India has fallen sharply in recent years, while remaining stable for those students from China.

14. While the UK has no cap on the number of international students, many competitor countries have national strategies and targets for increasing the number of international students. The UK offers similar rights to work while studying as other countries, though post-study work options are less generous than those offered by a number of competitors.
15. The most important factors for international students in deciding which country to study are reported to be a high-quality education and a welcoming environment, though migration policies do play a role.

Economic, fiscal and financial impacts

16. International students bring an economic benefit to the UK and are an important export market, with the Department for Education estimating their export value at £17.6 billion in 2015.
17. They are also important to the local economies where they study, supporting local employment. International students have direct impacts by spending money in the UK on tuition fees, living expenses, and by friends and family visiting them.
18. International students can provide a vital source of income for the institutions where they study, cross-subsidising research and the education of domestic students.
19. International students have a positive impact on public finances.

Impact on domestic students

20. International students from outside the EEA tend to pay higher fees for studying than domestic students. This subsidises the education of domestic students, for example through wider availability of courses or improved facilities.
21. Domestic students generally have a positive view of studying alongside international students, though there are some who raise concerns over the quality of academic discussions and international students requiring more attention from the lecturer. On balance, the evidence suggests that the benefits of international students outweigh any negative impacts on the educational experience of domestic students.

Impact on the wider community

22. International students may have some impact on the wider communities in which they live, though these impacts are difficult to quantify and to distinguish from the impact of students in general. What evidence we have suggests no adverse impact on communities.
23. International students can access public healthcare while studying in the UK; EEA students can use their European Health Insurance Card (EHIC), and most international students from non-EEA countries must pay a health surcharge of £150 per year as part of their visa application. The age profile of international students means their usage of the NHS is likely to be low though average expenditure is estimated to be higher than £150.

Impacts after study

24. Recent cohorts of international students on a Tier 4 visa have high compliance with their visa expiration conditions. The majority leave the UK once their visa has expired, with around a quarter extending their visa, usually for further study.
25. Following changes to the post-study visa rules in 2012, the numbers applying for a visa extension for work have dropped sharply – from over 45,000 to around 6,000.
26. Most international students moving from a Tier 4 student visa to a Tier 2 work visa, move into STEM⁴ or business-related jobs; they are more likely to come from research-intensive institutions.
27. While many international students who remain in the UK for work report levels of earnings similar to UK graduates, a sizeable group of non-EU students seem to have surprisingly low earnings.
28. International students who leave the UK after study benefit the UK's soft power and foster ongoing business and research links.

Policy recommendations

29. In summary, our recommendations are:
 1. To retain no cap on the numbers of international students.

⁴ Science, technology, engineer and mathematics

2. Government and the sector should continue to work together to grow the number of international students.
3. International students should not be removed from the net migration statistics.
4. Rules of work while studying and dependant rights should remain unchanged.
5. Widening of the window in which applications for switches from Tier 4 to Tier 2 can be made.
6. Post-study leave period extended to six months for Master's students, though with a more thorough review of whether this is appropriate.
7. The 12 months leave to remain after PhD completion be incorporated into the original visa duration, subject to meeting progress requirements and course completion, for eligibility to remain in the UK after course end date. This would replace the existing Doctoral Extension scheme that allows the same rights but has to be applied for with associated visa costs.
8. Previous Tier 4 students, who passed their Level 6 (or above) qualification in the UK, should be entitled to a two-year period from course completion during which they can apply out-of-country for a Tier 2 visa, under the same rules as current in-country Tier 4 to Tier 2 switches.

Introduction

1. On 24 August 2017, the then Home Secretary wrote to the MAC asking that we assess the impact of international students in the UK. The Home Secretary's commission asked that we report by September 2018. The text of the commission, together with the Home Secretary's accompanying letter, is in Annex A of this report.
2. The commission covered the whole of the UK including England, Northern Ireland, Scotland and Wales, and applied to both EU and non-EU students at all levels of education; we have looked at independent schools, English language schools, further education and higher education. The stated intention behind the commission was for the MAC to provide the government with an improved evidence base for any future decisions on international students.

What we did

3. In October 2017, we published a call for evidence⁵ outlining how stakeholders could be involved in this process. It identified the evidence that we would find most helpful to receive and asked that this be sent to us by 26 January 2018. Alongside the call for evidence, we published a briefing paper⁶ providing some initial analysis of international students in the UK. The questions we asked in the call for evidence are set out in Annex B.
4. Over the call for evidence period from October to January, we held a number of meetings with stakeholders in relation to this commission. We met with representatives from government departments, education institutions and representative bodies, as well as with students.
5. We received around 140 written responses to our call for evidence and have drawn on these in preparing this report. We are publishing them today on our website⁷.
6. We have used the evidence available and that submitted to us to cover as much of the breadth of the commission as possible. In places, however, due to the availability of data or robust evidence, there is more of a focus on non-EEA students (requiring a visa), or on the higher education sector.
7. The UK leaving the EU undoubtedly has implications for EU/EEA students. Will there be a visa requirement, what fees will they pay, will they continued to have

⁵ <https://www.gov.uk/government/consultations/international-students-economic-and-social-impacts>

⁶ *ibid.*

⁷ <https://www.gov.uk/government/organisations/migration-advisory-committee>

access to student finance, will the ERASMUS scheme continue? At the time of writing it is clear that the UK is prepared to negotiate about some of these issues – the White Paper⁸ stated that, “The UK proposes a UK-EU youth mobility scheme to ensure that young people can continue to enjoy the social, cultural and educational benefits of living in each other’s countries”, and also mentions the desirability of the continuation of the ERASMUS+ scheme. It is unclear what the outcome of those negotiations will be. Any restrictions on EU students will make it harder for UK institutions to recruit them but not impossible. Other countries e.g. US, Australia and Canada, are attractive to international students while requiring all of them to have an appropriate visa.

Structure of this report

8. Chapter 1 in this report sets out the rules and regulations regarding international students. Chapter 2 provides summary data on international students including information on sending countries, subjects studied and institutions attended.
9. Chapter 3 looks at the international context, how trends and policies in the UK compare with other countries. Chapter 4 considers the economic and fiscal impact of international students, and Chapters 5 and 6 describe the impact of international students on domestic students and then on the wider community.
10. Chapter 7 looks at what international students do after they have finished studying and the final chapter sets out our conclusions and recommendations.

⁸ <https://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union>

Chapter 1: Policy context

Introduction

- 1.1 Students from within the European Economic Area (EEA)⁹ can study in the UK without any restriction on their stay (provided they have sufficient funds, which they can self-certify, and comprehensive sickness insurance e.g. by having a European Health Insurance Card), or whether they work both during and after their period of study. Students from outside the EEA can apply to study in the UK under the provisions of the Points Based System (PBS) for Managed Migration, or under the short-term study provisions. A third group are those from outside the EEA who have a visa/right to remain in another category which allows them to study, such as dependants of a PBS migrant, the spouse of a UK national, or those granted asylum.
- 1.2 This chapter sets out the provisions which govern what non-EEA students can and cannot do in the UK; as well as information relevant to the considerations in the rest of this report - whether international students can be accompanied by their dependants, whether they can work while studying and whether they can switch into other visa categories.

Short-term study visa

- 1.3 This visa is for those following a short course of study or being part of a short period of research. The short-term study visa is for six months and costs £97. There is also an 11-month visa for English language courses and this costs £186. Applicants must be over 16 years of age and cannot do any work while in the UK. They cannot bring any dependants with them.
- 1.4 If they describe themselves as coming to the UK for less than 12 months, they are not counted in the long-term net migration figures (see paragraph 2.6). They will be counted in the short-term migration figures; the latest figures indicate 132,000 non-EU and 99,000 EU citizens came to England and Wales to study for less than 12 months.¹⁰ In 2017, 107,000 short-term study visas were granted, making up a third of all study related visas.¹¹ Because they are here for only a short period, they are a much lower share of the stock of international students in the UK at any one time.

⁹ References to the EU/EEA are shorthand for “the rest of the EU/EEA excluding the UK”. We change between EU and EEA depending on the data source and definition.

¹⁰Short-term international migration for England and Wales, mid 2016: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/shortterminternationalmigrationannualreport/yearendingjune2016>

¹¹ Table vi_04: <https://www.gov.uk/government/publications/immigration-statistics-year-ending-march-2018/list-of-tables>

Tier 4 (Child) student visa

- 1.5 Non-EEA citizens aged 4-17 can apply for a Tier 4 (Child) student visa which enables them to study at an independent school in the UK. Applicants must have been accepted into an educational institution which has a Tier 4 (Child) sponsor licence and have sufficient money to cover school fees and living costs if a non-boarding student, as well as having parental or guardian consent. These visas cost £348 and are also subject to the healthcare surcharge (currently £150 per year for students). In 2017, 12,000 child student visas were granted.¹²
- 1.6 The length of stay in the UK varies with the age of the applicant. Those under 16 can apply for leave of up to six years and four months, which is extendable in-country, while those aged 16 or 17 can stay for up to three years and four months whilst on a Tier 4 (Child) visa.
- 1.7 Students aged 16 and over can work under this visa. They can work full-time during holidays and part-time up to 10 hours per week during term-time. They can also work on a placement as part of their course, provided that this does not amount to more than 50 per cent of their course time and that it is an integral and assessed part of the course. They cannot bring any dependants with them.

Tier 4 (General) student visa

- 1.8 Non-EEA citizens can apply for a Tier 4 (General) student visa to study in the UK if they are 16 or over and have been offered a place on a course by a Tier 4 sponsor, and can speak and understand English and can support themselves. A Tier 4 (General) student visa costs £348 and there is an additional £348 charge for any dependants, together with the healthcare surcharge of £150 per year. In 2017, 199,000 of these visas were granted.¹³
- 1.9 Successful applicants must have:
- an unconditional offer of a place on a course with a licensed Tier 4 sponsor (see paragraph 1.11 ff.);
 - enough money to support themselves and pay for their course;
 - proof of English language proficiency at the required level for the course that they wish to undertake.
- 1.10 The following categories of courses are available to Tier 4 (General) students:

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709285/entry-visas1-mar-2018-tables.ods

¹³ *ibid.*

- full-time leading to a qualification that is at least level 6 on the Regulated Qualifications Framework (RQF) or its equivalents;
- part-time leading to a qualification that is at least at RQF level 7;
- an overseas course of degree level study that is equal to a UK higher education (HE) course and is being run by an overseas HE institution;
- full-time, with at least 15 hours per week of organised daytime study, leading to a qualification which is at least RQF level 3 (level 4 for Probationary Sponsors unless the student is aged under 18);
- a recognised foundation programme as a postgraduate doctor or dentist;
- a Student Union Sabbatical Officer position at the Tier 4 sponsoring institution or at the National Union of Students.

Tier 4 sponsor institutions

- 1.11 Tier 4 students must be sponsored by a licensed institution of which there are currently 1,225.¹⁴ An education provider can apply for a licence to sponsor either Tier 4 (General) or Tier 4 (Child) visa applicants. A Tier 4 licence is valid for four years from the date it is granted, unless it is revoked or surrendered. The sponsor can apply to renew its licence at the end of each four-year period. It must continue to meet the requirements set out in the Tier 4 policy guidance throughout the period that it holds a licence.
- 1.12 Sponsors are first given Probationary Sponsor status until they pass their first annual Basic Compliance Assessment to determine that they can fulfil their sponsorship duties, will continue to do so, and can be trusted to hold Tier 4 Sponsor status. Probationary Sponsors are subject to restrictions on the courses they can offer and the circumstances in which students can work.
- 1.13 To be issued a Tier 4 licence, an education institution must be:
- a genuine education provider that has acceptable educational quality standards, and is operating lawfully in the UK, complying with all appropriate rules and regulations;
 - considered eligible and suitable to hold a Tier 4 licence; and
 - capable of carrying out its duties as a sponsor.
- 1.14 A sponsor institution must demonstrate that all of its sites meet acceptable educational quality standards. An Educational Oversight body makes this

¹⁴ As at 30 July 2018: <https://www.gov.uk/government/publications/register-of-licensed-sponsors-students>

assessment as set out in the Home Office Tier 4 Sponsor Guidance.¹⁵ Higher Education Institutes (HEIs), publicly funded colleges and independent schools are already subject to statutory education inspections. If they achieve the required rating in these inspections, they will, in most cases, meet the Tier 4 Educational Oversight requirement.

1.15 The Basic Compliance Assessment assesses sponsors against the following core requirements, all of which must be met:

- a visa refusal rate of less than 10 per cent;
- an enrolment rate of Tier 4 students of at least 90 per cent; and
- a course completion rate for Tier 4 students of at least 85 per cent.

1.16 Though the sponsor licences of more than 900 institutions have ended since 2010, most of this followed the tightening of the rules governing international student visas and Tier 4 sponsors almost a decade ago. Information from the Home Office suggests that very few sponsors now fail to meet the requirements.

1.17 A new Tier 4 sponsor, granted a licence for the first time, is restricted to requesting a Confirmation of Acceptance for Studies (CAS) allocation of no more than 50 per cent of its current student body. If the initial sponsor licence application is successful, and the new sponsor continues to be compliant and pass its annual basic compliance assessment applications, it may apply for an increase in its CAS allocation each year.

Knowledge of English

1.18 Tier 4 (General) applicants must prove their knowledge of the English language. This usually means passing a secure English language test (SELT). The level of English required is set out in Table 1.1.

1.19 HEIs can choose how to assess a student's knowledge of English for students studying at degree level or above. Students that are required to pass a SELT must take the test administered by an approved provider. There are exceptions to the English language requirement for students from some predominantly English-speaking countries or who have successfully completed a course in the UK on a Tier 4 (Child) visa or where the course was a bachelor's degree or above.

¹⁵https://assets.publishing.service.gov.uk/Government/uploads/system/uploads/attachment_data/file/673135/Tier_4_Sponsor_Guidance_-_Doc_1_-_Applying_for_a_licence_2018-01.pdf

Table 1.1: Level of English required for Tier 4 visa

Place of study	Level of study	Knowledge of English required	Common European Framework of Reference for Languages (CEFR): level required
Higher education institution	Degree level or above	Reading, writing, listening and speaking	CEFR level B2
Non-higher education institution	Degree level or above	SELT in reading, writing, listening and speaking	CEFR level B2
Any institution	Below degree level	SELT in reading, writing, listening and speaking	CEFR level B1

Source: UK Visas and Immigration, 2018¹⁶

Note: SELT is a secure English language test

Appendix H of the Immigration Rules

- 1.20 International student applicants for a Tier 4 visa who are citizens of some countries¹⁷ are subject to different documentary requirements under Appendix H of the Immigration Rules.
- 1.21 Students from these countries have been determined by the Home Office to be a low risk to breaching the Tier 4 Immigration Rules. Consequently, they do not have to provide evidence of their finances, academic qualifications or English language proficiency, though the Home Office retains the right to request these documents during the application process, and does request this for a random sample of applications.

Visa extensions

- 1.22 Tier 4 visas can be extended to continue studying a course or to begin a new course provided that the student:

¹⁶ <https://www.gov.uk/tier-4-general-visa/knowledge-of-english>

¹⁷ These countries are: Argentina, Australia, Bahrain, Barbados, Botswana, Brunei, Cambodia, Canada, Chile, China, The Dominican Republic, Indonesia, Japan, Kuwait, Malaysia, The Maldives, Mexico, New Zealand, Qatar, Serbia, Singapore, South Korea, Thailand, Trinidad and Tobago, United Arab Emirates, United States of America. In addition, holders of the following passports: British National (Overseas), Hong Kong and Taiwan (those who hold a passport issued by Taiwan that includes the number of the identification card issued by the competent authority in Taiwan).

- meets the eligibility requirements including the principle of academic progression (i.e. they need to be moving to a higher level of qualification);
- is in the UK; and
- has a sponsor.

Switching to a Tier 4 visa

1.23 Applicants can switch to a Tier 4 (General) student visa from any of the following visas or schemes:

- Tier 2 (General)
- Tier 2 (Intra-company transfer)
- Tier 2 (Minister of religion)
- Tier 4 (Child)

Dependants

1.24 Students on a Tier 4 visa can be joined by dependants (defined as a spouse, civil partner, unmarried or same-sex partner or child under 18) if:

- sponsored by a higher education institution on a course at postgraduate level (RQF level 7 or above) that lasts at least nine months; or
- a new Government-sponsored student on a course that lasts longer than six months; or
- a Doctorate Extension Scheme student; and
- they have sufficient funds to support those dependants.

1.25 In many cases, dependants of Tier 4 visa holders are able to undertake work, including self-employment.

1.26 In 2017, 12,200 student dependent visas were granted.¹⁸

Working while studying

1.27 Tier 4 (General) students who are studying at degree level or above (RQF 6 or above and equivalents) are allowed to work up to 20 hours a week during term time, and work full time during vacation periods. They can do most types of work but cannot:

- be self-employed or engage in business activity;

¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709285/entry-visas1-mar-2018-tables.ods

- take a permanent full-time job during term time, except on a recognised foundation programme or where the student is filling a post as a Student Union Sabbatical Officer;
- be employed as a professional sportsperson including as a sports coach;
- be employed as an entertainer;
- work as a doctor or dentist in training, unless on a foundation programme.

Working after course completion

- 1.28 After the completion of their course, Tier 4 students are allowed to continue to work under these restrictions for up to four months (or six months if they are on the Tier 4 pilot, see paragraph 1.33 ff.), or the expiry of their visa if less than four months. Students who are completing a PhD while on their Tier 4 visa can apply to remain in the UK under the Doctoral Extension Scheme to work, or to look for work, in the UK for up to 12 months after completion of their PhD.
- 1.29 Tier 4 students can switch to a Tier 1 (Entrepreneur) or Tier 1 (Graduate entrepreneur) visa and a Tier 5 (Temporary Worker - Government Authorised Exchange) visa provided they meet the relevant requirements.
- 1.30 Tier 4 students can also switch to a Tier 2 visa allowing them to work full-time in the UK for a Tier 2 sponsor, provided they have been previously sponsored by a licensed Tier 4 sponsor to get one of the following qualifications:
- a UK bachelor's degree;
 - a UK master's degree;
 - a postgraduate certificate in education; or
 - a professional graduate diploma of education.
- 1.31 PhD students can switch into Tier 2 if they have completed at least 12 months' study during their most recent stay in the UK. Dependant spouses or partners of Tier 4 students can also switch into Tier 2.
- 1.32 Tier 4 students switching onto a Tier 2 visa are exempt from the Tier 2 cap, the Resident Labour Market Test and the Immigration Skills Charge. They are able to apply in-country, after they have completed their course, but before receiving their degree certificate, to enable faster switching.

Tier 4 visa pilot

- 1.33 In 2016, the Home Office set up a pilot scheme with the Universities of Oxford, Cambridge, Bath and Imperial College London, to streamline the process for international students looking to study a master's course of 13 months or less in the UK. The scheme also provided greater ability for students who wished to

switch to a work visa and take up a graduate role, by allowing them to remain in the UK for six months, rather than the usual two or four months, after they have finished their course. Universities taking part in the pilot are given responsibility for eligibility checks, meaning that students can submit fewer documents than otherwise required.

- 1.34 In 2017, this pilot was extended to a further 23 universities.¹⁹ The 23 additional universities will be able to apply the pilot to their 2018/19 intake. The universities were selected as their visa refusal rates were consistently the lowest in their area or region.

Summary of key changes to policy on international students

- 1.35 There have been a number of changes to policy on international students and the major ones are summarised in Box 1.1 below.

Box 1.1: Key policy changes to provisions regarding international students

2004 Post-study work (PSW) route introduced. Various schemes introduced between 2004 and 2008 allowing graduates to work in the UK for varying periods of time ranging from 12 to 24 months. Fresh Talent: Working in Scotland Scheme introduced in 2005.

2009 Tier 4 route launched with the aim of simplifying the immigration system for genuine students and education providers by means of a clearer and more transparent visa application process. Students awarded points if they met an objective points tests demonstrating they have a place on a course and sufficient funds to maintain themselves. All education providers to obtain a UK Border Agency Licence if they want to teach students from outside the EEA. Sponsor licensing by ranking introduced: A-rated and B-rated.

2010 Student working hours restricted to 10 hours work per week during term time when studying below degree level (except for those on a foundation degree course). These students were still permitted to take full-time employment during their vacation periods. Introduction of the Highly-Trusted Sponsor category with those holding a relevant licence granted additional freedoms and offered new services to recognise their previous track record of good compliance. Introduction of minimum academic levels of courses that can be studied under Tier 4 (General). Introduction of minimum English requirement of B1 for English and below degree level students. CAS became mandatory for all Tier 4 applications

¹⁹ The additional universities are: Bristol, Cardiff, Durham, East Anglia, Edinburgh, Essex, Exeter, Glasgow, Goldsmiths, Harper Adams, Leicester, Liverpool, Manchester, Newcastle, Nottingham, Queen's University Belfast, Reading, Sheffield, Southampton, Wales Trinity St. David (Swansea Campus), Warwick, York and the Royal Central School of Speech and Drama.

2011 Tightening of Tier 4 route introducing new English language requirements; all students now required to demonstrate their ability to understand and speak English and removing right to work other than for students at HE institutions and publicly funded further education (FE) colleges; right of international students to sponsor dependants removed except for post-graduates on a course lasting at least a year. Sponsors required to vouch that the student is making genuine academic progress where the student is applying for entry clearance or leave to remain to take a further course of study. Appendix H introduced reducing documentary requirements for citizens of some countries. Students of designated low-risk nationalities attending courses at Highly Trusted Sponsors not routinely required to present the specified documents at the application stage in respect of their maintenance funds or educational qualifications

2012 PSW route closed to new entrants. Five-year time limit introduced for bachelor and master degree level study. Limits introduced on the amount of time students allowed to spend on work placements. Introduction of the Genuine Student Rule for entry clearance applications.

2013 New flexibilities introduced allowing highly skilled persons to work after completing their studies. PhD students could stay in the UK for 12 months. Graduate Entrepreneur Scheme doubled in size. Lower new entrant salary rates introduced for switchers to Tier 2. Genuineness test extended to Tier 4 (General) applicants applying for extensions.

2015 Further restrictions introduced. Students studying an FE course no longer allowed to extend their Tier 4 visa while in the UK, nor switch to Tier 2 or Tier 5, but must apply out-of-country. FE study time limit reduced from three to two years. Increase in Tier 4 maintenance requirements.

2016 Tier 4 pilot scheme introduced.

2017 Short-term study amended to allow electives in medicine, veterinary science and dentistry to use the route, students allowed to complete multiple courses on one visa and students allowed to remain in the UK for up to 30 days after the end of their studies.

2018 The Office for Students replaced the Higher Education Funding Council for England as the body with responsibility for regulating higher education providers in England.

Chapter 2: International students in the UK

Key messages

- Around 300,000 study visas are issued each year, covering short-term study and those on a Tier 4 visa. The International Passenger Survey – covering both EEA and non-EEA migrants – estimates that around 190,000 people came from abroad to study in the UK, and planned to be here for at least 12 months.
- Over half a million international students came to the UK to study English in 2016/17. Their stay tends to be short – fewer than four weeks on average – and the majority are from the EU.
- At independent schools there are 28,500 international students who have come to the UK to study and whose parents live abroad.
- Tier 4 visa sponsorship for further education continues to fall, though much more slowly in recent years. Over 14,000 students were sponsored in each of the past two years.
- The higher education sector makes up over 80 per cent of all Tier 4 visa sponsorships (i.e. non-EEA). In 2016/17 there were 235,000 first year international students in higher education; non-EU students make up 73 per cent, with China the most common country where students come from. International students primarily undertake courses related to business and administrative studies, engineering and technology, or social studies.

Introduction

- 2.1 In this chapter, we provide a brief summary of how many international students are in the UK, how this has changed, where they come from, where and what they study when they are in the UK.
- 2.2 International students are studying in higher education (HE), further education (FE), English language schools, and independent schools. HE is the largest sector and most of the data and responses to the call for evidence are from HE. We do try to cover the other sectors as best we can, but the data are often poor and less complete.

How many international students are studying in the UK?

- 2.3 We define international students as people who come from other countries to study in the UK, for either short or longer courses, at any level of education. Although the definition of an international student as someone who is not resident in the UK who has come to the UK to study seems straightforward, it is more complicated in practice to provide an operational definition and different sources define international students in different ways.
- 2.4 HESA²⁰ provides data on the stock of students in higher education by domicile and nationality. Domicile is the country someone treats as their permanent home or lives in and has a substantial connection with, and it has a particular definition²¹ and purpose for higher education fees. Nationality, on the other hand, refers to citizenship. Someone can be of British nationality but domiciled overseas or a non-British citizen but domiciled in the UK. Similar statistics for other parts of the education sector are patchier.
- 2.5 The Home Office provides quarterly and annual statistics²² on the number of Tier 4 (student) visas granted, and on the number of sponsorship applications approved by institutions – these data are available by sector. This is a flow measure and the annual stock of unexpired student visas will be higher as most courses last longer than a year. These figures do not include students from EEA countries who do not need a visa to study in the UK, nor students from non-visa non-EEA countries who are able to study for short courses without the need for a visa.
- 2.6 The International Passenger Survey (IPS) asks immigrants who intend to stay for a year or more in the UK about the reason for immigration, one of which is study. This is a measure of the flow of students into the UK, and includes those from within the EEA, but it is a sample and relies on individuals to self-identify as students. The Office for National Statistics (ONS) recently set out some of the challenges of accurately counting the number of students entering and leaving the UK.²³

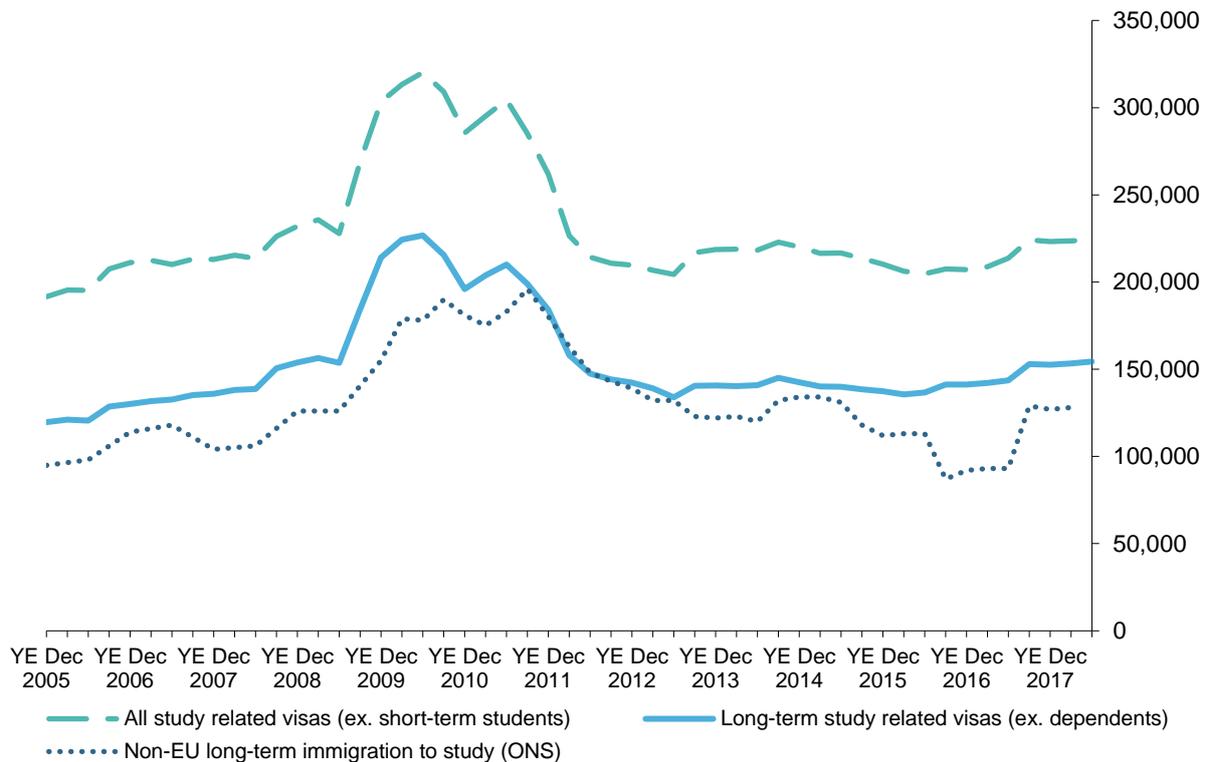
²⁰ Higher Education Statistics Agency: www.hesa.ac.uk

²¹ <https://www.ukcisa.org.uk/Information--Advice/Fees-and-Money/England-fee-status#layer-6082>

²² <https://www.gov.uk/government/collections/migration-statistics>

²³ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/reportonthecomplexityandqualityofinternationalmigrationstatistics/july2018>

Figure 2.1: Trends in student immigration – comparison between Home Office visas issued and non-EU IPS data



Source: Home Office quarterly migration statistics publication, Section 3; Office for National Statistics (ONS), immigration statistics, Figure 7²⁴

Notes:

1. Figures are presented on a rolling four-quarter basis.
2. ONS note there has been an anomaly in the IPS due to sampling variability, and have produced an adjusted IPS series for long-term student immigration.

2.7 Figure 2.1 compares the Home Office visa data with the IPS non-EU immigration for study estimates. While not exactly the same, the trends are similar. There was a large increase and then fall in visas granted from 2008 to 2012. Apart from that boom and bust, there has been slow but steady growth in the number of visas issued.

