



# **Supporting International Education in the UK**

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# Glossary

BIS .....	Department for Business, Innovation and Skills
HESA .....	Higher Education Statistics Agency
IPS .....	International Passenger Survey
ISC .....	Independent Schools Council
NUS .....	National Union of Students
ONS .....	Office for National Statistics
PSW .....	Post-Study Work visa
RLMT .....	Resident Labour Market Test
SIES .....	Student Income and Expenditure Survey
Tier 1 .....	Highly skilled workers such as investors and entrepreneurs
Tier 2 .....	Skilled workers; may include intra company transfers, professional sports players and religious ministers
Tier 4 DES .....	Tier 4 Doctorate Extension Scheme
Tier 5 .....	Youth mobility and temporary workers including charity, entertainment or religious
UCAS .....	Universities and Colleges Admissions Service
UUK .....	Universities UK

# Foreword



The UK stands as a beacon for international education, at all levels, leading a global network of knowledge, innovation and cultural understanding.

The British Council's research last year found that one in 10 world leaders are alumni of UK universities. Add to those world leaders the Nobel laureates, Olympians, business leaders, scientists and creative figures that have trained and studied on British soil, and you can see the respect that our education system affords.

Students and researchers come from every corner of the globe to be part of our centres of excellence. Their place in the UK is something we hold in high regard. Our academic reputation brings economic, cultural and educational benefits without number.

This report underlines an alarming decline in enrolment across our education sector by international students, and this decrease is, without doubt, partially the result of the Home Office's immigration policies including its target to reduce net migration to the UK to the tens of thousands and yet continuing to include international students in their net migration target and classifying international students as immigrants.

Leaving to one side the enormous achievements and contributions made by immigrants in the UK, the inclusion of international students in targets to reduce net migration is an extraordinary mistake.

For the UK to benefit to the full from immigration, as it has done in the past, we need well-evidenced immigration policies, beginning with the reinstatement of a simple route into post-study work for graduates whose talents and skills we need. This report offers an innovative solution to this challenge.

We also need to make it easier for students to learn at all levels, and make the same educational journey we aspire to for our own children, from an outstanding school, to a specialist vocational course or to a world-leading University.

More students are travelling beyond their home countries to study than ever. Growth in the Indian and Chinese markets, for example, has risen rapidly. The UK needs to welcome them into our education sector now, as this rate of growth will not last and will not be repeated.

International students are not only one of our country's largest export earners, but enrich our education systems in every way including enhancing the experience of our domestic students.

An important opportunity awaits tomorrow, and it is important that the UK's leadership in international education is not squandered today. The UK is a place where overseas students can succeed to the very best of their abilities, undeterred by Government policy – long may this continue.

***Lord Bilimoria is Founder and Chairman of Cobra Beer, Chancellor of the University of Birmingham, President of the UK Council for International Student Affairs and Chairman of the Advisory Board, Cambridge Judge Business School.***

# Introduction

This report is a welcome update on the United Kingdom's position in the international student market and shows how the growth of its market share has been adversely affected by Government policy – or, more correctly, Home Office policy – since Fraser White and I published 'Education: A Great British Export?' in 2012.

I cannot think of any other area of Government policy where there has been such a dichotomy between the views expressed by the majority of those sitting on the Government benches and their constituents (clearly in favour of increasing numbers of non-EU students) and the policy pursued by a single department which has inevitably had the opposite effect. I very much hope that this report will bring clarity for decision makers on the impact that unchecked Home Office policies have had on the fifth largest UK services export.

Back in 2012 we expressed concern that our very successful education export business was being damaged by increasing hurdles to student visas and a growing international perception that non-EU students were no longer welcome in the UK. Sadly, this concern has proved to be well-founded, with the opportunity cost of decisions made in UK immigration policy increasing year on year without a response from the Government. As this report will show, the past 10 years have brought unprecedented growth in international education as emerging economies exceed their supply of high quality education for an expanding middle class. Hasty, haphazard and excessive changes in immigration rules and guidance, coupled with a political target on net migration, have led the UK to lose market share at a time when specific markets, such as India, are at their peak of expansion. It is likely we will never get this opportunity again, and that our lack of coordinated strategy between Government departments will result in further slips in the share of international students looking to make a valuable economic and academic impact through global education in the UK.

The burden of an immigration debate fixated on reducing numbers is borne by those immigration routes which are easily controlled with short-term policies. Changes in EU immigration cannot be made short term, and so this burden falls to students and skilled workers as the largest non-EU groups currently counted within the Government's net migration target. The contribution of international students to national and regional economies is significant, and this contribution translates directly into jobs for local communities. If our immigration policies continue to lack the nuance required to ensure this contribution grows, the risk to the UK economy is significant. The opportunity for thousands of jobs to be added to the UK economy has already been lost. Policies now need to shift to growth, and it is time for Government departments to cooperate to balance growth and immigration control.

Despite all the negatives, our educational offer is still seen to be world class and our share of an increasing market can easily move forward again if the Government accepts the findings of this report and adjusts its policies accordingly. As was shown in Australia three years ago when similarly damaging policies were reversed, international students react quickly when they perceive that they will be truly welcome. We will never attract the same number of international students as the United States because it has a far greater capacity to accept them and its institutions are much better endowed and thus able to offer scholarships and bursaries far beyond the means of their British counterparts. We can, however, with the right endorsement from our Government, increase our share of this lucrative market and help to build our soft power base for the next generation.

All Exporting Education UK members are most grateful to Parthenon-EY and our professional team at Study UK for their careful research and hard work in putting this report together, and to our sector colleagues for their advice and support. I hope that it will aid the understanding of the issues involved and help those in positions of power and influence to make decisions which will enable British education to become an even greater export story.

Graham Able  
Chairman, Exporting Education UK  
Deputy Chairman, Alpha Plus Holdings plc  
Senior Vice-President, Dulwich College Management International

# Understanding the International Student Journey

The UK is a world leader in international education, attracting over 500,000 students into primary, secondary and tertiary education, and over 580,000 students to learn English, each year. The UK's success in this area should be placed in the context of rapid global growth in the number of students who study outside of their home country. Estimates from the OECD suggest the number of internationally mobile students has grown from 2.1 million in 2000 to over 4.3 million in 2011. Numbers continue to rise by 6-7% annually in tertiary education alone.<sup>1</sup>

The growth of international students is both a product and facilitator of an internationalised approach to education. A more interconnected global economy and shared research activity has made international students integral to the material and intellectual property of both institutions and nations.

While over time new models of transnational and digital education may prove transformative, internationally mobile students will for the foreseeable future remain the single largest driver of international education. Reports such as *The Shape of International Education to 2025* from the British Council suggest that students will continue to be driven by a complex mix of language, affordability, quality and policy, towards destinations for their international education.<sup>2</sup>

International students in the UK study at a range of ages and in different models of education.

<b>School (Independent):</b> Almost 17,000 students study at independent schools in the UK, <sup>3</sup> supporting 17,300 jobs in the UK and contributing £713 million to GDP. <sup>4</sup> State-funded schools are not permitted to have international students who attend for more than a short exchange programme.	<b>English as a Foreign Language:</b> As the home of the English language, the UK has more EFL students than any other destination, although students in the US study for longer on average. Recent annual figures show that over 580,000 studied English in 479 centres, many studying for only weeks but some studying on courses longer than 12 months. <sup>5</sup>  English is studied in both publicly and privately funded institutions across the UK.	<b>Further Education:</b> 208 publicly funded further education colleges hold licences to teach international students on courses of 6 months or longer. <sup>6</sup>  There is no centralised system for establishing international student enrolments, however estimates suggest there were over 6,700 students studying in FE colleges in 2013/14. <sup>7</sup>  The majority of study is below degree level, with Business, English language and Engineering the most popular courses.
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<sup>1</sup> OECD (2013), Education at a Glance 2013.

<sup>2</sup> British Council (2015), *The Shape of International Education to 2025*.

<sup>3</sup> Independent Schools Council (2015), Annual Census.

<sup>4</sup> Independent Schools Council (2014), *The Impact of Independent Schools on the British Economy*. Available at: [http://www.isc.co.uk/media/2588/2014\\_economicimpact\\_report\\_isc.pdf](http://www.isc.co.uk/media/2588/2014_economicimpact_report_isc.pdf)

<sup>5</sup> English UK (2014), Student Statistics Report 2014 (p. 7).

<sup>6</sup> Home Office (2016), Tier 4 Register of Sponsors. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/516910/2016-04-15\\_Tier\\_4\\_Register\\_of\\_Sponsors.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/516910/2016-04-15_Tier_4_Register_of_Sponsors.pdf)

<sup>7</sup> Department of Business, Innovation and Skills (2013), *Evaluation of the Value of Tier 4 International Students to FE Colleges and the UK Economy*. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/182049/13-767-evaluation-of-value-of-tier-4-international-students-to-fe-colleges-and-uk-economy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182049/13-767-evaluation-of-value-of-tier-4-international-students-to-fe-colleges-and-uk-economy.pdf)



<p><b>Pathways to Higher Education (Independent):</b></p> <p>Students at Pathway Colleges are amongst the fastest growing groups of international students in the past 10 years. These colleges focus on bridging the gap between a student's home educational system and British education. The UK offers more pathway programmes than any other country. In 2015 over 13,000 international students studied at these privately owned colleges, taking courses which prepare them for their first degree or for postgraduate study.<sup>8</sup></p>	<p><b>Independent Higher Education Colleges:</b></p> <p>Many international students choose to study at Colleges which teach higher education but do not receive public funding. These colleges often teach specialist, creative or vocation-focused subjects in a smaller study environment. They usually partner with a University to award Undergraduate and Postgraduate degrees.</p> <p>As with further education, there is no national system for collecting all international student enrolments, but estimates based on visa statistics suggest that over 14,500 students studied at Independent Colleges in 2013/14.<sup>9</sup></p>	<p><b>Universities:</b></p> <p>The majority of international students in the UK study at Universities. These are institutions, public and private, which award their own degrees. According to the Higher Education Statistics Agency (HESA) there were over 312,000 non-EU students studying at Universities in 2014/15. HESA remains the most comprehensive source for international student data despite its limitations in scope.</p>
<p><b>Short-term Students:</b> Many students come to the UK on a short-term student visa. In addition to EFL students, many arrive on student exchange programmes arranged by schools, colleges and universities. While some will study alongside British students in a UK focused institution, others will join programmes which are specially designed for international students who come as a group to study together within the British cultural context. These are often planned by the hosting UK institution but many also are developed by dedicated study abroad operators with experience of arranging academic and cultural programmes for a cohort of international exchange students from a particular institution overseas.</p>		

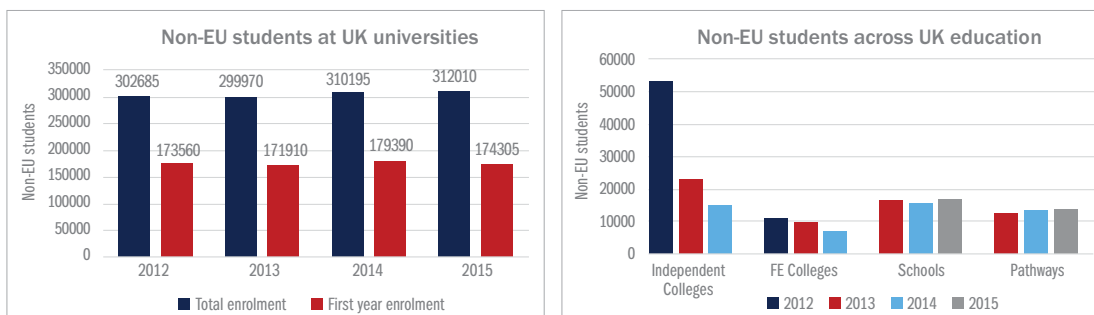
Where and what international students come to the UK to study has changed significantly since 2010, with the greatest shift being experienced in public further education and independent colleges. The challenge to understanding where students study in the UK stems from the limitations of available data, as centrally collected comparable data is limited mostly to the UK University sector, which is supported by the Higher Education Statistics Agency (HESA). Some membership organisations, including the Independent Schools Council (ISC), collect data on student numbers through their annual census. The ISC data does not represent all independent schools, but with over 1,200 contributors the data is comprehensive.

