

Russell Group evidence to the Migration Advisory Committee on international students

1. Summary

International students play an essential role in our world-class universities. They contribute to a diverse student body and a thriving society, culture and economy – on campus, in local regions and across the whole UK.

Every 7 non-UK undergraduates studying at a Russell Group university generate £1 million of impact for the UK economy. In addition to their significant economic benefit, international students help ensure our universities can deliver broad, high-quality academic programmes and support their world-class research activity.

International students increase social and cultural diversity on campus, enriching the learning environment and helping home students develop internationally-relevant skills. International PhD students bring new ideas and expertise to the UK and help strengthen our universities' international research partnerships.

As graduates, international students who remain in the UK help develop a skilled workforce. Those who return home become informal ambassadors for the UK, strengthening trade, research and diplomatic links.

To secure these benefits in the long term, the UK needs an internationally competitive offer to ensure it continues to attract international students. Perception of their welcome and ability to secure a student visa as well as the opportunities available to work after their studies, are key considerations for prospective students. To grow the UK's share of the international student market, Government should therefore consider:

- Building on the success of its Tier 4 pilot by applying the provisions tested through the scheme to all masters students graduating from UK universities and allowing these students to stay for up to 12 months after their course ends;
- Giving STEM masters graduates an additional 12 months, growing the UK's STEM workforce and bringing the UK in line with international competitors;
- Developing a pilot scheme for undergraduates based on compliance of higher education institutions and enabling students to stay for at least 6 months after their course;
- Simplifying the Tier 1 Graduate Entrepreneur route to enable individuals to apply directly for a 24-month visa, improving their ability to secure business investment;
- Exploring ways to enable all regions of the UK and a greater range of companies to benefit from international graduate talent e.g. through measures to support SMEs to sponsor under Tier 2 visas and considering new lower minimum salary thresholds to reflect market conditions for new entrants employed in regions outside of London;
- Exploring new approaches to ensure a proportionate, streamlined system for student visas;
- Developing an international higher education strategy. An ambitious strategy would set a clear trajectory for the UK and send a positive message globally of its ambition to grow international higher education links and global share of international students.

2. Context

- 2.1 The purpose of The Russell Group is to provide strategic direction, policy development and communications for 24 major research-intensive universities in the UK. We aim to ensure that policy development in a wide range of issues relating to higher education is underpinned by a robust evidence base and a commitment to civic responsibility, improving life chances, raising aspirations and contributing to economic prosperity and innovation.
- 2.2 There are 200,000 international students (non-UK EU and non-EU nationals) at Russell Group universities, representing 34% of all students; 24% of undergraduates and 54% of postgraduates. International students account for a larger proportion of course places in certain disciplines including key STEM disciplines. Annex A provides a more detailed breakdown of EU and non-EU students at Russell Group universities by level and course.
- 2.3 We welcome this commission and appreciate the MAC's engagement to date with the higher education sector. This review is an important opportunity to develop a robust evidence base to underpin future immigration policy on international students. Our response is structured as follows:

Section 1 – The impact of international students and graduates on:

- The UK economy
- Higher education (HE) and research
- Domestic students
- Local communities
- UK skills
- UK soft power and trade

Section 2 – Maintaining the UK's global share of international students and securing graduate talent

- Post-study work opportunities
- Student visas
- An international HE strategy for the UK

- 2.4 Given the commission timelines, we welcome continued engagement with the MAC. We are happy to follow up on any of the analysis presented in this paper in more detail.

Section 1 – The impact of international students and graduates

3. Impact of international students on UK economy

- 3.1 Every 7 non-UK undergraduates studying at a Russell Group university generate £1 million of impact to the UK economy.¹ £1 million economic impact is generated by every 6 non-EU students or 11 EU-domiciled undergraduate students at Russell Group universities.
- 3.2 The total net economic impact associated with the 100,000 non-UK domiciled students who started Russell Group universities in 2015-16 is £8.82 billion (£9.79 billion economic benefit, minus £0.97 billion public costs). The economic benefit generated includes £2.56 billion from tuition fees, £2.37 from non-tuition fee expenditure, £4.62 billion from indirect and induced impacts (through supply chain and staff spending), and £0.24 billion from visitor spending.²
- 3.3 Importantly, we now know the benefit of hosting non-EU students at UK higher education institutions is 14.8 times greater than the total cost. For EU students, it is 4.6 times greater. This analysis by London Economics looked at the costs of international students (such as Funding Council teaching grants, student support³, and other public costs associated with hosting international students) across all UK universities to the exchequer and compared this to their gross benefit. It shows unequivocally that the economic benefits of international students far outweigh their costs - with an estimated total net economic contribution of international students starting courses at UK universities in 2015/16 of £20.3 billion. Crucially, this benefit is spread across the whole of the UK, impacting on all regions and constituencies.⁴

Regional impact

- 3.4 Russell Group universities are located in every region and all four nations of the UK and their international students make a considerable contribution to their local economies. For example:
 - (a) International students at the University of Sheffield provide a net benefit of £120 million to the local economy every year and up to £176 million to the wider region.⁵
 - (b) International students at the University of Exeter and their visitors generated £113.5m in output, supported 1,111 FTE jobs and contributed £66.2m (1.6% of the total) to Exeter's GVA through tuition fees, on campus and off-campus expenditure.⁶
 - (c) At the University of Liverpool, international students' off-campus spending in 2015/16 generated £85 million gross value added for the Liverpool City Region economy, supported almost 1,260 local jobs and generated £18.8 million in tax revenue for the UK government.⁷

¹ This is gross impact (arising from tuition fee and non-tuition fee income and the *indirect and induced* economic effects associated with this income). London Economics, October 2017, *The economic impact of Russell Group universities*, final report for the Russell Group

² This figure was calculated by London Economics using data from two reports: *The economic impact of Russell Group universities* (final report for the Russell Group), and *The costs and benefits of international students by parliamentary constituency* (report for the Higher Education Policy Institute and Kaplan International Pathways).

³ Note that SLC data shows the total amount lent to EU-domiciled students in 2016/17 was £386 million. Compared to domestic students, EU students are more likely to be self-funded, with fewer taking our loans for tuition fees: in 2015/16, 58% of EU students at Russell Group universities took out tuition fee loans. This compares to 85% of English students.

