

Response to APPG call for Evidence on the impacts of international students in the UK

Submitted on behalf of Sheffield Hallam University by James Richardson, Global Engagement Director

Introduction

Further to the 3rd July launch of the APPG for International Students' enquiry into the future of international students in the UK and subsequent call for evidence, the following response seeks to address a number of the identified areas of interest and to add to the body of experience and knowledge from across the sector in relation to the benefits and impacts of overseas students.

Background and context

Sheffield Hallam University is one of the largest universities in the UK. In 2015/16 the University had the 7th highest number of student enrolments in the UK¹. 12% of enrolled students (3,202) in 2015/16 were international. Of these, 60% were postgraduate and 40% undergraduate students. 1.3% of all students were from the EU and 10.35% were from non-EU countries. 1,230 (42%) of the non-EU students were from China, 309 (10%) were from Nigeria and 261 (9%) from Malaysia and 233 (8%) were from India.

Table 1: Number of international students in Sheffield Hallam University by level and mode of study in 2015/16

2015/16	EU	non-EU	Total
UG Full time	201	1,008	1,209
UG Part time	18	47	65
PG Full time	107	1,581	1,688
PG Part time	38	202	240
TOTAL	364	2,838	3,202

Note: The numbers exclude exchange students as well as EU (UK-domiciled) students.

In 2015/16 international students in Sheffield Hallam University made up 0.56% of the entire population of the city of Sheffield²

With two large universities, Sheffield has a relatively high concentration of international students in higher education. A report³ commissioned by the University of Sheffield in 2013 found that international students in Sheffield have a significant positive impact on Sheffield's GDP - a net total contribution of £120.3m in 2011/12.

A report by London Economics published in January 2018 found that in 2015/16 the economic benefit to Sheffield Central constituency from international students was 'approximately £226m, which is equivalent to £1,960 per member of the resident population'⁴. This was the highest level of economic impact in any UK constituency.

¹ Excluding the Open University

² Which was 574,424 in 2016. Office for National Statistics, "[Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2016](#)". 22 June 2017. Retrieved 15 Jan 2018

³ Oxford Economics (2013). *The Economic Costs and Benefits of International Students. A report for the University of Sheffield*. January 2013. Retrieved 15 January 2018

⁴ *The costs and benefits of international students by parliamentary constituency*. Report for the Higher Education Policy Institute and Kaplan International Pathways <https://londoneconomics.co.uk/wp-content/uploads/2018/01/International-students-parliamentary-constituency.pdf>

We look at both continuing students and new starters and we estimate the overall impacts of international students in Sheffield Hallam University over one academic year only.

We also look at migrant students only and our analysis excludes EU students with UK-domiciled status, and any exchange students.

Our response is structured in the following way:

- **Part 1: Assessment of economic impacts**

In this part we estimate the economic benefits and the public costs associated with international students studying at Sheffield Hallam University, to work out the estimated net economic impact and number of jobs created in the UK economy as a result of spending associated with international students enrolled in 2015/16

- **Part 2: Assessment of impacts on community, public services, and the labour market**

We estimate the impact of international students in Sheffield Hallam University on the quality of life in Sheffield, and in particular

- impact on housing provision, local transport and on health provision
- impact on the labour market during study and post graduation

- **Part 3: Assessment of impacts on the student experience of home students**

We analyse the impact of international students on the quality of the student experience of all students in Sheffield Hallam University, in particular:

- the impact on the academic portfolio, where we provide data on the courses which are not likely to exist if we cannot recruit international students
- the impact of international students on the quality of the teaching process
- the impact on the home students' skills and awareness development

Part 1: Assessment of economic impacts

Our estimate of economic benefit takes into account:

- the actual tuition fee income generated by international students in 2016/17
- estimates of non-tuition fee spending (subsistence and accommodation expenditure) by international students
- estimated spending of family and friends visiting international students who study in Sheffield Hallam University.
- costs associated with tuition fee support (EU students only)
- all other costs associated with the provision of public services to international students such as primary and secondary education for dependants, healthcare and transport.