Bringing together studies conducted by the Department for Business, Innovation and Skills (BIS), ISC, i-graduate on behalf of the G5 group of pathway providers, and the Office for National Statistics (ONS) figures on migration, we have been able to develop an understanding of the changes to student populations which have occurred since 2011. While student visa approvals can tell us how many students were granted visas, data restrictions mean it is difficult to know how many of those translated into student enrolments. The graph below suggests that there have been considerable changes to the international student study demographic in recent years.

<sup>8</sup> I-graduate (2015), Benchmarking: UK Pathways Census 2015. Internal Report.

<sup>9</sup> Figures are based on ONS Tier 4 visa data from the academic quartiles of 2013/14. The estimated figures of enrolments from the BIS (2013) report "Privately Funded Providers of Higher Education in the UK" were subtracted from the figures identified as "Tertiary, Further Education or other Colleges" from the ONS data. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207128/bis-13-900-privately-funded-providers-of-higher-education-in-the-UK.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207128/bis-13-900-privately-funded-providers-of-higher-education-in-the-UK.pdf)

**Figure 1: Student number changes over time**



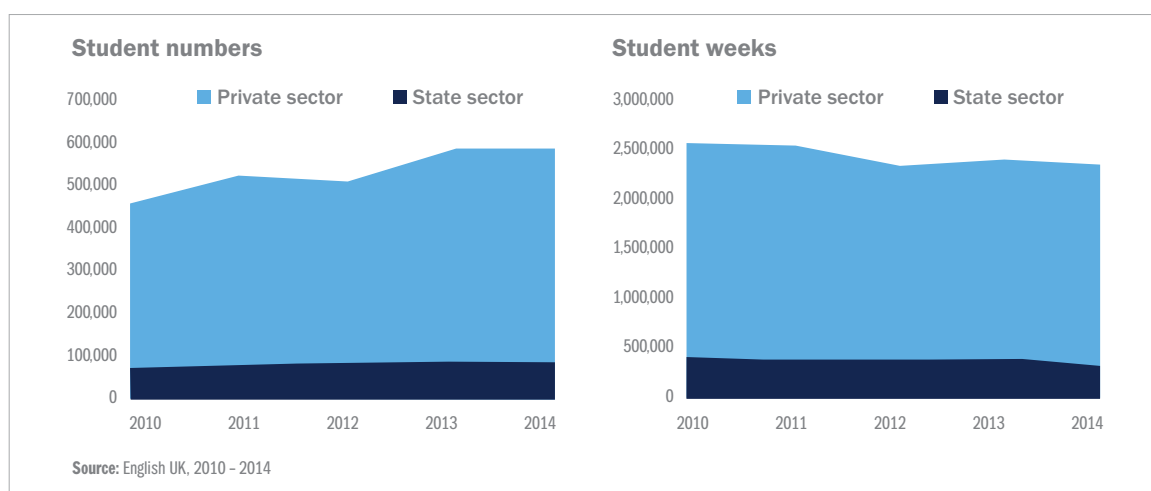
### English Language Study

English language study brings a large number of students to the UK each year, but these students are not comparable to those captured in the above graph as their periods of study vary from a week to over a year. Many students who come for a longer course also precede or combine their main studies with supplementary English language tuition, which is often provided by their institution as part of a structured programme.

English language students are different also in that many are here primarily as tourists or as short-term students (less than 11 months), which means that they are not counted as part of the net migration figure. Others may learn English in their spare time while on a different visa, while many EFL students come from the EU so require no visa at all. While many may transition into further UK international education, many more are here simply to immerse themselves in the UK's cultural and social landscape while improving their language skills.

English UK's *Student Statistics Report* suggests that while 2014 saw an increase in students coming to study English in the UK, the increases have been focused within independent English language schools, and that language centres within public sector institutions – primarily further education colleges – have not experienced the same growth.<sup>10</sup>

**Figure 2: English language Education in the UK**



<sup>10</sup> English UK (2015) Student Statistics Report 2014. Prepared by Student Marketing.

## Transitions while studying

A significant strength of the UK education system is the wide range of study opportunities available to students. While it is tempting for policymakers to look only at high-level statistics and trends, what can be lost by this approach is the recognition that behind every statistic lies an individual who will have very personal reasons, needs and goals which lead him or her to choose a particular path of study. For many, the ability to follow a specific educational journey is vital to deciding which country to study in, and the UK education sector, in all its diversity, has traditionally been very flexible and responsive to meeting this demand.

For some students, the goal of their educational journey in the UK is to gain a degree at a specific university or college. For others, the focus may be on learning from world experts in a particular subject, or achieving a vocational or professional qualification which is not available in other countries. Research suggests that many student journeys involve transitions from one form of study to another, and from study to work experience opportunities. Every successful transition represents not only an increased economic contribution by the student, but a new opportunity for the UK to make gains in cultural exchange and ‘soft power’ in our international relations, as international students deepen their engagement with their British peers, professors and local community.

Data on how international students progress through the different levels and institutions within the UK education sector is scarce. As with data on student populations, very little is nationally or centrally collected, and the transition data which does exist is limited and not captured in a way which facilitates understanding of this progression. The Home Office, for example, is able to record how many students seek additional Tier 4 visas but is not able to provide data on the specific course progressions they are making. Similarly, the Home Office cannot identify precisely how many students take pathway programmes because of the different ways in which these programmes are integrated with their destination degree courses.

Several recent studies, however, have used destination data to make estimates on the transitions that students make, especially in relation to those who progress to higher education. The 2014 ISC Economic Impact report suggests that 77% of students who go to independent schools move on to study at universities in the UK.<sup>11</sup> A recent report by StudyPortals and Cambridge English suggests that as many as 40% of international students bound for undergraduate degrees in Britain begin their studies on a pathway programme.<sup>12</sup>

These pre-degree study routes have become critically important to boosting enrolments in higher education, primarily in universities, because of their ability to bridge the gap between previous study and the UK university system. Following several years of declining international student enrolments in universities, now may be the time to seek a better understanding of the student journey to a UK degree qualification and look carefully at the policy environment for those studying and those providing study options at pre-degree level. The National Union of Students (NUS) suggested this to the Lords STEM committee in 2014 when HESA posted data on the first year of declining international student enrolments in UK universities, and the Government was undertaking the first of two Immigration Bills in two years:

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<sup>11</sup> Independent Schools Council (2014).

<sup>12</sup> ICEF (2016), The Growing Importance of Pathway Programmes. Available at: <http://monitor.icef.com/2016/01/the-growing-importance-of-pathway-programmes/>

“...it is also notable that Further Education colleges and English language courses can be an important step in recruiting international students to study at UK universities... [it is] what is happening at further education and before that is going to be quite critical. It will therefore also be important for the Government to carefully monitor the impacts of its immigration reforms on this sector.”<sup>13</sup>

The Lords STEM Committee noted in the same report that the “numbers of applications for visas for study at Further Education colleges fell by 74% between 2011 and 2013 and by 69% at English language schools. This represents 65,000 fewer visa applications in these categories than in 2011.”<sup>14</sup>

## Transitions after studying

Another important transition, and one which has been widely discussed in Parliament, is the one that some students make into post-study work routes. Until 2012 this transition was streamlined and simple, as the Post-Study Work visa (PSW) was easily identified by students who were keen to gain the 1-2 years of work experience that are most commonly sought by international students.<sup>15</sup> Following the removal of PSW in 2012 the Government has attempted to make Tier 2 (Skilled Migration) a more attractive route for those seeking to work in the UK after their studies. The intent of this policy was to reduce those obtaining visas for post-study work by 50%, in order to address the perception that too many students were slipping into long-term residency, instead of being valuable but temporary contributors, with a specific educational or professional goal in mind (which the British public enthusiastically welcomes). But the actual impact far exceeded this intent, and the Government’s own data suggests the real reduction in international graduates obtaining visas for work was closer to 88%.<sup>16</sup>

This transition into post-study work routes is very important to international students, and in particular to students from certain countries. A 2014 survey by NUS on international students’ employment and entrepreneurship suggests that 70% of international students want to work in the UK after their studies, although most for no more than two years.<sup>17</sup> The conclusion that students have little intention of staying in the UK in the long term is supported by a Home Office report from 2015 which showed that only 1% of students obtained leave to remain permanently in the UK after study. According to the ONS there is as yet no clear picture of how many students remain in the UK after study without obtaining this permanent residency status.<sup>18</sup>

Post-study work is also widely supported by the British public. A 2014 ICM poll suggested 75% of people believe that international students should be allowed to stay and work in Britain after graduating, and this rises to 81% for Conservative voters.<sup>19</sup> Research groups conducted as part of the wider study

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<sup>13</sup> House of Lords – Science and Technology Select Committee (2014), Report of Session 2013-14: International Science, Technology, Engineering and Mathematics (STEM) Students (p. 15). Available at: <http://www.publications.parliament.uk/pa/ld201314/ldselect/ldscstech/162/162.pdf>

<sup>14</sup> House of Lords – Science and Technology Select Committee (2014), quoting Home Office (2014), Tables for Immigration Statistics, October to December 2013. Available at: <https://www.gov.uk/government/publications/tables-for-immigration-statistics-october-to-december-2013> (Applicants for visas for study using sponsor acceptances).

<sup>15</sup> Surveys in 2012 and 2014 by the NUS suggest that international students seek to stay in the UK for 1-2 years after study to gain work experience. [http://www.nus.org.uk/Global/Made%20in%20UK\\_Final.pdf](http://www.nus.org.uk/Global/Made%20in%20UK_Final.pdf)

<sup>16</sup> APPG Migration (2015) UK post study work opportunities for international students. Available at: [http://www.appgmigration.org.uk/sites/default/files/APPG\\_PSW\\_Inquiry\\_Report-FINAL.pdf](http://www.appgmigration.org.uk/sites/default/files/APPG_PSW_Inquiry_Report-FINAL.pdf) p. 8

<sup>17</sup> NUS and The Entrepreneurs Network (2015) Made in the UK: Unlocking the Door to International Entrepreneurs. Available at: [http://www.nus.org.uk/Global/Made%20in%20UK\\_Final.pdf](http://www.nus.org.uk/Global/Made%20in%20UK_Final.pdf)

<sup>18</sup> Office for National Statistics (2015) Long-Term International Migration Estimates Frequently Asked Questions and Background Notes p. 13

suggested that respondents “did not want skilled, hardworking graduates taking their newly-acquired skills and leaving Britain to work for competitors in China or the US.”<sup>20</sup>

Students seeking to transition into employment after study have three main options:

- Tier 2 (General) – This route allows students to work at a licensed employer for up to five years provided they meet the new entrant’s salary threshold of at least £20,800 – or more for specific occupations – and their job role is considered skilled according to the Tier 2 guidance. After five years they must reapply for further leave, but can do so only if their salary at that time meets the higher minimum threshold of £35,000. Students are currently exempt from further requirements of Tier 2 such as the Resident Labour Market Test (RLMT) and the monthly cap which restricts the number of Tier 2 visas given out in any one year.
- Tier 4 Doctorate Extension Scheme (DES) – This route was introduced in April 2013 and designed to provide Doctorate level students with a 12 month work experience period after their study leave. They are not restricted to employers with a Tier 2 licence as they remain sponsored by the University and keep a Tier 4 visa.
- Tier 5 (Temporary Worker – Government Authorised Exchange) – Opened in 2008 as part of the points based system, Tier 5 is designed for short term migrants and allows work experience, training or research for 12 or 24 months depending on the scheme students apply to. These students are sponsored by an organisation running a licenced scheme and must adhere to the rules of that scheme. At the end of their Tier 5 visa students must return home if they wish to apply for a new work visa for the UK such as Tier 2.

