

International students and immigration

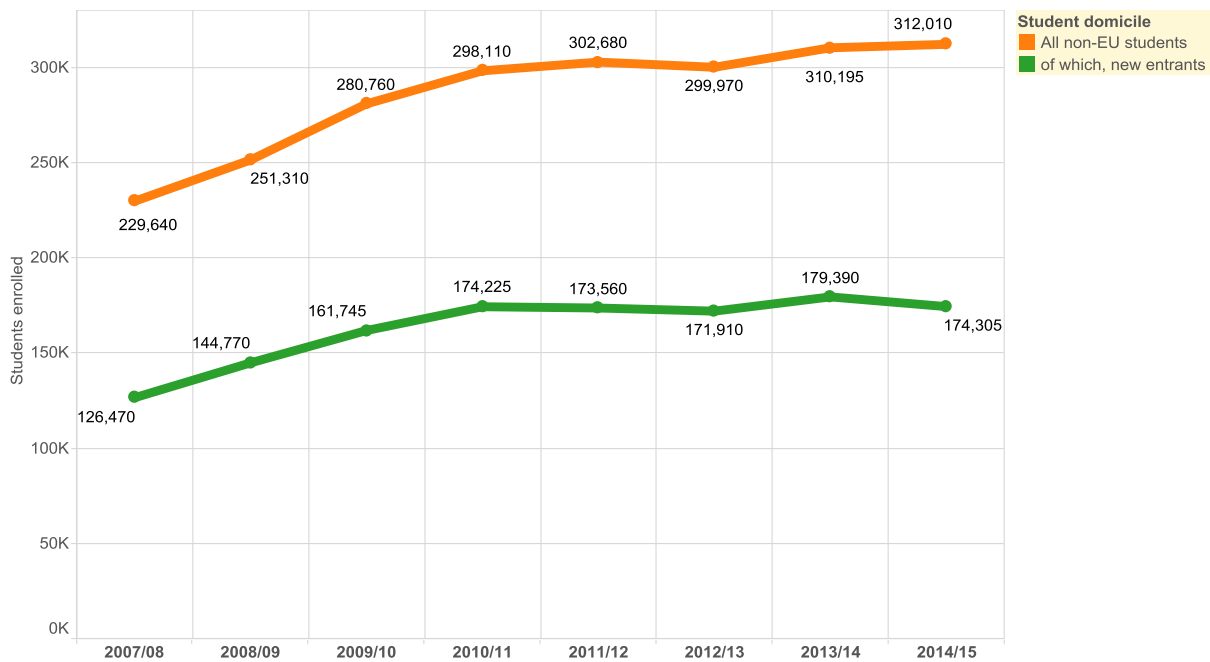
11 November 2016

- UK universities are truly global institutions, and the important economic, societal and cultural benefits of international students should not be underestimated.
- The number of non-EU students studying at UK universities has been stagnant in recent years. This is in spite of rapidly increasing demand worldwide for higher education, something that our competitor countries are taking advantage of and seeing significant increases in numbers as a result.
- Independent research for Universities UK has estimated that in 2011–12 non-EU students made a £7.3 billion contribution to UK GDP (£9.1 billion when EU students are included) and supported 137,000 FTE jobs across the UK (170,000 when EU students are included). We estimate that the non-EU contributions alone will have increased around £9 billion to UK GDP in 2014–15.
- Expenditure by international students on university fees and accommodation amounted to £4.4 billion in the last analysis from Universities UK. £3.8 billion was from non-EU students alone.
- Universities UK welcomed the UK government's commitment to increasing international student numbers in the 2015 Spending Review. The statement called for growth in non-EU student numbers to achieve its £30 billion education export target by 2020.
- However, the policies of the UK in terms of its ambitions for growth are modest compared to our competitors, and our visa regime is also more restrictive. This is particularly true for post-study work opportunities.
- The inclusion of students within the net migration target creates a disincentive to the government supporting growth in international higher education in the UK. Our main competitor countries generally view international students as being temporary migrants.
- New data points to the fact that international students are not visa-overstayers; they come to the UK, study for a period, then the vast majority return home. The government's longstanding argument for counting students in net migration target is the claim that up to 90,000 students a year over-stay, abusing their study visas. [The Times](#) recently referred to an unpublished government report showing that only 1,500 students do not leave each year.
- A [recent poll](#) by for Universities UK by ComRes revealed that international university students are not viewed as immigrants by the majority of the British public and the majority do not want to see numbers reduced.

