

## PARLIAMENTARY BRIEFING

# Westminster Hall Debate: Immigration Rules for International Students

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Wednesday 16<sup>th</sup> November 2016, 2.30pm – 4pm

- **The visa regulations applied to international students and their sponsoring universities have been the subject of significant amendments since 2010**
- **These regulations are now acting as a non-tariff barrier to trade and are undermining the UK's global reputation for high quality higher education and the UK as a destination of choice for international students**
- **International students provide significant economic, social and cultural benefits to the UK, its nations, regions and universities and add to the UK's 'soft power'**
- **Home Office proposals to introduce differentiation into the visa regimes based on 'quality' will damage the reputation of institutions and the sector, reduce the number of international students and undermine the government's claim that the UK is open for business**
- **The choice of the UK as a destination of study has been further undermined by changes to the post-study work route**

## Current Immigration Policy Issues

The current system for recruiting international students to UK universities is unhelpful and acts as a non-tariff barrier to UK trade and exports.

If a potential student applies to a university and they are judged to meet the academic and other standards required, the university will issue a Confirmation of Acceptance of Study (CAS). The potential student then applies for a visa to UK Visas and Immigration (UKVI) for assessment. The Home Office has introduced a system of interviewing students with interviews numbers now running at over 100,000 per year. While UKVI is seeking to move operations in-country, the number of centres in some areas has been reduced and interviews have often been conducted by Skype, with Entry Clearance Officers (ECOs) assessing the 'credibility' of students.

Over recent years' universities have noted that the numbers of refusals has increased, and report that in too many cases refusals appear to be based on spurious grounds, or are wildly inconsistent. It has also become apparent that certain areas of the world are more likely to yield higher refusals by UKVI than others.

A 2013 report by the UK Council for International Student Affairs (UKCISA) highlighted instances of judgments being made by ECOs well beyond the stated terms of 'credibility' as a potential student<sup>1</sup>.

The decisions of ECOs have a huge impact on universities. David Cameron and the then Home Secretary Theresa May reduced institutional visa refusal rates to 10%. As a result if more than 10% of potential international students to whom a university has issued a CAS, are then refused a visa, the university risks having its Tier 4 license withdrawn or can be stopped from recruiting any international students on a temporary basis. This measure exists even though the universities themselves have no input into the visa evaluation process undertaken by ECOs. In response to decisions which affect their visa refusal rates, universities have no option but to scale back operations in areas of the world, and the markets, that they believe are deemed as high-risk by UKVI, even if they have long established relationships and investment in those areas.

The reduction in post-study work opportunities has had a particularly disastrous impact on some markets such as India. The operation of the Tier 4 regulations, changes to Tier 2, suggestions that there will be even more onerous regulation, and government rhetoric about international students has been noticed and reported on around the world<sup>2</sup>.

Alarming, but perhaps unsurprisingly, the numbers of Indian student first-year enrolments at UK universities fell by 10% in 2015 from the year before.<sup>3</sup> The June 2016 figures show that the number of study related visas granted by the UK fell by 5% on the previous year's figures, with the British Council reporting that the UK is starting to lose market share to its direct competitors.<sup>4</sup>

The UK has been the second most attractive destination for international students, after the USA (10.3% of all international students worldwide). However, immigration policy and the proposal to introduce a formal policy of 'quality' differentiation which was outlined by the Home Secretary in her speech to the 2016 Conservative Party Conference<sup>5</sup> will further undermine the reputation and capacity of UK universities to trade globally .

All UK universities are fully quality assured and this is a requirement for any institution with a Tier 4 licence. To suggest otherwise is unwarranted but the use of differentiation to effectively reduce the capacity to trade while claiming there is no cap on student numbers is disingenuous. Reductions in international student numbers reduce opportunities for home students to study alongside their overseas counterparts and will undermine choice and course viability for home students at both undergraduate and postgraduate level.

### Post Study Work Visa

The choice of the UK as a destination of study has been further undermined by changes to the post-study work route (now Tier 2) which provided opportunities for graduates to work in the UK for a period of time after they had completed their courses. Under the current Tier 2 regulations, international student graduates are able to apply for a graduate level job with a Tier 2 visa provided that the employer is a registered Tier 2 sponsor and the role pays above a certain threshold.

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<sup>1</sup> <http://institutions.ukcisa.org.uk/Info-for-universities-colleges--schools/Publications--research/resources/2/Tier-4-Credibility-Interviews-UKCISA-survey-report>

<sup>2</sup> <http://www.hindustantimes.com/world-news/coming-soon-more-curbs-on-uk-student-visa/story-pQcvvgLzIM38ZMXPm2zSPL.html>

<sup>3</sup> <https://www.timeshighereducation.com/news/indian-student-numbers-continue-fall-uk-universities>

<sup>4</sup> <https://www.britishcouncil.org/education/ihe/news/uk-losing-competitive-edge-new-international-students>

<sup>5</sup> <http://press.conservatives.com/post/151334637685/rudd-speech-to-conservative-party-conference-2016>

The minimum salary threshold for a Tier 2 application is £20,800, although this amount is set to rise for some categories of Tier 2 worker<sup>6</sup>. Although it is understandable that a minimum threshold is set, and sensible that the threshold reflects new entrants to the labour market, imposing the same salary threshold across the whole of the UK is highly problematic. For example, according to MillionPlus analysis in 2015 of average earnings for male and female graduates aged 22-24 across the UK, only in London, East Anglia and the South East of England were there any areas with an average salary above that of the current Tier 2 threshold.

