

## MILLIONPLUS RESPONSE

# Migration Advisory Committee Call for Evidence – what are the economic and social impacts of international students in the UK?

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1. MillionPlus is the Association for Modern Universities in the UK, and the voice of 21<sup>st</sup> century higher education. We champion, promote and raise awareness of the essential role played by modern universities in a world-leading university system. Modern universities make up 53% of all UK undergraduates, and 38% of all postgraduates, with over one million students studying at modern institutions across the UK.
  2. There are 438,000 non-UK students studying in universities across the UK, which is 19% of the entire student population. Modern universities educate 30% of all international students, and 34% of EU students, studying in the UK. MillionPlus member universities alone educate 13,025 EU students and 18,860 international students. Although the consultation questions use the terminology 'migrant students', we believe that, owing to the unique nature of these groups, the more specific terms 'international' and 'EU' students, are more appropriate for our answers.

### Executive Summary

3. The evidence and analysis demonstrates the overwhelming benefits to the UK of international and EU students studying in UK universities. This is true both in the short and long-term. The economic contribution of these students, both to the institutions concerned and to their regional and the UK economy, is profoundly positive in many different respects. These impacts include the educational, cultural and longer-term soft-power contribution that international and EU students generate. Current economic estimates suggest non-UK students studying in the UK make a net contribution to the UK economy of £20.3bn, spread across every region and nation.<sup>1</sup>
4. The nations of the UK benefit from having non-UK students studying at their universities, a benefit that increases proportionately with the numbers of students that study here. It should therefore be the policy of the UK Government to both remove any unnecessary barriers that preclude universities from recruiting overseas students, and then to help the sector increase their recruitment of overseas students. Current Home Office and UKVI practices can place unnecessary and restrictive barriers on international recruitment, matters that should be reviewed.
5. Our evidence also suggests that it is highly important that the government recognises that the EU student and international student markets are separate and distinct, and need to be treated as such. Any policy that underplays the differences between these two markets would risk missing out on the chance to capitalise and build on both markets for the good for our economy and our communities.

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<sup>1</sup> <https://londoneconomics.co.uk/wp-content/uploads/2018/01/International-students-parliamentary-constituency.pdf>

6. As the Prime Minister made clear in her Florence Speech in September 2017, the UK does not start with 'a blank sheet of paper', instead there is a desire to retain what is in the mutual interest of both parties, and in the economic interest of the UK.<sup>2</sup> It remains incontrovertibly the case that it is in the best interests of the UK to remain attractive to EU students by not erecting trade barriers that would diminish the ability of universities to access such a proximate and extensive marketplace. Efforts should therefore be made to maintain a productive and beneficial relationship in the ongoing negotiations, appreciating the 'special partnership' between the UK and EU.

#### What impact does the payment of migrant student fees to the educational provider have?

7. The payment of fees, for non-UK students, has a beneficial impact on higher education institutions. For non-UK EU students<sup>3</sup>, this equates to the same investment that providers get from UK students (up to a current maximum of £9,250 per academic year). For the year 2015/16 this investment level, from EU students, was £1.7bn. As EU students make up a significant proportion of students, both in modern universities and the sector more generally, this investment is an important part of the overall investment and income for the sector – particularly as over recent years EU student numbers have been the only growth part of the sector for recruitment, given domestic student demographic trends and a flatlining of international student recruitment.<sup>4</sup>
8. For international students, there are additional benefits through the higher fees that can be charged and the extra investment that these fees bring. In 2015/16 UK universities received £4.45bn in tuition fee income from international students. This figure amounts to 25.6% of all tuition fee revenue, and is therefore a highly significant source of direct investment into the sector.
9. All generators of core revenue are important to universities, meaning that the reduction in any one area will have an impact. Since 2010 the level of direct government investment in the higher education sector, through the Teaching Grant, has fallen from £5.1bn in 2010/11 to £1.4bn in 2017/18, leaving providers much more reliant on the direct investment through tuition fees than ever before. Similarly, if, after Brexit, UK universities lose access to EU funding, another valuable income stream will be lost and likely not replaced by a commensurate increase in domestic students. To maintain the quality of their provision across the board, UK universities require high levels of such investment, facilitating stability to allow for long-term planning and investment. With a baseline of stable and growing income through non-UK EU students and fee income brought about through the recruitment and education of international students, UK universities will be equipped to continue to invest in the educational experience of all students.

