

Submission to the Migration Advisory Committee's Inquiry into International Students

We are writing on behalf of the UK Council for International Student Affairs, the UK's national advisory body serving the interests of international students and those who work with them.

Our membership includes every university in the UK, the majority of publicly funded further education colleges which are active internationally, a number of independent schools and colleges and a range of specialist bodies.

The Chair of UKCISA's Board of Trustees is Prof Koen Lamberts (Vice Chancellor of the University of York) and its President is Lord Karan Bilimoria.

We make a number of **key points**:

1. Fee income from international students is a significant proportion of total income for a large number of higher education institutions (HEIs) in the UK with half of them earning at least 10% of their income from non EU students.
2. Any significant reduction in full fee paying international students would therefore have very substantial consequences for the whole of the UK's higher education sector, for UK students and for the range of provision in cities large and small around the country.
3. There is extensive and widely accepted research and evidence available (see annex) to demonstrate not only the gross income and economic value of international students but also the substantial net benefit having taken both income and costs into account.
4. The latest analysis by HEPI and London Economics is a conservative estimate, as they note, as it does not take into account income from independent schools, English language or further education colleges (i.e. pre-HE); nor the economic benefit derived from those international students who stay on and work (and pay taxes) in the UK after their studies.
5. Any analysis of value (and economic and/or competitive advantage) must recognise that schools, FE, 'pathway' colleges and HE are inter-dependent with lower levels acting as a 'pipeline into HE' – and that any new immigration system must therefore enable not just 'the brightest and the best' to be recruited direct to universities but also all those who need some level of preliminary or foundation course first.

6. The economy and the sector has suffered as a result of, amongst other things, the reduction in the number of international students at further education colleges over the last 5 years (from 80,000 to c 10,000); a case study (see section 3 of annex) demonstrates the impact and inability to recruit alternative (UK) students and has wider implications for others.
7. Over and above economic value multiple studies conclude that international students bring other significant but less quantifiable benefits – sustaining strategically important courses; expanding the global horizons and skill sets of UK students; and contributing to global diplomatic and commercial links.
8. We note in particular that the countries which send most international students to the UK are precisely those who currently are, or are likely to be in the near future, amongst the UK's most significant trading partners (China, the USA, India and then multiple countries in the EU).
9. Enabling graduates to stay on and work in the UK for a limited period makes the UK more competitive internationally, benefits both them and their UK employers and 75% of the public believe they should be allowed to do so.
10. The UUK/British Future's report (2014) also shows that only 22% of those surveyed thought international students should be categorised as migrants. No-one thinks they should be excluded from the statistics but, given their net benefits, they should be excluded from the net migration target.
11. Those institutions which are currently licensed as Tier 4 Sponsors are (now) highly compliant as measured by audits and inspections (and minimal average visa refusal rates although not all accept that as an equitable and reliable measure) and 95% of student applicants now successfully receive their visas.
12. There is therefore (if there ever was) no longer any justification for the **£70m annually** which the HE sector (by itself) is currently having to invest in monitoring and compliance systems in an area of immigration control which is now recognised as being low risk but extremely high value. And there is now a strong case (and opportunity) to rationalise and simplify Tier 4 rules and processes quite radically – alongside any new system for EU students – to ensure a more welcoming, proportionate and cost-effective approach.

The attached **annex** provides the supporting evidence and an indicative case study.

Further information and enquiries

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1. Background sources showing UK income/export earnings

DfE paper on economic value,

- Total fee income from non-EU students in higher education at **£4 billion** plus an additional **£4.55 billion** on living costs.
- Total fee income from EU students in higher education of **£630 million** and living costs of **£1.7 billion**
- Plus **£1.8 billion** of income from students in English language schools and colleges, **£800 million** from international students in independent schools and **£360 million** from (non-EU) international students in further education colleges
- Giving a **total income from international students** (both EU and non-EU) at all levels of just under **£14 billion**.

