

## **Universities UK's submission to the APPG on International Students Inquiry: A sustainable future for international students in the UK?**

Universities UK is the collective voice of 137 universities in England, Scotland, Wales and Northern Ireland. Our mission is to create the conditions for UK universities to be the best in the world; maximising their positive impact locally, nationally and globally. Universities UK acts on behalf of universities, represented by their heads of institution.

### **Summary**

International students bring a wide range of short and longer-term benefits to the UK higher education system and to home students by providing a global university experience, sustaining vital courses and enabling universities to invest in developments which benefit the entire student body.

International students also have impact positively on local communities, regions and the national economy by: generating significant education export value; supporting more than 206,000 jobs nationwide; enhancing the UK's soft power; contributing positively to the UK labour market during and after their studies; and enlivening the cultural diversity of local regions and making a strong civic contribution to the towns and cities in which they study.

The government should therefore take positive policy decisions to support universities to grow their international student numbers and make the UK a more welcoming destination, as follows:

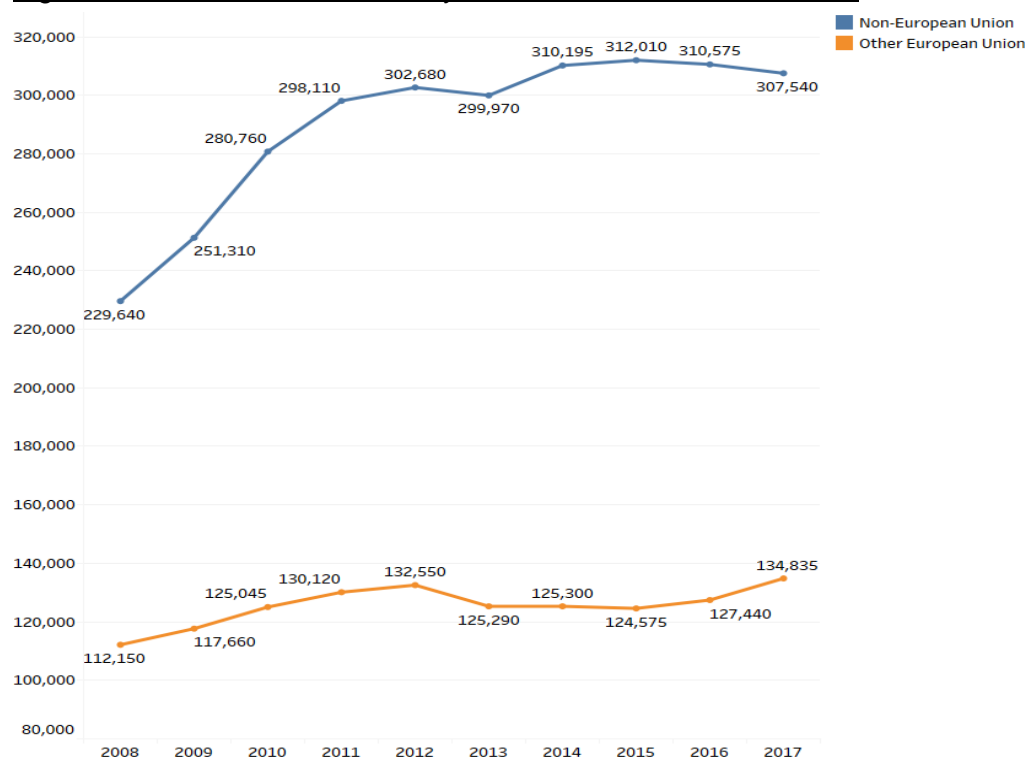
- Launch an ambitious, cross-Government strategy to increase education exports and therefore international student numbers.
- Introduce a new, temporary Global Graduate Talent Visa. Under this visa, all Higher Education Institutions registered as Tier 4 sponsors would be able to sponsor their graduates to search for and gain work experience in the UK for up to two years, without restrictions on job level or salary, and without an employer sponsorship requirement.
- Remove students from the net migration target.
- Execute a significant and sustained international campaign to encourage international students to choose the UK as their preferred study destination for high quality higher education, counteracting the less than welcoming impression of recent years.
- Improve the compliance regime for sponsors of international students.
- Ensure there is a level and transparent playing field for international student recruitment across the UK's universities.

## International students in the UK

The UK higher education sector is a global success story. The international diversity we see in our institutions and our academic community, and the experiences, teaching and research they offer, are renowned the world over. The UK's universities continue to become more international, year on year. International students continue to bring great benefits to the UK sector.

The UK is the second most popular destination in the world for international students. In 2016-17, the UK was host to 442,375 non-UK students (307,540 from outside the EU and 134,835 from Europe). These students come from more than 180 countries and study a wide range of courses at both undergraduate and postgraduate levels.

