

Growing the UK's global share of international students

The total net economic impact associated with the 100,000 non-UK domiciled students who started courses at Russell Group universities in 2015/16 is £8.82 billion.¹ Across all higher education institutions, each cohort of international students generates a net impact of around £20 billion during their studies² and, for those who stay in the UK to work, around £3 billion after graduation.³

The economic and social value of international students was highlighted by the Migration Advisory Committee in its recent report,⁴ which cited evidence of their significant contribution to the economy, local communities, UK research and the education of domestic students.

There is also a growing appreciation of the soft power advantages that international students help deliver and their importance for the UK's trade and export ambitions. International graduates are also contributing to the UK's knowledge economy, filling roles in sectors where the UK is experiencing skills shortages.⁵

In recognition of this, international students have been placed at the heart of the Government's new International Education Strategy, which aims to increase the value of the UK's education exports to £35 billion a year (up from £20 billion in 2016), and to increase the number of international higher education students hosted in the UK to 600,000 a year (up from 460,000 in 2017/18), both by 2030.⁶

Given that evidence from the British Council has shown a strong positive relationship between the strength of a country's national policy support for international students and its inbound student flows,⁷ it will be important for the UK to ensure its policies can support growth of international student numbers by providing a globally competitive offer. The following should be considered as a priority:

- A post-study work route that allows graduates to stay for at least 2-years after their studies and brings the UK's offer in line with competitors abroad. This would help attract international students, enable more companies to benefit from skilled graduates and support the growth of entrepreneurial talent in the UK.
- Setting any salary threshold for the skilled worker visa for new entrants no higher than £19,500 to enable all regions to employ male and female international graduates.
- Ensuring a welcoming message to prospective students abroad. This should include better communication of the UK's education offer and visa information. The new International Education Champion should work across government to coordinate this activity.
- Streamlining the visa application process for all students to support diversity and improve student experience of the UK visa system.
- Reforming immigration sponsorship to reduce administrative burden on sponsors and the Home Office. The Home Office and UKVI should work closely with sponsors to identify ways in which meaningful and impactful reform can be delivered.

¹ London Economics, [The economic impact of Russell Group universities](#), October 2017

² London Economics, [The costs and benefits of international students by parliamentary constituency](#), January 2018

³ London Economics, March 2019, [The UK's tax revenues from international students post-graduation](#), a report for HEPI and Kaplan International Pathways

⁴ Migration Advisory Committee, [Impact of international students in the UK](#), September 2018

⁵ London Economics, March 2019, [The UK's tax revenues from international students post-graduation](#), a report for HEPI and Kaplan International Pathways

⁶ Department for Education and Department for International Trade, [International Education Strategy: global potential, global growth](#), March 2019

⁷ British Council, [The Shape of Global Higher Education: International comparisons with Europe](#), May 2019.

The UK's post-study work offer

Unfortunately, as concluded by the Migration Advisory Committee, the UK's post-study work (PSW) options are less generous than those offered by a number of key competitors (see Appendix). This is a concern given we know PSW opportunities are important to prospective students. For example, a recent survey of 23,500 prospective international students found that if the UK's PSW offer were extended to 12 months, 77% of prospective students would be more likely to consider studying in the UK.⁸

The ability to gain work experience during a period of post-study work is important for many reasons:

- International students may be aiming to stay and work in the UK long term, contributing to our skilled workforce and, in the case of those pursuing academic roles, helping to educate and train the next generation. In this case they will often need the opportunity to gain work experience in order to secure an entry level position with a company that is willing to sponsor them.
- International students may want to secure a permanent job in their home country or elsewhere. Their UK degree will be attractive, but employers may also want the student to have gained experience working in the UK. This work experience alongside their degree increases the employability of the graduate and their chances of future success.
- International students may want to gain a deeper understanding of UK culture, including the UK workplace, than their degree course afforded through time, location or environmental constraints. This understanding is important for the soft-power potential of these graduates and the UK's bilateral relationships overseas.