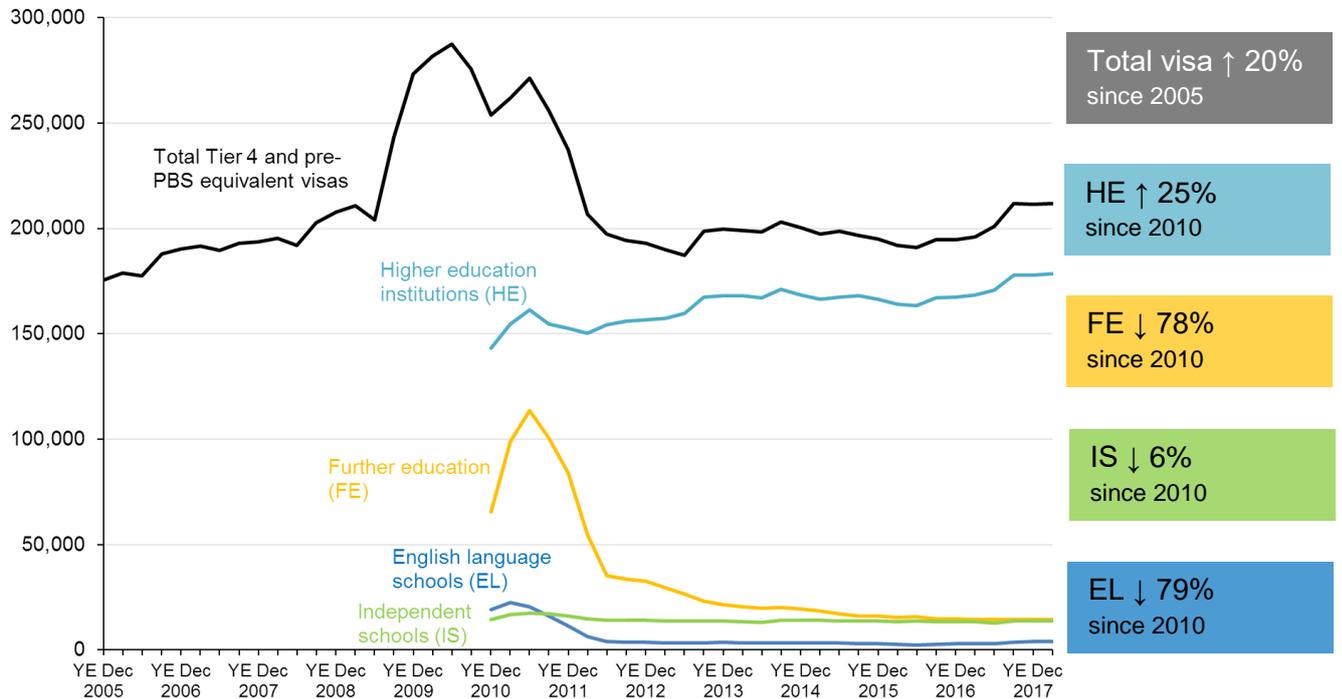
2.8 Figure 2.2 shows that almost all of this increase and subsequent fall occurred in the FE sector rather than HE. The fall in part reflected the ending of licenses for over 900²⁵ institutions and restrictions on the rights of FE students to work while studying. FE visa sponsorships have been falling year-on-year since 2011, with a marked drop in 2012, stabilising in recent years at below 15,000.

²⁴ <https://www.gov.uk/government/publications/immigration-statistics-october-to-december-2017/why-do-people-come-to-the-uk-3-to-study>;

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/august2018#trends-in-non-eu-immigration-for-study>

²⁵ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2018-03-26/HL6637/>

Figure 2.2. Tier 4 student visas granted, and student sponsorship applications by education sector



Source: Home Office immigration statistics (sponsorship table cs 09 q²⁶ and visa table vi 04 q²⁷)

Notes:

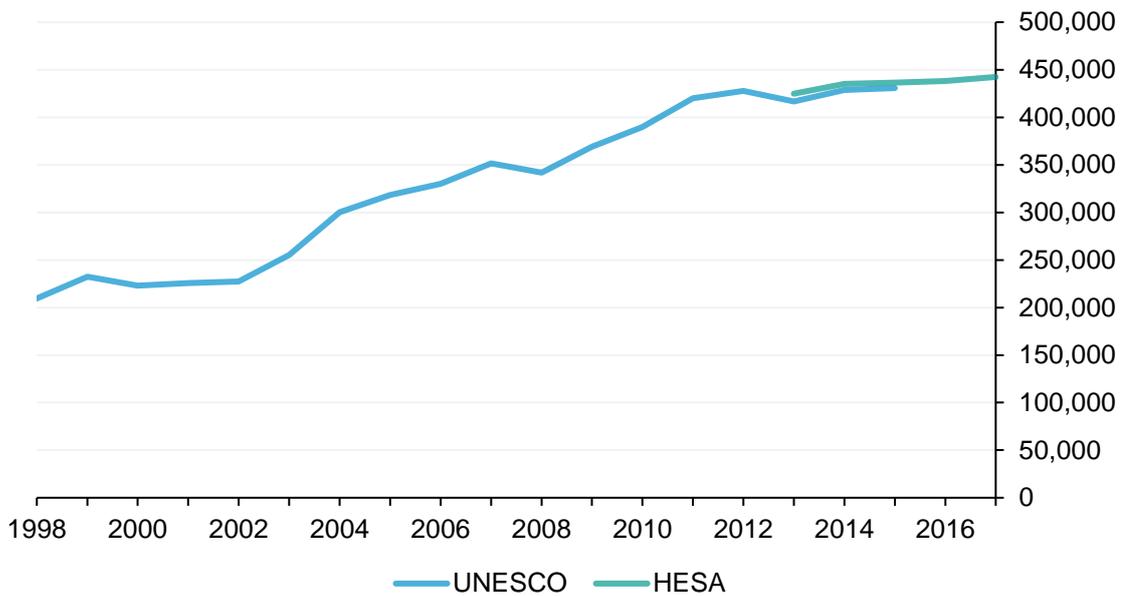
1. Total Tier 4 and pre-points based system (PBS) equivalent visas is for the main applicant and excludes short-term study.
2. Figures are presented on a rolling four-quarter basis.

2.9 Figure 2.3 provides a longer time series of the number of international students in higher education in the UK using HESA and UNESCO data. Unlike Figures 2.1 and 2.2 it includes both EEA and non-EEA students. This shows strong long-term growth with the number of international students more than doubling in the past 20 years. Growth has been slower in recent years.

²⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709283/sponsorship-mar-2018-tables.ods

²⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709285/entry-visas1-mar-2018-tables.ods

Figure 2.3: Total number of international students in higher education in the UK



Source: UNESCO Institute of Statistics on Education database²⁸, HESA²⁹

Note: HESA data is provided to supplement the UNESCO data as it is more timely

- 2.10 There were over 100,000 short-term study visas granted in 2017. Short-term study³⁰ visas as a proportion of all study-related visas issued have grown over the past decade; in 2017 they made up around a third of all study-related visas, compared to 13 per cent a decade previously.³¹

Where do international students come from?

- 2.11 HESA data provides us with the best information on where international students in higher education are coming from. Table 2.1 shows the current most common countries. Non-EU countries dominate, making-up 73 per cent of first-year international students in 2016/17. China is the single largest country, contributing 28 per cent of all first-year higher education international students. Students, however, come from all over the world; 61 countries had more than 500 students coming to the UK for higher education in 2016/17.³²

²⁸ Education dataset – total inbound internationally mobile students: <http://data.uis.unesco.org/>

²⁹ <https://www.hesa.ac.uk/data-and-analysis/sfr247/figure-8>

³⁰ Previously student visitors.

³¹ <https://www.gov.uk/government/statistics/immigration-statistics-year-ending-march-2018-data-tables>

³² <https://www.hesa.ac.uk/data-and-analysis/students/where-from>

Table 2.1: First year top 10 non-UK countries of origin for HE sector in 2016/17

Country	Number of students	Percentage of total
Total non-EU	172,275	73%
China	66,415	28%
United States	10,885	5%
India	9,720	4%
Hong Kong	6,855	3%
Malaysia	6,225	3%
Nigeria	5,495	2%
Rest of non-EU	66,680	28%
Total EU	63,035	27%
Germany	7,665	3%
France	7,250	3%
Italy	6,360	3%
Greece	5,075	2%
Rest of EU	36,685	16%
Total	235,315	100%

Source: HESA (SRF247, Figure 10 and Figure 11)³³

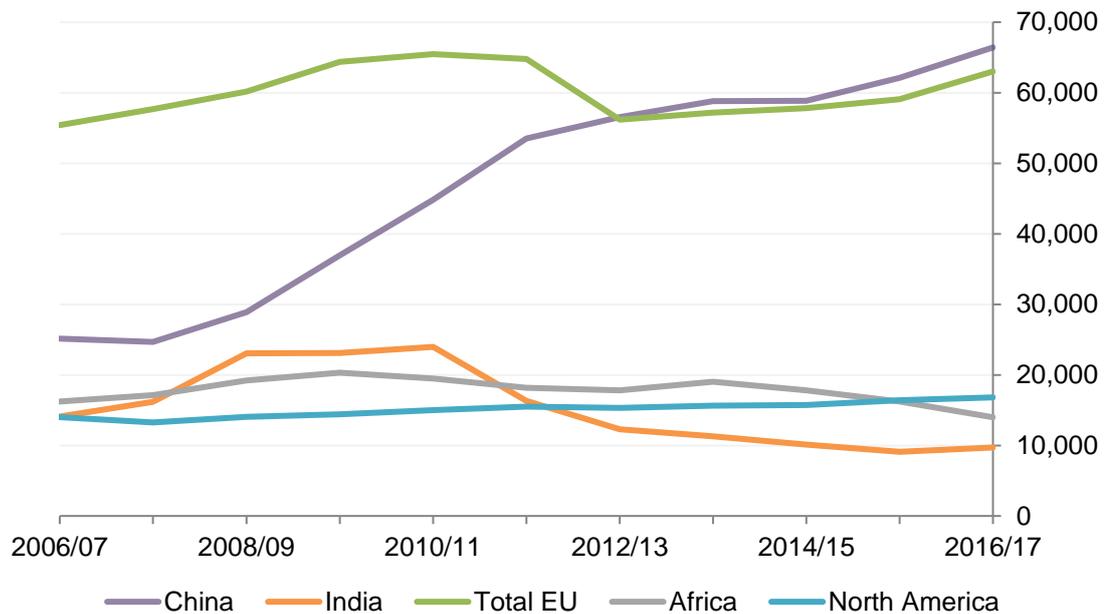
Note: Countries are grouped by EU and non-EU, so individual countries are not in descending order.

- 2.12 Figure 2.4 shows that in the last decade the most dramatic change has been in the number of students from China, increasing from 25,000 in 2006/7 to 66,000 in 2016/7. Since 2012/13 the number of entrants from China each year has exceeded the number from all EU countries combined. The trends shown in Figure 2.4 are discussed in more detail in Chapter 3.
- 2.13 The other big change is that the number of students from India fell from a peak of 24,000 in 2010/11 to fewer than 10,000 in 2016/17. This is probably connected to the ending of some sponsor licences and the change in the post-study work offer. There has also been adverse coverage of the UK as a place to study in the Indian press.³⁴

³³<https://www.hesa.ac.uk/data-and-analysis/students/where-from#>

³⁴ See Chapter 3, paragraph 3.5

Figure 2.4: First year non-UK domicile students, by domicile, 2006/07 – 2016/17



Source: HESA (OC051 Chart 6)³⁵

Note: This is a subset of countries, regions and continents.

2.14 For further education we found it difficult to find comprehensive statistics on where international students come from. The Association of Colleges³⁶ 2017 survey³⁷ on international activity in colleges suggested that, EU students were more common than non-EU; those colleges that are internationally active enrol an average of 121 non-EU international students per year, compared to 353 EU students. The call for evidence response by the Department for the Economy³⁸, advised that 2.4 per cent of enrolments in FE colleges in Northern Ireland are people domiciled in Ireland, with 1.7 per cent from other EU or non-EU countries. The Scottish Government response to the call for evidence provided evidence that in recent years around 500 college students have been from the EU, and until 2016/17 (which saw a sharp fall of a third) in the region of 2,000 non-EU students were at Scottish colleges; international students made up around one per cent of all college students in Scotland.

2.15 The Independent Schools Council conduct a census of the students that attend their schools.³⁹ It shows that China and Hong Kong send the most children to independent schools in the UK from abroad with the largest European contingent coming from Germany.

³⁵ <https://www.hesa.ac.uk/data-and-analysis/students/chart-6>

³⁶ The Association of Colleges represents colleges in England.

³⁷ https://www.aoc.co.uk/sites/default/files/AoC%20international%20survey%20report%202017_0.pdf

³⁸ Part of the Northern Ireland Executive.

³⁹ See Figure 19 https://www.isc.co.uk/media/4890/isc_census_2018_report.pdf

- 2.16 English UK, in their student statistics report 2016⁴⁰, show that, since 2006, Europe has been the main source of international students coming to the UK to study in English Language Centres, followed by Asia. The top five countries were Italy, Saudi Arabia, Spain, France and China, in 2016.

Institutions where international students study

- 2.17 There are a variety of institutions where International students with a Tier 4 visa are studying: HE, FE, English language schools, and independent schools. HE accounts for 80 per cent of all students sponsored for a Tier 4 visa.⁴¹
- 2.18 Higher education institutions (HEIs) include universities as well as some vocational schools, trade schools, and other career colleges that award academic degrees or professional certifications.
- 2.19 HE is also available at some further education colleges (FECs). As at 13 March 2017, there were 241 FECs delivering higher education.⁴² This includes providers that are directly funded by the Higher Education Funding Council for England (HEFCE)⁴³ and those that deliver higher education through a sub-contractual arrangement.
- 2.20 There are also 115 (as of March 2017) “alternative providers” (APs) with specific course designation, allowing students to access support through the Student Loans Company.⁴⁴ APs of HE courses do not receive direct public funding. HESA coverage of APs is incomplete.⁴⁵ In the 2016/17 academic year, there were 51,900 undergraduate students enrolled on courses designated for student support at APs. Of these, 6,700 (12.9 per cent) were overseas domiciled students, comprising of 2,700 EU students (5.5 per cent) and 3,700 non-EU students (7.4 per cent). The vast majority of EU and non-EU students (88 per cent and 85 per cent respectively) at APs were enrolled on first degree courses, for UK domiciled students 60 per cent were enrolled on first degree courses.⁴⁶

⁴⁰ https://www.englishuk.com/uploads/assets/English_UK_-_Student_Statistics_Report_2016_Executive_Summary.pdf

⁴¹ Table cs_09_q;

<https://www.gov.uk/government/publications/immigration-statistics-october-to-december-2017/why-do-people-come-to-the-uk-3-to-study>.

⁴² <http://www.hefce.ac.uk/analysis/HEinEngland/providers/colleges/>

⁴³ HEFCE was closed in March 2018 and most of its functions were taken over by the Office for Students.

⁴⁴ APs with specific course designation in 2016/17:

<http://www.hefce.ac.uk/analysis/HEinEngland/providers/aps/> The number of APs is higher – in 2014, 732 APs of higher education were identified:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524453/he-alternative-providers-2014.pdf

⁴⁵ <https://www.hesa.ac.uk/news/15-02-2018/sfr249-higher-education-student-statistics-APs>

⁴⁶ <https://www.hesa.ac.uk/news/15-02-2018/sfr249-higher-education-student-statistics-APs/location>

- 2.21 The further education (FE) sector caters for those students above school age providing academic, technical and professional education below degree level. While preparing this report, we were surprised by how difficult it was to collect information about international students in the FE sector and the lack of statistics in marked contrast to HE. There is a risk that this leads to a neglect of the FE sector.
- 2.22 The Independent Schools Council (ISC) census in 2018 found that there are 53,700 non-British pupils at ISC schools. Just over half of these students (28,500) have parents who live overseas, while the remainder have parents living in the UK; nine in 10 of these international students board.⁴⁷
- 2.23 550,000 international students came to the UK at some point in 2016/17 to study English at some level.⁴⁸ Junior students' average length of stay in 2016 was two weeks while it was 5.3 weeks for adults.

International students' journey through UK education

- 2.24 A number of responses to the call for evidence pointed out the importance of international students progressing through the UK education system, having a succession of visas.

“More generally, many international parents also see the school as providing an important pathway into higher education opportunities in the UK.”

Boarding Schools Association

“Many [English language students] return for undergraduate or postgraduate study: students seeking English-medium education often form a bond with the country in which they first study. If students do not come to study English as a teen, they may never come at all.”

English UK

“Chinese students are more likely to enter at undergraduate level and progress to a master's, a process that would require them making several visa applications for initial leave and then an extension.”

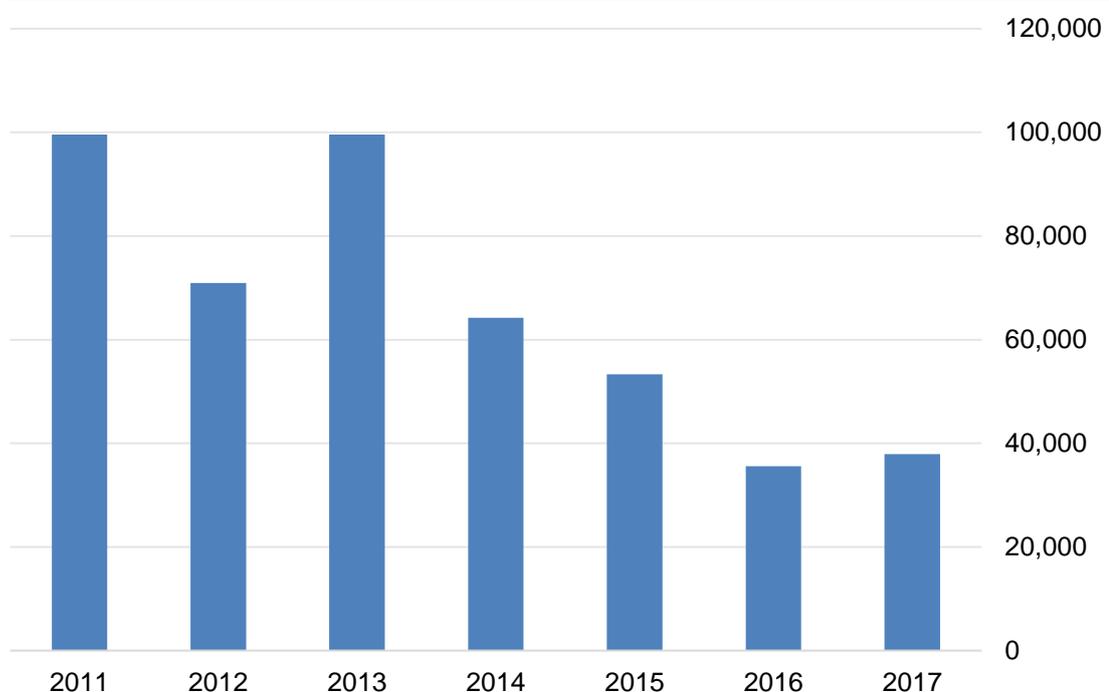
Universities UK

⁴⁷ https://www.isc.co.uk/media/4890/isc_census_2018_report.pdf

⁴⁸ English UK call for evidence response: The Value of English Language Teaching, Capital Economics, 2018, The Social Impact of UK ELT, StudentMarketing, 2018

- 2.25 Since 2013, in the region of 12,000 Tier 4 child study visas have been issued annually. Visa extensions by students in the child category have ranged from 1,100 to over 1,800 in recent years.⁴⁹ Small but not insignificant numbers are extending their child study visa, to continue studying in the UK.
- 2.26 The Home Office publishes data on extensions (in-country grants of leave to remain) to study.⁵⁰ The volume of visa extensions for the purpose of study has also seen a sharp reduction – falling from nearly 100,000 in 2013, to 38,000 in 2017. (See Figure 2.5.). Individuals who obtain visas in the short-term study category are not permitted to extend their stay.

Figure 2.5: Total student visa extensions (in-country leave to remain) for study



Source: Home Office Migration Statistics – visa extensions (Table: expc_01)⁵¹

Note: These figures exclude dependants.

Where are international students located?

- 2.27 International students attend institutions throughout the UK, though can be more concentrated in some areas of the UK, with London and the south-east popular destinations.

⁴⁹ <https://www.gov.uk/government/publications/immigration-statistics-january-to-march-2017/why-do-people-come-to-the-uk-3-to-study#data-tables>

⁵⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709293/extensions-mar-2018-tables.ods

⁵¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709293/extensions-mar-2018-tables.ods

2.28 HESA provides data on where HE students study.⁵² London is disproportionately popular as a destination for international students, with roughly a quarter studying there compared to 14 per cent of UK students. EU and non-EU students tend to have a similar distribution throughout the UK. Scotland is the second most popular destination for EU students, perhaps driven in part by the differing fee structure between Scotland and the rest of the UK. Northern Ireland is the least popular destination, though only has a small proportion of all UK students studying there.

Table 2.2: Where international students study in HE, 2016/17

	Non-EU	%	EU	%	UK	%	Total	%
East Midlands	20,690	7%	6,125	5%	138,960	7%	165,775	7%
East of England	17,335	6%	9,030	7%	98,150	5%	124,530	5%
London	71,010	23%	34,625	26%	261,360	14%	367,240	16%
North East	14,420	5%	4,050	3%	83,140	4%	101,610	4%
North West	28,365	9%	8,630	6%	196,770	10%	233,765	10%
Northern Ireland	2,810	1%	2,480	2%	49,275	3%	54,565	2%
Scotland	31,045	10%	21,245	16%	189,630	10%	241,930	10%
South East	35,610	12%	17,150	13%	196,345	10%	249,105	11%
South West	19,185	6%	7,855	6%	136,550	7%	163,590	7%
Wales	14,970	5%	6,235	5%	108,190	6%	129,395	6%
West Midlands	27,625	9%	10,525	8%	160,055	9%	198,305	9%
Yorkshire and The Humber	24,420	8%	6,710	5%	161,250	9%	192,380	8%
Total	307,535	100%	134,835	100%	1,875,120	100%	2,317,862	100%

Source: HESA (DT051 Table11).⁵³

Notes:

1. 370 of total are unknown in origin.
2. The totals include students at Open University – 95,670 with nearly all of UK domicile.
3. The table combines both undergraduate and postgraduate students.

2.29 There are 315 further education colleges in the UK.⁵⁴ Most (269) are based in England. Of the remainder, 26 are in Scotland, 14 in Wales and 6 in Northern Ireland. Some evidence of the location of international students in further education is provided in paragraph 2.14.

⁵² <https://www.hesa.ac.uk/data-and-analysis/students/where-study>

⁵³ <https://www.hesa.ac.uk/data-and-analysis/students/where-study>

⁵⁴ <https://www.aoc.co.uk/about-colleges/research-and-stats/key-further-education-statistics>

- 2.30 Students attending independent schools are concentrated in London and the South-East.⁵⁵ Out of over 1,300 schools located in the UK, and more than half a million pupils, 236 schools were located in the London and a further 228 in the South East. The areas that had fewest pupils were Wales and the North East.⁵⁶
- 2.31 Out of just over 500 English language centres present in the UK, over half are in London and the South East (27 per cent and 24 per cent, respectively).⁵⁷ Certain towns and cities can be hotspots for English language schools/centres, with notable popularity in some seaside towns and popular tourist destinations e.g. Bournemouth, Brighton, Oxford and Cambridge.⁵⁸

What international students are studying in higher education

- 2.32 This section only deals with higher education due to the lack of available data in the other educational sectors.⁵⁹
- 2.33 Table 2.3 provides the numbers of international students by domicile and level of study. Around a quarter of a million are studying at first degree or other undergraduate level, nearly 150,000 at postgraduate taught level, and close to 50,000 at postgraduate research level. Non-EU students dominate across all levels of HE; 70 per cent of all international students come from non-EU countries, rising to almost 80 per cent at the taught postgraduate level.

Table 2.3: International students in higher education split by level of course, 2016/17

	First degree	Other undergraduate	Postgraduate taught	Postgraduate research
EU	84,500	4,400	31,000	15,000
Non-EU	145,900	12,100	117,200	32,400
Total non-UK	230,300	16,500	148,200	47,400

Source: HESA (SFR247 Figure 8) in 2016/17⁶⁰

Note: Figures have been rounded to the nearest 100

- 2.34 Figure 2.6 shows the percentage split of international students by undergraduate, postgraduate taught (Master's-level) and postgraduate

⁵⁵ Fig 11: https://www.isc.co.uk/media/4890/isc_census_2018_report.pdf

⁵⁶ Pupil data for Northern Ireland is not provided due to the small number of schools – this implies that Northern Ireland would be included within the areas that had the fewest pupils.

⁵⁷ English UK call for evidence response: 509 accredited by Accreditation UK, of which 437 are English UK member centres

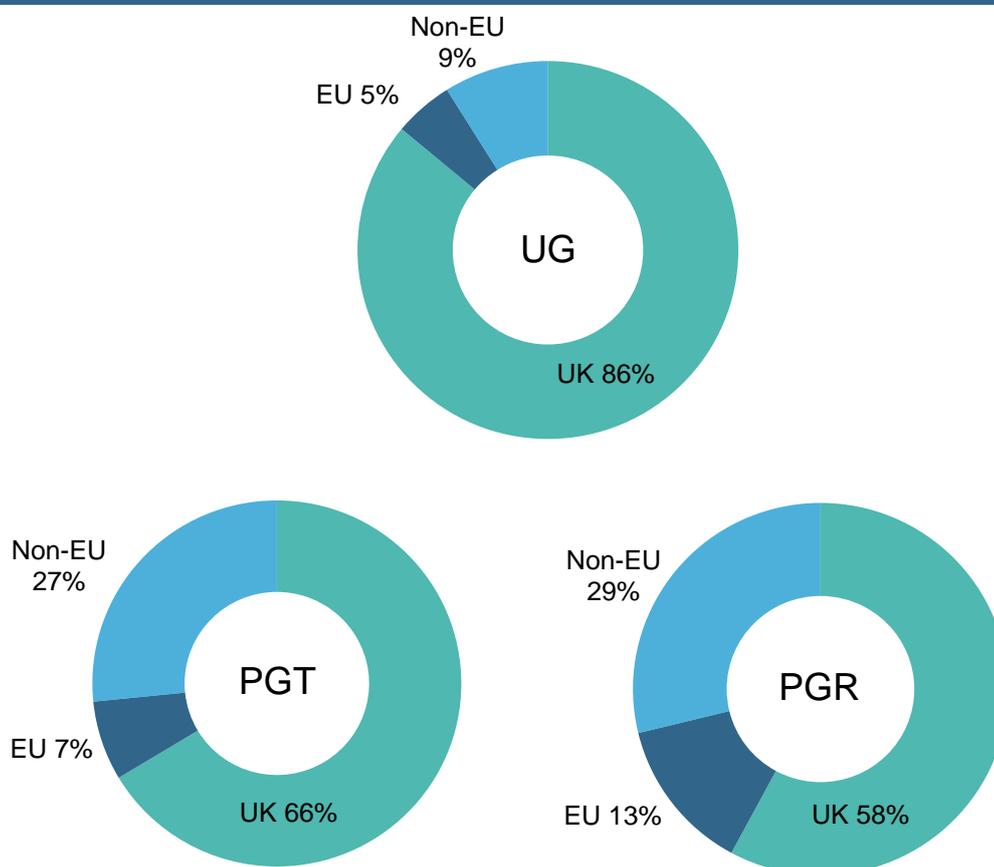
⁵⁸ English UK, call for evidence response

⁵⁹ The data does not include those attending Alternative Providers.

⁶⁰ <https://www.hesa.ac.uk/data-and-analysis/students/where-study>

research (PhD level) study. Non-EU students are over-represented at postgraduate level, both Master's and PhD, while EU students are over-represented among research students.