We use the methodologies set out in the following studies:

- *The Economic Costs and Benefits of International Students* by Oxford Economics published in January 2013
- *The costs and benefits of international students by parliamentary constituency*. Report for the Higher Education Policy Institute and Kaplan International Pathways by London Economics published in January 2018
- Department for Business, Innovation and Skills (2013) *Student Income and Expenditure Survey 2011/12*

Our analysis is focused on the economic benefit of **all** EU (non-UK domiciled) and non-EU students enrolled in Sheffield Hallam University in 2015/16 only. Therefore, our estimates do not include aggregate economic benefits and costs over the entire duration of their study.

Tuition fee income

In 2015/16 Sheffield Hallam University's international student income was nearly £28m, with the vast majority of income derived from non-EU international student enrolments.

Table 2: Actual fee income from international students in Sheffield Hallam University in 2015/16

2015/16	£ million		
	EU	non-EU	Total
Fee income			
Undergraduate	£2,438,000	£13,424,000	£15,862,000
Postgraduate	£595,000	£11,375,000	£11,970,000
Total	£3,033,000	£24,799,000	£27,832,000

Non-tuition fee spending

In order to estimate the non-tuition fee spending of SHU international students, we made use of Student Income and Expenditure Survey (SIES) 2011/12 published by the Department of Business, Innovation and Skills in June 2013.⁵ We have adjusted the average annual expenditure figures for the 2011/12 academic year (9 months) using the UK Consumer Price Index data. Using this method, we estimate that average full-time undergraduate student expenditure was £12,727 in 2015/16 and £16,970 for full-time postgraduate students, with average 12 months' duration of study per academic year. These figures relate to British students living in England.

We have reduced these figures by 20% to account for the cost of living in Sheffield being lower than the UK average, and for the fact that, on average, international students spend less than British students. This gives £10,182 as the average non-tuition fee expenditure for international undergraduates at SHU, and £13,576 for post-graduates, in 2015/16.

We have assumed that there is no difference between the annual costs associated with full-time and part-time study.

Table 3: Non-tuition fee expenditure by students in Sheffield Hallam University in 2015/16

2015/16	EU	non-EU	Total
undergraduate	£2,229,836	£10,741,903	£12,971,738
postgraduate	£1,968,500	£24,205,766	£26,174,267
Total	£4,198,336	£34,947,669	£39,146,005

⁵ Department for Business, Innovation and Skills (2013) *Student Income and Expenditure Survey 2011/12* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/301467/bis-14-723-student-income-expenditure-survey-2011-12.pdf

Spending by family and friends

In order to estimate the direct expenditure of friends and family visiting international students in the UK, we have applied the formulae used in London Economics (2018)⁶. They estimated that EU students attract 3 overseas visitors per student, while non-EU students attract 0.9 overseas visitors per student.

Considering the demographic of our non-EU students, we have adjusted the latter to 0.5 overseas visitors per student.

Table 4: Adjusted average number of overseas visitors per student per year and average spend per visit as estimated by London Economics (2018)

2015/16	EU	non-EU
average number of overseas visitors per student	3	0.5
average spend per visit	£296	£822

Applying this model, we estimate that the direct expenditure of friends and family visiting international students in Sheffield Hallam University is as follows:

Table 5: Direct expenditure in the UK by friends and family of international students studying in Sheffield Hallam University in 2015/16

2015/16	EU	non-EU	Total
total number of overseas visitors	1,092	1,419	2,511
total expenditure	£323,232	£1,166,418	£1,489,650

Table 6: Total tuition fee income, non-tuition fee expenditure and overseas visitor expenditure associated with international students at Sheffield Hallam University in 2015/16