UUK analysis of economic output

- International students paid an estimated **£4.8 billion** in tuition fees to UK universities. This accounts for over 14% of total university income. Some 88% – £4.2 billion – of this fee income was paid by students from outside the EU.
 - As well as university fees and accommodation, international students spent **£5.4 billion** off-campus on goods and services.
 - Spending by international students supported **206,600** jobs all over the UK.
 - Visitors to international students in the UK spent an estimated **£520 million** – benefitting in particular the transport, hotels, hospitality, cultural, recreational and sports attraction sectors – generating an estimated knock-on impact of **£1 billion** in gross output.
 - Taking their university payments, off-campus spending, and the spending of their visitors together, international students generated **£25.8 billion** in gross output.
 - International students were responsible for **£10.8 billion** of UK export earnings

Russell Group

- The total export income generated for the UK economy as a result of the 99,870 non-UK domiciled first-year students who attended a Russell Group university in 2015-16 was estimated to be approximately **£4.81 billion**.
 - Approximately £4.03 billion of the total export income was generated by non-EU students, while the remaining £0.78 billion was generated by students from the EU.
 - The analysis indicates that every **7 non-UK students** undertaking an undergraduate degree at a Russell Group university **generate £1 million** of impact to the UK economy.

HEPI/London Economics

- Latest and most comprehensive assessment ever undertaken of both international student income and costs shows **net impact of £20.3 billion**.
- Net impact of each EU student estimated at £65,000 and **each non EU student £95,000**.

London

- Key finding: International students studying at London universities directly contributed **£3 billion** to the UK economy in 2013-14 and supported over **37,000 jobs**.

Wales

- International students and their visitors spent **£487m** in 2015/16 (equivalent to 3.7% of all Welsh exports).
- The spending of international students and their visitors generated over **6,850 full-time equivalent jobs in Wales** (including 1,598 jobs in areas which did not have a university presence).
- One Welsh job was created for every 3 non-EU students and for every 6 EU students in Wales.

Scotland

- A 2013 estimate of £337m every year in fees and £441m in off-campus expenditure (2014/15 update apparently shows **£444m for fees and £488m for other expenditure**).

Sheffield

- First research by a university to evaluate both the financial contribution and the costs of international students, concluding that there were **net benefits to the city's economy of £120 million**, and to the **wider region of up to £176 million**.
- The data highlights that **8.9 per cent of international students** go on to boost local labour supplies by utilising their skills directly in Yorkshire and Humberside. This impact is felt outside the city too, with an additional 10.7 per cent employed in the rest of the UK, supporting the national workforce with fresh skills and talent.

Birmingham

- Recent study shows that international students at the University of Birmingham brought **£160m** to the local economy of the West Midlands.
- Each 8 additional undergraduate students would bring an additional £1m to the local economy.

Exeter

- Oxford Economics report (2012) shows that international students studying at the University of Exeter contributed **£88.8 million** to the city's GDP and supported over 2,800 jobs or 2.8% of all jobs in the city.

Leicester

- Recent study of the 2016-17 cohort at De Montfort University concluded that international students were worth some **£58m** to the Leicester economy.

2. Background sources showing wider evidence of value and impact (extracts and quotations).

- [**D/BIS International Education: Global Growth and Prosperity: An Accompanying Analytical Review \(2013\)**](#)

'Fee income from non-EU students studying in the UK is a **significant proportion of total income** for a large number of HEIs. In 2011/12, fee income from non-EU students accounted for more than 20% of total income at 13 HEIs and between 10% and 20% for a further 68 HEIs¹⁰⁵ – together this means that half of all publicly-funded HEIs in the UK earn more than 10% of their income from non-EU students.

International students also **stimulate demand for courses** where domestic demand alone can be insufficient to sustain them, thus ensuring that a wider range of courses are available for all students and some strategically important courses remain viable. For example, for taught postgraduate courses in 2011/12, non-UK students made up 84% of new entrants in electronic and electrical engineering, 76% in production and manufacturing engineering and 67% in computer science.

