

## **Russell Group response to the Home Office consultation on regulating migrant access to health services in the UK**

### **1. Summary**

- We urge the Government not to introduce charges for temporary migrants for access to NHS healthcare services.
- The ability of the UK's research-intensive universities to attract and retain the best overseas talent is vital to their global competitiveness. Any impediment to this will have a significant impact on the research and teaching environment in our world-class universities as well as affecting the ability of such institutions to pave the way for future economic growth and job creation.
- There is evidence to suggest that recent changes to visa regulations have impacted negatively on international student numbers, in particular from some countries. The cost of student visas is already higher in the UK than in most competing nations and the introduction of further restrictions for economically valuable migrants would be unhelpful.
- We are also concerned that the Government's proposals would effectively increase the tax burden on international staff and working students: they will continue to pay national insurance contributions but will have to pay again to access NHS services.
- Given that the scale of the perceived problem of international visitors accessing NHS services is unknown, the current consultation is premature. We recommend that no action should be taken on the issue until concrete evidence is available and a comprehensive impact assessment has been conducted to analyse the potential wider impact of the proposed changes – for example to the UK's export earnings and international standing.
- We recommend a closer liaison between Government Departments, especially the Home Office, BIS and DH, to ensure that policy priorities are aligned, particularly in relation to promoting the UK higher education sector. This would help to ensure that strategies for growth in one part of Government are not undermined by changes to regulations in another.

### **2. Introduction**

- 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 Higher education is an important growth sector for the UK, making a significant positive contribution to the economy in its own right and underpinning growth in every other sector through its education, research and innovation activities.
- 2.3 Russell Group universities are major contributors to the economy, supporting more than 270,000 jobs, generating an economic output in excess of £30 billion a year, and delivering 7% growth over the last financial year at a time when growth across the whole economy was roughly flat.<sup>1</sup>
- 2.4 We welcome the opportunity to comment on the Home Office consultation on regulating migrant access to healthcare services. We have also responded to the consultation on tackling illegal immigration in privately rented accommodation and would encourage these responses to be read in tandem.

### **3. The importance of non-EEA migrants to the global competitiveness of UK higher education**

- 3.1 Higher education is one of this country's most successful export industries and is estimated to contribute more than £11 billion a year in overseas earnings<sup>2</sup> – roughly on a par with earnings from all UK exports of goods to China or exports of aircraft from the UK to all countries in 2012<sup>3</sup>.
- 3.2 If we are to maintain our place as a global leader in higher education then the UK must continue to attract the very best talent from around the world and show that its doors are open to genuine international students and staff who contribute so much to our economy and our global standing in higher education.
- 3.3 Changes to immigration regulation can significantly affect the UK's higher education institutions (HEIs) and in particular our world-leading research-intensive universities as they rely on recruiting the best international staff and students from overseas. The Government must make sure that the immigration rules deter the fraudsters but still welcome the brightest and the best.
- 3.4 The UK is the 2<sup>nd</sup> most popular destination in the world for both international students and PhD students, behind only the USA.<sup>4</sup> However, the ability of the UK to continue to maintain its global market share of international students is being challenged by competitor countries such as Australia and Canada, who are making deliberate moves to attract more foreign students through the creation of more welcoming visa policies.
- 3.5 Research is a global enterprise and UK universities must compete in a fierce global market for talent. It is in the nature of world-class research-intensive universities that a higher proportion of their student and staff body are internationally mobile. As such, international students are more important to Russell Group universities as a proportion of total student numbers and income than other UK HEIs.

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<sup>1</sup> HESA data 2011/12

<sup>2</sup>Data for 2011/12 from BIS calculation:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/227033/BIS-13-1081-International\\_Education-Global\\_Growth\\_and\\_Prosperty-Accessible\\_2\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/227033/BIS-13-1081-International_Education-Global_Growth_and_Prosperty-Accessible_2_.pdf)

<sup>3</sup> [http://www.ons.gov.uk/ons/dcp171778\\_318161.pdf](http://www.ons.gov.uk/ons/dcp171778_318161.pdf)

<sup>4</sup> OECD education at a glance 2013

- Although Russell Group universities have a 23% share of the total number of students in the UK, they have a 36% share of the total number of non-EU students, and a 39% share of non-EU postgraduate students.<sup>5</sup>
- International students at Russell Group universities contribute at least £2.8 billion to the UK economy per annum.<sup>6</sup> In Sheffield alone international students pump £120 million into the local economy every year.<sup>7</sup>

3.6 Similarly, Russell Group universities employ more international staff than other UK HEIs, as the ability to attract the most talented academic staff from across the world is an indication of the research strength of an HEI. Russell Group universities employ 52% of all non-UK academic staff at UK HEIs, and 14.6% of staff at Russell Group universities are non-EU nationality, compared to 11% at all UK HEIs.<sup>8</sup>