2015/16	EU	non-EU	Total
fee income	£3,033,000	£24,799,000	£27,832,000
non-tuition fee direct expenditure	£4,198,336	£34,947,669	£39,146,005
overseas visitor expenditure	£323,232	£1,166,418	£1,489,650
TOTAL	£7,554,568	£60,913,087	£68,467,655

⁶ London Economics (2018) *The costs and benefits of international students by parliamentary constituency*. Report for the Higher Education Policy Institute and Kaplan International Pathways

<https://londoneconomics.co.uk/wp-content/uploads/2018/01/International-students-parliamentary-constituency.pdf>, p. 16

Gross economic impact of international students

As well as the students' direct expenditure, the gross economic impact of international students also includes indirect and induced impacts triggered by their spending. We estimate this using the economic multipliers calculated by London Economics (2018:18)⁷:

Table 7: Economic multipliers for UK impact applied to UK Universities' and students' expenditure

Type of expenditure	Multipliers	
	economic output (£ per £)	Employment (# of FTE jobs per £1m of output)
University expenditure (applied to tuition fee income)	2.5	21.1
Student expenditure (applied to non-tuition fee income)	2.1	15.2
Overseas visitor expenditure (applied to visitor income)	1.9	15.4

The total of the direct, indirect and induced effects constitutes the gross economic impact of international students in Sheffield Hallam University in 2015/16.

Table 8: Total direct, indirect and induced economic impacts associated with international students in Sheffield Hallam University in 2015/16

EU students	direct expenditure	economic output	employment generated (# of FTE)
university expenditure	£3,033,000	£7,582,500	160.0
non-fee direct expenditure	£4,198,336	£8,816,506	134.0
visits by family and friends	£323,232	£614,141	9.5
Sub-total	£7,554,568	£17,013,147	303
Non-EU students			
university expenditure	£24,799,000	61,997,500	1,308
non-fee direct expenditure	£34,947,669	73,390,105	1,116
visits by family and friends	£1,166,418	2,216,194	34
Sub-total	£60,913,087	137,603,799	2,458
TOTAL	£68,467,655	£154,616,945	2,761

Public costs associated with international students

In this section, we estimate public costs associated with international students in Sheffield Hallam University as follows:

- costs associated with teaching grants provided to the University (EU students only)
- student support costs related to tuition fee loans (EU students only)

⁷ibid, p.18

- other public costs associated with hosting international students

Table 9: Annual public costs per student for 2015/16

Public costs per student	EU			non-EU
	teaching grant	student support	other costs	other public costs
other undergraduate	£333	£1,000	£4,337	£2,786
undergraduate degree	£333	£2,430	£4,337	£2,786
postgraduate taught	£333	£0	£5,783	£3,714
postgraduate research	£0	£0	£5,783	£3,714

Conlon (2017) estimates that 'the Exchequer is already paying approximately 27% of the total tuition fee through interest rate subsidies and write-offs'⁸. Therefore, we have included £2,430 per student as an estimate of the direct public cost associated with undergraduate EU students' tuition fee loans.

The costs associated with the HEFCE teaching grant to Sheffield Hallam University have been estimated from the actual 2015/16 grant⁹ divided by the total number of UK and EU students enrolled in the University.

We base our estimates of other costs on regional data for Yorkshire and Humberside provided in London Economics (2018:56). These include all costs associated with health provision, social security (EU students), housing, general public services, policing, economic affairs, environmental protection, recreation, culture and religion, etc.

The estimates for other costs for undergraduate students and their dependants have been adjusted to account for the shorter duration of study (9 months)

Table 10: Total public costs of international students in Sheffield Hallam University in 2015/16

	EU			non-EU	Total
	teaching grant	student support	other costs	other costs	
other undergraduate	£3,663	£11,000	£47,710	£61,281	£159,984
undergraduate degree	£69,264	£505,440	£902,148	£2,877,422	£6,980,690
postgraduate taught	£37,962	£0	£659,262	£6,176,382	£6,873,606
postgraduate research	£0	£0	£179,273	£445,680	£624,953
TOTAL	£110,889	£516,440	£1,788,393	£9,560,765	£11,976,486