#### What are the fiscal impacts of migrant students, including student loan arrangements?

10. There are a number of fiscal impacts that should be taken into account regarding overseas students, however, in all cases the wider economic benefits (both direct and indirect) clearly outstrip these costs/impacts. The most obvious fiscal impact regards non-UK EU students, and their ability to access UK student finance and 'home' tuition fees in England. In 2016/17 the sum lent to such students was £418m.

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<sup>2</sup> <https://www.gov.uk/government/speeches/pms-florence-speech-a-new-era-of-cooperation-and-partnership-between-the-uk-and-the-eu>

<sup>3</sup> Throughout this submission EEA students also come under the general classification of non-UK EU students

<sup>4</sup> [http://www.universitiesuk.ac.uk/blog/Pages/You-say-stability-I-say-stagnation.aspx?utm\\_source=UUK+Bulletin&utm\\_campaign=c6dfb36b84-EMAIL\\_CAMPAIGN\\_2017\\_10\\_26&utm\\_medium=email&utm\\_term=0\\_99e42a5336-c6dfb36b84-100693173](http://www.universitiesuk.ac.uk/blog/Pages/You-say-stability-I-say-stagnation.aspx?utm_source=UUK+Bulletin&utm_campaign=c6dfb36b84-EMAIL_CAMPAIGN_2017_10_26&utm_medium=email&utm_term=0_99e42a5336-c6dfb36b84-100693173)

In total this amounts to a sum of £1.7bn that EU borrowers owe, since the introduction on tuition fees in these cases in 2006. This figure represents only 2% of the overall outstanding loan balance.

11. Although this is a significant outlay, it remains far less than the economic benefits that these students bring to the UK economy. Analysis by London Economics has calculated that a typical EU student studying in the UK benefits the country's economy by £87,000. This figure represents both the direct economic benefits these students bring (through tuition fees) as well as additional indirect benefits. In 2015/16 the total economic benefit associated with EU students in the UK was calculated at £5.1bn.<sup>5</sup> Therefore, not only is benefit per student far greater than the loan which these students are able to access (which they then begin to repay), the overall figure that the entire body of EU students owe to the Student Loans Company since 2006 (£1.7bn) is dwarfed in a single year by the amount these students benefit the country, and each EU student's net benefit stands currently at £68,000.
12. It is therefore in the all-round best interests of the UK for EU students to continue to study in the UK. It is worth noting that it has been predicted that should the UK adopt a post-Brexit policy towards EU students where the current home fee status and student support were taken away, numbers would be expected to drop by almost half (47%), and for some universities that figure would be far higher.<sup>6</sup> Such a dramatic fall would see the UK lose out on the high, and increasing, levels of investment that EU students bring, and due to the higher education culture and practices of the EU member states that have the highest numbers of students currently studying in the UK, it is extremely unlikely that levels would rise to as significant a number again under such a system.
13. Such a scenario, of a significant drop in EU student numbers, would have negative consequences for the university sector, and the UK more generally. As evidenced by analysis from London Economics, a significant loss in EU students is likely to hit modern universities the hardest, and see fewer EU students in these institutions. This has knock on impacts not only on the diversity of ideas and experiences in the learning process and therefore on the academic benefits that EU students bring to the UK, but also impact on particular courses that have significant numbers of EU students. These courses may well become far less viable for all other students, including domestic students. Many of MillionPlus's member universities have reported significant numbers of EU students on some of their courses, and they have made it clear that without these numbers it is unlikely that many such courses would remain viable. One member, for example, has highlighted that any drop would hit STEM courses at their institution the hardest, which would run contrary to government ambitions to increase the uptake of STEM for UK students, as signaled throughout the government's Industrial Strategy Green Paper.<sup>7</sup> This potential negative impact on curriculum choice for domestic students should be properly factored into any policy in this area.
14. Keeping strong economic and educational ties with the UK's European neighbours will be a priority for the UK after Brexit. Continuing to having students come and study from across the EU will build ties that will foster better relationships and potential business opportunities. If fewer EU students come to the UK, they will go to competitor nations, and the large benefits highlighted above will go to other universities and national economies. This would clearly deplete the UK's market share and its continued higher education excellence in the long run. This is particularly true with increasing numbers of universities in mainland Europe teaching degrees in English, something becoming ever more mainstream.

