

Impact Assessment, The Home Office	
Title: 2023 Changes to the Student route and consequential changes to work routes IA No: HO IA 0451 Other departments or agencies: NA	Date: 13 July 2023
	Stage: FINAL
	Intervention: Domestic
	Measure: Secondary legislation
Enquiries: Migration and Citizenship Policy, Home Office	
RPC Opinion: N/A	Business Impact Target: Not a regulatory provision

Cost of Preferred (or more likely) Option (in 2023/24 prices)					
Net Present Social Value NPSV (£m)	-£554m	Business Net Present Value BNPV (£m)	-£4,820m	Net cost to business per year EANDCB (£m)	N/A

What is the problem under consideration? Why is government intervention necessary?
 Since 2019, both the total number of dependants and the proportion of all sponsored study related visas granted to dependants has increased. In the year ending March 2023, almost one quarter (24%) of all sponsored study related visas granted were to dependants of students (149,400) compared to 6 per cent (13,518) in the year ending March 2019. The proposed changes arise from the concern that part of the significant rise in student applications comes from those not primarily targeting a UK education but seeking an alternative immigration route to work in the UK.

What is the strategic objective? What are the main policy objectives and intended effects?
 The strategic objective is to enable the legitimate movement of people and goods to support economic prosperity. The Government committed to bringing net migration down in the 2019 manifesto and remains committed to doing so. The policy objective is to reduce net migration whilst protecting the economic benefits that international students can bring to the UK. Those affected by this package are predominantly dependants of students, who make a more limited contribution to the economy than students or those coming under work routes, minimising the impact on UK growth.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 1: Do nothing.
Option 2: Make changes to the immigration rules for the Student Route such as removing the right for international students to bring dependants unless they are on a postgraduate research programme and removing the ability for international students to switch out of the Student Route into work routes before their studies have been completed. **This is the preferred option** as it meets the Government’s objectives.

Main assumptions/sensitivities and economic/analytical risks	Discount rate (%)	3.5
All estimates should be seen as indicative as a result of the assumptions made. Where possible, these assumptions have been clearly set out in section E.1, risks associated with them set out in section G, and sensitivity analysis conducted in section E.8. The main uncertainty around future application volumes to these routes in the absence of this policy change forms the central range presented in this IA.		

Will the policy be reviewed? It will not be reviewed. **If applicable, set review date:** N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits, and impact of the leading options.

Signed by the responsible Minister _____ Date: _____

Summary: Analysis & Evidence

Policy Option 2

Description: Make changes to the immigration rules for the Student route

FULL ECONOMIC ASSESSMENT

Year(s)	Price Base	2023/2024	PV Base	2023/2024	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV		
Low NPSV (High scenario)	-£14,869m	High NPSV (Low scenario)	£3,828m	Best	-£554m	Best BNPV	-£4,820m	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low Scenario	N/A	£9,872m	£9,872m	£1,173m	£1,108m
High Scenario	N/A	£49,598m	£49,598m/	£5,921m	£13,792m
Best Estimate	N/A	£22,638m	£22,638m	£2,697m	£4,945m

Description and scale of key monetised costs by 'main affected groups'

Public Sector – Reduction in Visa fee revenue: £1,004m (£614m to £1,607m)

Public Sector – Reduction in Immigration Health Surcharge (IHS) revenue: £1,759m (£1,066m to £2,842m)

Business – Reduction in tuition fee revenue £4,945m (£1,108m to £13,792m)

UK Exchequer – Net reduction in tax revenue: £14,770m (£6,997m to £31,068m)

Other key non-monetised costs by 'main affected groups'

A reduction in the macroeconomic contribution of potential migrants, through contribution to GDP per capita, innovation and productivity spill overs, as well as expenditure in the economy. Also, a reduction in the labour market stock, particularly for dependants and those on the Graduate and Skilled Worker routes.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low Scenario	N/A	£13,700m	£13,700m	£1,628m	£14m
High Scenario	N/A	£34,730m	£34,730m	£4,138m	£435m
Best Estimate	N/A	£22,083m	£22,083m	£2,628m	£125m

Description and scale of key monetised benefits by 'main affected groups'

Public Sector – Reduction in Visa, Certificate of Sponsorship (CoS) and Confirmation of Acceptance for Study (CAS) processing costs: £442m (£261m to £739m)

Public Sector – Reduction in IHS and Immigration Skills Charge (ISC) processing costs: £36m (£21m to £61m)

UK Exchequer – Reduction in fiscal pressure: £21,606m (£13,419m to £33,929m)

Other key non-monetised benefits by 'main affected groups'

The policy is anticipated to have an impact on reducing net migration, which can reduce the pressure on local services such as housing and education. While the impact of public expenditure pressures on the UK has been quantified, the impact at a local level has not.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:										
Cost, £m	N/A		Benefit, £m	N/A		Net, £m	N/A			
Score for Business Impact Target (qualifying provisions only) £m:						N/A				
Is this measure likely to impact on trade and investment?						Y				
Are any of these organisations in scope?			Micro	Y	Small	Y	Medium	Y	Large	Y
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)						Traded:	N/A	Non-Traded:	N/A	

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Y	Are there any impacts on particular groups?	Y
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A. Strategic objective and overview

A.1 Strategic objective

1. The Government committed to bringing net migration down in the 2019 manifesto and remains committed to doing so. In January 2021, the UK ended free movement for European Economic Area (EEA) nationals and introduced a new Points-Based System (PBS). For the first time since the UK joined the EU, the UK now has complete control of who comes to the UK and the ability to operate an immigration system that can be flexed to the changing needs of the economy and labour market, as well as tailor to the skills and talent needed by UK businesses and the NHS.
2. On the 23 May 2023, the Home Secretary announced a package of measures for the Student Route to help deliver the Government's goal of falling net migration, while supporting the Government's priority of growing the economy.¹ The package included:
 - Removing the right for international students to bring dependants unless they are on postgraduate courses currently designated as research programmes.^{2,3,4}
 - Removing the ability for international students to switch out of the Student route into work routes before their studies have been completed.
 - Reviewing the maintenance requirements for students and dependants.
 - Steps to clamp down on unscrupulous education agents who may be supporting inappropriate applications to sell immigration not education.
 - Better communicating of immigration rules to the higher education sector and to international students.
 - Improved and more targeted enforcement activity.
3. The package of measures outlined above, related to the Student Route, aims to help the Government deliver its goal of reducing net migration, while supporting its priority of growing the economy.

A.2 Background

4. The Student route (and Child Student route) opened on 5 October 2020, replacing the previous Tier 4 (General) Student route. These routes treat all students equally, with international students, including those from Europe coming to study, using the same, simplified route for applications. Individuals can apply for a Student visa to study in the UK if they are 16 or over and have received an offer on a course by a licensed student sponsor. Individuals can apply for a Child Student visa if they are between 4 and 17 years old and looking to study at an independent school in the UK and have an unconditional offer of a place on a course at an

¹ See: <https://questions-statements.parliament.uk/written-statements/detail/2023-05-23/hcws800>

² Exceptions to this rule will include students who have received an award from a Government on a course of six months or more (including undergraduates) who will be allowed to bring dependants (such as those on Chevening, Commonwealth and Marshall scholarship schemes). The number of students on these scholarships are low and the impact on net migration will be low as many scholarship requirements include a condition that scholars return to their home country at the end of their permission. Another exception to this rule will include students who give birth whilst on the Student Route, their dependant(s) will be allowed to stay.

³ The government is committed to attracting the brightest and the best to the UK. Therefore, the intention is to work with universities over the course of the next year to design an alternative approach that ensures that the best and the brightest students can bring dependants to our world leading universities, while continuing to reduce net migration. The government will bring in this system as soon as possible, after thorough consultation with the sector and key stakeholders.

⁴ The policy includes all PhD and Doctoral studies, and any research-based higher degree is a postgraduate programme comprising a research component (including a requirement to produce original work) that is larger than any accompanying taught component when measured by student effort.

individual school.⁵ Some students are permitted to bring dependants to join them whilst they study in the UK.⁶ In addition, some students may be able to work (how much depends on what they are studying and whether they are working in or out of term-time).

5. In 2018, the Migration Advisory Committee (MAC) published a report on the impacts of international students in the UK.⁷ It was found that international students bring a significant economic benefit to the UK and at the local and regional level through their spending on tuition fees and broader living expenditure and are an important export market. International students provide higher education providers with income that is used to cross-subsidise research and the teaching of domestic students. More broadly, international students also contribute to the UK's soft power, enhancing the UK's political, diplomatic, and cultural influence in international relations and global affairs.⁸
6. A recent 2023 report by the Higher Education Policy Institute (HEPI) found that the economic benefits of hosting international students significantly outweigh the costs. The report states that the total net benefit to the UK economy of the 2021/2022 intake of international students was £37.4 billion (this is composed of £41.9 billion in total benefits and £4.4 billion in total costs).⁹ It is worth noting that this estimate would not reflect the "lost" benefit in the absence of these students as the analysis is not adjusted for displacement or additionality (the extent to which spending associated with international students might have otherwise been used for other purposes).

Stock of international students and factors driving study visa demand

7. The International Education Strategy (IES), published in March 2019, had a stated ambition to increase the stock of international Higher Education (HE) students in the UK to 600,000 by 2030.¹⁰ This ambition was met almost a decade early, in the academic year 2020/2021 and 2021/2022, according to Higher Education Statistics Agency (HESA) data (see Table 1 below).¹¹
8. The volume of international students coming to study in the UK has been increasing over the last few years. Between 2017/2018 and 2021/2022, non-UK enrolments grew by around 210,000 (45%). Table 1 (below) presents data from the HESA on non-UK student enrolments for the academic years 2017/2018 to 2021/2022. For the latest academic year available (2021/2022), around 680,000 non-UK domiciled students were enrolled in higher education (HE) in the UK.¹²

⁵ This Impact Assessment focusses on the Student Route. No changes are being made to the Child Student route.

⁶ The main applicant is able to bring their partner and children ('dependants') if one of the following applies: they are a full-time student on a postgraduate level course (RQF level 7 or above) that lasts 9 months or longer, they are a new government-sponsored student on a course that lasts longer than 6 months or a Doctorate Extension Scheme student (on 1 July 2021 this scheme closed and merged with the Graduate Route).

⁷ See: <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-international-students>

⁸ See: https://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

⁹ See: <https://www.hepi.ac.uk/2023/05/16/international-students-boost-uk-economy-by-41-9-billion/>

¹⁰ See: <https://www.gov.uk/government/publications/international-education-strategy-global-potential-global-growth>

¹¹ See: <https://www.hesa.ac.uk/data-and-analysis/sb265/figure-3>

¹² Domicile should reflect the country the student lived in for non-educational purposes before starting their course. This is different to nationality which the ONS define as: "Nationality of a country is a legal status that usually gives a person a particular set of rights relating to that country. It can be possible for someone to have two or more nationalities, often referred to as dual or multiple nationality." See:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/methodologies/guideonusingcountryofbirthnationalityandpassportshelddata>

Table 1: Volume of non-UK Higher Education student enrolments, by level of study (rounded to the nearest thousand)

Level of study	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Postgraduate					
Postgraduate research	46,000	47,000	46,000	47,000	46,000
Postgraduate taught	160,000	174,000	211,000	244,000	326,000
Total postgraduate	206,000	221,000	257,000	290,000	373,000
Undergraduate					
First degree	245,000	258,000	279,000	295,000	286,000
Total other undergraduate	18,000	18,000	21,000	20,000	22,000
Total undergraduate	263,000	275,000	300,000	315,000	307,000
Total	469,000	496,000	557,000	605,000	680,000

Source: HESA. Available at: <https://www.hesa.ac.uk/data-and-analysis/sb265/figure-3>

9. There could be a number of reasons why the volume of international students coming to the UK has increased. The decision of international students to come and study in the UK will be determined by many factors.
10. A 2019 Universities and Colleges Admissions Service (UCAS) report noted that the top factors motivating students to study in the UK included the prestige of UK universities (47%), the desire to live in the UK (45%) and teaching quality (43% overall – with 36% of undergraduates and 49% of postgraduates indicating this as a priority).¹³
11. The introduction of the Graduate Route,¹⁴ the coronavirus (COVID-19) pandemic (pent-up demand) and the diversification strategy universities have adopted (targeting a number of countries for recruiting international students rather than relying on particular markets) will also have impacted demand for study visas.
12. Finally, some of the demand for study visas may also be due to other pull factors such as the fact that students are able to work in the UK whilst studying (and their dependants also have work rights) and dependants will have access to public services such as schools.
13. In addition, since the ending of free movement, from 1 January 2021, EEA (and Swiss) nationals have been subject to the same UK immigration rules as non-EEA nationals. These nationals therefore now require a visa to study in the UK and so this has increased demand for study visas too.¹⁵
14. Recent projections by UCAS anticipate that by the end of the decade (2030), there could be up to a million students applying for higher education (HE) across level 4 and above qualifications, up from three-quarters of a million at the time of the report (2022). Although the growth is largely

¹³ See: <https://www.ucas.com/file/560406/download?token=TnQfUxAL>

¹⁴ The Graduate Route allows international students to stay in the UK for two years (or three years with a PhD or other doctoral qualification) after successfully completing a course in the UK.

¹⁵ Although, according to HESA data, the number of Higher Education student enrolments from European Union domiciled students has fallen since the ending of free movement. In 2020/2021 there were 153,000 Higher Education student enrolments from European Union domiciled students, but this fell to 120,000 in 2021/2022. See: <https://www.hesa.ac.uk/data-and-analysis/sb265/figure-3>. In addition, ONS net migration data shows that the number of EU nationals who immigrated to the UK for study fell from 65,000 in the year ending December 2021 to 39,000 in the year ending December 2022. See: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/longterminternationalmigrationprovisional/yearendingdecember2022>

driven by an increase in the UK 18-year-old demographic, UCAS are projecting an increase in international students (driven by non-EU applicants).¹⁶

15. The Office for Students (OfS), in their financial sustainability of higher education providers in England (2023 update) report, found that providers have forecast UK and non-EU student numbers to grow by 16.0 per cent (238,000 FTEs) and 35.3 per cent (142,000 FTEs) respectively between 2021-22 and 2025-26. EU student numbers are projected to fall by 37.8 per cent (34,000 FTEs) over the same period.¹⁷

Inflows of international students and their dependants

16. Based on Home Office immigration statistics, for the year ending March 2023, there were 477,931 sponsored study visas granted to main applicants (based on out of country applications), this is 22 per cent more than in the year ending March 2022 and 108 per cent more than 2019, prior to the onset of the COVID-19 pandemic.
 - In the year ending March 2023, there were a total of 455,474 sponsored study visas granted to **main applicant non-EEA students**, an increase of 85,547 (23%) compared to year ending March 2022.
 - In the year ending March 2023, there were a total of 22,457 sponsored study visas granted to **main applicant EEA and Swiss students**, a slight decrease of 616 (-3%) compared to year ending March 2022.¹⁸
17. Further, the number of granted student dependant applications has increased significantly over the last couple of years (see Figure 1 below). Since 2019, both the total number of dependants and the proportion of all sponsored study related visas granted to dependants has increased. This may reflect a change in the composition of students, if for example, there are a greater number of older students attracted to study in the UK (and therefore are more likely to have and bring dependants).
18. In the year ending March 2023, almost one quarter (24 per cent) of all sponsored study related visas granted were to dependants of students (149,400), compared to 15% (72,062) in the year ending March 2022 (and compared to 6% (13,518) in the year ending March 2019). The nationality mix of students has changed considerably in recent years, with significant increases for Indian and Nigerian students. In June 2020, the Secretaries of State for Education and International Trade appointed Professor Sir Steve Smith as the International Education Champion. The Champion was appointed to help grow international opportunities for UK education. The International Education Champion set 5 immediate priorities reflecting where there is significant potential for growth and where the Champion could both open up opportunities and address barriers to that potential. India and Nigeria were a key feature of this work.
19. Students from these markets typically brought more dependants with them and in the year ending March 2023, around 73 per cent of visas issued to dependents of students were issued to Indian and Nigerian nationals. Nigeria had the highest number of dependants (66,796) of sponsored study visa holders in the year ending March 2023, increasing from 27,137 in the year ending March 2022. Indian nationals had the second highest number of dependants, increasing from 22,598 in the year ending March 2022 to 42,381 in the year ending March 2023. In the same period visas issued to main applicants from Nigeria increased from 31,552 to 57,636 and

¹⁶ See: <https://www.ucas.com/about-us/journey-million/what-journey-million>

¹⁷ See: https://www.officeforstudents.org.uk/media/b38c291d-6f49-4175-b9b1-f74404085072/financial_sustainability_report_2023.pdf

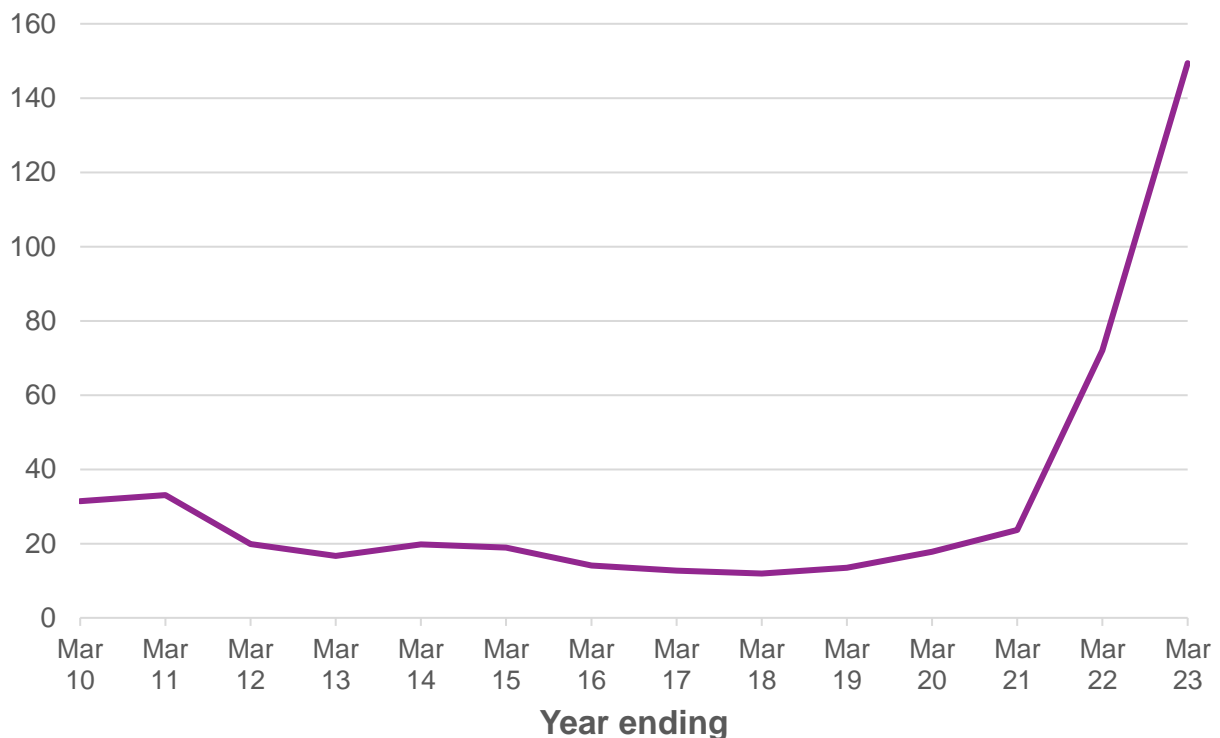
¹⁸ See: <https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-march-2023/why-do-people-come-to-the-uk-to-study>

from India from 85,103 to 138,532. This corresponds to increases in the ratio of dependants to main applicants from 0.86 to 1.16 for Nigerian nationals and from 0.27 to 0.31 for Indian nationals.

20. Home Office management information indicates that for some markets, it is not uncommon for students to bring 3+ dependants, and this includes students studying postgraduate taught courses, which typically last for between one and two years. For example, based on analysis of Home Office management information for the financial year 2021/2022, of the main applicants studying postgraduate (taught) courses who bring dependants, around 17 per cent bring 3+ dependants.
21. When the previous Student visa, the Tier 4 immigration route, was introduced in 2008, almost all students were allowed to bring their family members to the UK and their family had general work rights. From 2010 to 2012, there were significant policy changes which restricted many new students from bringing their family members to the UK. It also became less attractive to many student dependants, as those accompanying family on courses below degree level were no longer able to work in the UK. The Student visa, which replaced Tier 4 in 2020, only allowed the following students to bring their partners and children to the UK: postgraduate students at higher education institutions on courses of 9 months or more and government sponsored students on courses lasting longer than 6 months.

Figure 1: Granted student dependant applications, year ending (YE) March 2010 to YE March 2023

Dependants (thousands)



Source: Home Office Immigration Statistics, available at:
<https://www.gov.uk/government/collections/immigration-statistics-quarterly-release>

The Graduate Route

22. The Graduate route launched on 1 July 2021. It allows international students who graduate from UK higher education providers the opportunity to work and look for work for two years (three years for PhD level graduates) after graduation. If dependants joined the main applicant in the UK whilst they were on a Student visa or Tier 4 (General) student visa, they can apply to stay as dependants on the main applicants Graduate visa.
23. The Graduate Route is likely to be one of the factors driving demand for study visas (as outlined earlier) as it is an attractive post-study offer.
24. In the year ending March 2023, there were 111,339 applications granted¹⁹ on the Graduate route, made up of 92,951 main applicants and 18,388 dependants.²⁰

A.3 Groups affected

25. The main groups that would be affected by the policy changes are:
 - International students (EEA and non-EEA nationals) and their dependants, specifically, those studying a postgraduate taught course who will no longer be able to bring dependants and those students who would have engaged in early switching
 - Licensed student sponsors
 - UK Visas and Immigration (UKVI) (the Home Office)
 - Other Government Departments (OGDs)

B. Rationale for intervention

26. The rationale for making these changes is to help the Government in its commitment to bringing net migration down, as part of the 2019 manifesto, as well as attracting high-skilled individuals and protecting the UK taxpayer.
27. The Office for National Statistics (ONS) published data in May 2023 which estimated in the year ending December 2022, long-term immigration was estimated at around 1.2 million, and emigration was 557,000, which means migration continues to add to the population with net migration at 606,000 per year.²¹ This is an increase of 118,000 compared with 2021 (488,000) and nearly double pre-coronavirus (COVID-19) pandemic levels, with net migration estimated to be 333,000 in 2018.
28. For students in particular, the ONS estimate that in 2022, 361,000 people arrived on study-related visas for over a year, an increase from 301,000 in 2021. This increase was mainly attributed to dependants (from 41,000 in 2021 to 85,000 in 2022).
29. The ONS note that net migration has levelled off in recent quarters, with estimates for the year ending December 2022 broadly comparable with the year ending June 2022. People coming to the UK from non-EU countries for work, study, and for humanitarian purposes, including unique events such as those arriving from Ukraine and Hong Kong, have contributed towards relatively

¹⁹ Grants and refusals data is published, instead of total applications.

²⁰ Given the route has only been open for two years, many of the students who came to the UK because of the Graduate Route won't yet have graduated so it is likely that the volume of students moving onto the Graduate Route will continue to increase.

²¹ See:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/longterminationalmigrationprovisional/yearendingdecember2022>

high levels of immigration over the past 18 months. However, growth has slowed over recent quarters, potentially demonstrating the temporary nature of these impacts.

C. Policy objective

30. The policy objective is to reduce net migration whilst protecting the economic benefits that international students can bring to the UK. Those affected by this package are predominantly dependants of students, who make a more limited contribution to the economy than students or those coming under work routes, minimising the impact on UK growth.
31. Removing the ability to switch out of the Student route early into work routes arises from the concern that part of the significant rise in student applications comes from those not primarily targeting a UK education but seeking an alternative immigration route to work in the UK. It can also be advantageous for employers to recruit students willing to switch to the Skilled Worker route as they would not have to pay the Immigration Skills Charge (ISC), which is either £1,000 per migrant per year for large organisations or £364 per migrant per year for small or charitable businesses.
32. It is anticipated that the package of measures, alongside the easing of temporary factors (such as those arriving from Ukraine and Hong Kong) will mean net migration should fall in the medium term.