Figure 1: International students by domicile, 2007–08 to 2016–17



Source: HESA, various years

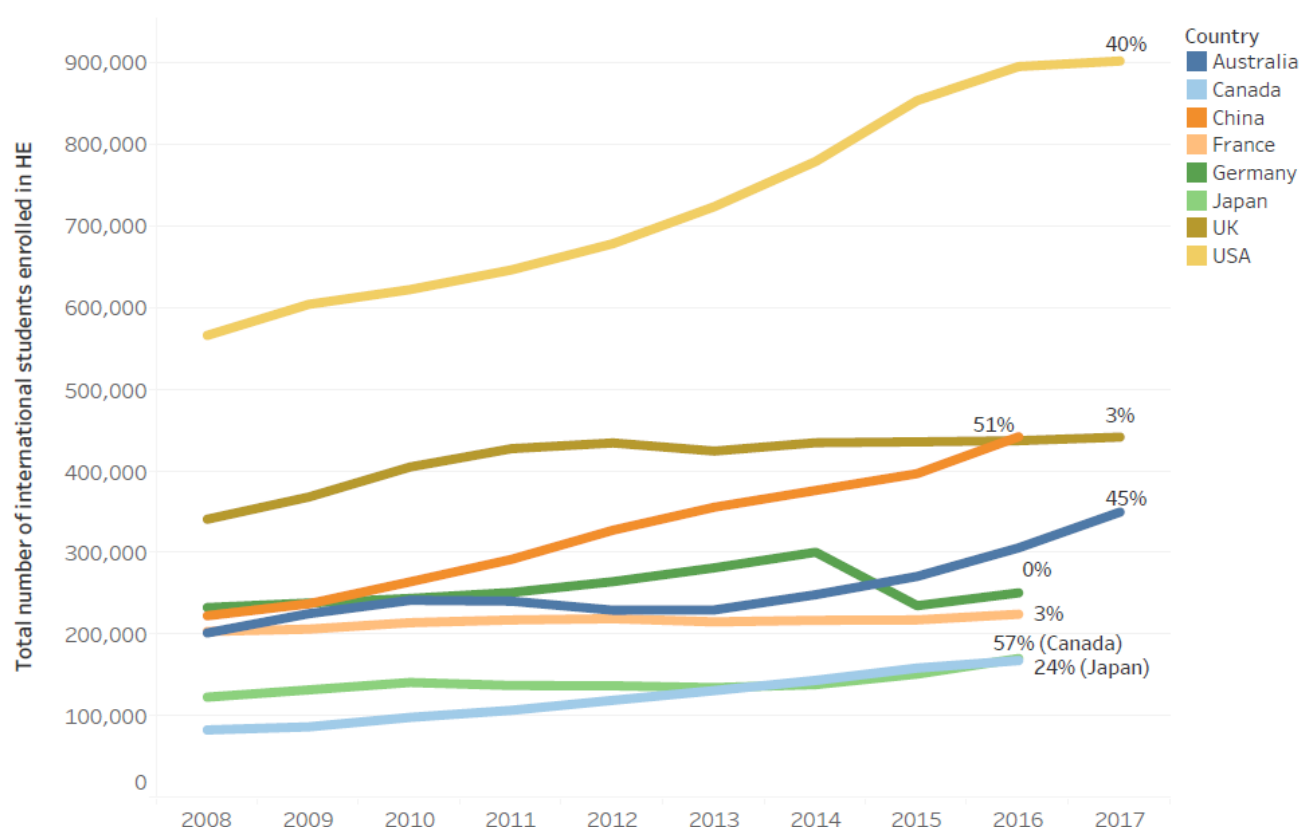
In 2016–17, international students made up 19.1% of all students (13.3% from outside the EU and 5.8% from the EU), up from 14.8% in 2007–08. This varied by institution from 72.6% of the student body at London Business School to 0.2% at the Open University. The top five countries of origin for international students in the UK are China, The United States, Hong Kong, India, and Malaysia.

International students are much more numerous at postgraduate level. They make up 14.0% of the undergraduate student body but 33.8% of the postgraduate taught student body and 42.1% of the postgraduate research student body.

Despite its historical success, the UK's position in a growing market has stagnated in recent years. This is concerning, particularly as many major competitors are adopting ambitious growth strategies and are currently outperforming the UK. Many European universities are also expanding the number of higher education courses taught in English. The UK's competitors – such as USA, Australia and Germany – all continue to grow at a faster rate than the UK, with growth rates in 2014-15 of 9.4%, 10.7% and

8.7% respectively. Over the same period, the UK's international enrolments grew by just 0.5%.<sup>1</sup>

**Figure 2: International students enrolled in higher education in the UK and competitor countries, with percentage increases since 2011**



Source: UUKi, International Students: quarterly data briefing, August 2018

Public opinion polling consistently indicates that the UK public view international students positively and do not view them as immigrants. August 2018 polling conducted by ComRes for Universities UK, revealed that only a quarter of British adults think of international students as immigrants. Of those that expressed a view, 76% say they would like to see the same number, or more, international students in the UK, a figure which jumped to 86% once information on the economic benefits of international students was provided.