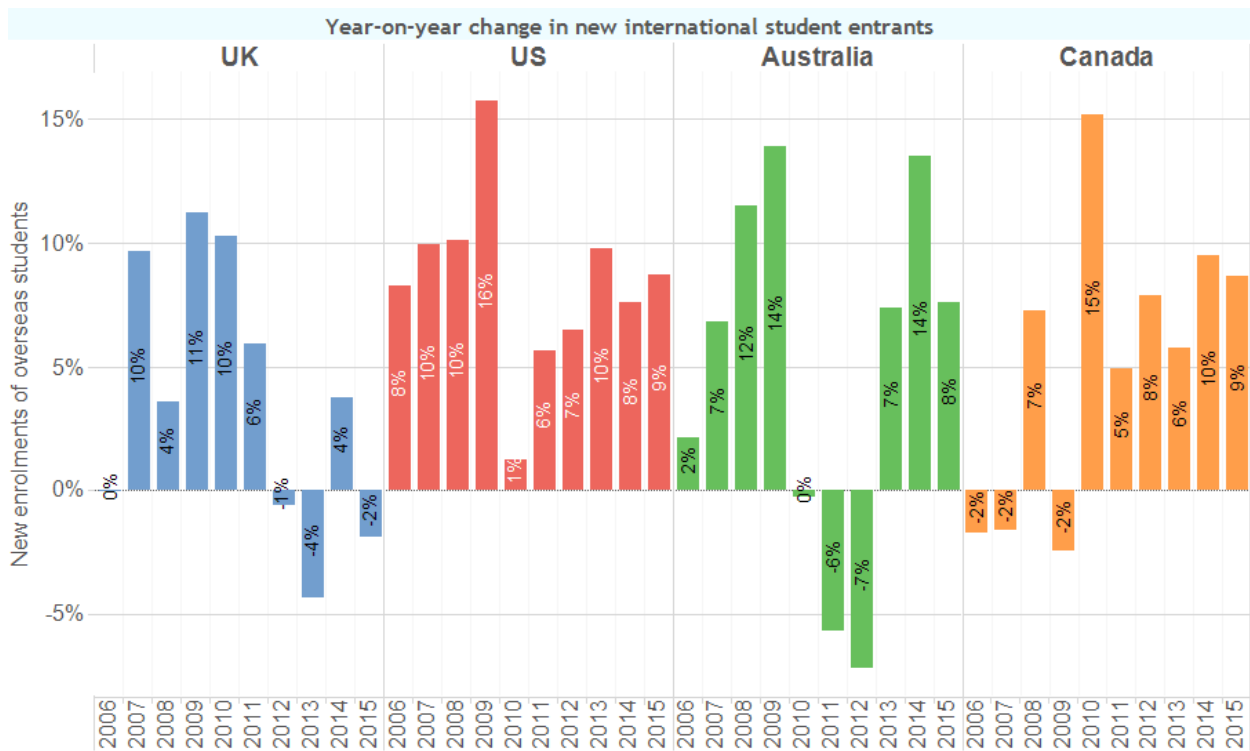
Trends in international student recruitment, UK and competitors

The graph below shows the current trend in recruitment of students from outside the EU to UK universities. While the overall numbers of students enrolled on a course in the UK has increased by 0.6% in the latest year for which information is available (2014-15), the number of new entrants to courses fell by 2.8%.

Figure 1: Non-EU enrolments in UK universities (Source: HESA)



By contrast, our key competitors are showing strong growth in overall student numbers. The USA increased its overall numbers by 9% between 2013–14 and 2014–15 ([Open Door Data](#) from the USA – note this will be updated on 14 November 2016) and Australia by 8% between 2013 and 2014.



Caption
Sources: Institute of International Education, Australian Education International, Statistics Canada, HESA. Notes: UK numbers include EU students. HESA changed their student population count in 2007/08, and the true growth in 2008 is likely to have been higher than 4%. Figures for Canada are for students across all providers (not just HE) and are one year behind (i.e. 2014 = 2013 etc.) and count international students with permits by sign year. 2015 is an estimate. Figures for Australia represent higher education course commencements.

Figure 2: International student numbers in the UK versus major competitor countries

Economic and societal benefits of non-EU students

UUK research suggests that international students have a significant direct impact on the UK's economy. Independent research for Universities UK¹ has estimated that in 2011–12 non-EU students made a £7.3 billion contribution to UK GDP (£9.1 billion when EU students are included) and supported 137,000 FTE jobs across the UK (170,000 when EU students are included). We estimate that the non-EU contributions alone will have increased to a contribution of around £9 billion to UK GDP in 2014–15. The estimated *per capita* expenditure of non-EU students was around £12,400 on fees and accommodation and £11,300 on off-campus expenditure in 2011-12, or a total of £23,700 per student.