⁴ London Economics, 2018, *The costs and benefits of international students by parliamentary constituency*, Report for the Higher Education Policy Institute and Kaplan International Pathways

⁵ https://www.sheffield.ac.uk/polopoly_fs/1.259052!/file/sheffield-international-students-report.pdf

⁶ <http://www.exeter.ac.uk/economicimpact/>

⁷ <https://www.liverpool.ac.uk/media/livacuk/about/University.of.Liverpool.Economic.Social.Impact.Report.on.the.Liverpool.City.Region.2015.2016.pdf>

4. Importance of international students for higher education and research

- 4.1 In 2015/16, UK universities received £4,500 million income from non-EU domiciled student course fees. Russell Group universities received £2,300 million or 51% of this income. Income from non-EU student course fees represented 14% of total income at Russell Group universities in 2015/16.⁸ Moreover, the Higher Education Funding Council for England (HEFCE) projected fees paid by international students to 2018/19 are equivalent to 15% of total income of the HE sector in England.⁹
- 4.2 The financial contribution non-EU students make is considerable. Given these students and their parents are unlikely to have previously paid taxes in the UK, it is right that their tuition fees should be higher than those charged to domestic students. The income from international students goes towards teaching costs for these students as well as core education facilities, ensuring sustainability of certain courses for domestic students (discussed in section 5 below) and, at many of our institutions, research. If this fee income was lost and not replaced, these activities would be at high risk, which would compromise the quality of research and teaching in UK universities.
- 4.3 Many long-term strategic investments Russell Group universities are making to improve their teaching, learning and research facilities for the benefit of all students depend on ongoing income from non-EU student fees. For example, the University of Glasgow is undertaking a £1 billion campus re-development project over the next 10-years. Space planning has considered current student numbers and growth in international students. This development will not only transform the current University campus but has full support from Glasgow City Council and will transform and regenerate the West End of the city for the benefit of the local community and students.
- 4.4 The importance of international students in supporting world-class research at Russell Group universities is shown in HEFCE data. These Transparent Approach to Costing (TRAC) data show the HE sector's income and recovery of full economic costs (fEC) by activity. In 2015/16, overall fEC recovery was 99.6%, although recovery rate varies considerably from institution to institution. Overall, the sector makes a surplus on non-publicly funded teaching (including international students) with fEC recovery at 141.9%. This surplus generated by international students helps the sector meet its shortfall in fEC recovery for research activity, which in 2015/16 was 74.7%.¹⁰
- 4.5 If international student numbers fell it would affect the ability of our universities to support the full costs of their research activities. Without additional funding, this would risk their capacity to deliver high-quality, impactful research and restrict the UK's ability to undertake ground-breaking science, including in priority areas and those aligned to the industrial strategy, such as precision medicine, artificial intelligence and agriculture. Such a scenario would have knock-on implications for the UK's international reputation and participation in global research collaborations.
- 4.6 International postgraduate research (PGR) students directly contribute to university research, often publishing papers that count towards the university's research impact. These students help refresh the UK's research base, facilitating the exchange of ideas and expertise. Their international links also promote our universities' global research collaborations and strengthen partnerships. It is no coincidence that our universities, which attract a high

⁸ HESA finance record for 2015/16.

⁹ HEFCE, [Financial health of the higher education sector 2015-16 to 2018-19 forecasts](#)

¹⁰ HEFCE, [Annual TRAC 2015-16: sector analysis](#)

proportion of international PhD students and academics, are the driving force behind the UK's world-leading research performance.¹¹

- 4.7 International students also contribute to university research through part-time work. Our universities benefit from employing Tier 4 students in a range of roles including teaching and research. At LSE, of the total 415 full-time equivalent jobs worked by students in 2016/17, 63% were worked by students from outside the UK and the majority of these were in academic, research and teaching roles.
- 4.8 Such employment is more common among postgraduate research students. Examples of roles undertaken by international PhD students at Cambridge include assisting with exam invigilation, supervising undergraduates, working in libraries and museums, or demonstrating in laboratories. These roles provide students with an opportunity to gain professional experience and universities and domestic students benefit from their skills and expertise.

5. Benefits international students bring domestic students

Access to a broad, high-quality academic programme

- 5.1 Russell Group universities recruit the best students with the potential to excel, regardless of nationality. The high proportion of international students on some courses reflects demand for the excellent education provided by Russell Group universities and the high quality of international student applications.
- 5.2 International students enable our universities to deliver a broad, high-quality academic programme. Without international students, some courses at our universities may not be financially viable, which would impact on choice available to domestic students.
- 5.3 Many postgraduate taught (PGT) courses, STEM subjects, business, finance and management courses at our universities would be at risk without international students. These are the courses where these students are more highly represented. For example: the University of Manchester estimates just under a third of its courses would be at risk, the majority of these being at PGT level in STEM subjects; around 40 PGT and 4 undergraduate courses at the University of Nottingham, largely in Business and Engineering, would be at risk; the University of Warwick considers all of its PGT courses would be at risk; and at the University of Southampton, programmes at particular risk include those in Engineering and Computer Science and those offered by its Business School.
- 5.4 In addition to ensuring the sustainability of many UK courses, international students also add to their appeal and quality. Our universities have found that prospective students, especially at masters and MBA level are looking to learn in an international context and from others who have different backgrounds and experiences. Having culturally diverse course profiles can therefore increase demand.

Developing an international outlook

- 5.5 International students bring a wide range of social and cultural benefits to the UK and our universities, which advantage domestic students, enriching the research and learning environment and helping home students develop internationally-relevant skills.

¹¹ Whilst the UK represents less than 1% of the world's population, we represent 4% of researchers globally, and produce 16% of the world's most highly-cited articles, of which nearly three quarters are produced by Russell Group researchers.

- 5.6 A 2014 British Council study found that domestic students tend to possess overwhelmingly positive opinions of international students.¹² A recent NUS survey of nearly 5,000 students studying at UK universities showed 70% thought any reduction in international student numbers would impact their cultural experience at university.¹³
- 5.7 Cultural diversity on campus encourages students to develop an international outlook, which most consider to be important to achieve their personal goals.¹⁴ Diversity also helps prepare students for gainful employment in a competitive global market and working abroad, which we know most students aspire to do.¹⁵ HEPI research of domestic university applicants found 87% think that studying alongside students from abroad will give them a better world view, 85% say that studying with international classmates will be useful preparation for working in a global environment; and 76% say international students will help them develop a global network.¹⁶ A sample of nearly 1,500 UK students from three Russell Group universities, found that 72% attached importance or great importance to the opportunity of mixing socially with international students and 69% felt this mixing was important for an enriching academic life.¹⁷
- 5.8 To maximise the benefits of cultural diversity on campus for all students, our universities provide social opportunities and have dedicated programmes to help build relationships between international and domestic students. For example, the University of Warwick offers intercultural training to all students, helping them develop awareness, more effectively communicate and build relationships with those from different backgrounds. By the end of 2017/18, over 800 students (UK and international) will have completed the programme.
- 5.9 Integration on campus and in local communities is key to ensuring international students have positive experience studying in the UK and helps maximise the benefits these students can bring to domestic students and local residents. Many of our universities have dedicated staff to support international students through web resources, interactive training modules, information guides and welcome events to assist with orientation and induction, ensuring they have all the information they need on practical aspects of living and studying in the UK.