Not only will a competitive post-study work offer attract international students to study here, but it will also increase their employability and soft-power potential as graduates; benefitting the UK's reputation and influence globally.

Although many international students aim to gain work experience in the UK after graduation, qualifying for a Tier 2 visa can be challenging for a number of reasons: new entrant salary thresholds can be difficult to achieve; the pool of employers that have sufficient resource to sponsor under Tier 2 can be a barrier to gaining employment; and the timing of job applications and securing Tier 2 sponsorship can be problematic, especially for masters students. These difficulties have meant that since the PSW visa closed in April 2012, the number of international students switching into work routes after their studies has decreased by 87% to only around 6,000 students per year.⁹

UK companies will have lost out on international graduate talent as a result and the UK is also likely to have lost many budding entrepreneurs. A recent report from The Entrepreneurs Network found that many of the entrepreneurs in the Top 100 moved to the UK to study¹⁰ and cited evidence from the US showing that more than half of all foreign-born founders of high-growth technology and engineering companies initially moved to the US to study. In many cases, they needed time to settle down, build contacts, and identify business opportunities; typically founding their company 13 years after immigrating.

An offer enabling international graduates to stay and gain work experience for at least two years after their studies would help attract international students, enable more companies to benefit from skilled graduates and support the growth of entrepreneurial talent in the UK.

As part of this offer, Government should ensure that:

- this route is open to any graduate who has, in the last 12-months, been awarded a bachelor's degree, a postgraduate degree, a Postgraduate Certificate in Education (PGCE), a Professional Graduate Diploma of Education (PGDE) or a Higher National Diploma (HND);
- applicants can apply to this route from abroad or switch directly from their Tier 4 visa from within the UK;

⁸ QS, [UK international Student Survey 2019](#)

⁹ Percentage change from 2011-2017 in grants of an extension to stay for 'work' where the applicant was previously in 'study' category. calculated from: Home Office, Immigration Statistics: extensions of stay: [extensions Sep 2018 table, expc_01_w](#)

¹⁰ Sam Dumitriu and Amelia Stewart, [Job Creators The Immigrant Founders of Britain's Fastest Growing Businesses](#), July 2019.

- there are no restrictions on the type of employment a graduate can undertake during the PSW period, or the skill or salary level of the role;
- graduates can move freely between employers and are allowed periods of unemployment;
- no additional burden is placed on universities, by ensuring Tier 4 sponsor responsibilities end when the student completes their course;
- any fee charged for this route is reasonable, proportionate and internationally competitive;
- companies employing graduates on this route are exempt from the Immigration Skills Charge;
- individuals on this route can easily switch to the skilled worker route from within the UK and that when they do so:
 - they will be eligible for the 'new entrant' salary threshold;
 - their employer will not be obliged to pay the Immigration Skills Charge.

Switching into skilled work

Estimates suggest that each international graduate generates between £104,000 and £108,000 for the UK exchequer through income tax, National Insurance contributions and VAT contributions. The total post-graduation contribution of the 2016/17 cohort of international students is expected to be over £3 billion.¹¹ This study also suggests that, rather than displacing domestic graduates, international graduates are filling roles in sectors where the UK is experiencing skills shortages such as the information and communications sector and the professional, scientific and technology sector.

In addition to providing a better post-study work offer, there are additional policy measures that would help international students transition to skilled work and ensure the UK can retain talented graduates that will contribute to UK skills and the economy:

- New entrant salary thresholds can be difficult to achieve especially in regions outside London and for female graduates¹². **Lowering the threshold from £20,800 to no more than £19,500 would help graduates of both genders and in all regions of the UK to transition to a skilled work visa.**
- Currently, a graduate can only be employed at the new entrant rate for three years before they are required to meet the experienced worker salary threshold. It can be difficult for a graduate to achieve the pay rise necessary over this time period. For example, graduates entering employment as higher education teaching professionals, at the new entrant rate of £26,500 would need to a pay rise of 25% over 3 years in order to qualify for a visa extension at the experienced rate.¹³ **To ensure the UK is able to retain skilled graduates as they progress at the early stages of their career, Government should work with employers to ensure that if there is a significant difference between the new entrant and experienced worker salary rates, the time given to transition between these is realistic and achievable.**
- Many SMEs and companies outside of London do not have sufficient resource to sponsor under Tier 2, reducing the pool of potential employers for graduates.¹⁴ **Easing the burden of sponsorship and providing companies with better information on how they can go about employing international graduates (or indeed, a student whilst they're studying), would help increase the access of SMEs across the UK to international graduate talent.**

Welcoming international students

In a recent survey by QS, the most important factor for prospective students when choosing a country to study in was that the country was seen to be welcoming to international students.¹⁵ In publishing its

¹¹ London Economics, [The UK's tax revenues from international students post-graduation](#), March 2019

¹² Analysis of HESA data by UUK using the Destination of Leavers of Higher Education survey 2015-16 on the average salary of UK/other EU domiciled first degree graduates 6 months after employment by sex and region. These data show that the average salaries for graduates in the North West, Yorkshire and the Humber, the East Midlands, the South West, Wales and Northern Ireland are below the £20,800 Tier 2 new entrant salary threshold. The average female graduate starting salary only meets the required threshold in London, the South East, and Scotland. Graduates of both sexes and in all regions would meet a salary threshold of £19,500.

¹³ Home Office, Tier 2 Policy Guidance, [Addendum – Changes to appropriate rates \(Appendix J\)](#), March 2019. SOC code 2311, Higher education teaching professionals, new entrant rate: £26,500, experienced rate: £33,000.

¹⁴ Our analysis of Tier 2 sponsors (their registered offices) shows these are concentrated in London and the South East. Data was mapped from an excel file provided by the Home Office on 10th November 2017 in response to an FOI request:

https://www.whatdotheyknow.com/request/latest_register_of_tier_2_sponsor

¹⁵ QS, [UK international Student Survey 2019](#)

International Education Strategy, the Government sent out an important signal to the world of its ambition to grow its share of globally mobile students in what is an increasingly competitive market. It will now be important for the UK to amplify this message to ensure the strategy is well understood across key markets and that it serves to promote a welcoming message to prospective international students abroad.

Departments across government should work together, and with the British Council, to review the different ways in which students abroad receive information about UK education and visas and ensure that messaging within these communications is clear, welcoming and helpful. This should include better marketing of the UK's post-study work offer and Tier 4 to Tier 2 switching benefits.

The new International Education Champion should look to coordinate activities to improve UK communications to prospective international students. The Champion should also work with stakeholders in key markets to ensure they have the necessary information and materials to communicate information effectively about UK education and visa policy within their jurisdiction.

Improving the international student experience of the visa system

The Tier 4 visa application process is complex and can act as a barrier to prospective students considering the UK as a study destination. In its recent report the Migration Advisory Committee pointed to measures taken by competitor countries to streamline visa applications and recommended that it “would be better to loosen visa requirements and regulations as much as possible” in the UK.

We support the Home Office's intention to build on the Settlement Scheme approach and streamline the future immigration system for applicants. This should include a new approach to student visa applications to improve student experience and generate a welcoming image of the UK. To do so, we recommend the following actions:

Application

- ease the bureaucratic process for applicants, removing duplication of providing information and applying Appendix H¹⁶ provisions to all students
- phase out credibility interviews to use them only in exceptional circumstances
- ensure visa costs are proportionate and internationally competitive
- allow short-term study under the visitor route; removing the need for the short-term study visa

Registration

- eliminate police registration
- phase out the use of Biometric Residence Permits (BRPs) (students should retain the right to obtain physical evidence of their leave from the Home Office if they so wish)

Ongoing experience

- ensure any attendance monitoring requirements are proportionate and do not encourage the differential treatment of international students on campus
- allow for in-country visa applications in all cases of course change and transition to work and ensure any services delivered by contractors for in-country processing are effective.
- exclude agreed periods of leave due to personal circumstance from visa time limits

Reducing the administrative burden

Tier 4 compliance represents a significant resource burden to our institutions. Recent analysis carried out by EY found that Russell Group universities spent around £17 million on supporting immigration applications for students during the academic year 2017/18. This was an average of £712k per institution.