3.7 As well as the extremely significant economic gains for the UK, attracting international students to study in our universities allows for cultural exchange and collaboration, enriching the university experience for UK students. International graduates also frequently go on to become valuable overseas partners for UK companies and organisations and provide the core of networks around which future collaborations between UK HEIs and overseas partners can be established. Global academic links are essential to world-class research and the advancement of ideas, and 78% of international students graduating anticipate developing professional links with UK organisations.<sup>9</sup>

3.8 **The ability of the UK's research-intensive universities to attract and retain the best overseas talent is vital to their global competitiveness. Any impediment to this will have a significant impact on the research and teaching environment in our world-class universities as well as affecting the ability of such institutions to pave the way for future economic growth and job creation.**

#### 4. The proposal to regulate migrant access to healthcare services in the UK

##### *Potential impact of the proposal*

4.1 The proposal seeks to exclude temporary non-EEA migrants (such as international students and staff at UK HEIs) from free access to the NHS and to introduce a mandatory migrant health levy.

4.2 Although we are sympathetic of the need to ensure the UK immigration system is not open to abuse, changes to immigration regulation can have significant impacts on the global competitiveness of UK higher education. Charging temporary migrants for access to healthcare services could act as a deterrent to international staff and students coming to the UK.

4.3 The global market for international staff and students is highly sensitive to visa system changes. For example, a restrictive visa policy in Australia led to the value of fees,

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<sup>5</sup> Higher Education Statistics Agency data 2011/12

<sup>6</sup> Figures for 2011/12, using multipliers from Universities UK report on the economic impact of universities (2009).

<sup>7</sup> <http://www.shef.ac.uk/news/nr/international-students-economy-sheffield-university-visa-1.257561>

<sup>8</sup> HESA data 2011/12

<sup>9</sup> Department for Business, Innovation and Skills research paper 62, Tracking International Graduate Outcomes 2011, 2012

goods and services purchased by foreign students at Australian universities dropping by AUD3 billion (£1.8 billion) in one year.<sup>10</sup> Following these losses, in 2011 the Australian Government acted quickly to simplify the immigration system and provide more flexibility for students.

- 4.4 A robust assessment of the impact of changes to migration regulation on UK HEIs' intake of international students is challenging due to time lags in official data becoming available and the fact that international students apply to UK HEIs through a number of different routes and at different times of the year.<sup>11</sup>
- 4.5 However, there is evidence to suggest that some recent changes to visa regulations as part of the Government's pledge to reduce net migration have had a negative impact on the ability of UK universities to recruit international students.
- (a) For example, closure of the automatic post-study work route has at least in part contributed to a fall in students coming to the UK from countries such as India, Nigeria and Pakistan<sup>12</sup>. Even the growth in numbers from China in recent years has now slowed somewhat.
  - (b) There has been a particular drop in postgraduate taught students from India, down 21% at Russell Group universities from 2010-11 to 2011-12, with a further 18% drop anticipated in 2012-13. Overall, the number of Indian students coming to Russell Group universities was down 15% between 2010-11 and 2011-12, and we anticipate a further 14% fall in 2012-13.<sup>13</sup>
- 4.6 Even the perception that the UK is not 'open for business', especially in countries with a rapidly growing higher education participation rate, such as China and India, is unhelpful. For example, the recent announcement of a pilot scheme to charge visitors from certain countries a £3,000 bond to ensure that they do not overstay caused front page headlines in the Indian press and threats of retaliatory measures. The UK needs to signal clearly that its doors are fully open to genuine international students and staff in order to enable our research-intensive universities to remain globally competitive.
- 4.7 In assessing the impact of any changes to immigration regulation on the global competitiveness of UK HEIs, such as the proposed charges for healthcare, it is necessary to consider them alongside other immigration charges, including the cost of a student visa. Currently, the basic costs of acquiring a non-EEA student visa are higher in the UK than in almost all of our main competitors, including the US, Canada and most of Europe.
- 4.8 The average cost of a student visa across eight of our top competitor countries is £157<sup>14</sup>. The current UK cost is nearly 90% higher at £298. The UK is therefore already less competitive and any additional charges on top of this could further damage our ability to compete.

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<sup>10</sup> Data from the International Education Association of Australia

<sup>11</sup> Fewer than half of international students coming to the UK apply through UCAS, so UCAS data cannot be used as an indicator of international student numbers.

<sup>12</sup> Other factors may also have contributed to the decline in numbers, for example the worsening exchange rate with India, but visa changes have been highlighted as a key concern of international students by Russell Group universities.

<sup>13</sup> HESA data 2010-11 and 2011-12, sample of fifteen Russell Group universities 2012-2013.