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<sup>5</sup> <https://londoneconomics.co.uk/wp-content/uploads/2018/01/International-students-parliamentary-constituency.pdf>

<sup>6</sup> <http://www.hepi.ac.uk/wp-content/uploads/2017/01/The-determinants-of-international-demand-for-UK-HE-FULL-REPORT.pdf>

<sup>7</sup> [https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting\\_documents/buildingourindustrialstrategygreenpaper.pdf](https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf)

### Do migrant students help support employment in educational institutions?

15. Overseas students are responsible for the creation, or maintenance, of 206,600 full-time jobs across the UK.<sup>8</sup> These are spread across every region and nation - many of these are in educational institutions as a direct consequence of both the volume, and requirements, of having both EU and international students in universities across the UK.
16. Job creation is supported across the sector, and in some parts of the country, where the university is one of the major employers within the town/city/region, the presence of these overseas students helps support jobs and boost the local economy. Recent independent analysis for one of our member universities concluded that the presence of overseas students supported 1,045 jobs in its metropolitan area (a ratio of one job created or supported for every two overseas students at the university). The impact of a significant reduction in international or EU students, therefore, is likely to have a direct impact on the sustainability of these jobs. Similarly, it is reasonable to assume that an increase in numbers will have the opposite, positive, effect of making current jobs more stable, and the prospect of creating more jobs increasingly likely.

### How much money do migrant students spend in the national, regional and local economy and what is the impact of this?

17. Whilst all overseas students, and their particular circumstances, are different, it is very clear that both EU and international students contribute a large amount to the local/regional economies in which they are based, and therefore also the wider economy of the UK. In 2014/15, for example, overseas students contributed £5.4bn in spending on goods and services.<sup>9</sup> As we have detailed above, part of this investment in regional economies is seen through the creation, or support, of jobs across the UK, but this spending power can positively impact on a whole range of areas, across the entire UK economy. It will also have an impact on the creation and success of supply chains in many regions, and the connectivity that flows from this continued investment is noteworthy.
18. As well as overseas students supporting local businesses, they are also beneficial to the UK's research and innovation base. At modern universities, which specialise in translational research, this can have a direct and highly beneficial impact on businesses and industries in many parts of the UK. Whether this be through postgraduate study up to PhD level, or through the extra levels of direct investment that is channeled into universities from overseas students, universities are given more resources of people and capital from which to develop their research base. In 2015/16 29% of all full-time engineering students were international students, and their investment helps to grow the capacity and quality of these departments across the country. In turn these departments work directly with businesses to help them innovate. A decrease in student numbers and investment, will harm this relationship, and such indirect consequences of the presence of these students must be taken fully into account.
19. Furthermore, with universities, and in particular modern universities, spread across the entirety of the UK, in every city and region, the benefits of the spending power of these students cannot be overstated. This can be in cities, like London, with one of our member universities in the capital calculating that each of their overseas students contribute almost £4,000 a year in their London Borough alone. Or, in more rural areas of the UK, another member with a number of rural campuses has stated to us that the impact of overseas students is highly significant in the local economies they study and live in.