Students who wish to start their own business can do so via the Tier 1 (Graduate Entrepreneur) Visa which requires endorsement from a University on the approved list. They should also primarily be undertaking activity on their business, although some additional work is permitted. Initially they can stay for 12 months and this can be extended to 24 months provided the University is happy with their progress. Students seeking this visa can also go through the UK Trade and Investment’s Sirius Program<sup>21</sup> which provides specific support for international graduate entrepreneurs. Despite this initiative from UKTI, the Tier 1 (Graduate Entrepreneur) scheme has never reached the maximum 2000 visas permitted, with only 135 initial applications for the visa route in 2012-13.

## Barriers to student progression and transition

These transitions have become increasingly limited for students who are not admitted directly to a UK university but instead choose to study at an independent higher education college, further education college or pathway college. In November 2015 the Home Office removed the right for most of these students to transition in the UK at all, forcing them to return home to apply for further work or study.<sup>22</sup> This makes the transition for those studying many creative, specialist, professional and vocational courses lengthier, more expensive and far less secure. These students are also prevented from gaining work experience during their course as, unlike university students, they are not permitted to work in either term time or holidays.

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<sup>19</sup> British Future and UUK (2014) International Students and the UK immigration debate. Available at: <http://www.britishfuture.org/wp-content/uploads/2014/08/BRFJ2238-International-Students.WEB-FINAL.Embargo-25.8.14.pdf>

<sup>20</sup> British Future and UUK (2014) p. 20

<sup>21</sup> For more information visit Sirius Programme for graduate entrepreneurs - <https://www.gov.uk/government/collections/sirius-programme-for-graduate-entrepreneurs>

Simple, secure transitions – including the switch into work or business – are essential to an attractive student experience, so getting these transitions right is critically important if the UK is to maximise the appeal of its educational offer. Competition to provide a better student journey is vigorous and growing, with Australia recently reversing its decision to remove PSW following a significant slump in student enrolments, and New Zealand looking to streamline transitions with a multi-level study visa. One of the most comprehensive studies on international student security, carried out by Professor Simon Marginson, now at the Institute of Education (University College London), and others, suggests that the ability to secure and extend visas for students' long term study and career goals is a key factor which shapes perceptions of their study experience in a country. Students consider the ability to be guided through a process, the ease of extending or obtaining new visas for new study/work and the time it takes to obtain a visa for their new study/work to be critical to their decision. Students are also concerned about how 'fair' the process is. Many expressed concern over visa processes where refusals seemed subjective or where some students seemed to get an advantage over others. Marginson found that student visa policy needs to increase confidence in the process, not just for the first course a student applies for but for the student journey they envision. This could be further study or it could be work, but high impact changes which mean students may not be able to complete their vision for their international education destabilise the education industry within the country.<sup>23</sup>

On a pedagogical level, the British educational experience is founded on this progressive journey up the levels of complexity, through different types of institution, helping students gradually to become independent learners confident in their own intellectual maturity. This is the personal journey that British students are encouraged to take, and it is this same journey of intellectual growth and personal development that makes the British education system so highly respected and valued internationally. But this journey is impossible without simple and secure transitions, which makes them a vital component of our international education offer. More needs to be done to understand, protect and preserve them, not only for the sake of international students, but for the providers and communities who benefit from their presence.

## The Value of International Students to the UK

The economic contribution international students make to the UK is considerable and, although data is not always complete or comparable, is now well documented. Recent studies have looked at the total value of education exports,<sup>24</sup> the value of students from the higher education sector,<sup>25</sup> the independent schools sector,<sup>26</sup> the further education sector,<sup>27</sup> and the local impact of international students studying at two of the UK's most popular locations, Exeter<sup>28</sup> and Sheffield.<sup>29</sup> This is in addition to a broader study on the wider societal and political benefits of international students, including "soft power".<sup>30</sup>

All studies have unanimously highlighted the positive impact international students have on the UK economy through expenditure on tuition, accommodation and more. BIS calculated the total value of education exports in 2011 (including training, equipment and English language) to be £17.5bn. UUK

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<sup>22</sup> The Explanatory Memorandum to the laying of these rules identified that this rule was "designed to encourage college students to leave the UK at the end of their course, in order to reduce net migration". [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/444701/50596\\_hc\\_297.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/444701/50596_hc_297.pdf)

<sup>23</sup> Marginson, S, Nyland, C and Sawir, E (2010) *International Student Security*. Cambridge University Press



calculated that international students in the university sector contributed £7bn in income in 2012 and supported 136,000 domestic jobs. The ISC put the contribution of international students in the independent school sector to the UK economy at £890 million, equivalent to 22,700 jobs.

At a local level, Oxford Economics estimated that for 2010/11, 5,477 international students in Exeter made a contribution of £104m to GDP and generated 3,280 jobs. It conducted a similar study in 2012 for 8,222 international students in Sheffield, but also factored in the potential costs and burdens that international students might have on domestic public services, including added congestion. In the Sheffield region, international students were calculated to have produced costs totalling £27.2 million but yielded income of approximately £147.5 million, resulting in a net economic contribution of £120.3 million. A conclusion can be drawn from these studies that the economic contribution made from international students locally is significant and any associated costs associated are minor in comparison.

Whilst not the focus of this report, it is worth reflecting on the wider benefits that international students bring. The Coalition Government's International Education Strategy acknowledged that as well as "boosting the local economy where they study", international students enhance "cultural life, and broaden the educational experience of the UK students they study alongside." A 2015 survey by the Higher Education Policy Institute and Kaplan looked at what prospective students think about international students. They found that two thirds of higher education applicants had already studied alongside international students. The prospective students were able to identify and articulate what they perceived as the benefits of internationalised study. 87% said it will give them a better world view, 85% said it will be useful preparation for working in a global environment, 76% said it will help them develop a global network.<sup>31</sup>

A comprehensive study from BIS in 2013 found a myriad of supplementary benefits including additional higher education exports, direct gains in trade with the UK, and increased influence for the UK abroad.<sup>32</sup> This conclusion was further reinforced by the British Council, who found that individuals who had studied in the UK were more likely to do business with the UK.<sup>33</sup>

## Economic contributions of international students

The studies referred to above suggest that international students make key economic contributions through three main categories of spending: tuition fees, living costs, and tourism from additional visitors. There are also two further indirect contributions: multipliers on the local economy; and jobs supported.

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<sup>24</sup> Department of Business Innovation and Skills (BIS)(2011) Estimating the Value to the UK of Education Exports (Research Paper Number 46). Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32395/11-980-estimating-value-of-education-exports.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32395/11-980-estimating-value-of-education-exports.pdf)

<sup>25</sup> Universities UK (2014) International Students in Higher Education: The UK and its Competition. Available at: <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/InternationalStudentsInHigherEducation.pdf>

<sup>26</sup> ISC (2015)

<sup>27</sup> Department of Business, Innovation and Skills (2013), Evaluation of the Value of Tier 4 International Students to FE Colleges and the UK Economy.

<sup>28</sup> Oxford Economics (2011) The economic impact of the south west higher education sector. Available at: <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/EconomicImpactSouthWest.pdf>

<sup>29</sup> Oxford Economics (2013) The economic costs and benefits of international students. Available at: [https://www.shef.ac.uk/polopoly\\_fs/1.2590521/file/sheffield-international-students-report.pdf](https://www.shef.ac.uk/polopoly_fs/1.2590521/file/sheffield-international-students-report.pdf)

<sup>30</sup> Department of Business, Innovation and Skills (2013) The Wider Benefits of International Education in the UK. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/240407/bis-13-1172-the-wider-benefits-of-international-higher-education-in-the-uk.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/240407/bis-13-1172-the-wider-benefits-of-international-higher-education-in-the-uk.pdf); Wildsearch and ExEd UK (2014) Education and British Soft Power – The unexplored connection. Available at: <http://exeduk.com/wp-content/uploads/Education-and-British-Soft-Power-the-unexplored-connection.pdf>

<sup>31</sup> HEPI/Kaplan (2015) What do prospective students think about international students? Available at: <http://www.hepi.ac.uk/wp-content/uploads/2015/03/What-do-prospective-students-think-about-international-students.pdf>

## Fees

International students make a major contribution to the education sector through payment of tuition fees, which are no less than essential to the financial sustainability of many institutions. On average tuition fees for international undergraduates at universities for 2015/16 range from £12,700 for a class-room based degree to £24,190 a year for a clinical-based degree.<sup>34</sup> Meanwhile, fees for the further education sector range considerably but were found to have been on average £5,800 per student in 2012/13.

Educational institutions now receive a significant proportion of their income from international students. There are some independent institutions, such as pathway providers, whose entire business model is dependent upon international tuition fees. For Universities, tuition fees from non-EU students accounted for 11.6% of the sector's total income in 2011/12. The latest projections from HEFCE suggest that a downturn in international student numbers would "have a significant adverse impact on the sector's income and surplus projections." In fact, even a 5% shortfall in income from international students would be enough to put the sector in deficit.<sup>35</sup>

## Living costs

In addition to making a direct contribution through the payment of tuition fees, international students contribute again by spending on other products and services whilst in the UK. This includes the basic living costs of accommodation, food, travel, entertainment and course materials. This expenditure is of particular importance to local economies because of the impact of students' disposable income on local businesses in the services sector. In many parts of the country, international students have also been found to be a main driver in the regeneration of urban centres by stimulating British and international investment in capital projects.

It is worth noting that although no primary research has been done on the spending of international students, colleges have estimated that international students will spend approximately twice the value of their tuition fees on subsistence in the local area. UUK calculates that international students contribute more to the UK economy through additional expenditure (£3.93 billion) than they do through tuition fees (£3.2 billion). The BIS Student Income and Expenditure Survey (SIES) provides a good approximation based on the spending habits of UK students. In its Sheffield study, Oxford Economics uses the SIES to estimate that a full-time international student will spend £11,688 per year on living costs.

## Spending from additional visitors

The last major source of direct contribution from international students in addition to fees and subsistence is the spending by friends and family who come to visit them. Using data from the International Passenger Survey (IPS), Oxford Economics estimated that friends and relatives of international students in Sheffield contributed £5.9 million in Sheffield during the 2012/13 academic year.

A survey by Tourism Research Australia found that international students were frequently visited by friends and family from abroad. The study found that for every 10 international students, three family members and two friends would visit from abroad each year.

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<sup>32</sup> BIS (2013) The Wider Benefits of International Education in the UK.

