

## **Russell Group response to the Home Office consultation on fees and charging**

### **1. Summary**

- Excellent international staff and students are indispensable for world-class universities and a thriving society, culture and economy. The Government must make sure that policy on visa fees facilitates the UK's international competitiveness in higher education in order to maximise potential for growth. This will help to signal that the UK's doors are fully open to genuine international students and staff.
- Given the significant contribution which international students and staff make to the UK economy, the fee for a student visa should be permanently set at a rate below that of our key competitors and the cost of Tier 1 and 2 visas should also be set at an internationally competitive level. This would help to ensure the UK remains globally competitive in attracting the brightest and best international talent.
- It is imperative that where enhanced services for sponsors are offered, basic services are of a good enough standard that stakeholders are not forced into paying for premium services in order to operate.

### **2. Introduction**

- 2.1 The Russell Group's world-leading universities are global players, engaging in world-class research and education in many different countries. Our track record in attracting the most talented international staff and students has made a very important contribution to the considerable intellectual and financial success of UK higher education to date.
- 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. It is one of this country's most successful export industries and is estimated to contribute more than £10 billion a year in overseas earnings – £3.9bn in tuition fees and £6.3bn in living expenses per annum alone.<sup>1</sup>
- 2.3 International students at Russell Group universities generate an estimate of at least £4 billion per annum. In Sheffield alone international students pump £120 million into the local economy every year.<sup>2</sup>

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<sup>1</sup> Data for 2011/12, BIS 'International Education: Global Growth and Prosperity', July 2013

<sup>2</sup> 'The Economic Costs and Benefits of International Students: A report for the University of Sheffield', January 2013

2.4 Russell Group universities are highly successful in attracting talented researchers and teaching staff from around the world, with the proportion of non-UK nationality academic staff around 33% compared to an average of 19% for all UK HEIs.

**2.5 Excellent international staff and students are indispensable for world-class universities and a thriving society, culture and economy. The Government must make sure that policy on visa fees facilitates the UK's international competitiveness in higher education in order to maximise potential for growth. This will help to signal that the UK's doors are fully open to genuine international students and staff.**

### **3. Setting visa fees to maximise growth in international education**

3.1 The Home Office has traditionally considered the cost of providing a visa service alongside the benefit which accrues to an individual of being able to visit, study or work in the UK when setting visa fees. The Immigration Bill contains provisions to introduce further criteria which may be considered when setting fees.

3.2 We are concerned that the provisions could lead to greater uncertainty around fee levels as a flexible charging system is introduced. It is important that the provisions being introduced in the Bill should not lead to a more complicated charging framework, for example, by charging different amounts for the same type of visa under different circumstances.

3.3 In order for the UK to remain attractive overseas as a destination to study and work, the cost of visa fees and other charges must be clear to potential migrants from the outset and there must be a measure of stability in fee amounts to avoid the significant upheaval caused by a change. We would not want to see more frequent increases in visa fee amounts.

3.4 We welcome the introduction of criteria including international competition and economic growth for consideration when setting fees. The extremely competitive global market for higher education and the significant contribution of international students and staff to the UK economy must be taken into account by the Home Office in decisions on visa fee amounts:

- The current cost of a Tier 4 (student) visa in the UK is much higher than the cost of student visas in many of our key competitor countries. The average cost of a student visa across nine of our top competitor countries is £145.<sup>3</sup> The current cost of a Tier 4 student visa in the UK is more than twice as expensive at £298.
- International higher education students alone contribute over £10 billion a year to the economy, almost 600% more than the cost to the Home Office of managing the entire immigration system, at £1.75 billion.
- BIS estimates it is likely international student numbers will increase by 15-20% over the next 5 years, bringing tuition fee income and living expenditure to over £12 billion (in 2011 prices) by 2020.<sup>4</sup>

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<sup>3</sup> The competitor countries are: Australia, Canada, Denmark, France, Germany, Ireland, New Zealand, Sweden and the US.