In Scotland, for example, the average for men was £20,600 and for women this dropped to £17,000. In Wales, it was £17,100 and £17,4000 respectively, and in Northern Ireland the figures were £17,800 and £15,300. The figures were similar across the rest of England also.

This threshold is therefore having a severely disproportionate effect on many areas of the country, and consequently not enabling all regions and nations of the UK to benefit from the expertise that these graduates could bring, including to local businesses and companies.

### The Value of Overseas Students to the UK Economy

In 2014-15 there were 2.27 million students studying at UK higher education institutions, including over 125,000 from the EU and over 300,000 from non-EU countries.

In 2015 the direct contribution of international students (through tuition fees for example) was £4.23billion (£3.61billion in England, £143.5million in Wales, £445million in Scotland and £23.6million in Northern Ireland). This direct contribution of international students makes up an average of 20% of all universities revenue across England, and as such it is a crucial element of a universities business operations. Having these source of funding enables it to better invest in all students, and engage in research and innovation projects with its local community or with businesses.

Aside from direct contributions, these students also have a positive impact on local economies. As highlighted in the table below on non-UK students in England, in 2012 the off-campus expenditure of non-UK students was £7.37billion, and supported over 60,000 jobs around the UK. It is also worth noting that unlike some competitor countries, the UK now requires some international students to take out private health insurance policies and the costs of visa applications themselves have been increased by the Home Office.

Region	On-campus <sup>7</sup>	Off-campus	Export earnings
<b>England</b>	<b>£4.63bn</b>	<b>£4.07bn</b>	<b>£8.7bn</b>
North East	£244m	£213m	£457m
North West	£461m	£387m	£848m
Yorkshire & Humber	£422m	£380m	£802m
West Midlands	£394m	£408m	£802m

<sup>6</sup> <https://www.gov.uk/government/news/migration-advisory-committee-reviews-of-tier-2>

<sup>7</sup> Includes tuition fee payments, income from residency & catering services and research and consultancy income.

East Midlands	£345m	£293m	£638m
East of England	£467m	£369m	£836m
London	£1,300m	£1,200m	£2,500m
South East	£707m	£549m	£1,260m
South West	£288m	£270m	£558m

Source: UUK analysis based on 2011-12 data

It is similar in Wales, where non-UK students generated £409million of output in 2012/13 through on-campus expenditure, and a further £340.3million off-campus. If you also included visitors that came to Wales as a consequence of these students the contribution rises to £773.4million.

In Scotland also, international students generated £402.6million in fees, and £494million in off-campus expenditure in 2011/12.

International students also bring wider and long term benefits to the UK. The 'soft power' generated through students studying in the UK and then returning to their home countries is significant and helps to cement the UK's global strategic relationships. Due to the diversity and breadth of the UK's higher education sector, these relationships benefit every part of the UK, and it is important that these relationships are not constricted and concentrated in the future to only a handful of institutions.

### The Value of Overseas Students to UK Higher Education

In addition to the direct and indirect economic benefits of international students studying in the UK, there are other consequences of using immigration policy to restrict and reduce this market.

It is a common misconception that if the numbers of international students are reduced, then more home students can simply take their place. Aside from the direct financial impact to universities through a loss of upfront higher tuition fees from international students, the engagement of international students on some courses ensure their availability for UK home students. For example, 28% of engineering & technology undergraduates and almost 18% of mathematics undergraduates are international students.

In addition to this 75% of engineering postgraduates, 70% of computer science postgraduates, 65% of mathematics postgraduates and 46% of physical science postgraduates are international students. Losing these cohorts would have a profound effect on universities across the UK and would risk the closure of some courses with the potential to undermine a university's links with key businesses and their supply chains.

### Summary

International students and graduates provide wide-ranging benefits to UK universities, home students, businesses, local and national economies and help to progress the UK's wider strategic partnerships and interests.

Current immigration policy is undermining the success and market share of one of the UK's most successful export sectors.

Surveys of the public confirm that they do not consider international students to be immigrants<sup>8</sup>. However, international students are included in migration numbers and the insistence that international student numbers should be counted in this way rather than separately, is hindering rather than helping initiatives which would add value to the UK's reputation for high quality higher education and support the UK's world-leading and diverse university system to trade internationally.

**For more information, please contact our Senior Parliamentary Officer, Adam Haxell, at [adamhaxell@millionplus.ac.uk](mailto:adamhaxell@millionplus.ac.uk), or call 0207 717 1687**

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<sup>8</sup> <http://www.universitiesuk.ac.uk/news/Pages/New-poll-%E2%80%93-cutting-international-student-numbers-will-not-address-public-immigration-concerns.aspx>