Figure 2.6: Share of UK and international students by level of higher education study, 2016/17



Source: HESA (SFR247 Figure 8)⁶¹

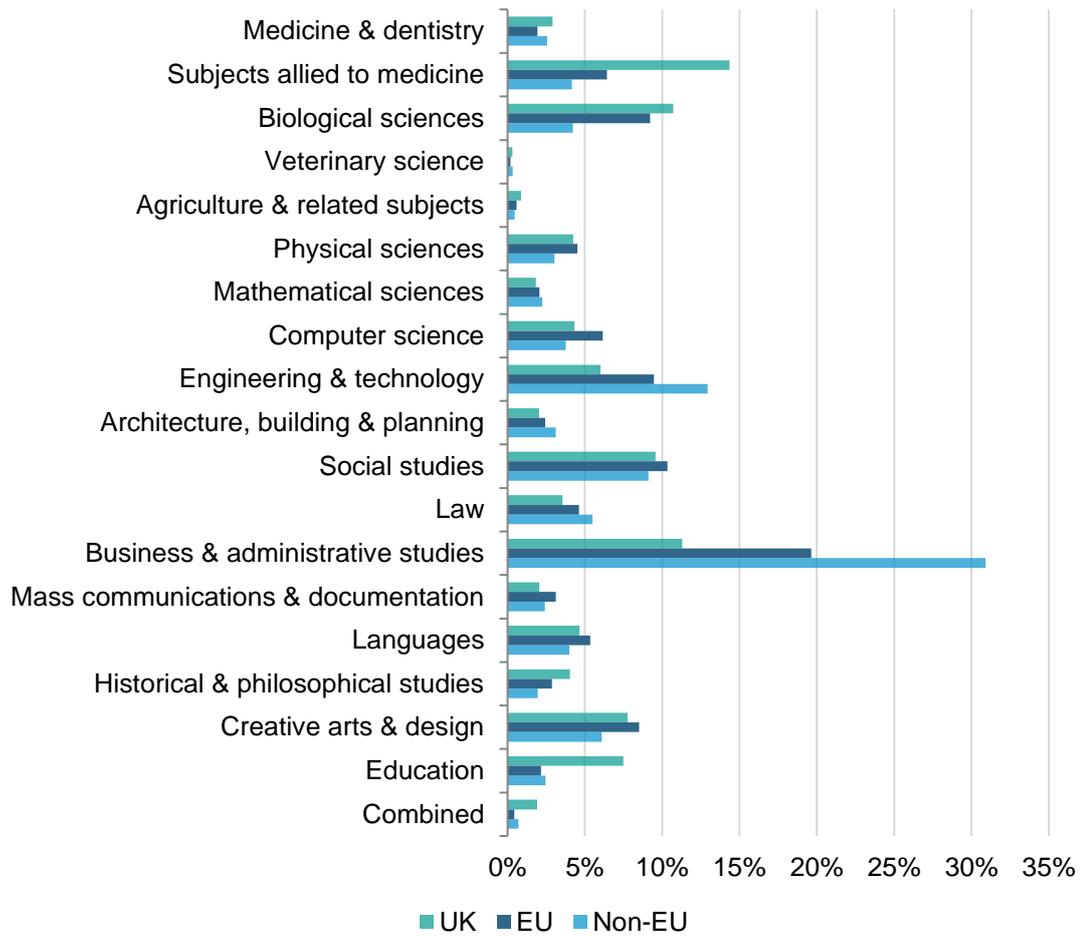
Note: UG = undergraduate; PGT = postgraduate taught; PGR = postgraduate research

2.35 The HESA data⁶² presented in Figure 2.7 provides a breakdown of the subjects that are being studied, combined for undergraduate and postgraduate level. International students, and especially non-EU students, are more likely than UK students to study business and administrative studies; engineering and technology; and social studies courses. They are less likely to be studying humanities, biological sciences, and medicine.

⁶¹ <https://www.hesa.ac.uk/data-and-analysis/students/where-from>

⁶² <https://www.hesa.ac.uk/data-and-analysis/students/what-study>

Figure 2.7: HE student enrolments by subject of study and domicile



Source: HESA (DT051 Table 22) in 2016/17⁶³

Note: This chart shows the distribution of each domicile between subjects; each domicile will sum to 100%.

⁶³ <https://www.hesa.ac.uk/data-and-analysis/students/what-study>

Chapter 3: International context

Key messages

- International students have a choice about where to study and competition to recruit them is increasing. The higher education sector is concerned about the competitiveness of the UK's current offer to international students.
- According to the latest official data the UK is the second most popular destination for international students in higher education but market share has declined slightly in recent years. The market share of students from India has fallen sharply though the UK share of the increasing Chinese market has been stable.
- Many competitor countries have national strategies and targets for increasing the number of international students.
- The UK offers similar rights to work while studying to other countries.
- The UK's post-study work options are less generous than those offered by a number of competitors.
- Migration policies do play a role in determining the decisions of international students about where to study but the most important factors are a high-quality education and a welcoming environment.

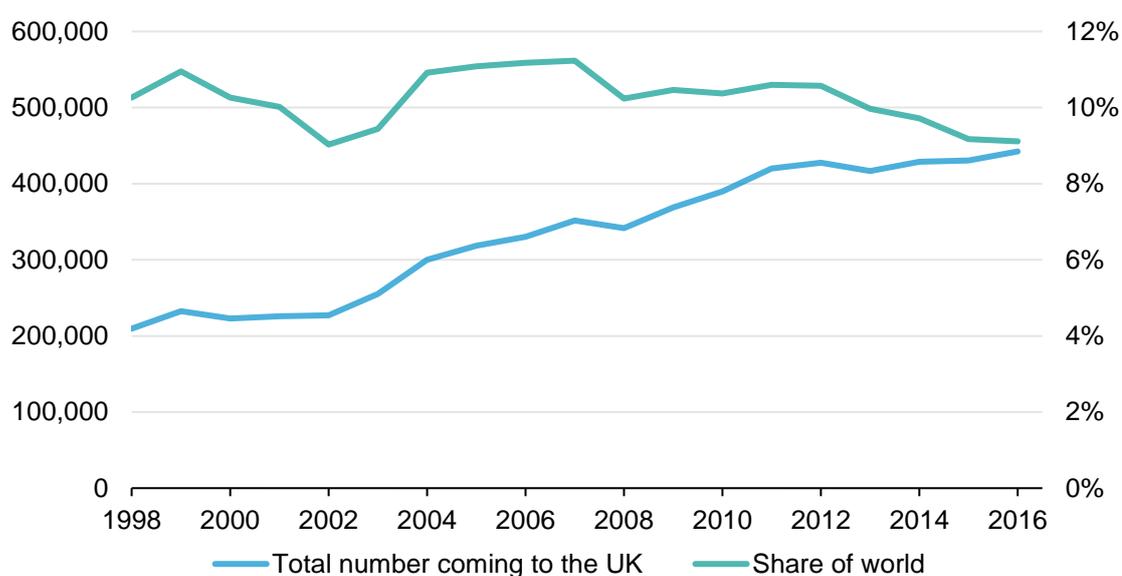
Introduction

- 3.1 International students have a choice about where to study and the UK cannot be seen in isolation from other countries. This chapter presents global trends in the numbers of international students and the UK's share in that market. It discusses the evidence on the factors which influence international students' choice of where to study. One of these factors, though not the only one, is the migration regime for international students, so we discuss the offer to international students from different countries and the way in which these have been evolving.

A global perspective on international students in tertiary education

3.2 The total number of students studying abroad in tertiary education has risen from 2 million in 1998 to 4.8 million in 2016.⁶⁴ The UK has been the second-most popular destination throughout this period and Figure 3.1 shows that its market share has remained fairly constant over the period fluctuating between nine per cent and 11 per cent. There has been a modest downward trend in recent years though the current level of world market share is higher than it was in the early 2000s.

Figure 3.1: UK's share of global tertiary students



Source: UNESCO: (Education, International student mobility in tertiary education, Inbound students, Inbound internationally mobile students by continent of origin).⁶⁵

Notes:

1. UNESCO include students at ISCED levels 5 (short-cycle tertiary education), 6 (Bachelor's or equivalent level), 7 (master's or equivalent level), and 8 (doctoral or equivalent level) in tertiary education.⁶⁶
2. HESA 2016/17⁶⁷ higher education data has been used for the total numbers coming to the UK for 2016.

3.3 Figure 3.2 shows the market shares from 1998 to 2015 of four countries, all of which are popular destinations for international students and might be thought of as competitors to the UK. The USA has the highest market share of international students over this period fluctuating between 18 per cent and 23 per cent, significantly higher than any other country. In recent years, Australia

⁶⁴UNESCO <http://data.uis.unesco.org/> (Education: outbound internationally mobile students by host region)

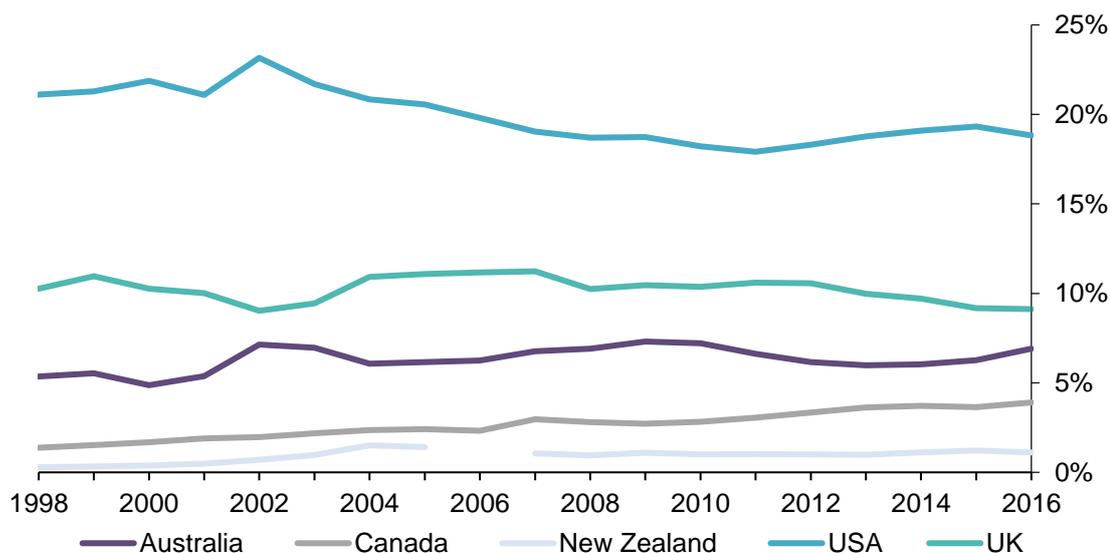
⁶⁵ <http://data.uis.unesco.org/>

⁶⁶ UNESCO ISCED classifications <http://uis.unesco.org/sites/default/files/documents/international-standard-classification-of-education-isced-2011-en.pdf>

⁶⁷ <https://www.hesa.ac.uk/data-and-analysis/students/where-from>

and Canada have both increased their market shares, whereas the UK's market share has fallen slightly. It is unclear if this recent trend is anything more than a reflection of the usual small variations in market share seen over the past 20 years. Some countries have started to expand quickly as host destinations for international students such as China, with 137,000 international students recorded in 2016, almost double the number in 2010⁶⁸: it is less clear that it is so easy for UK institutions to compete in this growing market.

Figure 3.2: Selected countries' share of global tertiary students



Source: UNESCO, from education dataset: inbound internationally mobile students by continent of origin.⁶⁹

Note: UNESCO's figure for the total number of internationally mobile students in the world for 2016 is an estimate.

3.4 Many of the call for evidence responses raised the UK's falling market share as a concern for the UK's higher education sector. Concerns were that the UK is underperforming in an increasingly competitive market.

“The fact that a greater number of countries are now positioning themselves as attractive international study destinations is something to be celebrated; but the fact that international student growth to the UK continues to stagnate even when compared to other ‘traditional’ international study destinations is a matter that should attract some concern and if this trend continues, will reduce the comparative soft power and influence benefits that the UK gains.”

British Council

⁶⁸ <http://data.uis.unesco.org/>

⁶⁹ *ibid.*

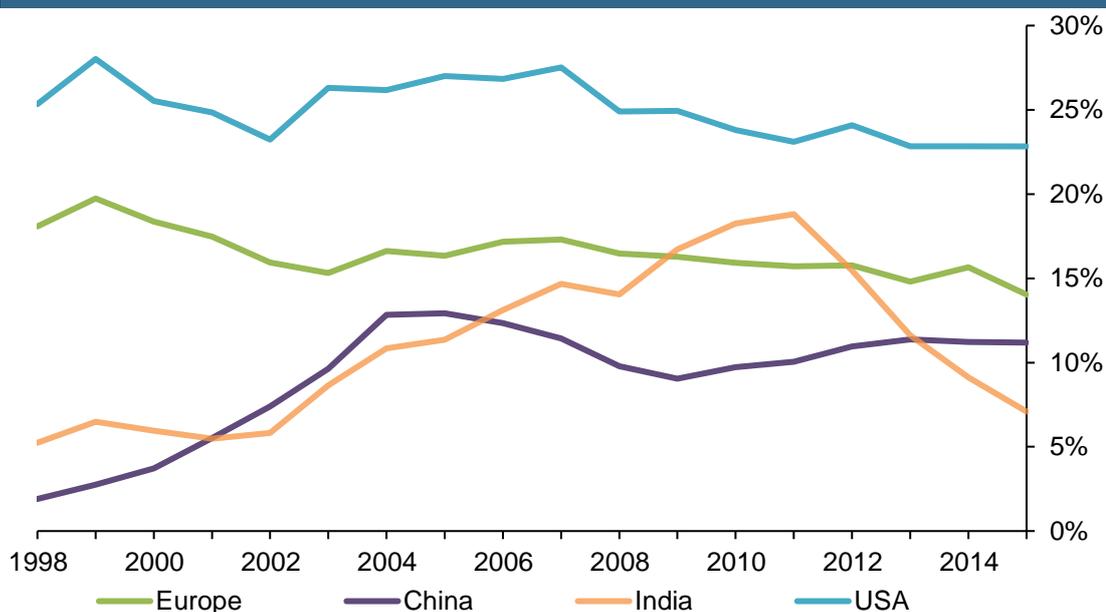
“Our share of the global market in international students is under threat as our competitors increase their efforts to recruit international students.”

Confederation of British Industry

- 3.5 The relative stability of the UK global market share masks differing trends in the share of students coming from some countries, in particular from China and India. Figure 3.3 shows that, while the UK market share of Chinese students has remained steady, the share of Indian students choosing the UK has fallen by 11 percentage points since 2010. As discussed in the previous chapter, this is likely to be connected to changes in UK policy over this period but also changes in other countries. For example, the number of Indian students choosing to enrol in Australia, started to increase at the same time as numbers fell in the UK. This may have been linked to Australia’s introduction of new post-study work options and they may have attracted students that would have otherwise gone to the UK. Negative press coverage in India about attitudes in the UK to Indian students may also have played a role. For example, in June 2018 the Indian Times carried a headline “Students outraged as the UK excludes India from relaxed study visa rules”⁷⁰ in relation to the UK’s decision to expand the list of countries covered by Appendix H of the Immigration Rules (see Chapter 1) but exclude India.
- 3.6 It is also interesting to note in Figure 3.3, that the market share of European students has fallen at a similar rate to the UK’s overall market share. This suggests that the changes to the post-study work route are not the only factor behind the fall.

⁷⁰ The Indian Times <https://timesofindia.indiatimes.com/india/students-outraged-as-uk-excludes-india-from-relaxed-study-visa-rules/articleshow/64617437.cms>

Figure 3.3: UK's share of internationally mobile students from Europe, China, India and the USA



Source: UNESCO, from education dataset: inbound internationally mobile students by continent of origin and outbound internationally mobile students by host region.⁷¹

Note: The data for New Zealand is not available for 2006. UNESCO's figure for the total number of internationally mobile students in the world for 2016 is an estimate.

Factors influencing international students' choice of where to study

- 3.7 There are a number of studies of the factors that influence students' decisions about where to study overseas. One study is the Hobson's International Students Survey (ISS) which is the largest survey of prospective international students in the world. It provides an insight into the motivations, decision making and communications preferences of tens of thousands of students who are considering studying abroad.⁷² Hobsons suggest that subject choice is made first followed by country then institution.⁷³
- 3.8 Table 3.1 shows the percentage of times different factors were ranked the most important factor for international students when choosing a country to study in, as recorded in Hobson's 2017 survey. This is based on the responses of almost 28,000 prospective international students. 'It has high quality of teaching' came up top followed by 'it welcomes international students' and 'I can get a visa'. Post-study work options were mentioned, but less frequently.

⁷¹ <http://data.uis.unesco.org/>

⁷² <https://www.internationalstudentsurvey.com/>

⁷³ <https://www.hobsons.com/resources/entry/white-paper-international-student-survey-2017-maintaining-the-uks-status-as>

Table 3.1: Important factors for choosing a country

Factors for choosing a country	Percentage of times each item was ranked most important, when ranking the five most important factors
It has universities with high quality teaching	26.7%
It is welcoming to international students	23.3%
I can get a visa to study there	21.0%
It has an affordable cost of living	20.0%
It has well ranked universities	19.6%
I have friends or family living there	19.2%
The lifestyle appeals to me	19.1%
It has a good reputation as a place to study	18.3%
I can get a visa to work after graduating	16.6%
It was recommended to me	13.2%
It has good graduate employment options	11.6%

Source: UK Hobson's International Students Survey 2017.⁷⁴

Note: Respondents choose five factors of a possible 11 of greatest importance in selecting a country, and ranked each from most to least important.

3.9 Hobsons 2015 ISS⁷⁵ contained the responses of 17,000 prospective international students who had considered studying at a UK institution. A third of students said they eventually chose to study elsewhere. Over a quarter (27 per cent) chose to study in another country while five per cent chose to study in their home countries. Of those who chose to study in another country, 28 per cent chose to study in the United States. Hobsons asked those who had choose not to study in the UK why they made this choice and Table 3.2 shows the five most commonly cited reasons these students said played a part in their decision. Students could provide more than one reason for choosing not to study in the UK. Post-study work options was the most common reason given.

⁷⁴ <https://www.hobsons.com/resources/entry/white-paper-international-student-survey-2017-maintaining-the-uks-status-as>

⁷⁵ Hobson's international students survey 2015 <https://www.hobsons.com/resources/entry/white-paper-international-student-survey-2015-value-and-the-modern-internat>

Table 3.2: Reasons for not choosing the UK

Post – study work options	36.3%
Job prospects in destination country/migration to destination country	31.4%
Ability to get permanent residency in destination country after studying	29.4%
Job prospects in home country post-study	24.5%
Ability to work while studying	23.5%

Source: Hobson’s international students survey 2015.⁷⁶

Note: Multiple responses possible, so figures do not sum to 100%.

3.10 The Hobsons 2015 survey also found that international students did not generally perceive studying in the UK to improve their likelihood of permanent residency. This finding was echoed in the ESRC Centre for Population Change report⁷⁷, which suggested that international study in the UK is linked to the prospect of progressing to achieve ‘global citizenship’. Being able to gain some post-study work experience seemed then to be important for international students coming to the UK, but not necessarily permanent residency.

3.11 These studies suggest that, while the migration regime does have some influence over student choices, it is far from the only factor or the most important factor. The UK has some considerable advantages: the high quality of education provided, the international recognition of UK qualifications and the English language. In the responses to our call for evidence, however, aspects of the migration regime were frequently singled out as being important; two commonly cited were the image of the UK as welcoming to international students, and the post-study work regime.

“The Mayor believes the lack of dedicated post-study work routes damages the UK’s reputation and limits the competitiveness of our universities. Post-Study Work (PSW) options are increasingly part of countries’ ‘offer’ to international students. And, when they return home or work abroad, international students are the UK’s ambassadors – an important soft power benefit.”

Greater London Authority

“The reduction in post-study work opportunities, mixed with a more stringent application of Tier 4 regulations, as well as harsher government

⁷⁶ Hobson’s international students survey 2015 <https://www.hobsons.com/resources/entry/white-paper-international-student-survey-2015-value-and-the-modern-internat>

⁷⁷ Centre for Population Change http://www.cpc.ac.uk/docs/2017_WP82_An_audit_of_international_student_mobility_to_the_UK3.pdf

rhetoric around migration more generally, has had a particularly deleterious impact on some markets, such as India.”

Million Plus

“The closure of the post-study work scheme has had a significant negative impact upon the UK’s attractiveness as a study destination.”

Cardiff University

- 3.12 It was also widely reported to us that wider UK migration policy (and other factors such as Brexit) is felt to create a negative image of the UK. A number of responses called for students to be removed from the net migration figures due to, for instance, concerns it sends out a negative perception of the UK as a host country to international students. Chapter 8 presents our view on whether students should be in the net migration target.

“Therefore we recommend: Students are removed from net migration figures to signal to the rest of the world that the UK remains the ultimate destination to study”

EEF – The Manufacturers’ Organisation

“Anti-immigration rhetoric and the net migration target have driven a narrow debate on migration and the government needs to send a more positive message to prospective international students.”

Confederation of British Industry

“The classification of international students as immigrants is at odds with public perception. Recent polling conducted for Universities UK revealed that only 24% of British adults think of international students as immigrants.”

Guild HE

“UCU are not the only ones who have raised concerns about the government’s rhetoric on international students. As well as removing international students from migration targets the government should send a clear message that the UK is open and welcomes international staff and students by guaranteeing the thousands of EU staff working in our universities the right to stay in the UK.”

University and College Union

“We believe that the UK Government should separately aggregate international students in its migration statistics as temporary visitors and remove them from its net migration target reduction agenda.”

King’s College London

- 3.13 The ICEF Agent Barometer Survey⁷⁸ contains the opinions of education agents. One of the survey’s aims is to understand why students chose destination countries and institutions. In 2017, the survey reported increased interest among respondents for Canada, Australia, Germany, Ireland, and New Zealand. The data show a sharp decrease in student interest for some major destinations, notably the US and the UK. This may be explained by students reporting an increased concern around personal safety and the broader global political context, or perhaps reflecting major political currents in leading study destinations. However, the agents’ survey showed that the top reason reported for softening student interest in the UK by 33 per cent of agents, was more complicated access to student applications (i.e. visas).⁷⁹
- 3.14 The IDP⁸⁰ produced research on international student buyer behaviour⁸¹ by surveying students, in 2016, who had used their services. The research shows students’ overall perceptions of five English speaking destinations grouped into five different categories: affordability, quality of education, safety, visa requirements and graduate employment opportunities. The UK came second behind the USA for quality of education, however came lowest or second lowest for all the other categories. Canada performed particularly well being ranked highest (or joint highest) for affordability, safety and graduate employment opportunities, and second highest for visa requirements.
- 3.15 The Government and HE sector do work together to promote the UK as attractive to international students, but perhaps more could be done. The Hobson’s 2017 National Student Survey⁸² showed that 84 per cent of prospective international students say campaigns such as #WeAreInternational

⁷⁸ ICEF agent barometer survey <http://monitor.icef.com/2017/11/2017-agent-barometer-survey-links-student-agent-perceptions-destination-attractiveness/>

⁷⁹ Other reasons were: country more expensive due to exchange rate; due to political relations with receiving country; due to recent security / safety concerns; other / don’t know.

⁸⁰ International Development Program is an education specialist and provider of international student placement services

⁸¹ IDP International student buyer behaviour
<https://www.idp.com/unitedkingdom/researchservices>

⁸² Hobson’s International Students Survey 2017 UK edition.
<https://www.hobsons.com/resources/entry/white-paper-international-student-survey-2017-maintaining-the-uks-status-as>.

positively influence their perception of the UK, and the sector should build upon and expand these efforts.

- 3.16 Given the competitiveness of the market for international students and the role that migration regimes can play in attracting students, it is natural to compare what the UK offers with other countries.

International student policies in other countries

- 3.17 Tables 3.3 to 3.6 below outline some key policies and other relevant information regarding international students across the UK's main competitor countries. The policies regarding international students vary between these countries; in particular those surrounding targets for student numbers, rights to work while studying and post-study work opportunities, and the way students are classified in migration statistics.

Targets and national strategies

- 3.18 Many countries have national recruitment targets for international students which operate alongside national strategies for attracting more international students – these are summarised in Table 3.3. Australia, Canada, France and Germany have strategies to internationalise their higher education sectors and to send out strong positive messages to the world that international students are welcome and wanted. Many other countries, including some that are emerging as host destinations for international students, are also adopting ambitious recruitment targets including China and Malaysia: China hopes to be the world's top international education destination by 2049⁸³ and Malaysia aims to host 250,000 international students by 2025⁸⁴. The UK and USA stand out as leading host destinations that do not have recruitment targets or strong governmental national strategies set out specifically to further internationalise their higher education sectors.

⁸³ <https://education-services.britishcouncil.org/insights-blog/chinas-ambitions-education-development-key-takeaways-19th-party-congress>

⁸⁴ <http://monitor.icef.com/2016/08/malaysia-competing-greater-share-international-students/>

Table 3.3: Comparison of national strategies and recruitment targets

	National strategies	Recruitment targets
UK	International education strategy: global growth and prosperity (2013) ⁸⁵	None
USA	Succeeding globally through international education and engagement (2012 -2016) ⁸⁶	None
Australia ⁸⁷	National Strategy for international education 2025	Aims to reach 720,000 onshore enrolments by 2025 Aims to attract 450,000 international students and researchers by 2022
Canada ⁸⁸	International education strategy	Aims to attract 450,000 international students and researchers by 2022
New Zealand	International Education strategy 2018 - 2030 ⁸⁹	None ⁹⁰
Germany ⁹¹	International cooperation action plan and strategy of the federal government for the internationalisation of education, science and research.	Aims to host 350,000 inbound internationally mobile students by 2020.
France ⁹²	Aim to increase the number of international students.	Aims to increase numbers of international students by 20% by 2025.

Sources: see footnotes

Work while studying

3.19 Table 3.4 summarises some of the rules in other countries about work rights of students while studying. As in the UK, these rules are often complex and hard to summarise but the UK has broadly similar rules to most of its competitor countries, 20 hours per week being the cap for all the countries considered except The Netherlands which allows 10 hours per week. The USA is the most restrictive with most students only allowed to work on campus while studying, except those who qualify with the Department of Homeland Security as having an economic hardship. The UK is the only country which reports a separate stricter rule for those studying at a Further Education College. However, New Zealand have proposed new changes to their post-study work visas which will tighten the rules for those studying below degree level.

⁸⁵ <https://www.gov.uk/government/publications/international-education-strategy-global-growth-and-prosperity>

⁸⁶ <https://www2.ed.gov/about/inits/ed/international/international-strategy-2012-16.pdf>

⁸⁷ https://nsie.education.gov.au/sites/nsie/files/docs/national_strategy_for_international_education_2025.pdf

⁸⁸ <http://international.gc.ca/global-markets-marches-mondiaux/education/strategy-strategie.aspx?lang=eng>

⁸⁹ <https://enz.govt.nz/assets/Uploads/International-Education-Strategy-2018-2030.pdf>

⁹⁰ <http://monitor.icef.com/2018/08/new-zealand-introduces-international-strategy-revamped-agent-recognition-programme/>

⁹¹ https://www.bmbf.de/pub/Action_Plan_International_Cooperation.pdf

⁹² <http://monitor.icef.com/2016/03/france-aims-to-counter-slowng-international-enrolment-growth/>

Table 3.4: Comparison of work rights while studying

UK	Up to 20 hours for degree programs. 10 hours a week if the course is below degree level at a HEI. Full-time work is allowed during holiday periods. ⁹³ Those studying at a publicly funded FE college cannot work. No restriction on those from EEA countries or Switzerland.
USA⁹⁴	Up to 20 hours (on campus only). In limited circumstances off-campus work may be allowed.
Australia⁹⁵	Up to 40 hours per fortnight during term-time, and unlimited hours otherwise. Voluntary work is not included in the 40-hour limit. No limit for postgraduate research students.
Canada⁹⁶	Up to 20 hours per week, and unlimited hours for on-campus work. No restrictions during holiday periods.
New Zealand⁹⁷	Up to 20 hours per week, full-time during holiday periods. No limit on postgraduate research students.
Germany⁹⁸	Up to 20 hours for students from EEA countries or Switzerland (without paying into the social security system). Non-EEA students can work for 120 full-days or 240 half-days per year.
France⁹⁹	964 hours a year. No restriction on those from EEA countries or Switzerland.

Sources: see footnotes

Post-study work opportunities

3.20 Table 3.5 summarises the main post-study work opportunities in different countries. These rules are often complex and this is not a complete list, but the tables gives some idea of the different arrangements there are. Most of the countries considered seem to be more generous than the UK in post-study work policies. In the other countries, a post-study work visa can be applied for without prior confirmation of a job and without the minimum salary requirement needed in the UK. Some counties, such as the USA and New Zealand restrict their post-study visa in other ways such as ensuring the type of job applied for is related to the degree students have studied. Australia's post-study work visa is particularly flexible in that it allows the visa holder to choose whether they wish to work, travel or study further. Additionally, having a post-study visa route which helps in the application process for permanent residency, makes both Australia's and Canada's offer extremely appealing for students wanting to permanently move to the country in which they study.

⁹³ <https://www.ukcisa.org.uk/Information--Advice/Working/How-many-hours-can-you-work>

⁹⁴ https://www.internationalstudent.com/study_usa/way-of-life/working-in-the-usa/

⁹⁵ <https://www.homeaffairs.gov.au/trav/stud/more/work-conditions-for-student-visa-holders>

⁹⁶ <https://www.canada.ca/en/immigration-refugees-citizenship/services/study-canada/work.html>

⁹⁷ <https://nzstudywork.immigration.govt.nz/work-rules-for-students/working-on-a-student-visa/>

⁹⁸ Top Universities <https://www.topuniversities.com/student-info/careers-advice/how-work-germany-during-or-after-your-studies>

⁹⁹ <http://www.edwiseinternational.com/study-in-france/employment-france.asp>

Table 3.5: Comparison of post-study work rights

UK ¹⁰⁰	Tier 4 visa holders can remain in the UK for up to four months (depending on level and duration of study) after course completion. The main work route available to those on a Tier 4 visa is to switch to a Tier 2 work visa. Students must have a job offer with a registered sponsor before applying for a Tier 2 visa. Minimum salary requirements apply. The visa will be initially granted for up to three or five years. Students from EEA countries or Switzerland can work with no restrictions.
USA ¹⁰¹	The main route is to apply for an F-1 Optional Practical Training visa. No minimum salary applies but the work must relate to the field of study. The visa lasts for 12 months and graduates of certified STEM subjects can apply to extend for up to 24 months.
Australia	The main route is to apply for a Temporary Graduate visa – either under the Graduate Work or Post-Study Work stream. On this visa a graduate can work, travel or study. The Post-Study Work stream visa lasts two to four years, depending on an applicants' highest qualification. ¹⁰² Visa is viewed favourably when applying for residency through additional general skilled migration points. ¹⁰³
Canada ¹⁰⁴	The main route is to apply for a post-graduation work permit. A graduate can search for jobs while on this visa and it lasts for three years if the course studied lasted for two years or more. For a study time of between eight months and two years the visa lasts for no longer than the amount of time spent studying. Skilled work experience on this visa can help qualify for permanent residence criteria.
New Zealand ¹⁰⁵	The main route is to apply for a post-study work visa. The graduate can search for jobs while on this visa and it lasts for 12 months. The job must be related to the field of study, but graduates can do any work while they are searching. This visa can be extended for two years with a specific employer through the post-study work (employer assisted) route.
Germany ¹⁰⁶	Students from the EU can work with no restrictions after they graduate. Non-EU students can apply for a residence permit to work in a job related to their qualifications. For those who do not have a job offer before completing their studies, graduates can stay in Germany for up to 18 months to find a job related to their studies, undertaking almost any type of job during that time.
France	Students from EEA countries or Switzerland can work with no restrictions after they graduate. Non-EEA/Swiss students can stay in France for up to one year to look for work on a temporary residency

¹⁰⁰ See Chapter 1 for more detail.