<sup>4</sup> 'International Education: Global Growth and Prosperity', BIS July 2013

- International alumni educated in the UK also provide the opportunity to '*strengthen overseas business, research, social and cultural links*', further contributing to economic growth in the UK.<sup>5</sup>
  - Over 10,000 non-EEA international academic staff are currently employed at Russell Group universities.<sup>6</sup> Important discoveries at our universities from highly talented international researchers, generate the innovation that is creating the jobs of the future for the UK.
  - A strong base of international academic staff cultivates the international science and research links that attract research and innovation investment to globally connected centres such as our world-class research-intensive universities.
- 3.5 We are concerned that, in proposing to significantly increase visa fees for international students and staff over the next two years, Government is not taking into consideration the impact this could have on the UK's ability to succeed in the global race to attract the most talented students, researchers and staff who make such a contribution to economic growth, as detailed above.<sup>7</sup>
- 3.6 The planned increase in visa fees would make the cost of a student visa in the UK even more expensive compared to key competitor countries, and the introduction of the healthcare levy will also significantly add to the upfront cost of applying for a visa. For example, by 2015/16, this could mean that a prospective international student seeking to enter the UK for a 4-year course would be required to pay £995 up front<sup>8</sup>, compared to £332 today – in other words, a 300% increase.
- 3.7 The Impact Assessment on the proposed fee increases estimates that they will have no impact on Tier 4 applications. However, there is evidence that recent changes to the immigration system have stalled growth in international student numbers, and led to falling numbers from some countries.
- (a) In 2011-12, new intakes of postgraduate taught students at Russell Group universities declined from India, Malaysia, Nigeria, Pakistan, Saudi Arabia, Taiwan and Turkey.
  - (b) New intakes of postgraduate taught students from India at Russell Group universities dropped by 21% in 2011-12, with a further estimated 18% drop in 2012-13.
  - (c) By contrast, Indian student numbers in Ireland have doubled in the last year and Indian postgraduate student numbers to the US increased by 40% in 2012-13 because of more favourable visa systems in those countries keen to attract international talent.
- 3.8 As countries across the world make the transition to a knowledge-based economy, global competition to attract highly skilled workers will increase. We are, therefore, concerned about the proposed increases to Tier 1 and 2 fees, which are already set at over twice cost price, and the impact this will have on our global competitiveness in the future.

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<sup>5</sup> Ibid

<sup>6</sup> HESA data 2011-12

<sup>7</sup> The Impact Assessment 'Fees and Charges proposals in HO Immigration Bill 2013' sets out the proposed fee increases: the cost of a Tier 4 visa will rise to £328 in 2014/15 and £361 in 2015/16 and the cost of a Tier 2 visa will rise from £494 currently to £543 in 2014/15 and £598 in 2015/16.

<sup>8</sup> Calculation is: Tier 4 visa fee (£361) + health levy per year (4X£150) + police registration fee (£34); note that similar costs would also apply to any spouse or dependant accompanying the student.

**3.9 Given the significant contribution which international students and staff make to the UK economy, the fee for a student visa should be permanently set at a rate below that of our key competitors and the cost of Tier 1 and 2 visas should also be set at an internationally competitive level. This would help to ensure the UK remains globally competitive in attracting the brightest and best international talent.**

#### **4. Improving service levels for sponsors and migrants**

- 4.1 There is fierce global competition for the best academic talent. To achieve and retain their present standing, British universities have no alternative but to compete internationally for students, funding and academics from all over the world – and the world’s best researchers and academics have their pick of global universities.
- 4.2 Basic service levels across the immigration system must be of high enough quality to ensure that applications are dealt with efficiently and that genuine international staff and students are welcomed. Good standards are imperative in ensuring that the UK remains an attractive destination for the best and brightest talent.
- 4.3 We recognise that Border Force is working hard to improve customer service, while also maintaining the security of the border. The current initiative to identify improvements which could be made to the treatment which migrants receive at the border, and to launch new services, such as the Registered Traveller scheme, are welcome.
- 4.4 Our universities have had a mixed experience of the newly introduced Tier 4 sponsor premium service introduced in September. Some universities have found that the majority of their interaction with their account manager as part of the premium service is in undoing mistakes which have been made by the Home Office or in clarifying poorly worded guidance. In some circumstances, the premium service has added an extra level of referral to the process, meaning that queries are taking longer to answer.
- 4.5 In terms of the basic service level, some Russell Group universities report that it is difficult to get clear, consistent and timely advice from UKVI, including differing responses to the same policy application questions and delays in resolving issues. Student applicants report that there are inconsistencies in the service provided by visa centres across the world and that UK processing times are noticeably slower than overseas. Basic service level agreements in relation to service provision appear to be limited to processing time targets. We would like to see more comprehensive service level agreements in place for sponsors and migrants as soon as possible.
- 4.6 It is imperative that where enhanced services for sponsors are offered, basic services are of a good enough standard that stakeholders are not forced into paying for premium services in order to operate.**

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