Tuition fee income from non-EU students makes up 13% of all income for higher education institutions, and 29% of all tuition fee income even though international students are only 14% of all students.

¹ Universities UK (2014), *The impact of universities on the UK economy*

Analyses have been conducted on the net economic benefit of international students, taking into account the cost of providing services. These analyses include those conducted by Oxford Economics on behalf of the [University of Sheffield](#) and the [University of Exeter](#), and by [London First and PwC](#). All analyses show a very significant net economic benefit associated with international students.

International students provide benefits across the whole of the UK. Independent economic impact research for Universities UK found that in the North West of England— where two of the Opportunity Areas recently announced by the Secretary of State for Education are located (Oldham and Blackpool) – students from outside the EU generated £269m for GDP and supported 4,912 FTE jobs. Nearly all of the money generated (£219m) and jobs supported (4,052 FTE) remained in the North West and benefitted local communities. Similarly, the research found that in the North East of England – the most disadvantaged English region – non-EU students generated £148m of GDP (£106m of which remained in the North East) and supported 2,702 FTE jobs (1,935 of which were in the North East).

More difficult to calculate, but potentially more significant, is the economic, academic and wider societal benefit provided by attracting some of the most ambitious and skilled young people in the world to our universities and our country. International students also enrich our campuses and the experience of UK students, both academically and culturally

Over three-quarters of UK students surveyed by the Higher Education Policy Institute² agreed that studying alongside international students was a useful preparation for working in a global environment, and the same proportion (76%) said it gave them a better world view.

Most international students who leave the UK after study retain professional and/or personal links and networks here that provide long-term, ‘soft power’ benefits for the UK. A study commissioned by the former Department for Business, Innovation and Skills (BIS)³ found that of those former international students they interviewed, 84% retained either personal or professional links and 90% agreed that their perception of the UK had improved as a result of studying here. Those who have studied in the UK have an increased appreciation for, and trust of, the UK, its culture and its population.

A 2015 report by ComRes, *The Soft Power 30. A Global Ranking of Soft Power*, identified education as an important marker of a country’s soft power. The study noted that the ability of a country to attract foreign students, or facilitate exchanges, is a powerful tool of public diplomacy

² HEPI (2015) *What do home students think of studying with international students?*

³ BIS (2012), *Tracking international graduate outcomes*

A HEPI report found that 55 world leaders from 51 countries have studied in the UK, including three at the University of Cambridge and three at the University of Bristol. Having many heads of state spend part of their most formative years learning about and being part of UK culture highlights how the UK's higher education sector is a long-term asset, not just locally but internationally

Public opinion

Universities UK has undertaken an extensive piece of work on public attitudes towards international students, and in particular public attitudes to international students in the context of migration policy and the vote to leave the EU. In general, the public has a positive view of international students coming to the UK and their impact on the economies and towns in which they study.

The majority of the public do not view international students as migrants. This view is remarkably consistent across those who voted to leave the EU and those who voted to remain. The majority of the public would like to see numbers of international students remain the same or grow, with 75% of those who expressed a view saying that they would like to see the same number or more international students in the UK. Over 90% of those who expressed a view also thought that international students should be able to remain in the UK to work for a period of time after they had graduated. These views suggest that the government's targeting of international students to reduce overall net migration is not actually addressing public concerns. More information on the recent polling can be found on [the UUK website](#), including the full polling results.

UK government policy on targets and caps

The Government has published statistics relating to expected growth in non-EU student numbers, and has an 'ambition' relating to education exports as a whole – that they reach £30 billion in value by 2020.

The most recent iteration can be found in the 2015 Autumn Statement document, paragraphs 1.180 and 1.181, which projects growth in non-EU student numbers in English HEIs over the next four years (with current academic year, 2015–16 as the base) of 7.2%, 7.1%, 3.2% and 3.2%.

By comparison, actual number of enrolled students in 2014–15 increased by 0.6% compared to the previous year, and there was a decrease in first-year enrolments. If the government's projections are to be met, a notable change in the trend is required.

Potential for growth

International student numbers around the world are projected to grow significantly in coming years and this affords a significant opportunity to the UK to capitalise on its position.