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<sup>8</sup> <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/briefing-economic-impact-international-students.pdf>

<sup>9</sup> <http://www.universitiesuk.ac.uk/news/Pages/International-students-now-worth-25-billion-to-UK-economy---new-research.aspx>

This will be a fact replicated across the UK, and indeed UUK figures on the regional impact of non-direct investment from these students highlight the immense contribution they make across the regions, from the £256m spent off-campus in the North East of England, to the £323m in the South West.<sup>10</sup>

20. It is also important to highlight the specific contribution of EU students, who contribute a significant proportion of the amount generated for regional economies; £414.1m in Scotland, £221.6m in the North West of England, and £788.9m in London, for example.<sup>11</sup> A significant drop in EU student numbers would therefore be damaging to regional economies across the UK. As London Economics have modelled that such a drop would disproportionately affect modern universities, it would be in those communities where the regional economies would suffer the most, and many of these are likely to be outside of the largest cities or the 'golden triangle' within the South of England, and therefore would likely already have lower levels of economic growth.<sup>12</sup>
21. Alongside spending, the presence of overseas students is classified as an educational export for the UK, and are calculated to contribute £10.8bn in export earnings for the UK.<sup>13</sup> At a time when the UK is exiting the European Union and attempting to expand export markets around the world, it has never been so important to build on the successes of educational exports across the country, and enable every university to build on the capacity they have and develop further such growth in the future.

How do migrant students affect the educational opportunities available to UK students? To what extent does the demand from migrant students for UK education dictate the supply of that education provision and the impact of this on UK students?

22. There are a number of ways in which overseas students have an impact on the educational opportunities for UK students, and this includes the supply side of higher education provision. These students make up a significant proportion of the student population in the UK, and a similarly significant proportion of the direct investment that goes into universities. It is therefore inevitable that they have a sizable impact, and the evidence suggests that the impact is profoundly positive.
23. As highlighted previously, the investment levels that come with overseas students are significant, and as an integral part of the income a university gets, they are a key component in the delivery of high level courses and resources for students. More specifically, however, as EU and international students are not always spread evenly amongst departments or courses, many courses remain successful, or viable, through the intake of overseas students. It is by no means an exaggeration to suggest that significant decreases in the number of either EU or international students would see not just a general financial hit to universities, but also specific impacts to key university departments which could directly affect the ability of UK students to study in them, as they may be under threat of closure.
24. One MillionPlus member university is a world leader in video games technology, and EU students make up a significant number of undergraduates enrolled on courses in that field. Similarly, at another member university, a fifth of all architecture students are international students, who add both economically and academically to the success of that particular course.

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<sup>10</sup> <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/briefing-economic-impact-international-students.pdf>

<sup>11</sup> [http://www.millionplus.ac.uk/documents/Policy Briefing - Trade in HE services and research - negotiating Brexit.pdf](http://www.millionplus.ac.uk/documents/Policy%20Briefing%20-%20Trade%20in%20HE%20services%20and%20research%20-%20negotiating%20Brexit.pdf)

<sup>12</sup> <http://www.hepi.ac.uk/wp-content/uploads/2017/01/The-determinants-of-international-demand-for-UK-HE-FULL-REPORT.pdf>

<sup>13</sup> <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/briefing-economic-impact-international-students.pdf>

Sizable drops in student numbers (be they EU or international) as a result of any loss of access to such students could diminish the investment in, and prestige of many courses across the sector. This would be bad for students, and for the wider reputation of the UK higher education sector.

25. The opposite effect is also true, whereby greater numbers of overseas students bring greater levels of direct investment, that, in turn, can increase investment in the education of UK students – with possible expansions in courses or departments which increase the provision for all students.
26. There are other, less direct, factors that also play a significant part in shaping the impact overseas students have on UK students. The cultural and academic benefits that an internationalised course, campus or environment bring to the university experience of a student can be transformative. This can be particularly true for students at modern universities, 68% of which come from areas of the UK with the lowest levels of higher education participation, and may otherwise not be able to interact and share ideas with people from other countries and cultures.
27. All MillionPlus members are clear that the cultural and academic benefits that come with overseas students are genuinely valuable as they enhance the quality of UK higher education, and the offer they can make to their UK-based students. It is also the case that many departments within universities have become far more internationalised in their scope, and have developed programmes with partner universities or departments as a consequence. This can improve student exchanges, enhance learning gain, and build relationships that can be beneficial in the long-term to both institution and student/graduate.
28. All UK universities benefit from having both EU and international students studying at them, and any significant drop would be harmful to the experience of all UK students, and this would be likely to impact upon modern universities the hardest, and would risk making internationalised student experiences narrower and more elitist in the future, which would signal a backwards step in efforts to boost social mobility.