D. Options considered and implementation

33. Non-regulatory options (such as information provision) would not be appropriate for the elements of the reforms (outlined earlier) that require changes to the Immigration Rules.²²

Option 1 – Do Nothing – This does not meet the Government’s objectives

34. Do nothing would mean the current rules in place for the Student route would continue (such as allowing postgraduate (taught) students to bring dependants). As a result, it is likely that the growth in student dependants would continue, and this would make it difficult to meet the policy objective of reducing net migration.

Option 2 – Implement changes – This is the Government’s preferred option

35. This option makes changes to the immigration rules for the Student route such as removing the right for international students to bring dependants unless they are on a postgraduate research programme and removing the ability for international students to switch out of the Student route into work routes before their studies have been completed.
36. The changes undertaken in Option 2 will help meet the policy objective of reducing net migration whilst protecting the economic benefits that international students bring to the UK.

Preferred option and implementation date

37. The preferred option would be to make the legislative changes in the July 2023 immigration rules update. The changes will come into effect on the day the rules are laid. Students wanting

²² See: <https://www.gov.uk/guidance/immigration-rules>

to switch will be impacted immediately and changes to dependants will impact those on courses starting on 1 January 2024 onwards.

E. Appraisal

E.1 Assumptions

38. Where a distinction is necessary, assumptions and impacts have been split by route affected (the Student route and the subsequent impact on the Graduate route and Skilled Worker route), however where no such distinction has been made, assumptions and analysis apply to all routes affected by the proposed policy changes to the Student route.

E1.1 General assumptions and data

Scope

39. In terms of the measures that are quantitatively covered in the main body of the Impact Assessment, this includes:
- Removing the right for international students to bring dependants unless they are on a postgraduate research programme (this is assessed quantitatively and considers the impact on the dependants of students on postgraduate taught courses which are directly restricted and the associated students of those dependants who may choose to no longer study in the UK (dissuaded students))
 - Removing the ability for international students to switch out of the Student route into work routes before their studies have been completed whilst maintaining some flexibility for PhD students (this is assessed quantitatively)
40. In addition, the impact on the Graduate and Skilled Worker routes from these measures is also assessed quantitatively.
41. The Impact Assessment also qualitatively considers the following in section E.10:
- Steps to clamp down on unscrupulous education agents who may be supporting inappropriate applications to sell immigration, not education
 - Better communicating immigration rules to the higher education sector and to international students
 - Improved and more targeted enforcement activity
42. The Impact Assessment (and analysis) does not consider the following measure and is therefore out of scope:
- A review of maintenance requirements for students and dependants (this is out of scope because at the time of writing the Impact Assessment, the review, and therefore detail, had not yet concluded)

Appraisal period

43. Analysis is presented across a 10-year appraisal period, assumes a policy start date from January 2024, presents information in 2023/2024 prices and where discounted, applies a 3.5

per cent discount rate, in line with HMT Green Book guidance.²³ The latest GDP deflators²⁴ have been used to adjust price years where needed.

Framework

44. An analytical framework is used to assess the impact of the proposed policy changes. This starts by considering a counterfactual ('baseline') against which policy options can be assessed – estimating potential future migrant flows in the absence of any policy intervention. Building on this 'baseline', policy proposals are modelled to estimate how migrant flows may change as a result. These results are then compared to the counterfactual to assess the population impact, which is the basis for estimating the wider economic impacts. These principles apply both to where impacts can be, and cannot be, quantified. Analysis assumes compliance from both migrants and licensed student sponsors. As such, all discussion of flows and impacts do not consider illegal or irregular activity (unless otherwise stated).
45. In line with previous Home Office analysis and following recommendations made by the MAC,²⁵ this Impact Assessment considers the impact of the options on the welfare of the UK resident population. The Net Present Social Value (NPSV) calculation therefore includes the fiscal impact, based on contributions to direct and indirect taxes, the effect on consumption of public services, but excludes foregone migrant wages (net of taxes), and does not measure overall Gross Domestic Product (GDP) changes, as the impact is primarily attributable to migrants. There may be impacts on GDP per head of the resident population because of changes in migration, through dynamic effects on productivity and innovation, but these effects are highly uncertain and difficult to quantify, with discussion of these impacts in the section below.
46. There will also be labour market impacts because these measures will lead to a reduction in inflows of students and associated dependants. A proportion of these individuals may have taken up employment whilst in the UK so the stock of students and associated dependants available to the labour market could be lower (and in addition, due to the lower inflows of students and dependants, the subsequent inflows into the Graduate route and Skilled Worker route will be lower, further impacting the labour market).
47. The impact of the measures which affect the number of migrants coming into or leaving the UK will be dependent on which migrants are in scope; their characteristics such as their age; and the nature of any proposal (for example, who may come to the UK and what they do whilst they are here). These factors combine to determine the size of the impact on the UK economy. The impacts on the resident population and UK economy are assessed, quantified where possible but discussed where not possible (unquantified costs and benefits), under the following broad categories:
 - a. *Macroeconomic impacts* – such as fiscal impacts, labour market impacts, productivity and innovation impacts, and GDP per head impacts.
 - b. *Spill over impacts* – such as discussion of social and cultural impacts of migration.
 - c. *Policy design impacts* – such as impacts on licensed student sponsors from processes and fees that may be required if choosing to sponsor student migrants under the affected visa route and impacts on public administration as a result of estimated changes in volumes of applications.

²³ The Green Book: appraisal and evaluation in central government - GOV.UK (www.gov.uk) -

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

²⁴ GDP deflators at market prices, and money GDP March 2023 (Spring Budget). Available at:

<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2023-spring-budget>

²⁵ Migration Advisory Committee reports: analysis of the impacts of migration - GOV.UK (www.gov.uk) -

<https://www.gov.uk/government/collections/migration-advisory-committee-reports-analysis-of-the-impacts-of-migration>

48. The analysis does not directly account for any potential behavioural response of universities as a result of these changes (though this is discussed in further detail in paragraphs 282 and 283 in the risks section, section G), such as whether they adjust their recruitment practises to mitigate the potential reduction in postgraduate taught students (who may be dissuaded as they can no longer bring dependants).

Rounding figures

49. Due to the wide range of estimates outlined in this analysis, a standardised approach to rounding numbers has been implemented. If estimates in this analysis are less than £1 million, it is rounded to the nearest £0.1 million. If it is between £1 million and £10 million, it is rounded to the nearest £1 million. If it is between £10 million to £100 million, it is rounded to the nearest £5 million. If it is between £100 million and £1 billion, it is rounded to the nearest £10 million and if it is above £1 billion, it is rounded to the nearest £0.1 billion. Exemptions to this assumption will be set out if and where necessary.

E1.2 Fiscal impacts of migrants

50. Fiscal impacts are quantified broadly following the methodology and assumptions set out in the Immigration and Nationality (Fees) Impact Assessment,²⁶ with assumptions updated to reflect data updates since that publication. Sensitivity analysis is conducted (low, central and high) where different spend and revenue components are included (or excluded):
- Fiscal revenue includes estimated income tax, national insurance, indirect tax, council tax and corporation tax in all scenarios. Business rates are added in the central scenario, and gross operating surplus and other taxes are added in the high sensitivity scenario.
 - Fiscal spend includes estimated health, education, personal social services, wider public services, and core congestible public goods in all scenarios. Non-core congestible public goods are added in the central scenario and pure public goods are added in the high sensitivity scenario.
51. The package of measures will directly impact the volume of Student and Graduate route dependants. Indirectly, the measures will impact the volume of main applicants under the Student and Graduate route, as well as migrants who move on to the Skilled Worker route. Changes in volumes in all three of these routes will have a fiscal impact to the exchequer, these impacts have been quantified.

Economic activity of students

52. For calculating the fiscal impact of students, data from a Department for Education (DfE) survey on student expenditure in 2014/2015 is used as a proxy for income to estimate the taxes paid by students.²⁷ This is combined with HESA data on student enrolments by nationality and mode of study (part time and full time) in 2020/2021 to calculate a weighted average of student expenditure for non-UK domiciled students.²⁸ An adjustment is made to the figure, uplifting student expenditure (a proxy for students' income) by real productivity growth.²⁹

²⁶ The Immigration and Nationality (Fees) (Amendment) Order 2023 - Impact Assessment (legislation.gov.uk): <https://www.legislation.gov.uk/ukdsi/2023/9780348248531/impacts>

²⁷ The estimates are based on English-domiciled full-time and part-time students. See Table 4.1 of Student income and expenditure survey 2014 to 2015, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693184/Student_income_and_expenditure_survey_2014_to_2015.pdf

²⁸ See Figure 9 – HE student enrolments by domicile, available at: <https://www.hesa.ac.uk/news/25-01-2022/sb262-higher-education-student-statistics/location>

²⁹ Estimated labour productivity growth (productivity per worker) is taken from Table 1.6 of the Economic and fiscal outlook – March 2023 publication by the Office for Budget Responsibility (OBR). Available at: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2023/>

53. Some international students will work whilst studying in the UK though student visa holders have hours of work restrictions in term time. They can work up to 20 hours a week in term time but can work full time in holidays. According to the 2021 Census, around a third (32.6 per cent) of international students were in employment.³⁰ This figure is not a direct measure of student visa holders and reflects outcomes at the point of the Census in 2021 only. A 2017 Survey of Graduating International Students (SoGIS) highlighted that around a quarter (26.5 per cent) of sampled students worked during their studies.³¹ For students that were working, 60.0 per cent reported a monthly income of £499 or less (this is equivalent to an annual salary of £5,988 or less, assuming a student works for all 12 months in the year, 2017 prices).

Economic activity of dependants

54. To estimate the impact of dependants on public finances, assumptions need to be made on the economic activity of dependants. The analysis assumes child dependants do not work (as most will be in school full time). According to Home Office management information (based on the dependant dataset developed for this Impact Assessment, see Annex A for further detail), in the financial year 2021/2022, 58 per cent of student dependants were adults (over 19 years old) and 42 per cent were children (19 years old and below).³²
55. The economic activity for adult dependants is calculated based on Home Office analysis of an ONS pooled 3-year Annual Population Survey (APS) dataset (2018-2020)³³ looking at the economic activity of recently arrived migrants (those who arrived after 2013) and who stated their main reason for arrival to the UK was to accompany or join as a spouse/partner/child. The output of that analysis suggests that the employment rate of adult dependants is 48 per cent, with 14 per cent of those adult dependants in employment assumed to be self-employed.
56. Data from the Annual Survey of Hours and Earnings (ASHE) 2021 is used, in combination with APS data, to estimate earnings of working dependants. The analysis assumes the median annual salary of recently arrived working dependants is approximately £23,754 (2021 prices) – this is a highly uncertain assumption due to limited insights on the earnings of working dependants and fiscal impacts of dependants should therefore be treated with caution.

Economic activity of graduates

57. Due to uncertainty on the wage distribution of main applicants on the Graduate route, the analysis considers two approaches to developing an assumption for the wage distribution of graduates:
- The first approach estimates the wage distribution using ASHE data filtered by those working for more than a year in full-time and part-time employment and where workers are between 21 and 29 years old. The approach then adjusts for the proportion of graduates working in full-time and part-time employment, using HESA data on graduate

³⁰ See Figure 6: A higher proportion of EU-born international students were employed in comparison with non-EU born, available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/theinternationalstudentpopulationinenglandandwalescensus2021/2023-04-17>

³¹ See ONS website for survey data, available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/surveyofgraduatinginternationalstudentsuk> and the technical report is available at:

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

³² It is assumed that anyone on a child visa is a child and anyone on a partner visa is an adult.

³³ The Annual Population Survey (APS) is a continuous sample household survey covering the UK. As such, estimates are subject to uncertainty due to sampling variation and weighting processes and will exclude non-resident workers and some of those in communal establishments – as such some groups (e.g. short-term non-resident workers and recently arrived long term migrants in hotels/hostels etc.) may be underrepresented. As the dataset used includes 2020, outcomes may be impacted by Covid-19.

outcomes by activity and domicile.³⁴ This gives median earnings of approximately £25,500 (2023/2024 prices).

- The second approach estimates the wage distribution using HESA data on Graduate Outcomes for the academic year of 2020/2021, adjusting for the proportion of graduates working in full-time employment. Salary bands are for those who graduate in academic year 2020/2021 but this data is collected 15 months post-graduation therefore the Home Office assumes salaries are in 2022/2023 prices.³⁵ This gives median earnings of approximately £28,500 (2023/2024 prices).
58. The average of both approaches is used to inform the wage distribution of graduates in the main analysis.
59. Finally, a sense-check is undertaken on the above with the early insights evaluation conducted by IFF Research on behalf of the Home Office.³⁶ This evaluation was based on 50 successful Graduate applicants and found that almost half (47 per cent) of those employed reported annual earnings in the £20,000-30,000 salary bracket (2021/2022 prices). This suggests that the above figures are reasonable estimates for graduate earnings.
60. To estimate how many of those on the Graduate route are in employment, HESA Graduate Outcomes data for academic year 2020/2021 is used accounting for those in full-time employment and part-time employment. It is important to note that percentages are rebased removing the Full-time further study category as those on the Graduate route cannot enter full-time study which gives a full-time and part-time employment rate of 73 per cent which is used for the first approach (ASHE). The second approach using HESA Graduate outcomes data³⁷ only uses the full-time employment rate (65 per cent) due to data limitations as the salary bands are for full-time employment only. The average across the two approaches is an employment rate of 69 per cent.

Economic activity of skilled workers

61. To estimate the fiscal impact of students and those on the Graduate route who move onto a skilled worker visa, the following assumptions have been made on earnings:
- For students (or graduates) estimated to move on to a skilled worker visa (or the shortage occupation list (SOL)), median earnings are assumed at approximately £30,000 (2022 prices).
 - For students (or graduates) estimated to move on to a Health and Care visa, median earnings are assumed at approximately £22,000 (2022 prices).
62. This approach aligns with the Impact Assessment to accompany salary updates in April 2023 Immigration Rules,³⁸ using internal Home Office management information on Certificates of Sponsorship (CoS) and visa grants from 2022 to inform estimates.

³⁴ See Figure 4, available at: <https://www.hesa.ac.uk/news/31-05-2023/sb266-higher-education-graduate-outcomes-statistics/activities>

³⁵ See: Definitions: Graduate Outcomes | HESA: <https://www.hesa.ac.uk/support/definitions/graduates>

³⁶ See: <https://www.gov.uk/government/publications/evaluation-of-the-future-borders-and-immigration-system-early-insights-research-with-graduates>

³⁷ See figure 13 - Percentage of graduates in full-time paid employment in the UK by salary band and personal characteristics | HESA: <https://www.hesa.ac.uk/data-and-analysis/sb266/figure-13>

³⁸ See paragraph 31 of the Impact Assessment to accompany salary updates in April 2023 Immigration Rules, available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf

63. It is assumed that the proportion of people in work in this cohort is 100 per cent, as the Skilled Worker route is a sponsored route. No pay progression is assumed over the appraisal period.

E1.3 Level of study

64. To assess the impact of removing the right for international students to bring dependants unless they are on a postgraduate research programme, information on the level of study of main applicants is required (outlined in the next section) and information on dependants associated with the main applicant.
65. In England, Wales and Northern Ireland there are nine qualification levels (entry level through to level 8, with level 8 being the highest).³⁹ These levels are part of the Regulated Qualifications Framework (RQF). The majority of courses offered at higher education institutions will be at level 6 (e.g. undergraduate courses), level 7 (e.g. master's degrees) and level 8 (e.g. PhDs).
66. As the policy distinguishes between postgraduate (taught) and postgraduate (research) masters courses, it is necessary to separate these courses in the data. Volumes are presented at undergraduate, postgraduate (taught) and postgraduate (research) level.
67. Based on HESA level of study definitions, the Home Office has developed an experimental methodology⁴⁰ to assign course titles (provided as part of visa applications) to derive a level of study. The methodology assigns level of study in a matching process which uses HESA data at the first stage to assign level of study to main applicants (higher confidence matching) and then text within course titles at the second stage to assign level of study to those not already matched (lower confidence matching). It should be noted that course titles are recorded in a free text field by Home Office caseworkers.
68. Of the main applicants captured in the 2021/2022 internal management information, 43 per cent were successfully assigned to a level of study at the high confidence stage, and 33 per cent were successfully assigned to a level of study at the lower confidence stage (76 per cent in total).⁴¹

E.1.4 Dependants and their characteristics

69. Removing the right for international students to bring dependants unless they are on a postgraduate research programme is likely to lead to a reduction in dependant volumes. The reduction in dependant volumes is because students on a postgraduate taught programme will no longer be able to bring dependants with them (undergraduate students cannot bring dependants under the existing rules except for a limited number of exceptions). In order to assess the impact of this change, internal Home Office management information has been used to inform estimates of dependants associated with a main applicant, by level of study, and two tables have been produced below.
70. The first (Table 2), sets out the percentage of dependants associated with study visa main applicants, by level of study. This shows the majority (92 per cent) of dependants were associated with a study visa main applicant on a postgraduate (taught) course.

³⁹ See: <https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels>

⁴⁰ The methodology is considered experimental as it has been developed for the first time for the purposes of this Impact Assessment. The Home Office has not historically recorded the level of postgraduate course at the granularity of 'taught' or 'research' because it has until now had no impact on the immigration rules a student would be subject to.

⁴¹ It has been assumed that there is no bias introduced by this matching methodology and that the proportional split between: postgraduate (taught), postgraduate (research) and undergraduate courses is the same in the unlinked 24 per cent of the population as it is in the linked 76 per cent.

Table 2: Percentage of dependants associated with study visa main applicants, by level of study (rounded to the nearest whole number)

Level of study	Percentage (%)
Postgraduate (taught)	92%
Postgraduate (research)	7%
Undergraduate	1%
Total	100%

Source: Home Office analysis based on internal management information.

71. The second (Table 3), sets out the percentage of study visa main applicants that bring dependants, by level of study and number of dependants. Home Office management information, in conjunction with a number of assumptions detailed in Annex A, indicates that 19% of study visa main applicants on a postgraduate (taught) course are accompanied by one or more dependants.

Table 3: Percentage of study visa main applicants that bring dependants, by level of study and number of dependants (rounded to nearest whole number)

Level of study	No dependants	1 dependant	2 dependants	3+ dependants	Total
Postgraduate (taught)	81%	12%	4%	3%	100%
Postgraduate (research)	81%	8%	5%	6%	100%
Undergraduate	100%	0%	0%	0%	100%

Source: Home Office analysis based on internal management information.

72. As this is a novel methodology that has not been used with Home Office management information before, the data has a degree of uncertainty and could be subject to change as the methodology develops. The data used covers the time period April 2021 to March 2022 (01/04/2021 to 31/03/2022) to reflect the financial year 2021/2022 and is subject to change. The Central Reference System (CRS) database is the main data source used and this only captures out of country applications.⁴² A number of assumptions have been made in constructing the estimates, such as assuming data is recorded correctly from applications to the CRS database (but there is a risk that some data entry errors have been made). It has also been assumed that CRS correctly links main applicants to their dependants (but this is not an assumption that has been tested rigorously by the rest of the business and the risk remains that a bias has been introduced in making this assumption).
73. Estimates have been compared with published Home Office immigration statistics and the number of main applicants and dependants identified through this exercise is lower than published statistics. Part of this can be explained by the fact in country applications are not counted but it also suggests that not all dependants have been identified and linked to main applicants. It has been assumed that the unlinked applications are unbiased and the linked applications form a representative sample of students and dependants.

⁴² CRS is a secure, web-based, predominantly read-only system that contains information about visa and Electronic Visa Waiver (EVW) applications (biometric and non-biometric).

74. The derived data provides estimates of the number of dependants associated with a main applicant, by level of study. Uncertainty in how far this profile or distribution of dependants by level of study can be applied during the appraisal period would be reduced if more years of data were used, however the population of international students has materially changed since Covid-19 and the profile could materially change again over the appraisal period too. For example, in the year ending March 2023, almost one quarter (24 per cent) of all sponsored study related visas granted were to dependants of students (149,400), compared to 15 per cent (72,062) in the year ending March 2022.⁴³ It is acknowledged that applying a profile of dependants associated with a main applicant based on one year (2021/2022) of Home Office management information over a 10-year appraisal period is a limitation.
75. Further information on the methodology on the dependants matching process can be found in Annex A. Further data tables are also presented in Annex A.

E.1.5 Length of stay, switching and leaving the UK

Student Route

76. For those on the Student Route, length of stay will predominantly be determined by the length of their course. This could vary if they choose to extend, for example those who come for a BSc and stay to do an MSc or if they need to retake a year. Individuals who go back into study are captured through the in-country study visa demand forecasts. The baseline forecasts used in this Impact Assessment are done to the financial year 2025/2026 and then flatlined for the remainder of the appraisal period (further detail is provided in section E.3). The length of stay could also be longer as visas issued offer additional time before and after the course to come to and leave the UK.
77. Estimates of length of stay in the UK are provided by level of study (using HESA data to map courses to level of study, as outlined earlier) and the data is based on Home Office internal data. Applications made by the cohort for the financial year 2021/2022 were assessed, and dependants' profiles are assumed to mirror that for main applicants and are set out in Table 4 below (if a dependant is associated with a main applicant, their visa length will be the same).⁴⁴ Home Office CAS data is used to estimate the course length of people on a study visa by level of study, using HESA data to map courses to level of study as set out in sections E.1.3 and E.1.4.

⁴³ See: <https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-march-2023/why-do-people-come-to-the-uk-to-study>

⁴⁴ Analysis was conducted on dependants' length of stay in isolation to see if this deviated from main applicants, to test this assumption. Outflows were 8 per cent lower on average for dependants arriving from between 2012-2021 than main applicants as a whole. This suggests that the profiles used could underestimate length of stay for main applicants with dependants. A key limitation of this analysis is that it was conducted on main applicants and dependants separately, and not with dependants associated with a main applicant.

Table 4: Distribution of CAS course length, by level of study (rounded to the nearest whole percentage, rows may not sum due to rounding)

Level of study	Course length (CAS)							
	Less than 1 year	1 year but less than 2 years	2 years but less than 3 years	3 years but less than 4 years	4 years but less than 5 years	5 years but less than 6 years	6 years but less than 7 years	Greater than 7 years
Undergraduate	16%	14%	51%	17%	1%	0%	0%	0%
Postgraduate (taught)	30%	61%	8%	1%	0%	0%	0%	0%
Postgraduate (research)	18%	6%	4%	41%	31%	1%	0%	0%

Source: Home Office analysis.

78. A student will then either move onto the Graduate Route, switch to another visa or leave the UK. This profile is applied to estimated inflows in the baseline and policy scenarios to estimate outflows across the appraisal period, enabling volumes of stocks present in the UK to be estimated as presented in the volumes section below. Those here for less than a year are assumed to be in the UK for most of the year, and so included as present for that year when estimating fiscal impacts but not net migration impacts.
79. For those switching into the Graduate route, the proportion of students and dependants that switch to the Graduate route after completing their studies is estimated to increase from 17 per cent in 2022/2023 to 28 per cent in 2025/2026. This is based on Home Office internal visa projections and considers how the current proportion of students switching into the Graduate route may increase, as a significant proportion of the people who came to the UK to study once the Graduate route had been announced may not yet have completed their degree.
80. The proportion of all students switching to the Skilled Worker route or leaving the UK is based on Home Office analysis of Migrant Journey Analysis (MJA) data for the period 2017 to 2021. It is assumed that, after accounting for those entering the Graduate route or going back into studies, 6 per cent and 94 per cent of the remaining students will switch into the Skilled Worker route or leave the UK respectively across the appraisal period. With the proportion of students moving to the Graduate Route increasing over the appraisal period, the percentage share of those moving to the Skilled Worker Route or leaving the UK decreases. The analysis also assumes that students moving to other routes not captured in the model will remain in the UK, for example on a family route, but they account for a minimal share of outflows.⁴⁵

Graduate route

81. As a simplifying assumption, all people on the Graduate route are expected to remain in the UK on their Graduate visa for its full duration, and this is assumed to be for 2 years. In reality, a small number of Graduate visas are issued to PhD students for 3 years, however as this volume is small, and the majority of the students impacted by this policy are on taught postgraduate degrees, the impact of this assumption is likely to be small.

⁴⁵ The impact of these individuals remaining in the UK has not been considered further in this Impact Assessment.