Three quarters (74%) of British adults think that when international students graduate from UK Universities, it is better if they use their skills here and work in the UK for a period of time in order to contribute to the economy.

<sup>1</sup> Universities UK International (2018), [International Facts and Figures 2018](#)

## **In the classroom**

International students enrich the experience of UK students studying alongside them and support a range of educational opportunities. They create diverse campuses, prepare students for a global workplace and support the development of new or more facilities. International students contribute to the sustainability of many courses particularly at postgraduate taught level, ensuring that these are kept open for UK students. One study has found that for every new international student at postgraduate level, UK universities are able to open a place for a new UK postgraduate. International students also contribute to the teaching of UK students, both as graduate teaching assistants when PhD students and, once they graduate, as new academic staff. International students do not affect the places available for UK students at undergraduate level, and at postgraduate level they appear to increase places available for UK students.

## **Opportunities**

### **For UK student experience**

International students contribute to the diversity of UK university campuses and enhance the learning experience of UK students, multiple surveys have shown that UK students appreciate studying alongside international students.

In 2015, the Higher Education Policy Institute (HEPI) surveyed UK students to see what they thought about studying alongside international students.<sup>2</sup> They found that 76% of UK students thought that studying alongside international students was a useful preparation for working in a global environment. When HEPI asked current students what they thought about studying alongside international students in 2017, the most popular response (36%) was that they found it was beneficial.<sup>3</sup> The remainder was split equally between those who were neutral and those who did not find studying alongside international students beneficial (which is not the same as seeing it as a disadvantage).

The International Student Barometer, run by iGraduate, surveys students at universities in the UK and overseas on their experience at university. In 2016, 33,500 UK-domiciled students responded to the survey, with 91% of them satisfied or very satisfied with their multicultural learning environment. At postgraduate level, where there is a higher concentration of international students, this increased to 95%. Responses to this question were positively correlated with whether students would recommend their university, suggesting that this is a prominent factor in their enjoyment of their university experience. In response to another question, 88% of UK respondents were satisfied or very satisfied with their opportunities to make friends from other countries.

In 2014, the British Council surveyed UK-domiciled students.<sup>4</sup> They found that 74% of respondents believed that international students were welcomed by students in the UK, and 44% had friends who were international students. Nearly half of respondents

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<sup>2</sup> HEPI (2015), [‘What do home students think of studying with international students?’](#)

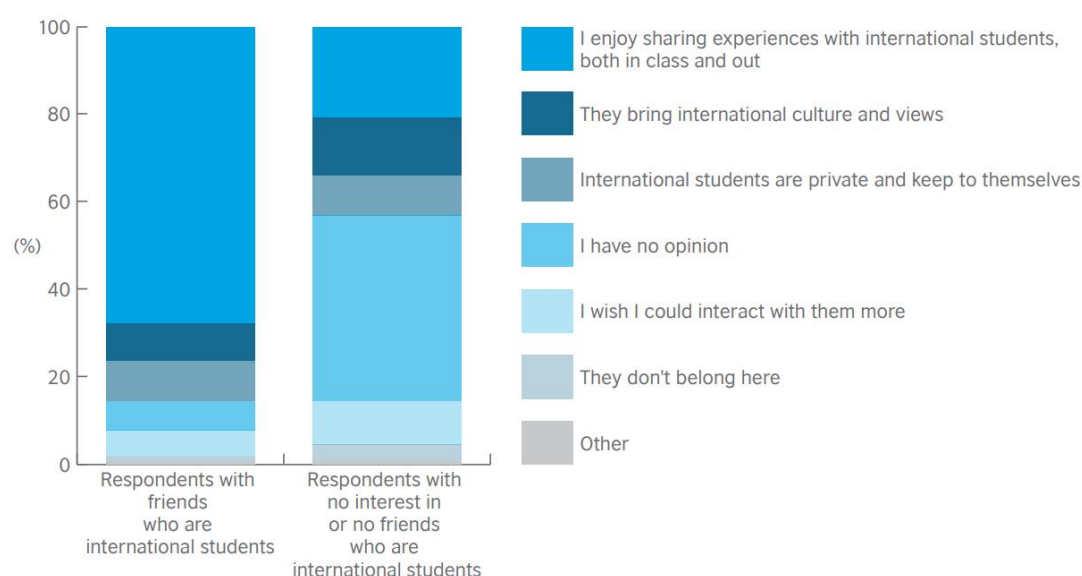
<sup>3</sup> HEPI (2017), [Student Academic Experience Survey](#)

<sup>4</sup> For full results see British Council (2014), [Integration of international students: A UK perspective](#)

enjoyed sharing experiences with international students in and out of class, a further 10% appreciated that international students brought international culture and views, and an additional 8% wished that they could interact with international students more.