<sup>33</sup> British Council (2013) Culture Means Business. Available at: <https://www.britishcouncil.org/organisation/policy-insight-research/research/culture-means-business>

<sup>34</sup> Times Higher Education (2016) Annual tuition fee data for full-time courses at UK institutions, 2015-16. Available at: [https://www.timeshighereducation.com/sites/default/files/breaking\\_news\\_files/annual-tuition-fee-data-full-time-courses-uk-institutions-2015-2016.pdf](https://www.timeshighereducation.com/sites/default/files/breaking_news_files/annual-tuition-fee-data-full-time-courses-uk-institutions-2015-2016.pdf)

<sup>35</sup> HEFCE (2015) Financial health of the higher education sector: 2014-15 to 2017-18 forecasts. Available at: <http://www.hefce.ac.uk/pubs/year/2015/201529/>



Based on current enrolments, this implies that international students in the university sector are responsible for attracting an additional 160,000 overseas tourists.

On average, over 70% expected at least two or more friends and two or more family members to visit them in Australia and over half indicated that they have already had friends and/or family visit them while studying in Australia.<sup>36</sup>

### **Multipliers for the local economy and jobs**

There are indirect impacts from the spending of international students on fees, living costs, the spending of friends and relatives, and a further impact on employment. Oxford Economics identifies a multiplier effect on the UK economy. This is because there are further indirect impacts (such as employment and activity supported in local or regional supply chains as a result of this spending) and induced impacts (further spending from those directly or indirectly employed as a result of the contribution of international students.) For example, research in Exeter found international student fees made a direct contribution to the South West of £38.9m but that figure rises to £54.6m when these indirect and induced effects are taken into account.

This large economic output can also be translated into number of jobs created around the country. Oxford Economics estimated that the spending of international students in Exeter supports 2,410 jobs in the South West region overall. UUK estimated that the economic impact of non-EU students translated to over 136,000 Full-time-equivalent jobs in the UK.<sup>37</sup> These are FTE jobs that involve work directly relating to universities, as well as secondary industries that supply the goods and services required to support these students. For many communities education is one of their biggest industries. The contributions that international students make across the UK have a significant impact on our local and regional economies.

Using the University of Exeter as a case study suggests a conversion rate of 0.6 jobs per international student per year. Multiplying this ratio by the approximately 390,000 international student years<sup>38</sup> suggests that international students actually supported 234,000 jobs in 2014 for the country.<sup>39</sup> If the sector continues to grow at a global rate of 6% per year, our analysis suggests that international students have the potential to support a further 80,000 jobs by 2019. Missing out on this type of economic contribution would represent a terrible loss to the economy.

## **Changes to International Education in the UK**

We have already shown that international student numbers have undergone significant changes in the past five years. Despite encouraging figures in some areas, the overall number of international students in the UK has decreased. This reduction is coupled with a marked shift in where and what tertiary students have studied since 2011, as numbers have fallen significantly at further education and independent colleges delivering both higher and vocational education. This change can be attributed to a number of factors, some of which are driven by global market trends and some by government policy.

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<sup>36</sup> Victoria University. Accessed on 28/04/16. International Education Visitation Tourism Opportunities. Available at: <https://www.vu.edu.au/sites/default/files/International-Education-Visitation.pdf>

<sup>37</sup> British Future and UUK (2014)

<sup>38</sup> HESA: Combination of undergraduate, graduate, postgraduate research, and foundation students (187K non-EU students in total) multiplied by average number of years across each programme

<sup>39</sup> Parthenon-EY Analysis

## Understanding student numbers

There are distinct statistics which attempt to count how many international students come to the UK each year – all of which show a significant decrease in students from 2010. The absence of consistent, comparable and centralised data capture for international student enrolments and demographic such as we see in the Higher Education Statistics Agency, across all levels of study means that the number of international students attending UK education institutions is difficult to identify. However, the information which is available clearly shows that numbers are decreasing in the UK while globally there is a 6-8% annual increase in the number of students who are seeking a tertiary-level education abroad. Here we aggregate the available data sources to try and accurately analyse the change in international student numbers in the UK:

### Migration Statistics

One statistic commonly used to understand international students in the UK is the number of student visas granted. In 2011 there were 237,471 visas granted to students for study. By 2015 visas for study had fallen to 195,001.<sup>40</sup> The problem with visa statistics is that not all those granted visas translate into a student registered and remaining at a UK institution. This data cannot therefore tell us how many students arrive to study, but it can act as a reasonable indicator to help predict trends in student enrolments.

### The Higher Education Statistics Agency (HESA) and Universities

HESA collects data on international student enrolments, but only for those students who enrol at universities which subscribe to their database. Their data suggests new student enrolments declined by 1% in 2012/13, the first decline since records began. In 2014/15 we saw another decline of 2%. The challenge for the universities is the suggestion by the Coalition Government's 2013 International Education Strategy that there would be a rapid expansion in international student numbers of 15-20% by 2018, which has never materialised. Many internal university strategies rely on fee income from international students increasing by an average of 4.6-6.4% in order to maintain healthy financials. Projections from the English funding body HEFCE show that the failure to reach even the smaller anticipated rise will leave many UK universities in deficit.

### Further Education Colleges

Further education colleges lost 28% of their international student numbers between 2010/11 and 2012/13 academic years according to the 2013 BIS study on international students' contributions to further education and the UK economy.<sup>41</sup> This followed a 46% reduction in visas issued to further education and independent colleges between 2011 and 2012. Most colleges had to raise their fees to compensate for the loss of students, and several surrendered their Tier 4 licences as the regulation became too costly. Colleges offer a substantial number of foundation programmes, articulation routes into university study and HE qualifications, so this reduction has had and is likely to continue to have a negative impact on university enrolment numbers in years to come. They also offer a large number of vocational courses of the kind which have seen a significant surge in demand worldwide but which nevertheless have failed to secure a commensurate increase in international students to the UK.

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<sup>40</sup> ONS (2016) Table vi\_04: Entry Clearance Visas Granted by Category. Available at: <https://www.gov.uk/government/publications/immigration-statistics-october-to-december-2015/study> \* Note the numbers quoted do not include visas granted to dependants of students.

<sup>41</sup> Department of Business, Innovation and Skills (2013), Evaluation of the Value of Tier 4 International Students to FE Colleges and the UK Economy.

## Independent Tertiary Colleges

A BIS research paper on privately funded colleges from 2013 found over 53,000 students studying at independent colleges in 2010/11.<sup>42</sup> In 2012 there was a considerable reduction in the number of visas given to students studying across further education and independent colleges. As we don't have data on international student enrolments in private colleges beyond 2010/11 we would need to make an estimate on the basis of visas which were granted to study at these colleges. On this basis we would expect 57% less international students, or 22,790 students granted visas to attend independent colleges. Visa statistics for 2013/14 suggest this number reduced again, with fewer than 15,000 international students studying at independent colleges. That represents a loss of 72% over two years. Enrolments in independent colleges have been the most difficult to find data for as the HESA study, conducted for the above paper, has not been repeated. It is likely the number of international students enrolling in independent colleges this year is even less. New requirements for some independent colleges to submit data returns to the centralised body HESA began last year, which should start to fill in the statistical gaps in the future.

## English Language

The English language sector has maintained a steady flow of students, levelling out after a rise between 2012 and 2013. Many EFL students have adjusted their plans to use the more flexible student visitor visa, which are not counted in the ONS statistics for Tier 4 visas, and not counted as immigrants towards the net migration figure. It also means they will spend no more than 11 months in the UK, reducing their overall contribution within the system. This is reflected in data from English UK, the leading membership body for English language centres in the public and private sectors. They record the number of weeks that students study for as a measure of overall value contribution. While individual student numbers rose between 2012 and 2014, the total number of student weeks dropped slightly. This suggests that students are choosing shorter courses on average.

It is likely that some students who would have chosen public FE or independent colleges did come to the UK, but chose to attend a university as they would be permitted to work and subject to fewer restrictions. This is corroborated by independent HE membership body Study UK, which has reported multiple instances of independent colleges losing students to local universities, as well as several being subject to a takeover by their university partner. The data does suggest that many of the gains experienced by the university sector in 2013/14 are likely the result of an intra-sector shift in international student numbers as opposed to additional demand. It follows that the losses experienced by universities in 2012/13 and 2014/15 would have been much larger if numbers of international students undertaking degrees in colleges had remained steady. This is supported by the ONS data on visa approvals for Tier 4 which continued to show a reduction in visa applications over the same time period.

## The rise of pathway programmes

One area where the UK has seen a steady growth is in pathway programmes (or foundation courses) which prepare students for degree level study. These pathway colleges focus on bridging the gap between a student's home educational system and UK education via a preparatory course, usually for about a year. Starting with undergraduate preparation, new courses have also been designed to support international students studying at master's level in the UK for the first time. All of these courses aim to support student success through a curriculum of academic English language, study and cultural skills

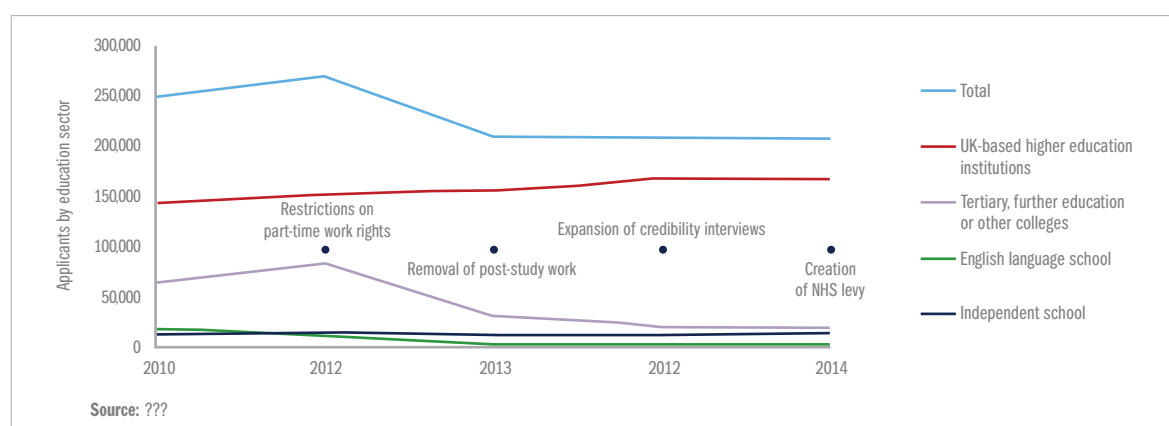
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<sup>42</sup> BIS (2013) Privately Funded Providers of Higher Education in the UK.

and subject-specific content. Globally pathway courses have been one of the fastest growing markets of the past decade, already reaching a value of \$825 million by 2015 and with further growth projected. The UK is the world leader and pioneer in pathway provision, home to nearly two thirds of all global programmes, compared to only 12% in North America and 16% in Australia.

Growth in this area is estimated at over 7% a year according to a report by Studyportals and Cambridge Education Group.<sup>43</sup> However, the report identifies threats to the UK's dominance of the pathway market. Visa regulations and government policy which reduces the attractiveness of English-medium programmes are both named in the report as major factors influencing pathway provision. The rise of English medium programmes and associated pathways to them in continental Europe, for example, is predicted to pose a challenge for recruitment in the UK. As mentioned previously, it is estimated that 40% of international students in UK universities studied a pathway course, making these programmes crucial not only for the students whose success they enable, but for a significant number of UK universities as well.