82. The Home Office published an early insights evaluation⁴⁶ in 2022 into the stated preferences of those on the Graduate Route, asking whether they would like to remain in the UK for the length of their visa, or for a longer or shorter time. This evaluation has been used to inform the proportion of people on the Graduate route that subsequently switch onto a Skilled Worker visa (and a sensitivity is conducted around this).
83. In the evaluation, 68 per cent of the 50 respondents stated they would like to remain in the UK beyond the length of their Graduate visa. However, given that the evaluation also found that only 75 per cent of respondents were currently in employment, the relatively high requirements that need to be met to be eligible for the Skilled Worker route, and the possibility for respondents to subsequently change their mind toward the end of their visa, an assumption has been made that only half of the 68 per cent (34 per cent) that stated an intention to switch, successfully switch to the Skilled Worker route after 2 years, with the remainder leaving the UK. As a sensitivity, in section E.8, an additional scenario has been constructed where the full 68 per cent switch to the Skilled Worker route at the completion of their graduate visa.
84. As a simplifying assumption, all people who switch out of the Graduate route do so into the Skilled Worker route. While it is plausible that some visa holders switch out into other categories, including the family route, or back into study, these volumes are expected to be small.

Table 5: Percentage breakdown of graduate permission holders' assumed time in the UK (and future intentions)

	Leaves the UK before completion of the Graduate Route	Remain in the UK for the full 2-years	Extends on to a subsequent Skilled Worker visa	
Central Scenario	0%	66%	34%	It is assumed that 34% of graduate permission holders stay in the UK after their graduate visa expires, moving on to a skilled worker visa. This central assumption accounts for grant rates onto the skilled worker route and assumes not all permission holders who intended to remain do so.
Sensitivity	0%	32%	68%	It is assumed that 68% of graduate permission holders stay in the UK after their graduate visa expires, moving on to a skilled worker visa.

Source: Analysis based on Graduate route: early insights research with Graduates (n=50)⁴⁷

Skilled Worker

85. Those that switch onto the Skilled Worker visa (either after completing their course or after their time on the Graduate route) are assumed to remain in the UK following a profile comparable to the wider Skilled Worker cohort. This profile is constructed using Migrant Journey Analysis

⁴⁶ See: <https://www.gov.uk/government/publications/evaluation-of-the-future-borders-and-immigration-system-early-insights-research-with-graduates/graduate-route-early-insights-evaluation>

⁴⁷ See: <https://www.gov.uk/government/publications/evaluation-of-the-future-borders-and-immigration-system-early-insights-research-with-graduates/graduate-route-early-insights-evaluation>

(MJA) of the preceding Tier 2 (General) route from 2012 to 2017 and is set out in table 6 below. This data provides the most recent cohort for whom a full journey has been completed. However, a number of factors including the impact of Covid-19, EU Exit and the introduction of the Skilled worker route to replace Tier 2 (General) could all have influenced these profiles and this represents a limitation and risk to this analysis.

86. As a simplifying assumption, people are modelled to either remain on the Skilled Worker route or leave the UK. It is plausible some people subsequently switch onto other routes or through to settlement after 5 years. However, given the 10-year appraisal period, and the focus of this Impact Assessment on the Student route, any analysis beyond these assumptions was deemed to be disproportionate.

Table 6: Estimated outflow profile of Skilled Worker and Health and Care, based on 2012-2017 arrivals on predecessor visas and estimated presence in the UK up to March 2022

	Less than 1 year	At least 1 and less than 2 years	At least 2 and less than 3 years	At least 3 and less than 4 years	At least 4 and less than 5 years	At least 5 and less than 6 years	6 years or more (assumed to leave in year 7)
% of arrival cohort assumed to have left the UK in that year	2%	4%	8%	18%	4%	15%	6%

Source: Impact Assessment to accompany salary updates in April 2023 Immigration Rules.⁴⁸

87. As the Skilled Worker route is made up of several sub-routes, namely Skilled Work, Health and Care and the Shortage Occupation List (SOL), illustrative assumptions have been made as to what proportion of those moving onto the route do so into each of these sub-categories.
88. For Health and Care, it is assumed that anybody studying a Medicine and dentistry course, or subjects allied to medicine (around 10 per cent of all non-UK nationals in 2021/2022) moves onto the Health and Care route.⁴⁹ While it is likely that a number of people studying a medicine related degree may move into a different profession, and onto a different sub route, it is disproportionate to this Impact Assessment to try and estimate this effect given it is not the main driver of any of the costs or benefits.
89. Similarly, it is assumed that people moving onto the SOL follow the proportions of the wider Skilled Worker cohort, in that around 30 per cent of the remaining Skilled Workers move onto the SOL.⁵⁰ These assumptions are indicative only and therefore estimates should be considered as providing broad orders of magnitude.

⁴⁸ See Table 2 of the Impact Assessment to accompany salary updates in April 2023 Immigration Rules, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf

⁴⁹ The percentage varies slightly between European Union and Non-European Union domiciled students and by level of study. See Table 52 – HE student enrolments by subject of study and domicile, available at: <https://www.hesa.ac.uk/data-and-analysis/students/table-52>

⁵⁰ Estimated use of the Shortage Occupation List aligns with analysis underpinning the Impact Assessment to accompany salary updates in April 2023 Immigration Rules, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146120/Home_Office_Impact_Assessment_HO0443_-_Immigration_Rules_April_2023_-_Salary_changes.pdf

E1.6 Grants

90. Grant rates are presented in Table 7 below. The grant rates for the Student route and Graduate route, categorised by In Country and Out of Country students, is based on internal Home Office management data. These grant rates were applied to the forecasted volumes of student applications within the analysis, allowing for a comprehensive estimation of granted applications during the appraisal period. It is important to note that in the case of applicants transitioning from the Student or Graduate route to the Skilled Worker route, the grant rates were not applied. This omission was made as the analysis already incorporates a sensitivity that partially accounts for the grant rate, and therefore captures its potential impact on volumes of applicants moving to the Skilled Worker Route.

Table 7: Grant rates assumed for main applicants and dependants, by visa route and in country and out of country applications over the appraisal period

Route		Main applicant	Dependant
Student route	Out of country	97%	92%
	In country	100%	99%
Graduate route ⁵¹	In country	98%	98%
Skilled Worker route ⁵²	In country	99%	100%

Source: Home Office data. Grant rates for the student route and graduate route are based on 2019/2020. Grant rates for the skilled worker route are based on 2021/2022.

E1.7 Tuition fee assumptions

91. The analysis quantifies tuition fee revenue using HESA data for the academic year 2021/2022.⁵³ The dataset provides actual data on tuition fees and education contracts split by education provider, domicile and level of study. In addition, HESA data on student enrolments for the academic year 2021/2022 is used to obtain estimates for student enrolments by education provider, domicile and level of study.⁵⁴
92. These HESA datasets are used to develop estimates for the average annual tuition fee paid, split for EU and non-EU domiciled students.⁵⁵ Estimates developed for EU domiciled students are likely to be underestimates of the average annual tuition fee of EU domiciled students subject to the immigration rules. This is because a proportion of EU students are likely to be paying legacy home fees within the underlying HESA dataset for academic year 2021/2022. As such, the methodology uses non-EU domiciled tuition fee figures as a proxy for EU domiciled students instead. There is uncertainty in how far the non-EU estimates can generalise themselves to the EU cohort of students and this should be noted as a caveat to the analysis. For example, if the institutions and courses attended by EU and non-EU domiciled students

⁵¹ The Graduate Route is an in-country extension.

⁵² The modelling has two channels for people to enter the Skilled Worker route. One channel is those who move onto the Skilled Worker route directly after their studies. This uses Migrant Journey Analysis outcomes so already accounts for grant rates. The second channel is those who move onto the Skilled Worker route from the Graduate Route. An assumption is made regarding how many people move onto the Skilled Worker route via this channel and already captures a grant rate. Given the grant rate is close to 100% for the Skilled Worker route (in country), indirectly accounting for the grant rate is a reasonable proxy.

⁵³ Table 6 – Tuition fees and education contracts analysed by HE provider, domicile, mode, level, source and academic year 2016/17 to 2021/22:

<https://www.hesa.ac.uk/data-and-analysis/finances/table-6>

⁵⁴ Table 1 – HE Student enrolments by HE provider 2014/15 to 2021/22:

<https://www.hesa.ac.uk/data-and-analysis/students/table-1>

⁵⁵ Note that HESA data is primarily presented by domicile and distinguishes between EU and non-EU students whereas the Home Office typically presents data based on nationality and distinguishes between EEA and non-EEA students.

differ, then using non-EU domiciled fees as a proxy for EU domiciled fees may not be appropriate as tuition fees can vary significantly across courses and institutions.

93. Using HESA data for the Academic Year (AY) of 2021/2022 and the assumptions set out above, the analysis assumes the average annual tuition fee income is £19,000 for undergraduate courses, £16,000 for postgraduate (taught) courses and £17,000 for postgraduate (research) courses for non-EU domiciled students, and these estimates are used for EU students (FY 2023/2024 prices).⁵⁶

E1.8 Early switching

94. The Migrant Journey Analysis (MJA) dataset has been used to develop assumptions to inform the impact of modifying work routes so that students will be unable to apply to switch into these routes until 3 months prior to their course end date, whilst maintaining some flexibility for PhD students, who will be able to switch out of the Student route after completing 24 months of study.
95. The analysis uses MJA data on main applicants that started on the student route and that then switched into another route between December 2020 and June 2023. This captures a period of time where switching from a student visa onto a worker visa was possible.
96. The analysis uses visa expiry as a proxy for course end date and estimates the difference in time between the expiry date of the first study visa and the subsequent worker visa application. The analysis is restricted to those main applicants whose initial study visa was expired as of June 2023, to gain a picture of switching behaviour onto worker routes before the initial study visa expiry date.
97. Worker routes have been limited to Skilled Worker, Global Talent, Global Business Mobility and Health and Care routes. The analysis of switching behaviour onto these routes is used as a proxy for switching behaviour onto all routes affected by the policy change.⁵⁷
98. The analysis estimates 2.8 per cent⁵⁸ of total students with an expired study visa between December 2020 and June 2023 switched onto worker routes more than 3 months before the expiry date of their initial student visa. Due to data limitations, the visa expiry date has been used as a proxy for the course end date and given visa length can sometimes be relatively longer than course length, this may be an overestimate of the proportion of students affected by the policy change.
99. The analysis estimates 1.1 per cent⁵⁹ of total students with an expired study visa between December 2020 and June 2023 switched onto worker routes more than 6 months before the expiry date of their initial student visa, capturing that the visa expiry date might not align with course end date.

⁵⁶ Rounded to the nearest 1,000. All estimates set out are in FY2023/2024 prices by assuming AY2021/2022 aligns with FY2021/2022.

⁵⁷ As a result of the policy changes, switching from the Student Route onto the following routes will no longer be possible ahead of three months before the course end date: Skilled Worker (including Health & Care Worker) (lead applicants and dependants); Global Business Mobility x 5 routes (lead applicants and dependants); Minister of Religion (lead applicants and dependants); UK Ancestry (dependants only); Global Talent (lead applicants and dependants); High Potential Individual (lead applicants and dependants); Scale-up (lead applicants and dependants); Innovator Founder (lead applicants and dependants); International Sportsperson (lead applicants and dependants); Creative Worker (dependants only); Religious Worker (dependants only); Charity Worker (dependants only); International Agreement (dependants only); and Government Authorised Exchange (dependants only).

⁵⁸ This estimate is rounded to the nearest 0.1 per cent.

⁵⁹ This estimate is rounded to the nearest 0.1 per cent.

100. The midpoint between the two estimates set out above finds that 2.0 per cent⁶⁰ of total students with an expired study visa between December 2020 and June 2023 switched onto worker routes and therefore would be affected by the policy change.

E.1.9 Immigration fees and charges assumptions

101. Visa fees are compulsory and unrequited charges, applicable to individuals who wish to come to the UK or extend their permission to be in the country, and to businesses which sponsor migrants to do so. Visa fees are reviewed and amended by the Home Office on a regular basis. For the purpose of this Impact Assessment, visa fees are assumed to remain at their current level⁶¹ for the duration of the appraisal period.

Individual visa fees

102. Foreign nationals applying from abroad to study in the UK are subject to pay the standard fee on the Student route, currently set at £363. This amount is also levied on any dependants applying to join or accompany a family member with a student visa. Migrants already in the UK who wish to extend their study visa or switch from another immigration route are subject to a fee of £490. This amount is also applicable to any dependants they may have who are also already in the country.

103. International students switching to the Graduate route after completion of their studies are subject to pay £715 for their visa. This amount is also levied on their dependants.

104. Fees for migrants switching to sponsored skilled work (through the Skilled Worker, Shortage Occupation, or Health and Care routes) are dependent on the length of their visa, as summarised by Table 8 below. As the analysis assumes that main applicants have already brought all their dependants while on the Student route, the length of stay of dependants on sponsored skilled work routes is the same as that of main applicants; therefore, the same visa fees apply.

Table 8: Visa fees across sponsored skilled work routes, in-country (main applicants and dependants)

Visa type, by duration	Fee (£)
Skilled worker < 3 years	719
Skilled worker > 3 years	1,423
Shortage occupations < 3 years	479
Shortage occupations > 3 years	943
Health and Care < 3 years	247
Health and Care > 3 years	479

Source: Home Office, Visa fees transparency data, available at: <https://www.gov.uk/government/publications/visa-fees-transparency-data>

Sponsorship fees

105. Domestic education institutions sponsoring international students to enter and/or remain in the UK through the Student route are subject to pay a Confirmation of Acceptance for Studies (CAS) fee, levied at £21 per individual. Similarly, domestic businesses wishing to sponsor foreign workers are subject to a Certificate of Sponsorship (CoS) fee, set at £199 per worker.

⁶⁰ This estimate is rounded to the nearest 0.1 per cent.

⁶¹ as levied in June 2023.

Sponsorship fees are only applicable to main applicants (i.e. the sponsored individual), not their dependants. No sponsorship fees are charged as part of the Graduate route.

Immigration Health Surcharge

106. The Immigration (Health Charge) Order 2015 requires temporary migrants who make an immigration application to come to the UK for more than six months, or who apply to extend their stay in the UK, to make a direct contribution to the NHS via payment of an immigration health charge (often referred to as the immigration health surcharge (IHS)). The total amount surcharge payers are liable for is dependent on the duration of their visa. The full amount is payable upfront and in line with other fees as part of the visa application, although unsuccessful applicants receive a refund.⁶²
107. Since July 2020, the rate has been set at £624 per person per year, which is applicable to visa holders on the graduate and sponsored skilled work routes. A concessionary rate of £470 is applied to students and their dependants, and children under the age of 18. The level of the IHS is assumed to remain unchanged across the appraisal period.

E.2 Policy detail, assumptions and behavioural elasticities

Student Route

Removing the right to bring dependants on the student visa route for those other than on existing postgraduate research programmes

108. To estimate the (volume) impact of this policy change on the demand for study visas and the stock of students in the UK over the appraisal period, a methodology has been developed in the Home Office to allocate study visa main applicants and their associated dependants, by level of study (undergraduate, postgraduate (taught) and postgraduate (research)). Further information on this methodology (including assumptions and limitations) can be found in Annex A.
109. This method of categorising study visas by level of study is then applied to internal Home Office management data on study visas for the time period April 2021 to April 2022 (to cover the financial year 2021/2022). This provides a profile (distribution) of study visas for main applicants and their associated dependants by level of study for the financial year 2021/2022. This profile is then converted into percentages, set out in section E.1.4 and applied to the Home Office study visa volume forecasts over the appraisal period for dependants, to identify how many student dependants are impacted by the policy change (by comparing with the baseline).
110. The profile of student dependants, by level of study, is assumed not to change over the appraisal period (in reality, higher education institutions may change the markets they target and these markets may have students where the profile of dependants differs). It is assumed that all of the student dependants that would be prevented from coming to the UK from the policy change do not come. No behavioural response is assumed from main applicants in response to the policy change in terms of the course they choose (e.g. assuming students instead apply for postgraduate research courses where dependants are allowed instead of postgraduate taught courses). This may, however, not be possible in reality anyway as they are different qualifications with different entry requirements and consequently are not close substitutes. A behavioural response is assumed in terms of main applicants deciding not to come as they can no longer bring their dependants (outlined in the next section).
111. Students switching onto an in-country study visa who already have dependants in the UK as part of an existing study visa are assumed to be exempt from this policy and allowed to keep

⁶² "Pay for UK healthcare as part of your immigration application", GOV.UK: <https://www.gov.uk/healthcare-immigration-application/refunds>

their dependants in the UK. As such, this policy is assumed to impact out-of-country student dependants only. However, over time, the volume of in-country student dependants on taught postgraduate courses will fall to zero as fewer people are in the country on a study visa with dependants and eligible for this exemption.

Subsequent impact on number of students choosing to study in the UK (because they can no longer bring dependants)

112. The proposed policy change, removing the right to bring dependants on the student visa route for those other than on existing postgraduate research programmes, is likely to dissuade some main applicants from applying for a study visa (and studying in the UK) as they are no longer able to bring their dependants with them.
113. Early insights evaluation into the Skilled Worker visa found that the ability to bring dependants is one factor that impacted skilled workers decision to come to the UK.⁶³ In this research, 27 Skilled Worker visa holders (out of a total 50 respondents) reported that the visa itself had an impact on their decision to work in the UK. Within this group, 48 per cent said the ability to bring dependants who are eligible to work had some impact on their decision, whilst 22 per cent said it was the most important feature.
114. It is likely that some main applicants on the Student route will also value the ability to bring dependants. As such, the proposed policy will mean demand for study visas is lower than it otherwise would have been. However, the impact this will have on main applicants is highly uncertain and international students differ to those on the Skilled Worker route.⁶⁴ Some international students may decide to still come to the UK to study whilst others may choose to study elsewhere, to markets that allow them to bring dependants. The impact on dissuaded students is however uncertain as the policy will invoke a behavioural response that is difficult to measure.
115. In addition, the extent to which the sector may be able to shift to markets with students travelling without dependants is also uncertain (as the pool of mobile students is finite in the short-term and not all providers will be able to adapt as easily, though this pool is likely to increase in the longer term). Providers will still be able to recruit international postgraduate taught students, and the loss of the ability for these students to bring dependents is not likely to put off all interested applicants from applying to study in the UK. Home Office data shows that some nationalities are less likely to bring dependants with them and it is plausible to assume that universities may offer more places to international students as a whole (as providers determine the number of students they enrol onto their courses), and therefore the overall impact on student migration is uncertain.
116. Historically, the number of dependants associated with students has been low (see Figure 1). The importance of being able to bring dependants and the value international students place on this may be smaller than the value skilled workers place on the right as students are typically here for a shorter period of time and the Student Route is not a route to settlement. Fewer than 1 per cent of those granted an initial Sponsored study visa in 2016 had been granted settlement by the end of 2021. After 10 years, the proportion of former students with settlement is greater; 6 per cent of those granted an initial Sponsored study visa in 2011 had been granted settlement by the end of 2021.⁶⁵ The comparable figure for those with a work visa is higher. 10 per cent of

⁶³ See: <https://www.gov.uk/government/publications/evaluation-of-the-future-borders-and-immigration-system-early-insights-research-with-skilled-workers-and-employer-sponsors/skilled-worker-visa-early-insights-evaluation>

⁶⁴ Skilled Workers are typically older, in the UK for a longer period of time, more likely to have existing family, more likely to receive assistance from sponsors to relocate family and are on a route to settlement.

⁶⁵ See: <https://www.gov.uk/government/statistics/migrant-journey-2021-report/migrant-journey-2021-report#sponsored-study>

those granted a Work visa in 2016 had been granted settlement after five years.⁶⁶ Therefore, the impact on restricting dependants associated with students is likely to be smaller than if the restriction was applied to skilled workers.

117. However, more recently, the number of dependants associated with students has increased significantly (see Figure 1). This could suggest that the current cohort of international students choosing to study in the UK, values the ability to bring dependants during the course of their studies and this in part might be because they are able to continue to stay in the UK with their dependants after completion of studies on the Graduate Route for two years (or three years with a PhD or other doctoral qualification) and gives them time to find a job and move onto another visa (such as a skilled worker visa). So, any restriction on the right to bring dependants could have an impact on dissuading a proportion of students deciding to come to the UK.
118. Due to the uncertainty and lack of evidence to determine how many students will be dissuaded, three scenarios have been constructed to illustrate the possible impact (two additional scenarios are included in the sensitivity analysis). Table 9 below sets out these scenarios. In constructing these scenarios, it has been considered that it is likely that the policy change will have some impact on those who would have brought dependants, so a lower bound of 10 per cent is used in Scenario 1. However, for students that bring dependants, in a world where they are no longer able to bring dependants, many are likely to still come to study in the UK, so it is assumed that half still come (Scenario 3). Scenario 2 is constructed as a middle ground to scenario 1 and 3. However, recognising the uncertainty, as an extreme sensitivity only considered in section E.8, one sensitivity assumes that all postgraduate (taught) main applicants that bring dependants are dissuaded from applying, but this is likely an overestimate as for at least a proportion of students, the right to bring dependants is likely not the main reason to come to study. Another sensitivity assumes that none of the postgraduate (taught) main applicants that bring dependants are dissuaded from applying.
119. Although the below scenarios treat the postgraduate (taught) population of students that bring dependants as the same, this is likely a simplification. In reality, those most likely to be dissuaded are those that have child dependants (rather than adult dependants) and it is likely that the decision on whether a main applicant still chooses to come or not will vary by characteristics such as nationality, age and gender. Also, some people may still decide to study in the UK and instead bring their dependants later on (for example if they decide to switch onto the skilled worker visa after their studies, where visa holders can bring their dependants).

Table 9: Percentage of postgraduate (taught) main applicants (that bring dependants) dissuaded from applying⁶⁷

Scenario 1	10%
Scenario 2	25%
Scenario 3	50%
Sensitivity analysis 1	0%
Sensitivity analysis 2	100%

Source: Home Office assumptions.

⁶⁶ See: <https://www.gov.uk/government/statistics/migrant-journey-2021-report/migrant-journey-2021-report#work>

⁶⁷ Survey data from FindAUniversity (an organisation that helps the higher education sector with postgraduate recruitment) shows that prospective international postgraduate students value the ability to bring dependants. Respondents indicated that not being able to bring family members with them to the UK would make them less likely to study in the UK. See: <https://public.flourish.studio/visualisation/14128783/>

Impact of no longer being able to switch out of the Student route into work routes before completion of studies

120. Section E.1.8 set out the proportion of students who are assumed to switch out of their course early in the absence of any policy change, which is estimated to be between 1.1 and 2.8 per cent, with a midpoint of 2.0 per cent.⁶⁸ The midpoint is used as a central estimate for the main analysis of this IA, but the sensitivity analysis will consider the full range.
121. Further assumptions have been made to estimate the subsequent impact on volumes for the Student route from no longer being able to switch into work routes until 3 months before completion of studies.
122. As set out in Table 10 below, the upper scenario assumes 100 per cent of students affected by the policy change would be dissuaded from coming to the UK, assuming that all students switching before completion of studies never intended to study and would no longer come to the UK. Using this assumption, and the central estimate of the proportion of students affected by the policy change, 2.0 per cent of main applicants whose first journey was on the Student route are assumed to be affected by the policy change and will no longer come to the UK.
123. As set out in Table 10, the lower scenario assumes all students affected by the policy change would still come to the UK and stay on a study visa; for example, by either completing their course and then moving to another visa product legitimately or working in the black economy whilst on their study visa as they can no longer legitimately move visa products before completion of studies. Using this assumption, and the central estimate of the proportion of students affected by the policy change, 0.0 per cent⁶⁹ of main applicants whose first journey was on the Student route are assumed to be affected by the policy change and will no longer come to the UK.
124. As set out in Table 10, the central scenario assumes that half of early switchers are dissuaded from applying to study in the UK, and the remaining half continue to apply for a study visa and complete their course. Using this assumption, and the central estimate of the proportion of students affected by the policy change, 1.0 per cent⁷⁰ of main applicants whose first journey was on the Student route will be affected by the policy change and will no longer come to the UK.