Even those respondents to the British Council who either had no interest in international students or no friends who were international students were on the whole positive about international students. Around 45% responded either that they enjoyed sharing experiences with international students, that international students brought international culture and views, or that they wished they could interact with international students more.

**Figure 3: Survey responses when asked, 'How do you feel about international students on campus?'**



Source: British Council Education Intelligence 2014

A survey of UK-domiciled students by the National Union of Students in 2017 found similar sentiments.<sup>5</sup> Over 60% of students felt that they would have less diverse cultural experiences as a student if the number of international students was reduced. More than 20% – and almost 40% of postgraduate students – said that a significant drop in international student numbers would diminish the value of their course.

Studying alongside international students from diverse backgrounds and with diverse experiences provides UK students with the opportunity for enhanced peer learning and networking. This is incredibly important in an environment where 39% of recruiters are dissatisfied with graduates' international cultural awareness.<sup>6</sup> In response to this dissatisfaction from employers, many universities' employability strategies include ensuring that their graduates are prepared for an international workplace and have a global outlook and studying alongside international students helps to support this enhancement.

<sup>5</sup> See <https://www.nusconnect.org.uk/resources/Student-perspectives-on-international-students>.

<sup>6</sup> CBI (2017), *Helping the UK thrive: CBI/Pearson Education and Skills Survey 2017*

The enhanced international cultural awareness which comes from studying alongside international students is particularly important for students from widening participation backgrounds, who might otherwise have less exposure to global experiences which will stand them in good stead in the workplace. This has helped students like Charlie Hughes, who went from working in a supermarket to studying for a Business Studies BA at the University of Bedfordshire.<sup>7</sup> Charlie has said:

“My course involved a lot of group work and because of the number of international students at Bedfordshire, I found myself working with students from China, India and Nigeria. Being able to study with students from different backgrounds really opened my eyes.”

The intercultural exchange which comes from studying alongside international students is also particularly important for MBA students, who will necessarily be working in a global environment. MBA courses in the UK attract especially high numbers of international students, with diverse intakes, and this enables UK students on these courses to develop international co-working skills. This is beneficial for UK students, who are then able to demonstrate the global mindset which employers are seeking. It is also beneficial for MBA students who go on to set up businesses trading internationally. In both cases, a global mindset and understanding of different international environments will help Britain after the UK leaves the EU.

#### **Case study: alumni engagement (Northumbria University)**

Wee Teng Woon is a Singaporean who studied Law at Newcastle Polytechnic (now Northumbria University) in the 1970s. The university has maintained links with Mr Woon, who now makes a substantial contribution to university life. He funds student prizes for top law students, as well as a travel scholarship to fund students to undertake an internship within a law firm in Singapore.

He also funds the Woon Prize, a high-profile art fellowship. The remarkable first prize is a £20,000 fellowship with a 12-month studio space in the Woon Tai Jee studio at BALTIC 39 in Newcastle's city centre. The year-long fellowship includes mentoring from staff at both institutions and a final exhibition with catalogue at the end of the Fellowship. There are also two generous runner-up prizes of £9,000 and £6,000. The Woon Prize has been running since 2013 and has cemented the relationship between Northumbria University and the Baltic Art Gallery, including the fact that there is a Baltic Professor, funded by Northumbria University and hosted at the Baltic.

The latest stage in the continuing links between Wee Teng Woon and Northumbria University is the development of a funded museum of East Asian art. This has the potential to be a substantial addition to the cultural framework within Newcastle and the region, and is a testament to the long-standing relationship with an alumnus who has contributed a substantial amount to the development of the University, as well as to the cultural infrastructure of the North East.

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<sup>7</sup> See <https://www.beds.ac.uk/news/case-studies/charlie-hughes>

International students also support capital investment by universities. This investment will generally be in buildings to support the student experience – either by expanding the number of students the university is able to offer places to (e.g. increasing laboratory space) or by improving facilities which already exist for students. While the projects may be funded by international student fee income, and are often presaged on increasing this income, the resulting buildings improve the experience for all students. Examples of this kind of capital expenditure project submitted to UUK included new laboratories and improved social space for students.

### **Recruitment of UK postgraduate students**

The proportion of postgraduate students from outside the UK has increased since 2007–08, particularly at postgraduate taught level. International students have gone from making up 31% of postgraduate taught students in 2007–08 to making up 34% in 2016–17.