Public costs associated with dependants of international students

⁸ Conlon, G (2017) *The costs of Labour's pledge to abolish tuition fees* published in WONKHE <http://wonkhe.com/blogs/the-costs-of-labours-tuition-fee-pledge/>

⁹ 2015/16 funding amounts published in <http://www.hefce.ac.uk/pubs/year/2016/201608/#alldownloads>

SHU does not record the number of dependants of its international students. In order to estimate the number of child and adult dependants of international students, we have used the ratio of dependants per 100 students provided in London Economics (2018: 23).

We have used these figures to work out the estimated number of adult and child dependants associated with international students in Sheffield Hallam University.

Table 11: Total number of dependants of international student in Sheffield Hallam University

dependants per 100 students	EU		Non-EU	
	Full-time	Part-time	Full-time	Part-time
adult dependants of UG undergraduate	14	11	30	2
child dependants of UG undergraduate	26	15	50	2
adult dependants of PG students	7	22	47	8
child dependants of PG students	14	31	79	10

Applying the costs per year for 2015/16 provided in London Economics (2018: 56 - 57), we calculate the total public costs associated with dependants of SHU international students.

Table 12: Total public costs of dependants of SHU international students in 2015/16

	EU	non-EU	Total
adult dependants of UG students	£91,680	£89,470	£181,150
child dependants of UG students	£277,998	£355,865	£633,863
adult dependants of PG students	£121,526	£206,164	£327,690
child dependants of PG students	£406,902	£801,904	£1,208,807
Total	£898,107	£1,453,403	£2,351,510

We conclude that the total public costs associated with Sheffield Hallam's international students and their dependants in 2015/16 stood at £14,327,996. It is worth noting that we have assumed that international students are present in the UK, consuming public resources throughout the full duration of their academic year at the same rate as average UK citizens. This is more likely to overstate rather than understate the consumption of public resources by international students.

Table 13: Total public costs of SHU international students and their dependants in 2015/16

2015/16	students	dependants	Total
total public costs	£11,976,486	£2,351,510	£14,327,996

Net total economic impact

The difference between the total economic benefits (Table 8) and the total public costs (Table 15) gives us the estimated net total economic output of international students at Sheffield Hallam University in 2015/16.

In 2015/16:

- The net total economic impact of international students in Sheffield Hallam was £140,288,949.

- Direct spending by international students and their visitors supported an estimated 1,294 full-time jobs in the UK.
- University spending applied to the tuition fee income from International students supported another 1,468 full time jobs.

Part 2: Assessment of International students' impact on public services', the labour market

Impact on housing

36% of international students live in purpose-built halls of residence and 59% are in other rented accommodation. Given that we have no sufficient data on the type of other rented accommodation these 59% students occupy, we have assumed that they are in shared houses and that their demand contributed to the increase in Sheffield's student-let houses. However, since the numbers of Sheffield Hallam international students in private housing are insignificant in comparison to the total numbers of students in the city (about 57,000 in 2015/16) we estimate that their contribution to this negative trend is minimal.

Table 14: Numbers of students by type of accommodation

Accommodation type	EU	non-EU	Total
Halls of residence	136	1,028	1,164
parental/guardian home	23	135	158
rented accommodation	205	1,675	1,880
Total	364	2,838	3,202

Impact on public transport

In 2015/16 76% percent of international students in Sheffield Hallam University lived within one mile of the campus. Therefore, their use of public transport would have been minimal throughout that academic year.

The rest of the students (780) would have had an insignificant effect on the public transport use in a city of 570,000.

Table 15: Number of students and distance from campus

1 mile or less	1-2 miles	Over 2 miles
2,422	140	640

Impact on health services provision

Sheffield Hallam University has its own Medical Centre which provides GP services to students from two locations. All international students who take part in the Orientation programme (80% of the total number) do their medical registration as part of the programme. This means that international student demand for health services is concentrated in the University's medical centre. We have assumed that rest of the students (640) were registered with GP practices elsewhere in the city, however the lower number indicates that their impact on demand and provision of health services elsewhere in the city would have been small.