Table 10: Early switching assumptions, main analysis

	Proportion of students assumed to be affected by switching policy change	Proportion of students assumed to be dissuaded from coming to the UK	Proportion of students assumed to no longer come to the UK as a result of switching policy change
Lower scenario	2.0%	0.0%	0.0%
Central scenario	2.0%	50.0%	1.0%
Upper scenario	2.0%	100.0%	2.0%

Source: Home Office assumptions.

⁶⁸ These estimates are rounded to the nearest 0.1 per cent.

⁶⁹ This estimate is rounded to the nearest 0.1 per cent.

⁷⁰ This estimate is rounded to the nearest 0.1 per cent.

125. There is a high degree of uncertainty associated with the estimates set out above. Firstly, visa length is an imperfect proxy for course length and estimates for the percentage of students that are affected by the policy change are highly uncertain. Secondly, the analysis assumes migrant behaviour for students with an expired study visa between December 2020 and June 2023 is representative of future switching behaviour. There is also a high degree of uncertainty associated with the proportion of students that will be dissuaded from coming to the UK.⁷¹
126. Developing assumptions on the proportion of students affected using data on expired study visas after December 2020 is likely to bias the analysis to those students with relatively shorter courses, given the time at which the analysis was conducted. Application date is also unlikely to reflect the start date of the worker visa, and this should be noted as a limitation to the analysis. Finally, the analysis does not capture the impact of the policy change on PhD students.

Impact on Graduate Route from changes to the Student Route

127. As set out in section E.1.5, the proportion of students and dependants that switch to the Graduate route after completing their studies is estimated to increase from 17 per cent in 2022/2023 to 28 per cent in 2025/2026. As dependants are only allowed to be dependants on the Graduate route if they were already in the UK with a main applicant on the Student route, it is assumed none of the restricted dependants move onto the Graduate route as a dependant.
128. For main applicants, it is assumed those choosing not to come as a result of the policy would have moved onto the Graduate route in the same proportions as the wider Student cohort. In other words, those people bringing dependants who are deterred are not more or less likely to extend their stay through the Graduate as other students. This is a simplifying assumption as it is plausible that those bringing dependants do so as they anticipate being in the UK for a longer period of time, and so may be more likely to move onto the Graduate route than a student who would not have brought dependants, however the impact of this assumption on the overall results in this Impact Assessment is relatively small and so no sensitivity analysis has been undertaken.

Impact on Skilled Worker routes from changes to the Student Route

129. As set out in E.1.5, a proportion of deterred students and their dependants would have been expected to move onto the Skilled Worker route, either directly or via the Graduate route. It has been assumed that students who would have switched early into the Skilled Worker route, who can no longer do so, but still come to the UK to study, outflow from the Student route in the same proportion as the wider student population. It is plausible that students who would have chosen to switch early into worker routes would be more inclined than other students to switch into the Skilled Worker route at completion of their studies. However, as these volumes are small in the context of the wider policy changes, and it is not obvious that the job offer that they may have got part way through their studies would still be available at graduation. This was considered a proportionate assumption.
130. While it is possible for students who have switched into the Skilled Worker to bring dependants once on the route, it has been assumed that none do, and that the indirect effect of being unable to bring dependants throughout their time on the Study and Graduate routes would deter the majority of those for whom bringing dependants was an important part of their decision to come to the UK. In the event that some people on the Skilled Worker route did subsequently decide to bring dependants, this would reduce the indirect costs and benefits of the policy, as compared to the estimates in the main body of the IA. However, given the focus of this IA is on the Student

⁷¹ Students who would otherwise have engaged in early switching but are prevented by the policy changes may change their behaviour in response. For example, students could seek out courses with low entry requirements and/or shorter courses, enabling them to still arrive in the UK and move onto another visa product once they complete their studies.

route, and the comparatively small impact this assumption could make, no further sensitivity analysis has been undertaken or assessment made on the NPSV.

Interactions between policies

131. It is likely there is a degree of interaction between the two main policies considered as part of this IA. Those that choose to switch into a work route early are more likely to be the cohort of people choosing to spend a prolonged period of time in the UK. Similarly, those who bring dependants on the student route, are more likely to be looking to spend a prolonged period of time in the UK. It is therefore probable that some people who would have early switched would already have been deterred by the inability to bring dependants while studying.
132. The degree to which this overlap in impacts exists is uncertain and so a full range has been considered as part of the IA whereby between 0% and 100% of the postgraduate taught students deterred by the removal of the ability to switch early into other routes had already been deterred by the policy to restrict dependants for that cohort. For undergraduates, as the policy to restrict dependants does not apply to them (as they are already unable to do so), no such assumptions are made and all of the impact is assumed to apply.

E.2.1 Scenarios for the IA

133. Given the range of assumptions and scenarios laid out in section E.2, this section details what assumptions are varied in the construction of the Low, Central and High scenarios as part of the main body of the IA.
134. In the Central scenario, no changes are made to the baseline Home Office internal volume projections. For the proportion of postgraduate taught students dissuaded from coming to the UK, scenario 2 above (25%) is used, and for the proportion of early switchers deterred, the central scenario (50%) is used. There is assumed to be an interaction between these policies such that 50 per cent of deterred early switchers for postgraduate taught switchers were already deterred by the inability to bring dependants.
135. In the Low scenario, the baseline Home Office internal volume projections are reduced by 30 per cent to account for uncertainty on future behaviour. For the proportion of postgraduate taught students dissuaded from coming to the UK, scenario 1 above (10%) is used, and for the proportion of early switchers deterred, the low scenario (0%) is used. There is assumed to be an interaction between these policies such that 100 per cent of deterred early switchers for postgraduate taught courses were already deterred by the inability to bring dependants.
136. In the High scenario, the baseline Home Office internal volume projections are increased by 30 per cent to account for uncertainty on future behaviour. For the proportion of postgraduate taught students dissuaded from coming to the UK, scenario 3 above (50%) is used, and for the proportion of early switchers deterred, the high scenario (100%) is used. There is assumed to be an interaction between these policies such that 0 per cent of deterred early switchers for postgraduate taught switchers were already deterred by the inability to bring dependants.
137. Other assumptions, including 0 per cent and 100 per cent of postgraduate taught students being deterred from coming, variations around the fiscal methodology, the proportion of people switching early within the full range of 1.1 to 2.8 per cent, the proportion of Graduate route students moving to the Skilled Worker route,⁷² are all varied as part of sensitivity analysis set out in Section E.8.

⁷² As outlined in Table 5, for the low, central and high scenarios in the main body of the IA, it is assumed that 34 per cent of graduate permission holders stay in the UK after their graduate visa expires, moving on to a skilled worker visa.

E.2.2 “Closing down sale”

138. It is likely that as a result of these measures, international students may bring forward their planned start date for studying in the UK in order to avoid the restrictions being introduced for those studying from January 2024. For example, an international student prior to the announcement may have intended to come in January 2024 but following the announcement may change their start date to Autumn 2023 if they intended to study a postgraduate (taught) course and wanted to bring their dependant(s) with them.
139. Quantifying the impact of this behavioural response is difficult as not all international students will be able to change their study plans in the time window between announcement and changes coming into effect, and essentially it is just displacing study visa demand out of the appraisal period. That being said, there is evidence from other routes (such as the investor route) where applications have seen a spike in demand ahead of changes to eligibility or the closure of a route, and so it is likely that applications will be higher than usual in the run up to the changes for the Student Route.
140. A survey conducted by FindAUniversity shows interest from prospective international students for an autumn 2023 start date is higher at this point in the year compared to the previous year for those interested in an autumn 2022 start date. This supports the hypothesis that the changes to the Student Route are causing a behavioural response from prospective international students, that they are bringing forward their intended study date to before the changes take effect.⁷³

E.3 Volumes

141. To measure the impact of the policies on international students (and their associated dependants) in HE, a baseline in the absence of any policy interventions is constructed. A baseline is then also constructed for volumes who subsequently switch onto the Graduate and Skilled worker routes. The change in the volume of international students (and their associated dependants) in the UK, and subsequently on the Graduate and Skilled Worker routes as a result of the policies is modelled and then measured against the baseline to assess the potential impacts on elements such as the tuition fee revenue of universities, the public administration burden on the Home Office and the Exchequer impacts.

E.3.1 Baseline (Option 1)

Inflows of students and their dependants

142. For historic inflows, data from published Home Office immigration statistics is used whilst for forecasted inflows over the appraisal period, internal Home Office estimates are used. These estimates broadly align with what the sector expects, as set out in the OfS report cited earlier (see paragraph 15). Course profiles (length of stay) is based on internal Home Office CAS data. HESA data is used to apportion the inflows and stock by level of study (for main applicants) whilst internal Home Office management information is used to apportion these inflows by level of study for dependants.
143. There is inherent uncertainty in visa volume demand forecasts as many factors will determine whether people come to the UK to study (as outlined earlier). The forecasts used in this Impact Assessment are done to the financial year 2025/2026 and then flatlined for the remainder of the appraisal period. To account for the uncertainty in forecasting demand for study visas, a low and high scenario are constructed around the central visa volume demand forecasts. These

⁷³ See: <https://www.findauniversity.com/comment/9399/pulse-monitor-are-international-students-already-changing-their-study-plans>

volumes are reduced by 30 per cent in the low scenario and increased by 30 per cent in the high scenario.

144. Table 11 below sets out the forecasted inflows of students and their dependants by level of study in the central scenario, applying the grant rate set out in section E1.6 to the forecast application volumes set out above. While only postgraduate students are allowed to bring dependants currently, there are exceptions for those on a new government-sponsored student course that lasts longer than 6 months and as a result it is possible for a small number of undergraduate students to bring dependants.

Volumes estimated to switch onto the Graduate and Skilled Worker routes

145. Table 12 below sets out the estimated volume of granted applications for the Graduate and Skilled Worker route in the baseline for the cohort of students set out in Table 11. This includes those switching directly over to the Skilled Worker routes, as well as those moving to the Skilled Worker route from the Graduate Route.
146. As students are assumed to come to the UK throughout the 10 year appraisal period set out in Table 12, each individual year of inflows are assumed to switch into other routes following the profiles set out in section E.1.5. As a result, the volume of people assumed to switch into other routes in a given year will be a proportion of the people completing their course of study or the Graduate route in each of the proceeding years. Put simply, people switching into, for example, the Graduate route in the third year of the appraisal period will contain the proportion of students in year one who switch into the Graduate route after 2 years as well as students who came to the UK in the second year of the appraisal period who are assumed to switch into the Graduate route after 1 year.

Volumes estimated to leave the UK

147. Table 13 below sets out the estimated volume of people assumed to leave the UK in the baseline following completion of their Student, Graduate or Skilled Worker visas. Like table 12, this analysis uses the length of stay profiles set out in section E.1.5 to estimate the proportion of people who leave after a given period of time. Also comparable to table 12, the volume of people assumed to leave the UK in a given year will be a proportion of the people completing their visas in each of the proceeding years.

Baseline stock on Student, Graduate and Skilled Worker routes

148. Table 14 below is a function of each of tables 11, 12 and 13 that precedes it. It sets out the estimated stock of people assumed to be on each of the Student, Graduate and Skilled Worker routes in each year of the appraisal period in the baseline.
149. Where someone is assumed to have a length of stay of less than one year, they are assumed to remain in the stock for the entire year, this is to reflect the fact that in that year they will have paid tuition fees and contributed to and utilised public services.
150. It is also worth noting that the “stock” on the Skilled Worker routes is not the total stock on that route, only the stock of people on the route after the implementation of the policy as a result of switching from the Student of Graduate routes. For the purposes of this appraisal the remainder of the stock (students who had already switched before the implementation of these policies, or people entering the Skilled Worker routes through other means) are unaffected by any of the policy changes and so have not been considered.

Baseline inflow volumes and stocks

Table 11 – Estimated projected Out of Country (OOC) and In Country (IC) grants for Study visas – Baseline – 2023/2024 – 2033/2034				
		2023/2024	2024/2025	2025/2026 onwards
Out of Country				
Undergraduate	<i>Main Applicant</i>	176,000	200,000	222,000
	<i>Dependant</i>	1,000	1,000	1,000
Postgraduate (Taught)	<i>Main Applicant</i>	397,000	451,000	501,000
	<i>Dependant</i>	105,000	119,000	133,000
Postgraduate (Research)	<i>Main Applicant</i>	22,000	25,000	27,000
	<i>Dependant</i>	8,000	9,000	10,000
In-Country				
Undergraduate	<i>Main Applicant</i>	21,000	29,000	35,000
	<i>Dependant</i>	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	49,000	68,000	80,000
	<i>Dependant</i>	11,000	15,000	17,000
Postgraduate (Research)	<i>Main Applicant</i>	3,000	4,000	4,000
	<i>Dependant</i>	1,000	1,000	1,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 12: Estimated volumes switching onto the Graduate and Sponsored Skilled Work routes – Baseline – 2023/2024 to 2033/2034											
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route to Graduate Route											
Main Applicant	142,000	201,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	184,000
Dependant	28,000	40,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	36,000
Student Route to Sponsored Skilled Work Routes											
Main Applicant	26,000	32,000	37,000	43,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Dependant	8,000	7,000	8,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Graduate Route to Sponsored Skilled Work Routes											
Main Applicant	-	30,000	48,000	68,000	83,000	83,000	83,000	83,000	83,000	83,000	63,000
Dependant	-	6,000	9,000	13,000	16,000	17,000	17,000	17,000	17,000	17,000	12,000

Source: Home Office analysis. Rounded to the nearest 1,000.

Table 13 – Estimated volumes leaving the UK from the Student, Graduate and Sponsored Skilled Work routes – Baseline – 2023/2024 to 2033/2034											
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route											
Main Applicant	254,000	301,000	350,000	422,000	448,000	456,000	457,000	457,000	457,000	457,000	343,000
Dependant	82,000	67,000	73,000	84,000	85,000	86,000	86,000	86,000	86,000	86,000	65,000
Graduate Route											
Main Applicant	-	59,000	93,000	131,000	161,000	162,000	162,000	162,000	162,000	162,000	121,000
Dependant	-	11,000	18,000	26,000	32,000	32,000	32,000	32,000	32,000	32,000	24,000
Sponsored Skilled Work Routes											
Main Applicant	1,000	2,000	6,000	15,000	26,000	38,000	52,000	62,000	68,000	73,000	55,000
Dependant	-	1,000	1,000	4,000	5,000	8,000	10,000	12,000	13,000	14,000	11,000

Source: Home Office analysis. Rounded to the nearest 1,000.

Table 14 – Estimated stock of people on the Student, Graduate and Sponsored Skilled Work routes – Baseline – 2023/2024 to 2033/2034											
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route											
Main Applicant	847,000	1,015,000	1,155,000	1,193,000	1,203,000	1,204,000	1,204,000	1,204,000	1,204,000	1,204,000	903,000
Dependant	153,000	174,000	194,000	197,000	198,000	199,000	199,000	199,000	199,000	199,000	149,000
Graduate Route											
Main Applicant	235,000	346,000	452,000	498,000	499,000	499,000	499,000	499,000	499,000	499,000	375,000
Dependant	47,000	69,000	90,000	100,000	101,000	101,000	101,000	101,000	101,000	101,000	76,000
Sponsored Skilled Work Routes											
Main Applicant	26,000	87,000	166,000	262,000	365,000	456,000	534,000	602,000	663,000	720,000	540,000
Dependant	8,000	20,000	36,000	54,000	74,000	91,000	106,000	119,000	131,000	142,000	106,000

Source: Home Office analysis. Rounded to the nearest 1,000.

E.3.2 Policy volumes and change in volumes as a result of the policy changes (Option 2)⁷⁴

151. This section replicates the format of tables from section E.3.1, but provides the inflows, switcher volumes, outflows and stocks after the imposition of the two quantified policy changes using the assumptions set out in section E.2. This includes:
- Removing the right for international students to bring dependants unless they are on postgraduate courses currently designated as research programmes.
 - Removing the ability for international students to switch out of the Student route into work routes before their studies have been completed.
152. Tables 15 and 16 will consider the impact on student inflows, and their dependants, separately as a result of these two policies to give a sense of the magnitude of each of the two changes. Table 17 considers the impact on student inflows from the two policies combined in order to consider the impact on any overlap between the policies.
153. Table 18 and 19 combine the impacts of the two changes on the volume of people switching and leaving the UK in the policy scenario.
154. The final table, table 20, sets out the stock of people on each of the Student, Graduate and Skilled Worker routes over the appraisal period as a result of both of the changes listed above.

Changes in volumes and stocks from the baseline (Option 1) to the policy option (Option 2)⁷⁵

155. Four final tables are produced, tables 21, 22, 23 and 24, which replicate tables 15, 16, 17 and 20, to highlight the change in inflows and in the stock in the policy scenario as compared to the baseline.
156. Table 21 is calculated as table 15 minus table 11 to highlight the impact on inflows from removing the right for international students to bring dependants unless they are on postgraduate courses currently designated as research programmes.
157. Table 22 is calculated as table 16 minus table 11 to highlight the impact on inflows from removing the ability for international students to switch out of the Student route into work routes before their studies have been completed.
158. Table 23 is calculated as table 17 minus table 11 to highlight the impact on inflows both policy changes have.
159. Table 24 is calculated as table 20 minus table 14 to highlight the impact on the stock of people on each of the Student, Graduate and Skilled Worker routes over the appraisal period as a result of both of the changes listed above as compared to the baseline.
160. All volume tables are presented for the central scenario. The equivalent tables for the change in volumes and stocks from the baseline to the policy option for the low and high scenarios can be found in Annex B.

⁷⁴ As the policy is assumed to come into effect in January 2024, the policy impact in 2023/24 has been scaled down to 1/4, to show the impact for one quarter of the financial year.

⁷⁵ As a 10-year appraisal period has been used (covering January 2024 to January 2034), the baseline and policy impacts in the final year are scaled down to 3/4, to show the impact for three quarters of the financial year.

Policy inflow volumes and stocks

Table 15 – Estimated projected Out of Country (OOC) and In Country (IC) grants for Study visas as a result of the changes to international students to remove the right to bring dependants unless they are on postgraduate courses currently designated as research programmes – 2023/2024 – 2033/2034												
		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	176,000	200,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000	167,000
	<i>Dependant</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Postgraduate (Taught)	<i>Main Applicant</i>	392,000	429,000	477,000	477,000	477,000	477,000	477,000	477,000	477,000	477,000	357,000
	<i>Dependant</i>	79,000	0	0	0	0	0	0	0	0	0	0
Postgraduate (Research)	<i>Main Applicant</i>	22,000	25,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	20,000
	<i>Dependant</i>	8,000	9,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	8,000
In-Country												
Undergraduate	<i>Main Applicant</i>	21,000	29,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	26,000
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	49,000	66,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	57,000
	<i>Dependant</i>	10,000	8,000	1,000	0	0	0	0	0	0	0	0
Postgraduate (Research)	<i>Main Applicant</i>	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	3,000
	<i>Dependant</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 16 – Estimated projected Out of Country (OOC) and In Country (IC) grants for Study visas as a result of the changes to remove the ability for international students to switch out of the Student route into work routes before their studies have been completed – 2023/2024 – 2033/2034

		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	176,000	198,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	165,000
	<i>Dependant</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Postgraduate (Taught)	<i>Main Applicant</i>	396,000	446,000	496,000	496,000	496,000	496,000	496,000	496,000	496,000	496,000	372,000
	<i>Dependant</i>	105,000	118,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	98,000
Postgraduate (Research)	<i>Main Applicant</i>	22,000	25,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	20,000
	<i>Dependant</i>	8,000	9,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	8,000
In-Country												
Undergraduate	<i>Main Applicant</i>	21,000	29,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	26,000
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	49,000	68,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	60,000
	<i>Dependant</i>	11,000	15,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	13,000
Postgraduate (Research)	<i>Main Applicant</i>	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	3,000
	<i>Dependant</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 17 – Estimated projected Out of Country (OOC) and In Country (IC) grants for Study visas as a result of policy restrictions – 2023/2024 – 2033/2034

		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	176,000	198,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	165,000
	<i>Dependant</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Postgraduate (Taught)	<i>Main Applicant</i>	391,000	427,000	474,000	474,000	474,000	474,000	474,000	474,000	474,000	474,000	356,000
	<i>Dependant</i>	79,000	0	0	0	0	0	0	0	0	0	0
Postgraduate (Research)	<i>Main Applicant</i>	22,000	25,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	20,000
	<i>Dependant</i>	8,000	9,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	8,000
In-Country												
Undergraduate	<i>Main Applicant</i>	21,000	29,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	26,000
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	49,000	66,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	57,000
	<i>Dependant</i>	10,000	8,000	1,000	0	0	0	0	0	0	0	0
Postgraduate (Research)	<i>Main Applicant</i>	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	3,000
	<i>Dependant</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 18: Estimated volumes switching onto the Graduate and Sponsored Skilled Work routes – Policy Options – 2023/2024 to 2033/2034											
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route to Graduate Route											
Main Applicant	142,000	198,000	238,000	237,000	237,000	237,000	237,000	237,000	237,000	237,000	178,000
Dependant	28,000	24,000	7,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	3,000
Student Route to Sponsored Skilled Work Routes											
Main Applicant	26,000	30,000	33,000	38,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Dependant	7,000	4,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Graduate Route to Sponsored Skilled Work Routes											
Main Applicant	-	30,000	48,000	67,000	80,000	81,000	81,000	81,000	81,000	81,000	61,000
Dependant	-	6,000	9,000	8,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000

Source: Home Office analysis. Rounded to the nearest 1,000.

Table 19 – Estimated volumes leaving the UK from the Student, Graduate and Sponsored Skilled Work routes – Policy Options – 2023/2024 to 2033/2034											
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route											
Main Applicant	253,000	296,000	340,000	408,000	433,000	441,000	442,000	442,000	442,000	442,000	332,000
Dependant	76,000	40,000	13,000	8,000	6,000	7,000	7,000	7,000	7,000	7,000	5,000
Graduate Route											
Main Applicant	-	59,000	93,000	129,000	156,000	157,000	157,000	157,000	157,000	157,000	118,000
Dependant	-	11,000	18,000	15,000	4,000	3,000	3,000	3,000	3,000	3,000	2,000
Sponsored Skilled Work Routes											
Main Applicant	1,000	2,000	6,000	15,000	25,000	36,000	50,000	59,000	64,000	68,000	52,000
Dependant	-	-	1,000	3,000	3,000	4,000	4,000	3,000	3,000	2,000	1,000

Source: Home Office analysis. Rounded to the nearest 1,000.

Table 20 – Estimated stock of people on the Student, Graduate and Sponsored Skilled Work routes – Policy Options – 2023/2024 to 2033/2034											
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route											
Main Applicant	841,000	987,000	1,119,000	1,156,000	1,165,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	875,000
Dependant	126,000	46,000	34,000	33,000	34,000	34,000	34,000	34,000	34,000	34,000	26,000
Graduate Route											
Main Applicant	235,000	344,000	441,000	483,000	484,000	484,000	484,000	484,000	484,000	484,000	363,000
Dependant	46,000	53,000	33,000	14,000	11,000	11,000	11,000	11,000	11,000	11,000	8,000
Sponsored Skilled Work Routes											
Main Applicant	26,000	85,000	160,000	250,000	346,000	430,000	502,000	564,000	621,000	675,000	506,000
Dependant	7,000	17,000	26,000	32,000	31,000	29,000	27,000	26,000	25,000	25,000	19,000

Source: Home Office analysis. Rounded to the nearest 1,000.

