

million+ Response

APPG Migration – 2014 inquiry in to post-study work

million+

1. million+ is a university think-tank which works with a number of universities and stakeholder organisations but also undertakes and publishes research with sector-wide analysis and implications.
2. The UK has a strong global reputation for higher education and the international activities of UK universities represent an important success story. Universities across the UK higher education sector are engaged in a diverse range of successful and long-standing international activities that create mutual benefits for institutions and countries throughout the world.
3. We also have a long-standing interest in business-university collaboration including in respect of small and medium sized businesses (SMEs). In March 2014 we published **Smarter Regions Smarter Britain**¹, a report which highlighted the role of SMEs and universities in boosting regional growth and recommended measures that government should adopt to tackle regional variations in attainment, promote innovative partnerships and translational research and support small businesses.
4. The issue of post-study work for international students is at the intersection of our passion for international education and the very real, practical support higher education offers to business in terms of research, resource and people.

Summary

5. Between 2011 and 2013 there was a reduction of 29 per cent in “post-study” type visas issued to UK international student graduates.
6. A key advantage of the former Tier 1 (Post Study Work) visa was that it posed low barriers of cost and administration, both for businesses who benefited from the talents of international students, and the universities from which those students had graduated.
7. The current approach to switching from a Tier 4 visa to a Tier 2 (General) suits large, established businesses that are able commit significant resource to navigate the sponsor compliance regime. It poses significant challenges for entrepreneurs, start-ups and smaller and medium-sized enterprises (SMEs).
8. Our principal recommendation is that the Tier 1 post-study work visa should be reinstated for all international student university graduates, though we include other recommends below.

¹ <http://www.millionplus.ac.uk/research-policy/reports/latest-reports/research-report-smarter-regions-smarter-britain-boosting-regional-growth-through-universities>

Current post-study visa routes

9. To be eligible for a Tier 1 (Graduate Entrepreneur) visa an applicant must be “a graduate who has been officially endorsed as having a genuine and credible business idea.”² This “idea” must be endorsed by UK Trade and Investment (UKTI) or the students previous Tier 4 Sponsor.
10. Figures presented to Parliament by the Minister for Security and Immigration reveal very small numbers of international students have progressed on to this route. It is not clear from these figures how many applicants have been endorsed by UK Trade and Investment (UKTI) and how many have been endorsed by their former university.

Entry clearance visas granted- Tier 1 - Graduate Entrepreneur (main applicants)³

<i>Year</i>	<i>Number</i>
2013	
Q2	0
Q3	2
Q4	11
2014	
Q1	46
Q2	72

11. In contrast, the previous Tier 1 (Post-study Work) visa route had much higher numbers of applicants.

Entry clearance visas granted—Tier 1—post study (main applicants)⁴

	Number of applicants
2009	4,244
2010	5,360
2011	5,926
2012	4,931

² <https://www.gov.uk/tier-1-graduate-entrepreneur-visa/overview>

³ Source: Hansard 8 September 2014, Column 465W Written Parliamentary Answer from James Brokenshire

⁴ Source: Hansard 8 September 2014, Column 462W Written Parliamentary Answer from James Brokenshire

12. There has, however, been an increase in Tier 2 visa applications from those previously on a study visa, since the Tier 1 (Post Study Work) route was removed.

	Broad previous category	PBS—Tier 2 Sponsored with a job General ⁵
2012	Study	2,538
2013	Study	4,108

13. Although there is no resident labour market test for Tier 4 graduates applying for a job at a Tier 2 sponsor, the role must have a wage of at least £20,500.

14. Taken together, there were 4,212 Tier 1 (Graduate Entrepreneur) and Tier 2 (General, previously in Study) visas issued in 2013, a reduction of 29 per cent compared with the number of Tier 1 (Post Study Work) visas issued in 2011.

15. However, the change in system has implications not only for the *number* of visas issued, but on the types of students and employers who can make use of the system.

Impact of current post-study work arrangements

16. A key advantage of the former Tier 1 (Post Study Work) visa was that it posed low barriers of cost and administration, both for businesses who benefited from the talents of international students, and the universities those students had graduated from.

17. Universities were required to confirm a Tier 4 sponsored student had successfully completed their studies. This confirmation was used by the student to apply for their Tier 1 (Post Study Work) visa. Employers, or other organisations who required proof a former student had the right to work in the UK, simply needed to see that the Graduate had a Tier 1 (Post Study Work) visa. The graduate was responsible for ensuring they complied with any visa restrictions, and employers had to ensure they did not employ the student past the point the Post Study Work visa had expired.

18. Although alternative “post-study” options exist in the current UK visa system (both Tier 1 and Tier 2), these pose burdens of administration, cost and risk on both employers and education providers. This shifting of responsibility, from the individual graduate to organisations, has changed the profile of organisations and employers who can benefit from the talents and link-building opportunities that international students bring to the UK.

19. The current approach poses particular challenges for entrepreneurs, start-ups and smaller and medium-sized enterprises (SMEs).

20. Obtaining a Tier 2 sponsor licence requires time, money and commitment from an organisation. Although it is proper that sponsors take responsibility for recruiting employers within the visa system, it is a disproportionate burden for businesses primarily focused on *doing* and *creating*, rather than administering the business. The current approach to switching from a Tier 4 visa to a Tier 2 (General) suits large, established businesses that are able to commit significant resource to navigate the sponsor compliance regime.

⁵ Source: Hansard 8 September 2014, Column 464W Written Parliamentary Answer from James Brokenshire

21. Additionally, although the principle of a minimum wage level to prevent wage deflation is a welcome one, in practice the £20,500 limit is not a reasonable one for all sectors across all regions. Small, creative businesses in the north of England, for example, should not be artificially prevented from recruiting talented international graduates simply because of a difference in usual starting salary.
22. In effect, using the Tier 2 (General) visa as the largest route for post-study work means Government is effectively deciding in which companies, and sectors, innovation and growth should take place.

Recommendations

23. A post-study work system should adhere to the following principles: it should instil *confidence* in sponsors, it should provide *flexibility* for business across different sectors and regions of the UK to take advantage of skills when the time is right, and it should be perceived as *fair* for students in the UK higher education sector. Specifically, the Government should:

24. Level the playing field for all businesses

The Tier 1 post-study work visa should be reinstated for all international student university graduates. The current system puts Government in the business of predicting what, and whom, will be successful. A return to the Tier 1 Post-Study Work visa gives all graduates the chance to innovate in and contribute to the UK economy.

25. Provide support for sponsors: Tier 1

Clear guidance should be issued that a University sponsors' decision on the viability of a business idea for the purpose of Tier 1 (Graduate Entrepreneur) visa will have no bearing on any other type of sponsor licence they hold.

26. Provide support for sponsors: Tier 2

Government should put in place support for small businesses who could benefit from the talents of international graduates. This could include no fees for small companies for the first two years they are a Tier 2 sponsor, and dedicated free guidance to support small companies in visa and compliance issues.

27. Provide clarity for sponsors: work and study

Responsibility for compliance should be clear between work and study. Students on a Tier 4 visa studying at university are entitled to work up to 20 hours a week in term time. This should be protected, and welcomed as part of a students' rounded experience in the UK. However, the responsibilities for this work being in compliance with visa regulations should rest solely with the employer, just as responsibility for compliance with study rests with the education institution.

28. Adjust the Tier 2 minimum wage level for different sectors and regions

The Government should recommend to the Migration Advisory Committee that there should be flexibility on minimum wage level, to take into account average wage differences across different sectors and regions of the UK.