The numbers of university students seeking a higher education experience outside their home country is expected to grow significantly from 4.1m in 2010 to 8m by 2025 ([OECD](#)). The latest figures we have are UK currently has the second highest share of international students globally (10%), after the United States, which has 19% (2013 OECD). The UK is therefore in a prime position to capitalise on this projected growth.

Competitor countries' policies

A number of competitor countries have ambitious targets to grow student numbers, accompanied by government action to help their higher education sector to achieve this growth. By way of example:

- **Canada:** Double numbers (to 450,000) by 2020
- **Australia:** Increase numbers to 720,000 by 2025
- **Germany:** Increase numbers to 350,000 (from approximately 210,000) by 2020
- **New Zealand:** Double the value of education exports over 15 years
- **China:** Double the number of students to 500,000 by 2020
- **Japan:** Double student numbers to 300,000 by 2020
- **Taiwan:** More than double student numbers to 130,000 by 2020

Post-study work schemes

Many competitor countries are using improvements in post-study work entitlements to attract growing numbers of international students. In the UK the main route for post-study work is Tier 2, a relatively restrictive route which requires new graduates to meet a range of requirements including minimum salary thresholds in order to obtain a visa. They also have a very limited time in which to receive a job offer after their studies finish (four months for most graduating students).

In comparison, our competitors offer the following:

- **USA:** Allows students to apply for Optional Practical Training visa of 12 months, or 36 months for STEM graduates, before graduation and in advance of a specific job offer.
- **Canada:** Allows students to remain in the country for the same duration as their length of study, not conditional on a specific job offer
- **New Zealand:** allows for a 12 month 'job search' period after the conclusion of studies
- **Australia:** allows for a Post Study Work Stream of visa, which allows graduates to remain in the country for between 2 and 4 years (depending on the level of their qualification).

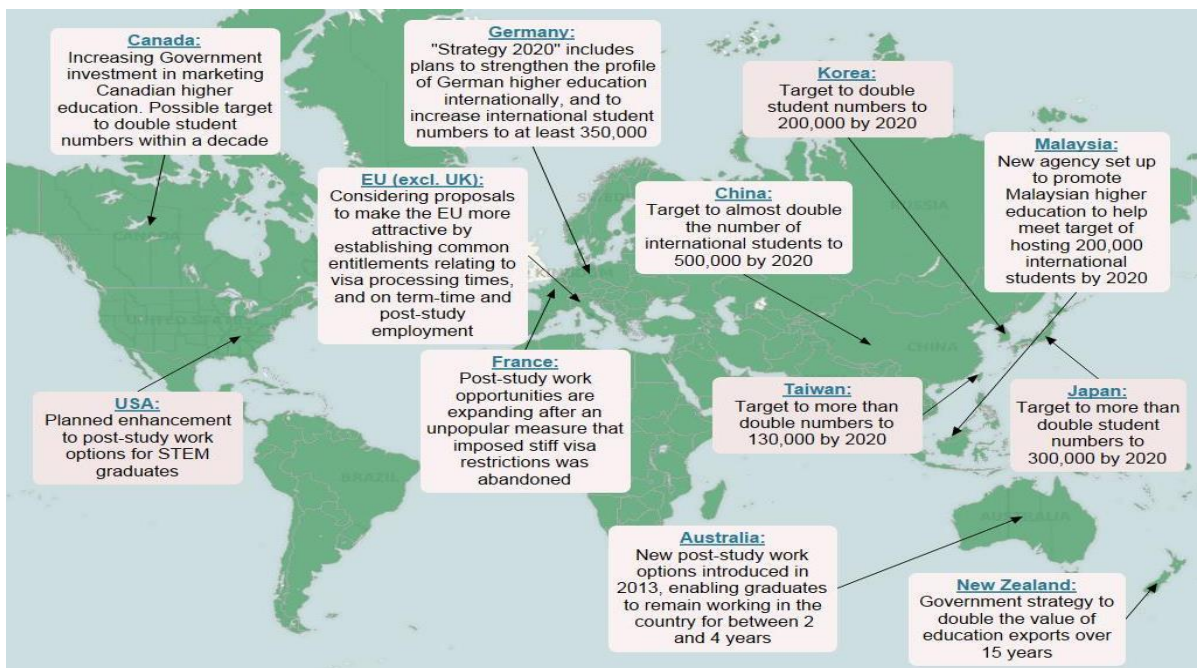


Figure 3: International student policies and strategies in competitor countries

Inclusion in net migration target

Students coming to the UK for more than a year are included in the government's net migration target. The government aims to cut net migration to below 100,000 per year (it is currently 327,000 – August 2016). The main source for calculating net migration is the International Passenger Survey (IPS) which is based on a small sample, and is increasingly seen as unreliable.