Changes in inflow volumes and stocks (policy minus baseline)

Table 21 – Change in Out of Country (OOC) and In Country (IC) grants for Study visas as a result of the changes to international students to remove the right to bring dependants unless they are on postgraduate courses currently designated as research programmes – 2023/2024 – 2033/2034												
		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	-5,000	-22,000	-24,000	-24,000	-24,000	-24,000	-24,000	-24,000	-24,000	-24,000	-18,000
	<i>Dependant</i>	-26,000	-119,000	-133,000	-133,000	-133,000	-133,000	-133,000	-133,000	-133,000	-133,000	-99,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
In-Country												
Undergraduate	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	0	-1,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-3,000
	<i>Dependant</i>	-1,000	-6,000	-16,000	-17,000	-17,000	-17,000	-17,000	-17,000	-17,000	-17,000	-13,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 22 – Change in projected Out of Country (OOC) and In Country (IC) grants for Study visas as a result of the changes to remove the ability for international students to switch out of the Student route into work routes before their studies have been completed – 2023/2024 – 2033/2034

		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	0	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	-1,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-4,000
	<i>Dependant</i>	0	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
In-Country												
Undergraduate	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 23 – Estimated change in Out of Country (OOC) and In Country (IC) grants for Study visas as a result of policy restrictions – 2023/2024 – 2033/34												
		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	0	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	-5,000	-24,000	-27,000	-27,000	-27,000	-27,000	-27,000	-27,000	-27,000	-27,000	-20,000
	<i>Dependant</i>	-26,000	-119,000	-133,000	-133,000	-133,000	-133,000	-133,000	-133,000	-133,000	-133,000	-99,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
In-Country												
Undergraduate	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	0	-1,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-3,000
	<i>Dependant</i>	-1,000	-6,000	-16,000	-17,000	-17,000	-17,000	-17,000	-17,000	-17,000	-17,000	-13,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 24 – Estimated change in stock of people on the Student, Graduate and Sponsored Skilled Work routes from the Policy Option, 2023/2024 to 2033/2034

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route											
Main Applicant	-6,000	-28,000	-36,000	-37,000	-37,000	-38,000	-38,000	-38,000	-38,000	-38,000	-28,000
Dependant	-27,000	-128,000	-159,000	-164,000	-164,000	-165,000	-165,000	-165,000	-165,000	-165,000	-123,000
Graduate Route											
Main Applicant	-	-3,000	-10,000	-15,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-12,000
Dependant	-	-17,000	-58,000	-86,000	-89,000	-89,000	-90,000	-90,000	-90,000	-90,000	-67,000
Sponsored Skilled Work Routes											
Main Applicant	-	-2,000	-6,000	-12,000	-19,000	-26,000	-32,000	-37,000	-41,000	-45,000	-34,000
Dependant	-1,000	-3,000	-9,000	-22,000	-42,000	-62,000	-79,000	-93,000	-106,000	-117,000	-87,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

E.3.3 Net migration impact

161. The change in the stock of people in the UK on each of the routes set out in Table 24 above does not equate to the change in net migration, as these estimates capture movements between immigration routes, not in and out of the country. Net migration is defined as the difference between the number of people coming to live in the UK for a period of more than a year (immigration) and the number of people leaving to live elsewhere for a period of more than a year (emigration).⁷⁶
162. This differs from the stock set out in Table 24 in two important ways:
- When considering outflows, the change in stock on a particular route only captures the change in people on a given visa route and does not consider whether they exit the country (emigrate), which is what counts towards net migration. For example, if 10 people complete their degree on the Student route and leave the UK, emigration would be 10. However, if 3 of those people moved onto the Graduate route, 2 onto the Skilled Worker route and 5 left the UK, emigration would be counted as 5 for that year.
 - Only those people remaining in the UK for over a year will contribute towards net migration. Of those restricted from or choosing not to come to the UK as a result of these policy changes, some would have remained in the UK for less than a year and not have contributed towards net migration estimates. As set out in Table 4 in section E.1.5, a significant proportion of taught postgraduate students (30 per cent) are on a course shorter than a year and a further proportion are on a course of exactly one year. Therefore, only around 50 per cent would be expected to have a long enough stay in the UK to count towards net migration if they were to not switch into other routes. However, for the purpose of a stock calculation, they were in the UK for a portion of that year, paying tuition fees and having a fiscal impact in the UK and so cannot be excluded entirely.
163. In order to estimate the impact on net migration from the changes listed above, two things are required:
- The change in out-of-country inflows to the UK
 - The change in emigration from the UK across all of the routes considered in this IA
164. Table 25 below provides the reduction in out of country inflows while the change in emigration can be calculated as the emigration in the policy scenario set out in Table 19 minus the emigration in the baseline set out in Table 13. Summing the change in emigration and subtracting that from the change in out-of-country inflows provides the estimate of net migration set out in Table 25 below.
165. This uses the same assumptions on lengths of stay and outflows from section E.1.5, as well as the same assumptions from section E.3 that estimated the change in volumes and stocks, set out in section E.3.2, as compared to the baseline in section E.3.1, in order to calculate an indicative impact on net migration of the changes over the period.
166. Table 25 shows that the net migration impact in 2024/2025 is estimated at around -113,000, reflecting a reduction in out-of-country inflows of around 150,000 and a reduction in outflows in the same year of around 30,000. Implicitly, this suggests that around 20% of new out of country inflows are expected to leave the UK within the same year, with the remainder having over a year on their original visa or switching to another route or back into study on completion of their course.
167. By the penultimate year of the appraisal period in 2032/2033, the impact on net migration is expected to have fallen to around -15,000. While the impact on inflows remains relatively constant over the period, the impact on people outflowing is expected to rise to 150,000 as people

⁷⁶ Further detail (and estimates) on net migration is available on the ONS website. See: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/longterminternationalmigrationprovisional/yearendingdecember2022>

restricted from coming from earlier cohorts would have left the UK, having finished their courses of study, their time on the Graduate route, or left after a period of time on the Skilled Worker route.

168. These estimates are purely indicative, and it is possible that any revisions to the ONS's methodology on net migration, as well as any changes to external factors which may have otherwise affected inflows will impact the level of net migration.

Table 25 – Estimated impact on net migration from the policy (Option 2) – 2023/2024 to 2032/2033 (2033/2034 not shown as it is only a partial year due to the 10-year appraisal period covering January 2024 to January 2034)										
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033
Change in Out-of-Country Inflows (Table 23)										
	-32,000	-145,000	-161,000	-161,000	-161,000	-161,000	-161,000	-161,000	-161,000	-161,000
Change in Outflows of people leaving the UK (Table 19 – Table 13)										
Student	-7,000	-32,000	-70,000	-90,000	-94,000	-94,000	-94,000	-94,000	-94,000	-94,000
Graduate	-	-	-	- 12,000	-32,000	-35,000	-35,000	-35,000	-35,000	-35,000
Sponsored Skilled Worker	-	-	-	-1,000	-3,000	- 6,000	-9,000	-13,000	-15,000	-17,000
Change in net migration										
	-25,000	-113,000	-90,000	-57,000	-32,000	-27,000	-23,000	-20,000	-17,000	-15,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

E.4 COSTS

169. The following section sets out the economic costs of the proposed policy changes. It estimates the economic impact of the proposed changes on tuition fee revenue of universities, the public administration burden on the Home Office and the Exchequer impacts as well as other unquantifiable costs and benefits.

Set up costs

E4.1 Familiarisation costs

170. Familiarisation costs are assumed to be negligible as a result from changing the guidance. It is assumed to be a negligible time commitment for current sponsors (Higher Education Institutions and Further Education Colleges), immigration lawyers and immigration advisors to familiarise themselves with these changes as the guidance being produced is an update to existing immigration rules and does not amount to a significant additional number of words to read and interpret. As such, familiarisation costs have not been included in the NPSV for this policy.

Ongoing costs

171. Direct costs are defined as those that are *immediate and unavoidable* consequences of the policy decision. In the case of these policy changes, the only impacts that are immediate and unavoidable are the impacts relating to the applications of dependants of students on taught postgraduate courses who are no longer permitted to come to the UK, and their subsequent applications to the Graduate route that are also no longer permitted by extension of the legislation only permitting valid student dependants.

172. Any impacts relating to associated students, including their applications and tuition fee payments are considered indirect costs as the student has made a choice whether to come to the UK or not without their dependants. This is therefore not an *unavoidable* consequence of the policy.

173. Any dependants who do not apply to the Skilled Worker route after the completion of study are considered indirect costs as it is possible to bring dependants at that point regardless of this legislation.

174. Other impacts, including fiscal, macroeconomic and labour-market impacts are considered indirect as they are not an *immediate* consequence of the policy and are a second-order impact that could have occurred when the individual was in the UK on their associated visa.

Direct ongoing costs

E4.2 Loss of visa application revenue to the Home Office

175. A reduction in visa applications from dependants on the student and Graduate routes is assumed to result in lost Home Office revenue. This loss in revenue is quantified by multiplying the estimated reduction in the volume of applications granted to dependants on the Student route by the current visa fee.

176. Option 2 could result in a loss of Home Office revenue ranging between £500 million and £930 million, with a central estimate of £710 million (Present Value (PV), 2023/2024 prices) over the ten-year appraisal period.

E.4.3 Loss of Immigration Health Surcharge Revenue

177. A fall in visa grants is also assumed to result in lost IHS revenue, which is collected by the Home Office and attributed to the Department of Health and Social Care (DHSC). The loss of IHS revenue is calculated as the product of the change in the number of visas issued to

dependants of students and those on the graduate route, the current IHS level, as set out in section E.1.9, and internal Home Office data on the average length of visas granted to student dependants.

178. The direct cost to the Government from the reduction in IHS revenue due to the fall in the number of student and Graduate route dependants is estimated to range between £900 million and £1.7 billion, with a central estimate of £1.3 billion (PV, 2023/2024 prices) over the ten-year appraisal period.

E.4.4 Loss of Premium Service revenue to the Home Office

179. It is assumed that the policy change will not impact the proportion of dependant applicants applying for Priority or Super Priority services. As a result of the reduction in standard application volumes, there is estimated to be a corresponding proportion of student and Graduate route dependants using the Priority and Super Priority service, which are assumed to no longer use the service and will lead to a reduction in Home Office revenue.
180. The loss of premium service revenue under Option 2 is estimated to range between £50 million and £95 million with a central estimate of £75 million (PV, 2023/2024 prices) over the ten-year appraisal period.

Indirect ongoing costs

E4.5 Reduction in tuition fee revenue

181. A fall in the number of international students would lead to a fall in revenue for domestic education institutions collected from tuition fees. This impact is quantified by considering the average tuition fee for international students (set out in section E.1.7) and multiplying this by the estimated reduction in student stock set out in Table 24.
182. The cost to the education sector is estimated to amount to up to £13.8 billion, with a central estimate of £4.9 billion (PV, 2023/2024 prices) over the ten-year appraisal period.
183. The analysis makes no assumptions on the replacement rate of students between regions, that is, the extent to which Higher Education institutions may offer vacant places to domestic students. Therefore, the estimated impact of Option 2 should be considered as an upper estimate, as any student replacement could mitigate the effect of lost tuition fee income to a given degree. Further, the costs of providing courses may fall if no replacement takes place and the cost of processing the applications may also fall.

E4.6 Loss in Exchequer income

184. A reduction in fiscal revenue would arise from a reduction in volumes of visa holders being present in the UK and so reducing fiscal contributions via direct and indirect taxation as set out in section E.1.2. Reductions in fiscal revenue is assumed to be a function of estimated changes in stock of those studying or working in the UK as a result of these policy changes (Table 24) and tax revenue resulting from their spending (indirect tax revenue from non-working dependants is assumed to derive from the main applicants' earnings and so not calculated separately).
185. These factors lead to estimated net reductions in fiscal revenue of around £7 billion to £31.1 billion over the appraisal period in low to high scenarios in the policy option, and £14.8 billion in the central scenario (PV, 2023/2024 prices).⁷⁷

⁷⁷ Based on central fiscal scenario.

186. Sensitivity analysis has been undertaken in section E.8 to address the variation in fiscal components that could be included and a breakdown of impacts by route is also included. Full tables and further detail are provided in Annex C.

E.4.7 Additional loss of visa application revenue to the Home Office

187. In addition to the costs quantified in section E.4.2, further reductions in visa applications (from main applicants on the student and graduate routes in response to the restrictions on dependants, and from those who subsequently choose not to switch to the sponsored skilled work routes) could lead to a higher loss of Home Office revenue.
188. Option 2 could result in an additional loss of Home Office visa revenue ranging between £110 million and £680 million, with a central estimate of £290 million (PV, 2023/2024 prices) over the ten-year appraisal period.

E.4.8 Additional loss of Immigration Health Surcharge Revenue

189. Similarly, reductions in visa applications from non-dependants, as well as dependants under the Skilled Worker routes, in response to the policy proposal could lead to further falls in IHS revenue. This impact is estimated to range between £170 million and £1.2 billion, with a central estimate of £480 million (PV, 2023/2024 prices) over the ten-year appraisal period.

E.4.9 Additional loss of Premium Service Revenue to the Home Office

190. Any additional reduction in visa applications from non-dependants, as well as dependants under the Skilled Worker routes, is also estimated to impact Premium Service revenue, in a magnitude of between £35 million and £190 million, with a central estimate of £85 million (PV, 2023/2024 prices) over the ten-year appraisal period.

Total quantified costs

191. Combined, the impact of the quantified direct and indirect costs is estimated to have an impact of between £9.9 billion and £49.6 billion, with a central estimate of £22.6 billion (PV, 2023/2024 prices) over the ten-year appraisal period.

E.4.10 Macroeconomic costs

192. Immigration affects GDP per capita through employment related contributions as well as spending in the domestic economy. Research suggests impacts from any reductions in immigration on GDP per capita are assumed to be small. From the House of Lords⁷⁸ (2008) stating “the overall conclusion from existing evidence is that immigration has very small impacts on GDP per capita, whether these impacts are positive or negative” to the MAC (2020) summarising that “for high-skilled immigrants, it is likely that GDP per capita is raised but for lower-skilled immigrants it is much more debatable” and “regardless of the direction of the impact on GDP per capita the magnitudes are generally small”,⁷⁹ research has consistently highlighted the small scale of these impacts. A previous Home Office⁸⁰ estimate of the impact, looking at a cumulative change in stocks of EEA national migrants of the scale of between 200,000 and 400,000 over five years estimated an impact on GDP per capita of between 0.1 per cent and 0.2 per cent in that fifth year.

⁷⁸ Microsoft Word - Immigration Report Toc.doc (parliament.uk) -

<https://publications.parliament.uk/pa/ld200708/ldselect/ldconaf/82/82.pdf>

⁷⁹ A Points-Based System and Salary Thresholds for Immigration: report (publishing.service.gov.uk) -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873155/PBS_and_Salary_Thresholds_Report_MAC_word_FINAL.pdf

⁸⁰ The UK's future skills-based immigration system - GOV.UK (www.gov.uk) -

<https://www.gov.uk/government/publications/the-uks-future-skills-based-immigration-system>

193. The change in the stock of people in the UK as a student visa holder or dependant of a student visa holder by the penultimate year of the appraisal period is estimated between 124,000 and 319,000 by 2032/2033 (202,000 in central case), with additional reductions across the Graduate and Skilled Worker routes. Previous research, noted in the above paragraph, suggests even large changes in stocks of migrant workers are unlikely to have substantial impacts on GDP per capita – the MAC research in particular looks at the impact of a migrant population change of around 2 million people and concludes GDP impacts per capita are likely to be small - it is thought to be unlikely the change in this stock would have substantial impacts on GDP per capita.
194. London Economics in their report for HEPI estimate that the net economic impact was estimated to be £96,000 per non-EU domiciled student in the 2021/2022 cohort.⁸¹ In other words, every 11 international students generate £1 million worth of net economic impact for the UK economy over the duration of their studies. While this research has limitations, set out in paragraph 6, it indicates that the value to the economy is larger than just the GDP and GDP per capita impacts from contributions to the labour market. As a result of the limitations of this analysis, particularly the use of significant multiplier effects that according to the Green Book “cannot provide useful information for choosing between options within a scheme and are therefore not part of the Green Book appraisal process”,⁸² these impacts have not been quantified or included in the NPSV of this policy, though they are likely to represent a significant additional cost.

E.4.11 Labour Market Impacts

195. When considering labour market impacts, 33 per cent of students, 33 per cent of dependants, 69 per cent of those on the Graduate route and 100 per cent of those on the Skilled Worker route are assumed to be in employment (this has been calculated based on the data outlined in section E.1.2).
196. Based on the reduction in the stock of these cohorts set out in Table 24, this will represent a not insignificant reduction in the stock of individuals in the labour market, approximately 12,500 fewer students, 11,000 fewer Graduates, 45,000 fewer Skilled Workers and 123,000 fewer dependants (rounded to the nearest 500), in employment by the penultimate year of the appraisal period.⁸³
197. According to the 2021 Census,⁸⁴ international students who were in employment at the point of Census are most likely to work in the following sectors:
- Wholesale and retail trade (18.5 per cent)
 - Human health and social work activities (16.8 per cent)
 - Accommodation and food services (13.0 per cent)
 - Education (12.0 per cent)

⁸¹ See: <https://www.hepi.ac.uk/2023/05/16/international-students-boost-uk-economy-by-41-9-billion/>

⁸² The Green Book (publishing.service.gov.uk), page 57 paragraph 6.6:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063330/Green_Book_2022.pdf

⁸³ This is the last year in the appraisal period that shows a full year impact.

⁸⁴ See:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/theinternationalstudentpopulationinenglandandwalescensus2021/2023-04-17>

198. Graduates⁸⁵ are most likely to work in professional or associate professional/technical occupations, Skilled Workers as per rules for that route primarily work in skilled (RQF3+)⁸⁶ roles, while dependants have broad access to the labour market, reflected in their estimated occupation distribution⁸⁷ - slightly skewed towards lower skilled roles (compared to UK residents) but working across all skill levels in the labour market.
199. However, migrants remain a small part of the population – around 1 in 10 residents and 1 in 10 of those in employment⁸⁸ and so are unlikely to be driving wider labour market trends and in their report 'EEA Migration in the UK: Final Report',⁸⁹ the MAC found that migrants have “no or little impact” on the employment and wages of UK-born workers.
200. Where migrants can have a tangible impact is at the individual sector or occupation level. The MAC assess that where occupations are in shortage and it is sensible for migration to play a role in addressing shortages, migration can play an important role in filling those shortages. Any reduction in labour supply in these particular sectors or occupations are more likely to have a tangible negative impact within the sector or occupation than on the UK labour market as a whole.

E.5 BENEFITS

Direct benefits

E.5.1 Reduction in Home Office visa, priority and super priority processing costs

201. A lower number of applications from dependants of students and of dependants of those on the Graduate route as a result of the policy would lead to a fall in the visa processing costs incurred by the Home Office. This impact is quantified by multiplying the unit cost of issuing a visa on the student and Graduate routes⁹⁰ by the estimated change in applicants.
202. The administrative saving to the Home Office is estimated to range between £220 million and £410 million, with a central estimate of £320 million (PV, 2023/2024 prices) over the ten-year appraisal period.

E.5.2 Reduction in Immigration Health Surcharge processing costs

203. As well as processing fewer visa applications, the Home Office incurs a saving from processing fewer IHS payments. This impact is quantified by multiplying internal Home Office estimates of the cost of processing an IHS payment by the estimated reduction in dependants on the student and Graduate routes and accounting for the average length of visas issued.

⁸⁵ Graduate route: early insights evaluation - GOV.UK: <https://www.gov.uk/government/publications/evaluation-of-the-future-borders-and-immigration-system-early-insights-research-with-graduates/graduate-route-early-insights-evaluation>

⁸⁶ As set out by the MAC, occupations are defined a skill level correspondent to a level of qualifications based on the methodology outlined by the MAC. For example see Migration Advisory Committee - Review of the Shortage Occupation List 2020 (publishing.service.gov.uk) - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/927352/SOL_2020_Report_Final.pdf. The Regulatory Qualification Framework (RQF) and its equivalents in Devolved Nations sets out the levels of qualifications. The minimum skill requirement for the Skilled Worker route is RQF3+. Care Workers (skilled below RQF 3) are also eligible via the Shortage Occupation List.

⁸⁷ Home Office analysis of Annual Population Survey 2018 – 2020.

⁸⁸ A12: Employment, unemployment and economic inactivity by nationality and country of birth - Office for National Statistics:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/a12employmentunemploymentandeconomicinactivitybynationalityandcountryofbirth>

⁸⁹ Migration Advisory Committee (MAC) report: EEA migration - GOV.UK: <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

⁹⁰ Visa fees transparency data - GOV.UK: <https://www.gov.uk/government/publications/visa-fees-transparency-data>

204. The Home Office is estimated to benefit from reduced IHS processing costs in the range of £20 million to £35 million, with a central estimate of £25 million (PV, 2023/2024 prices) over the ten-year appraisal period.

Indirect benefits

E.5.3 Reduction in public expenditure pressures

205. Changes in volumes and characteristics of migrants can also affect pressure on public services. The methodology and assumptions follow the approach set out in Impact Assessments for various Nationality and Immigration (Fees) Regulations or Orders.⁹¹ Estimated reductions in volumes may be expected to reduce pressure on services such as healthcare, waste disposal/recycling, and education for example.
206. The changes in stocks as outlined in Table 24 leads to an estimated reduction in fiscal pressure of around £13.4 billion to £33.9 billion over the appraisal period in the low and high scenarios in the policy option, and £21.6 billion in the central scenario (PV, 2023/2024 prices).⁹²
207. Sensitivity analysis has been undertaken in section E.8 to address the variation in fiscal components that could be included and a breakdown of impacts by route is also included, full tables and further detail is provided in Annex C.

E.5.4 Additional reduction in Home Office visa, priority and super priority processing costs

208. Further to the impacts in section E.5.1, the Home Office could face a saving in visa processing costs associated with the estimated decline in visa applications from students, graduates, and skilled workers and for dependants of skilled workers. Calculated using the same methodology, the Home Office could benefit from between £35 million and £260 million, with a central estimate of £100 million (PV, 2023/2024 prices) over the ten-year appraisal period.

E.5.5 Reduction in Home Office CAS and CoS processing costs

209. As well as processing fewer applications by individuals, the Home Office incurs a cost of processing CoS and CAS applications per eligible worker and per international student, respectively. An estimated reduction in main applicants on the student and sponsored skilled worker routes is multiplied by the CoS and CAS unit costs to calculate an additional benefit.
210. The administrative benefit to the Home Office under the proposed policy is estimated to range between £3 million and £70 million, with a central estimate of £20 million (PV, 2023/2024 prices) over the ten-year appraisal period.

E.5.6 Reduction in Immigration Skills Charge processing costs and additional reduction in IHS processing costs

211. A final set of administrative benefits to the Home Office results from a fall in processing costs for handling IHS payments of main applicants on the student, graduate, and sponsored skilled worker routes, as well as dependants on the skilled worker route, and for ISC payments, which are levied on skilled workers.
212. The Home Office is estimated to benefit from reduced ISC processing costs and additional IHS processing costs in a range of £3 million and £30 million, with a central estimate of £10 million (PV, 2023/2024 prices) over the ten-year appraisal period.

⁹¹ For example, The Immigration and Nationality (Fees) (Amendment) Order 2023 - Impact Assessment (legislation.gov.uk): <https://www.legislation.gov.uk/ukdsi/2023/9780348248531/impacts>

⁹² Based on central fiscal scenario.

Total quantified benefits

213. Combined, the impact of the quantified direct and indirect benefits is estimated to have an impact of between £13.7 billion and £34.7 billion, with a central estimate of £22.1 billion (PV, 2023/2024 prices) over the ten-year appraisal period.

E.5.7 Spill-over benefits – community and social impacts

214. Similar to labour market impacts, the MAC⁹³ also reviewed evidence on social and community impacts and suggested “there is no evidence that migration has affected crime. There is no evidence that migration has reduced subjective well-being though some suggestion that this varies with attitudes to migration. Overall, there is no evidence that people are less satisfied with their neighbourhoods than in the past.” But also that “the impact of migration on communities is hard to measure due to their subjective nature which means there is a risk they are ignored.”
215. As such, and again alongside the small, estimated reduction in migration stocks in low, central and high scenarios relative to the baseline, any reduction in these intangible costs are thought to be negligible.

E.5.8 Net migration

216. As set out in Table 25, net migration is estimated to fall by around -113,000 in the central scenario in 2024/25, falling to a reduction of around -15,000 by the penultimate year of the appraisal period. While these estimates are incredibly uncertain and will be affected by any revisions to the ONS methodology, and any external factors affecting inflows, the magnitude of these impacts suggests that these policy changes will, especially in the short-term, have a tangible impact on net migration, a key objective of the measures.

E.6 OTHER IMPACTS, INCLUDING TRANSFERS

Transfers

217. Some of the impacts from the policy proposal represent a transfer between domestic parties where a cost incurred on one side is fully absorbed as a benefit received by another. Transfer payments may change distributions of income or wealth of the resident population, but do not give rise to direct economic costs and benefits; thus, such impacts are not counted in the NPSV of the option considered.