¹⁰¹ <https://www.uscis.gov/opt>

¹⁰² <https://www.homeaffairs.gov.au/trav/visa-1/485->

¹⁰³ Universities UK call for evidence response

¹⁰⁴ <https://www.canada.ca/en/immigration-refugees-citizenship/services/study-canada/work/after-graduation.html>

¹⁰⁵ Immigration New Zealand <http://nzstudywork.immigration.govt.nz/information-for-employers/students-staying-after-study/>

¹⁰⁶ <https://studyabroad.careers360.com/stay-germany-18-months-after-studies-0>

permit, which is non-renewable.¹⁰⁷ Graduates may be eligible to apply for the passport talent scheme, which allows residency for up to four years.¹⁰⁸

Sources: see footnotes.

3.21 Many responses to the call for evidence expressed concerns about the UK's post-study work visa policy.

“There is sufficient evidence to indicate that visa policy is having a significant impact on the UK's attractiveness compared to our key competitors and is contributing to a decline in the UK's overall market share. The key points arising from this analysis are:

- Recent perception surveys show the UK to be weak compared to key competitors in the area of visas and post study work opportunities.
- Feedback from British Council officers and education agents in key target markets also highlights visa changes as one of the main obstacles to growth.”

British Council

“This is exacerbated further by the attractive visa arrangements in the Republic of Ireland which enable students to remain for up to 24 months post study for the purposes of seeking employment.”

Department for the Economy (Northern Ireland Executive)

“A post-study work visa should be reinstated, focused on facilitating graduates to work across different businesses and regions of the UK. This would create a clear and understandable opportunity for international students to contribute their skills to the UK economy and where applicable, attain professional recognition linked to their academic achievement.”

National Union of Students

“The UK has one of the shortest Post Study Work (PSW) periods for international students among key English speaking and European markets. This is a concern given that PSW opportunities are important to prospective students.

¹⁰⁷ <https://www.campusfrance.org/en/temporary-resident-permit-aps>

¹⁰⁸ https://france-visas.gouv.fr/en_US/web/france-visas/international-talents-and-economic-attractiveness

Although many non-EU students aim to gain work experience in the UK after graduation, qualifying for a Tier 2 visa can be challenging. Since the PSW visa closed in April 2012, the number of international students switching into work routes after their studies has decreased by 87% . Many UK companies will have lost out on international graduate talent as a result.”

Queen’s University Belfast

“A combination of anti-immigration rhetoric and tightening of post-study work routes, alongside exiting the EU, could rapidly lead to a diminished view of the UK as a desirable place to choose to study.”

Campaign for Science and Engineering

- 3.22 Students who are completing a PhD while on a Tier 4 visa can apply to remain in the UK under the Doctoral Extension Scheme. This enables them to work, or to look for work, in the UK for up to 12 months after completion of their PhD. In the Netherlands, meanwhile, PhD students are formally recognised as academic researchers rather than as students and are usually employed by the University.¹⁰⁹ The duration of a PhD is typically four to five years and this counts towards the five years lawful residence requirement needed to apply for settlement in the Netherlands. This contrasts with the UK, where time spent as a PhD student on a Tier 4 visa does not count towards the settlement residence requirement.
- 3.23 The European Directive 2016/801¹¹⁰ requires adopting countries to have a special procedure for the entry and residence of nationals coming from non-EU countries for more than three months to carry out a research project. This directive has not been adopted by the UK and has been interpreted differently across the EU. For example, in France, the “researcher talent passport” is a long-term visa which allows the individual to pursue a doctorate, conduct research or teach.¹¹¹ This visa can be valid for a maximum four years.

Students in net migration statistics

- 3.24 There has been much discussion as to whether the UK’s decision to include students in the net migration statistics is in line with practices in other countries.

¹⁰⁹ <http://kdvi.uva.nl/research/phd-programme/phd-student-as-an-employee/phd-student-as-an-employee.html>

¹¹⁰ <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32016L0801>

¹¹¹ French talent passport visa <https://www.campusfrance.org/en/talent-passport-long-visa>

Much of this debate is quite misleading, primarily because the UK is unusual in being able to construct net migration statistics from a survey of people entering and leaving the country – the International Passenger Survey (IPS). Most countries do not have an equivalent of the IPS, nor do they have a net migration target and so the question whether students are included in it is not relevant in those countries' policy debates. However, other countries do calculate net migration figures, typically for the purpose of population projections. We were not able to find any cases in which international students were excluded from the calculation of net migration for the purpose of population projections, which is the statistical exercise most comparable to the production of the IPS-based net migration figures in the UK. This is probably because doing so would lead to incorrect estimates of the population.

- 3.25 In other countries, the main data sources for examining migration are administrative visa and settlement statistics, which measure the 'flow' of people being given permission to come to the country for different reasons including study; and 'stock' statistics taken from surveys such as Labour Force Surveys or Censuses. Depending on the country in question, one or both of these are used to create net migration estimates. These figures, not estimates of net migration, are the main statistics used in policy debates.
- 3.26 In the United States, for example, there is no equivalent of the IPS and net migration for population estimates is calculated using the American Community Survey (ACS), the US equivalent of the UK's Annual Population Survey. International students are not excluded (indeed, the ACS does not ask about reason for migration so it would be difficult to exclude them). Students thus contribute to net migration figures to the extent that they add to the population.¹¹²
- 3.27 In Australia, there are government targets for migration known as 'planning levels', but these are based on gross visa issuances rather than a measure of net migration.¹¹³ For the purposes of calculating population change components, the Australian government computes a measure of 'net overseas migration' based on the UN definition of people moving for at least 12 months, and this includes international students. Indeed, a methodology change in 2006 was in part designed to ensure that international students who stayed in the country for three to four years would not incorrectly be omitted from net migration figures.¹¹⁴

¹¹² United States Census Bureau https://census.gov/newsroom/blogs/random-samplings/2017/10/net_migration_andpo.html.

¹¹³ Australian Government of Home Affairs https://census.gov/newsroom/blogs/random-samplings/2017/10/net_migration_andpo.html.

¹¹⁴ Australian Bureau of Statistics <http://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/3412.0Technical%20Note12014-15?opendocument&tabname=Notes&prodno=3412.0&issue=2014-15&num=&view>

- 3.28 In Canada, targets for migration levels are based on grants of permanent residence, not net migration. These targets also feed into migration assumptions in population projections. Statistics Canada has also developed a methodology to make sure that increases in the population of non-permanent residents such as temporary workers and international students are included in the population estimates and projections.¹¹⁵
- 3.29 Of the English-speaking countries, New Zealand is the country that is perhaps most comparable to the UK, as estimates of net migration are produced from data on people entering and leaving at ports and airports (although the information is taken from landing cards rather than a survey like the IPS). New Zealand uses the definition of a long-term migrant as someone who has spent 12 of the last 16 months in the country and does not exclude international students.¹¹⁶
- 3.30 In other words, the way that the UK measures net migration is very much in line with its English-speaking competitors. Claims that the UK takes a different approach to other countries, which classify students as temporary migrants, are mostly based on comparison of the IPS in the UK with visa statistics in other countries (for example, US statistics on 'non-immigrant admissions'). This is not a like-for-like comparison. As in other countries, the UK's own statistics on grants of temporary (e.g. student) and permanent status, published quarterly by the Home Office, are calculated and discussed separately.
- 3.31 What is unusual about the UK is not how it calculates net migration, but the fact that net migration is the measure of migration that politicians focus on. If there is a desire to bring the UK approach to migration targets in line with other countries, it would not involve dropping students from the IPS figures but rather using a different data source such as grants of settlement, to develop political or operational targets.

Fees

- 3.32 Countries vary in the fees charged to international students and this is a dimension on which countries may compete other than quality of education and migration policy. There is considerable variation in fees within countries for different courses but Table 3.6 gives some indication of average yearly tuition fees for the UK and some of its competitors.

¹¹⁵ Statistics Canada <https://www150.statcan.gc.ca/n1/pub/91-620-x/2014001/chap07-eng.htm>

¹¹⁶ Stats NZ <https://www.stats.govt.nz/information-releases/international-travel-and-migration-february-2018>.

Table 3.6. Comparison of tuition fees

	Undergraduate	Postgraduate	Date
UK ¹¹⁷	EU: In England, £9,250 (\$13,050).	Non–EU: classroom-based programs between £11,000 (\$15,545) and £32,000 (\$45,200).	2017/18
	Non – EU: between £10,000 (\$14,130) and going up to £38,000 (\$53,700) and more for some medical degrees.	Laboratory-based programs, average annual fees vary from £12,000 (\$16,940) to £27,200 (\$38,400). EU: varies by institution and subject.	
	Universities in the USA differentiate between out-of-state and in-state students.		
USA ¹¹⁸	Public four-year colleges average: \$25,620.	Public average Master's: \$20,000-\$35,000 ¹¹⁹	2017/18
	Private four-year colleges average: \$34,740		
Australia ¹²⁰	Average: AU\$29,235 (\$23,400) per year. Tuition fees at Australian universities are generally calculated per unit, not per year.	Master's degree: AU\$20,000 (\$16,000) to \$37,000 (\$29,600); Doctoral degree: AU\$14,000 (\$11,200) to \$37,000 (\$29,600).	2017

¹¹⁷Top Universities <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-uk>

¹¹⁸Top Universities <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-us>

¹¹⁹ <https://www.findamasters.com/study-abroad/america/masters-study-in-usa.aspx>

¹²⁰ Top Universities <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-australia>

New Zealand ¹²¹	<p>For arts or social sciences fees range from NZ\$20,000 (\$14,578) a year.</p> <p>For courses in science and engineering fees range from NZ\$25,000 (\$18,222) per year.</p> <p>For Dentistry and medicine courses fees tend to cost the most from – NZ\$75,000 (\$54,667) per year.</p>	<p>PHD Average: NZ\$6,500-9,000 (\$4,740-6,600). This is the same as domestic students.¹²²</p> <p>Master's estimate: between NZ\$25,000 and NZD \$40,000 (\$18,075-28,915) per year.¹²³</p>	2018
Canada ¹²⁴	<p>Average: CA\$25,180 (\$20,540) per year.</p>	<p>Average: CA\$16,252 (\$20,120). MBA's can be a lot higher.</p>	2017/18
France ¹²⁵	<p>Public universities average: €190 (\$232) per year.</p> <p>Private universities: from €1,500 (\$1,837) and can reach €20,000 (\$24,498). More at France's Grandes Ecoles.</p>	<p>Public universities average: €260 (\$318) per year.</p>	2018
Germany ¹²⁶	<p>Public universities: free.</p> <p>Private universities; up to and beyond €20,000 a year (\$24,400).</p>	<p>Those who studied undergraduate outside of Germany: €20,000 (\$24,400) per year at public institutions.</p> <p>Up to €30,000 (\$36,600) at private German universities.</p> <p>Those who studied undergraduate in Germany: free.</p>	2018

Sources: footnoted

¹²¹ Times Higher Education. <https://www.timeshighereducation.com/student/advice/cost-studying-university-new-zealand> (on this website the fees had not been converted into US dollars – they have been calculated based on the exchange rate (0.7289) of the 20th January 2018, when the article was published).

¹²² <https://www.findaphd.com/study-abroad/aus-nz/phd-study-in-new-zealand.aspx>

¹²³ <https://www.findamasters.com/funding/guides/masters-funding-new-zealand.aspx>

¹²⁴ Top Universities <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-canada>

¹²⁵ <https://www.mastersportal.com/articles/355/tuition-fees-and-living-costs-in-france.html>

¹²⁶ Top Universities <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-germany>

- 3.33 A 2017 report by London Economics for the Higher Education Policy Institute (HEPI) and Kaplan International Pathways¹²⁷, found that domestic factors, such as UK fee levels are important for student enrolments, but also external factors including the exchange rate, fee levels charged by competitor countries, energy prices, and overseas economic growth. It concluded that a 10 per cent increase in UK fees would reduce international undergraduate enrolment by 3.3 per cent in the same period and a further 2.2 per cent in the subsequent year.
- 3.34 Fees do not always rank highly in surveys of determinants of student choice. In the 2015 Hobsons ISS¹²⁸ prospective students ranked price of course just fourth out of five in importance when asked to trade off different factors. Subject ranking, graduate employment rate and institutional ranking were all rated higher overall.

Recent changes in other countries' policies towards international students

- 3.35 Other countries' offer to international students are changing, generally seeing this market as increasingly important and competitive. In this section, we discuss some changes introduced in recent years and some future proposed changes. We do not discuss the impact of these changes.

Australia

- 3.36 Australia had faced challenges as a higher education host destination regarding public perceptions, student accommodations and employability, and numbers of international students started to fall in 2009.¹²⁹ In 2010, the Australian Government introduced legislative changes forcing colleges and universities to re-register under stricter guidelines due to concerns around standards and motivation of colleges being about providing students with a route to migration instead of to provide education.¹³⁰
- 3.37 In 2015, Australia launched its first international education strategy: National Strategy for International Education 2025.¹³¹ Among other things, this strategy targets improving the student experience, the complex visa application process, improving the quality of Australian tertiary education and strengthening

¹²⁷ The determinants of international demand for UK higher education <http://www.hepi.ac.uk/wp-content/uploads/2017/01/Hepi-Report-91-Screen.pdf>

¹²⁸ Hobson's international students survey 2015 <https://www.hobsons.com/resources/entry/white-paper-international-student-survey-2015-value-and-the-modern-internat>

¹²⁹ Universities UK call for evidence response referencing Australian government - Department of Education and Training.

¹³⁰ Australian Education International https://internationaleducation.gov.au/News/newsarchive/2010/Documents/Re_New_AEI_pdf.pdf

¹³¹ <https://nsie.education.gov.au/>

international partnerships. Australia's post-study work offer allowing graduates to stay for up to four years after studying was introduced in 2013.¹³²

- 3.38 Australia has continued to attract more international students in recent years and according to data from the Department of Education and Training, international students in Australia grew 11 per cent between June 2017 and 2018.¹³³
- 3.39 Last year Australia abolished the Class 457 Temporary Skilled Worker visa and replaced it with a new Temporary Skills Shortage visa with a raised threshold to qualify and reduced occupations available.¹³⁴ This could make it more difficult for certain graduates to stay in Australia after their post-study work visa expires.

Canada

- 3.40 Canada introduced its Global Markets Action plan in 2013, in which it identified international education as a priority sector. As part of its international education strategy it aims to attract 450,000 international students and researchers by 2022, which is in line with Canada's recent announcement to increase overall levels of immigration.¹³⁵ A recent change in 2016 to the country's points-based immigration system gives additional points to graduates who had studied in Canada.
- 3.41 Canada has recently announced its Student Direct scheme¹³⁶ which makes processing times faster for students from four Asian countries: China, India, Vietnam and the Philippines. The students who will benefit from the scheme will be those that can satisfy criteria encompassing language requirements and financial requirements. Part of the Canadian strategy includes recruitment from French speaking countries.

New Zealand

- 3.42 New Zealand launched its tertiary education strategy 2014–2019¹³⁷ which outlines the government's long term strategic direction for tertiary education. It highlights the need to build international relationships, be outwards facing and have strong links to the global economy. The New Zealand government however, have recently proposed changes to the post-study work route

¹³² Australian department of education and training <https://www.homeaffairs.gov.au/trav/stud/post>

¹³³ Australian Department for Education and training <https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2018/Jun%202018%20MonthlyInfographic.pdf>

¹³⁴ Australia Department for Education and training <https://www.homeaffairs.gov.au/trav/work/457-abolition-replacement>

¹³⁵ <https://ei.britishcouncil.org/educationintelligence/ei-feature-global-race-international-students>

¹³⁶ <https://thepienews.com/news/canada-announces-student-direct-stream-for-four-asian-countries/>

¹³⁷ <https://www.nbr.co.nz/sites/default/files/Tertiary%20Education%20Strategy.pdf>

increasing the skills levels needed to qualify for the skilled migrant visa category and to proceed to permanent residency.¹³⁸ This in particular will affect international students studying below degree level. The proposals maintain the post-study work visa to one year for those studying for a non-degree qualification at level 7 or below. These students must have also studied in New Zealand for at least two years.

Summary

- 3.43 The direction of travel in many competitor countries seems to be towards a more generous offer in post-study work, but not exclusively, with New Zealand making it stricter for those studying below degree level. The UK moved in the other direction in 2012 though there has been some recent loosening, albeit modest. More countries have been added to Appendix H which requires less information to issue a student visa. Tier 4 to Tier 2 switchers are now able to apply after they have sat their last exam, as opposed to after they have passed their course. Via the Tier 4 pilot scheme, Master's students can stay in the UK for slightly longer after finishing their studies. We discuss the effectiveness of post-study work regimes in supplying future workers in Chapter 7 and our recommendations in this area in Chapter 8.

¹³⁸ <https://thepienews.com/news/new-zealand-post-study-work-policy-to-change/>

Chapter 4: Economic, fiscal and financial impacts

Key messages

- International students provide a clear economic benefit to the UK through not only their payments of tuition fees, but also significantly through amounts paid on living expenses and also expenditure by friends and family when visiting the UK. The benefits are widely spread around the UK.
- International students benefit the institutions where they study, cross-subsidising the education of domestic students and also research.
- International students benefit the local areas where they study through their impact on local employment, in the education sector and also other sectors, for example hospitality. Their expenditure helps support local economies that would otherwise need to find another alternative source of employment for the local area.
- International students benefit the public finances via their contribution to the Exchequer and their relative lack of utilisation of public resources e.g. health services.

Introduction

- 4.1 This chapter discusses the economic impact of international students while they are studying.
- 4.2 Their main impact is that they spend money in the UK, for example:
- Tuition fees – each student will pay fees, with those from outside the EU and all postgraduates having no limit placed on their fees.
 - Living expenses – with the biggest items being accommodation, subsistence and travel.
 - Expenditure by friends and family on visits to the UK.
- 4.3 Because international students' income originates outside the UK but is spent on UK produced goods and services, this can be thought of as export earnings.
- 4.4 There is little doubt that this expenditure has a positive impact on the UK economy – the question is more about how large that benefit is and how the benefit is distributed.

Measuring the economic impact

- 4.5 This section summarises a number of studies that provide estimates of the economic benefits from international students. They use a variety of methodologies, the most important aspects of which are discussed here.
- 4.6 Some studies simply estimate the total expenditure, direct and indirect of international students in the UK. To assess the net economic impact, the costs of providing goods and services consumed by international students should be considered; a measure that takes account of this is value-added, essentially the excess of the value of the expenditure over costs.
- 4.7 The economic benefit may be larger or smaller than the value-added of the sector if other value-added is crowded-in or crowded-out. There may be crowding-in if each £1 spent by an international student is an income for someone else who would not otherwise have had that income (which they then spend creating jobs throughout the economy). Studies that take account of this typically apply a multiplier to the expenditure to measure this ripple effect. One problem with this approach is that it assumes that those resources would have been idle in the absence of the international student, something that may be implausible, especially at a time of low unemployment.
- 4.8 In such a situation crowding-out might be a more appropriate assumption and the value-added of the sector would be marked down by a factor that reflects that the resources used could have generated some positive though lower value-added in other sectors in the absence of the international student. In this case one seeks to estimate the additional value-added created by international students. The studies that have estimated the value of international students have not taken this approach but it has been used, for example, in the estimation of the loss of GDP from the predicted decline in trade post-Brexit¹³⁹.
- 4.9 The economic impact of international students has been estimated for higher education, independent schools, and English language schools¹⁴⁰. They all show the economic benefits outweigh the economic costs. We found more studies for the higher education sector than any other sector.
- 4.10 The economic value of international students, and in particular those in higher education, has been assessed several times over the years, both in the UK and abroad. For instance, a report by Oxford Economics for Universities UK in

¹³⁹ See, for example, <http://cep.lse.ac.uk/pubs/download/dp1478.pdf>

¹⁴⁰ We were unable to find a sufficiently robust study of the economic impact of international students on the FE sector

2017¹⁴¹ looked at the impact of international students and visitors' spending. A 2007 HEPI report¹⁴² estimated the economic costs and benefits of international students, though is limited in its exploration of the economic costs. Internationally, in 2015 Deloitte Access Economics estimated the economic impact of international students for the Australian government¹⁴³, while in the U.S., for 2016/17 NASFA¹⁴⁴ has estimated the economic value of international students at national, state and district level.

- 4.11 Most recently, in 2018 Higher Education Policy Institute and Kaplan International Pathways¹⁴⁵ estimated the economic impact of international students in higher education in 2015/16. They found that the total benefit to the UK economy associated with a typical EU-domiciled undergraduate was approximately £87,000, with the comparable estimate for non-EU-domiciled undergraduates at approximately £147,000.¹⁴⁶ The net economic benefit was estimated to be £68,000 for each typical higher education based EU-domiciled student in the 2015/16 cohort, and £95,000 for each typical non-EU-domiciled student over the duration of their studies.¹⁴⁷
- 4.12 In 2014, Oxford Economics¹⁴⁸ estimated the economic impact of independent schools in Great Britain.¹⁴⁹ This research found that international students generated an estimated £713 million (from fees paid) gross value added (GVA), £123 million (from living expenditure) GVA and also £53 million (from visitor spending) GVA. The total GVA was about £890 million. This was estimated to support almost 23,000 jobs, and generate tax revenues of £385 million.
- 4.13 For 2016/17, Capital Economics analysed the value of English language teaching in the UK, looking at direct and indirect effects. They estimated £1.4 billion annual GVA supporting 35,700 jobs across the economy.¹⁵⁰
- 4.14 All of these studies tend to make assumptions that increase the net benefit of students e.g. by assuming quite large multiplier effects. This means that they

¹⁴¹ <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/the-economic-impact-of-universities.pdf>

¹⁴² <https://www.hepi.ac.uk/wp-content/uploads/2014/02/32EconomicEffectsofInternationalStudents.pdf>

¹⁴³ <https://internationaleducation.gov.au/research/research-papers/Documents/ValueInternationalEd.pdf>

¹⁴⁴ https://www.nafsa.org/Policy_and_Advocacy/Policy_Resources/Policy_Trends_and_Data/NAFSA_International_Student_Economic_Value_Tool/

¹⁴⁵ <http://www.hepi.ac.uk/wp-content/uploads/2018/01/Economic-benefits-of-international-students-by-constituency-Final-11-01-2018.pdf>

¹⁴⁶ *ibid.* Table 30, page 62

¹⁴⁷ *ibid.* Table 30, page 62

¹⁴⁸ https://www.isc.co.uk/media/2588/2014_economicimpact_report_isc.pdf

¹⁴⁹ The research excludes Northern Ireland, the Channel Islands and the Isle of Man.

¹⁵⁰ Capital Economics report conducted for English UK, "The Value of English Language teaching – An assessment of the contribution of English language teaching to the United Kingdom Economy" as submitted as part of the call for evidence response

may well be over-estimates of the net benefit to the UK but there is no doubt that the net benefit is positive and that increasing the number of international students would increase it.

- 4.15 The distribution of economic benefits is also important in how it affects local economies, the public finances and institutions themselves. These are discussed in the following sections.

Regional level economic impacts

- 4.16 Higher education (HE) providers, further education colleges, independent schools and English language schools are located in cities and towns across the UK. They are not evenly distributed, and neither are international students, as described in Chapter 2. This means that some local areas are more reliant on international students than others.
- 4.17 In the call for evidence, the devolved administrations (DAs) argued that international students were important to each of their areas. For Wales, the GVA of international students was estimated at £372million¹⁵¹ (0.7 per cent of GVA, in 2015). For Northern Ireland, the GVA of international students in further and higher education was estimated to be around £80million (2013/14 FE; 2012/13 HE).^{152 153}
- 4.18 In the HEPI/Kaplan report they conclude that international students have an impact across the entire UK and provide an estimate of benefit for every parliamentary constituency. The regional net economic contributions are shown in Table 4.1.

¹⁵¹ <http://www.uniswales.ac.uk/study-shows-international-students-at-welsh-universities-are-bringing-significant-and-positive-benefits-to-wales/>

¹⁵²¹⁵² <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Economic-Impact-of-HE-on-ni-economy.pdf> AND

<http://niopa.qub.ac.uk/bitstream/NIOPA/2141/1/Economic%20Impact%20of%20FE%20in%20NI.pdf>

¹⁵³ We were unable to find an amount for the GVA in Scotland

Table 4.1: Net economic contribution from international students by region/nation

Region/nation	Net economic contribution from international students (£ billion)
London	4.64
South East	2.44
West Midlands	1.95
North West	1.91
Yorkshire and the Humber	1.59
East of England	1.34
East Midlands	1.28
South West	1.21
North East	0.98
Scotland	1.94
Wales	0.90
Northern Ireland	0.17
Total	20.34

Source: The costs and benefits of international students by parliamentary constituency report for the Higher Education Policy Institute and Kaplan International Pathways.¹⁵⁴

- 4.19 English UK stated in their call for evidence response, “Even in Northern Ireland, the region with the smallest [English Language Training] presence, the industry employs 90 teaching staff (160 for all the centres’ activities), bringing a GVA of £2m and a £4m turnover.” They went on to say that “Scotland [ELCs contribute] 270 jobs, a GVA of £12m, and a turnover of £27m. . . and a further 640 jobs and GVA of £28m in its [English Language Training] supply chain.”

“Within Sunderland it is considered that student living can play a major role in the economic and societal development of the city centre, and contribute to its viability and vitality, whilst assisting in its regeneration. The important role of student accommodation needs to be maximised through local plan policies.”

Sunderland Council¹⁵⁵

- 4.20 Higher education can be a very large share of total employment in some local labour markets. The ten areas with the highest proportion of employees in higher education are shown in the Table 4.2.

¹⁵⁴ <http://www.hepi.ac.uk/wp-content/uploads/2018/01/Economic-benefits-of-international-students-by-constituency-Final-11-01-2018.pdf>

¹⁵⁵ <https://www.sunderland.gov.uk/media/17247/Interim-Student-Accommodation-Policy/pdf/StudentAccommodationInterimPolicy.pdf>

Table 4.2: Percentage employed in HE, by travel to work area

Travel to Work Area	Percentage employed in HE
Aberystwyth	17.4%
St Andrews and Cupar	15.8%
Canterbury	10.5%
Lancaster and Morecambe	10.4%
Oxford	8.4%
Bath	6.2%
Bangor and Holyhead	4.9%
Edinburgh	4.7%
Milton Keynes	4.5%
Durham and Bishop Auckland	4.2%

Source: BRES 2016, (85421: First-degree level higher education, 85422: Postgraduate level higher education)¹⁵⁶

Export value

- 4.21 Because international students' expenditure in the UK is based on income outside the UK, it is a form of export earnings. A number of studies have estimated this. The expenditure estimates include international students' tuition fees and the subsistence spend of international students and some studies include those students' visitors' expenditure.
- 4.22 A 2011 report by the former Department for Business Innovation and Skills¹⁵⁷ valued the export earnings of international students of all nationalities at £6.8 billion in 2008/09.
- 4.23 Using a similar methodology, a more recent report for Universities UK¹⁵⁸ found that international students of all nationalities in higher education contributed £13.1 billion to UK export earnings in 2014/15. Overseas visitors' spending generated an estimated £1 billion in gross output in 2014/15.¹⁵⁹
- 4.24 Analysis conducted by the Department for Education¹⁶⁰ estimated the export value of international students studying in the UK at £17.6 billion in 2015. Higher education accounts for the largest share of revenue from education related

¹⁵⁶ <https://www.nomisweb.co.uk/datasets/newbres6pub>

¹⁵⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32395/11-980-estimating-value-of-education-exports.pdf

¹⁵⁸ <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/the-economic-impact-of-universities.pdf>

¹⁵⁹ <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/briefing-economic-impact-international-students.pdf>

¹⁶⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/683043/SFR12-2018_Text.pdf

exports. HEIs contributed £12.9 billion (67 per cent) of the total value. The revenue from other stages of education such as FE and independent schools is comparably smaller at £0.3 billion and £0.9 billion, respectively. English language training generates a higher revenue at £1.7 billion. However, both FE and English language training saw a similar fall in export revenue over the previous five years – down £0.6 billion. Overall, export value has grown between 2010 and 2015, driven mostly by HEIs, which saw an increase of £3.4 billion.

“Data provided by SCIS also suggests that in 2015 the average fee for a boarding pupil was £26,910 and the average fee for a day pupil was £9,095. By applying these fees to the pupil numbers estimated above it was estimated that in 2015 SCIS members generated £29.8 million in export earnings.”