International students in the UK bring **diversity to the education sector, helping to provide an international dimension that benefits all students.** Engagement in international education, both in the UK and via TNE, **enhances the reputation and brand recognition of UK institutions and helps project the UK's soft power.**

The **ability to work in the country of study after graduation is also known to be one of the most significant factors in the decision** about where to study. In a survey by UUK in 2011, 56% of respondents cited the possibility of getting post-study work experience as a factor they considered when applying to the UK. Similarly, in a survey by the NUS, the opportunity to work in the UK after studying was the third most important reason for choosing the UK, with 57% of respondents identifying this within their top five reasons. 90% of the respondents to this survey hoped to work in the UK for at least some time after graduating.

The findings of a survey by the UK Council for International Student Affairs (UKCISA) highlight that, out of the recent changes to visa rules, the abolition of the post-study work route had had the greatest negative impact on students' decisions to study in the UK.'

- [IPPR report: Britain wants you \(2013\)](#)

'International students are a considerable financial asset to the UK. Typically they are young, healthy, highly skilled and have no dependents – and given these characteristics, their net fiscal impact is likely to be positive (Poppleton et al 2013).'

'Student migration also leads to indirect benefits to the UK's national economy. A recent study by the British Council found a **strong correlation between student and trade flows**: in some countries, such as Canada, Japan, China, South Korea and India, the correlation is above 70 per cent. Further British Council research found that young people in emerging economies who have learned English or have **studied for UK qualifications are more likely to be interested in doing business with the UK than those who have not**. International students who have studied in UK universities are also **more likely to have a higher level of trust in British people.**'

'Further education colleges interviewed by **BIS estimated that Tier 4 students will spend approximately twice the value of their tuition fees on subsistence in their local area**. This may include spending on college-owned accommodation, rent to local host families, and spending at local shops (BIS 2013).'

'Education institutions play a particularly valuable role in injecting cash into otherwise deprived regions where few other export industries operate. For example, research by Universities UK (Kelly et al 2010) found that in the north east of England the total revenue from higher education was £967 million in 2007/08. International revenue amounted to nearly £123 million which, combined with the estimated off-campus expenditure of international students (£111 million), represented a total of £234 million in export earnings. Universities in the region provided 13,715 full-time equivalent jobs across a range of occupations.'

'A survey of higher education providers found that the median annual cost of Tier 4 compliance was £312,366 per institution, and the mean was £357,948. The annual cost per Tier 4 student varied widely – between £46 and £2,392 – across the responding higher education providers. **Extrapolating the overall annual costs for the whole higher education sector, the cost of Tier 4 compliance in the academic year 2012/13 is projected to be in the region of £66,800,910**. Many higher education providers reported that they had to develop reactive policies and procedures in a **haphazard, incremental way due to frequent policy changes**, rather than being able to proactively plan more efficient procedures (HEBRG 2013).'

'International students also affect the learning experience of students in this sector. **Over half of further education colleges interviewed by BIS stated that hosting Tier 4 students had enabled them to offer courses that they otherwise would not have been able to offer (BIS 2013)**. A reduction in international student numbers may therefore result in colleges reducing the variety of courses that they offer.'

'Further education colleges have reported that the presence of Tier 4 students on courses was **important in terms of 'enriching' the overall learning experience for both staff and students**, by allowing people with different perspectives and cultures to exchange ideas in a learning context. This was seen to be **particularly important in areas of the country that do not have a high level of diversity, in part because increasing UK learners' awareness of other cultures was thought to be particularly beneficial to their future employment (BIS 2013).**'

The recent decrease in numbers of international students is having a particularly severe effect.

'University UK analysis of HESA data for 2007/08 indicates that **46 per cent of first-year non-EU domiciled undergraduates were recorded as having progressed from another UK education institution**. Similarly, a survey by the ISC showed that **77 per cent of international pupils at independent schools go on to universities in the UK (BIS 2013).**

These figureshighlight the crucial importance of increasing the number of international students in pathway programs (in further education or receiving English language tuition in both public and private education settings), **rather than focusing purely on increasing numbers in higher education. It is likely that a decrease in the number of international students attending pathway courses in the UK will have a knock-on effect on British universities further down the line.** If international students choose to study on a pathway program in a country other than the UK, they will be more likely to go on to higher education in that country rather than transfer to the UK.