What is the impact of migrant students on the demand for housing provision, on transport (particularly local transport) and on health provision?

29. Overseas students study across the UK, and as such, the scale of any impact that they may have on issues such as housing provision and transport will necessarily be varied. It is beyond dispute that and 400,000 extra people in the UK creates requirements for housing, transport infrastructure, and healthcare provision.
30. It is difficult to accurately quantify the direct impact they have, however owing to the immense economic contribution that these students bring to the UK and to their regional economies, it would be wrong to suggest that they represent a net drain on the system. In fact, with the typical make-up of overseas students as being young, they will have far less of a need to access healthcare, for example, than a typical UK citizen. As London Economics have stated, the benefit to cost ratio for these students are approximately 4.6 and 14.8 for EU and international respectively – leading to an overall net contribution of over £20 bn per year.<sup>14</sup>

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<sup>14</sup> <https://londoneconomics.co.uk/wp-content/uploads/2018/01/International-students-parliamentary-constituency.pdf>

31. It is also important to recognise that, particularly when looking at healthcare and transport provision, overseas undergraduate students do not always spend the entirety of the year in the UK, and many return to their home countries for many weeks of the year. It is estimated that, on average, undergraduate international students spend 42 weeks in the UK (81% of the time) and for EU undergraduates the figure averages at 39 weeks (75%). This, therefore, takes any additional pressure off of services, whilst still retaining high levels of investment from these students.

#### What impacts have migrant students had on changes to tourism and numbers of visitors to the UK?

32. Although it is impossible to say with precise accuracy, all indicators suggest that overseas students boost the numbers of visitors that come to the UK, and the relationships that can be built whilst studying mean that this may have both short and long-term impacts on visitor numbers.
33. Analysis from London Economics stated that the economic impact associated with an overseas student from visitor expenditure in 2015/16 was £3,000 for an EU student, and £2,000 for an international student. Taken together, and over the course of a students' studies, this additional expenditure amounts to £600m for the UK economy.
34. Visitors are likely to attend graduation ceremonies for overseas students, and due to the spread of higher education institutions across the UK, this influx of visitors is not restricted to certain areas of the country. This provides a welcome economic boost to regions that may otherwise not receive it. The additional bonus on this is that these students and visitors will be able to pass on information and recommendations to others, and also have a longer-term link with the regions they or their loved ones studied in, which can lead to repeat visits and a greater boost for the area.

#### What role do migrant students play in extending UK soft power and influence abroad?

35. Soft power can have extremely beneficial impacts on universities, regions and the UK more generally, and is a key element of why having an internationalised higher education sector in the UK is so important. The 2017 ComRes study on soft power ranked the UK as second in the world, and is unequivocally clear that "the ability of a country to attract foreign students, or facilitate exchanges, is a powerful tool of public diplomacy, even between countries with a history of animosity. Prior research on educational exchanges gives empirical evidence for the reputational gains that accrue to a host country when foreign students return home. Foreign student exchanges have also been shown to have positive indirect 'ripple effects' when returning students advocate on behalf of their host country of study".<sup>15</sup> The report also suggested that, post-Brexit, there is a fear that the UK's soft power could weaken, which makes utilising the strengths it currently has ever more important.
36. All universities are creators of, and beneficiaries of, soft power. The fact that the UK has universities in every area of the country, many of which are moderns, helps to ensure that the benefits of soft power are not too hyper-concentrated, and it is therefore vital that the work that all universities do in the creation of soft power, and the benefits that all regions receive, are fully taken into account. Benefits of such relationships can include the creation of international partnerships or campuses overseas that build cultural, academic and research links with countries across the world. In 2017 MillionPlus universities had 685 partner institutions worldwide, in 435 cities, in 81 countries.

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<sup>15</sup> <https://softpower30.com/wp-content/uploads/2017/07/The-Soft-Power-30-Report-2017-Web-1.pdf>

37. There are many ways in which soft power can derive benefits. Diplomatic relations are one element, and having government officials or ministers study at UK universities can be extremely fruitful in developing links with countries today and in the future. Another important element are the links students have with a region that can inspire them to invest in that area, or develop business opportunities across borders that will grow the UK economy, and open up opportunities for greater collaboration in the future. This will only be more important post-Brexit, both with EU nations (through EU students) and those further afield (through international students).