BiGGAR Economics report to Scottish Council of Independent Schools¹⁶¹

Fiscal impacts

- 4.25 A sizeable part of the economic benefit from international students flows to the public finances. An Oxford Economics study¹⁶² commissioned by the MAC paper for our report on the impact of EEA migrants found that international students in HE had a very positive net fiscal impact. They contribute tax revenue directly primarily through the money they spend in the local economy. Being young with few dependants they make few demands on public services such as health.
- 4.26 Oxford Economics¹⁶³ estimated the average net fiscal contribution of EEA students to be around £3,300 per year higher than the overall UK average student (on an accountable adult basis), and the contribution of non-EEA students to be £5,100 per year higher. This difference is due mainly to the fact that non-EEA students who have been in the UK for less than three years do not qualify for student funding support and therefore were not allocated tertiary education expenditure in our estimate.
- 4.27 In 2017, total borrowing by EU students for tuition loans was £0.4 billion compared to £13.0 billion for UK domiciled students, according to the Student Loan Company (SLC). EU students were less likely than domestic students to

¹⁶¹ <http://www.scis.org.uk/assets/Uploads/PDFs/Economic-Impact-of-the-Scottish-Council-of-Independent-Schools-final-report-13Apr16.pdf>

¹⁶² For publication in September 2018, available via Migration Advisory Committee website: <https://www.gov.uk/government/organisations/migration-advisory-committee>

¹⁶³ *ibid.*

take out a student loan: 94 per cent of UK domiciled students borrowed money compared with 73 per cent of EU students. And the average amount borrowed by EU students is smaller than for domestic students as EU students cannot access the maintenance part of student loans. At the end of 2017/18 total publicly owned debt for English students and EU students studying in England was £104.6 billion; this amount is split £102.4 billion (98 per cent) for England domiciled to £2.2 billion (2 per cent) for EU domiciled.¹⁶⁴

- 4.28 EU students are less likely to be repaying student loans than domestic students – only 27.5 per cent of the EU borrowers in the most recent cohort are repaying, compared to 52.5 per cent of domestic borrowers. The government has not traced 12.9 per cent of EU students compared to only 1.3 per cent of domestic students. The average re-payment of EU students who do make payments is, however, larger for domestic students. Overall, we have not been able to make a complete assessment of the fraction of student loans extended to EU students that can be expected to be repaid.

Financial impact on institutions

Higher education

- 4.29 In the responses to our call for evidence, many institutions expressed the view that international students (especially those from outside the EU where fees currently have no limit), were vital to their finances.
- 4.30 Universities UK stated in their call for evidence response¹⁶⁵ that the fees of non-EU students were £4.5 billion in 2015/16¹⁶⁶, making-up 23 per cent of all teaching income, yet only representing 14 per cent of all students. They argue that these fees provide a vital cross-subsidy to the teaching of domestic and EU students and for research, without which it would be much harder for British universities to remain competitive in the world market.
- 4.31 One of the Welsh universities responding to our call for evidence, said if there was a reduction of international students, it would hit Universities in Wales harder since they receive less funding per student compared to other parts of the UK.¹⁶⁷

¹⁶⁴ <https://www.slc.co.uk/media/10022/slcsp012018.pdf>

¹⁶⁵ The figures are also available from their report, (“Patterns and Trends in UK Higher Education 2017”) <https://www.universitiesuk.ac.uk/facts-and-stats/data-and-analysis/Pages/patterns-and-trends-2017.aspx>

¹⁶⁶ UUK analysis of HESA Finance Record (2017) <https://www.universitiesuk.ac.uk/facts-and-stats/data-and-analysis/Documents/patterns-and-trends-2017.pdf>

¹⁶⁷ <http://www.uniswales.ac.uk/wp/media/Unis-Wales-funding-guide-ENG.pdf>

- 4.32 London First, in their call for evidence response, stated that international students making up 39 per cent of total fee income and 19 per cent of total income for London HE institutions. Non-EU students paid more than £1.18 billion in tuition fees in London HEIs, and EU students added another £198 million. London First stated that, “In 2015/16, of the 438,000 international students in the UK, 24.5 per cent (107,195) were studying at a London HEI. London is home to 27 per cent (34,355) of the total number of EU students studying in the UK and 20 per cent (72,840) of non-EU students in the UK. In total, 29 per cent (107,195) of the 371,905 students in London are international students.”
- 4.33 The latest Transparent Approach to Costing (TRAC) data¹⁶⁸ for the UK shows that income from teaching (both publicly funded and not) exceeds full economic costs by £1.66 billion; 87 per cent of the net surplus comes from international student fees. By comparison, research has a deficit of nearly £3.1 billion so fee income from international students cross-subsidises research.
- 4.34 Research by Olive in 2017¹⁶⁹ analysed cross-subsidisation and found that on average, each non-EU student subsidises research by over £8,000 over the duration of their study.¹⁷⁰ Income from international students would not just be used to support the funding of research; income from students (domestic and international) can be used to support investment in university facilities (as discussed in Chapter 5).

“If international student numbers fell it would affect the ability of our universities to support the full costs of their research activities. Without additional funding, this would risk their capacity to deliver high-quality, impactful research and restrict the UK’s ability to undertake ground-breaking science, including in priority areas and those aligned to the industrial strategy, such as precision medicine, artificial intelligence and agriculture. Such a scenario would have knock-on implications for the UK’s international reputation and participation in global research collaborations.”

Russell Group

¹⁶⁸http://www.hefce.ac.uk/media/HEFCE,2014/Content/Funding,and,finance/Financial,sustainability/TRAC,Guidance/TRAC_analysis_2015-16_summary_statement.pdf

¹⁶⁹ <http://www.hepi.ac.uk/wp-content/uploads/2017/11/HEPI-How-much-is-too-much-Report-100-FINAL.pdf>

¹⁷⁰ This figure is calculated by taking the average fee paid by non-EU students (£13,461 p.a), multiplying that by the surplus that educational institutions make on non-publicly funded teaching (28 per cent), and multiplying it by the number of years non-EU students study on average (2.13 years).

Further education

- 4.35 In their 2013 report, the former Department for Business Innovation and Skills¹⁷¹ show that two-thirds of 155 colleges across the UK¹⁷², have Tier 4 students. On average, colleges charged almost £5,000 per Tier 4 student in 2010/11. The total income generated from Tier 4 students by colleges that took part in the survey was over £39 million in 2010/11. The number of Tier 4 students at further education colleges (FECs) has fallen since 2010/11, but the report mentions an expected annual rise in tuition fee income for 2012/13, as a result of higher individual fees for Tier 4 students.¹⁷³
- 4.36 The Association of Colleges, in their recent study¹⁷⁴ show that where colleges attract international students, on average, this generates over £800,000 in non-EU student fee income and £105,000 in EU student fee income for the college.

Independent schools

- 4.37 By their very nature, international students at independent schools will usually board, paying higher fees to schools. In 2012, international students paid an estimated £890 million in fees.¹⁷⁵ It is estimated that 22,700 jobs are reliant on their presence.

English language schools

- 4.38 English language schools will be strongly dependent on the income from students coming from abroad to study English in the UK. English UK, a body representing accredited English language centres, in their call for evidence response, estimated the GVA to be £316 million from a direct impact of students attending ELCs, with a total of 8,800 people employed directly.

¹⁷¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/182049/13-767-evaluation-of-value-of-tier-4-international-students-to-fe-colleges-and-uk-economy.pdf

¹⁷² Results are based on colleges responding across the UK, though non-responses from colleges in Northern Ireland, Scotland and Wales were not included due to lack of data availability. There was a 49 per cent response rate of colleges across the UK.

¹⁷³ Average per Tier 4 student fees were £5,800 in 2012/13. Average fees were lower in 2011/12 at just over £4,000 per Tier 4 student.

¹⁷⁴ https://www.aoc.co.uk/sites/default/files/AoC%20international%20survey%20report%202017_0.pdf

¹⁷⁵ https://www.isc.co.uk/media/2588/2014_economicimpact_report_isc.pdf

Chapter 5: Impact on UK students

Key messages

- Non-EEA international students pay higher fees than domestic students, allowing the possibility of cross-subsidisation of domestic and EU students' education.
- Domestic students generally have a positive view of studying alongside international students.
- There is only limited evidence of any negative impacts on the educational experience of domestic students.

Introduction

- 5.1 There are many ways in which international students might affect UK students. The fees paid by international students might help to fund the education of UK students if there is cross-subsidisation within institutions. The interaction of domestic and international students in the classroom and the wider institution may be positive or, conceivably, negative. The impacts of international students may affect the future employment prospects of domestic students.
- 5.2 Many of these impacts are hard to assess but this chapter provides some evidence.

Cross-subsidisation from international to domestic students

- 5.3 As discussed in Chapter 4, international students pay more into institutions than they consume in resources thus cross-subsidising other activities including the education of domestic students. This cross-subsidisation might make some courses or modules viable when they otherwise would not be or lead to improved facilities.

“The income from international students goes towards teaching costs for these students as well as core education facilities, ensuring sustainability of certain courses for domestic students and, at many of our institutions, research.

. . . Without international students, some courses at our universities may not be financially viable, which would impact on choice available to domestic students . . . Many postgraduate taught (PGT) courses, STEM subjects,

business, finance and management courses at our universities would be at risk without international students.”

Russell Group

“International students also stimulate demand for courses where domestic demand alone can be insufficient to sustain them, thus ensuring that a wider range of courses are available for all students and some strategically important courses remain viable. For example, for taught postgraduate courses in 2011/12, non-UK students made up 84% of new entrants in electronic and electrical engineering, 76% in production and manufacturing engineering and 67% in computer science.”

UK Council for International Student Affairs

“Income generated from non-EU recruitment contributes to the investment across both teaching and research in staffing, facilities and the academic and pastoral support environment that benefit all students (Home, EU and non-EU) and their higher education experience”

(former) Higher Education Funding Council for England

“. . . migrant students studying in London are directly responsible for the financial viability of courses in certain subject areas. They therefore increase the educational opportunities available to UK students.”

London Higher

“Migrant student fees can provide an additional revenue stream for colleges. Any surplus from this revenue can be invested back into central college operations and services, benefitting all students and staff at the organisation.”

Association of Colleges

- 5.4 There is no evidence that international students crowd-out domestic students as could conceivably happen if institutions have caps on their course or class size. Research by Machin and Murphy (2017)¹⁷⁶ using data from the period when undergraduate numbers were capped, found no evidence that domestic students were crowded-out by higher fee paying international students. For postgraduate courses there was evidence of crowding-in – where increased

¹⁷⁶ Machin, S., and Murphy, R. (2017). Paying out and crowding out? The globalisation of higher education. *Journal of Economic Geography*, 17, pp. 1075 –1110.

number of international students positively impacted on the enrolment of domestic students – more so for Russell Group universities.

UK students' experiences with international students

- 5.5 There are numerous ways in which the interactions with international students could affect the educational experience of domestic students. Contact might foster wider global and cultural awareness; international students may bring different perspectives to course or class discussions; teaching styles may change if teachers or lecturers adapt their style to suit a more diverse class, coming from different styles of teaching; there might be language issues if English language skills of some international students are insufficient.
- 5.6 The best source of evidence available on this are the views of domestic students themselves as expressed in a number of surveys.
- 5.7 The 2014 British Council report “Integration of international students - a UK perspective”¹⁷⁷ summarised the results of a survey of over 2,600 UK-domiciled students designed to examine “UK student perceptions on the integration of international students, with the aim of understanding the level of awareness UK students have of incoming international students, their level of interaction, and their understanding of their motivations for studying in the UK”. Headline results are that 74 per cent of respondents believe that international students are welcomed in the UK, compared to 13 per cent who did not believe this and 13 per cent who did not know.
- 5.8 In the British Council survey, 44 per cent reported having international students as friends and 27 per cent in their class, while 23 per cent reported not knowing any international students; 47 per cent reported enjoying sharing experiences with international students, both in class and out; 13 per cent felt that international students were private and kept to themselves; ten per cent that they bring international culture and views; eight per cent wished they could interact with them more. Only two per cent said they felt that international students did not belong here.
- 5.9 Those who had international students as friends tended to provide more “positive” responses, while those without were more likely to provide a more neutral (i.e. “no opinion”) response.
- 5.10 A more detailed survey exploring more aspects of the impact of studying alongside international students was undertaken by HEPI and HEA in 2015 in their report “What do home students think of studying with international

¹⁷⁷ <https://www.britishcouncil.org/education/ihe/knowledge-centre/student-mobility/report-integration-international-students>

students?”.¹⁷⁸ A panel of 1,000 students responded on the extent they agreed or disagreed with a series of questions related to the impact of international students on their learning experience. The sample was mostly domestic students but did contain some international students.

5.11 In 2018, HEPI and Advance HE’s Student Academic Experience Survey¹⁷⁹, introduced some questions from the 2015 survey. The sample was larger and comprised only UK-domiciled students, whereas 14 per cent of the 2015 survey included international students. The results of both surveys are presented in Table 5.1. The difference in the sampling methodology means it would not be appropriate to infer trends from differences in answers in 2015 and 2018.

Table 5.1: Results from the 2015 and 2018 student surveys on the impact studying alongside international students has on learning, looking at the extent respondents agree or disagree with each statement

	2015 agree	2018 agree	2015 disagree	2018 disagree
It gives me a better world view	76%	62%	6%	11%
It improves my employment prospects	24%	27%	29%	28%
It provides me with opportunities to practice foreign language skills	42%	25%	30%	41%
It helps me develop a global network	63%	49%	11%	18%
Including students who don’t have English as their first language slows down the class	25%	22%	47%	50%
Academic discussions are of a lower quality	12%	16%	65%	55%
International students require more attention from the lecturer	26%	24%	44%	42%
Students have to be more aware of cultural sensitivities	77%	61%	22%	12%

Sources: HEPI and HEA (2015)¹⁸⁰; HEPI and Advance HE (2018)¹⁸¹

Notes:

1. Figures do not sum to 100% as a proportion will respond “Neither agree nor disagree”;
2. The “agree” category includes those who “Agree” or “Strongly agree”, while the “disagree” category includes those who “Disagree” or “Strongly disagree”.

¹⁷⁸ <http://www.hepi.ac.uk/wp-content/uploads/2015/06/HEApaper7.pdf>

¹⁷⁹ <https://www.hepi.ac.uk/2018/06/07/2018-student-academic-experience-survey/>

¹⁸⁰ <http://www.hepi.ac.uk/wp-content/uploads/2015/06/HEApaper7.pdf>

¹⁸¹ <https://www.hepi.ac.uk/2018/06/07/2018-student-academic-experience-survey/>

- 5.12 The results from the surveys suggest that the impact of international students is more positive than negative, though some students raised concerns about the impact studying alongside international students has on their learning. For example, although around half disagreed that studying alongside international students who do not have English as their first language slowed down the class, around a fifth of respondents did agree with this statement. Similarly, although roughly half disagreed, around a quarter agreed that international students require more attention from the lecturer, and around one-in-six respondents agreed that academic discussions were of a lower quality.

“International students provide a wide range of benefits to the UK students who study alongside them. They contribute to the diversity of university campuses, help prepare students for the global working environment, and support the development of more and improved facilities. International students also contribute to the sustainability of many courses, particularly at postgraduate taught level, ensuring that these are kept open for UK students. One study has found that for every new international student at postgraduate level, UK universities are able to open a place for a new UK postgraduate.”

Universities UK

“I am a student on the [MA x] course, and whilst I have found certain aspects of it very interesting and stimulating, I have faced some frustrations and disappointments, largely due to being the sole native English speaker in our group. . . . Thus I have on several occasions felt very disappointed that I am not able to participate in what I would consider MA level discussions, due to other students' lack of spoken English ability or confidence in speaking, and sometimes also their lack of understanding of the basic concepts in the lectures or articles What I am concerned about is that students without the appropriate level of academic English, including interaction skills, are being accepted on the course, such that the overall standard of the course is lowered.”

Individual response to call for evidence

- 5.13 In 2017 the NUS ran a survey¹⁸² researching into UK students' views on their international peers: “Student perspectives on international students”. They received over 4,600 responses. Three-quarters agreed the international students should have the right to work in the UK after graduation. Most

¹⁸² <https://www.nusconnect.org.uk/resources/student-perspectives-on-international-students>

respondents also expressed the view that a reduction in the number of international students would reduce the availability and quality of courses.

- 5.14 Owing to the existing evidence being rather limited we tried, for the first time in a MAC commission, to conduct our own survey on attitudes to international students. The intention was that this would be sent to all current higher education students, potentially a very large sample. We wanted respondents to feel confident that their answers were anonymous so the survey did not use individualised links to access the survey. This design made it vulnerable to being undermined, though we had not anticipated that anyone would seek to do that and had hoped potential respondents would approach it in a responsible way – completing it truthfully and only once. However, once our survey was in the field, a social media campaign began to undermine it. As this campaign grew and compromised the potential survey results, we took the decision to withdraw the survey, deleting all responses we had already received. We thank the many respondents who took the time to answer the survey and provide genuine responses. The MAC has learned lessons from this about how to collect evidence in the future and are disappointed this important area, which lacks evidence, could not be improved upon for this MAC report.
- 5.15 Interactions between domestic and international students can take place outside their classes e.g. through sharing accommodation or social events. Mixing outside courses means some of the benefits international students bring may be felt by those who are on courses with fewer international students. This can help improve the integration of domestic and international students, potentially improving cultural awareness.

“[We] undertake several events during the year and at check in, as well as mixing students up amongst cluster flats, so international students live and engage with domestic students to help students integrate themselves. This proves to be a valuable cultural learning opportunity to domestic students.”

Unite, provided by British Property Foundation

“Without international students, the cultural diversity at Taunton School would likely be very minimal. At Taunton School, we have over 40 nationalities, all sharing their different and hugely fascinating cultures and customs.”

Taunton School International

International students and student satisfaction

- 5.16 The National Student Survey (NSS) is an annual survey of final-year undergraduates, both domestic and international, who answer a variety of questions about satisfaction with their course. We investigated whether there was a relationship between student course satisfaction and the share of international students (EU and non-EU) on the course at each institution. Full details of the analysis and results are set out in Annex D.
- 5.17 The analysis provides little evidence that international students affect the satisfaction of students on courses in either a positive or negative way. There are some estimated coefficients that are significantly different from zero: for EU-students they tend to be positive while for non-EU students they tend to be negative. However, the impacts are tiny.
- 5.18 The results should be interpreted with caution as there are limitations to the analysis e.g. if international students have different levels of satisfaction from domestic students this could show-up as an effect of international students; or there may be unobserved factors which could affect results.

Effects on future employment prospects

- 5.19 There is very limited evidence on how the employment prospects of domestic students are affected by studying with international students. The HEPI survey reported above suggests that only a minority of domestic students think their employment prospects are improved, contrasting with international students who express more positive views.

Chapter 6: Impact on the wider community

Key messages

- International students may have some impact on the wider communities where they live, though these are difficult to quantify and to separate from the impacts of students in general.
- There is no evidence of problems stemming from the impact of international students on the wider community. Any such impacts are likely to be small and should not have an influence on policy towards international students.

Introduction

- 6.1 Students in higher education made up four per cent¹⁸³ of the population in the UK in 2016/17 and international students were 19 per cent¹⁸⁴ of that. In some areas, the proportion of students is much higher.
- 6.2 Students may have some impact on the communities in which they live and this chapter considers those impacts. Hard evidence is difficult to find and what evidence there is relates to the impact of students as a whole and not just international students. For many non-students in the wider community there may be no awareness of who is an international or domestic student, or even a distinction between young people who are students and those who are not.
- 6.3 We discuss possible impacts on housing, transport, health services, and other local amenities. The list is not exhaustive of possible impacts but these seem likely to be the most important. HESA microdata has been used to create figures 6.1 and 6.2, and for these only higher education students are included.

Housing

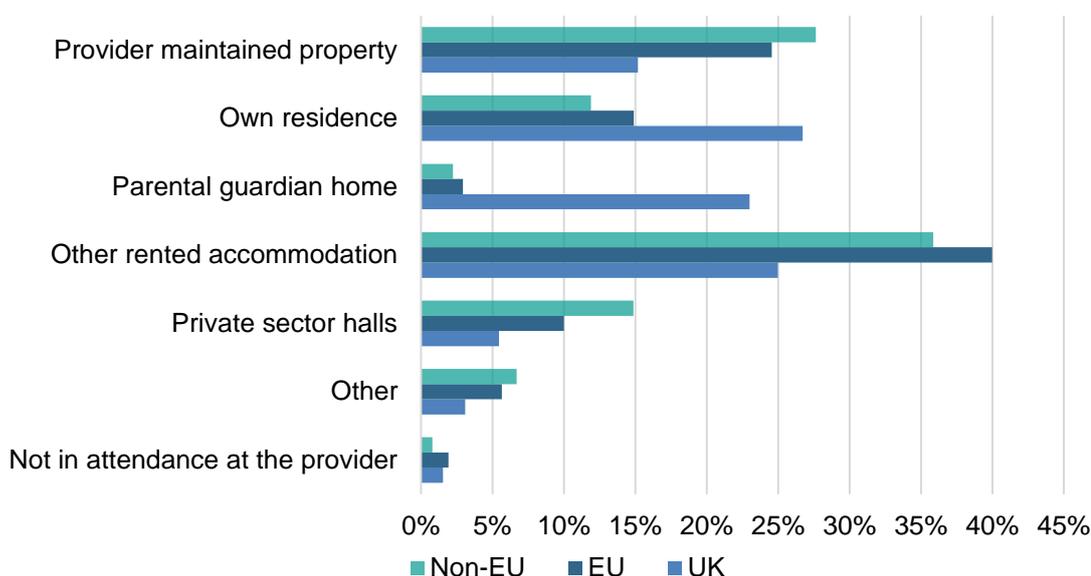
- 6.4 Figure 6.1 shows the type of housing lived in by UK, EU and non-EU domiciled students in the academic year 2016/17. Most international students either live in university provided halls, private halls or rent privately. A very small number of international students may live with their parents or purchase a property themselves. From call for evidence responses, we know some international students will live with host families while studying in the UK. Access to social

¹⁸³ HESA <https://www.hesa.ac.uk/data-and-analysis/students/where-from> and ONS UK population estimates <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/timeseries/ukpop/pop>

¹⁸⁴ HESA <https://www.hesa.ac.uk/data-and-analysis/students/where-from>

housing is not available for international students on Tier 4 visas. In certain situations it may be possible for EEA students to get access to social housing, but the numbers are likely to be very small.

Figure 6.1: Type of housing occupied by different domicile groups of higher education students in 2016/17



Source: Analysis of HESA microdata 2016/17

Note: Proportion of known accommodation

6.5 The box below contains responses to our call for evidence describing a host family’s experience, and colleges’ accommodation for international students.

“We are a host family who have been receiving international students into our home since 1985, there are a huge amount of benefits to becoming a host family not only to the host family but also to the student and the local economy. One of the most important aspects is assisting a young person with their language skills, passing on British customs and mannerisms which can only be experienced in the country of the language being learnt, our children have now grown up but they have learnt about different cultures, made lasting friends all over the world this enriched there education and has helped them in adult life within there chosen careers. Our grandchildren now have the benefits bestowed on our children and the circle begins again, having students has meant sacrifices from all the family learning tolerance, empathy when our students are home sick, helping the students cook some of there own food to make them happy, being able to take a holiday with my family as it brings in a little extra money. Hosting students has enriched our lives and we hope to continue.”

Individual response to the call for evidence

“AoC’s international survey 2016/17 reported that 65% of colleges engaged in international work offer ‘homestay’ accommodation, and 27% offer on-campus residential accommodation.”

Association of Colleges

- 6.6 The HESA data shows that the two most popular choices of accommodation for international students are rented accommodation (37 per cent) and living in halls (40 per cent).¹⁸⁵

“. . .international students are disproportionately represented in University accommodation as they tend to experience more difficulties finding private sector accommodation in the local area. International students experience difficulty finding and agreeing tenancies with landlords from distant locations and often find it more challenging to meet the requirements for a reference and guarantor that is acceptable to a UK landlord.”

University of Surrey

“For the most part they take accommodation through university halls or shared housing provision, largely due to convenience, ease of booking, and the fact that we provide purpose-built accommodation suitable for their study needs. In addition, the complexity involved in setting up utility supplies, massive up-front deposits (in some cases the whole year’s rent in advance) is very off-putting for this group.”

Oxford Brookes University

- 6.7 There has been little change in recent years in the type of accommodation lived in by international students (both EU and non-EU) though the percentage choosing to live in private sector halls has increased slightly from nine per cent in 2011/12 to 13 per cent in 2016/17. Despite both EU and non-EU students being more likely than UK students to live in other rented accommodation¹⁸⁶, the overall numbers are significantly lower. This suggests that any impact of

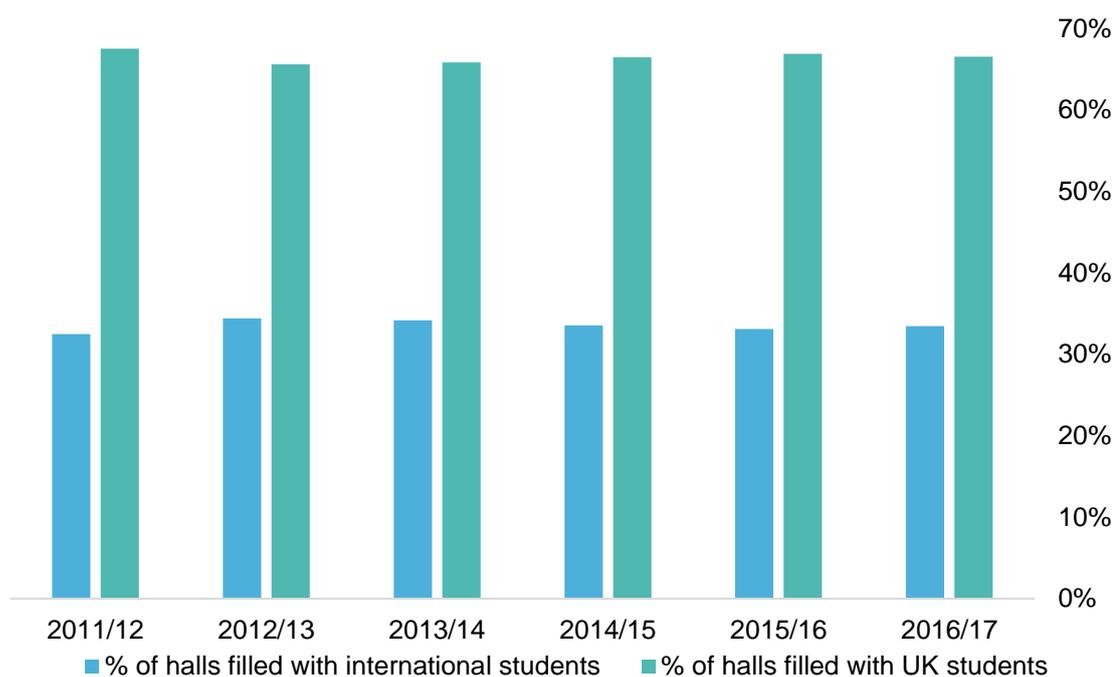
¹⁸⁵ Our analysis of HESA microdata 2016/17. Students whose accommodation type is unknown have been excluded from the denominator.

¹⁸⁶ Analysis of HESA microdata shows that for 2016/17, 25 per cent of UK domiciled students lived in other rented accommodation. This figure was 40 per cent for EU domiciled students and 36 per cent for non-EU domiciled. For the previous years the figures varied slightly but not significantly. Students whose accommodation type is unknown have been excluded from the denominator.

international students on the private rental market will be a small proportion of the overall impact of domestic students.¹⁸⁷

6.8 Figure 6.2 shows that the percentage of spaces in halls taken by international and UK students has remained fairly constant over the last six years. International students make up 19 per cent of the total HE student body in the UK, yet they make up over 30 per cent of hall residents.¹⁸⁸

Figure 6.2. Percentage of spaces in halls (provider maintained and private) occupied by UK and international students 2011/12–2016/17



Source: Analysis of HESA microdata 2011/12 - 2016/17

Note: each year will sum to 100%.

6.9 One reason that international students are more likely to live in both rented accommodation and halls than UK students, could be that UK students are far more likely to live in their own residence (27 per cent) or to live in their parents' home (23 per cent). For international students, the percentages are 13 per cent and two per cent respectively.

6.10 In recent years there has been a growth in the number of purpose build student accommodation (PBSA) available to students (mostly located in city centres), and a corresponding increase in the proportion of students choosing to live in them¹⁸⁹. Some reports suggest that international students are more likely to live

¹⁸⁷ Analysis of HESA microdata. These figures are calculated from the known accommodation type.

¹⁸⁸ Analysis of HESA microdata 2016/17.

¹⁸⁹ <https://www.ey.com/Publication/vwLUAssets/ey-uk-purpose-built-student-accommodation/%24FILE/ey-uk-purpose-built-student-accommodation.pdf>

in PBSA; a report by KPMG in 2017¹⁹⁰ says that non-UK students are 65 per cent more likely to live in PBSA than UK students while in Empiric's Student Properties interim results 2017¹⁹¹, they said that 51 per cent of the students residing in their properties are from outside the UK. Our analysis of the HESA data shows that in 2016/17 where five per cent of UK students chose to live in private sector halls, 13 per cent of international students chose to do so.

“There has been a growth in the number of private halls of residence in Bangor in the last 5 years. The growth in private accommodation providers is driven by the rise in the number of international students and an increase in demand for good quality accommodation from 2nd and 3rd year UK undergraduate students.”

Bangor University

- 6.11 Rising numbers of students can cause pressures on the private rental market if the stock of housing is fixed in the short-term. Areas with large numbers of students may also be affected by the number of houses being turned into multiple occupancy rental properties where the tenants are inevitably transient. For example Warwickshire District Council¹⁹² recognises the importance of hosting students locally but also how large student populations can place stress on the settled community. One of the aims of this council's student housing strategy is to encourage the provision of PBSA thereby encouraging students to move from houses of multiple occupancy (HMO) style accommodation.
- 6.12 The overall impact on local housing markets will depend on the numbers of international students choosing to rent privately and the current state of the housing market. It is difficult to separate the impacts on housing made by domestic students and international students.