This illustrates the crucial importance to the UK of **nurturing the whole of the international education sector**, rather than concentrating efforts on attracting the so-called 'brightest and best' international students into higher education.'

- [**International students and the UK immigration debate \(2014\) British Future/Universities UK**](#)

'This report proves that there is strong public support for international student migration, and that people seem to understand the **economic and educational benefits** brought to Britain by those who come here to study.

The report draws on a nationally representative poll by ICM of 2,111 people, together with six deliberative workshops held in York, Bristol and Nottingham. It reveals that:

- 59% of the public says the **government should not reduce international student numbers**, even if that limits the government's ability to cut immigration numbers overall. Only 22% take the opposing view.
- 60% of people think that **international students bring money into their local economy**. Only 12% think they take money out.
- 61% agree that **Britain's universities would have less funding** to invest in top-quality facilities and teaching **without** the higher fees paid by **international students**. Only 7% disagree.

- 75% think that **international students should be allowed to stay and work in Britain after graduating** from British universities, using their skills for the benefit of our economy, for at least a period of time.
- **Only 22% of the public thinks that international students should count as migrants.** Most people do not understand why they would be counted towards the government's immigration targets.

Promoting the UK to tomorrow's leaders

'Those who study in Britain and return home (or go elsewhere) to work are likely to leave with a positive view of Britain and substantial personal and professional connections. In a 2013 study carried out for the Department for Business, Innovation and Skills (BIS), **90% of the international graduates interviewed agreed that their perception of Britain had changed for the better as a result of studying here.**

A separate BIS report revealed that **78% intended to develop professional links with organisations in Britain in future** and 86% would seek to remain connected to their university.

Many international graduates go on to take up influential positions in their home countries, and these personal links and bonds with Britain are likely to be an **important contributor to our 'soft power'.**

3. Case study from a (publicly funded) further education college

- International students in FE are on different types of programme:
 - Discrete often **tailor-made programmes** (English language, academic or vocational): by definition these are not appropriate to local UK students so fewer international students simply means fewer programmes
 - **Infill programmes** (sometimes wholly infill such as an A level or Foundation Degree that already exists, but sometimes partly infill such as an English Plus Sport programme. Most colleges are in the main operating these on an "empty seat" approach i.e. the class exists and there is a spare seat offered to an international student – so again, fewer international students means more empty seats
- International students will often provide additional income to **widen the provision** there would not normally be sufficient local demand to sustain. For example, we managed to hold on to Economics, Accounting and Pure Maths only because there were sufficient international students to keep the provision buoyant. Since we have lost our Tier 4 licence (for reasons we still question) these have been stripped back as there are insufficient local students to make viable classes – thus leading to a reduced local offer.
- Few colleges do much with their buildings in the summer whereas those with a healthy international programme use them for summer schools (a strong area of the market). Reduced international students would leave **more empty rooms** at least in the summer and **less efficient use of resources.**
- There is also the **income that goes into the local community** – the ready reckoner is to double the tuition fees to give a rough estimate of what goes into local host families, entertainment attractions, shops, taxi companies, hotels etc. This will reduce in line with any reduction in

international students – our **contribution to the local community dropped from an estimated £4M to £3M following the loss of Tier 4.**

- The FE colleges around us are under significant local competition and have to work hard to recruit local UK students - none are in the joyous position of turning students away as they are full – so again, **reduced international students will not equate to a simple top up** from the local area
- Regarding funding, international students represent an alternative income stream – thus providing a **degree of strategic protection** from changes (i.e. reductions) in UK funding.
- 'There are many types of capital not just financial. One of these is **cultural capital** and the presence of international students helps provide this for our local UK students who often have woefully poor cultural capital and confidence, so the experience of studying alongside international students can be a **significant part of their growing employability skills.**'