E.6.1 CoS/CAS liability

218. Domestic businesses sponsoring workers and education institutions sponsoring international students could incur lower costs from the estimated decrease in applications from main applicants on sponsored work routes and the study route. This is quantified as the product of the CoS or CAS fee and the change in granted visas. The benefit to organisations represents a transfer of revenue from the public sector, at a magnitude of between £3 million and £55 million, with a central estimate of £15 million (PV, 2023/2024 prices) over the ten-year appraisal period.
219. It is assumed there is no change in the number of businesses or education institutions that choose to be sponsors as a result of this change, and so there is no assumed change in the level of revenue received from sponsorship licenses.

⁹³ See p.99, Migration Advisory Committee (MAC) report: EEA migration - GOV.UK (www.gov.uk) - <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

E.6.2 Immigration Skills Charge liability

220. Domestic businesses sponsoring workers under ISC-liable routes could face a reduction in costs (a benefit) from the estimated fall in visas for main applicants on skilled worker routes as a result of the policy. This is calculated by multiplying the weighted average ISC fee by the estimated reduction in eligible visas granted. The reduction in ISC liability represents a transfer of revenue from the public sector to business, at scale ranging between £10 million and £380 million, with a central estimate of £110 million (PV, 2023/2024 prices) over the ten-year appraisal period.

E.7 Summary of results (NPSV, BNPV and EANDCB)

221. Under the central assumptions, the estimated total quantified benefits and costs are £22.6 billion and £22.1 billion respectively over the appraisal period. The estimated net present social value (NPSV) across the appraisal period is therefore estimated at -£554 million (2023/2024 prices, discounted), ranging from -£14.9 billion to £3.8 billion in the low NPSV (high scenario) and high NPSV (low scenario).
222. As with all economic modelling, there is inherent uncertainty around the potential economic impact. The drivers of the difference in impacts between the low, central and high scenarios are the proportion of postgraduate taught students dissuaded from coming to the UK, the proportion of early switchers deterred, the degree of overlap assumed between the two policies and visa demand volumes. Further detail on the assumptions made in each scenario are set out in section E.2.1. Wider uncertainties are varied as part of the sensitivity analysis in section E.8. Table 26 below sets out the estimated NPSV in the low, central and high scenarios, and to whom the impact accrues.
223. In summary, the scale and direction of the net impact reflects the balance between dependents deterred against the associated main applicants. The greater the scale of students and skilled workers deterred, the greater the net cost, as the cost from reduced fees, tuition fees and fiscal revenue is set against the fiscal savings from fewer dependents. This balance of impact is very uncertain, as it stems from an uncertain behavioural response, which is reflected in the NSPV range.

Table 26 – Estimated Net Present Social Value (NPSV) in low, central and high scenarios relative to baselines (2023/2024 to 2033/2034, summed across appraisal period, discounted, 2023/2024 prices, rounded to nearest £1 million)

	Low	Central	High
COSTS (£m)			
Public Sector – Reduction in visa fee revenue	614	1,004	1,607
Public Sector – Reduction in premium service revenue	88	160	289
Public Sector – Reduction in IHS revenue	1,066	1,759	2,842
Business – Reduction in tuition fee income	1,108	4,945	13,792
Societal – Net reduction in tax revenue	6,997	14,770	31,068
TOTAL COSTS	9,872	22,638	49,598
BENEFITS (£m)			
Public Sector – Reduction in visa, PV and SPV processing costs	257	420	669
Public Sector – Reduction in CoS and CAS processing costs	3	21	70
Public Sector – Reduction in IHS and ISC processing costs	21	36	61
Societal – Reduction in fiscal expenditure	13,419	21,606	33,929
TOTAL BENEFITS	13,700	22,083	34,730
NPSV (£m)	3,828	-554	-14,869

Source: Home Office analysis.

224. The Business Net Present Value (BNPV) accounts for estimated quantified impacts that affect businesses. Aside from those identified in the NSPV above, the BNPV also reflects changes in the incidence of transfers that have a net impact on business. As such, an additional business benefit resulting in an estimated reduction in transferred CoS and ISC fee revenue from business to the public sector is included in the BNPV, but not the NPSV.
225. As set out in paragraph 171, the direct consequence of the policy change to remove the right for taught postgraduate students to bring dependants to the UK falls on the dependants themselves. Any impacts relating to associated students, including their applications and tuition fee payments are considered indirect costs as the student has made a choice whether to come to the UK or not without their dependants. This is therefore not an *unavoidable* consequence of the policy. As a result, the main impacts to business resulting from changes in tuition fee revenue and CaS and CoS costs are considered indirect. Familiarisation costs

for businesses are estimated to be negligible given the small changes to guidance these changes require as discussed in section E.4.1.

Table 27 – BNPV in low, central and high scenarios relative to baselines (2023/2024 to 2033/2034, summed across appraisal period, discounted, 2023/2024 prices, rounded to nearest £1 million)

	Low	Central	High
<i>COSTS (indirect)</i>			
Business – Reduction in tuition fee income	1,108	4,945	13,792
TOTAL COSTS	1,108	4,945	13,792
<i>BENEFITS (indirect)</i>			
Business – Reduction in CAS, CoS and ISC fee transfers to public sector	14	125	435
TOTAL BENEFITS	14	125	435
BNPV	-1,094	-4,820	-13,357

Source: Home Office analysis.

226. No non-negligible direct business impacts have been identified and as such the estimated direct costs and benefits to business, and the net cost to business per year (EANDCB) is 0.

E.8 Sensitivity Analysis

227. As set out in Section E.2.1, the central range in this impact assessment considers a range around the baseline Home Office internal volume projections, the proportion of postgraduate taught students dissuaded from coming to the UK and the proportion of early switchers deterred. This section conducts sensitivity analysis around the central scenario set of assumptions to indicate the relative impact on results from other important assumptions being made.

Proportion of individuals who switch early in the baseline

228. As set out in Section E.1.8, the volume of those that switch early onto worker routes as a proportion of total students with an expired study visa between December 2020 and June 2023 was estimated to be between 1.1 and 2.8 per cent. For the main analysis in this IA, the analysis assumes that 2.0 per cent of students would have switched early in the absence of any policy change and that between 0 per cent and 100 per cent of those early switchers could be deterred.
229. However, to reflect the uncertainty in this range additional scenarios are considered to reflect uncertainty in the proportion of students that may be affected by changes to switching policy. The sensitivity analysis assumes that up to 2.8 per cent of students would have switched early, using the 100% of those restricted assumption from the upper scenario to create a larger impact. The lower estimate of 1.1 per cent is already implicitly captured in full range in the main body of the IA as the lower scenario.
230. In the case of 2.8 per cent of students switching early in the baseline (100 per cent of those early switchers being deterred), the NPSV of the policy would fall by £4.5 billion to -£5 billion (PV 2023/2024 prices).

Behavioural response of taught postgraduate students

231. As set out in Section E.2.1, in the main body of the IA it is assumed that between 10 per cent and 50 per cent of taught postgraduate students are deterred from coming the UK as a result of being unable to bring dependants. However, as set out in the same section, it is plausible that all (100%), or no (0%) students would no longer choose to come.
232. Under the central scenario, but using a 100 per cent deterrence of taught postgraduate students as opposed to a 50 per cent deterrence, the NPSV of the policy would fall by £17.2 billion to -£17.8 billion (PV 2023/2024 prices).
233. Under the central scenario, but using a 0 per cent deterrence of taught postgraduate students as opposed to a 50 per cent deterrence, the NPSV of the policy would increase by £5.8 billion to £5.3 billion (PV 2023/2024 prices).

Proportion of Graduate route visa holders switching to the Skilled Worker route

234. As set out in Section E.1.5, 68 per cent of the 50 Graduate route early insights respondents stated they would like to remain in the UK beyond the length of their Graduate visa. However, to account for the fact that not everyone with an intention to remain in the UK will be able to do so, a figure of 34 per cent has been used throughout the main body of the IA.
235. To account for this uncertainty, if the full 68 per cent of potential Graduate route visa holders affected by this policy were to have otherwise remained in the UK on the Skilled Worker visa, the NPSV of the policy would increase by £300 million to -£250 million (PV 2023/2024 prices).

Fiscal Pressure and Fiscal Revenue

236. As set out in Section E.1.2, as part of the main estimates in this IA, fiscal revenue includes estimated income tax, national insurance, indirect tax, council tax, corporation tax and business rates (this is the central fiscal revenue scenario). However, to account for the uncertainty in which components may be attributable to migrants, in a low fiscal sensitivity scenario, business rates have been excluded while in a high fiscal sensitivity scenario gross operating surplus and other taxes are added.
237. In the low fiscal revenue sensitivity around the central scenario, the NPSV of the policy increases by £480 million to -£75 million (PV 2023/2024 prices) while in the high fiscal revenue sensitivity around the central scenario, the NPSV falls by £3.5 billion to -£4 billion (PV 2023/2024 prices).
238. For fiscal pressures health, education, personal social services, wider public services, and core congestible public goods and non-core congestible public goods are included in the main estimates in this IA (this is the central fiscal pressure scenario). However, to account for the uncertainty in which components may be attributable to migrants, in the low fiscal sensitivity scenario, non-core congestible public goods are excluded while pure public goods are added in the high fiscal sensitivity scenario.
239. In the low fiscal pressures sensitivity around the central scenario, the NPSV of the policy falls by £9.5 billion to -£10.1 billion (PV 2023/34 prices) while in the high fiscal revenue sensitivity around the central scenario, the NPSV increases by £5.7 billion to £5.2 billion (PV 2023/2024 prices).
240. Annex C contains further detail on the fiscal revenue and fiscal pressure estimates, by scenario and sensitivity. However, it is worth highlighting that the fiscal impact by route varies and there is a difference between the fiscal impact of main applicants versus the fiscal

impact of dependants. This is driven by both assumptions and the fact the policy impacts dependants to a much greater extent.

241. For the Student Route, fiscal analysis shows the policy change will have an estimated positive net fiscal impact from lower volumes on the student route due to the reduction in fiscal pressure being greater than the fall in fiscal revenue, resulting in a net saving to the Exchequer of £5.4 billion (see Table 40).⁹⁴ It is worth recognising that student expenditure is used as a proxy for income to estimate the taxes paid by students and it is assumed they do not pay any direct taxes (e.g. income tax) and are exempt from council tax. Also, the large number of dependants deterred contributes to this saving to the Exchequer due to the significant percentage of child dependants (42%) which require greater fiscal spend such as education and the relatively low estimated salary for adult dependants (£23,754, 2021 prices). It is important to note that although the fiscal impact may show as a saving to the Exchequer for students, this does not account for other quantified elements such as lost tuition fee revenue which is likely to be greater than any cost savings to the Exchequer.
242. For the Graduate Route, fiscal analysis shows the policy change will have an estimated positive net fiscal impact from lower volumes switching to the Graduate route due to the reduction in fiscal pressure being greater than the fall in fiscal revenue, resulting in a net saving to the Exchequer of £1.9 billion (see Table 40).⁹⁵ Graduates are assumed to be working with an employment rate of 69 per cent with a median salary of between £25,500 and £28,500 (2023/2024 prices) therefore contributing more fiscal revenue than those on the Student route.
243. For the Skilled Worker Route, fiscal analysis shows the estimated net fiscal impact from lower volumes switching to the Skilled Worker route is negative as the reduction in fiscal spend is less than the reduction in fiscal revenue resulting in a net loss to the Exchequer of £0.5 billion (see Table 40).⁹⁶ This is due to the route being sponsored therefore all applicants who switch are assumed to be working as opposed to a percentage like on the Graduate route. Earnings are also higher, estimated at £30,000 (2022 prices), contributing more fiscal revenue than other routes. The net fiscal impact isn't constant across worker routes, for Health & Care, the impact is effectively zero (when looking at main applicants and dependants together), but this doesn't consider the wider benefits to society of these roles.

E.9 Value for money (VfM)

244. Benefit Cost Ratios are estimated at 1.39 in the low scenario, 0.98 in the central scenario, and 0.70 in the high scenario.

⁹⁴ However, when this impact is split out between main applicants and dependants, there is effectively no fiscal impact from main applicants on the Student Route (£0.1 billion net saving, see Table 43) and most of the fiscal impact comes from dependants on the Student Route (£5.3 billion net saving, see Table 46).

⁹⁵ However, when this impact is split out between main applicants and dependants, there is a net loss to the Exchequer (-£0.6 billion, see Table 43) as the loss in tax revenue from main applicants on the Graduate Route is greater than the reduction in fiscal pressure. The reduction in dependants moving to the Graduate Route represents a saving to the Exchequer (£2.5 billion, see Table 46).

⁹⁶ However, when this impact is split out between main applicants and dependants, the net loss to the Exchequer is driven by main applicants (-£2.2 billion, see Table 43) whilst the reduction in dependant volumes on the Skilled Worker route represents a saving to the Exchequer (£1.7 billion, see Table 46).

E.10 Qualitative assessment of other measures

245. Aside from the two main quantified measures considered above as part of the headline NPSV of the policy, the three other measures below are assessed qualitatively in this Impact Assessment:⁹⁷
- a. Steps to clamp down on unscrupulous education agents who may be supporting inappropriate applications to sell immigration not education.
 - b. Better communicating immigration rules to the higher education sector and to international students.
 - c. Improved and more targeted enforcement activity.
246. Each of these has been considered qualitatively below as a result of uncertainty over their scope or impact.

Steps to clamp down on unscrupulous education agents who may be supporting inappropriate applications to sell immigration not education

247. Steps taken to clamp down on education agents that may be supporting inappropriate applications may lead to a reduction in international student volumes if this measure is successful in preventing inappropriate applications.
248. In addition, this measure can be expected to increase the level of compliance from students and their sponsors. Where students might be using the route for immigration and not education, this may lead to an increase in applications for other routes; for example, applicants may apply to the Skilled Worker route directly.
249. Whilst there is uncertainty as to what specific steps will be taken, it is likely to result in a time cost to the Home Office to enforce this measure. This cost has not been quantified due to a lack of information at the time of writing the Impact Assessment on what exact steps will be taken and associated costs to the Home Office.

Better communicating immigration rules to the higher education sector and to international students

250. Better communicating immigration rules to the higher education sector will help facilitate collaborative engagement between the higher education sector and the Home Office.
251. In addition, this measure is likely to increase compliance from sponsors with the Immigration Rules. This measure is also likely to increase compliance from international students through a better understanding of the rules and will help prevent non-compliance where rules are poorly understood.
252. This measure could lead to a benefit to the Home Office through a reduction in enquiries about the immigration rules as they are better understood by the higher education sector and international students.
253. This measure may result in a time cost to the Home Office and the Higher Education sector depending on the communication strategy used by the Home Office. For example, if additional stakeholder engagement groups are established or the frequency of engagement using existing established stakeholder groups increases, this is likely to represent a time cost to the Home Office and the Higher Education sector.

⁹⁷ As set out in section 1.1, the analysis within this Impact Assessment does not consider the impact of reviewing maintenance requirements for students and dependants due to the review not having concluded at the time of writing this Impact Assessment.

Improved and more targeted enforcement activity

254. This measure may result in increased action where sponsorship duties are breached, or where sponsors fail to comply with the Immigration Rules or sponsor guidance.
255. Where there has been a breach of sponsorship duties, UK Visas and Immigration (UKVI) will assess the issue and decide on the most appropriate course of action to take. In certain situations, where the sponsor no longer meets the eligibility or suitability requirements for holding a student sponsor licence, the Home Office may revoke sponsorship. As such, this measure could lead to an increase in sponsorship revocations; but this will ultimately depend on the exact measures taken and the resulting assessment by UKVI on the appropriate course of action to take.
256. Depending on the exact measures being taken, this measure may result in a cost to the Home Office through the use of staff time to implement this measure.

E.11 Place based analysis

257. Visas give migrants the permission to enter the UK and do not impose restrictions on where in the country individuals may subsequently travel to. Negative place-based impacts could arise due to the behavioural response of individuals and domestic sponsors to changes, however such impacts are likely to be small.
258. Place-based impacts arising from the potential changes to the number of people granted a work-related visa are likely to be dependent on the geographic distribution of the sponsoring employers. Similarly, any decreases in the number of international students are likely to follow the location profile of the sponsoring education institution. However, as the changes are applied uniformly across all institutions, no disproportionate place-based impacts are anticipated. However, if institutions that sponsor a disproportionate amount of dependants are clustered in a certain area, the changes could have a disproportionate impact on that area.

E.12 Impact on micro, small and medium-sized businesses

259. Micro-sized institutions have fewer than 10 employees, small organisations are defined as those employing between 10 and 49 full-time equivalent (FTE) employees, whereas medium businesses hire between 50 and 249 people on a full-time basis.⁹⁸

E.12.1 Work sponsors

260. In 2022, around 1.45 million private businesses were employers.⁹⁹ Of these, 82 per cent were micro employers, 15 per cent hired between 10 and 49 FTE employees, and an additional 2 per cent can be classified as medium-sized organisations. Some of these businesses may be affected by a reduction in the people taking part in the Graduate and Skilled Worker routes. Although the current sponsorship licensing system includes mitigations for small and micro-businesses,¹⁰⁰ the CoS fee is levied universally per migrant worker sponsored, regardless of the size of the sponsoring organisation.
261. Internal Home Office data indicates that 79 per cent of businesses which sponsored a migrant for a skilled worker vacancy in 2022 (under the higher CoS fee of £199) were non-

⁹⁸ Data was not aligned to account for a category in business sizes of 50 to 499 employees - Medium sized business regulatory exemption assessment: supplementary guidance - GOV.UK: <https://www.gov.uk/government/publications/better-regulation-framework/medium-sized-business-regulatory-exemption-assessment-supplementary-guidance>

⁹⁹ Business population estimates 2022 - GOV.UK (www.gov.uk): <https://www.gov.uk/government/statistics/business-population-estimates-2022>

¹⁰⁰ A sponsorship licence enables a business to sponsor migrant workers, and therefore, pay an additional CoS fee per individual. See more: <https://www.gov.uk/uk-visa-sponsorship-employers/apply-for-your-licence>

large – four in five of which were micro or small-sized, and the remaining one in five being medium-sized. Given that a business can sponsor multiple migrants, large businesses accounted for two thirds of the number of skilled workers sponsored (66 per cent), in 2022.

262. As such, any impact on businesses as a result of the reduction in Skilled Worker visas issued as a result of this policy is likely to affect more large businesses than small. However, it is more likely that the migrant worker a small business wishes to employ but no longer can will have a more tangible impact on that business.

E.12.2 Study sponsors

263. In the Higher Education (HE) sector, organisation size is traditionally based on student population, as it is considered more relevant for most policy questions than the number of total employees. Based on the number of employees, data from the Higher Education Statistics Agency (HESA) shows that an average HE institution hired 1,356 academic and non-academic staff on a full-time basis in academic year 2021/2022.^{101,102} The majority of HE providers in academic year 2021/2022 (65 per cent) hired more than 250 full-time employees. Of the remaining organisations, 3 per cent were micro, 21 per cent were small, and 11 per cent were medium-sized. The policy change is applied universally, regardless of the size of the sponsoring organisation.
264. Evidence from the Education and Skills Funding Agency indicates that the average college providing Further Education (FE) had 627 FTE employees in academic year 2020 to 2021.¹⁰³ 81 per cent of FE colleges were large organisations, and the remaining 19 per cent hired between 50 and 249 FTE staff.
265. Published statistics on study sponsorship in 2022 show that 91 per cent of CAS were issued to international students seeking to undertake Higher Education, and 9 per cent were issued to international students enrolled to a Further Education course.¹⁰⁴
266. The most significant policy change, to remove the right to bring dependants on taught postgraduate study courses, will mostly impact the Higher Education sector, where the significant majority are large businesses, however it can be assumed that there will also be a proportionate impact on the medium, small and micro sized businesses in that sector.

F. Proportionality

267. The approach taken in this IA is considered proportionate. Uncertainty in the main assumptions (baseline volumes, policy volumes, fiscal components, and behavioural response) have been tested within the range of scenarios presented and further testing of behavioural response assumptions has been considered within the sensitivities in section E.8.
268. The analysis uses a methodological framework based on previous assessments¹⁰⁵ and the most appropriate data available via the use of administrative data showing outcomes of

¹⁰¹ Table 1 - HE staff by HE provider and activity standard occupational classification 2014/15 to 2021/22 | HESA: <https://www.hesa.ac.uk/data-and-analysis/staff/table-1>

¹⁰² Academic years cover the period September 1st to August 31st.

¹⁰³ EFSA financial management: college accounts academic year 2020 to 2021 data: [ESFA financial management: college accounts - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistical-data-sets/managed-migration-datasets)

¹⁰⁴ Managed migration datasets - GOV.UK: <https://www.gov.uk/government/statistical-data-sets/managed-migration-datasets>

¹⁰⁵ For example, Impact Assessment (publishing.service.gov.uk) -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936121/Revised_Impac

current users of the relevant routes. Estimates of impacts remain uncertain, but the testing of contributions of significant assumptions to this uncertainty in scenarios presented helps demonstrate uncertainty. Imperfect information means not all impacts are quantified, but all identified impacts are discussed and senses of scale of impacts provided where possible.

G. Risks

269. All estimates presented are indicative, to provide a sense of scale and should be read in that context; estimated future behaviour of migrants and outcomes from the measures are particularly uncertain and uncertainty in the main assumptions have been tested (outlined below).

Volumes

270. Estimating future migration flows (in both the baseline and policy) is subject to high levels of uncertainty. The baseline forecasts are flatlined from 2025/2026. There are a number of factors that will determine a migrant's decision to come to the UK and the behavioural response of migrants to the policy changes is difficult to assess with certainty. To help account for the inherent uncertainty in forecasting visa demand, the baseline projected estimates of out of country and in country applications/grants have been decreased and increased by an illustrative 30 per cent relative to the central scenario in the low and high scenarios, as outlined in paragraph 143.
271. The volume of applications for the Graduate route is particularly uncertain. As the visa has only been available for just over two years, there has not been time for all potential students who may have made their decision to come to the UK as a result of the Graduate route to have completed their courses and moved onto the route. While the baseline forecast demand for the route attempts to capture this effect, the lack of historical data on which to base these forecasts makes them particularly uncertain.

Fiscal estimates

272. The fiscal impact related to changes in volumes is particularly uncertain. This IA uses a marginal approach of measuring the impact of migration policy on the UK Exchequer and excludes fiscal pressure and revenue components that are unlikely to vary according to the number of individuals moving to the UK.
273. While the central range presented in this IA uses the central scenario for fiscal revenue and fiscal pressure, the sensitivity analysis set out in section E.8 makes use of a variety of assumptions across the low, central and high fiscal scenarios as outlined in paragraph 50. These scenarios help create a range of the possible fiscal impact, as the fiscal impact of migrants is uncertain and varies depending on what tax revenue and public services are attributed to migrants.
274. It is noted that no welfare expenditure has been assumed and this may lead to a small undercount of potential impacts where if granted indefinite leave to remain/citizenship (applicable for the skilled worker route only), some individuals in the baseline and policy scenarios may become eligible for welfare expenditure towards the end of the appraisal

t_Assessment for the Skilled Worker Route signed.pdf and The Immigration and Nationality (Fees) (Amendment) (No. 3) Regulations 2020 (legislation.gov.uk) - https://www.legislation.gov.uk/ukia/2020/48/pdfs/ukia_20200048_en.pdf

period. As the assumption is made in both baseline and policy scenarios, this assumption is thought to have minimal impact when comparing relative fiscal estimates between scenarios.

Tuition fee revenue (course length)

275. The level of tuition fees paid per year per person is relatively certain, as it is publicly available on the HESA website based on the actual tuition fee revenue reported by institutions and the number of students enrolled. However, the level of tuition fee revenue estimated in this IA depends on the length of the course undertaken by the deterred cohort. It has been assumed that the deterred cohort have an average course length equivalent to the non-EEA wider taught-postgraduate population, and there is no bias that those on, for example, shorter courses are more likely to be deterred.