Transport

- 6.13 International students may affect local transport. They may sometimes add to congestion but may also provide the passenger volumes needed to make some routes viable. Some universities subsidise bus routes and/or provide bus services that are open to non-students.

¹⁹⁰ <https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2017/05/brexit-and-student-accommodation.pdf>

¹⁹¹ Empiric student property Interim results <https://www.empiric.co.uk/page/security/download/?id=49>

¹⁹² Warwickshire District Council: item 3 student housing strategy. <https://estates4.warwickdc.gov.uk/cmis/MeetingDates/tabid/149/ctl/ViewMeetingPublic/mid/637/Meeting/3828/Committee/29/Default.aspx>

- 6.14 Most existing evidence looks at the patterns of transport use by young people; it is difficult to determine the impact on the UK transport systems of international students specifically. A London-focused piece of research by PWC and London First¹⁹³ does focus specifically on international students and public transport usage, however they do not account for the costs. The literature supports the conclusion that the costs attributable to international students' use of roads and public transport are very small.
- 6.15 The National Travel Survey (2016)¹⁹⁴ reports on travel habits in England, breaking down trips by purpose and mode of transport. The results show that those between the ages of 17-20 make fewer trips and travel fewer miles¹⁹⁵ on average than those in the older age groups. Looking at all modes of transport by purpose for travel, the average number of trips made for education are around half those made for commuting purposes.¹⁹⁶
- 6.16 This is consistent with evidence from the 2017 Student Lifestyle Survey¹⁹⁷ showing that students are most likely to travel to university on foot, with 66 per cent of students commuting by walking, 23 per cent of students rely on public transport and just six per cent drive. Students based in London are the most reliant on public transport with 53 per cent of them taking either a bus or train to university each day. Only 16 per cent of respondents to this survey were international students, however, it gives us a general idea of students' transport uses. A 2015 report by London First and PWC¹⁹⁸ surveyed international students and worked out that international students represent only 0.6 per cent of total London commuters during peak hours.

“Homestay is particularly popular with college students who are aged 16-19 or who are studying in the UK for short periods. Homestay provision is located near the college campus, allowing students to use local transport to get to college. Most migrant students will use public transport or college-arranged transport to reach college.”

Association of Colleges

- 6.17 Universities UK have collated evidence on student transport services, showing that transport provisions and subsidies are the same for all students. A notable

¹⁹³ <https://www.londonfirst.co.uk/sites/default/files/documents/2018-05/London-Calling.pdf>

¹⁹⁴ <https://www.gov.uk/government/statistics/national-travel-survey-2016>

¹⁹⁵ Tables NTS0611 and NTS0612 <https://www.gov.uk/government/statistical-data-sets/nts04-purpose-of-trips>

¹⁹⁶ Table NTS0505 <https://www.gov.uk/government/statistical-data-sets/nts04-purpose-of-trips>

¹⁹⁷ https://www.accommodationforstudents.com/research_reports/research.pdf

¹⁹⁸ <https://www.londonfirst.co.uk/sites/default/files/documents/2018-05/London-Calling.pdf>

exception is the assistance some universities provide to their international students in initially getting from the airport to their accommodation. Their evidence suggests that universities with multiple campuses are likely to run free shuttle services between these campuses for students and staff and that some universities in rural locations run free bus services to local towns or cities for students.

- 6.18 Again, it is hard to differentiate the impacts caused by international students and domestic students. Use of public transport for the purpose of study is low and the impacts of international students are likely to be negligible overall.

Health Services

- 6.19 International students can access public healthcare while studying in the UK. EEA students can access NHS treatment in the same way a UK citizen can, by showing a valid European Health Insurance Card (EHIC), generally issued by their country. Without an EHIC EEA students may be charged.¹⁹⁹ Most international students from non-EEA countries must pay a health surcharge of £150 per year as part of their visa application to give them the same access to the NHS as UK citizens.
- 6.20 International students from non-EEA countries, who have come to study as a visitor on a visitor visa for six months or less, cannot access free NHS health care so will take out private insurance.²⁰⁰ Some other international students will also have private healthcare while studying in the UK, meaning they will not need to use NHS GPs; however, they are likely to be treated by an NHS hospital in an emergency. The ONS-CPC-UUK²⁰¹ survey of graduating international students in 2016/17 showed that that 7 per cent of respondents used A&E services in the past 12 months while studying in the UK.²⁰² The response rate of this survey was low and postgraduates were oversampled, so this figure may not be completely representative.

“Moreover, considering health directly, the demographic profile of students means that they are relatively unlikely to need to access services when compared to the population as a whole.”

¹⁹⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/467655/nhsleaflet-visitor-student.pdf

²⁰⁰ <https://www.gov.uk/healthcare-immigration-application/who-needs-pay>

²⁰¹ http://www.cpc.ac.uk/docs/2017_SoGIS_Technical_Report.pdf

²⁰² Table 10

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/surveyofgraduatinginternationalstudentsuk>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/467655/nhsleaflet-visitor-student.pdf

“Boarding students are not accessing UK public services such as housing or benefits and have minimal impact on healthcare as most boarding schools provide full time, onsite medical care provided by the school at their own cost in accordance with the National Minimum Standards for Boarding.”

Boarding Schools' Association

“For the most part, students are relatively healthy. We provide our own Nurse and sick bay who can refer students to a local GP surgery when required during the 33 weeks a year when they are with us. We do not believe that our 197 international students have a negative impact on the availability of health provision to the local community and they pay the NHS surcharge too which on balance probably outweighs the cost of provision. Students who feel the need for urgent health care tend to seek private provision and generally have health insurance to cover such costs.”

Bosworth Independent College

- 6.21 The age profile of international students means their usage of the NHS is likely to be low though still, on average, above the health surcharge. According to the Office of Budget Responsibility²⁰³ in the UK the amount spent on healthcare is at its lowest for those aged between 15 – 44. The 2016/17 HESA data shows that 99 per cent of international students in higher education fit into this age range with over half aged 22 or under.²⁰⁴
- 6.22 A recent HEPI Kaplan report²⁰⁵ estimated, using a 2013 Department of Health report²⁰⁶ that the net public healthcare cost associated with international students per year is £729 per EU student or EU dependant, and £579 for a non-EU student or dependant (i.e. £729 minus the £150 NHS levy contribution). These estimates do not take account of other taxes paid by international students: the Oxford Economics figures cited in Chapter 4 suggest that the overall fiscal contribution of students is positive even after accounting for use of public services like the NHS. Due to a lack of data around take-up of private

²⁰³ http://obr.uk/docs/dlm_uploads/Health-FSAP.pdf

²⁰⁴ Analysis of the HESA microdata 2016/17.

²⁰⁵ <https://www.hepi.ac.uk/wp-content/uploads/2018/01/Economic-benefits-of-international-students-by-constituency-Final-11-01-2018.pdf>

²⁰⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/251909/Quantitative_Assessment_of_Visitor_and_Migrant_Use_of_the_NHS_in_England_-_Exploring_the_Data_-_FULL_REPORT.pdf

healthcare, the report assumes that all EU and non-EU students use NHS healthcare, which could mean that the estimated cost could be lower in reality.

- 6.23 Evidence that Universities UK²⁰⁷ have collated and sent to us, showed that most universities have recommended GP practices near campus which they encourage students to register with. The evidence found 45 per cent²⁰⁸ of responding higher education providers have a student medical practice (GP) based onsite. In most cases these are NHS practices that are not owned by the university but have a close working relationship it. In a few cases the practises are owned and operated by the university itself. For example, Cardiff University has its own GP surgery and provides an eye clinic to students through its school of optometry and vision sciences. Some universities have arrangements with external GP practises by which clinics focused for students are run on campus on certain on certain days of the week.

Other community amenities and attitudes towards international students

- 6.24 Communities where students, or the institution, makes up a large part of the local population may also change in character: the provision of goods and services is likely to be affected by the student economy and the more transient population may affect other aspects of the community. All this applies to students in general and not international students in particular.
- 6.25 It is hard to obtain much evidence on these effects but Annex E reports some analysis of the Community Life Survey which characterises some neighbourhoods as being heavily influenced by students (all types not just international). There is no evidence that, once the type of people living in the area and other aspects have been controlled for, student neighbourhoods lead to a lower quality of life for other residents. This conclusion should be treated with caution as it is based on correlations, rather than showing causal effects.
- 6.26 In a poll conducted by ComRes for Universities UK in 2017²⁰⁹, members of the British public were surveyed on their opinions of international students. The results show that the social, cultural and economic benefits international students have on local communities are recognised. The survey found that 64 per cent of British adults believe international students have a positive impact on the local economies of the towns and cities in which they study, and 61 per cent believe that international students also have a valuable social and cultural impact on university towns and cities. The survey also found that the majority of British adults, 58 per cent, said they would like to see more or the same number of international students coming to the UK and this figure increased to

²⁰⁷ Sent to the MAC by Universities UK as additional evidence.

²⁰⁸ https://www.ippr.org/files/2017-09/1504645674_not-by-degrees-170905.pdf

²⁰⁹ <http://www.comresglobal.com/wp-content/uploads/2017/04/Universities-UK-Public-Perceptions-of-International-Students-Survey-Data-Tables.pdf>

73 per cent after respondents were told of the contribution they make to the UK's economy.²¹⁰

- 6.27 In an earlier survey by British Future for Universities UK²¹¹ similar results were found: 59 per cent of respondents said they think the government should not reduce the number of international students coming to Britain. This survey also found that the benefits international students bring to their local communities was recognised by the respondents; 60 per cent said they think that international students bring money into the local economy, and this rose to 66 per cent among those who live in a university town or city.
- 6.28 Our call for evidence responses suggested that students may benefit communities via participation and involvement in wider community activities. Volunteering schemes run by universities enable students to get involved with local businesses and charities, which helps with integration and can benefit local businesses. International students in particular can introduce new cultural experiences to communities. A more diverse range of businesses may open up to cater for the more diverse market which can then be enjoyed by everyone.

“In addition, local businesses recognise the role international students play within their local communities. As the #WeAreInternational campaign has highlighted, local businesses in Sheffield clearly value the way in which overseas students have helped to shape the city. According to their experience, not only do they help in providing knowledge and expertise, but add to the culture of the area and shape the type of restaurants, bars and cultural activities on offer and add to the diversity of the city.”

Confederation of British Industry

“. . . the local area around the University has seen a marked increase in shops/restaurants particularly targeted at the larger national groups. Volunteering in charity shops is popular as it is seen as a good way to improve language skills.”

University of Glasgow

“As part of its ongoing collaborations with Gateshead Council (which have included the development of the Northern Design Centre), Northumbria University agreed to create 1,000 new student beds as part of a

²¹⁰ <https://www.universitiesuk.ac.uk/news/Pages/majority-of-british-public-would-like-to-see-same-number-or-more-international-students.aspx>

²¹¹ <https://www.britishfuture.org/wp-content/uploads/2014/08/BRFJ2238-International-Students.WEB-FINAL.Embargo-25.8.14.pdf>

redevelopment of the moribund town centre of Gateshead at Trinity Square. This was designed to drive growth and investment in the town centre, by bringing the spending power of 1,000 students and the associated retail demand they carry. . . .The accommodation at Trinity Square was opened in 2014, and the town centre now features a much wider range of shopping, dining and recreational facilities including a multi-screen cinema. This development would not have happened without the drive of the increase of international student numbers from the University.”

Northumbria University

“Sheffield City Council have said: ‘International students are an asset to the economic, social and educational life of the City, bringing a broad range of vital skills, diverse cultural perspectives, international connections and valued voluntary support to local communities across Sheffield.’”

University of Sheffield and University of Sheffield Students’ Union

“In my city of Brighton and Hove it is impossible to ignore the importance of language students to the local economy, they use the buses, trains, go on regular excursions, and probably most importantly are enthusiastic patrons of pubs, coffee outlets, restaurants, and night clubs. All around the language schools are cafés and eating establishments which are there to service the student intake. The local economy would be devastated if the student numbers were to decrease.”

Individual response to the call for evidence

“International students take part in a number of volunteering opportunities in Bristol, supporting the local community. For example Chinese students volunteer at the Avon and Bristol Chinese Women’s Group to support website development and work with the elderly Chinese community to develop their language skills and support with day to day activities.

A group of 20 Thai students volunteered with Aerospace Bristol Museum to plan and facilitate two workshops for local isolated people from Olive Tree House. Over 6 weeks they were trained in communicating with visitors, including those with Dementia before planning and delivering a tour of the museum and an object handling session at the care home.”

University of the West of England

Chapter 7: Impacts after study

Key messages

- The vast majority of Tier 4 students and their dependents depart before their visa expires (or extend their stay).
- A majority leave the UK but around a quarter extend their visa, for study or other purposes.
- Since changes to the post-study rules in 2012, the numbers granted a visa extension for work have dropped sharply – from over 45,000 to around 6,000 per year.
- Most international students moving from a student to a work visa move into a STEM or business-related job.
- Most international students moving from a student to a work visa come from research-intensive institutions.
- While many international students who remain for work in the UK report levels of earnings similar to those of UK graduates, there is a group of non-EU students with surprisingly low earnings, both Master's and undergraduate students.
- International students who leave the UK after study can benefit UK's soft power and create ongoing business and research links.

Introduction

7.1 Some international students remain in the UK after the completion of their studies. EEA students currently have a right of continued residence in the UK that is not contingent on undertaking any particular activity.²¹² Non-EEA students are allowed to stay in the UK for a period after their course has ended; once any study visas have expired, they almost always have to have a non-student visa to remain, though a few may over-stay their visa. The international students who remain in the UK will have a continued impact that we discuss in this chapter.

²¹² The UK's exit from the EU in 2019 could affect future rights for international students from the EU / EEA to remain in the UK after their study has ended.

7.2 The chapter also discusses the future impact on the UK of those international students who leave the UK at the end of their studies. They may help to foster future trade links with the UK, or enhance the ‘soft power’ of the UK or use their UK education to further the economic and social development of the country where they live. Some may return to the UK at a later date either for further study or work.

How many international students remain in the UK after study?

Measuring student emigration

7.3 The Office for National Statistics’ (ONS) International Passenger Survey (IPS)²¹³ provides estimates of the number of people entering the UK for short-term and long-term migration.²¹⁴ It asks those entering the country their reason for migration, with study being one possible answer. This provides an estimate of the immigration of international students. Estimating the emigration of people who originally immigrated as students has proved difficult. Since 2012 the IPS has asked emigrants their original reason for coming to the UK with the numbers reporting ‘study’ being only about half the numbers who report they are entering the UK to study.²¹⁵ Taken at face value, these numbers suggest 50 per cent of international students remain in the UK long-term and this implies a very high over-staying rate because the number of extensions to visas being issued is much lower. There are good reasons to doubt the accuracy of these estimates as discussed in a July 2018 report²¹⁶ by the ONS.

7.4 In August 2017, the Home Office published new exit checks data. They analysed visa compliance, looking at those which expired in 2016/17, and excluding those where someone had been granted an extension to stay in the UK. For those who came to the UK on a study visa (and their dependents), 97.4 per cent are known to have departed on time.^{217,218} This is likely a lower-bound

²¹³<https://www.ons.gov.uk/surveys/informationforhouseholdsandindividuals/householdandindividualsurveys/internationalpassengersurveyips>

²¹⁴<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/publications>

²¹⁵ ONS Provisional long-term international migration estimates, Table 2 and Table 4:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/migrationstatisticsquarterlyreportprovisionallongterminternationalmigrationltimeestimates>

²¹⁶<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/reportonthecomplexityandqualityofinternationalmigrationstatistics/july2018>

²¹⁷ The report provides an estimate of the proportion of all people who had left after their visa expired, but did not provide a separate figure for students. For all visas, 0.4 per cent of individuals left after their visa expired, while the remainder had not initially identified as having left the UK. However, further investigation of this latter group suggested that individuals may have left, but there are known gaps in the data and data-matching process which could under-estimate the proportion known to have left the UK.

²¹⁸ <https://www.gov.uk/government/statistics/second-report-on-statistics-being-collected-under-the-exit-checks-programme>

estimate of students leaving the UK before their visa expires, as there are known gaps in the data and data-matching process.

- 7.5 The ONS built on the Home Office's exit checks data.²¹⁹ They examined those students who came to the UK on a visa lasting at least 12 months, which expired between April 2015 and April 2017. They identified those who extended their stay in the UK, as well as those who departed. This showed that around two-thirds of non-EEA students are known to have left the UK before their visa expired, and around a quarter extended their leave to remain in the UK e.g. to work or study.²²⁰
- 7.6 The ONS extended their analysis to explore a subset of 12 non-EEA nationalities with the largest number of citizens whose leave expired between April 2016 and 2017. They found that Russian, Bangladeshi, Saudi Arabian and Pakistani students were more likely to extend their leave to remain, while Thai, Chinese, American and Indian students were more likely to leave the UK before their visa expired.²²¹
- 7.7 In the light of this and other information, the Office for Statistics Regulation has recommended that the IPS student emigration figures be recorded as "experimental" – suggesting there are valid concerns over the quality of these statistics and implying that one cannot safely use the IPS to estimate the number of long-term student migrants who stay in the UK and the amount of net migration that is the result of immigration for study.²²²

Visa extensions

- 7.8 Data on visa extensions provide the best information on international students remaining in the UK. There are limitations: they provide no information on EEA students who require no visa and do not cover over-stayers, though the exit check data suggests these numbers are small.
- 7.9 The Home Office publication "Statistics on changes in migrants' visa and leave status"²²³ provides information on visas issued in a year, and then tracks individuals to ascertain their visa status the end of each subsequent year –

²¹⁹<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/internationalstudentmigrationresearchupdate/august2017>

²²⁰ Note that the Home Office exit checks data and the ONS data covers a slightly different group of expired visas and time periods.

²²¹<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/internationalstudentmigrationresearchupdate/august2017>

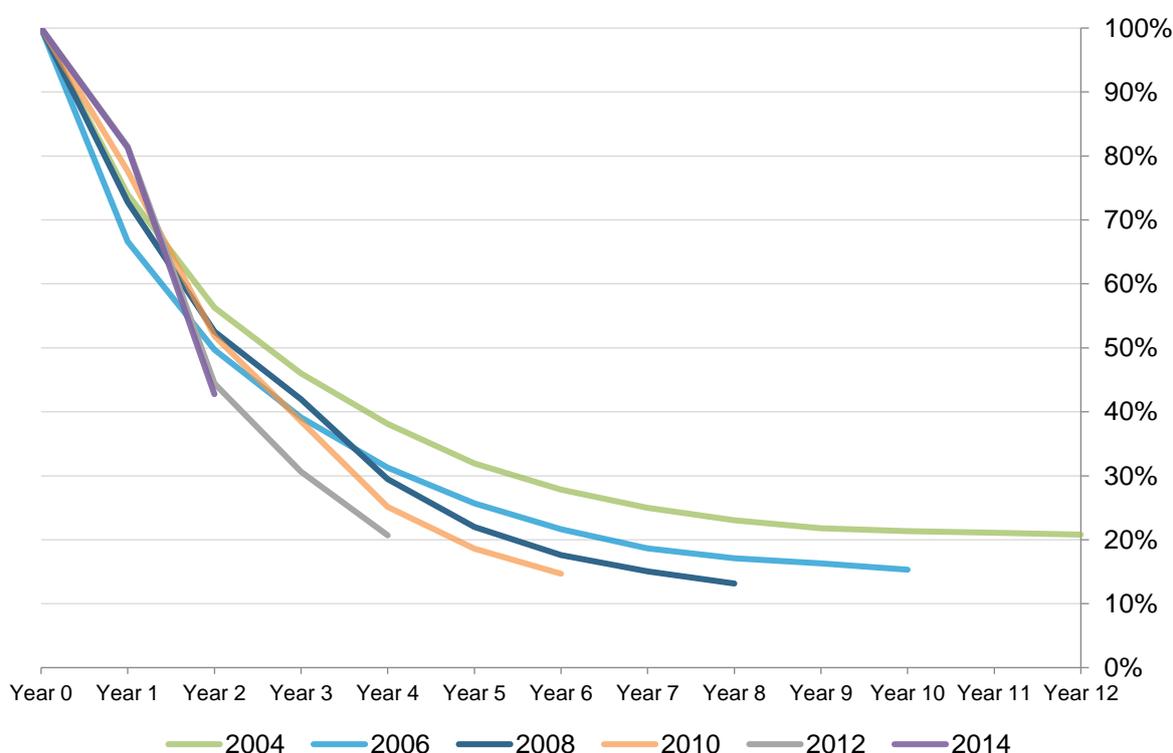
²²² <https://www.statisticsauthority.gov.uk/wp-content/uploads/2017/07/The-quality-of-long-term-student-migration-statistics.pdf>

²²³ <https://www.gov.uk/government/publications/statistics-on-changes-in-migrants-visa-and-leave-status-2016/statistics-on-changes-in-migrants-visa-and-leave-status-2016>

whether they remain on the same type of visa, have moved onto another visa, or their visa has expired and no new visa issued.

7.10 Figure 7.1 presents, for different entry cohorts, the proportion of sponsored Tier 4 students²²⁴ who have a right to remain in the UK (based on a study, work, or family visa, or have indefinite leave to remain or even UK citizenship) at the end of the year after their original visa was issued. It is worth noting that someone could have temporarily left the UK, and returned on a different visa at a later point.²²⁵

Figure 7.1: Proportion of people with a valid visa at the end of each year after they were originally issued a student visa (alternate year cohorts between 2004 and 2014)



Source: Home Office statistics changes in migrants' visa and leave status 2016 (Table MJ_03)²²⁶

Notes:

1. The cohort years relate to the year a student-related visa was issued (main applicants only)
2. Year 0 is set to 100 per cent as all visas were originally valid. Some visas may have expired during Year 0.

7.11 Figure 7.1 shows a steep drop-off in the proportion of non-EEA students who have leave to remain in the UK. Two years after their initial visa was issued, around half of students no longer have valid leave to remain. This proportion

²²⁴ Note – the student visa category excludes unsponsored short-term study visas.

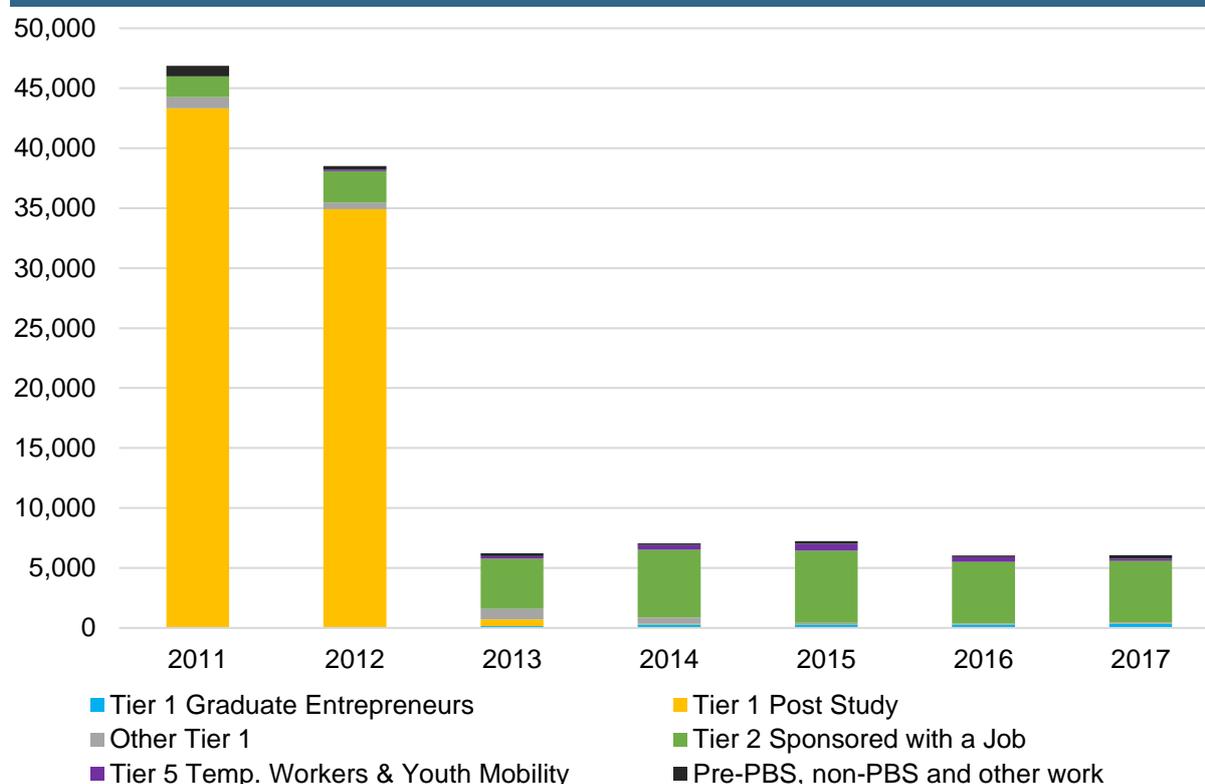
²²⁵ The gap between periods of leave granted can be no more than 12 months.

²²⁶ <https://www.gov.uk/government/publications/statistics-on-changes-in-migrants-visa-and-leave-status-2016/statistics-on-changes-in-migrants-visa-and-leave-status-2016>

has fallen over time. For example, the proportion with a valid visa after four years, has fallen over the years, from nearly 40 per cent for the 2004 cohort, to around 20 per cent for the 2012 cohort. These changes may reflect in part the result of changes in the visa system, including closure (to new applicants) of the Tier 1 Post-Study Work route in 2012.

7.12 Figure 7.2 shows the number of different types of work visas issued to those switching from a student visa. Prior to its closure to new applicants in 2012 the vast majority were for the Tier 1 Post-Study Work visa with over 43,000 visa extensions made via this route in 2011. Since then, the majority of those obtaining a work visa moved onto a Tier 2 visa, with smaller numbers in the Tier 1 Graduate Entrepreneur²²⁷ and Tier 5 Temporary Workers and Youth Mobility visas.²²⁸

Figure 7.2: Total student visa extensions granted to switch into a work visa



Source: Home Office Migration Statistics – visa extensions (Table: expc_01_w)²²⁹

Note: This analysis is for Tier 4 main applicants only, and excludes dependents.

²²⁷ In an earlier MAC publication, we concluded that the Graduate Entrepreneur scheme worked well. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/472236/Report_Tier_1_Entrepreneurs.pdf

²²⁸ Annually since 2014, around 300 Tier 1 Graduate Entrepreneur visas were granted for people extending their stay, who were previously on a student visa. This compares to between around 200 and 600 for a Tier 5 visa, over the same period, and between around 5,000 and 6,000 for a Tier 2 visa.

²²⁹ Table expc_01_w

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709293/extensions-mar-2018-tables.ods

7.13 In addition to switching into work categories, PhD students can extend their stay using the Doctoral Extension Scheme. It is relatively small but has grown in recent years from around 300 in 2015 to 1,600 in 2017.²³⁰ Although those on the scheme may be working, they are not included within work visa extension figures (and instead counted in Tier 4/study extensions data).

7.14 Table 7.1 shows the proportion of people originally issued a student visa, that have a work-related visa in subsequent years. Comparing the 2008 cohort with those from 2011, there is sharp reduction in the proportion with a work visa e.g. in Year 3 it fell from over 10 per cent to under 3 per cent. Again, this is likely to be in part the result of the abolition of the Post-Study Work visa.

Table 7.1: Proportion of people who were issued a student-related visa between 2004 and 2014, who have a work visa in subsequent years

Cohort	Year 1	Year 2	Year 3	Year 5
2004	5.1%	8.5%	11.1%	13.8%
2005	4.0%	8.2%	11.7%	11.8%
2006	3.3%	11.2%	12.3%	12.1%
2007	3.8%	11.2%	12.9%	10.3%
2008	2.8%	12.7%	15.4%	7.7%
2009	3.0%	12.0%	13.6%	5.9%
2010	3.7%	13.4%	11.5%	5.8%
2011	1.7%	2.7%	2.6%	3.1%
2012	0.7%	2.0%	2.5%	
2013	0.9%	2.5%	2.9%	
2014	0.8%	2.2%		

Source: Home Office statistics changes in migrants' visa and leave status 2016 (Table MJ_03)²³¹

Notes:

1. The cohort years relate to the year a student-related visa was issued.
2. This analysis is for Tier 4 main applicants only, and excludes dependents.

The closure of the Tier 1 Post-Study Work route

7.15 It is worth discussing the Tier 1 Post-Study Work (PSW) visa route that was closed in April 2012 because its closure had a large impact on the numbers of international students remaining in the UK to work. Demand for an extended post-study work period – a reinstatement of the previous scheme or something similar – was common in the responses to the call for evidence.

²³⁰ Table expc_01_s

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/709293/extensions-mar-2018-tables.ods

²³¹ <https://www.gov.uk/government/publications/statistics-on-changes-in-migrants-visa-and-leave-status-2016/statistics-on-changes-in-migrants-visa-and-leave-status-2016#data-tables>

“Enhance post-study work opportunities to support skilled international students to live and work in the UK for a defined period following graduation and make the UK more competitive in the international student market. This could be achieved by removing or altering the current barriers that restrict students from accessing post-study work such as minimum salary thresholds and the short timeframe students currently have to secure a job.”