#### UKVI

38. As demonstrated, all universities benefit from overseas students, and create soft power. However, barriers currently exist that make it difficult for many universities to build on their successes, and grow their presence in developing markets. The current system for recruiting international students to UK universities is unhelpful in this regard and acts as a *de facto* non-tariff barrier to UK trade and exports.
39. If a potential student applies to a UK university and they are judged to meet the academic and other standards required, the university will issue them with a Confirmation of Acceptance of Study (CAS). The potential student then must apply for a visa from UK Visas and Immigration (UKVI). At UKVI they are then assessed, and in many cases, are interviewed by Entry Clearance Officers (ECOs) to assess their perceived 'credibility'. Over recent years' universities have noted that the numbers of refusals have increased, and report that in too many cases refusals appear to be based on highly spurious grounds, with results that are wildly inconsistent. In some cases, the family background of an applicant can be used against them, in other cases not knowing the transport links in the city they are looking to study in can mark them down as not credible, and it has become apparent that certain areas of the world are more likely to yield higher refusals by UKVI than others.
40. 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, and the Home Office does not publish any information on reasons for refusal.<sup>16</sup> The decisions of ECOs have a huge impact on potential overseas students, and paints the UK in a highly unwelcome light in many parts of the world. Refusals can also have huge ramifications for universities. Currently, the refusal rate a university must be under is 10% of all CASs issued. 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 prior investment in those areas.
41. 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 after they had completed their courses. Whilst other competitor nations, such as Canada and Australia, are improving their offer to international students, the UK is making it harder for them to use their expertise in the UK, and live, work and contribute to the UK economy post-graduation.<sup>17</sup>

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<sup>16</sup> <http://institutions.ukcisa.org.uk/Info-for-universities-colleges--schools/Publications--research/resources/2/Tier-4-Credibility-Interviews-UKCISA-survey-report>

<sup>17</sup> <https://www.britishcouncil.org/education/ihe/news/uk-losing-competitive-edge-new-international-students>

The reduction in post-study work opportunities, mixed with a more stringent application of Tier 4 regulations, as well as harsher government rhetoric around migration more generally, has had a particularly deleterious impact on some markets, such as India. These changes are reported around the world, and alarmingly, but perhaps unsurprisingly, the numbers of Indian students studying at UK universities has fallen by 53% since 2010/11.<sup>18</sup>

42. The UK, now more than ever, needs to build on its successes and capitalise on the potential of all UK universities. Removing unnecessary trade barriers to such a lucrative export market by reforming the current recruitment system for international students has the potential for greater market growth, higher export earnings, and the development of even greater soft power relationships in the years ahead. This is also true with respect to remaining as attractive as possible to EU students, and not taking decisions that would erect further trade barriers in that specific marketplace.

#### If migrant students take paid employment while they are studying, what types of work do they do?

43. It is difficult to fully assess this, as no two students' circumstances are the same, however it is worth noting that many students work for their university in paid roles, either as ambassadors for their institution when required or, for postgraduates, in teaching and research roles. Postgraduate PhD students, for example, are highly trained assets for universities and may work within their departments in teaching or research roles. It will therefore be important both for the academic strength of the university and the offer they can make to overseas students that postgraduates will remain able to contribute in this way in the future.
44. Whilst the primary focus of all students whilst at university should be their studies, having the opportunity to work, and to work within their institutions, is highly beneficial both to the student and to the university. Both international and EU students should retain the ability to work in these capacities.

#### What are the broader labour market impacts of students transferring from Tier 4 to Tier 2 including on net-migration and on shortage occupations?