Enabling study abroad opportunities

- 5.10 The opportunity for domestic students to study abroad is largely dependent on the inbound flow of international students. Without them, most study abroad agreements would not be feasible given the balance required to meet obligations of the partner.
- 5.11 Erasmus is the most popular exchange programme for students in Europe. Around 90% of European universities are now involved in the scheme. Over 15,000 students from UK universities took part in the Erasmus+ programme in 2015/16, nearly half of whom were from Russell Group universities.¹⁸ Numerous studies have been able to link participation in Erasmus+ to a wide range of benefits, including positive impacts on: students' education

¹² British Council, September 2014, [*Integration of international students: A UK perspective*](#)

¹³ National Union of Students, April 2017, [*Student perspectives on international students*](#)

¹⁴ British Council, September 2017, [*The UK's Next Generation*](#).

¹⁵ 56% of respondents to the British Council survey (*ibid*) were ambitious to work abroad.

¹⁶ HEPI and Kaplan, March 2015, [*What do prospective students think about international students?*](#) YouthSight

¹⁷ Figures provided by the University of Warwick from their [*Global Education Profiler*](#) (now run by iGraduate), which measures student integration and their engagement with global skills development.

¹⁸ <https://www.erasmusplus.org.uk/statistics-0>

attainment,¹⁹ language skills, employment prospects,^{20,21} interpersonal skills,²² and resilience and maturity.²³

- 5.12 Given these benefits, the connection between international experience and employability is unsurprising.²⁴ Unemployment rates for students who have spent time abroad are lower than for their non-mobile counterparts. Furthermore, their average starting salaries are higher, and they are more likely than their counterparts to be employed in senior roles.²⁵

6. Contribution of international students to local communities

- 6.1 Volunteering enables international students to integrate with and bring value to their local communities. For example, Reem Doumak came to the University of Warwick as a refugee via the Council for At Risk Academics. Reem set up STAR Conversation Club to teach refugees and asylum seekers English, improving their fluency, teaching them life skills and helping them integrate into the community. Warwick is awarding her an Outstanding Student Contribution Award to recognise her contribution to student and community life.
- 6.2 Across our membership, between a third and half of students involved in volunteering opportunities are international students.²⁶ These students volunteer in a range of areas including mental health, human rights, the environment, sports, education, mentoring younger people, working with older people and people with disabilities, homeless people, migrants and refugees and providing pro-bono legal advice. For example, at LSE international students play a crucial role in delivering outreach activities. In 2016/17, just under half of Widening Participation mentors were international students.
- 6.3 International students also contribute to communities through placements and internships. In 2016/17, 40 international students at the University of Nottingham were connected to local businesses and charities through work experience programmes equating to 3,328 person hours delivered. Nottingham's internship scheme supports East Midlands SMEs and charities in hiring interns to work on specific projects.²⁷

7. Contribution of international graduates to UK skills

- 7.1 There is public support for international students to be able to stay and work after their studies: 75% of the British public believe they should be allowed to work in the UK for a fixed period after they have graduated, rather than returning immediately to their home country.²⁸ Furthermore, an NUS survey of nearly 5,000 students studying at UK universities found that 75% agreed or strongly agreed that international students should be allowed to work in the UK after graduating, compared to only 8% who disagreed.²⁹

¹⁹ *Gone International: the value of mobility* (February 2016).

²⁰ European Commission, 2014, *The Erasmus Impact Study: Effects of mobility on the skills and employability of students and the internationalisation of higher education institutions*

²¹ *The Erasmus Impact Study* (2014).

²² *Research and analysis on the benefits of international opportunities*, 2014, CFE Research & LSE Enterprise report for the British Council

²³ *Youth on the move*, Flash Eurobarometer 319b: Education and Training, Mobility, Employment and Entrepreneurship, The Gallup Organization report for The European Commission (May 2011).

²⁴ Crossman, J and Clarke, E., *International experience and graduate employability: stakeholder perceptions on the connection*, High Educ (2010) 59:599–613.

²⁵ *Gone International: the value of mobility*, report on the 2013/14 graduating cohort (February 2016).

²⁶ This range (35-56%) describes the proportion at those Russell Group universities who submitted these data to us (UCL, Cardiff, Warwick, Manchester, QMUL, LSE, Cambridge)

²⁷ This video shows the contribution Prachi Jain made during her internship at the International Celebrity Network, where she conducted research into marketing for Indian consumers: https://mediaspaces.nottingham.ac.uk/media/Summer+internships++ICN/1_oufik13k

²⁸ ComRes, April 2017, *Universities UK Public Perceptions of International Students Survey*

²⁹ National Union of Students, April 2017, *Student perspectives on international students*

- 7.2 In addition to the economic benefit of hosting international students during their studies, evidence suggests these benefits continue following graduation, with the economies of host countries benefitting from the value creation directly resulting from gainful employment.³⁰
- 7.3 The following sections describe the contribution of EU and non-EU graduates from Russell Group universities to the UK labour market. These have been separated as the HESA Destination of Leavers from HE Survey (DLHE) data is not published for non-EU graduates given the low response rate.

EU graduates in the UK

- 7.4 EU graduates who stay on to work in the UK fill professional-level jobs in high-value sectors, enhancing the UK's global competitiveness and benefiting all UK citizens. With higher-than-average starting salaries, they contribute to the UK's prosperity through income tax, national insurance and student loan repayments.
- 7.5 Key findings from the HESA 2015/16 DLHE survey show that:
- (a) 70% of EU graduates from first degrees at Russell Group universities who go straight into employment remain in the UK for work
 - (b) 89% of EU graduates from first degrees at Russell Group universities employed in the UK hold professional-level jobs six months after graduation compared with 79% of UK students
 - (c) The most common industry for EU graduates from Russell Group universities who remain in the UK for work is education (22%). Other top industries for EU graduates employed in the UK are financial services (8%), computer programming (7%), and human health (7%)³¹
 - (d) EU graduates from our universities attract above-average salaries. 60% of EU first degree leavers in full-time paid employment in the UK are on salaries above £25,000, compared to 40% of UK graduates.
- 7.6 EU graduates from first degrees at Russell Group universities are twice as likely to go on to further study as UK graduates. 80% of these EU students chose to undertake their further study in the UK, with 90% enrolling on postgraduate taught or postgraduate research courses.³² By remaining at UK universities, EU students make a valuable contribution to the UK research base and are an important part of the pipeline of talent moving into postgraduate level.