EY further estimated that with EEA nationals being included in the UK's immigration system from January 2021, by the end of 2022, student sponsorship costs for Russell Group universities could increase by 21% from their current level, to an average of £860k per university and a total of £21m across all 24 Russell Group universities.¹⁷

¹⁶ [Appendix H](#) of the immigration rules specifies the list of countries whereby if a Tier 4 student is a national of one of these then they are subject to different, lighter-touch documentary requirements when submitting their visa application.

¹⁷ EY, [Challenges and costs of the UK immigration system for Russell Group universities](#), March 2019

From interviews and surveys with Russell Group universities, EY found that several parts of UKVI's sponsorship and visa application process are seen as inefficient and/or failing to add value either because of failures in the system (such as frequent UKVI errors) or as an inherent part of an outdated system (such as police registration). Dedicating resources to managing these activities represents a significant cost for Russell Group universities. The most challenging and burdensome features of the current system cited were:

- UKVI errors (including those associated with issuing BRPs)
- Assessing academic progression and/or study time limits
- UKVI processing times not meeting service standards and causing delays
- The complexity of the immigration system, for employers and/or applicants
- Police registration
- Attendance monitoring
- The Academic Technology Approval System (ATAS)
- Refusals of Tier 4 visa applications
- Lost or Stolen BRPs and the replacement process
- Using the Sponsor Management System
- Handling BRPs
- The new in-country application process, managed by Sopra Steria

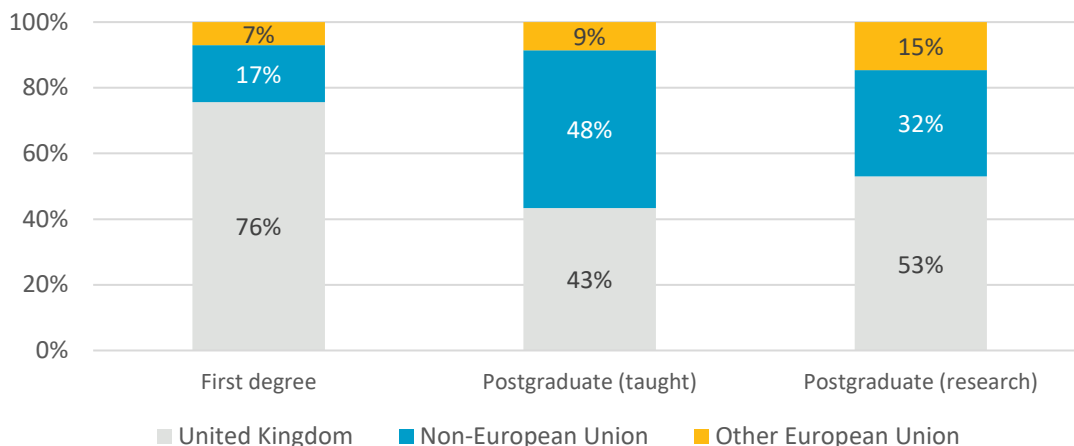
We welcome the Government's commitment to reform the sponsorship system and adopt a lighter-touch, risk-based approach. Addressing the areas outlined above should be included in this reform. Doing so would lead to efficiency savings for the Home Office as well as Tier 4 sponsors. For example, Russell Group universities currently dedicate significant resource to receiving, sorting and distributing BRPs to students. Across the 24 Russell Group universities, EY estimated that handling BRPs costs a total of £747k per year. These figures do not include other costs associated with BRPs, which often necessitate additional work when they are lost or are printed incorrectly.

The Home Office and UKVI will need to work closely with sponsors to identify ways in which meaningful and impactful sponsorship reform can be delivered.