The health costs per student can increase in the case of a communicable disease or other serious illness. However, non-EU students are screened for communicable diseases as part of the visa application process, so their occurrences are rare. With 89% of international student being 30 years old or younger, the number of international students who fall seriously ill while studying in the UK would be insignificant. We have therefore estimated that the use of health services by international students in 2015/16 was generally low.

Table 16: Number of students in 2015/16 by age group

30 or younger	31-44	45 or older
2845	318	39

Any public costs to the National Health Services associated with International students in Sheffield Hallam and their dependants are fully covered by their economic contribution to the UK economy. The average costs to the National Health Service (£729 per EU-student and dependants per year; £579 per non-EU student & dependants per year) are included the estimated 'other costs' calculations in Part 1.

Impact on the labour market

In order to assess the international students' impact on the UK labour market, we estimate the number of international students in part-time work during study, and the numbers of international graduates working in the UK after graduation.

Part-time work during study

12% of the EU students and 5% of the non-EU students worked part-time on the University campus in 2015/16. Since we do not maintain a record of students taking part-time jobs externally, we have assumed that the same number of students (42 EU and 132 non-EU) took part-time jobs locally. Again, in the absence of data, we have assumed that these were minimum wage jobs in catering or retail. It is difficult to estimate the impact on the local labour market caused by the demand by international students. We assume that they took up jobs which the resident workforce were not willing to do. However, a different interpretation is also possible – that the demand for part-time jobs by migrant students pushed wages down and making the jobs unviable for the resident workforce.

However, since the numbers of Sheffield Hallam international students taking part-time jobs was relatively small, we estimate that the impact was small, too.

Work after graduation

We have referred to the results from the 2015/16 DLHE survey (39% response rate) to estimate the numbers of international students working in the UK after graduation. Only 67% of EU respondents and 42% of non-EU respondents in the 2015/16 DLHE survey were in work.

Table 17: Percentage of 2015/16 international graduates in work

Employer country	EU			Non-EU		
	Total % of respondents in work	% of respondents in prof/man occupations	% of respondents in non-prof occupation	% of respondents in work	% of respondents in prof/man occupations	% of respondents in non-prof occupation
UK	35.05%	22.68%	12.37%	11.34%	8.20%	3.14%
Other EU	31.96%	26.80%	5.15%	0.00%	0.00%	0.00%

country						
Non-EU country	0.00%	0.00%	0.00%	31.06%	24.43%	6.63%
Total	67.01%	49.48%	17.53%	42.41%	32.64%	9.77%

We applied these ratios to the total number of international students graduating in 2015/16 (147 EU students and 1556 non-EU) in order to estimate the potential impact on the UK labour market.

Table 18: Estimated number of graduates working in the UK after graduation.

	EU		non-EU	
	# of graduates in prof/man jobs	# of graduates in non-prof jobs	# of graduates in prof/man jobs	# of graduates in non-prof jobs
graduates working in the UK	11	18	128	49

Most non-EU graduates need a Tier 2 visa in order to work in the UK after graduation. They would have had to meet very stringent requirements, in order to get Tier 2 sponsorship, and we also assume that most took up jobs which appeared on the shortage occupations list. Therefore, we assume that some of impact on the labour market is positive – providing skills which are lacking in the UK workforce. However, since the resident labour test is not required when switching from Tier 4 (Student) visa to Tier 2 work visa, some non-EU graduates working in the UK may have displaced members of the resident workforce.

Without further information about the jobs taken by the EU students, it is impossible to know if they have displaced members of the resident workforce. However, even if we assume that they have, the numbers entering the UK labour market are so small, so we estimate that the negative impact was limited.