Dissuaded postgraduate (taught) students

276. While the policy to restrict taught postgraduate students from bringing dependants has a clear impact on the volume of dependants eligible to come to the UK, the impact on students themselves is much more uncertain. Indeed, as the majority of the impact evidenced in this IA results from the change in student volumes, the assumptions made on how many are deterred is particularly important.
277. Reflecting the likelihood that the policy change will have some impact on those who would have brought dependants, a lower bound of 10 per cent of students bringing dependants being deterred has been used in the IA. An upper bound of 50 per cent, to reflect the likelihood that a number of students will still choose to come, as they will still seek to undertake the course of study in the UK, where there is no perfect substitute available globally, has also been used.
278. However, to reflect the uncertainty in these assumptions, a more extreme assumption whereby 100 per cent of students who would have brought dependants are deterred, and not replaced by students from elsewhere in the world. While this assumption may be extremely unlikely, it is important to reflect the maximum potential impact of this policy change, and this sensitivity can be found in section E3.8. A 0 per cent deterrence effect is also tested.

Early switchers

279. The ability to switch out of the student route prior to completion of a course has only been possible since the introduction of the Skilled Worker route in December 2020. As a result, there is uncertainty over whether the behaviour of those switching out of their course between December 2020 and June 2023 is reflective of what behaviour would have been in the future. This approach does not capture the behaviour of students on relatively longer courses, such as 3-year courses.
280. Secondly, under the policy change, early switching will be prohibited, with applications only permitted up to 3 months before the end of a course. However, in the analysis for this IA, visa expiry date has been used as a proxy for the course end date, due to data limitations. Given visa length can sometimes be longer than course length, this may overestimate the proportion of volumes affected by the policy change. However, given the relatively small estimated proportion of early switchers, the impact of this on the overall results is likely to be small and no further sensitivity analysis has been conducted.
281. Finally, it is uncertain how many of those who would have switched early would no longer come to study in the UK. Given there is no evidence available on this potential behavioural

response, a full range of between 0 per cent and 100 per cent has been used to capture the full range of potential impacts.

HE sector behavioural response

282. This IA has assumed no behavioural response to the policy changes from the HE sector. In reality, some institutions may choose to act, to mitigate the risk of a reduction in taught-postgraduate students from certain countries that are more likely to bring dependants. They may choose to pivot their marketing away to other countries where students are less likely to want to bring dependants, like China, or may choose to refocus on attracting greater volumes of domestic students. They may also choose to make cost-saving decisions to mitigate any loss in revenue by, for example, reducing the amount of teaching staff employed. It is also important to note that the HE sector is not homogenous. Some institutions are more reliant on the tuition fee revenue from international students as a proportion of their total income than others.
283. While no specific sensitivity analysis has been undertaken to account for this behaviour, the inclusion of a range of assumptions on the proportion of students deterred implicitly captures this uncertainty. If the IA modelled a scenario where 10 per cent of students are deterred, while in reality 20 per cent were deterred, and half of this shortfall was made up for in targeting different markets, the impact on the results in this IA would be broadly the same.

Estimates of earnings

284. There will be a degree of uncertainty on the earnings estimates and economic activity assumed for students, graduates, those estimated to move into the skilled worker route and dependants. The estimates used and the assumptions made are outlined in section E1.2. These estimates will impact the expected change in Exchequer income (outlined in section E4.6).
285. No specific sensitivity analysis has been conducted and so the change in Exchequer income should be seen as indicative, as it would be sensitive to changes in earnings and economic activity levels. That being said, the estimates (such as those for graduates) use a combination of sources (ASHE and HESA) and these estimates were sense checked with the early insights evaluation research.

Length of Stay

286. The length of stay in the UK on all three routes considered in this IA is a fundamental assumption that impacts all of the results, but there is a varying degree of certainty around the estimates for each of the routes:
287. For students, Home Office CAS data is used which provides accurate information on the course length at the time of being accepted onto a course of study. However, it is not certain that people will complete the course they originally signed up for, either as a result of dropping out, or switching onto a different course which may have different conditions and length. In addition, people may make use of the flexibility to come to, and leave, the UK a number of months prior to and after their course, extending their time in the UK. This latter limitation would not affect tuition fee impacts as these are dependent on the length of course, but if working and consuming public services, it may lead to additional fiscal impacts beyond those considered in the IA.
288. For Graduates, it is assumed all graduates take advantage of the full two year offer and remain in the UK for that period. In reality, a number of people who applied for the Graduate route may have switched onto another route early, though internal Home Office data suggests very few have done so to date, or left the UK before expiration of their visa. In

addition, those on a PhD course can remain on the Graduate route for three years however given the small volumes who do so, and the impact of the primary policy change relating to postgraduate taught students, this simplifying assumption is expected to have a limited impact on overall results.

289. For Skilled Workers, Migrant Journey Analysis has been used based on the behaviour of 2012-2017 arrivals on predecessor visas (Tier 2 (General)) and estimated presence in the UK up to March 2022, to estimate length of stay on the route (see Table 6). While this is a large historical evidence base to draw from, changes to both the route, in the creation of the Skilled Worker route, as well as the global context since 2020, including the impacts of EU Exit and Covid-19, may have affected these behaviours.
290. For each of these cohorts, if people would have stayed in the UK for a longer or shorter period of time than assumed, the fiscal impact of any policy change could be over or underestimated. However, given the range of volumes assumed in the central body of the IA, these impacts are likely to be small enough to still be contained within that range.

Switching

291. As set out in section E.1.5, Home Office management information, early insights work, and Migrant Journey Analysis have together been used to estimate the proportion of deterred individuals that would have switched into each of the routes considered. The most uncertain of these is the proportion of Graduate route visa holders that switch into Skilled Work as opposed to leaving the UK altogether. This is particularly uncertain as the Graduate route has only just (at the time of publication) been open for a full two years, so it has not been possible to record and analyse the behaviour of anyone who has come to the end of the visa.
292. Assumptions made using the stated intention of only 50 applicants on early insights evaluation may not reflect what happens to this cohort in future and in the central body of the IA it has been assumed that only half of those with a stated intention to move to the Skilled Worker route subsequently choose to and are able to do so. To reflect this uncertainty, sensitivity analysis has been undertaken in section E.8 to assess the impact that all people with a stated intention to move onto the Skilled Worker route are able to do so.

Public sector impacts

293. The majority of public sector impacts (related to revenue collected throughout the application process) are based on the price of visa and immigration products, assumed to be held constant at June 2023 values. In reality, the Home Office reviews and amends visa fees on a regular basis. In the (likely) event of a change to fees and charges applicable to the student, graduate, and sponsored skilled work routes over the next 10 years, the estimates presented in this IA may be an over- or underestimate of the actual realised impact.

H. Direct costs and benefits to business calculations

294. No non-negligible direct business impacts have been identified and as such the estimated direct costs and benefits to business, and Equivalent Annualised Net Direct Cost to Business (EANDCB) is 0.
295. As set out in paragraph 171, the direct consequence of the policy change to remove the right for taught postgraduate students to bring dependants to the UK falls on the dependants themselves. Any impacts relating to associated students, including their applications and tuition fee payments are considered indirect costs as the student has made a choice whether

to come to the UK or not without their dependants. This is therefore not an *unavoidable* consequence of the policy. As a result, the main impacts to business resulting from changes in tuition fee revenue and CaS and CoS costs are considered indirect.

- 296. Familiarisation costs for businesses are estimated to be negligible given the small changes to guidance these changes require as discussed in section E.4.1.
- 297. All other business impacts discussed in this Impact Assessment are indirect, as they result mainly from postgraduate (taught) main applicants (students), choosing not to study in the UK as they are no longer able to bring dependants.

I. Wider impacts

- 298. Where possible, wider impacts have been considered in the main body of the IA, even where it has not been possible to quantify the impact. In particular, section E.4.10 discussed how the intervention could impact the macroeconomy including through GDP and the contribution of students to the economy, section E.4.11 sets out the potential distributional impacts in the labour market, while section E.5.7 assessed the likelihood of spill over benefits on the community.
- 299. This section highlights further distributional impacts of the impacts assessed in the IA by age and gender. This section focuses on the main applicants affected by the change to restrict the right to bring dependants for taught postgraduate students.
- 300. Due to the impacts on the Graduate and Skilled worker route being a direct follow-through from the impacts on the Student route, no further discussion is made of the impacts on these routes in particular. In addition, due to the comparably small impacts resulting from the change to restrict early switching, this discussion focuses on the impacts resulting from the policy change to remove the right for postgraduate taught students to bring dependants.

Table 28: Percentage breakdown of the sex of main applicants on postgraduate taught courses in FY 2021/2022, shown for all regardless of dependants’ status and only those who bring dependants

	Female	Male	Total
All postgraduate taught main applicants	50%	50%	100%
Postgraduate taught main applicants who bring dependants	66%	34%	100%

Source: Home Office analysis.

- 301. On average, across all postgraduate taught main applicants, the split between sex is 50 per cent male and 50 per cent female. However, of those that bring dependants and therefore are affected by the policy change, 66 per cent are female and 34 per cent male, indicating that the policy is likely to disproportionately affect female students in taught postgraduate study.

Table 29: Percentage breakdown of the age of main applicants on postgraduate taught courses in FY 2021/2022, shown for all regardless of dependants' status and only those who bring dependants

	All Postgraduate Taught main applicants	Postgraduate Taught main applicants who bring dependants
0-4 years	0%	0%
5-9 years	0%	0%
10-14 years	0%	0%
15-19 years	1%	0%
20-24 years	53%	15%
25-29 years	29%	37%
30-34 years	10%	24%
35-39 years	5%	15%
40-44 years	2%	6%
45-49 years	1%	2%
50-54 years	0%	0%
55-59 years	0%	0%
60-64 years	0%	0%
65-69 years	0%	0%
70-74 years	0%	0%
75-79 years	0%	0%
80-84 years	0%	0%
85+	0%	0%
Unknown	0%	0%
Total	100%	100%

Source: Home Office analysis.

302. On average, across all postgraduate taught main applicants, the majority of students are in the 20-24 year old age bracket (53%), with over 75 per cent of students aged between 20 and 29. However, of those that bring dependants, and therefore are affected by the policy change, only 15 per cent are aged 20 to 24 and only a combined 52 per cent are aged between 20 and 29, indicating that the policy is likely to disproportionately affect older students in taught postgraduate study.

J. Trade Impact

303. Education is an export and total UK revenue from education related exports and transnational education (TNE) activity was estimated to be £25.6 billion in 2020, an increase of 0.8% since 2019 in current prices.¹⁰⁶ As a result, the reduction in international students, and the tuition fee revenue they generate in the UK, represents a reduction in that export value. However, there is literature on the impacts of immigrants more generally on trade flows.
304. There are a number of channels through which immigration may affect trade and, in general, the external literature finds a positive relationship between the stock of immigrants and trade. At a macro-level, high immigration to the UK increases the UK population and consequently

¹⁰⁶ See: <https://explore-education-statistics.service.gov.uk/find-statistics/uk-revenue-from-education-related-exports-and-transnational-education-activity>

aggregate demand and the demand for imports. UK exports may also increase if immigration can enhance the international competitiveness of the UK. For example, Gould (1994)¹⁰⁷ argues that immigrants have individual-specific knowledge of home-country markets which could enhance trading opportunities. For example, immigrants may have a greater knowledge of foreign languages, which helps improve communication in trading relationships, and immigrants may have a greater understanding of legal arrangements which may help lower the fixed costs of trade. Other mechanisms through which immigrants may affect trade include a preference for home-country goods, which could increase the demand for UK imports through an increase in consumption.

305. Given the temporary nature of student migration, it is unlikely that student migration specifically will have an additional indirect impact on trade flows beyond the reduction in exports their tuition fee revenue represents, as set out above. However, international students may have a wider impact on trade if they choose to stay in the UK and work after graduation. The extent of this impact is likely to vary depending on how policy changes affect those switching from study to work, and the consequential changes to the stock of immigrants in the UK, which will impact trade.
306. As outlined above (see Table 23) – while not negligible, the expected reduction in visas granted to students as a result of the preferred option is small compared to the total number of visas granted. Therefore, any wider trade impacts are expected to be small.

K. Monitoring and evaluation plan

307. The policy will be implemented from January 2024, following changes to the immigration rules in July 2023.
308. Early insights research was conducted with 50 Graduate visa holders in January 2022 and findings were later published in July.¹⁰⁸
309. The Home Office will continue to closely monitor any significant changes in policy to ensure assessment of the impact of changes are captured in the design of the sampling and research methods. Given the extent of changes to dependant rights, the evaluation plans will include consideration where possible of the activities and status of dependants.
310. Impacts from policy changes will be monitored by the Home Office, with support as appropriate from other government departments. The Home Office will maintain open lines of communication with applicants via email and may also receive feedback as part of its normal visa issuing processes, through its public enquiry lines, and through formal correspondence with interested parties.

¹⁰⁷ Gould (1994) 'Immigrant Links to the Home Country: Empirical Implications for U.S. Bilateral Trade Flows'. Available at: <https://www.jstor.org/stable/2109884>

¹⁰⁸ See: <https://www.gov.uk/government/publications/evaluation-of-the-future-borders-and-immigration-system-early-insights-research-with-graduates>

L. Annexes

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>Statutory Equalities Duties</p> <p>In the Equality Impact Assessment undertaken in support of the proposals for changes to the Student route, officials identified scope for potential discrimination on the basis of the following protected characteristics:</p> <p>Age – The Student route is mostly used by those under 24 years of age (Undergraduates and Postgraduates (taught)) and 30 years of age (Postgraduates (research)). Older students are more likely to be on research programmes and they are also more likely to have dependents. The policy is therefore favouring the older end of the student cohort, whilst younger age groups are likely to be disproportionately affected.</p> <p>Disability – 3% (9,560) of international postgraduate taught students had a known disability. In comparison for the same period, 6% (2,845) of international postgraduate research students had a known disability. Not allowing dependants for postgraduate taught students may indirectly impact disabled students more than others if either the student or relevant dependant has a disability and requires care (although a person will only need to maintain a dependant if they are allowed to bring them).</p> <p>Pregnancy and Maternity – The policy to limit who can bring dependents may indirectly impact those who are pregnant or on maternity if they were already planning to come to the UK to study and decide they are no longer able to without any dependent child. A person that becomes a parent may find themselves needing to work to support their child more than a student that does not become a parent, therefore the policy to remove the ability to switch out of the Student route may indirectly impact those who are pregnant or on maternity more than others.</p> <p>Race – In 2022 there were almost 120,000 student dependant visas granted to the top 5 nationalities – Nigeria, India, Pakistan, Bangladesh and Sri Lanka. The top 5 countries with international students studying on postgraduate taught courses was India, China, Nigeria, Pakistan and the United States. The proposal to restrict dependents to postgraduate research courses may therefore have more indirect impacts on these nationalities.</p> <p>Religion and Belief – Proportionately more Hindus (21%) studied on postgraduate taught courses compared to postgraduate research courses (4%). Hindus may therefore be more indirectly impacted by restrictions in bringing dependents.</p> <p>Sex – As women are often the primary carers for children, it could be that they are more likely to be impacted by the policy to restrict bringing dependents.</p> <p>All the above impacts are considered to be proportionate means of achieving the legitimate aim of reducing net migration, allowing dependants only to accompany a specific cohort of students and guarding against potential abuse of the Student route.</p> <p>The SRO has agreed these summary findings.</p>	<p>Yes</p>

Annex A: Home Office dependants' dataset

311. The analysis provided on student visa main applicants bringing dependants uses Home Office management information, specifically data stored in the Central Reference System (CRS). This is record-level information on visa applicants. CRS captures out of country applications only, and is predominantly non-EEA applications, so not all student main applicants are covered. In providing analysis based on CRS data, it is assumed that information in the database, such as demographics of main applicants and application date, have been recorded correctly. This analysis is based on data from the financial year 2021/2022 only and is subject to change.
312. To provide analysis on main applicants who bring dependants, CRS has been used to link main applicants to their dependants. In constructing this dataset of main applicants linked to their dependants, a number of assumptions have been made. It has been assumed that fields providing links in CRS correctly assign dependants to their main applicants, and that if a link is found between a given main applicant and their dependants, none of that main applicants' dependants are missing. These assumptions have not been rigorously tested, and the business carries a risk that bias has been introduced through making several assumptions when using this data.
313. The dataset undercounts both dependants and main applicants when compared to the published Home Office immigration statistics. This is partly due to CRS not capturing all main applicants, but also suggests that some main applicants are being assigned to having zero dependants, when they in fact do bring dependants. To reduce the impact of this in the estimates, the proportions of main applicants with dependants and proportions of main applicants without dependants have been reweighted in line with the true count of dependants. The total populations of main applicants and dependants is derived from published statistics.¹⁰⁹ This has been done by assuming that the group sizes of linked applications found in the successfully matched population are representative. Using knowledge of this average group size, the total number of main applicants and the total number of dependants, the proportion of main applicants that bring dependants and the proportion that do not can be inferred.
314. To assess the impact of removing the right for international students to bring dependants unless they are on a postgraduate research programme, student CRS records were assigned to a level of study breakdown (Undergraduate, Masters Taught, Postgraduate Research or Unknown) using an experimental matching methodology. This is a novel methodology which has not been used on this data before, so the results are uncertain and are subject to change as the methodology develops. The experimental matching methodology matches CRS applications to level of study in three stages – high, medium and low confidence matching.
315. In the first (high confidence) stage, the algorithm attempts to match applications to RQF levels provided in other Home Office datasets. For those unmatched or of a Masters level (where the identification of taught versus research is required), the algorithm attempts to match the combination of institution and course name provided in the CRS dataset to that provided in a HESA mapping from course to level of study. This stage successfully matched 43 per cent of records from the dataset to a level of study.

¹⁰⁹ Total counts of main applicants and dependants are derived from published statistics – <https://www.gov.uk/government/statistical-data-sets/managed-migration-datasets>

316. In the second (medium confidence), the algorithm searches for strings in the course names which correspond to an education level (bachelors, masters or PhD). For example, records with capitalised course names containing “DOCTOROPHILOSOPHY” are assigned to a doctorate level. Those which are assigned to undergraduate and doctorate are then assigned to Undergraduate and Postgraduate Research categories respectively. This stage successfully matches 5 per cent of records from the dataset to a level of study.
317. In the final (low confidence) stage, the algorithm specifies a larger selection of strings than in the medium confidence stage and assigns records directly to Masters Taught or Postgraduate Research, rather than just masters level. For example, records with capitalised course names containing “MRES” are assigned to Postgraduate Research. This stage successfully matches 28 per cent of records to a level of study. The overall match rate for the matching process is therefore 76 per cent.
318. Below are presented four tables showing the nationality breakdown of main applicants and the proportion with each associated number of dependant applications. Table 30 and Table 31 show these proportions for the main applicants who bring dependants only, along with the total number of main and dependant applications. Using the methodology described in paragraph 313, this can be converted into the percentages of total main applicants who do or do not bring dependants, and these are shown in Tables 32 and 33.

Table 30: Percentage breakdown of the number of dependants main applicants bring, for the main applicants that bring dependants only (Top 20 nationalities by count of main applicants)¹¹⁰

Nationality	1 dependant	2 dependants	3+ dependants	Total number of main applicants	Total number of dependants
China	79%	18%	3%	116,143	397
India	77%	19%	5%	86,464	23,520
Nigeria	38%	23%	38%	32,742	29,219
Pakistan	61%	22%	17%	17,771	4,290
United States	84%	7%	10%	15,016	910
Bangladesh	76%	18%	6%	11,038	3,156
Hong Kong				9,038	20
Malaysia	34%	32%	34%	6,356	351
Saudi Arabia	26%	30%	44%	4,796	3,068
France				4,248	22
Kuwait	26%	18%	56%	4,230	393
Germany				4,026	14
Thailand	71%	21%	8%	3,958	45
Canada	81%	9%	9%	3,883	107
Korea (South)	24%	34%	41%	3,677	421
Spain				3,610	18
Nepal	94%	5%	1%	3,420	963
Ghana	83%	9%	8%	3,073	1105
Turkey	79%	18%	3%	3,056	361
Sri Lanka	54%	26%	20%	3,051	2,259
Other	56%	24%	20%	58,181	5,459
Total	61%	21%	18%	397,777	76,098

¹¹⁰ Excluding EEA and Hong Kong rows (shaded in grey) due to data collection differences.

Table 31: Percentage breakdown of the number of dependants main applicants bring, for the main applicants that bring dependants only (Top 20 nationalities by count of dependants)

Nationality	1 dependant	2 dependants	3+ dependants	Total number of main applicants	Total number of dependants
Nigeria	38%	23%	38%	32,742	29,219
India	77%	19%	5%	86,464	23,520
Pakistan	61%	22%	17%	17,771	4,290
Bangladesh	76%	18%	6%	11,038	3,156
Saudi Arabia	26%	30%	44%	4,796	3,068
Sri Lanka	54%	26%	20%	3,051	2,259
Ghana	83%	9%	8%	3,073	1,105
Nepal	94%	5%	1%	3,420	963
United States	84%	7%	10%	15,016	910
Iran	72%	22%	6%	1,632	666
Indonesia	32%	40%	28%	2,594	466
Libya	28%	23%	49%	255	459
Iraq	37%	24%	39%	566	430
South Korea	24%	34%	41%	3,677	421
China	79%	18%	3%	116,143	397
Kuwait	26%	18%	56%	4,230	393
Turkey	79%	18%	3%	3,056	361
Malaysia	34%	32%	34%	6,356	351
Egypt	35%	31%	35%	2,046	214
Chile	67%	22%	11%	459	191
Other	60%	22%	18%	79,392	3,259
Total	61%	21%	18%	397,777	76,098

Table 32: Percentage of study visa main applicants, by number of dependants and nationality (Top 20, count of main applicants)¹¹¹

Nationality	0 dependants	1 dependant	2 dependants	3+ dependants
China	100%	0%	0%	0%
India	79%	16%	4%	1%
Nigeria	59%	16%	10%	16%
Pakistan	85%	9%	3%	2%
United States	95%	4%	0%	0%
Bangladesh	78%	17%	4%	1%
Hong Kong				
Malaysia	97%	1%	1%	1%
Saudi Arabia	73%	7%	8%	12%
France				
Kuwait	97%	1%	1%	2%
Germany				
Thailand	99%	1%	0%	0%
Canada	98%	2%	0%	0%
South Korea	95%	1%	2%	2%
Spain				
Nepal	74%	25%	1%	0%
Ghana	72%	23%	3%	2%
Turkey	91%	7%	2%	0%
Sri Lanka	57%	23%	11%	9%
Other	95%	3%	1%	1%
Total	88%	7%	2%	2%

¹¹¹ Excluding EEA and Hong Kong rows (shaded in grey) due to data collection differences.

Table 33: Percentage of study visa main applicants, by number of dependants and nationality (Top 20, count of dependants)

Nationality	0 dependants	1 dependant	2 dependants	3+ dependants
Nigeria	59%	16%	10%	16%
India	79%	16%	4%	1%
Pakistan	85%	9%	3%	2%
Bangladesh	78%	17%	4%	1%
Saudi Arabia	73%	7%	8%	12%
Sri Lanka	57%	23%	11%	9%
Ghana	72%	23%	3%	2%
Nepal	74%	25%	1%	0%
United States	95%	4%	0%	0%
Iran	70%	22%	7%	2%
Indonesia	91%	3%	4%	2%
Libya	36%	18%	15%	32%
Iraq	65%	13%	8%	13%
South Korea	95%	1%	2%	2%
China	100%	0%	0%	0%
Kuwait	97%	1%	1%	2%
Turkey	91%	7%	2%	0%
Malaysia	97%	1%	1%	1%
Egypt	95%	2%	1%	2%
Chile	72%	19%	6%	3%
Other	98%	1%	1%	0%
Total	88%	7%	2%	2%

Annex B: Low and high scenario policy and stock impacts

319. This Annex sets out the change in inflows of students, and their dependants, as well as the change in the stock of people on the Student, Graduate and Skilled Worker routes in the low and high scenarios that make up the range as part of the main body of the IA. They replicate Tables 23 and 24 for each of the low and high scenarios.