Non-EU graduates in the UK

- 7.7 Comprehensive data on the outcomes of non-EU graduates is lacking. As the return rate for the DLHE survey is low, we cannot draw any firm conclusions from the results. However, responses to the survey from international graduates at Russell Group universities suggest some remain in the UK to work and those who do (and responded to the survey), are primarily employed in professional or managerial roles. For example, at the University of Bristol, 98% of non-EU student respondents who graduated in 2015/16 and remained in the UK for work, were in professional or managerial roles. Key areas of employment for non-EU graduates from Russell Group universities include education, human health (including medicine and dentistry) and social work, engineering and scientific research.

³⁰ Prognos, November 2013, *The Financial Impact of Cross-border Student Mobility on the Economy of the Host Country*, a report commissioned by German Academic Exchange Service.

³¹ Includes those in work who are also undertaking further study

³² 2015/16 DLHE data from HESA

International graduates employed by Russell Group universities

- 7.8 International students, especially those from PGR courses, are often employed by their university after completing their studies, taking up roles such as lecturer, research associate/fellow and teaching associate/fellow. At the University of Cambridge, in 2016/17, 96% (71/74) of non-EU students supported in switching to Tier 2 were employed by the university in Research Assistant/Associate roles. The others were offered non-PhD level specialist roles, such as data management. Researchers were employed in a variety of departments, the most prevalent being Engineering, Physics and Computer Science

8. Importance of international graduates for UK soft power and trade

- 8.1 The ‘soft power’ benefits for the UK as international graduates return home and become ambassadors for the UK and our HE system are considerable, strengthening trade and diplomatic links for the benefit of the UK. In addition to leaving having developed close personal and professional connections in the UK, they typically have enhanced perceptions of its people and culture and increased trust in the nation. This supports cultural and political ties and has future economic benefits.³³
- 8.2 The Department for Business, Innovation and Skills (2011) showed 90% of international graduates had their perception of Britain changed for the better as a result of studying here, 78% intended to develop professional links with organisations in Britain in future and 86% sought to remain connected to their university.³⁴ This perception is important: countries’ exports are higher if it is perceived by the importer to be exerting more positive global influence.³⁵ In short, soft power has a true commercial return.
- (a) Education networks (measured by the number of international students a country hosts and its alumni associations abroad) boost UK foreign direct investment (FDI). Interestingly, the UK is better at translating these networks into trade than the US.³⁶
- (b) Recent research from the British Council found a state’s soft power has statistically significant impact on FDI, international student recruitment, tourism, and international influence in fora like the UN General Assembly.³⁷
- 8.3 Many international alumni go on to achieve significant leadership positions in their home countries: one in ten current world leaders are UK alumni and the UK is ten times more likely to produce a world leader than the US.³⁸
- 8.4 Our members want international students to be successful in their future careers and serve as ambassadors for their universities and the UK. Supporting their transition into work is therefore important, and many Russell Group universities have dedicated careers advisors to help international students gain employment in their home countries or the UK. Examples of support provided includes: LSE, University of Cambridge, Imperial College London are working in partnership with MIT and Columbia university to deliver three careers fairs in Beijing, Shanghai and Hong Kong. In 2017, 80 employers and 482 students attended. The University of Warwick, the University of Birmingham and the University of Nottingham are also working in partnership to deliver a similar event in Shanghai next year.

³³ Department for Business, Innovation and Skills, September 2013, [*The Wider Benefits of International Higher Education in the UK*](#)

³⁴ Department for Business, Innovation and Skills, January 2012, [*Tracking International Graduate Outcomes 2011*](#)

³⁵ Andrew K. Rose, January 2016, [*Like Me, Buy Me: The Effect of Soft Power on Exports*](#)

³⁶ Marina Murat, 2014, *Soft, hard or smart power? International students and investments abroad*

³⁷ *Soft Power Today: Measuring the Influences and Effects*, October 2017, A study commissioned by the British Council from the University of Edinburgh.

³⁸ <https://www.britishcouncil.org/education/ihe/news/uk-education-leading-world>

Section 2 - Maintaining the UK's global share of international students and securing graduate talent

9. Trends in global market of mobile students

- 9.1 The market for international higher education has expanded rapidly in recent decades and is predicted to continue to grow. The number of students worldwide choosing to study in another country doubled between 2000 and 2010 and this growth is expected to continue, with the number of globally mobile students reaching 8 million by 2025 according to the OECD. There is therefore a significant opportunity for the UK to capitalise on its excellent universities and grow its share of international students.
- 9.2 The UK has the second highest share of all international students studying in OECD countries after the United States (US). In 2016/17 there were over 300,000 non-EU students studying at universities in the UK. However, in recent years growth has stalled and between 2015/16 and 2016/17 there was a 1% drop in the overall number of non-EU students studying in the UK.³⁹
- 9.3 Whilst the number of non-EU students at Russell Group universities continues to grow modestly (by 4% in 2015-16), this rate of growth is still tracking below the average rate of expansion in globally mobile student numbers⁴⁰ and student numbers from some key markets including India, Pakistan and Nigeria have fallen significantly in recent years.⁴¹ For example:
 - (a) The number of Indian students at Russell Group universities has fallen by over 25% over the last five years.
 - (b) Growth in Chinese students slowed from over 20% year-on-year to 8% in 2015/16.
- 9.4 Overall, the slower pace of growth in non-EU students in the UK over recent years has impacted on the UK's market share. In each year from 2011-2014, the UK lost market share against the US, Canada and Australia.⁴² The stagnation of growth in non-EU students in the UK contrasts with the significant growth observed in recruitment to our main competitor countries:
 - (a) The number of student visa applications in Australia has steadily increased since 2011-12 and there was a 7.8% increase over 2014-15 to 2015-16. China and India alone have accounted for about half of Australia's overall enrolment growth since 2013. In contrast to the drop in growth of Indian students in the UK, the number of Indian visa student holders in Australia grew 11% in 2016.⁴³
 - (b) The number of international students in Canada has grown significantly over recent years, increasing by 92% between 2008 and 2015. Numbers increased by 8% in 2015 to over 350,000. Indian student numbers grew by 28% in 2015 and Chinese student numbers by 11%.
 - (c) In 2015-16, international student enrolment in the US grew by 7%.⁴⁴ The number of Indian students enrolling increased by 25% over 2014-15 to 2015-16, outpacing China.