Although this might be supposed to be an indication that international students have reduced opportunities for UK students, in fact the opposite is true. Research by the LSE has found that at postgraduate level, every additional international student was associated with recruitment of approximately one additional UK student.<sup>8</sup> The researchers looked at the correlations between the changes in the numbers of UK students and the numbers of international students at different universities over time. They found that while there was no correlation between the numbers of domestic and international undergraduates, there was a positive correlation for both postgraduate taught and postgraduate research students.

This relates to the positive economic impacts of international students on UK institutions. International students help to support UK universities to recruit UK postgraduate students by ensuring that postgraduate courses in a number of areas continue to be sustainable. In those subject areas with high proportions of international students (e.g. business, where 63% of postgraduate taught students are from overseas, or engineering, where 60% of postgraduate taught students are), many courses would simply not be sustainable to run with just domestic students. Without international students enrolled on these courses, therefore, they would not be available at all for UK students.

This course sustainability point was particularly true between 2010–11 and 2015–16, when numbers of postgraduate taught students from the UK were decreasing at a sector-wide level (many individual institutions will have been able to increase their postgraduate research, hence the LSE's findings). The recent increase in UK-domiciled postgraduate taught students may change this slightly, but it is too early to know what subjects these students will be concentrated in.<sup>9</sup>

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<sup>8</sup> Stephen Machin and Richard Murphy (2014), '[Paying out and crowding out? The globalisation of higher education](#)', CEP Discussion Papers, CEPDP1299

<sup>9</sup> See HESA (2017), '[Higher Education Student Statistics: UK2016/17](#)'



International students also help to support universities' recruitment of UK postgraduate students through their support for capital investment projects. Use of international student fee income to fund investment and leverage private building helps provide new facilities which enable universities to support more students.

### **Teaching of UK students**

International students also support UK students by providing some of their teaching and supporting the UK academic pipeline. As outlined in section 2, international students make up 43% of postgraduate research students. Undergraduate teaching forms a key part of postgraduate research student training, and many postgraduate research students will work as Graduate Teaching Assistants, doing small amounts of part-time undergraduate teaching. In some cases, PhD students will take the majority of seminar/class teaching (though not generally lectures) for first year students.

International PhD students often go on to become academics in the UK as well, supporting the UK academic pipeline. The most recent occupation of 16% of international academic staff who started working at their university in either 2015 or 2016, was studying at a UK university. That rises to 19% of non-EEA staff. There are particular concentrations in some subjects: for international staff starting in 2015 and 2016, 29% in area studies, 28% in economics and 27% in mechanical engineering had most recently been students in the UK.

Without international PhD students, universities would find it much harder to resource their undergraduate teaching or to find the academics of the future.

### **Challenges**

#### **Perception that international students are affecting the recruitment of UK undergraduate students**

Numbers of young, full-time students on bachelor's programmes from the UK and overseas have increased considerably in recent years. However, numbers of students from the UK studying part-time and for 'other undergraduate'<sup>10</sup> programmes from the UK have fallen recently, for several complex reasons.<sup>11</sup> These include:

- the removal of funding for students taking qualifications equivalent to or lower than ones they have
- the recession and falling real incomes post the financial crisis, which reduced the number of students who could fund themselves and reduced the number of employers willing to fund their staff taking higher education courses
- the changes to undergraduate funding in England, which as well as increasing fees, initially left part-time students without access to maintenance funding

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<sup>10</sup> Other undergraduate programmes are pre-bachelor's degree level programmes like foundation degrees and higher national certificates or diplomas.

<sup>11</sup> For further information on the reasons behind falling numbers of mature and part-time students, please see Student Funding Panel (2015), [\*An analysis of the design, impact and options for reform of the student fees and loans system in England\*](#).



- changes to entry qualifications for nursing, so all new nurses have had to have bachelor's degrees from 2013

Because at some universities this has meant that **total** numbers (full- and part-time on first degree and other undergraduate programmes) of non-EU and EU-domiciled undergraduate students increased ahead of numbers of UK students, this has led to charges that universities are taking international students ahead of British students.<sup>12</sup>

Analysis of the HESA student record shows that this is mistaken. Numbers of full-time first (bachelor's) degree students from the UK increased by nearly 230,000 between 2007–08 and 2016–17, compared to an increase of 62,845 in non-EU students and 28,775 EU students.

Because numbers of EU and non-EU students on these courses are lower than numbers of UK students, the proportional increases from these groups are higher than they were for UK students. The increases are also not surprising, given the global increase in the number of students looking to study internationally. Even still, full-time first-degree students from the UK still increased by 24% across the period. EU students increased by 53% and non-EU students increased by 78% over the period.