Universities UK

“We recommend: A post-study work route is reinstated that would allow non-EEA graduates to stay in the UK for a reasonable period of time, this could, at least in the first instance, focus on skills shortage areas such as engineering.”

EEF – The Manufacturers’ Organisation

“There is consensus in Scotland, amongst business, education and across political parties represented in the Scottish Parliament of the importance of the return of a post-study work route. This will make Scotland’s offer to international students more attractive relative to competing countries, to allow talented students to remain and contribute to the Scottish economy.”

Scottish Government

- 7.16 The PSW visa was closed following Home Office concerns about the skill-level of jobs of (non-EEA) international students using this route.²³² A 2010 Home Office study²³³ found that three-fifths of Tier 1 post-study visa holders were in unskilled employment, defined as being: unemployed or working in an occupation not defined as skilled under Tier 2, or earning below £25,000. This study had substantial limitations, some of which were detailed within the report itself. The sample was very small (around 250) and drawn from applications for dependants to join a Tier 1 visa holder so was not representative. The evidence base seems weak though that does not mean the conclusion was necessarily wrong.
- 7.17 The Tier 1 PSW scheme was similar to the Fresh Talent: Working in Scotland Scheme (FTWiSS) that operated from 2005-2008 and allowed 2 years of post-study work to international students who had studied in Scotland. A review²³⁴ of its effectiveness concluded that “FTWiSS has been an effective means of

²³² <https://publications.parliament.uk/pa/cm201617/cmselect/cmsscotaf/787/787.pdf>

²³³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/115913/occ91.pdf

²³⁴ <http://www.gov.scot/Publications/2008/08/15155422/0>

attracting students to consider Scotland as a place to study”. The evidence on the employment outcomes for users of the scheme was less clear – in evidence to the Scottish Affairs Committee a Home Office Official²³⁵ claimed that “Possibly, at best, around 25 per cent were working in what you might call graduate work”. The same official also stated that the proportion remaining in Scotland was about 50 per cent. Given no high-quality evaluation was conducted it is hard to know, 10 years after its closure, whether this scheme was a success.

Intentions of graduating international students

7.18 Whether international students remain in the UK after the completion of their education depends not just on whether they are able to stay through UK migration policy but whether they want to stay. The 2017 Survey of Graduating International Students (SoGIS) provides some information on this. This survey of EU and non-EU students in their final year of study received around 3,500 responses. It found that most international students planned to leave the UK immediately (33 per cent) or within 12 months (36 per cent). 16 per cent said they planned to stay permanently. For international students who planned to stay in the UK after their studies, London was the most desirable place to live. It is also the most common region within the UK for international students to study.²³⁶

7.19 The 2017 SoGIS explored work and further study intentions²³⁷:

- EU students more likely than non-EU to have a UK job lined up or planned to look for a job in the UK work after graduating (34 per cent vs 24 per cent).
- Non-EU were more likely to already have a job offer outside the UK, than EU students (12 per cent vs six per cent), and were more likely to look for a job outside the UK (21 per cent vs 13 per cent).
- Similar but slightly higher levels of EU students already had a job offer in the UK (nine per cent vs five per cent).
- While comparable proportions of EU and non-EU students planned to continue study in the UK (14 per cent and 15 per cent), a smaller proportion of non-EU students were planning to continue study outside the UK compared to EU students (eight per cent vs 16 per cent).

²³⁵ <https://publications.parliament.uk/pa/cm201012/cmselect/cmsscotaf/uc912-ii/uc91201.htm>

²³⁶ http://www.cpc.ac.uk/docs/2017_SoGIS_Technical_Report.pdf

²³⁷ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/surveyofgraduatinginternationalstudentsuk>

The impact of international students who stay to work

7.20 International students, especially those with higher-level qualifications and those in STEM subjects may be an important source of high-skilled workers likely to be beneficial to the UK economy and to play an important role in the UK Government's Industrial Strategy²³⁸, in particular the People and Ideas foundations. It is hard to assess directly the skills of international students who remain in the UK to work but some data are informative.

Switchers from Tier 4 to Tier 2: Who are they and what do they do?

7.21 To better understand students who were switching from a Tier 4 study visa into a Tier 2 work visa, the Home Office provided us with individual level immigration sponsorship data for:

- students who had used a Certificate of Acceptance for Studies (CAS); and
- those who were recorded as a Tier 4 to Tier 2 switcher with a Certificate of Sponsorship (CoS, from an employer).

The students in the second group are not be subject to the resident labour market test, the Tier 2 cap on visas or the Immigration Skills Charge. Of the 27,000 CoS records, around 70 per cent were matched to a CAS record.²³⁹

7.22 The datasets covered the period from 2010 for CAS, and from 2012 for CoS (linked to the closure of the Tier 1 Post-Study Work Route) until April 2018, when the dataset was produced. The data were cleaned to remove duplicate records. We also removed those records where sponsorship was recorded as ending on or before course/work start date, or where the individual was recorded as not turning up for work or enrolling on the course. Within the cleaned CAS dataset we have around 1.68 million records, and within the COS dataset we have around 27,000 records. Due to the nature of cleaning the data (and the differences between sponsorship and approved visa extensions data) the figures will not exactly match the Home Office published figures, and they are not a record of those who were granted visas.

Where are Tier 4 to Tier 2 switchers from?

7.23 The most common nationalities for switching from Tier 4 to Tier 2 over all the years of the CoS data are China, India, Malaysia, the United States, Nigeria and Pakistan. It does vary a bit by year, as shown in Table 7.2. In 2016 China

²³⁸ <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

²³⁹ Matches can be affected by whether someone had to have a CAS at the time of applying for their Tier 4 visa; or whether changes in details occurred between CAS and CoS applications.

took India's place as the top country for switching into Tier 2; this may be the result of fewer students from India coming to study in the UK.

7.24 Many of the top 10 nationalities moving into work are the same as those in the HESA data for country of domicile²⁴⁰, though some non-EU countries which rank highly for numbers of students coming to study in Britain, have relatively lower proportions switching to a Tier 2 visa. The time periods do not exactly align, so comparisons should be treated with caution and as indicative: some countries have higher proportions moving into work relative to the number coming to the UK to study. 6 per cent of the 2016/17 inflow of non-EU international students are from India, but people of Indian nationality made up twice that, as a proportion of all students switching into Tier 2 in 2017. While China made up around 40 per cent of the 2016/17 non-EU inflow, it made up 19 per cent of all Tier 4 to Tier 2 switchers. Russia ranks around 20th in terms of student inflow, but makes it into the top 10 for Tier 4 to Tier 2 switchers.

Table 7.2: Top 10 nationalities switching from a student Tier 4 visa to a Tier 2 work visa, starting work in 2012, 2015 and 2017

2012		2015		2017	
India	16.8%	India	19.5%	China	18.7%
China	12.0%	China	18.1%	India	12.7%
Malaysia	11.3%	Pakistan	6.1%	Malaysia	10.4%
Pakistan	6.5%	Malaysia	5.8%	Nigeria	5.8%
Nigeria	5.6%	United States	5.4%	United States	5.6%
United States	5.5%	Bangladesh	5.1%	Pakistan	3.6%
Canada	2.9%	Nigeria	4.4%	Singapore	3.1%
Iran	2.6%	Nepal	2.7%	Canada	3.1%
Russia	2.6%	Russia	2.5%	Russia	2.9%
Singapore	2.1%	Sri Lanka	2.4%	Iran	2.2%
Other	32.1%	Other	28.1%	Other	31.8%

Source: Home Office administrative CoS data.

Note: 1,450 observations in 2012; 5,810 observations in 2015; 5,070 observations in 2017.

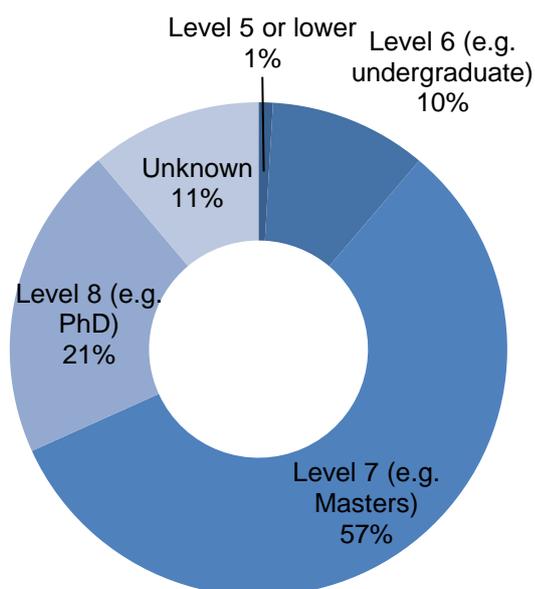
What have Tier 4 to Tier 2 switchers studied?

7.25 The majority of Tier 4 visa holders moving into Tier 2 employment from 2012, most recently completed a Level 7 qualification e.g. a Master's, while a fifth completed a Level 8 qualification (see Figure 7.3). This contrasts with the HESA data, which shows that around 40 per cent of the inflow of non-EU students are undertaking a first or other undergraduate degree, around 55 per cent are on a

²⁴⁰ Non-EU countries of domicile, first year of study marker: <https://www.hesa.ac.uk/data-and-analysis/students/where-from>

taught postgraduate degree, and around six per cent are on a research postgraduate degree.²⁴¹ Some of the non-EEA undergraduates may remain in the UK and undertake a Master’s-level qualification. However, the results do suggest that people undertaking a postgraduate degree are more likely to switch onto a Tier 2 visa than undergraduates.

Figure 7.3: Qualification level of most recent study completed for Tier 4 to Tier 2 switchers



Source: Home Office CoS admin data matched to CAS admin data, as at April 2018

Note: Around 2,100 records had no data recorded for the course academic level, so are unknown.

7.26 What subjects have the switchers studied? This is a hard question because the information in the CAS data is not systematic: some, for example, list the title of their proposed PhD. We looked for key phrases in the listed subject to get some idea of the subjects studied. The key phrases are set out in Annex F together with the numbers in each category: 77 per cent contained at least one of our key phrases and, of these, 31 per cent were STEM-related, and 35 per cent were business-related. So it seems that the vast majority of switchers have either a business-related or STEM-related course. This concentration on STEM and business broadly reflects the distribution of subjects studied by non-EU students, as shown in Figure 2.7 (in Chapter 2).

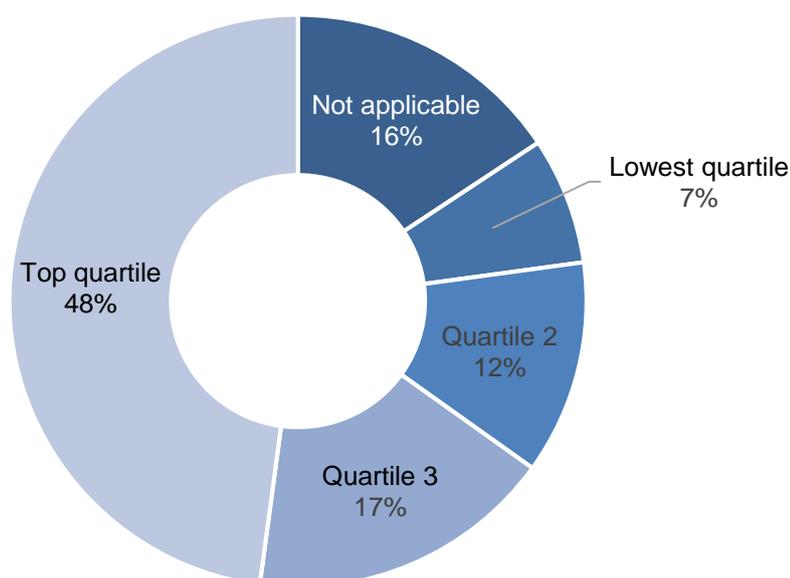
7.27 We also investigated the types of institutions at which the Tier 4 to Tier 2 switchers studied. We grouped institutions into quartiles of the proportion of staff rated 4* in the 2014 Research Excellence Framework (REF).²⁴² Some

²⁴¹ <https://www.hesa.ac.uk/data-and-analysis/students/where-from>

²⁴² <http://www.ref.ac.uk/2014/>

switchers studied at institutions with no REF submission – these include some research institutions but also a considerable number of institutions that have little or no research activity. Figure 7.4 shows that half of Tier 4 students moving into Tier 2 employment came from institutions in the top quartile, and a further 17 per cent from the next quartile so that around two-thirds of switchers come from the top half of institutions.

Figure 7.4: Proportion of Tier 4 to Tier 2 switchers by REF submission of Institution



Sources: Home Office CoS admin data matched to CAS admin data, as at April 2018; and Research Excellence Framework 2014 results²⁴³

Note: Those labelled non-applicable are from institutions which have made no REF submissions.

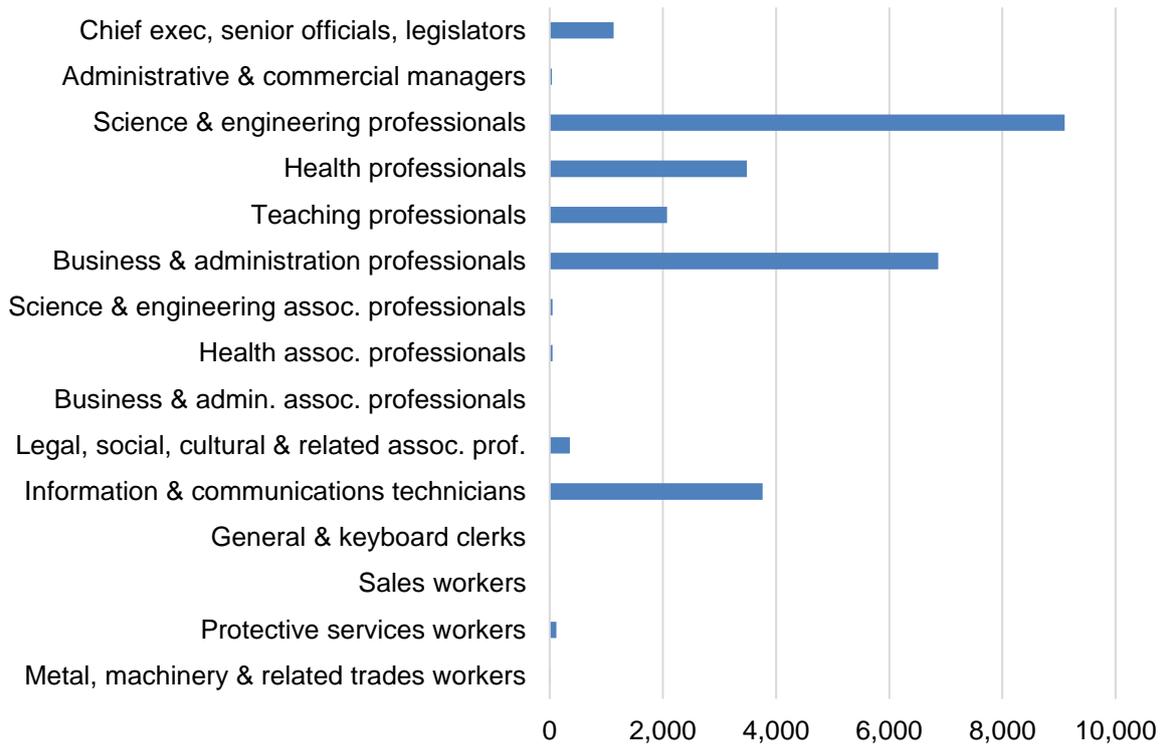
The jobs of switchers

7.28 Nearly 85 per cent of jobs were in managerial or professional occupations, with information and communications technicians making up nearly all the remainder²⁴⁴. (See Figure 7.5.) Science and engineering was the dominant occupation group, which ties in with the evidence provided by businesses that retention of skilled and talented international students trained in STEM subjects is vital, and can help fill jobs.

²⁴³ <http://www.ref.ac.uk/2014/>

²⁴⁴ For part of the sample period Tier 2 was open to all jobs above NQF3 rather than NQF6 as now. So some jobs in our data would no longer be eligible for Tier 2.

Figure 7.5: Occupational classification of Tier 4 to Tier 2 switchers



Source: Home Office CoS admin data, 2012 to 2018 records as at April 2018

“The UK HE system partly counters this shortage [of engineering graduates] for the wider economy by attracting students who have desirable skills from other countries. This is particularly relevant for research projects addressing global issues, for which science and engineering are major contributors and where international partnerships are critical to the effectiveness and impact of the work. UK university engineering departments have higher proportions of international researchers than the average for all subjects.”

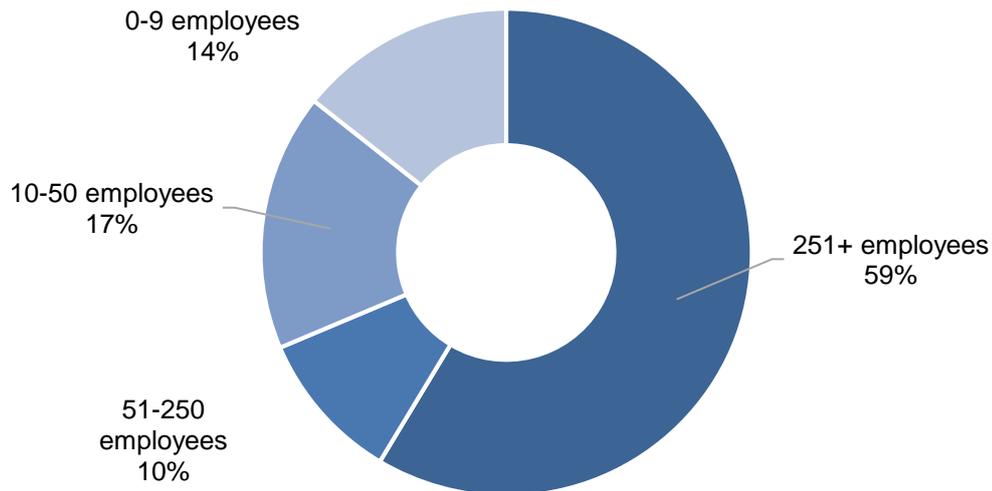
Engineering Professors’ Council

“We invest in international PhD researchers in the UK and there should be opportunities for them to continue to work and develop expertise in the UK to ensure we continue to have a thriving research environment. . . . We believe it would be detrimental to the UK research environment if we lost this talent. . . . it is essential for CRUK that we can retain our talented international students following their studies. Retaining our international students ensures a training pipeline and a highly skilled UK research community.”

Cancer Research UK

7.29 The CoS data in Figure 7.6 suggests that while large organisations make up three-fifths of all sponsors of Tier 4 to Tier 2 switchers, smaller organisations make up nearly a third. This is broadly comparable to the distribution of employees in the wider economy: 56 per cent work in large organisations; 14 per cent in medium; 15 per cent in small; and 16 per cent in micro.²⁴⁵

Figure 7.6: Organisation size of Tier 4 to Tier 2 switchers



Source: Home Office CoS admin data, 2012 to 2018 records as at April 2018

Note: This is the size as recorded on the Home Office admin data. These organisation sizes differ by one from standard classifications e.g. 10-50 employees instead of 10-49. It may be a superficial difference.

7.30 Table 7.3 provides a breakdown of the location of the job of those who switched from a Tier 4 to Tier 2 visa. London dominates, with close to half of all people being sponsored to switch into a Tier 2 visa for a London-based job. This is disproportionate to the distribution of non-EU higher education students, where the HESA data shows fewer than a quarter are located in London.²⁴⁶

²⁴⁵ Business population estimates for the whole UK economy at the start of 2017, Table 2 (proportion of all employees): <https://www.gov.uk/government/statistics/business-population-estimates-2017>

²⁴⁶ HESA data for 2016/17 DT051 Table 11: <https://www.hesa.ac.uk/data-and-analysis/students/where-study>

Table 7.3: Job location of Tier 4 to Tier 2 switchers

Region	Proportion by region
East Midlands	5%
East of England	7%
London	47%
North East	2%
North West	5%
Northern Ireland	1%
Scotland	5%
South East	11%
South West	4%
Wales	2%
West Midlands	8%
Yorkshire	4%
Total	100%

Source: Home Office CoS admin data, 2012 to 2018 records as at April 2018

Note: Analysis of the recorded location of the job.

- 7.31 The distribution of salaries is shown in Table 7.4 and Figure 7.7. All Tier 4 to Tier 2 switchers must meet the required salary thresholds which are lower for new entrants. Table 7.4 shows that in 2017 about 50 per cent Tier 4 to Tier 2 switchers are taking advantage of the lower salary threshold for new entrants. At the 10th percentile, salaries are often only about £1,000 above the minimum Tier 2 new entrant salary threshold suggesting that these thresholds are an important influence on the earnings offered by employers.

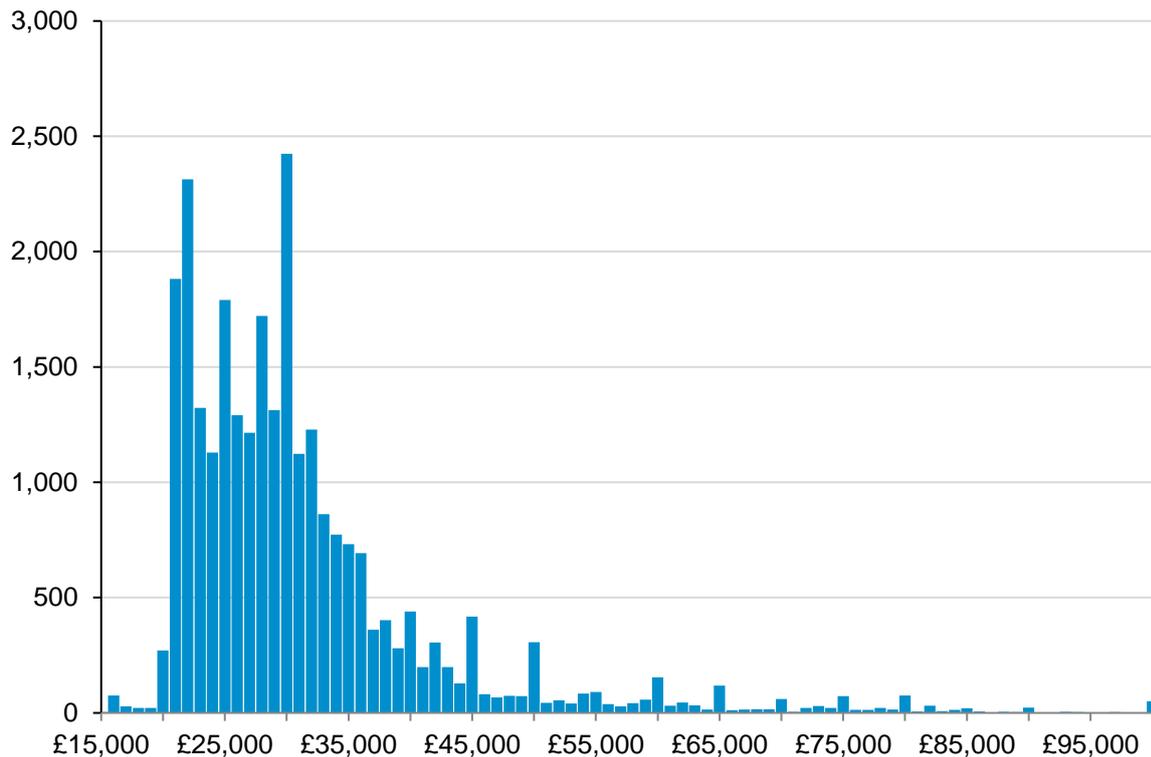
Table 7.4: Salary of Tier 4 to Tier 2 switchers

Year of work starting	10 th percentile	25 th percentile	50 th percentile	75 th percentile	90 th percentile
2012	£22,000	£26,000	£29,700	£35,200	£45,000
2013	£21,200	£24,000	£28,600	£33,200	£45,000
2014	£21,000	£22,000	£26,500	£31,900	£40,800
2015	£21,500	£23,000	£27,500	£31,700	£40,000
2016	£21,900	£25,000	£29,500	£33,700	£43,500
2017	£22,200	£26,000	£30,200	£36,500	£45,000
All years (2012-2018)	£21,600	£24,000	£28,700	£33,700	£43,000

Source: Home Office CoS admin data, 2012 to 2018 records as at April 2018

Note: Analysis of salary included allowances and is rounded to the nearest £100.

Figure 7.7: Distribution of salary of Tier 4 to Tier 2 switchers



Source: Home Office CoS admin data, 2012 to 2018 records as at April 2018

Notes:

1. Salaries are in £1,000 bands, centered around the axis value e.g. £14,500 – £15,499
2. A very small number of observations had salaries recorded as below £14,500 – these have been removed from the chart; for many it is likely there were errors in entering the salary information into the CoS application.

Longitudinal education outcomes data

7.32 An alternative source of information on the actual earnings of international students comes from the Longitudinal Education Outcomes (LEO) data, published by the Department for Education (DfE). This brings together data across government to provide information on graduate outcomes and earnings.²⁴⁷

7.33 Earlier this year, for the first time, DfE used the LEO data to publish an earnings breakdown for international students – breakdowns for undergraduates and

²⁴⁷ The Department for Education combine datasets from across government to assess longitudinal education outcomes (LEO), in particular, they provide statistics on employment and earnings after graduating from higher education. Further information: <https://www.gov.uk/government/collections/statistics-higher-education-graduate-employment-and-earnings>

postgraduates are provided in Tables 7.5a–7.5c.²⁴⁸ Earnings within this LEO data are for those in sustained employment.²⁴⁹

7.34 This salary information is different from the Home Office CoS admin data as it covers different time periods and is taken from HMRC records.²⁵⁰ The Home Office data only covers those non-EEA international students who have been sponsored to switch from a Tier 4 to Tier 2 visa, as described in Chapter 1, with a salary meeting the minimum threshold. The LEO data annualises HMRC earnings, where the employment spell only covers part of the year. It is plausible that some of the non-EU students in the LEO data will include those who have worked in a non-graduate level job during their period of leave to remain, after their course finished.

Table 7.5a: Undergraduates – earnings of 2013/14 graduating cohort, in the 2015/16 tax year

Domicile	Number in earnings figs	Earnings – lower quartile	Earnings – median	Earnings – upper quartile
UK	195,540	£13,400	£18,900	£24,700
EU	4,480	£14,900	£21,000	£27,100
Non-EU	3,075	£14,100	£22,300	£30,800

Source: Department for Education (DfE) Graduate outcomes (LEO): 2015 to 2016 (Table 28)²⁵¹

Table 7.5b: Postgraduate: Master’s taught – earnings of 2013/14 graduating cohort, in the 2015/16 tax year

Domicile	Number in earnings figs	Earnings – lower quartile	Earnings – median	Earnings – upper quartile
UK	68,450	£20,500	£25,400	£35,900
EU	4,080	£20,400	£26,200	£33,800
Non-EU	4,655	£15,400	£24,700	£35,900

Source: DfE Graduate outcomes (LEO): Postgraduate outcomes in 2015 to 2016 (Table 3)²⁵²

Note: These figures do not include Master’s research graduates. This data is published within Table 3 of the same publication, and the number of international students in the earnings figures are small.

²⁴⁸ Graduates are only included in the earnings breakdowns if they have an earnings record on the P14, a record of sustained employment on the P45 (not including self assessment data) and no record of further study.

²⁴⁹ Graduates are considered to be in sustained employment if they were employed for at least one day for five out of the six months between October and March of the tax year in question or if they had a self-employment record in that tax year and earnings from partnership or sole-trader enterprises of over £0 (profit from self-employment). To be in the sustained employment only category, graduates must not have a record of further study in the tax year in question.

²⁵⁰ The LEO data uses country of domicile, whereas the Home Office data uses nationality.

²⁵¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/689948/SFR15_2018_international.xlsx

²⁵² <https://www.gov.uk/government/statistics/graduate-outcomes-leo-postgraduate-outcomes-in-2015-to-2016>

Table 7.5c: Postgraduate: Doctoral graduates – earnings of 2013/14 graduating cohort, in the 2015/16 tax year

Domicile	Number in earnings figs	Earnings – lower quartile	Earnings – median	Earnings – upper quartile
UK	6,590	£25,200	£31,400	£39,800
EU	905	£25,500	£31,700	£37,900
Non-EU	1,050	£25,700	£30,900	£36,800

Source: DfE Graduate outcomes (LEO): Postgraduate outcomes in 2015 to 2016 (Table 7)²⁵³

7.35 For undergraduates the average earnings are slightly higher for international students than for UK, and for Level 8 postgraduate research students the pay distributions are similar between domicile groups. There is more of a marked difference in earnings of those who had undertaken a postgraduate taught level qualification; at the lower quartile, where earnings for overseas students were noticeably lower, at £15,400. This data suggests that more than 25 per cent of non-EU Level 7 taught graduates have earnings close to what one could obtain by working full-time at the minimum wage and well below the minimum salary threshold for Tier 2, the main work-related route. What these low earning graduates are doing deserves further investigation but we have not been able to make more progress.

7.36 The variation between region of domicile and earnings was more noticeable in some subjects studied, perhaps suggesting that many overseas students having studied certain subjects did not move into the same type of job as UK and EU students. The difference is particularly marked for MBAs, as shown in Table 7.6. While EU and UK students had a similar distribution of earnings, the lower and median earnings of overseas students was half the amount. The upper earnings quartile of overseas students was similar to the median earnings of EU and UK students.

