The Graduate Route

The Graduate Route has helped make the UK a world leader in education, supporting our economy, society, students and research

International students benefit the UK's economy and society

The UK Government introduced the Graduate Route in 2021, allowing students who complete their courses to work in the UK for a limited period. In its own impact assessment, the Home Office estimated the route would result in a net fiscal gain of over £6bn for the Exchequer in 2021/22-2030/31.[1]

International students boost businesses and communities by growing the UK economy: London Economics modelling shows **a single cohort of international students produces a net economic benefit of £37bn.**[2] Recent polling has shown **the public understand the importance of this economic contribution** with the majority agreeing bringing more international students to the UK would help the economy and that those who remain in the UK to work after their studies have a positive impact. Indeed, most people think the post-study visa should allow international graduates to work in the UK for longer, or that it is currently the right length.[3]

In recognition of the economic contribution international students make and that the Graduate Route is meeting the objectives as set out by government, **the independent Migration Advisory Committee (MAC) recently recommended 'retaining the Graduate route in its current form'.**[4]

The Graduate Route underpins diversification

The vast majority of students coming to the UK do so to learn. Home Office analysis has shown **students have the highest compliance rate of any visa category**, with 97.5% leaving on time.[5] The ONS estimates that 83% of international students from the June 2016 cohort emigrated within five years. Nonetheless, for some international students, having the option to stay and work after their studies is important to develop experience in the workplace and provide confidence they will be able to repay loans to study. As such, post-study work options are a key factor in choosing where to study and **the Graduate Route ensures the UK has an internationally competitive offer to prospective students.**

The route also supports diversification as post-study work options are particularly important in key markets where universities are looking to grow recruitment and diversify intakes. In the last five years, it has enabled Russell Group universities to grow student intakes from India, Turkey and the UAE. A stable, joined-up approach to policy from government is important to building on this progress and will help universities reach more qualified, high-quality prospective students in new countries. **Restricting the Graduate Route will damage efforts to diversify intakes.**

RUSSELL GROUP

International students benefit UK students and research

International fees make up a fifth to a third of the total income of most Russell Group universities. This income is vital for universities to subsidise their research activity and teaching of UK students:

- English universities, on average, subsidised the cost of educating UK undergraduates by £2,500 per student per year in 2022/23[6]
- UK universities subsidised research by £5 billion in 2021/22 (up from £2.9 billion in 2014/15).[7]

Income from international students has enabled our universities to grow the number of places for UK undergraduates over time despite the shortfalls in government funding: between 2019/20 and 2021/22, the number of UK students at our universities grew by 10%, while international student numbers grew by 11%.[8]

As the MAC has observed[9], restricting the recruitment of international students risks undermining provision, affecting student choice and UK skills. This includes strategically important disciplines such as postgraduate mathematical sciences and engineering, where international students make up around 50% of students across the Russell Group. **Some of these courses, particularly at Masters level, would not be viable without international students.**

International student numbers are already set to fall

UK universities saw increased international student numbers in recent years, partly because the UK exited lockdown before competitors. **We expect growth in numbers to fall back as the market cools and new visa fees and restrictions, including disallowing postgraduate taught (PGT) dependants, take effect:**

- the MAC estimated the ban on PGT dependants could see a fall of 120,000 in annual migration by main applicants and family members in 2023 and has concluded applications are falling this year[10]
- Home Office data shows 32,100 (44%) fewer students and dependants applied for sponsored study visas in January-March 2024 (since the ban was introduced) than in the same period last year[11]
- Compared to this time last year, the majority of Russell Group universities (17/23 in the latest BUILA survey) reported a decline in international PGT applications; in aggregate, the 23 respondents reported a drop of 10% for students starting in September 2024.[12]

Our modelling suggests **a 10% reduction in international students would reduce the collective income of Russell Group universities by over £500m a year.**[13] Such a fall in income would reduce their ability to deliver research and places for UK students. Given the cooling interest in the UK as a study destination and the potential for a drop off in applications and new starters in September 2024, **further measures, such as restricting access to the Graduate Route, could have a significant impact on the sector and its contribution to economic growth and UK skills.**

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[1] Home Office 2021.
[2] London Economics 2023.
[3] Survation 2024.
[4] Migration Advisory Committee 2024.
[5] Home Office 2020.
[6] Russell Group 2023.
[7] Ibid.
[8] Data sourced from the Higher Education Statistics Agency (HESA): there were 494,680 UK-domiciled and 255,440 non-UK-domiciled students in 2021/22, compared to 449,680 UK-domiciled and 229,730 non-UK-domiciled students in 2019/20.
[9] Migration Advisory Committee 2024.
[10] Migration Advisory Committee 2023 and 2024.
[11] Home Office 2024.
[12] British Universities' International Liaison Association (BUILA) 2024.
[13] This assumes a 10% decline in international students would see a 10% decline in international fee income. HESA data shows Russell Group universities earned £5.3bn in non-UK student fees in 2021/22: 10% of this is almost £530m. Given inflation and the fact that some EU students paid home fees in 2021/22, this is probably a conservative estimate.

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