## Why have student numbers changed?



**Figure 3: Changes to student enrolments in the context of major policy changes**

As parliamentary committees such as the Lords STEM Committee have suggested, it can be difficult to understand why international student numbers change in a given time period. Many things impact on a student's decision to study in a particular country and sudden changes in currency, government funding and safety will all have an impact. So too will policy changes, including those which offer new opportunities for students, or make a country more attractive. A comprehensive survey of over 70,000 prospective students by insight firm Hobsons found that 88% of students surveyed would reconsider their destination country if visa regulations were tightened.<sup>44</sup>

An area of recent concern which could further impact numbers is the rising perception of a lack of objectivity and transparency in the credibility interview processes implemented in December 2012 for 100,000 student visas – a number which amounted to all students not from 'low-risk' countries that year. Universities and colleges have expressed concern that these interviews have become increasingly subjective and unpredictable and this subjectivity makes it difficult if not impossible to overturn their decisions through the administrative review process. The UK Council for International Student Affairs (UKCISA) undertook a survey to understand this concern. The survey findings revealed that institutions

<sup>43</sup> Studyportals and Cambridge Education Group (2015) New routes to higher education: The global rise of foundation programmes. Available through: <http://www.studyportals.com/intelligence/foundation-programmes/>

<sup>44</sup> Hobsons (2013) International Student Decision Making.

and students often found the reasons for refusals on the basis of credibility were “either difficult to accept as fair, unsound in principle, arbitrary or at the very least contentious.” Examples of reasons for refusal included:

- The student did not conduct enough research into alternative courses in the UK or the student’s home country
- There was ‘no evidence to show that the completion of this course will enhance your future.’
- On a refusal for an International Foundation Programme designed specifically to allow students to progress to higher education: ‘You state that on completion of this course you will seek admission to university but there is no evidence to show how completion of this course will enable you to do this’.<sup>45</sup>

The challenge for countries seeking to attract more international students lies in making the right policy decisions at the right time for a particular market growth. But there is a further challenge in understanding the dynamics of the full offer of study, where courses and levels of study are important to the overall health of the sector, and which subject areas or modes of study are attractive to students and the foreign governments who fund many international students. What is clear in the global market is that foundation study is a significant opportunity for growth and the UK needs to protect its leading position by making smart policy decisions in this area. It is also clear that vocational learning is growing in popularity, but that specific policy choices in the UK are restraining many of the providers who could best meet demand in this area. More needs to be done to ensure that our vocational and below degree level offer is as attractive as our university offer.

### **The reduction in sponsor numbers**

Between 2010 and 2014 more than 800 educational institutions lost their Tier 4 licences.<sup>46</sup> Often referred to as “Bogus Colleges” by the Immigration Minister, certain politicians and parts of the media,<sup>47</sup> this list of education providers is in truth a diverse group, many of which simply stopped offering courses to international students. After a Freedom of Information release by the Home Office in January 2015, an analysis by the Migration Observatory at Oxford University showed that 460 from this list simply chose not to apply for the new ‘Highly Trusted’ sponsor status by the deadline set for them from the Home Office. By March 2015 70 colleges who had their licences revoked had been granted a new licence after re-applying successfully to the Home Office.<sup>48</sup> A further analysis for this report shows that 45 colleges on the list are members of the Association of Colleges, whose membership is restricted to those colleges incorporated under the Further and Higher Education Act 1992 or the Education Reform Act 1988, or created by either the Secretary of State for Business, Innovation and Skills or by the Secretary of State for Education. Colleges such as South Downs College, Barking and Dagenham College and Carlisle College are publicly funded colleges inspected by Ofsted and yet are included in a list that the Immigration Minister has publicly referred to as “Bogus Colleges.”

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<sup>45</sup> UKCISA (2016) Tier 4 Credibility Interviews: UKCISA survey report. Available at: <http://institutions.ukcisa.org.uk/Info-for-universities-colleges-schools/Publications-research/resources/2/Tier-4-Credibility-Interviews-UKCISA-survey-report>

<sup>46</sup> Home Office FOI release (2015) Tier 4 sponsors whose status appeared as revoked from 2010 to 2014. Available at: <https://www.gov.uk/government/publications/tier-4-sponsors-whose-status-appeared-as-revoked-from-2010-to-2014>

<sup>47</sup> The Independent (20 December 2014) UK’s immigration system is now in ‘intensive care’, Theresa May is warned. <http://www.independent.co.uk/news/uk/politics/uks-immigration-system-now-in-intensive-care-theresa-may-is-warned-9936921.html>

<sup>48</sup> The Migration Observatory at the University of Oxford. (2015) Non-European Student Migration to the UK. Available at: <http://www.migrationobservatory.ox.ac.uk/briefings/non-european-student-migration-uk/>

The education sector does not dispute that there has been abuse in the system and the evidence from the Migration Observatory analysis shows that there was a need to evaluate the quality and competency of many who had been teaching international students. However it also shows that many of the licences revoked were held by legitimate, quality-assured institutions who have found the sponsorship compliance system too complex, onerous or difficult to follow.

### **The changing role of the sponsor**

Growth in the international education sector relies upon the availability of courses which match global market trends and are attractive to international students. The regulatory changes which turned universities, colleges and schools into 'sponsors' and heralded the introduction of such a rigorous compliance system has considerably reduced the range of courses available to international students. Not all courses in the UK are open to students from outside the EU, who can only choose between those institutions which are licensed Tier 4 sponsors, if the course they want to do lasts more 6 months (with the exception of certain English language courses of up to 11 months). The course must also be delivered full time and face to face. Shorter courses may be undertaken on a short-term student visa.

The sponsor system places some constraints on the agility of the UK education sector to respond to international student choice and demand, a factor which needs to be recognised in considering both immigration policy but also strategies for growth. The education sector supports a system which identifies high quality universities, colleges and schools which can deliver an excellent academic and cultural experience for international students as well as take responsibility for the important role they play in immigration compliance. This must, however, be undertaken in an environment which improves efficiency and reduces cost and burden across the education sector and government.

In 2013 the Higher Education Better Regulation Group carried out a cost and benefit analysis project on the Tier 4 immigration regulation system. The analysis found that costs of Tier 4 compliance for higher education providers ranged widely between £4,366 to £772,537 per year.<sup>49</sup> The median annual cost per sponsor was £312,366 and the mean was £357,948. Costs were concentrated mostly on the initial application and immigration processes, and on institutional governance of the system, although many also experienced considerable costs in the monitoring and engagement of students. Providers feel that the initial setup of the Tier 4 system, and the continuing changes over the course of an academic year, drive up costs but without necessarily enhancing immigration control.<sup>50</sup>

HE providers feel they have had to develop policies and procedures reactively to the frequent changes in a "haphazard, incremental way." Representative groups have been at the forefront of calls to work more constructively in the sector to proactively plan more efficient procedures and reduce the number of changes needed to get the system right. Universities, colleges and schools have a very different interest in immigration and come from a highly regulated environment which is being increasingly regulated by other government departments.

Yet the collaborative and cooperative response to regulation within BIS and the Department for Education is not being replicated by the Home Office. Instead the rules and guidance are often designed with no consultation which results at best in a series of changes to rules and guidance which at worst are often damaging. In all cases, institutions have to make expensive, reactive changes. International students

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<sup>49</sup> Higher Education Better Regulation Group (2013) Final Report: Cost and benefit analysis project on immigration regulation. Available at: [http://www.universitiesuk.ac.uk/highereducation/Documents/2013/HEBRG\\_ImmigrationRegulation.pdf](http://www.universitiesuk.ac.uk/highereducation/Documents/2013/HEBRG_ImmigrationRegulation.pdf)

<sup>50</sup> *ibid*



must suffer the consequences of this ineffective system, often resulting in restrictions to their legitimate route of study most recently changes to working rights and in-country extensions of their study.

It is difficult for universities, colleges and schools to accurately judge risk in the immigration compliance regime, so they often overcompensate as the cost for mistakes is high. This is partly due to the “all or nothing” nature of Tier 4 sponsor licences. There is little graduation in penalties and support to successfully implement regulation is minimal. The Home Office has recently introduced a ‘Premium’ system where sponsors can pay over £8000 to actually obtain the support needed to implement rules and guidance, but this is out of reach for sponsors who recruit limited numbers of international students or who are smaller and more specialist. The lack of a constructive environment for understanding immigration compliance and the risk associated with the loss of a licence often result in additional compliance costs as sponsors “allocate resources in proportion to this perceived risk rather than to the letter of the regulation.”<sup>51</sup>

Risk evaluation within the Home Office has also been poor, with providers grouped by funding model rather than by individual risk profiles. Evidence of the quality of provision has been readily available through tests of quality by regulators appropriate to the type of study and through funding bodies. Evidence of immigration compliance is also provided through the Basic Compliance Assessment (BCA) which tests the amount of visas refused to students at a particular institution, the number of students who then enrol and the number who then successfully complete the course. Yet individual providers can use none of these to prove their lower risk and thus reduce the burden of immigration compliance. “Bogus Colleges” as they were once referred to by the Home Office have been removed from the system for some time, and remaining sponsors who lose their licence now are genuine and often high-quality providers struggling to understand and resource a complex immigration compliance regime, which despite assurances in 2013 to make changes only twice per year, continues to make up to 100 changes in a single year to the rules and guidance which govern it.

## The Cost of the Immigration Debate

The decline in international student numbers impacts on more than just education institutions and the academic experience for domestic students. The decline in the UK’s market share and its failure to maintain growth at or above the global rate has generated a considerable loss in local revenue and jobs. This next section seeks to understand and contextualise the impact of the decline in international students on the UK economy. For the first time, we have calculated the total loss to GDP due to the decline in international student numbers. In addition, we have sought to calculate the additional opportunity cost to the UK from not capitalising on the growth of the tertiary education market internationally. Whilst the sector has cumulatively lost £1.1bn so far from the decline in student numbers, it is estimated that the cumulative opportunity cost will rise to almost £8bn by 2016/17.

### Reported losses to the UK economy

Using methodology developed from previous economic value studies, data provided by Study UK members, HESA statistics and other returns, Parthenon-EY has estimated the direct impact of the immigration regime to the UK economy. Our first step has been to look at the actual drops in student enrolment reported by education providers, and use this to estimate the losses incurred by the sector.

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<sup>51</sup> *ibid*

Figure 4: Losses to the UK economy

	2011/12		2012/13		2013/14	
	Students	Value £millions	Students	Value £millions	Students	Value £millions
Ind. Higher Education	53,000	£1,509	22,912	£687	14,669	£505
Further Education	10,601	£184	9,494	£185	6,774	£132
			(32,820)	(£817)	(42,170)	(£1,137)

Source: BIS estimates (2013), ONS Migration statistics, Parthenon-EY Analysis

The cumulative losses amount to approximately £1.1 billion, almost all of which is from independent higher education institutions and further education colleges. The vast majority of losses have been in the Independent Higher Education sector where student numbers have declined by 72%. Universities and schools have not suffered net enrolment drops, and so do not contribute to this total.

### Losses from opportunity cost

However, simply calculating losses from the declines in international student numbers underestimates the actual cost to the sector and wider UK economy of the decline in market share. The second, more accurate method is to look at the actual costs plus the opportunity costs, the revenue foregone because the immigration regime is suppressing growth. Whilst growth rates for the UK have stagnated, competitor countries such as Canada, the US and Australia have all seen significant growth. The proportion of new international students choosing to go to the UK has fallen in each of the last three years. As a result, the UK's market share has fallen from 13% in 2012 to 10% in 2013 whilst the US's share has grown from 16% to 19%.