Table 7.6. Earnings in the 2015/16 tax year of 2013/14 graduating cohort who had studied for an MBA

Domicile	Number in earnings figs	Earnings – lower quartile	Earnings – median	Earnings – upper quartile
UK	1,765	£37,600	£58,000	£85,800
EU	75	£33,000	£62,300	£84,400
Non-EU	465	£16,300	£25,700	£63,900

Source: DfE Graduate outcomes (LEO): Postgraduate outcomes in 2015 to 2016 (Table 3)²⁵⁴

²⁵³ <https://www.gov.uk/government/statistics/graduate-outcomes-leo-postgraduate-outcomes-in-2015-to-2016>

²⁵⁴ Ibid.

7.37 DfE also published new experimental LEO data, with a time series of international students graduating from 2003/04 until 2013/14.²⁵⁵ This provided earnings data on undergraduates, and taught and research postgraduates. We used this data in earnings regressions, controlling for tax year, years since graduation, gender, degree level and domicile. We also added a variable for after 2011/12 to control for the new post-study visa regime though we do not know the exact regime students were subject to. The regression is limited as we only have access to published aggregates rather than individual-level data.

7.38 The full table of results can be found in Annex G. The key findings from the analysis are:

- EU international students earn more than non-EU international students – seven per cent at the 50th percentile.
- Salaries are higher for postgraduates than undergraduates for EU students – for example, Master’s graduates earn 20 per cent more than undergraduates.
- In contrast, for non-EU students, those with a Master’s degree earn little more than non-EU undergraduates.
- The dummy variable to control for the new post-study visa regime was significantly positive and larger for non-EU than EU students, consistent with some effect of a tighter regime. However, the linkages between tax year, years since graduation and the graduating cohort make it hard to draw firm conclusions.

7.39 To improve our understanding of earnings – and a key limitation of the tables included here and the regression – individual data on subject and institution and subsequent job would be very helpful. The earnings of some non-EU graduates seem very low given the skills they are meant to have and this deserves further research.

The continuing impact of international students who leave the UK

7.40 International students can also have an impact on the UK even if they leave the UK at the end of their studies, whether to return to their country of birth or to a third country. Some may return to the UK at a later date whether to visit or as a different type of migrant. There are a number of other possible channels, though many are hard to quantify.

²⁵⁵ <https://www.gov.uk/government/publications/graduate-outcomes-leo-international-outcomes-2006-to-2016>

- 7.41 Their experience of the UK may foster future trade and research links. The networks established between UK students and international students during their studies may also enhance future economic opportunities.

Box 7.1 UK university alumni and ongoing connections to the UK

Mark Bouzyk is Co-Founder & Chief Scientific Officer at AKESOgen, Inc, a genomic, genetics and bio-banking company that provides services supporting clinical trials, diagnostic clinical testing, and research. Based in Atlanta, GA, USA, AKESOgen trades with the UK and recently collaborated with Cytos, a UK-based company with offices in Oxford and Manchester, to verify a genetic test for assessing Alzheimer's disease risk from saliva samples.

University College London and University of Hertfordshire alumni²⁵⁶

Dr Arnab Basu MBE was born in India and studied for an Engineering degree at Northumbria University in 1996. He graduated with 1st class honour and went on to complete his PhD from Durham University. He founded Kromek Group plc, a leading developer of high performance radiation detection technologies, headquartered locally in Sedgefield, where it currently employs over 100 staff. Kromek Group plc, of which Dr Basu is the CEO, specialises in nuclear detection, medical imaging, and security screening, and operates globally from its North East base.

Northumbria University and University of Durham alumni²⁵⁷

Dr Weicheng Cui is Dean of Deep Sea Science and Technology at Shanghai Ocean University. He previously worked at the China Ship Scientific Research Centre as project leader and designer of Jiaolong, China's deep-sea manned submersible. In 2014 he founded Rainbowfish Ocean Technology Co Ltd with two fellow Bristol alumni, with the aim of building the world's first commercial, deep-sea submersible fleet. In recognition of the high value he and colleagues place on their University of Bristol education, Rainbowfish has maintained links with the institution by providing internships to Bristol students.

University of Bristol alumni^{258,259}

²⁵⁶ <https://businessradiox.com/podcast/highvelocityradio/gerogia-small-business-development/>

²⁵⁷ from Northumbria call for evidence response, with additional information:

<https://www.northumbria.ac.uk/about-us/news-events/news/2016/07/dr-arnab-basu-mbe-receives-honorary-doctorate-of-science-from-northumbria-university/>

²⁵⁸ <http://www.bristol.ac.uk/alumni/news/2018/cui.html>

²⁵⁹ <http://hadal.tsucai.com/en/centre/guwen/154.html>

7.42 The former Department for Business Innovation and Skills (BIS)²⁶⁰ interviewed 100 non-EU alumni from UK higher education institutions, who graduated in 2007 and 2008 to explore soft power and the wider benefits of international higher education. It concluded:

- Almost all the alumni retained friends and contacts that were made while they were in the UK. This network was now located worldwide including some in the UK, and offered the possibility of future business transactions and collaborations of economic value to the UK.
- Many alumni had formed a very positive understanding of the UK's culture and values. For some, this underpinned activity on return home to facilitate educational, cultural, developmental and business links and collaborations with the UK. They had become informal ambassadors for the UK, based on an emotional bond developed during their UK higher education study.
- One key perception held by international alumni of the UK is trust; in the UK as a nation, society, and its enterprises and individuals. Alumni promote trust in the UK, leading to perceptions of the UK as a desirable partner in potential trade, diplomatic or developmental relationships. The underlying basis for this benefit relates to issues of mutual understanding and soft power, but it also has potential in terms of national economic benefit.

7.43 There may also be an influence of international students on 'soft power'.²⁶¹ Portland produces annual reports where it computes a soft power score for a number of countries, and the number of international students within a country is part of that metric; the education sub-index focuses mostly on higher education – it measures the quality of a country's universities, their ability to attract international students, and contributions to academic research publishing. The US performs strongly on this index with the highest number of top universities, the most international students, and it contributes significantly to academic research. In previous years the UK ranked 2nd on this metric, behind the US, but in the 2018 publication, for the first time, the UK has fallen behind Germany.²⁶²

7.44 Many call for evidence responses drew out the importance of international students for soft power and ongoing connections with the UK. The skills learned by international students while in the UK may also be of value in the economic

²⁶⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/240407/bis-13-1172-the-wider-benefits-of-international-higher-education-in-the-uk.pdf

²⁶¹ Soft power is described as a power that seeks to "achieve influence by building networks, communicating compelling narratives, establishing international rules, and drawing on the resources that make a country naturally attractive to the world". There are three primary pillars of soft power: political values, culture, and foreign policy. Source: <https://softpower30.com/what-is-soft-power/>

²⁶² <https://softpower30.com/wp-content/uploads/2018/07/The-Soft-Power-30-Report-2018.pdf>

and social development of other countries, something the UK does want to encourage. For example, there is some research to suggest that “foreign-educated individuals promote democracy in their home country, but only if the foreign education is acquired in democratic countries”²⁶³. While the House of Lords Select Committee on Soft Power and the UK’s Influence reported that “Students returning to their home countries can be the UK’s “greatest ambassadors”. Many go on to hold influential posts, including government roles, in their home countries. This connection puts the UK and its businesses in a position to engage successfully with the leaders of the future, perhaps particularly in developing countries.”²⁶⁴

- 7.45 Although hard to quantify it is very likely that the education and experience acquired by international students in the UK is of positive value to the UK in the future and is an additional reason for why international students should be welcomed.

“Many return home having built strong professional and personal links here that provide long-term, 'soft power' and trade benefits for the UK. The continuation of this will be vital if 'Global Britain' is to prosper after our EU exit.”

Institute of Directors

“International students that study in the UK are global ambassadors for UK higher education and research and those that join major companies in their home country are an excellent source of international research and training links. Overseas students who return to take up professional positions in their home country extend the influence of the UK by encouraging their colleagues and students to consider UK universities as destinations of choice. This is particularly true of mining geology skills which are in demand internationally and is an area where the UK has a well-respected teaching programme. Many UK mining geology graduates will take up jobs in international locations where they both extend the influence of UK institutions but also share and communicate ideas of best practice in the extractive sector. In addition, international alumni of UK universities provide invaluable points of contact for multi-national research projects.”

Geological Society and University Geoscience UK

²⁶³ Spilimbergo, Antonio. 2009. "Democracy and Foreign Education." *American Economic Review*, 99 (1): 528-43. DOI: 10.1257/aer.99.1.528

²⁶⁴ <https://publications.parliament.uk/pa/ld201314/ldselect/ldsoftpower/150/150.pdf>

“In London, 60% of international students and alumni of UK universities have said that they are more likely to do business with the UK having studied here.”

London First

“We directly witness the progression of lasting relationships between migrant students and the UK, and are clear about the continued benefits to the UK following the end of their studies. Through the courses that we deliver, we are involved in training international students in particular scientific approaches and critical thinking techniques. These will, when they return home and begin careers, shape their lifelong approaches in professional or academic contexts; adopting such techniques further extends UK soft power, reinforcing the UK’s reputation for quality.”

Natural History Museum

Chapter 8: Conclusions and policy recommendations

Introduction

- 8.1 This chapter sets out our overarching conclusions and policy recommendations on:
- the number of international students;
 - students and the net migration target;
 - the rights of international students while in the UK;
 - international students' leave to remain and their post-study employment rights;
 - international students outside higher education; and
 - implications of leaving the EU for international students

International student numbers

- 8.2 There is currently no cap on the number of Tier 4 visas which can be issued to non-EEA international students. We strongly recommend this continues as there is clear evidence of the benefits of international students.
- 8.3 Although there is no cap and, as far as we are aware, no government plans to introduce one, it became apparent during the call for evidence and stakeholder engagement that some in the sector believe there is a desire on the part of government to introduce a cap or other restrictions that would restrict student numbers. Some pointed to sentences in the 2017 Conservative Party manifesto²⁶⁵ that “we will toughen the visa requirements for students” and that “students... will remain within scope of the government’s policy to reduce annual net migration”.
- 8.4 The same section of the manifesto also states that “we will always ensure ...that Britain’s world-class universities can attract international students”, and in the commissioning letter to the MAC, the government has clearly stated that it has no plans to cap student numbers, and that it welcomes the benefits they bring to the UK. We do think it would be helpful if the government avoided sending mixed messages about its plans regarding international students. Based on the evidence gathered for this report, we do not recommend any toughening of visa requirements so a clear statement on this would also reassure. It would be better to loosen visa requirements and regulations as much as possible.
- 8.5 Our assessment is that there is scope to grow the number of international students within the UK. The sector and government should work more closely together to grow the number of international students in the UK, perhaps

²⁶⁵ <https://www.conservatives.com/manifesto>

drawing from good examples by other countries. In the call for evidence and stakeholder engagement, concerns were raised about image and messaging around UK welcoming of international students and there is evidence this has been a problem in some countries, notably India. For many of the sector one of the big problems with negative messaging is the inclusion of international students within the migration target.

Students and the net migration target

- 8.6 International students coming to the UK to study for at least 12 months are included in the International Passenger Survey (IPS) immigration statistics. Those leaving are included in the emigration statistics, though as discussed in Chapter 7 the Office for National Statistics (ONS) recognise there are issues with reliably measuring this. The ONS inclusion of students studying for more than a year in the net migration statistics is in line with the United Nations (UN) definition of a long-term international migrant as “a person who moves from their country of usual residence for a period of at least 12 months”.²⁶⁶ These net migration figures feed into population estimates that have many planning uses. There are no grounds for removing students from the IPS net migration statistics themselves, and to do so could compromise the quality of the statistics that are used for population estimates. However, the net migration *target* is a political target and the IPS net migration figure does not have to form the basis of the government’s net migration target. The government could choose to use other data sources to set targets related to migration, such as visa or settlement statistics. Or it could choose not to have a target at all and summarise its ambitions on net migration in a different way.
- 8.7 In the responses to the call for evidence the majority of respondents expressed the view that students should be taken out of the net migration target. In our stakeholder engagement, this subject was brought up frequently. It was noticeable that there were few suggestions for a way in which this might be done.
- 8.8 The IPS figures for student net migration should not be used to remove students from the net migration figures, because it is clear that the IPS figures on students are not accurate. To remove them would require combining the IPS with administrative data sources on student visas, students moving to other visas and perhaps the entry and exit check data to have an estimate of the small number of over-stayers. This would be a speculative exercise, likely subject to many errors.

²⁶⁶ “Recommendations on Statistics of International Migration, Revision 1”, United Nations 1998 https://unstats.un.org/unsd/publication/seriesm/seriesm_58rev1e.pdf

- 8.9 Excluding students from the net migration target, if done correctly, would probably make very little difference to the net migration statistics. The current system counts students in when they enter the UK and counts them out when they leave (though fails to classify them accurately when they leave). Some students will remain in the UK, and it is appropriate to include these people in the net migration figures. The alternative is to not count students in when they enter, to stop counting them out when they leave and to count them in net migration statistics when they stop being a student but remain in the UK. The long-run contribution of an individual student to net migration would be exactly the same under this alternative accounting procedure though the timing of immigration and emigration would be different.
- 8.10 Both methods lead to a different measure of net migration if student numbers are growing as there are more students coming in to start their courses at any date than leaving at the end of their studies. This effect will be small, however, and given the fact that the IPS has substantial margins of error, attempting to finesse the data in this way is not necessarily a productive exercise.
- 8.11 In conclusion, removing students from the net migration target would be difficult technically and, if done correctly, would make almost no difference to the net migration figures, as we have explored in Annex H.
- 8.12 Many in the sector expressed concern that inclusion in the target contributed to an image of the UK as unwelcoming for international students. If there is such a problem we think it more likely comes from the existence of the target itself than the inclusion of students in that target.
- 8.13 We do think there may be an image problem for the UK in some areas and the sector and government should continue to work together to improve the image. Part of that joint action would be to talk less about students in the net migration target as it is possible that the repeated discussions of students in the target is itself contributing to the problem.

Rights of international students while in the UK

- 8.14 International students on a Tier 4 visa have varying work rights depending on the level of their qualification and at what institution they are studying. We received limited evidence that the rules around working during study should change, either to be more or less restrictive. The UK generally allows for similar term-time work rights as many competitor countries, though the UK's rules for those attending Further Education Colleges suggest they are more strict for these students, as no work is permitted. We recommend no change to these rules.

8.15 In some circumstances (see Chapter 1), Tier 4 (general) visa holders are allowed to bring dependants; adult dependants have no restrictions on their rights to work. We recommend no changes to these rules – the numbers are not very large²⁶⁷ compared to the number of visas issued, and it can be an important factor for international students who have dependants to keep their family together while they study. There is no evidence on what dependants are doing while they are here, and evidence in this area would be useful but we think it unlikely that any serious problems are caused by this.

Leave to remain and employment after study

8.16 Many of the call for evidence responses and stakeholders expressed a strong desire for a more generous period of leave in the UK after studies have ended. This would allow international students more time to remain in the UK to search for and take up a graduate job. Part of this desire arises from concerns over the attractiveness of the UK relative to its major competitors in this market; the other is due to recruitment cycles and the limited time available, especially for Master's students, to settle into the UK and search for a graduate-level job.

8.17 It is important that the UK continues to enable the most capable and motivated international students to remain in the UK and take up graduate level work. They can fill shortages e.g. in STEM jobs, tying in with the government's Industrial Strategy.

8.18 To help smooth the recruitment process and provide assurances to international students and potential employers, we would recommend tweaks to the policy on switching from a Tier 4 to a Tier 2 visa. Many students, domestic and international, are offered jobs (perhaps conditional on their degree results) to start many months later, after graduation. At the moment, students requiring a Tier 2 visa may have to wait many months before they can apply for it, causing some uncertainty and anxiety on the part of employer and students. The window for applying for a switch from Tier 4 to Tier 2 should be widened, making it possible as soon as a job offer has been made, even if this is many months before the proposed start date.

8.19 For undergraduates, the usual duration of studies and recruitment cycles suggests that international students studying on these courses have sufficient time to settle into the UK and apply for jobs during their studies. The four-month period of leave to remain in the UK after their course has ended should be sufficient, as it is not unreasonable to expect the most highly skilled students to

²⁶⁷ Around 12,200 in 2017: Table vi_04 from <https://www.gov.uk/government/statistics/immigration-statistics-year-ending-march-2018-data-tables>

find a job within this time. Those who cannot find a job during their existing post-study leave still have the option to continue searching from abroad.

- 8.20 Master's-level students, who have often not previously studied in the UK, are on much shorter courses and have a more limited time to settle into the UK and begin job search, as graduate recruitment often starts in autumn. Therefore, we recommend that the period of leave to remain in the UK after studies have ended, is increased to six months for all Master's-level students, in line with the current Tier 4 pilot, assuming that evaluation of the pilot does not uncover any evidence that this would not be sensible.
- 8.21 The evidence on the salaries of non-EEA Master's graduates suggest they are more similar to undergraduates than to PhD students and that there is a tail of low-earners. We acknowledge that the evidence on this point is not as strong as it could be and we recommend there is fuller research into ascertaining what activity former-students undertake during their six months' leave, the numbers moving into graduate-level work (Tier 2 or Tier 1 Graduate Entrepreneur), and the salaries they are being paid.
- 8.22 PhD students can already apply for a 12-month extension to remain in the UK. However, we recommend that PhD students automatically be given one year's leave to remain after completion of their studies; this should be incorporated into their original visa, and PhD students would continue to be subject to meeting progress requirements and course completion, for eligibility to remain in the UK after course end date. The intention is that would replace the existing Doctoral Extension Scheme that allows the same rights but has to be applied for with associated visa costs.
- 8.23 At the moment, studying in the UK conveys an advantage in switching from Tier 4 to Tier 2 because these in-country switches do not have to pass the Resident Labour Market Test, are not subject to the Tier 2 cap and do not have to pay the Immigration Skills Charge. We recommend that these advantages are extended to all graduates of UK Higher Education institutions for a period after graduation, perhaps two years, whether or not they remain in the UK. That is, they can apply out-of-country for a Tier 2 visa, under the same rules as current in-country Tier 4 to Tier 2 switches. As with the extension of the post-study period for Master's-level students, any changes to the post-study offer should be thoroughly evaluated, to assess the quality of employment former international students are moving into via this route.
- 8.24 We do not recommend a separate post-study work visa, though our proposals on automatic leave to remain after course completion have some of the same effect. We know this is something that will disappoint the sector, but a longer period in-country would likely increase demand from international students but

without ensuring that graduating students are in appropriately skilled work. The demand for student visas should stem from the value of the education being acquired and an opportunity to stay in a skilled job in the UK afterwards that includes a reasonable period to find work and to support oneself in that period. An extended post-study period of leave, with no conditions tied to it, risks adding to low-skilled migration and encouraging institutions to market themselves based on post-study work opportunities rather than the quality of the education they offer.

8.25 We received calls for a more regional approach, particularly in relation to the salary threshold for graduates e.g. lowering the salary threshold for those taking up jobs outside London. Table 8.1 shows average salaries from the Destination of Leavers of Higher Education for those entering full-time professional occupations – the average salary for full-time professional jobs exceeds the minimum Tier 2 salary threshold for new entrants in all regions and nations. We do not think the regional differentials are large enough to justify the complication introduced by having different thresholds in different parts of the UK.

Table 8.1: Average salaries of UK graduates in professional occupations, who obtained first-degree qualifications, by UK region and nation, and by full or part-time

	Professional occupations			
	Full-time employment		Part-time employment	
	Leavers	Median	Leavers	Median
North East	3,090	£22,000	285	£14,000
North West	9,290	£22,000	1,020	£13,000
Yorkshire & The Humber	5,985	£22,000	660	£13,000
East Midlands	4,775	£22,000	650	£8,000
West Midlands	6,730	£22,000	740	£13,000
East of England	6,200	£23,000	635	£13,000
London	20,790	£25,000	1,820	£12,000
South East	10,735	£23,000	1,140	£13,000
South West	6,335	£22,000	670	£13,000
Northern Ireland	2,460	£21,000	225	£13,000
Scotland	6,310	£23,000	620	£13,000
Wales	3,050	£22,000	360	£12,000
Total	86,270	£23,000	8,910	£12,000

Source: Department for Education analysis of the Destination of Leavers of Higher Education (DLHE) dataset

Notes:

1. Guernsey, Jersey and the Isle of Man, and unknown regions are not reported separately but are included within the total, and make up around 800 records.
2. Numbers of leavers are rounded to the nearest 5, and salaries are rounded to the nearest £500, so may not sum to totals.
3. Salary data is captured six months after graduation.

4. Professional is based on occupation and corresponds to the first three groups of the Standard Occupational Classification (Managers, directors and senior officials, Professional occupations, Associate professional and technical occupations)

8.26 We recommend that there should continue to be no cap on the number of Tier 4 to Tier 2 switches, and an exclusion from the resident labour market test, and the exclusion from the Immigration Skills Charge.

8.27 Our report has had little to say about the Tier 1 (Graduate Entrepreneur) scheme because it is very hard to find any information about how it is working. The only recommendations we make about it is that there should be some monitoring and evaluation of how well it is working.

International students outside higher education

8.28 The further education sector bore the brunt of changes to rules on student visas after 2010. There were serious problems with how these visas were being used within the sector.²⁶⁸ We were interested in whether there was any scope for relaxing some of the existing rules without going back to the problems of the past but we found it extraordinarily hard to collect information on this sector which is much less well-organised than the HE sector and with much poorer statistics. We feel unable to make any recommendations other than the continuation of the status quo though there is scope for further research into this sector.

8.29 Our assessment that there is scope to grow the number of international students extends beyond the higher education sector. The evidence did not suggest that rules affecting international students at independent or English language schools needed to change.

Implications of leaving the EU for international students

8.30 EEA students are currently treated differently from non-EEA students in a number of ways: EEA students do not require a visa for any course of study; their undergraduate tuition fees are constrained to be the same as those of domestic students; they have access to student loans for those fees; and, they can remain in the UK after study as long as they satisfy the conditions to exercise their treaty rights. UK domestic students have similar rights when studying in other UK countries. Both UK and EU students can take part in the ERASMUS exchange programme which is run by the EU. There might be changes in all of these areas after the UK leaves the EU but it is difficult for us to say what might happen in the absence of a detailed exit agreement. The

²⁶⁸ <https://www.nao.org.uk/wp-content/uploads/2012/03/10121827es.pdf>

Government's White Paper made it clear that it wishes to negotiate on at least some aspects of student regulation.

- 8.31 It seems very likely that EU citizens will not require a visa when coming to the UK for a short period as is the case for some non-EU countries at the moment. Following a short course of study in that visit would then not require a student visa. Longer periods of study might require a student visa and this means bureaucracy and cost which can only deter students from coming to the UK. This would make it harder for the sector to thrive but not impossible – in our main competitor countries almost all international students require a visa.
- 8.32 On fees, institutions are currently free to set their fees as they see appropriate for non-EU undergraduates (as they are for all postgraduate courses). This is likely to be the situation after the UK leaves the EU in the absence of an agreement that continues the current arrangement. We think this is a matter for the institutions.
- 8.33 Whether EU students should continue to have access to student finance should depend on the return on those loans with the return being interpreted most broadly to include any impact that the availability of loans might have on students moving into skilled work in the UK. The return should also be compared with other possible uses of such funds for student support.
- 8.34 On post-study work, EU students would mostly likely be brought within whatever system is in place for non-EU students.
- 8.35 We see no strong arguments for discriminating in favour of EU students in the absence of any inclusion of such arrangements in the exit agreement. This does not mean we are enthusiastic about the likely changes outlined here.; anything that imposes more barriers to student mobility, as leaving the EU may do, is likely to have a negative impact on the sector.

Policy recommendations

Summary of recommendations:

1. To retain no cap on the numbers of international students
2. Government and the sector should continue to work together to grow the number of international students.
3. International students should not be removed from the net migration statistics.

4. Rules of work while study and dependent rights should remain unchanged.
5. Widening of the window in which applications for switches from Tier 4 to Tier 2 can be made.
6. Post-study leave period extended to six months for Master's students, though with a more thorough review of whether this is appropriate.
7. The 12 months leave to remain after PhD completion to be incorporated into the original visa duration, subject to meeting progress requirements and course completion, for eligibility to remain in the UK after course end date. This would replace the existing Doctoral Extension scheme that allows the same rights but has to be applied for with associated visa costs.
8. Previous Tier 4 students, who passed their Level 6 (or above) qualification in the UK, should be entitled to a two-year period during which they can apply out-of-country for a Tier 2 visa, under the same rules as current in-country Tier 4 to Tier 2 switches.

Glossary and abbreviations

CAS

Confirmation of Acceptance for Studies – provided by Tier 4 education institution sponsors confirming an offer of study.

CEFR

Common European Framework of Reference for Languages is an international standard for describing language ability.

DfE

The Department for Education is a government department responsible for children's services and education, including early years, schools, higher and further education policy, apprenticeships and wider skills in England.

EEA

The EEA includes European Union (EU) countries plus Iceland, Liechtenstein and Norway.

EHIC

The European Health Insurance Card is issued free of charge and allows anyone who is insured by or covered by a statutory social security scheme of the EEA countries and Switzerland to receive medical treatment in another member state free or at a reduced cost, if that treatment becomes necessary during their visit.

ELC

English Language Centre – centres where international students can study short term courses in the English language.

ERASMUS

The Erasmus Programme is an EU exchange student programme that has been in existence since the late 1980. Its purpose is to provide foreign exchange options for students from within the European Union and it involves many of the best universities and seats of learning on the continent.

EU

The European Union is an economic and political union between 28 European countries: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

FE

Further education.

GDP

Gross domestic product measures the total value of all goods made and services provided, during a specific period of time in a country.

GVA

Gross value added – it is a measure of the contribution to GDP made by the contribution to the economy of each individual producer, industry, sector or region.

HE

Higher education.

HEFCE

The Higher Education Funding Council for England closed at the end of March 2018. Many of HEFCE's functions were continued by the Office for Students, the new regulator of higher education in England, and Research England, the new council within UK Research and Innovation.

HESA

Higher Education Statistics Agency – experts in UK higher education data and analysis, and the designated data body for England.

Home Office

The Home Office is the lead government department for immigration and passports, drugs policy, crime, fire, counter-terrorism and police.

IDP

International Development Program is an education specialist and provider of international student placement services.

IHS

Immigration Health Surcharge is a fee paid by non-EEA nationals who are applying for a visa to work, study or join their family in the UK for more than 6 months, or for immigration applications by non-EEA nationals.

IPS

The International Passenger Survey collects information about passengers entering and leaving the UK, and has been running continuously since 1961. The IPS conducts between 700,000 and 800,000 interviews a year, of which over 250,000 are used to produce estimates of overseas travel and tourism.

Immigration skills charge

Immigration skills charge is an additional charge that may need to be paid by a UK employer for each foreign worker employed.

ISCED

International Standard Classification of Education provides a framework for organising education programmes and qualifications by applying uniform and internationally agreed definitions to facilitate comparisons of education systems across countries.

LEO data

The longitudinal education outcomes data brings together information from the Department for Education with employment, benefits and earnings information from the Department for Work and Pensions and Her Majesty's Revenue and Customs.

NHS

The National Health Service is the publicly funded health care system of the UK.

Non-EEA

(People from) countries not included within the European Economic Area (EEA).

OfS

Office for Students is an executive non-departmental public body that regulates English higher education providers on behalf of all students.

ONS

Office for National Statistics – they are the UK's largest independent producer of official statistics and its recognised national statistical institute. They are responsible for collecting and publishing statistics related to the economy, population and society at national, regional and local levels.

PBS

The points-based system was phased in from 2008 to rationalise the immigration control processes for people coming into the UK for work or study (for those not of European Economic Area (EEA) or Swiss nationality).

PG

Postgraduate - a student studying for a more advanced degree e.g. for a Master's or PhD. Postgraduate studies can be split into taught and research based.

PhD

A Doctor of Philosophy is a degree awarded to people who have undertaken advanced research into a particular subject. It is the highest academic qualification level.

PSW

Post-study work – refers to a scheme or period of time after completion of study that allows international students to search for or undertake graduate work.

RQF

Regulated Qualifications Framework provides a single system for cataloguing all regulated qualifications. It provides an index of qualifications by level and size.

SELT

The secure English language test. If the visa applied for asks for proof of an English language ability, there is a list of approved secure English language tests and test centres that meet the Home Office's requirements.

SLC

The Student Loans Company is a non-profit making Government-owned organisation set up in 1989 to provide loans and grants to students in universities and colleges in the UK.

STEM subjects

This refers to any subject that falls under one of the following four disciplines: science, technology, engineering and mathematics.

Tier 1 (entrepreneur) visa

For those who want to set up or run a business in the UK; are from outside the European Economic Area (EEA) and Switzerland; and met other eligibility requirements, one of which is access to at least £50,000 investment funds.

Tier 2 (general) visa

This visa route is open to those who have been offered a skilled job in the UK and are from outside the European Economic Area (EEA) and Switzerland. The offer of employment must come from a licensed sponsor.

Tier 4 student visa

This is a visa to study in the UK, for those who are outside the European Economic Area (EEA) or Switzerland. There must be an offer of a place on a course; the applicant must be able to speak, read, write and understand English; have enough money to support themselves and pay for their course; and meet the other eligibility requirements.

TRAC

The Transparent Approach to Costing (TRAC) is the methodology developed with the higher education sector to help them cost their activities. It is an activity-based costing system adapted to academic culture in a way which also meets the needs of the main public funders of higher education.

UG

Undergraduate – a student studying for a bachelor's degree. It can also include those who are studying for degrees with qualification aims equivalent to and below bachelor's degree level e.g. foundation degrees.

UNESCO

United Nations Educational, Scientific and Cultural Organization

Migration Advisory Committee report

<https://www.gov.uk/government/organisations/migration-advisory-committee>

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