45. International students are currently in the net migration figures, and therefore come under the government's migration target. Tier 2 and Tier 4 are therefore classed the same in terms of the overall numbers, so switching should not have an impact. To make it easier to determine the impact on the jobs market, however, the government could remove students from the overall numbers, and the target, which would lead to more accurate data.
46. The impact on shortage occupations, and on areas of the country with the greatest need for highly skilled or specialised workers, is, however, directly impacted by the nature of the 'switch' from Tier 4 to Tier 2. Currently, an international graduate requires a job offer with a salary of more than £20,800, and for experienced workers this can be far higher. This can be problematic for many sectors of the UK economy (particularly in public services) as well as for a variety of regions across the country.
47. In 2015 MillionPlus and London Economics undertook an analysis of average annual earnings for individuals between 22 and 24 (inclusive) in possession of a first degree and not in full-time education. The findings in the table below highlight that, under this threshold, the only parts of the UK where average salaries are higher for equivalent entrants to the labour market were the South East and East of England (for men), as well as London (for men and women).

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<sup>18</sup> <http://www.hindustantimes.com/world-news/coming-soon-more-curbs-on-uk-student-visa/story-pQcvqgLzIM38ZMXPm2zSPL.html>

<b>SALARY</b>			
REGION	MALE	FEMALE	ALL
North East	£18,600	£17,700	£18,100
North West	£16,700	£17,700	£17,300
Yorkshire	£16,200	£17,800	£17,100
East Midlands	£17,000	£17,300	£17,200
West Midlands	£19,100	£15,700	£16,800
East Anglia	<b>£21,000</b>	£18,900	£19,800
London	<b>£26,100</b>	<b>£21,600</b>	<b>£23,900</b>
South East	<b>£22,100</b>	£18,200	£19,900
South West	£18,200	£18,800	£18,600
Wales	£17,100	£17,400	£17,200
Scotland	£20,600	£17,000	£18,600
Northern Ireland	£17,800	£15,300	£16,400
Total	£20,300	£18,200	£19,200

[http://www.millionplus.ac.uk/documents/Post\\_Study\\_Work\\_Inquiry\\_Dec\\_2015\\_FINAL.pdf](http://www.millionplus.ac.uk/documents/Post_Study_Work_Inquiry_Dec_2015_FINAL.pdf)

48. Although, of course, this analysis cannot capture large variations in salaries across sectors, it does highlight a general issue of regional variation in salary level which means that, under the current system, it is far more likely for businesses, and public services, to benefit from the expertise of international graduates in the South East of England than it is anywhere else in the UK. This therefore has a direct impact on the labour market, and can drive graduates who studied in regions across the country to London, for example, in order to get a job that pays the salary necessary for them to work in the UK.
49. To address the skills gap in areas outside of the South East of England, and to give businesses a wider talent pool from which to recruit, this issue should be addressed, and a policy of post-study work for international students should be developed. Such a policy could only work if it benefitted the whole of the UK, and as such, all universities must have access to it, otherwise it will simply create new cold-spots rather than have a genuine impact on opening up the potential of the entire country.

Whether, and to what extent, migrant students enter the labour market, when they graduate and what types of post-study work do they do?

50. Migrant students entering the labour market undertake a variety of roles, and contribute to the expertise of the UK and add to the UK economy. It is extremely important in a developed economy, such as the UK's, that the talent pool is both wide and deep, and the overseas graduates who leave UK universities can add expertise across all sectors.

## Conclusions

51. International and EU students have an overwhelmingly positive impact on the UK. It is in the best interest of the higher education sector, and the UK economy, that the levels of EU and international students be maintained and then increased, so that the benefits associated with them are themselves increased and spread across the UK.

52. Government policy on the issue of international students has sent mixed messages across the world, and now, more than ever before, it is imperative that the UK is unequivocally clear and positive about the offer it can make to overseas students.
53. All universities benefit from having overseas students, just as all universities create additional benefits, both at home and abroad, due to the investment and links these students bring. The higher education sector is diverse, and its strength comes from that diversity, and policy on overseas students must understand that the greatest benefits can only be achieved by tapping into the potential and skills of all universities and all students.
54. To do so the government should:
- **reform the current visa system of applications for international students, to reduce trade barriers and boost educational exports**
  - **make sure that the UK remains attractive and competitive for EU students, which may include the continuation of some elements of the current relationship**
  - **take international students out of the net migration figures**
  - **re-introduce a post-study work visa scheme**