<sup>14</sup> Eight key competitor countries for the UK: US, Australia, Canada, France, Germany, New Zealand, Sweden and Denmark.

- 4.9 **There is evidence to suggest that recent changes to visa regulations have impacted negatively on international student numbers, in particular from some countries. The cost of student visas is already higher in the UK than in most competing nations and the introduction of further restrictions for economically valuable migrants would be unhelpful.**
- 4.10 **We urge the Government not to introduce charges for temporary migrants for access to NHS healthcare services.**
- 4.11 However, if the Government is determined to take these proposals further, then any charges should be kept to the absolute minimum and regulations for students and staff must not be more restrictive than in our main competitor countries<sup>15</sup>.
- In Denmark and Sweden, healthcare is free of charge for students residing longer than 3 months and 12 months, respectively.
  - In Canada and the US there is no requirement to pay an upfront charge or to have health insurance in order to be granted a student visa, although many US universities require health insurance as a condition of study.
  - The cost of health cover in Australia, France and New Zealand, where health insurance must be purchased as a visa requirement, is broadly similar to the proposed minimum threshold in the UK of around £200.
- 4.12 We are also particularly concerned about whether it is reasonable to charge international staff at universities for access to healthcare services through the migrant health levy.
- 4.13 International staff at UK HEIs may be working in the UK for up to five years paying both tax and national insurance on their salary, which contributes directly to the running of the NHS and is likely to contribute more than the cost of any service used. Similarly, international students who work part-time in term time and full-time in the holidays during their studies will also pay national insurance contributions. Yet, under the consultation proposals, those who do not qualify for indefinite leave to remain will be charged for access to healthcare services.
- 4.14 In effect, this means national insurance contributions would be levied as an additional general income tax on international staff and working students. The income tax and employee social security contributions for the average single worker in the UK are already slightly higher than the OECD average<sup>16</sup>, so at the very least this move will create a perception of even higher taxes in the UK—again undermining our ability to attract key international talent.
- 4.15 The option that the sponsoring employer or educational establishment provide a guarantee that a migrants' healthcare is provided for is likely to be prohibitively expensive for most UK HEIs. The cost and extra administrative burden of making healthcare provision a part of the current sponsor responsibilities on immigration compliance would force universities to redirect funds, leading to under-investment in other areas and a knock-on effect on teaching and research. A recent report found that the overall annual cost for the Higher Education sector of Tier 4 compliance in 2012/13

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<sup>15</sup> Data from immigration websites for the countries listed in footnote 13 (accessed July 2013)

<sup>16</sup> OECD tax database 2012.

is already projected to be £66.8 million.<sup>17</sup> We therefore strongly advise against adding to this burden.

- 4.16 We are concerned that the Government's proposals would effectively increase the tax burden on international staff and working students: they will continue to pay national insurance contributions but will have to pay again to access NHS services.**

*Lack of evidence*

- 4.17 The Department of Health has stated that:

There is no official data on migrant's use of the NHS. The NHS does not collect data on the nationality of those to whom free treatment is provided...There are significant inconsistencies around the estimates of migrant use of the NHS.<sup>18</sup>

- 4.18 Given that the scale of the perceived problem of international visitors accessing NHS services is unknown, the current consultation is premature. We recommend that no action should be taken on the issue until concrete evidence is available and a comprehensive impact assessment has been conducted to analyse the potential wider impact of the proposed changes – for example to the UK's export earnings and international standing.**

*Joining up with other Government policies*

- 4.19 We welcome the indication from Government that there will now be a period of stability after the recent major changes to the student visa regime.<sup>19</sup> This will be particularly valuable for the UK's research-intensive universities enabling them to promote the UK and attract a greater number of international students.
- 4.20 The Government has prioritised supporting growth in areas where the UK has a competitive advantage, such as education. The new International Education strategy, launched by BIS in July specifically highlights the importance of higher education to the UK for both export income and its long-term value in terms of international influence. A core part of the strategy concerns the welcome given to international students through the visa system, but this must encompass the wider welcome they receive including areas such as access to health and other services.
- 4.21 We recommend a closer liaison between Government Departments, especially the Home Office, BIS and DH, to ensure that policy priorities are aligned, particularly in relation to promoting the UK higher education sector. This would help to ensure that strategies for growth in one part of Government are not undermined by changes to regulations in another.**

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<sup>17</sup> 'Cost and benefit analysis project on immigration regulation' Higher Education Better Regulation Group, July 2013

<sup>18</sup> 'Sustaining services, ensuring fairness: A consultation on migrant access and financial contribution to NHS provision in England, Evidence to support review 2012 policy recommendations and a strategy for the development of an Impact Assessment' Department of Health, July 2013

<sup>19</sup> Times Higher Education, 17 January 2013