This additional opportunity cost is the contribution to GDP which the UK would have received had the sector continued to grow at global rates. Our analysis suggests that the total cost of declining international student numbers since 2011/12, including opportunity costs is approximately £4.6 billion. It is worth emphasising that this is the economic value which our competitor countries are realising. The Government's policy choices, especially in the form of immigration restrictions, have caused the UK to fail to meet global rates of growth, which has been driven by key markets such as China and India which are looking for specific offers from destination countries.

This cost rises every year, partly because immigration policies continue to restrict areas of global growth such as pathways, vocational qualifications and work-based learning and partly because the UK fails to adjust policies and information to take its share of specific growing global student populations such as India. In this academic year (2015/16) the total opportunity cost of our reduced market share will be close to £2.2 billion but next year it will be over £3 billion. **Calculated cumulatively, by 2016/17 the immigration restrictions imposed since 2011 will have cost the UK economy almost £8 billion.**

However, had the UK continued to follow historical growth trajectories, there would have been an additional increase of 80,000 jobs. If the UK had kept pace with the global increase in international students, contributions and jobs would have increased by up to 8%. All levels of education in the UK failed to meet this expectation and so there is an opportunity cost, which is the difference between the 8% change that should have been expected, and the actual increases the UK experienced. In cases where market decreased, we have recorded a 0% change. These calculations reveal the opportunity cost of restrictive student visa policies. Losing out on this type of economic contribution will constitute an irreparable loss to the economy.



Figure 5: Value of students to UK GDP

(In £millions)	2011/12	2012/13	2013/14	2014/15	2015/16
Universities	£7,000	£7,210	£7,426	£7,798	£8,421
Ind. Higher Education	£1,500	£1,620	£1,750	£1,890	£2,041
Further Education	£265	£286	£309	£334	£361
Pathway Providers	£413	£413	£434	£455	£492
Independent Schools	£466	£466	£480	£504	£529
	<b>£9,644</b>	<b>£9,995</b>	<b>£10,399</b>	<b>£10,980</b>	<b>£11,844</b>

Source: Higher Education Statistics Agency, BIS estimates (2013), ONS Migration statistics, i-graduate/G5 Group, Independent Schools Council, Parthenon-EY Analysis

Figure 6: Total Losses to GDP from opportunity cost

(In £millions)	2011/12	2012/13	2013/14	2014/15	2015/16
Universities	£210	£426	£798	£1,421	£2,095
Ind. Higher Education	£120	£250	£390	£541	£704
Further Education	£21	£44	£69	£96	£124
Pathway Providers	£0	£21	£42	£79	£118
Independent Schools	£0	£14	£38	£63	£90
	<b>£351</b>	<b>£755</b>	<b>£1,336</b>	<b>£2,200</b>	<b>£3,131</b>

Source: Higher Education Statistics Agency, BIS estimates (2013), ONS Migration statistics, i-graduate/G5 Group, Independent Schools Council, Parthenon-EY Analysis

## Understanding UK performance in global context

These restrictions have been implemented at a time of exceptional growth in the global education sector. The past 10 years have brought unprecedented growth in international education as demand from emerging economies has exceeded their supply of high-quality education for an expanding middle class. Changes in immigration rules which have undermined opportunities in this global market, coupled with restrictions based on a political target on net migration, have led the UK to lose market share at a time when specific markets, such as India, are at their peak of expansion. It is unlikely that we will ever get this opportunity again, and probable that our lack of coordinated strategy between government departments will lead to further slips in the share of international students looking to make a valuable economic and academic impact through their education in the UK.

In 1975, there were fewer than one million mobile tertiary students around the world. Today, this group is reaching five million<sup>52</sup> and OECD projects that it will continue to increase to approximately seven million by 2020,<sup>53</sup> which presents unprecedented growth as well as opportunity for institutions around the world to capitalise on this market.

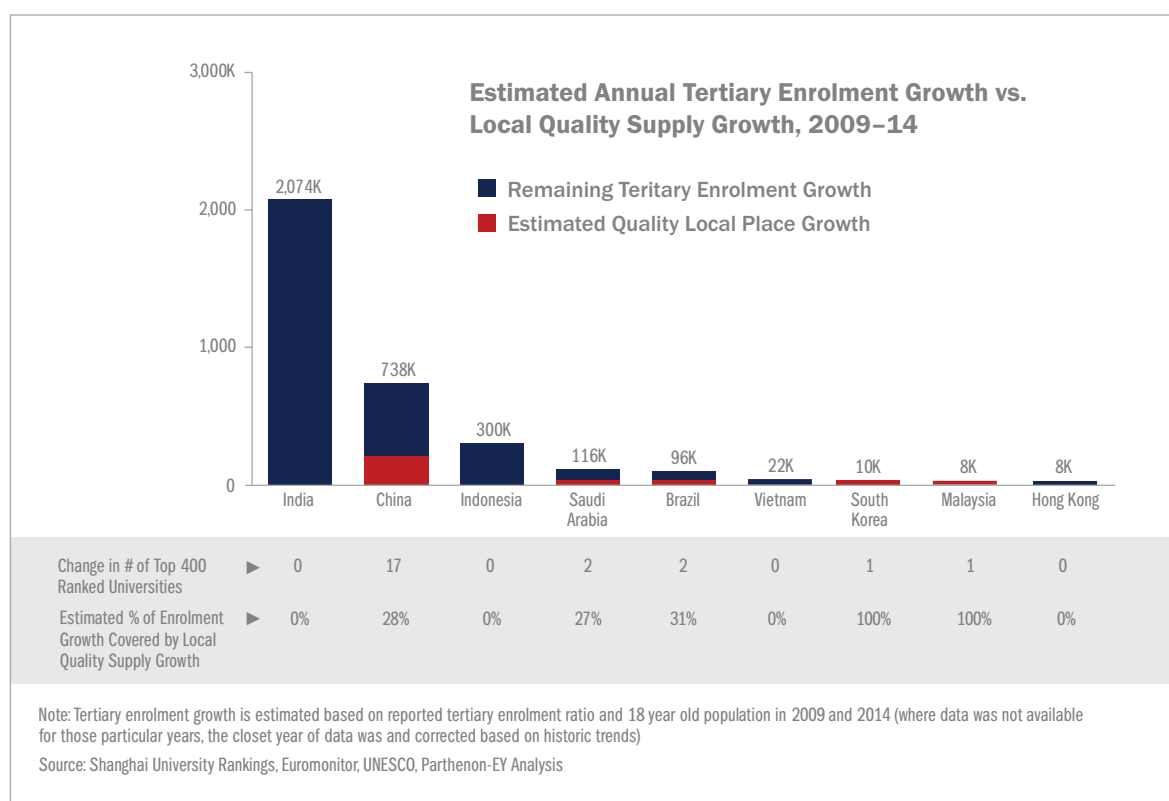
Demand for higher education correlates closely with GDP per head, with especially rapid growth taking place between \$5,000 and \$15,000 per head<sup>54</sup> (see Figure 7). The proportion of 18-25 year-olds in tertiary education typically rises from less than 5% to around 30% during this phase of development. This is a one-off event in a country's history – after this point tertiary enrolment rises much more slowly with growth in GDP per head.

<sup>52</sup> ICEF Monitor (2014) Summing up international student mobility in 2014. Available at: <http://monitor.icef.com/2014/02/summing-up-international-student-mobility-in-2014/>

<sup>53</sup> Tertiary only

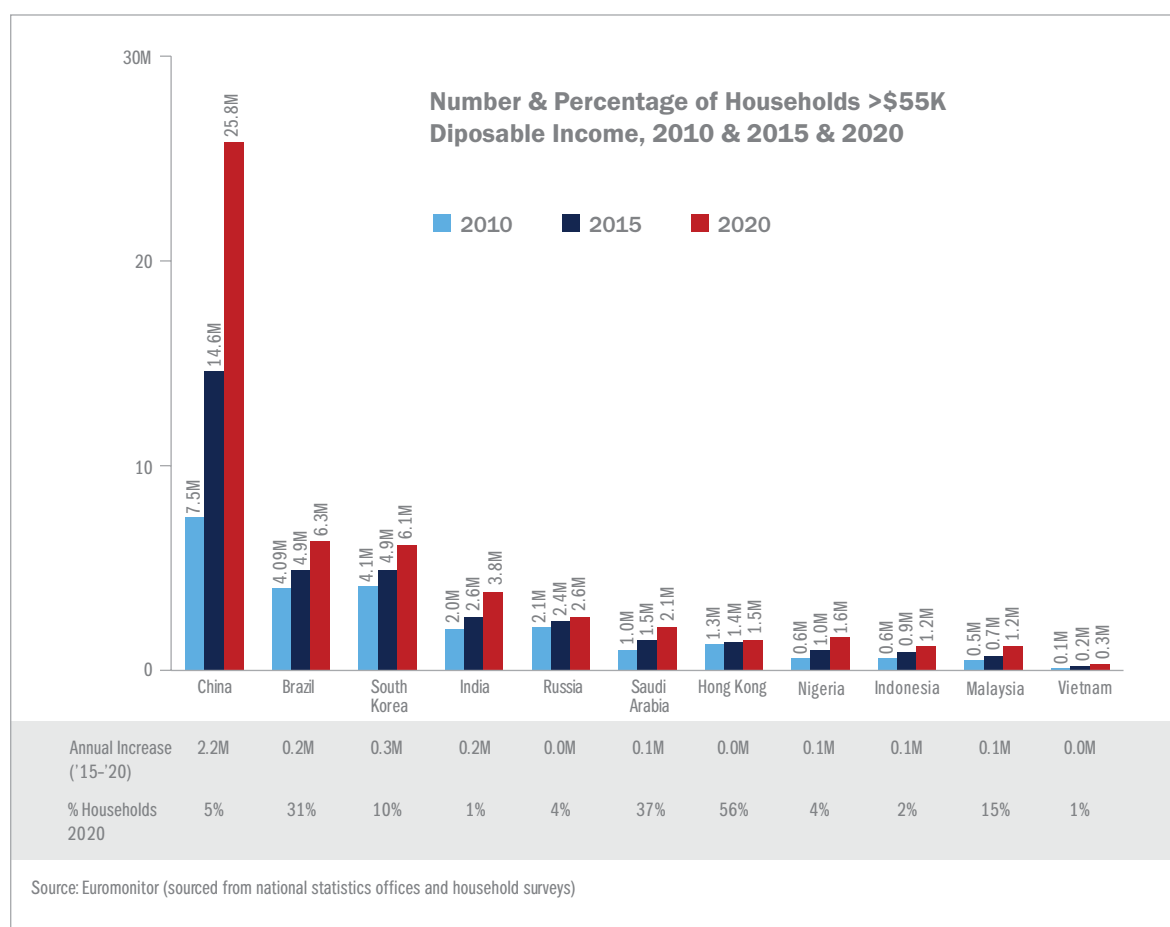
<sup>54</sup> Estimated based on reported tertiary enrolment ratio and 19 year old population in 2009 and 2014 from UNESCO

Figure 7: Demand outpacing qualified local universities and colleges



Economic growth in many emerging markets is raising GDP per head through this critical threshold right now. Demand for higher education in particular is hugely greater than supply. Parthenon-EY analysis predicts that international students' demand for higher education is outpacing the growth of quality local universities, with enrolments in "new", well-ranked institutions covering only 10-20% of overall tertiary enrolment growth (see Figure 8). This mismatch between demand for and supply of quality higher education serves as the propellant for the rapid expansion of mobile tertiary students looking elsewhere to fulfil their educational needs.