Part 3: Impacts on the academic provision and the quality of the home student experience

Impact on the academic portfolio

At Sheffield Hallam, overseas students are enrolled on courses across the academic portfolio but with a higher proportion enrolled at postgraduate level (59% at PGT, and 42% at UGT in 2017/18). It is also the case that overseas students represent a much larger proportion of the total postgraduate student body.

It is highly likely that the viability of and variety in the university’s postgraduate portfolio is reliant on the relatively large number of overseas students it attracts. Only a small number of non-funded postgraduate taught programmes (17) have large, UK student cohorts (in excess of 15 enrolled UK students) and the remainder have cohorts composed typically of a majority of overseas students with varying proportions but consistently modest volumes of UK students.

Even a modest reduction in overseas student volume has the potential to affect viability of these programmes and, if course closures are the result, to impact on the variety of programmes available to home students.

The postgraduate programmes offered by the university are typically closely linked to business & industry (in line with the strategic aim to be the world’s leading applied university) and are designed to meet

employer need both in the UK and overseas. The difference in volume between UK and overseas students is considered more likely to be cultural (postgraduate study being considered essential to employment success in many international markets) and financial (many middle-class families in overseas markets plan and save for postgraduate study as a matter of course) than an indication of the appeal of the portfolio to the home market. Indeed, UK postgraduate numbers to the university have steadily increased in recent years with growth of 117% since the introduction of the postgraduate loan in 2015/16.

Across the undergraduate portfolio, overseas students may enrol on any year of study (a reflection of the variety of academic qualification and backgrounds they present), typically represent a much lower proportion of the overall course cohort and are less likely to be critical to course viability. However, the university delivers a small number of undergraduate courses specifically designed for international markets which rely almost entirely on overseas student recruitment for viability and which would be forced to close in the case of a significant reduction in overseas student volume with likely consequences for employment of delivery staff.

Impact on the quality of the teaching process

The presence of international students is vital within the classroom. There are clear pedagogical and experiential benefits for our home students, many of who will want to work overseas at some point in their career and/or will work with international colleagues, in a professional capacity in the UK. Interaction with international students helps to strengthen our home students' intercultural competence and awareness, attributes which would be expected of any future professional and graduate.

Teaching international students can be particularly rewarding for staff. It can cause staff to re-evaluate and improve their learning, teaching and assessment approach which is beneficial to all students. International students also offer valuable opportunities to academic staff to internationalise their research focus and collect comparative data internationally.

Impact on the student experience

International students bring global experiences, news, ideas and an international perspective, which enhance the university experience for all. Their presence in the classrooms develops the students' ability to actively engage with different cultural and socio-economic contexts and knowledge.

International students offer an invaluable opportunity to all to widen their intercultural knowledge, awareness and skills on campus. Because of the presence of international students on campus, we are able to run a wide range of 'internationalisation-at-home' initiatives which actively encourage all students to get involved in the culturally and socially diverse university and local communities, and acquire skills for life.

Home students share the positive impact from their experiences:

Whilst at university I studied with students from all over the world! Interacting with these students helped me learn about cultural diversity and even allowed me to get involved in some modelling of Indonesian fashion at the 'Batik goes to Sheffield' Indonesian Culture Event and appeared on Indonesian TV! I wouldn't have got this opportunity if it wasn't for the fantastic international students I studied alongside!

Danielle Pearson, BA HON ENGLISH LANGUAGE

Interacting and studying with the international students has helped me to understand cultural norms a lot better. This has not only benefited me in my professional work life but has also given me the opportunity to make a whole new group of friends which are now scattered all over the world which I will cherish for life.

Phillip Arkwright, BSC HON COMPUTER SECURITY WITH FORENSICS

I have met an amazing group of people within the international community who have taught me about their culture, their food and their countries. The friends I have made have enhanced my University experience which has encouraged me to seek other opportunities post education where I can meet and interact with a multitude of diverse people.

Hannah Gilbert BSC HON BUSINESS INFORMATION SYSTEMS