### **Costs of international students to higher education institutions**

Although non-UK students bring significant income to UK universities in tuition fees and on-campus expenditure, they also incur some costs to the university particularly in relation to immigration compliance for those requiring student visas. The most recent data available is a 2013 report published by the (now defunct) Higher Education Better Regulation Group which estimated that the total cost of Tier 4 compliance to the higher education sector in 2012–13 was almost £67 million.<sup>13</sup>

The study identified costs across a range of areas including:

- application checks and storage of relevant paperwork
- issuance of Confirmation of Acceptance for Studies (CAS)
- pre-arrival support
- monitoring attendance and student engagement

All universities will also provide welfare and academic support for their students to help them with the transition onto their course and to ensure they are able to perform at the requisite level. As their transition is likely to be greater, having moved to a new country and with many having previously studied in different academic systems, international students may require more of this support. They may therefore represent a higher cost to the institution.

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<sup>12</sup> The Sunday Times, 6 August 2017, 'Universities take foreign students ahead of British'.

<sup>13</sup> The report is available online at [www.universitiesuk.ac.uk/policy-and-analysis/reports/pages/cost-and-benefit-analysis-project-on-immigration-regulation.aspx](http://www.universitiesuk.ac.uk/policy-and-analysis/reports/pages/cost-and-benefit-analysis-project-on-immigration-regulation.aspx).

## In our communities

International students are a significant presence in many university towns and cities and as such they have an impact on their local communities. Despite there being some concerns about the pressure this may add to local services there is little evidence to support this and their impact on local communities is positive.

### Local housing

There are various data sources available to examine the impact of non-UK students on housing.

HESA data shows that international students are more likely than those from the UK to live in university-provided and private sector halls than UK students, with 51% of EU and non-EU first year students living in all types of halls, compared to 42% of UK students. The gap widens for students in subsequent years of their degrees, with 26% of non-EU students and 20% of EU students living in halls after their first year, compared to 12% of British students.

**Figure 4: Term-time accommodation by domicile and first year status, 2015–16**

Student domicile	Term time accommodation (FT students only)	First year students	Non-first year students
Non-European Union	Other rented accommodation	28.5%	48.4%
	Own/parental home	10.1%	16.0%
	Private-sector halls	15.7%	10.8%
	University-owned halls	35.4%	15.3%
	Unknown and other	10.3%	9.5%
Other European Union	Other rented accommodation	27.6%	53.0%
	Own/parental home	11.5%	16.2%
	Private-sector halls	12.8%	7.6%
	University-owned halls	38.0%	12.7%
	Unknown and other	10.1%	10.6%
United Kingdom	Other rented accommodation	9.5%	41.3%
	Own/parental home	42.3%	40.7%
	Private-sector halls	9.5%	4.2%
	University-owned halls	32.8%	7.7%
	Unknown and other	5.9%	6.1%

Source: HESA (2017), Student Record

There are differences by level of study, with international students considerably more likely to live in university-owned or private-sector halls at postgraduate taught level than UK students are: 44% of non-EU students and 35% of EU students do so, compared to 8% of UK students. However, international students remain much more likely than UK students to live in halls at all levels of study. There are gaps of 15 percentage points between the proportions of non-EU and UK students at both undergraduate and postgraduate research level living in halls. The gaps between EU and UK students living in halls at undergraduate and postgraduate research level are 12 and 11 percentage points respectively.

Non-EU students are most likely to live in halls as postgraduate taught students, rather than undergraduates or postgraduate researchers; UK and EU students, by contrast, are much more likely to live in halls as undergraduate students. This is because a higher proportion of non-EU undergraduates move out of halls into private rented accommodation after their first year, bringing down the total proportion of non-EU undergraduates living in halls.

**Figure 5: Student term-time accommodation by domicile and level, 2015–16**

Student domicile	Term time accommodation (FT students only)	Postgraduate (research)	Postgraduate (taught)	Undergraduate
Non-European Union	Other rented accommodation	48%	34%	38%
	Own/parental home	15%	11%	14%
	Private-sector halls	6%	14%	15%
	University-owned halls	18%	30%	26%
	Unknown and other	13%	12%	8%
Other European Union	Other rented accommodation	49%	38%	41%
	Own/parental home	16%	14%	14%
	Private-sector halls	5%	12%	10%
	University-owned halls	16%	23%	27%
	Unknown and other	14%	14%	9%
United Kingdom	Other rented accommodation	33%	20%	29%
	Own/parental home	49%	64%	39%
	Private-sector halls	2%	3%	7%
	University-owned halls	8%	5%	19%
	Unknown and other	9%	9%	6%

Source: HESA (2017), Student Record

Despite being more likely than UK students to live in both university-owned and private-sector halls, international students are also more likely than UK students to live in private rented accommodation. This seems largely to be because they are far less likely than UK students – and understandably so – to live in their own or their parents' home. This trend seems to be consistent across both EU and non-EU students and broadly consistent across all three levels of study, with between 11% and 16% of international students living in their own/parental residence, compared to between 39% and 64% of UK students (depending on the level of study).