³⁹ HESA student data

⁴⁰ UNESCO Institute of Statistics Education database. Growth in the number of globally mobile students from 2014-2015 was 6%. This compares to 5% growth at RGUs over the same period.

⁴¹ HESA student data

⁴² UNESCO Institute of Statistics Education database. 2014 is the most recent year of data available for the UK.

⁴³ Australian Government, Department of Immigration and Border Protection, [Student visa and temporary graduate visa programme trends 2015-16](#)

⁴⁴ Open Doors Report on International Education Exchange, 2016, The Institute of International Education

- 9.5 It is encouraging that recent Home Office data showed a 6% increase in sponsored visa applications for the university sector in year ending September 2017. This included a 9% rise for Russell Group universities. Overall, the data showed higher numbers of study visas granted for Chinese (15%), Indian (27%), Pakistani (36%) and US (6%) nationals; and fewer issued to Indonesian (-21%), Nigerian (-8%) and Malaysian (-6%) nationals.⁴⁵
- 9.6 Trends in visas issued do not always align with enrolment data, although early data compiled across our membership has shown in 2017/18 there was a significant increase in enrolment of non-EU nationals (11.5%) compared to the previous year. With significant growth in the number of students from key markets including China (20.5%), India (19.5%) and the US (13%). There was also growth in students from Canada (15.5%), Saudi Arabia (10.5%), Thailand (7.5%), Hong Kong (6.5%), and Singapore (4%). Of those markets analysed, a decrease was only seen in students from Malaysia (-8.5%) and Nigeria (-2%). It difficult to determine the cause of this overall growth in new non-EU students at Russell Group universities, but we consider the fall in the value of the UK pound is likely to be a significant contributing factor.
- 9.7 Although signs that the UK is beginning to see an increase in growth of non-EU students are positive, challenges to secure growth in the longer term remain. For example, a significant proportion of international students in the UK are from China⁴⁶. If the number of Chinese students looking to study abroad were to decrease, UK institutions could be significantly affected. It is therefore important that UK immigration policy is internationally competitive and enables UK HEIs to attract international students from around the world.
- 9.8 Recent data from our membership has shown that numbers of new entrants from the EU appear to be holding steady: in 2017/18 enrolment of EU nationals increased by 0.5% across all levels of study compared to the previous year. However, the change varies by level of study: undergraduate (0%) PGT (4%) PGR (-9%). The significant decrease in enrolment of PGR students is a concern. As these students are likely to consider building their research careers in their chosen location of study, prospective students may well have been concerned over their longer-term rights in the UK, which will have been uncertain at the time of application. **To provide the necessary clarity and certainty to prospective EU students looking to enrol during a post-Brexit transition period, we consider it important that they continue to be eligible for temporary status and able to accrue five years' continuous residency for settled status. EU students arriving during the Brexit transition period should also remain eligible for home fee rates and able to access loans and grants for the duration of their course.**

10. Post-study work (PSW) opportunities

- 10.1 The UK has one of the shortest PSW periods for international students among key English speaking and European markets (see details in Annex B). This is a concern given we know PSW opportunities are important to prospective students:
- (a) The Hobsons/Times Higher Education 2015 international students survey found that 36% of students who chose not to study in the UK after considering it said that post-study work options were the reason for deciding against the UK. 23% blamed the UK's attitude to international students more generally.
 - (b) Prior to the closure of the PSW visa, an LSE survey revealed: for 56% of their international students, the entitlement to PSW was a factor in their decision to study in the UK.

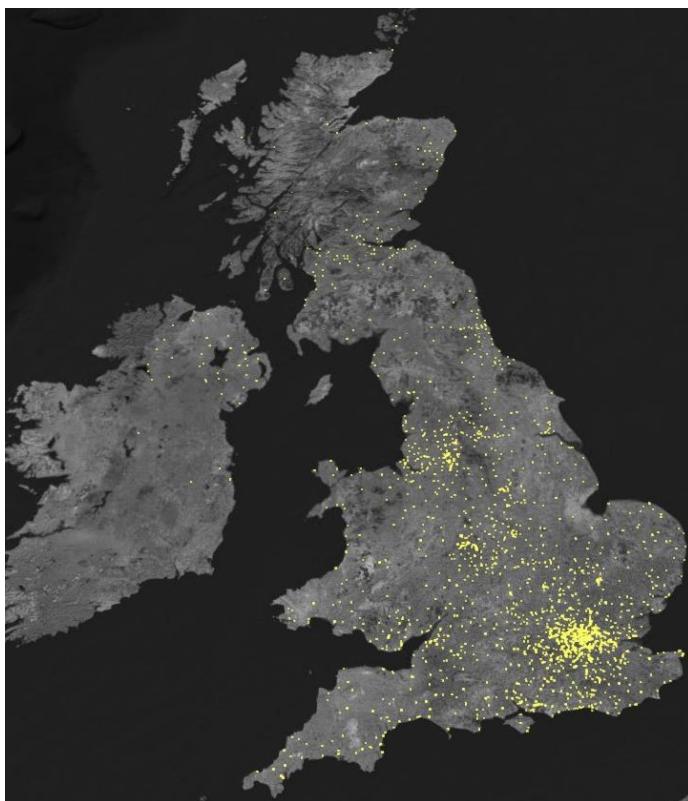
⁴⁵Home Office, November 2017, [Why do people come to the UK? \(3\) To Study](#)

⁴⁶ In 2015/16, 26% of all non-EU students studying at Russell Group universities were from China.