Data on International students at Russell Group universities

There are 200,000 international students (non-UK EU and non-EU nationals) studying at Russell Group universities. Students domiciled overseas make up 30% of the overall Russell Group student population. Graph 1 shows that the proportion of first-year students domiciled overseas at our universities is higher on postgraduate taught and postgraduate research courses than first-degree courses.

Graph 1: First-year students at Russell Group universities by level of study (2017-18)



Some courses have a higher than average proportion of international students, including those disciplines which will be crucial to tackle the Grand Challenges identified in the Government's Industrial Strategy (table 1). It is therefore in the UK's interest to encourage and enable these international students to contribute to the UK workforce as graduates to help deliver the strategy.

Table 1 - Proportion of non-UK students at Russell Group universities in key disciplines (2017/18 HESA data)

Subject	% non-UK students ¹⁸	Grand challenge/s relevance
Mathematical sciences	39%	Clean growth, AI and data, Future of mobility, Ageing society
Engineering and technology	57%	Clean growth, AI and data, Future of mobility, Ageing society
Agriculture and related	34%	Clean growth
Physical sciences	28%	Clean growth, AI and data, Future of mobility, Ageing society
Medicine and dentistry	21%	Ageing society
Biological sciences	24%	Clean growth, Ageing society
Architecture and planning	58%	Ageing society
Business and administration	73%	AI and data, Future of mobility
Computer sciences	51%	AI and data, Future of mobility, Clean growth
Law	49%	Clean growth, AI and data, Future of mobility, Ageing society
Social studies	41%	Ageing society, AI and data, Future of mobility

The number of international students at Russell Group universities has more than doubled in the past ten years, but year-on-year growth has varied, peaking at 14% in 2009/10 and falling to 3% in 2012/13.¹⁹ Year-on-year growth between 2012/13 and 2016/17 was 5.4%. Growth in international students accelerated across the sector in 2017/18. At Russell Group universities there was 9% increase in the number of international first-year students. Increases were seen at all levels of study with the most significant growth in international postgraduate taught students (12%).

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¹⁸ As a proportion of all first-year students, all level of study.

¹⁹ following the closure of the post-study work visa route in April 2012, which was first announced for closure in March 2011.

Appendix

Table 1: International comparison of post-study work (PSW) offers

Country	Duration of post-study work	Cost?	Job offer required?	Unemployment allowed?	Min salary or job restrictions?	Sponsorship arrangements	Extension options	Potential policy changes and recent news reports
UK – Tier 4 (general)	4 months - if course is >12 months 2 months - if courses >6 months 6 months - masters on Tier 4 pilot	None	No	Yes	No	Responsibility lies with Tier 4 sponsor	In country switching to Tier 2	White Paper: 6 months – Bachelors & Masters 12 months – PhD Allow switch into the skilled work < 3 months before course ends and from outside of the UK for 2 years after graduation
Australia – Temporary graduate visa (485) PSW	2 years - UG and taught masters 3 years - research masters 4 years - PhD	AUD1,650	No	Yes	No	None	Switch to other skilled work visa	
USA – F-1 Optional Practical Training (OPT)	12 months (with any time spent working during degree reduced from this total)	\$410	No	90 days allowed	Job must be related to field of study	Oversight by university (monthly reporting)	24-month extension for STEM students H1B visa (sponsored work)	Processing of OPT applications have been significantly delayed in 2019 (from a typical 60-90 days to up 5month)
New Zealand – PSW visa	3 years	NZD \$495	No	Yes	No	None	May be able to apply for residence through the Skilled Migrant Category	
Canada – Post-Graduation Work Permit Program	3 years if course was >2 years Duration coincides with length of course if this was >8 months and <2 years	C\$255	No	Yes	No	None	Federal Skilled Worker Program (PB selection, applicants earn adaptability points for previous study and work in Canada)	Application rules were relaxed in March 2019 to allow more time to apply and ability to do so from outside of Canada.