Figure 8: Higher disposable income paving the way to more education



*“The accelerated pace of urbanization and economic development in Asia will result in a larger number of households with higher purchasing power. The two heavyweights – China and India – alone will see their aggregate urban consumption increase seven-fold and six-fold, respectively, from 2005 to 2025. This changing landscape indicates great opportunities for higher education institutions wishing to recruit self-funded students.”<sup>55</sup>*

- UNESCO 2012

*“Accommodating the additional ~100 million students would require more than four major universities to open every week for the next fifteen years”*

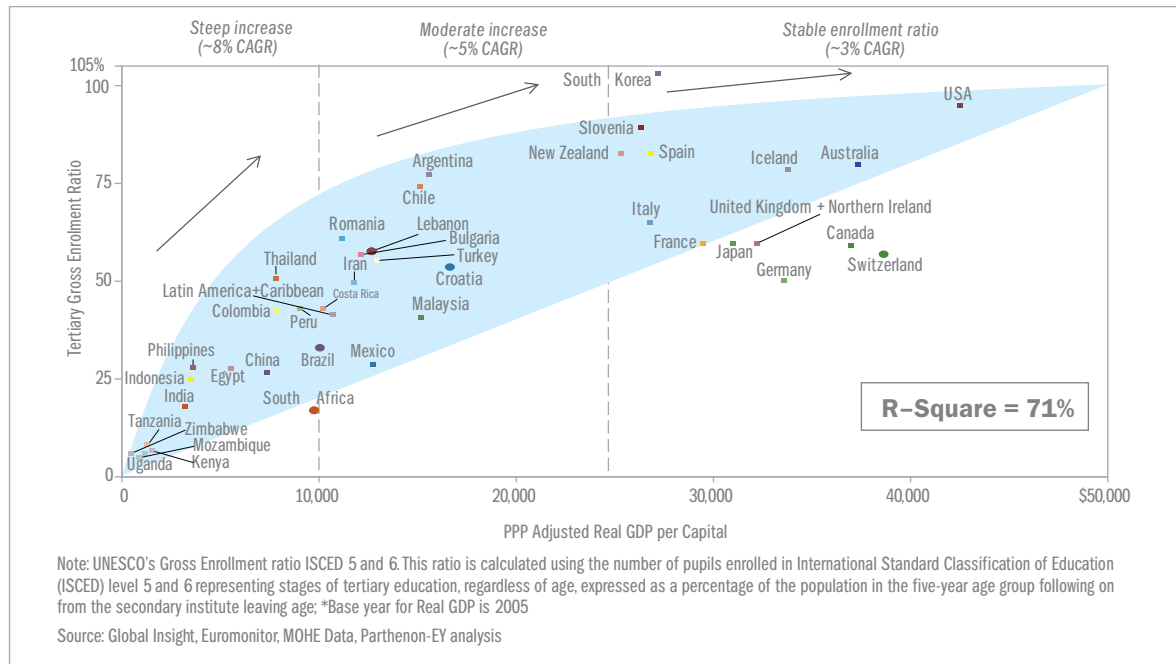
Stamenka Uvalić-Trumbić,  
former Chief of the Higher Education Section, UNESCO, 2011

This mismatch of supply and demand is fuelling a once-in-history demand for international higher education, and increasingly, for all forms of international education. Across the UK’s key source countries – most notably China – the number of households able to afford international education (i.e. those with disposable income greater than \$55,000 per annum<sup>56</sup>) is growing year on year and anticipated to continue well into 2020 (see Figure 9).

<sup>55</sup> UNESCO (2012) Trends in international student mobility 2012. Available at: <http://www.uis.unesco.org/Library/Documents/research-trends-international-student-mobility-education-2012-en.pdf>

<sup>56</sup> Constant 2014 prices

Figure 9: Relationship between increasing income and more education



The UK has missed an opportunity to meet demand from the last five years of global growth in international students. Ten years from now, the rate of growth in international education will have slowed dramatically as the countries with the largest populations pass through the key \$15,000 per head point. If the UK does not capture the potential from these ten years, the UK will have squandered the single most important global education growth opportunity in history, and the story of what could have been a great British export will end in disappointment.

## Understanding UK's position in the Global Education Environment

### Key market trends by study area

- The market for foundation programmes is expanding, with many new countries entering the market. There is also growing domestic demand for this type of provision: Navitas, a leading global provider of foundation programmes, reports that 25% of their enrolments in Australia over the past year were domestic.
- There is a rise in postgraduate courses, and countries are shaping their student visa policies to target postgraduate students, because of their high skill levels and potential for research excellence. Several countries, such as Canada, are placing an emphasis on transitions, encouraging international students to remain in study and seeing postgraduate study as a way to extend the value of their undergraduate students.
- Many countries experiencing rapid industrial expansion, such as Malawi, are calling out for vocationally trained workers, meaning a rise in demand from these countries for vocational provision abroad as well as at home. Much like the UK, many countries are trying to tackle male dominance in vocational provision, and are looking for partner countries to help them develop programmes to encourage young women.

- Demand for language travel is projected to increase over the next three years. People are also studying languages at an earlier age, with juniors (the under-18 cohort) playing a greater role in many markets.

A recent OECD report predicts the continuing expansion of international education, but argues that it will become increasingly complex. “Tertiary education is becoming more international through a number of means,” notes the report. “For example distance education, international education-related internships and training experiences, cross-border delivery of academic programmes, and offshore satellite campuses.”<sup>57</sup>

## The market considered by country

### The UK and the impact of removing post-study work options

In the UK, non-EU university enrolment numbers have stabilised at approximately 300,000 since the beginning of a series of restrictive student visa policy reforms from 2011, whereas enrolments across the USA and Canada continue to climb due to more favourable visa conditions. Competitor destination countries around the world have recognised the value of international students and have set aggressive recruitment targets.

The removal of the UK’s post-study work programme in 2012 has had a particularly negative impact on recruitment. In a recent survey of international students by Hobsons, when asked what were the five most important criteria when picking a country for studies, the ability to work while studying came fourth, while a reputation for quality, the availability of scholarships and international recognition of their qualifications were first to third respectively.<sup>58</sup> What is interesting is that when asked about the reasons for *not* studying in the UK, the removal of the post-study work visa was ranked number one, followed by concern about job prospects. In the same report, 80% of students said that they would switch their study location if their host country’s visa rules were changed. This survey suggests that while the ability to work while studying is not necessarily a key factor in attracting students to a country, the lack of post-study work options is certainly seen as a reason to disqualify that country from consideration. With this in mind, it is not surprising that rival destinations are cutting into the UK’s global market share.<sup>59</sup>

### Australia

The Australian government has broadcast its intention to remain competitive in the international education market, specifically by maintaining a favourable visa regime and fostering collaboration between institutions and industry to provide work experience for international students.<sup>60</sup> This follows a period during which the country saw international student numbers fall after restricting its post-study work options. Their latest strategy focuses on the wider education sector and emphasises fundamental education and strengthening partnerships. Australia suffered losses of up to 5% before reviewing and relaunching its post-study work visa, after which numbers began to rise again.<sup>61</sup>

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<sup>57</sup> OECD. (2015) Education at a Glance 2015. Available at: [http://www.keepeek.com/Digital-Asset-Management/oecd/education/education-at-a-glance-2015\\_eag-2015-en#page1](http://www.keepeek.com/Digital-Asset-Management/oecd/education/education-at-a-glance-2015_eag-2015-en#page1)

<sup>58</sup> Hobsons (2016) Beyond the Data: Influencing International Student Decision Making. Available at: <https://www.hobsons.com/emea/resources/entry/beyond-the-data-influencing-international-student-decision-making>

<sup>59</sup> The Pie News (2015) UK HE ‘undermined’ by work regulations, PSW, survey finds. Available at: <https://thepienews.com/news/uk-he-undermined-by-work-regulations-psw-survey-finds/>

<sup>60</sup> Australian Government (2016) National Strategy for International Education 2025. Available at: <https://internationaleducation.gov.au/International-network/Australia/InternationalStrategy/Pages/National-Strategy.aspx>

<sup>61</sup> The Scottish Government (2015) Post Study Work Working Group: Report to Scottish Ministers. Available at: <http://news.scotland.gov.uk/imagelibrary/downloadmedia.ashx?MediaDetailsID=3513&SizeId=-1>

## Canada

Canada has a target to double its enrolment base by 2022<sup>62</sup> through investment in communications and marketing activities in key source countries. The Canadian government is also offering 10,000 permanent residencies to international students each year. Every province and territory can subsequently sponsor students on post-study work schemes based on the economic needs of that region. Canada offers a Post-Graduation Work Permit which lasts for the same length of time as the student's course. For example, a student who has completed a four-year degree will receive a four-year work permit upon application.<sup>63</sup>

## USA

The USA, already leading in numerical as well as reputational measures, is expanding its existing provision for international STEM graduates to work after study. US institutions are now attracting the lion's share of international investment from companies that support international students, and are increasing their share of the market at the UK's expense.

## China, Russia and other emerging markets

There is growing competition from emerging markets such as China, where a massive investment in recruitment led to an increase of international student enrolments from 195,000 in 2007 to 328,000 in 2012.<sup>64</sup> Since 2010, China's inbound flow of international students has increased by 10%.<sup>65</sup> Russia also announced in September 2015 that 15 of its public universities would be forming a joint initiative dedicated to recruiting foreign applicants.<sup>66</sup> In a 2012 report, the British Council suggested that, given their increased investments in higher education, countries like China, Singapore, Malaysia, and some Gulf States may in the long run become the fastest growing study destinations.<sup>67</sup>

## Germany and the rise of European English medium courses

Historically, the UK has been the dominant European destination for international students, due to the ranking of its institutions and teaching in English. These advantages are being eroded: courses taught in English are increasingly common in non-English universities, and university rankings for some European institutions are improving rapidly (e.g. the Swiss Federal Institute of Technology was the first university outside the US and UK to break into the *Times Higher Education's* top ten universities across the world). Tuition fees are typically much lower than in the UK, and, allied to more liberal immigration regimes, they are enabling other European countries to compete more successfully with the UK in the global education market.

The 2015 ICEF Agent Barometer survey showed Germany coming close to the UK in the category of most attractive destination in the eyes of education agents, at fifth and fourth places respectively.<sup>68</sup> Germany aims to reach 350,000 international student enrolments by 2020, and has created an exceptionally

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<sup>62</sup> ICEF Monitor (2014)

<sup>63</sup> Government of Canada (2016) Stay in Canada after graduation. Available at: <http://www.cic.gc.ca/english/study/work-postgrad.asp>

<sup>64</sup> UNESCO

<sup>65</sup> UNESCO

<sup>66</sup> ICEF Monitor (2015) Russia moving to expand international student recruitment. Available at: <http://monitor.icef.com/2015/09/russia-moving-to-expand-international-student-recruitment/>

<sup>67</sup> British Council (2012) The shape of things to come: higher education global trends and emerging opportunities to 2020. Available at: [https://www.britishcouncil.org/sites/default/files/the\\_shape\\_of\\_things\\_to\\_come\\_-\\_higher\\_education\\_global\\_trends\\_and\\_emerging\\_opportunities\\_to\\_2020.pdf](https://www.britishcouncil.org/sites/default/files/the_shape_of_things_to_come_-_higher_education_global_trends_and_emerging_opportunities_to_2020.pdf)

<sup>68</sup> ICEF Monitor (2015) 2015 Agent Barometer survey yields new insights on student concerns and growing impact of online. Available at: <http://monitor.icef.com/2015/11/2015-agent-barometer-survey-yields-new-insights-on-student-concerns-and-growing-impact-of-online>

attractive regime for international students, offering free tuition as well as generous post-study work rights. This forms part of a long-term strategy by Germany to address skills gaps and shortages in their labour market. Some UK institutions have acquired German campuses in order to take advantage of this strategic opportunity, a clear example where hundreds of millions of pounds that should have been invested in the UK has flowed to other European countries as a result of the UK's policy on this issue.