- 10.2 Although many non-EU students aim to gain work experience in the UK after graduation, qualifying for a Tier 2 visa can be challenging. Since the PSW visa closed in April 2012, the number of international students switching into work routes after their studies has decreased by 87%⁴⁷ (see further details of the impact of PSW removal in Annex B). Many UK companies will have lost out on international graduate talent as a result.
- 10.3 An APPG for Migration inquiry found non-EU students experience significant difficulties finding employment in the UK after the completion of their studies, often because of new entrant salary requirement for Tier 2. Many of our universities agree with this conclusion, citing salary and the pool of employers that have sufficient resource to sponsor under Tier 2 as key barriers to students gaining employment in the UK after graduation. This limits the number of UK companies able to benefit from skilled international graduates.
- 10.4 The timing of job applications and securing Tier 2 sponsorship can also be problematic, especially for masters students. Many large Tier 2 sponsors recruit in the autumn/winter prior to early September position start dates. Masters students therefore need to start applying shortly after starting their course (and arriving in the UK) to secure a position for the end of their studies. Understandably, many miss this recruitment window. The intense nature of these courses also means students have little time for gaining work experience, searching for jobs and writing applications. Furthermore, given masters students tend to submit their dissertation at the end of September, they are normally unable to start full time work when most graduate schemes commence. The timing is therefore such that graduating masters students may need 12 months leave after their course to secure a job and switch to Tier 2.
- 10.5 **Building on the success of its Tier 4 pilot, Government should apply the provisions tested through the scheme to all masters students graduating from UK HEIs and allow these students to stay for up to 12 months after their course ends to secure graduate employment in the UK.**
- 10.6 **To enable the UK to grow its STEM workforce, masters graduates from STEM courses should be given a further 12 months. This would bring the UK in line with international competitors, including the US.**
- 10.7 **We also urge the Government to consider a pilot scheme for undergraduate students which would be based on compliance and enable students to stay for at least 6 months after their course ends to gain work experience and/or secure graduate employment.**
- 10.8 The minimum salary requirement for new entrants can be particularly problematic for those seeking employment outside of London where wages tend to be lower. This effect is likely to be compounded by fewer numbers of companies with the resource necessary to sponsor under Tier 2 based outside of London. Our analysis of Tier 2 sponsors shown in graph 1, suggests the location of these companies (or at least their registered offices) are concentrated in London.
- 10.9 **To ensure all regions of the UK and a greater range of companies can benefit from international graduate talent, Government should explore how SMEs can be supported to sponsor Tier 2 visas. Government could also consider setting lower minimum salary thresholds to reflect market conditions for new entrants employed in regions outside of London, avoiding any increase to the minimum threshold in London.**

⁴⁷ Percentage change from 2011-2016 in grants of an extension to stay for 'work' where the applicant was previously in 'study' category. calculated from: Home Office, Immigration Statistics January to March 2016, [Extensions table expc 01](#).

Graph 1: Location of Tier 2 General sponsors⁴⁸ (each yellow dot represents a sponsor).



10.10 Measures that support switching from Tier 2 to Tier 4 are helping international graduates secure jobs in the UK and enabling companies to benefit from their skills and experience. For example, Tier 4 students switching to Tier 2 are exempt from the annual limit of 20,700 certificates of sponsorship (CoS) available to sponsors under Tier 2 (General). Instead, companies are able to assign an 'unrestricted' CoS to these graduates out of their annual allocation. When sponsoring a Tier 4 student switching to a Tier 2 (General) visa, companies also don't need to pay the immigration skills charge or carry out a resident labour market test. Furthermore, they are only required to meet the new entrant rate of pay.⁴⁹

10.11 The provisions within UK immigration policy that support the switch from Tier 4 into longer-term employment are important and should be maintained.

Graduate entrepreneur route

10.12 Although nearly half, 42%, of international students intend to start up their own business following graduation, only 33% of these students (14% of the total) want to do so in the UK.⁵⁰

10.13 The Tier 1 (Graduate Entrepreneur) Scheme is important because it supports graduate entrepreneurs wishing to stay in the UK to develop their new venture, enabling them to set up their businesses in the UK and make use of networks and links they have established during their studies. If this route was not an option, many graduates endorsed under the scheme would still establish their own businesses but overseas. The UK therefore reaps the

⁴⁸ Data mapped from an excel file provided by the Home Office on 10th November 2017 in response to an FOI request:
https://www.whatdotheyknow.com/request/latest_register_of_tier_2_spons

⁴⁹ Home Office, July 2017, *Tiers 2 and 5: guidance for sponsors*

⁵⁰ Made in the UK: unlocking the door to international entrepreneurs, 2014, A report by The Entrepreneurs network and NUS.

benefits of having potentially innovative and rapidly growing companies, many at the forefront of technological advances within their sectors, basing themselves here long term.

10.14 Many of our members actively promote and market the graduate entrepreneur route to students and provide 1:1 advice and support to those interested. For example, the Ingenuity Lab at the University of Nottingham has sponsored 76 graduates under the Tier 1 graduate entrepreneur scheme since its introduction. Of the labs 162 active businesses, over 60 are international. Nottingham puts its success in the graduate start up space in large part down to the international nature of its entrepreneurial community. However, it should be noted that the scheme does come at a cost to institutions, and some do not have sufficient capacity to endorse applications.

10.15 We consider that the graduate entrepreneur scheme would be more attractive if permission could be granted for two years in the first instance. Only being able to secure the visa for an initial year and having to extend it for the second year is both costly and makes the route unnecessarily bureaucratic. This lack of certainty could also impact on the entrepreneur's ability to secure interest and investment in the business.

10.16 Government should simplify the Tier 1 Graduate Entrepreneur route. Enabling individuals to apply directly for a 24-month visa would improve their ability to secure interest and investment in their business.

Doctorate Extension scheme

10.17 **The Doctorate Extension Scheme (DES) provides important support to PhD graduates and enables universities and the UK labour market to benefit from their skills. Government should protect this scheme.**

10.18 The DES supports PhD graduates to look for work in their field of expertise and acts as an effective bridge between the end of their studies and being able to start work; enabling them to publish, submit job/research grant applications and attend interviews. This scheme benefits universities by helping ensure students publish their research, adding to the universities overall research impact. This has wider benefits for the international reputation of UK science and research. By supporting PhD graduates through the DES, the UK is also more likely to retain talented doctoral graduates.

11. Student visas

11.1 The Tier 4 visa application process is complex and can act as a barrier to prospective students considering the UK as a study destination. Tier 4 compliance also represents a significant resource burden to our institutions (see Annex C for further information).

11.2 **Government should continue to explore new approaches to ensure a proportionate, streamlined system for student visas.** This would improve the experience of international students in the UK and make the UK more attractive to prospective students. It would also bring benefits to sponsors, the Home Office and UKVI by reducing the resource required for visa processing and monitoring compliance.

12. An international HE strategy for the UK

12.1 **An ambitious cross-government international HE strategy would set a clear trajectory for the UK and send a positive message globally of its ambition to grow international education and research links, and global share of international students.** Ensuring this is a cross-government strategy would help coordinate the activities of DIT, DfE, DH, the Home Office, BEIS, DFID and the British Council.