Since most institutions have far more domestic than international students, international students' overall impact on local rental markets is not as significant as home students. Relative to their proportion of the student body, international students may have more of an impact, since they are more likely than UK students to live in privately rented accommodation. This appears to vary quite considerably between different regions of the UK. Nearly half of all international students in the East Midlands, Wales and the North-East rent privately, but only 22% do in the East of England. The regions where there are lower proportions of international students privately renting appear to have higher proportions of international students living in their own or family accommodation as well as higher proportions of students living in halls.

Some of this data is skewed by the fact that universities seem to have less information about international students' accommodation than they do for UK students. This seems to be particularly true in Northern Ireland, Yorkshire and the Humber and Scotland, which have roughly equal proportions of international students living in halls and privately rented accommodation.

**Figure 6: International student term-time accommodation by region, 2015–16**

Provider region	Other rented accommodation	Own/parental home	Private-sector halls	University-owned halls	Unknown and other
East Midlands	49%	7%	20%	17%	6%
Wales	49%	9%	10%	20%	12%
North East	48%	8%	11%	32%	1%
South West	43%	12%	19%	22%	5%
South East	41%	9%	5%	39%	6%
London	39%	18%	15%	18%	9%
West Midlands	38%	11%	8%	30%	13%
Scotland	37%	10%	7%	30%	16%
Yorkshire and The Humber	36%	9%	21%	19%	16%
Northern Ireland	28%	13%		27%	32%
North West	26%	19%	23%	21%	12%
East of England	22%	19%	3%	49%	7%

Source: HESA (2017), Student Record

## Community & outreach

International students contribute to the local communities they live in by engaging in volunteering and community outreach programmes through their universities. At many universities, international students participate in volunteering activities at a very high rate: 53% of volunteers at the University of Warwick and 56% at the University of Manchester in 2016–17, for example, were international students, far above their proportion of the overall student body. One institution in London told Universities UK that around 90% of the students who volunteer for UK-focused work on widening access are international students.

As well as helping the community simply through high levels of volunteering, international students are often able to deliver unique benefits thanks to their cultural background and experiences. International student volunteers can support language tuition in schools, assist with translation of health and other educational materials, and share their national traditions and celebrations with the community and in schools and care homes.

The University of Manchester has run a special outreach project in schools sharing diverse cultural activities and experiences with local students. London Metropolitan University has found that its diverse student body and having international students as ambassadors make local schools more likely to work with them on outreach issues. Similarly, access-widening efforts at the University of St Andrews have been more successful when international students are involved:

“Feedback from pupils has been extremely positive, with many reporting that this is the first time they have had the opportunity to interact with overseas students and that

the experience has increased their understanding of different cultures and the likelihood of attendance at University in the future.”

Non-UK students also play an important role in tackling some of the key issues of our time from homelessness to the integration of refugees and asylum seekers. As highlighted earlier, qualitative evidence from many universities suggests that non-UK students are more likely to engage in volunteering activities in their local communities. This includes supporting the elderly, providing translation services and contributing to the up-keep of the local area via litter-picks and conservation work.

There were also excellent examples on non-UK students tackling social issues as demonstrated by the below example.

**Case study: international volunteering at Royal Holloway, University of London**

Students at Royal Holloway recorded almost 4,000 hours of volunteering in 2016–17. More than half of this time was contributed by international students, representing a significant contribution to the local community. Several of Royal Holloway’s volunteering programmes draw on the unique background and experiences of international students. The ‘International Kitchen’ project is an outreach programme in schools and community centres, which exposes young people in deprived areas to cultures and nationalities they may be unfamiliar with, helping support social cohesion in the UK.

International students are also vital to Royal Holloway Volunteering’s English For Speakers of Other Languages project teaching English to young refugees. Local schools also often request help from international students in supporting specific pupils with language development and integration into the schooling system.

**Transport & congestion**

There is very little data available about international students’ use of roads and public transport. Some insight, however, can be gained from examining the transport use of young people and students in general, since the same broad patterns of travel are likely to be relevant to international students too.

The government’s National Travel Survey presents data for England on an annual basis, breaking down trips by purpose and mode of transport.<sup>14</sup> The 2016 figures indicate that people aged 17-29 make fewer trips, and travel fewer miles in total, than people in older age groups. Examining trips made by all modes of transport for the purpose of education, the average number of trips is less than half and the average number of miles less than one-sixth of commuting. Focusing on public transport (trains, buses and the London Underground) the number of trips for education is less than half the number for commuting, and the average number of miles under a quarter. The disparity in driving is even greater: the average number of miles driven for commuting is more than eight times higher than the average for education, and

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<sup>14</sup> See <https://www.gov.uk/government/statistics/national-travel-survey-2016>

since this education figure includes parents driving their children to school it overstates the impact of students in higher education.