Universities UK does not think that the data derived from the IPS about the ultimate contribution to net migration of those first entering the country on student visas is accurate. The IPS was never intended for the purpose of estimating disaggregated flows of migration, and the UK Statistics Authority, the Public Administration Select Committee and others have criticised its reliability for this purpose.

The IPS also suggests that there is a considerable gap between the numbers of international students recorded as entering the UK and former students recorded as departing. This has been up to 90,000 per year. This has been used as some to indicate that there is a significant problem with international students overstaying their visas. However, recent reports in *The Times*⁴ have suggested that the actual figure of students who overstay following graduation is closer to 1,500 (or just 1% of all international students). This figure has seemingly been obtained using data from the exit checks implemented at UK borders in April 2015.

Universities UK argues that students should not be included in the net migration target as they are in the UK temporarily whilst they study (the student visa provides no route to settlement, and time spent on a student visa does not count towards residence requirements for settlement).

Other countries recognize the temporary nature of international students. In the US international students are not included in the permanent immigration statistics produced by the Department of Homeland Security. Similarly, in Canada and Australia they are categorised as temporary or non-permanent residents.

Contribution to net migration

As highlighted above, the introduction of exit checks provides an opportunity to assess the extent to which students contribute to net migration. Recent media coverage suggests that unpublished data suggests that student overstaying is minimal. There is also other evidence in this area.

The Home Office has published a series of longitudinal studies ('The Migrant Journey') which identify the proportions of different categories of migrant who retain leave to remain, or who have been granted settlement, in the UK.

The latest of these studies ([available here](#)), published in February 2016, suggests that 15% of those who entered on student visas in 2009 had leave to remain five years on and 1% had a right to settlement in the UK.

This cohort would have been subject to changes in post-study work rights introduced since 2010, but would have entered the UK before any of the reforms introduced by the Coalition and Conservative Governments.

It is likely that the majority of those who remain in the UK after five years do so as a result of extensions to study visas. The number of 'switchers' from Tier 4 to visa categories which provide a route to settlement remains low. In 2014, the number of extensions to leave to remain granted to those whose previous visa was a study visa was 75,000. 63,000 of those extensions were for a further study visa, 7,000 for work and 4,000 for family visas.

⁴ *The Times*, '[Ministers hide report on student numbers](#)', 13 October 2016 (paywall)

The above figures look only at those who have the legal right to remain in the UK, and not those who have stayed illegally. Home Office research from 2010 (prior to a number of attempts to tighten the student visa system) also suggested that there is an 'upper bound' of 2% non-compliance amongst students sponsored by universities ([report available here](#)).

What are universities already doing on visa compliance?

Universities are already taking a responsible approach to ensuring students are aware of, and able to meet, the terms of their student visa, including an awareness that they must depart the UK on expiration of their visa (or obtain new leave to remain). Universities provide information, advice and guidance to non-EU students throughout their studies and there is a wealth of good practice in this area which could be extended into a sector-wide approach.

There are many steps which universities are already taking in assisting Tier 4 students to meet their visa responsibilities. Some examples of these measures include:

- Thorough and comprehensive recruitment processes to ensure that the student is 'genuine' before a Confirmation of Acceptance for Studies (CAS) is issued.
- Reminding students of their obligations to comply with the terms of their visa at the time the CAS is issued.
- Highlighting immigration responsibilities to students when they start their course and at re-registration every year, where applicable.
- Targeted information sessions to be aimed at all non-EU students to remind them of their visa obligations and any updates to their visa conditions.
- Attendance monitoring throughout their studies to ensure they are observing the conditions of their visa (on the assumption that students who tend to observe attendance and other requirements are less likely to overstay) with tough action taken should they fail to do so (which could include withdrawal of sponsorship in serious cases).
- Careers sessions for non-EU students with information provided about post-study work options available and the requirement to comply with their visa terms. This would include a reminder of their duty to leave the UK on expiration of their current visa should employment not be secured within the time granted at the end of the course.
- Auto-generated emails reminding students that their visa is due to expire and that their sponsorship will come to an end on xxx date, should they not have switched to another visa route or extended their student leave.

- Furthermore, prospective students are already assessed during credibility interviews and universities are judged on their enrolment rates and course completion rates. These measures provide further assurances that students are genuinely coming to study (and less likely to overstay).

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