LOW SCENARIO

Table 34 – Estimated change in Out of Country (OOC) and In Country (IC) grants for Study visas as a result of policy restriction – 2023/2024 – 2033/34												
		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	-1,000	-6,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-5,000
	<i>Dependant</i>	-18,000	-84,000	-93,000	-93,000	-93,000	-93,000	-93,000	-93,000	-93,000	-93,000	-70,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
In-Country												
Undergraduate	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	0	0	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
	<i>Dependant</i>	-1,000	-4,000	-11,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-9,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 35 – Estimated change in stock of people on the Student, Graduate and Sponsored Skilled Work routes from the Policy Option, 2023/2024 to 2033/2034

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route											
Main Applicant	-1,000	-7,000	-8,000	-9,000	-9,000	-9,000	-9,000	-9,000	-9,000	-9,000	-6,000
Dependant	-19,000	-90,000	-112,000	-115,000	-115,000	-115,000	-115,000	-115,000	-115,000	-115,000	-86,000
Graduate Route											
Main Applicant	0	-1,000	-3,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-3,000
Dependant	0	-12,000	-41,000	-61,000	-62,000	-63,000	-63,000	-63,000	-63,000	-63,000	-47,000
Sponsored Skilled Work Routes											
Main Applicant	0	0	0	-1,000	-2,000	-3,000	-3,000	-4,000	-5,000	-5,000	-4,000
Dependant	0	-2,000	-7,000	-15,000	-30,000	-43,000	-55,000	-65,000	-74,000	-82,000	-61,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

HIGH SCENARIO

Table 36 – Estimated change in Out of Country (OOC) and In Country (IC) grants for Study visas as a result of policy restriction – 2023/2024 – 2033/34												
		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Out of Country												
Undergraduate	<i>Main Applicant</i>	-1,000	-5,000	-6,000	-6,000	-6,000	-6,000	-6,000	-6,000	-6,000	-6,000	-4,000
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	-15,000	-68,000	-75,000	-75,000	-75,000	-75,000	-75,000	-75,000	-75,000	-75,000	-57,000
	<i>Dependant</i>	-35,000	-155,000	-172,000	-172,000	-172,000	-172,000	-172,000	-172,000	-172,000	-172,000	-129,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
In-Country												
Undergraduate	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0
Postgraduate (Taught)	<i>Main Applicant</i>	0	-4,000	-9,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-7,000
	<i>Dependant</i>	-1,000	-8,000	-21,000	-22,000	-22,000	-22,000	-22,000	-22,000	-22,000	-22,000	-17,000
Postgraduate (Research)	<i>Main Applicant</i>	0	0	0	0	0	0	0	0	0	0	0
	<i>Dependant</i>	0	0	0	0	0	0	0	0	0	0	0

Source: Home Office Analysis. Rounded to the nearest 1,000.

Table 37 – Estimated change in stock of people on the Student, Graduate and Sponsored Skilled Work routes from the Policy Option, 2023/2024 to 2033/2034

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Student Route											
Main Applicant	-16,000	-79,000	-100,000	-104,000	-105,000	-105,000	-105,000	-105,000	-105,000	-105,000	-79,000
Dependant	-36,000	-166,000	-207,000	-213,000	-214,000	-214,000	-214,000	-214,000	-214,000	-214,000	-161,000
Graduate Route											
Main Applicant	0	-7,000	-26,000	-40,000	-41,000	-41,000	-41,000	-41,000	-41,000	-41,000	-31,000
Dependant	0	-21,000	-75,000	-112,000	-116,000	-116,000	-116,000	-116,000	-116,000	-116,000	-87,000
Sponsored Skilled Work Routes											
Main Applicant	-1,000	-8,000	-24,000	-46,000	-71,000	-94,000	-114,000	-130,000	-145,000	-158,000	-119,000
Dependant	-1,000	-4,000	-12,000	-28,000	-55,000	-80,000	-102,000	-121,000	-138,000	-152,000	-114,000

Source: Home Office Analysis. Rounded to the nearest 1,000.

Annex C: Full breakdown of fiscal revenue and fiscal pressure estimates, by scenario and sensitivity conducted

320. For completeness, tables showing the fiscal revenue, fiscal pressure and net fiscal impact¹¹² for the low, central and high scenarios, along with the four sensitivities have been included in this annex. The tables have been provided, by route, for the entire cohort (main applicants and dependants) but also showing the impact for each group within the entire cohort (main applicants and dependants shown separately).
321. It is worth recognising that fiscal analysis involves a level of inherent judgement around assumptions. Estimating the potential fiscal impact of migrants has a range of plausible values, depending on the assumptions made (for example, salaries).
322. As outlined in section E.8, the fiscal impact varies across the fiscal scenarios (low, central and high), the three scenarios and four sensitivities constructed as part of the Impact Assessment, by route (Student Route, Graduate Route, Skilled Worker Route and Health & Care) and between main applicants and dependants. Tables 38 through 46 show this, in full.
323. Table 40 shows the net fiscal impact (by main applicants and dependants combined) and across all of the routes. To summarise the findings for the low, central and high scenarios of the Impact Assessment:
- In the low scenario, the net fiscal impact could range anywhere between £0.9 billion and £8.2 billion over the appraisal period, a small¹¹³ saving to the Exchequer (as the loss in fiscal revenue is less than the saving in fiscal pressure)
 - In the central scenario, the net fiscal impact could range anywhere between -£2.2 billion and £9.1 billion over the appraisal period, this means there could be a small loss to the Exchequer (as the loss in fiscal revenue exceeds the saving in fiscal pressure) or there could be a small saving to the Exchequer (as the loss in fiscal revenue is less than the saving in fiscal pressure)
 - In the high scenario, the net fiscal impact could range anywhere between -£11.8 billion and £4.9 billion over the appraisal period, this means there could be a small loss to the Exchequer (as the loss in fiscal revenue exceeds the saving in fiscal pressure) or there could be a small saving to the Exchequer (as the loss in fiscal revenue is less than the saving in fiscal pressure)

¹¹² The net fiscal impact is fiscal revenue minus fiscal pressure. A positive figure represents a saving to the Exchequer and a negative figure represents a loss to the Exchequer.

¹¹³ This is considered small as it is across a 10-year appraisal period and in the financial year 2021/2022, according to the OBR, current receipts (tax revenue) was £917.7 billion and total managed expenditure (government expenditure) was £1,040 billion. See Table A.5: Current receipts and Table A.7: Total managed expenditure, OBR Economic and fiscal outlook – March 2023, available at: <https://obr.uk/efo/economic-and-fiscal-outlook-March-2023/>

Table 38: Fiscal revenue estimates (by main applicants and dependants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹¹⁴	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹¹⁵	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)
Student Route	Low revenue scenario	-3.5	-5.9	-9.9	-5.9	-6.4	-9.6	-4.7
	Central revenue scenario	-3.6	-6.2	-10.4	-6.2	-6.7	-10.0	-4.9
	High revenue scenario	-4.5	-8.0	-13.9	-8.0	-8.8	-13.8	-6.1
Graduate Route	Low revenue scenario	-1.8	-3.3	-5.8	-3.3	-3.3	-6.9	-2.1
	Central revenue scenario	-1.8	-3.4	-6.0	-3.4	-3.4	-7.1	-2.1
	High revenue scenario	-2.3	-4.1	-7.2	-4.1	-4.1	-8.5	-2.6
Skilled worker (excluding Health & Care)	Low revenue scenario	-1.4	-4.7	-13.3	-6.3	-8.4	-8.2	-3.4
	Central revenue scenario	-1.4	-4.8	-13.7	-6.5	-8.6	-8.4	-3.5
	High revenue scenario	-1.7	-5.7	-16.0	-7.7	-10.1	-9.9	-4.2
Health & Care	Low revenue scenario	-0.1	-0.4	-1.0	-0.5	-0.6	-0.6	-0.3
	Central revenue scenario	-0.1	-0.4	-1.0	-0.5	-0.7	-0.6	-0.3
	High revenue scenario	-0.2	-0.5	-1.3	-0.7	-0.8	-0.8	-0.4
Total	Low revenue scenario	-6.8	-14.3	-30.1	-16.0	-18.7	-25.3	-10.5
	Central revenue scenario	-7.0	-14.8	-31.1	-16.6	-19.3	-26.2	-10.8
	High revenue scenario	-8.6	-18.3	-38.4	-20.4	-23.8	-32.9	-13.2

Source: Home Office Analysis.

¹¹⁴ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹¹⁵ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

Table 39: Fiscal pressure estimates (by main applicants and dependants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹¹⁶	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹¹⁷	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)
Student Route	Low pressure scenario	-4.2	-6.5	-9.6	-6.5	-6.8	-8.3	-5.9
	Central pressure scenario	-7.3	-11.6	-17.5	-11.6	-12.1	-15.7	-10.2
	High pressure scenario	-9.2	-14.6	-22.3	-14.6	-15.3	-20.1	-12.8
Graduate Route	Low pressure scenario	-2.0	-3.0	-4.2	-3.0	-3.0	-3.8	-2.7
	Central pressure scenario	-3.5	-5.3	-7.7	-5.3	-5.3	-7.1	-4.7
	High pressure scenario	-4.3	-6.7	-9.7	-6.7	-6.7	-9.1	-5.9
Skilled worker (excluding Health & Care)	Low pressure scenario	-1.4	-2.3	-4.1	-3.5	-3.0	-2.8	-2.2
	Central pressure scenario	-2.4	-4.3	-7.9	-6.4	-5.7	-5.4	-3.9
	High pressure scenario	-3.0	-5.5	-10.3	-8.1	-7.3	-7.0	-4.9
Health & Care	Low pressure scenario	-0.1	-0.2	-0.4	-0.3	-0.3	-0.3	-0.2
	Central pressure scenario	-0.2	-0.4	-0.8	-0.6	-0.6	-0.5	-0.4
	High pressure scenario	-0.3	-0.5	-1.0	-0.8	-0.7	-0.7	-0.5
Total	Low pressure scenario	-7.7	-12.1	-18.3	-13.4	-13.0	-15.2	-11.0
	Central pressure scenario	-13.4	-21.6	-33.9	-23.9	-23.7	-28.8	-19.2
	High pressure scenario	-16.8	-27.3	-43.3	-30.2	-30.0	-36.9	-24.1

Source: Home Office Analysis.

¹¹⁶ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹¹⁷ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

Table 40: Net fiscal estimates, fiscal revenue minus fiscal pressure (by main applicants and dependants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹¹⁸	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹¹⁹	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)
Student Route	Low revenue and spend scenario	0.8	0.6	-0.4	0.6	0.3	-1.2	1.2
	Central revenue and spend scenario	3.7	5.4	7.2	5.4	5.4	5.6	5.3
	High revenue and spend scenario	4.7	6.6	8.4	6.6	6.6	6.3	6.7
Graduate Route	Low revenue and spend scenario	0.2	-0.3	-1.6	-0.3	-0.3	-3.1	0.7
	Central revenue and spend scenario	1.6	1.9	1.7	1.9	1.9	0.0	2.5
	High revenue and spend scenario	2.1	2.6	2.5	2.6	2.6	0.7	3.2
Skilled worker (excluding Health & Care)	Low revenue and spend scenario	0.0	-2.4	-9.3	-2.8	-5.4	-5.4	-1.3
	Central revenue and spend scenario	1.0	-0.5	-5.7	-0.1	-2.9	-3.0	0.4
	High revenue and spend scenario	1.3	-0.2	-5.8	0.4	-2.8	-2.9	0.8
Health & Care	Low revenue and spend scenario	0.0	-0.1	-0.6	-0.2	-0.4	-0.3	-0.1
	Central revenue and spend scenario	0.1	0.0	-0.3	0.1	-0.1	-0.1	0.1
	High revenue and spend scenario	0.1	0.1	-0.3	0.2	-0.1	-0.1	0.1
Total	Low revenue and spend scenario	0.9	-2.2	-11.8	-2.7	-5.7	-10.1	0.5
	Central revenue and spend scenario	6.4	6.8	2.9	7.3	4.3	2.6	8.3
	High revenue and spend scenario	8.2	9.1	4.9	9.8	6.3	4.0	10.8

Source: Home Office Analysis.

¹¹⁸ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹¹⁹ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

Table 41: Fiscal revenue estimates (by main applicants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹²⁰	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹²¹	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)
Student Route	Low revenue scenario	-0.3	-1.5	-4.1	-1.5	-2.0	-5.1	-0.3
	Central revenue scenario	-0.4	-1.6	-4.4	-1.6	-2.1	-5.4	-0.3
	High revenue scenario	-0.5	-2.4	-6.6	-2.4	-3.1	-8.2	-0.4
Graduate Route	Low revenue scenario	-0.3	-1.2	-3.1	-1.2	-1.2	-4.8	0.0
	Central revenue scenario	-0.3	-1.2	-3.2	-1.2	-1.2	-5.0	0.0
	High revenue scenario	-0.4	-1.5	-3.8	-1.5	-1.5	-5.8	0.0
Skilled worker (excluding Health & Care)	Low revenue scenario	-0.3	-3.2	-11.3	-3.9	-6.8	-6.7	-1.9
	Central revenue scenario	-0.3	-3.3	-11.6	-4.0	-6.9	-6.8	-1.9
	High revenue scenario	-0.4	-3.8	-13.5	-4.7	-8.1	-8.0	-2.3
Health & Care	Low revenue scenario	0.0	-0.2	-0.8	-0.3	-0.5	-0.5	-0.1
	Central revenue scenario	0.0	-0.2	-0.8	-0.3	-0.5	-0.5	-0.1
	High revenue scenario	0.0	-0.3	-1.0	-0.4	-0.6	-0.6	-0.2
Total	Low revenue scenario	-1.0	-6.1	-19.4	-6.9	-10.4	-17.1	-2.3
	Central revenue scenario	-1.1	-6.3	-20.1	-7.1	-10.8	-17.7	-2.4
	High revenue scenario	-1.4	-7.9	-24.9	-8.9	-13.3	-22.5	-2.9

Source: Home Office Analysis.

¹²⁰ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹²¹ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

Table 42: Fiscal pressure estimates (by main applicants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹²²	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹²³	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)
Student Route	Low pressure scenario	-0.2	-0.7	-2.0	-0.7	-1.0	-2.5	-0.1
	Central pressure scenario	-0.4	-1.7	-4.7	-1.7	-2.2	-5.8	-0.3
	High pressure scenario	-0.5	-2.2	-6.2	-2.2	-3.0	-7.7	-0.4
Graduate Route	Low pressure scenario	-0.1	-0.3	-0.7	-0.3	-0.3	-1.1	0.0
	Central pressure scenario	-0.2	-0.6	-1.6	-0.6	-0.6	-2.5	0.0
	High pressure scenario	-0.2	-0.8	-2.1	-0.8	-0.8	-3.3	0.0
Skilled worker (excluding Health & Care)	Low pressure scenario	0.0	-0.5	-1.6	-0.6	-1.0	-0.9	-0.3
	Central pressure scenario	-0.1	-1.0	-3.7	-1.3	-2.2	-2.2	-0.6
	High pressure scenario	-0.1	-1.4	-4.9	-1.7	-2.9	-2.9	-0.8
Health & Care	Low pressure scenario	0.0	0.0	-0.2	-0.1	-0.1	-0.1	0.0
	Central pressure scenario	0.0	-0.1	-0.4	-0.1	-0.2	-0.2	-0.1
	High pressure scenario	0.0	-0.1	-0.5	-0.2	-0.3	-0.3	-0.1
Total	Low pressure scenario	-0.3	-1.5	-4.5	-1.6	-2.3	-4.7	-0.4
	Central pressure scenario	-0.7	-3.4	-10.3	-3.7	-5.2	-10.6	-1.0
	High pressure scenario	-0.9	-4.6	-13.7	-4.9	-7.0	-14.2	-1.3

Source: Home Office Analysis.

¹²² The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹²³ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

Table 43: Net fiscal estimates, fiscal revenue minus fiscal pressure (by main applicants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹²⁴	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹²⁵	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent)
Student Route	Low revenue and spend scenario	-0.2	-0.7	-2.1	-0.7	-1.0	-2.6	-0.1
	Central revenue and spend scenario	0.0	0.1	0.3	0.1	0.1	0.3	0.0
	High revenue and spend scenario	0.0	-0.1	-0.4	-0.1	-0.2	-0.4	0.0
Graduate Route	Low revenue and spend scenario	-0.3	-0.9	-2.4	-0.9	-0.9	-3.7	0.0
	Central revenue and spend scenario	-0.2	-0.6	-1.6	-0.6	-0.6	-2.5	0.0
	High revenue and spend scenario	-0.2	-0.6	-1.7	-0.6	-0.6	-2.5	0.0
Skilled worker (excluding Health & Care)	Low revenue and spend scenario	-0.3	-2.7	-9.7	-3.4	-5.8	-5.7	-1.6
	Central revenue and spend scenario	-0.2	-2.2	-8.0	-2.8	-4.7	-4.7	-1.3
	High revenue and spend scenario	-0.2	-2.4	-8.6	-3.0	-5.1	-5.1	-1.4
Health & Care	Low revenue and spend scenario	0.0	-0.2	-0.7	-0.2	-0.4	-0.4	-0.1
	Central revenue and spend scenario	0.0	-0.1	-0.5	-0.2	-0.3	-0.3	-0.1
	High revenue and spend scenario	0.0	-0.1	-0.5	-0.2	-0.3	-0.3	-0.1
Total	Low revenue and spend scenario	-0.7	-4.6	-14.9	-5.3	-8.1	-12.4	-1.9
	Central revenue and spend scenario	-0.4	-2.9	-9.8	-3.5	-5.5	-7.1	-1.4
	High revenue and spend scenario	-0.5	-3.3	-11.2	-4.0	-6.3	-8.4	-1.6

Source: Home Office Analysis.

¹²⁴ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹²⁵ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

Table 44: Fiscal revenue estimates (by dependants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹²⁶	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹²⁷	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent) ¹²⁸	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent) ¹²⁹
Student Route	Low revenue scenario	-3.1	-4.4	-5.8	-4.4	-4.5	-4.4	-4.4
	Central revenue scenario	-3.2	-4.6	-6.0	-4.6	-4.6	-4.6	-4.6
	High revenue scenario	-3.9	-5.6	-7.3	-5.6	-5.6	-5.6	-5.6
Graduate Route	Low revenue scenario	-1.5	-2.1	-2.7	-2.1	-2.1	-2.1	-2.1
	Central revenue scenario	-1.5	-2.1	-2.8	-2.1	-2.1	-2.1	-2.1
	High revenue scenario	-1.8	-2.6	-3.4	-2.6	-2.6	-2.6	-2.6
Skilled worker (excluding Health & Care)	Low revenue scenario	-1.1	-1.5	-2.0	-2.4	-1.6	-1.5	-1.5
	Central revenue scenario	-1.1	-1.6	-2.0	-2.5	-1.7	-1.6	-1.6
	High revenue scenario	-1.3	-1.9	-2.5	-3.0	-2.0	-1.9	-1.9
Health & Care	Low revenue scenario	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
	Central revenue scenario	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
	High revenue scenario	-0.1	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2
Total	Low revenue scenario	-5.7	-8.2	-10.7	-9.1	-8.3	-8.2	-8.2
	Central revenue scenario	-5.9	-8.5	-11.0	-9.4	-8.6	-8.5	-8.5
	High revenue scenario	-7.3	-10.4	-13.5	-11.6	-10.5	-10.4	-10.4

Source: Home Office Analysis.

¹²⁶ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹²⁷ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

¹²⁸ The figures in this sensitivity are not different to those in the central scenario for any of the routes (as the sensitivity does not impact dependants).

¹²⁹ The figures in this sensitivity are not different to those in the central scenario for any of the routes (as the sensitivity does not impact dependants).

Table 45: Fiscal pressure estimates (by dependants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹³⁰	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹³¹	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent) ¹³²	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent) ¹³³
Student Route	Low pressure scenario	-4.0	-5.8	-7.5	-5.8	-5.8	-5.8	-5.8
	Central pressure scenario	-6.9	-9.9	-12.9	-9.9	-9.9	-9.9	-9.9
	High pressure scenario	-8.7	-12.4	-16.1	-12.4	-12.4	-12.4	-12.4
Graduate Route	Low pressure scenario	-1.9	-2.7	-3.5	-2.7	-2.7	-2.7	-2.7
	Central pressure scenario	-3.3	-4.7	-6.1	-4.7	-4.7	-4.7	-4.7
	High pressure scenario	-4.1	-5.9	-7.6	-5.9	-5.9	-5.9	-5.9
Skilled worker (excluding Health & Care)	Low pressure scenario	-1.3	-1.9	-2.5	-2.9	-2.0	-1.9	-1.9
	Central pressure scenario	-2.3	-3.3	-4.3	-5.1	-3.5	-3.3	-3.3
	High pressure scenario	-2.9	-4.1	-5.4	-6.4	-4.4	-4.1	-4.1
Health & Care	Low pressure scenario	-0.1	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2
	Central pressure scenario	-0.2	-0.3	-0.4	-0.5	-0.3	-0.3	-0.3
	High pressure scenario	-0.3	-0.4	-0.5	-0.6	-0.4	-0.4	-0.4
Total	Low pressure scenario	-7.4	-10.6	-13.8	-11.7	-10.7	-10.6	-10.6
	Central pressure scenario	-12.7	-18.2	-23.6	-20.2	-18.4	-18.2	-18.2
	High pressure scenario	-15.9	-22.8	-29.6	-25.3	-23.1	-22.8	-22.8

Source: Home Office Analysis.

¹³⁰ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹³¹ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

¹³² The figures in this sensitivity are not different to those in the central scenario for any of the routes (as the sensitivity does not impact dependants).

¹³³ The figures in this sensitivity are not different to those in the central scenario for any of the routes (as the sensitivity does not impact dependants).

Table 46: Net fiscal estimates, fiscal revenue minus fiscal pressure (by dependants)

£ billion (rounded to the nearest £0.1 billion, 2023/2024 prices and discounted)		Scenarios			Sensitivity analysis (conducted around the CENTRAL scenario)			
		LOW	CENTRAL	HIGH	68 per cent of Graduate Route visa holders move on to the Skilled Worker visa (instead of 34 per cent) ¹³⁴	2.8 per cent of students switch early in the baseline (and 100 per cent are deterred) ¹³⁵	100 per cent deterrence of postgraduate (taught) students (instead of 50 per cent) ¹³⁶	0 per cent deterrence of postgraduate (taught) students (instead of 50 per cent) ¹³⁷
Student Route	Low revenue and spend scenario	0.9	1.3	1.7	1.3	1.3	1.3	1.3
	Central revenue and spend scenario	3.7	5.3	6.9	5.3	5.3	5.3	5.3
	High revenue and spend scenario	4.7	6.8	8.8	6.8	6.8	6.8	6.8
Graduate Route	Low revenue and spend scenario	0.5	0.7	0.9	0.7	0.7	0.7	0.7
	Central revenue and spend scenario	1.8	2.5	3.3	2.5	2.5	2.5	2.5
	High revenue and spend scenario	2.3	3.2	4.2	3.2	3.2	3.2	3.2
Skilled worker (excluding Health & Care)	Low revenue and spend scenario	0.3	0.4	0.5	0.6	0.4	0.4	0.4
	Central revenue and spend scenario	1.2	1.7	2.2	2.6	1.8	1.7	1.7
	High revenue and spend scenario	1.5	2.2	2.8	3.4	2.3	2.2	2.2
Health & Care	Low revenue and spend scenario	0.0	0.0	0.0	0.1	0.0	0.0	0.0
	Central revenue and spend scenario	0.1	0.2	0.2	0.3	0.2	0.2	0.2
	High revenue and spend scenario	0.2	0.2	0.3	0.3	0.2	0.2	0.2
Total	Low revenue and spend scenario	1.7	2.4	3.1	2.6	2.4	2.4	2.4
	Central revenue and spend scenario	6.8	9.7	12.6	10.8	9.9	9.7	9.7
	High revenue and spend scenario	8.7	12.4	16.1	13.7	12.6	12.4	12.4

Source: Home Office Analysis.

¹³⁴ The figures in this sensitivity are not different to those in the central scenario for the Student Route and Graduate Route (as the sensitivity only impacts the stock of people on the Skilled Worker and Health & Care route).

¹³⁵ The figures in this sensitivity are not different to those in the central scenario for the Graduate Route (as the sensitivity does not impact the stock of people on the Graduate route).

¹³⁶ The figures in this sensitivity are not different to those in the central scenario for any of the routes (as the sensitivity does not impact dependants).

¹³⁷ The figures in this sensitivity are not different to those in the central scenario for any of the routes (as the sensitivity does not impact dependants).