- 12.2 A principle aim of this strategy should be to promote the quality of UK HE and the UK as being genuinely open and welcoming to international students. Aside from education quality, which naturally comes top, the perception of how ‘welcoming’ a country is, is the most important factor in choosing a place to study for international students.⁵¹ A survey of international students carried out by Hobsons noted that 84% of prospective international students say campaigns such as #WeAreInternational and #LondonIsOpen positively influence their perception of the UK.⁵² Sending a welcoming message overseas is important to encourage prospect students to apply to UK universities.
- 12.3 Our competitors are working hard to attract the increasing number of students looking to study outside their home country. Australia⁵³, Canada⁵⁴, China, Japan and others all have strategies to strengthen their HE offer internationally, and New Zealand is developing one. An ambitious strategy would help the UK keep pace with these markets.
- 12.4 **This strategy could include a new target to grow HE exports, helping the UK achieve its trade ambitions.** This target could build on that set by the Minister for Universities, Science, Research and Innovation in 2015 to grow HE exports to £30bn by 2020.
- 12.5 HE is a significant export industry in the UK, with DfE estimating the total value of UK HE exports in 2014 at £13 billion. Students from the EU and beyond studying in the UK generated over £11 billion of this total.⁵⁵ Unfortunately, data on how this compares to other industries and indeed, even the ONS figures, is lacking. **It will therefore be important to couple a new target for HE exports with a new role for the ONS in measuring and monitoring education exports; enabling Government to evaluate the success of initiatives to grow these.**

January 2018

⁵¹ Hobsons, 2017, *Global International Student Survey*

⁵² <http://www.weareinternational.org.uk/2017/05/22/weareinternational-campaign-boosts-uks-appeal-international-students/>

⁵³ Department for Education and Training, 2016, *National Strategy on International Education*, Australian Government

⁵⁴ Canada’s international education strategy, 2014, *Harnessing our knowledge advantage to drive innovation and prosperity*

⁵⁵ Department for Education, July 2017, *UK revenue from education related exports and transnational education activity 2010-2014*

Annex A – Data on international students at Russell Group universities

There are 200,000 international students at Russell Group universities, representing 34% of all students; 24% of undergraduates and 54% of postgraduates. HESA data categorises students by both nationality and domicile. Table 1 shows how the total student body at Russell Group universities in 2015-16 is represented by nationality and domicile.

Table 1: All students at Russell Group universities by nationality and domicile 2015-16⁵⁶

| Nationality | Domicile | | | |
|--------------|----------------|---------------|----------------|-----------------------------|
| | UK | Other EU | Non-EU | Total |
| UK | 378,455 | 2,695 | 4,565 | 385,810 |
| Other EU | 17,425 | 41,220 | 2,520 | 61,170 |
| Non-EU | 11,625 | 990 | 123,700 | 136,325 |
| Not known | 23,075 | 970 | 1,950 | 26,005 |
| Total | 430,580 | 45,875 | 132,735 | 609,305⁵⁷ |

So whilst there are 136,325 students of non-EU nationalities at our universities, not all of them are domiciled in non-EU countries; 11,625 are already UK domiciled, and a further 990 are other (non-UK) EU domiciled. This is important to note as non-EU domiciled students who will have travelled to the UK from outside of the EU, will normally pay “overseas” tuition fees and will not be eligible for student loans from the UK Government. It is also these students who will be affected by any future changes to the UK’s Tier 4 student visa route and Government policy on post-study work opportunities.

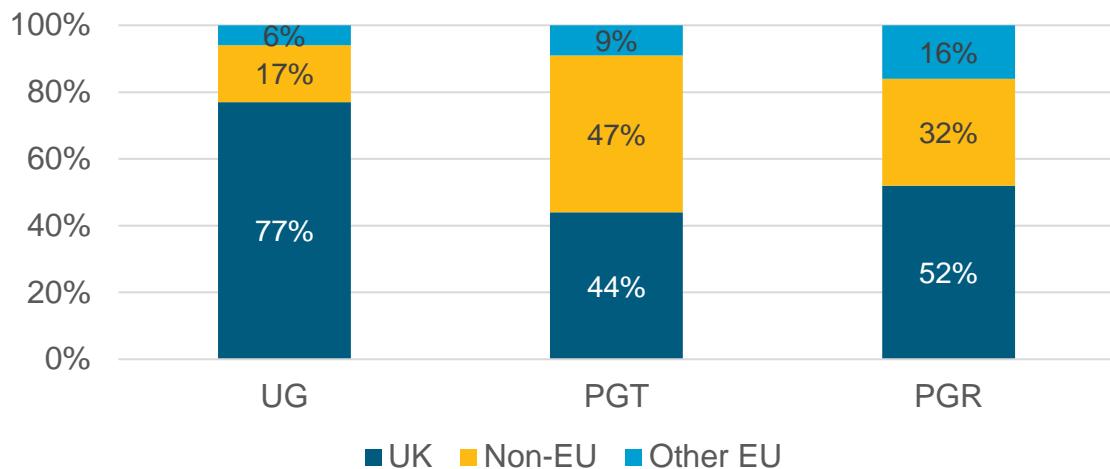
International students are more highly represented on postgraduate (PG) courses. Graph 2 shows the proportion of EU and non-EU domiciled 2015/16 new entrants at Russell Group universities was higher on PGR and PGT courses than undergraduate (UG) courses. 44% of PG students enrolling at Russell Group universities in 2015-16 were non-EU domiciled.

Given, on average, across all levels of study, non-EU and EU students represent 29% and 8% of all first-year students respectively, they account for a larger proportion of course places in certain disciplines. Tables 2 and 3 detail the disciplines where they are represented more highly than average. These include key STEM disciplines such as engineering and technology, computer science and maths, which are of strategic importance to the UK.

⁵⁶ HESA 2015-16

⁵⁷ Total includes 115 students with unknown domicile

Graph 2: First-year students at Russell Group universities by level of study (2015-16)



* UG includes foundation courses

Table 2: Top 10 disciplines for first-year non-EU students at Russell Group universities at all levels of study (2015-16)

| Discipline | Non-EU students as a proportion of total students at all levels of study |
|-----------------------------|--------------------------------------------------------------------------|
| Business and administration | 62% |
| Architecture and planning | 51% |
| Mass communications | 50% |
| Engineering and technology | 48% |
| Law | 35% |
| Computer sciences | 33% |
| Social sciences | 32% |
| Mathematical sciences | 29% |
| Agriculture and related | 27% |
| Creative arts and design | 25% |

Note: Disciplines shaded in blue denote those where non-EU students are represented more highly than the average

Table 3: Top 10 disciplines by proportion of first-year EU students at Russell Group universities at all levels of study (2015-16)

| Discipline | EU students as a proportion of total students at all levels of study |
|-----------------------------|----------------------------------------------------------------------|
| Computer Science | 16% |
| Law | 13% |
| Social studies | 10% |
| Engineering and technology | 10% |
| Mathematical sciences | 10% |
| Mass communications | 9% |
| Physical sciences | 9% |
| Business and administration | 9% |
| Biological sciences | 8% |
| Architecture and planning | 8% |

Note: Disciplines shaded in blue denote those where EU students are represented more highly than the average

Annex B – Impact of removing the PSW visa and PSW offers by other countries

Impact of closing the PSW route

Since the PSW visa closed in April 2012, the number of international students switching into work routes after their studies has decreased by 87%.⁵⁸ Certain markets appear to have been more affected by this policy change: the number of Indian students enrolling at UK universities decreased by 62% from 2010/11 to 2015/16. Russell Group universities, which saw a less severe decrease of 32% over the same period.⁵⁹

Removal of the PSW visa has impacted on Russell Group universities in different ways. Some have seen a decrease in international diversity on campus; with fewer new students from markets such as Africa and India. The University of Liverpool has seen around 50% reduction in registrations from the Indian Subcontinent and this has had a knock-on effect in destination subjects popular in that region, most notably STEM and MBA registrations.