Globally, the international education market is showing strong growth. However, the UK is failing adequately to capitalise on this growing market, even in areas where it is currently leading, such as pathway programmes, school education and English language provision.

### **The UK's response**

Growth areas of recruitment in international education, such as pathway programmes and vocational training, are among those which have been hardest hit by the UK's recent immigration policies. The Government's policy bias in favour of traditional university higher education means that providers of pathway courses and vocational training are disadvantaged, in spite of their increasing value globally. The students recruited to these courses appear not to meet the Government's definition of the "brightest and best" as they are not research focused, but these courses are a critical element of the UK's offer and should not be neglected. Furthermore, many of these students may not yet have been able to reach their full academic potential because of a lack of opportunity in their own local education systems. When furnished with that opportunity through a pathway programme, they can often achieve equally high standards to those who entered university directly.

## **Improving the UK's Offer to International Students**

The Government's 2015 Autumn Statement stated its ambition to increase education exports from £18 billion in 2012 to £30 billion in 2020. For this to be achievable in an increasingly competitive global marketplace, the UK needs to be making a strong, consistent and well-defined 'offer' to international students.

There are currently a number of campaigns, brands and bodies working to promote UK education to prospective international students, including: Education UK (which is owned by BIS and licensed to the British Council); the Government's GREAT Britain and Education is GREAT campaigns; individual educational institutions; the Universities and Colleges Admissions Service (UCAS), which undertakes international promotional activities; and private marketing agencies. This activity is disjointed and needs to be more coherent. What is needed, as our rival destination countries have realised, is clear messaging to students on the advantages to studying in the UK as a country, and not merely marketing focused on individual institutional brands.

### **Messaging**

Our messaging needs to promote and highlight the many existing strengths of our current offer to international students, including:

- A full range of educational opportunities across the world's most internationalised provision, including the International Baccalaureate and Pathway Programmes (both pioneered in the UK), and quality assurance at all levels of education.

- Integrated work-based learning, including sandwich courses, international accreditation and vocational qualifications (all of which are catered for within the immigration rules for international students, although the rules governing work-based learning could be improved and more consistently applied).
- The world's leading English language provision, both standalone and integrated into academic and vocational courses.
- A strong international outlook: the UK is host to a diverse student community and offers a number of international scholarships.

Our international appeal could also be bolstered by the introduction of a government-regulated **International Education Quality Mark**, to be awarded to UK educational institutions that meet its criteria, in order to showcase the strengths of the UK as a destination for international education.

Rapidly expanding in the international market, marks of quality focussed specifically on an institution's international students' metrics, information and support are emerging as part of international strategies in key competitor countries including Australia, Canada and Ireland. Many of these countries have drawn on international sources to develop a code of practice for institutions, including the UK's own Quality Assurance Agency's guidance on teaching international students.

The UK currently benchmarks a number of activities demonstrating quality in international education, and these benchmarks could be brought together to form a clear and positive source of information for prospective international students. The data on which the Quality Mark's criteria would be based could include:

- Key information sets on international student focused services including English language teaching, accommodation, induction and careers support
- International student completion and attrition data
- Student outcome information such as further study or work destinations
- Student protection arrangements
- Internationalised curricula
- Alumni network information

## A UK offer for the global market

We would also strongly suggest that there are a few key areas where the substance of the UK's offer to international students could and should be improved in order to remain globally competitive, including:

### The Tier 5 (Graduate) visa route

Tier 5 is a natural match for international students' desire for a short UK work experience option as it is designed for short term migration and often charities or overarching bodies are the sponsors who then manage the immigration process for companies or other charities. Several routes within Tier 5 are already designed for graduate internship opportunities; however, when surveyed by NUS over 65% of international students were unaware of any of these offers. A Tier 5 visa category aimed specifically at international graduates of UK universities and colleges applying for post-study internships would increase opportunities for students and employers. It would also be much easier for students to understand which would address the perception that the UK no longer offers a post-study work visa.

- The visa would be for one year, renewable for one additional year and would follow the existing Tier 5 model.



- Tier 5 sponsors would be responsible for ensuring opportunities were at a graduate level commensurate with the area of study as they currently do for existing Tier 5 offers.
- Sponsors with expertise in non-traditional graduate fields such as the digital and creative industries would allow a flexible route for those careers which do not follow traditional, Tier 2-style working patterns.
- The visa would offer solutions to current challenges posed for international students by Tier 2 graduate salary requirements, salary regionalisation and internship programmes that do not offer a salary.

### **Multi-year, multi-sponsor visas**

A visa which offers students security throughout their route of study would encourage students to come to the UK earlier in their educational journey, and would promote the UK as a destination for the full range of international education. For example, this visa could allow a student to undertake a foundation or pathway course with one provider, an undergraduate degree with a second provider and a master's degree with a third provider. Existing models, offered by rival destinations including New Zealand, focus on key assurances within the country's immigration rules while offering the student the ease of one visa application.

- A multi-year, multi-sponsor visa could be offered to those students who are intending to undertake a series of study courses in the UK, from school to pathway programmes to university, with a range of sponsors.
- Students would be required to provide evidence at each stage that they complied with rules on academic progression.
- Students would be required to have all offers in place (conditional on progression) before applying for the visa, and all sponsors would be required to agree to a co-sponsorship arrangement.
- Students awarded the visa would be granted the rights of a student at the highest level provider (university), including working rights, from the beginning of their study path.

Students' confidence in the security of the journey they want to make is a key issue for prospective international students and their parents. This visa would reassure both groups that the conditions of their stay in the UK would not change during the course of their education and better support legitimate progressions and transitions.

## **Recommendations**

### **Recommendation 1: Establish better data on international student numbers and transitions**

To better understand the economic, cultural and academic impact of international students, the Government should look to establish a central data set on enrolments across sectors. Further education and independent college students are a key priority as they are likely to stay longer and are currently least understood in available data.

Government should also consider reforming data collected by the Home Office to enable a better understanding of student enrolments, transitions, and departures from the UK. Home Office Student Management Systems (SMS) require all Tier 4 sponsor institutions to report if students do not enrol, and also record student transitions such as extensions of study and new visas. Reforms to the SMS are currently underway allowing an opportunity to change the way data is recorded and allow all government departments access to headline data on enrolments and transitions.

### **Recommendation 2: Track international education exports**

Education as calculated from the limited data available is the UK's fifth largest services export.<sup>69</sup> The ONS tracks certain exports as part of the *UK Trade Statistics*. Education, despite its importance to the UK economy is not currently tracked and this represents a missed opportunity for better understanding how to improve the performance of education exports.

### **Recommendation 3: Develop better understanding of international students**

Countries such as Australia and Canada, our two closest competitors, use annual survey activity to better understand the decision making and experiences of international students in their respective countries. The last similar survey undertaken in the UK was by the UK Council for International Affairs (UKCISA) in 2004. As part of any strategy to improve international education in the UK, the Government should undertake a systematic collection of data on international student decision-making and experience. This would also enhance the information for prospective students both by improving the content and by directing content to where it is most needed.

### **Recommendation 4: Promote student confidence in the visa system**

There is a need to improve students' perceptions of the UK visa system. Primary amongst concerns for students is confidence that the right decisions are being made and that should they meet the objective requirements they will get a visa. With appeal success rates at over 50% per year in the previous appeals system, and the very subjective nature of credibility tests highlighted by the UKCISA report, students are losing confidence in the UK system. Students report finding the UK system difficult.<sup>70</sup> To change this perception we need to ensure that students have confidence in the system and feel they understand clearly how to meet the requirements.

### **Recommendation 5: Increase continuity in the visa system**

Government should reduce the frequency and quantity of changes to the visa system and ensure that transitional arrangements are in place to protect students who are in the application stage with educational institutions. Guidance to understand fully the changes which are made should be published well in advance to ensure that both students and sponsors have the opportunity to implement processes in order to remain compliant.

Students also need continuity throughout their student journey. Changes and transitional periods should take into consideration the length of courses and the expectations students had when they arrived in the UK. For example, many students were on courses and career paths which required post-study work experience when the removal of the post-study work visa occurred. They were not given the opportunity to complete their post-study requirements as the change occurred too quickly.

Changes to the existing visa regime for both students and sponsors are too frequent and lead to complexity which both student and sponsor find difficult. Recent changes have occurred with little to no transition time. Guidance for these changes is released often on, or after, the day the change comes into effect, which causes unnecessary expense for sponsors and costs and delays for students.

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<sup>69</sup> BIS (2013) International Education – Global Growth and Prosperity: An Accompanying Analytical Narrative. Available here: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/340601/bis-13-1082-international-education-accompanying-analytical-narrative-revised.pdf)

<sup>70</sup> The Independent (11/03/16) Government visa rules are making Britain a 'difficult and unattractive' study destination for international students. Available at: <http://www.independent.co.uk/student/news/government-visa-rules-are-making-britain-a-difficult-and-unattractive-study-destination-for-a6925666.html>

**Recommendation 6: Make it easier for students to progress through different levels of study**

The UK should follow the lead of other countries and explore a multi-course, multi-sponsor visa. The Government should also explore how to ease immigration and academic transitions for international students moving from school or pathway study into university, and from undergraduate study at independent colleges into postgraduate study.




The Government has already set clear maximum study times at below degree and degree level study, as well as just recently an overall maximum study time. They have also established that time spent in study will not count towards permanent residency. Students moving between natural paths of study such as A Levels to university, or vocational to higher degree courses, should be encouraged as long as they meet the requirements for progression. Countries such as New Zealand also use a sponsorship system and have introduced a visa which ensures that sponsors remain responsible for immigration control over the lifetime of their multi-course, multi-sponsor visa.

**Recommendation 7: Establish a more risk-assessed sponsor system**

Government should develop better risk profiling within the sponsor system and further reduce situations where licence revocation is the only action taken by developing a tiered system of penalties using individual sponsor risk profiles and not generalisations. Risk profiles should fit the individual provider and not follow from arbitrary categorisation based on the type of provision or the funding model, which unfairly disadvantages the most compliant sponsors. Risk profiles should rely more on student outcomes data collected by BIS and the Department for Education, and evaluations of academic quality and risk should be undertaken by regulatory bodies appointed by these departments as the relevant experts in this field.

Government should work closely with all types of provider to actively support better processes for immigration control. Government should consider a stream of work specifically to support compliance in smaller, specialist and further education colleges who cannot afford the premium service and do not have access to the Higher Education Assurance Team (HEAT) for additional support. This will give confidence to aspiring and former Tier 4 licence holders that they will be supported to join the register of sponsors, increasing choice for international students.



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Exporting Education UK is a broad-based group of UK representative bodies and organisations involved in education as an export (either educating international students in the UK or abroad) who have come together to promote the value of the sector to the UK and its contribution to our long term competitiveness in the global economy. The group is known as ExEdUK for short, and currently has over 20 members, who span the full range of education from Pre-preps, Prep schools, High Schools, Sixth Form Colleges, Further Education, Higher Education, Professional Training and Education Publishing, all of whom are exemplars of UK education.

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