LSE conducted a survey of its non-EU international registered students to seek their views on the discontinuation of the PSW visa route, between June and August 2014. Most respondents said they felt that the changes the government had made had a negative impact on what might be termed “UK HE plc” by reducing the likelihood that international students would choose to study in the UK. They were knowledgeable about and cited more generous PSW schemes offered in the US, Canada, Australia and elsewhere in Europe.

PSW offers by other countries

Australia: The Australian Post-Study Work Stream allows international graduates and their families to live, work, travel and study in Australia for between two and four years, depending on the highest educational qualification they have obtained: 2yrs for Bachelors and Masters by Coursework (equivalent to PGT?), 3yrs for Masters by Research and 4yrs for a Doctoral Degree.⁶⁰

USA: International students on the F-1 student visa can apply for Optional Practical Training (OPT) at the end their studies. The OPT grants them permission to remain in the US and work for up to a year. This is often extended by a further 24 months for STEM graduates.⁶¹

Canada: The Canadian Post-Graduation Work Permit Program enables graduates to stay and work for a period of time that relates to the length of their course. E.G. if the course was three years, graduates can stay and work for three more years. International students are also eligible for express entry for permanent residence after graduation.⁶²

Ireland: International students completing advanced degrees in Ireland can stay for up to 24 months for the purpose of seeking graduate level employment and applying for a general employment permit, a critical skills employment permit or research hosting agreement.⁶³

New Zealand: International graduates can apply for a 12-month visa to stay and work in New Zealand. They can do any work, for any employer.⁶⁴

⁵⁸ Percentage change from 2011-2016 in grants of an extension to stay for ‘work’ where the applicant was previously in ‘study’ category. calculated from: Home Office, Immigration Statistics January to March 2016, [Extensions table expc 01](#).

⁵⁹ HESA 2015/16 student data

⁶⁰ <https://www.border.gov.au/Trav/Stud/Post>

⁶¹ <https://www.uscis.gov/working-united-states/students-and-exchange-visitors/students-and-employment/optional-practical-training>

⁶² <http://www.cic.gc.ca/english/study/work-postgrad.asp>

⁶³ <http://www.inis.gov.ie/en/INIS/Pages/Student%20Pathway>

⁶⁴ <https://www.immigration.govt.nz/new-zealand-visas/apply-for-a-visa/about-visa/post-study-work-visa-open>

Annex C – Burden of Tier 4 visa compliance

In 2012/13, universities and other higher education providers spent a total of £66.8 million for Tier 4 visa compliance.⁶⁵ We predict that costs of compliance have increased over more recent years as more responsibilities for sponsors have been introduced and fixed costs have risen.

Since 2009, universities have had to respond to 36 versions of the Tier 4 sponsor guidance and 41 of the policy guidance, with sometimes as many as 8 versions being issued in one year (for example, in 2014). Although many changes have had only minor implications, they require our universities to review systems and procedures regularly and this has added to the compliance burden. This process is made more challenging where complex guidance is not easily interpreted and advice from Premium License Manager is delayed, unclear and inconsistent.

The increased complexity of compliance and sheer volume of policy change over recent years has meant many of our members have had to increase the number of dedicated staff they employ to oversee Tier 4 compliance. Tier 4 issues are also part of many other roles in our universities, for example, senior staff will undertake NARIC and UKVI training and provide training for other staff. Therefore, alongside the financial costs, our universities incur a range of opportunity costs with increased regulation; with staff less able to devote time to other strategic priorities including delivering an outstanding student experience and building international links. Examples of specific changes that have impacted on administrative burden and costs over recent years include:

Biometric Residence Permits

- The introduction of Biometric Residence Permits (BRPs) in 2015 has impacted on compliance burden and resources. Although universities' involvement in the distribution of BRPs is optional, many consider that the alternative, for all students to collect BRPs from the Post Office, is not viable.
- The involvement of universities enables them to identify any BRP errors early, the number of which can be high. In both 2016/17 and 2017/18, the University of Cambridge helped to facilitate over 200 BRP corrections, the majority of which were for incorrect length of leave. It is important to note that Cambridge's numbers are likely to be higher than other institutions owing to errors relating to the Tier 4 pilot. A certain level of error was understandable during the initial stages of the pilot. However, it is now important this is reduced, especially given the recent expansion of institutions involved in the pilot.
- Some of our universities will register students before they have collected their BRP (from their temporary vignettes) and will need to see these students again after they've collected their BRP card. Each year since 2015/16, LSE had to see around 300-400 students twice to complete their registration for this reason.

Academic progression

- The change in the academic progression rule in April 2016, has had a significant impact on institutions' policies and procedures, and has made reporting on the Sponsor Management System more time consuming. New requirements include a tailored justification for progression on each relevant CAS and liaising with applicants about providing a letter from their sponsor confirming they are highly likely to complete their current course.
- Students continuing to a new course at the same institution have to make an application for further leave to remain within 6 weeks of starting their new course when their current visa

⁶⁵ Higher Education Better Regulation Group, 2013, *Final Report: Cost and benefit analysis project on immigration regulation*.

may not expire for a number of months. For example, masters students progressing to a PhD. Our universities are experiencing more administration in the communication and support needed to help students extend within this time frame.

Issuing Confirmation of Acceptance for Studies (CAS)

- Requirements around the issuing of a CAS and the need to ensure low visa refusal rates, have led many of our universities to substantially increase the number of checks made before issuing a CAS.

Change of study location and attendance/engagement monitoring

- The requirements to monitor attendance and engagement of Tier 4 students has increased over recent years. Many of our universities have changed their policies and procedures accordingly. Staff in compliance teams will check registers of Tier 4 students each term and contact academic departments and/or any students directly if further investigation is required.