Further data is available in Transport for London's annual London Travel Demand Survey (LTDS).<sup>15</sup> The 2015–16 release shows that 10.5% of all weekday trips are for education, compared to 30.1% for work, and that the share of trips for education has declined since 2005–6.

These figures suggest that travel for university is not a major source of strain on either the road network or public transport services. The contribution of international students, just under one-fifth of the total student population, is even smaller. Other factors point to the same conclusion. International students live in university halls or private rented accommodation at significantly higher rates than UK students (see below), which means that they likely make fewer and shorter trips to their universities. Students in halls of residence are also not included in the National Travel Survey, which as a result may overstate the average length of trips for education by excluding students who live close to their place of study.

A 2015 report by PwC on the impacts of international students in London concluded, based on TfL figures and a survey of students, that their impact on public transport was negligible.<sup>16</sup> A study by Oxford Economics of international students in the Sheffield region estimated an average cost of around £170 per student.<sup>17</sup> This estimate was based on an assumed average trip length of 14 kilometres, almost three times higher than the 5.1km average trip for education reported in the 2016 National Travel Survey. These studies further support the conclusion that the costs attributable to international students' use of roads and public transport are very small.

Over a third of universities provide free transportation from an airport to university accommodation for newly arrived international students. Normally this takes the form of a coach service, however some universities such as Bournemouth, Salford, and Glasgow Caledonian provide students with a free taxi. Some universities such as Swansea allow and encourage the families of international students to make use of this service if they are travelling together and have booked in advance. Some institutions who do not provide a shuttle service subsidise the cost of international students' initial journey to the university from airports or other locations. The University of Hull offers discounted train tickets from London Kings Cross to Hull for new arrivals, with Hull Trains. Nottingham Trent offers an airport pick up at a negotiated rate with a local taxi company for their new international arrivals.

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<sup>15</sup> See <https://tfl.gov.uk/corporate/publications-and-reports/london-travel-demand-survey>

<sup>16</sup> See <http://londonfirst.co.uk/wp-content/uploads/2015/05/London-Calling-report.pdf>.

<sup>17</sup> See [https://www.sheffield.ac.uk/polopoly\\_fs/1.259052!/file/sheffield-international-students-report.pdf](https://www.sheffield.ac.uk/polopoly_fs/1.259052!/file/sheffield-international-students-report.pdf).

## Usage of NHS and other public services

We have very little data about the impact of international students on public services, but this is likely to be relatively low because of their age and the limits placed on their access to public funds.

This does not mean that international students will make no use of public services, however, either themselves or through their dependents. They will be reliant on the policing, fire safety, public health, environmental protection and other services provided by the state and local authorities in the same way that all citizens are.

In January 2018, HEPI released analysis by London Economics of the cost of public service provision to international students and their dependents.<sup>18</sup> They estimated a total cost of £2.05 billion for the provision of public services not directly related to attending higher education (for analysis of the costs directly related to higher education, please see below). This broke down to £1.18 billion for non-EU students (£7,000 per student) and £0.86 billion for EU students (£15,000 per student). To reach their figures, they estimated the number of dependents for both EU and non-EU students and used survey data and the Treasury's Public Expenditure Statistical Analysis (PESA) to analyse the cost to the public purse.

To estimate dependent numbers, London Economics used data from the Home Office on the number of adult and child dependents that non-EU students brought with them when they entered the UK. This led to assumptions of approximately 15 dependents per 100 non-EU postgraduate students, or approximately 8 adult or child dependents per 100 non-EU students (undergraduate and postgraduate). To estimate the number of dependents for EU students, London Economics used survey data on student household composition. This led to assumptions as per the below table:

**Figure 7: Estimated number of adult and child dependents per 100 EU-domiciled students, by study mode and location of study**

Type of dependant	England		Wales		Scotland		Northern Ireland	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Adult dependants	7	59	14	55	14	55	14	55
Child dependants	13	81	18	80	18	80	18	80

Note: Household composition of EU students in Scotland and Northern Ireland is assumed to be the same as of EU students in Wales. Household composition for undergraduate and postgraduate students is assumed to be the same.  
Source: HEPI, London Economics and Kaplan (2018), [The costs and benefits of international students by parliamentary constituency](#)

<sup>18</sup> HEPI, London Economics and Kaplan (2018), [The costs and benefits of international students by parliamentary constituency](#)



To estimate costs for NHS usage London Economics used recent analysis produced for the Department of Health on migrant use of the NHS and uprated it for 2015–16 prices.<sup>19</sup> London Economics assumed the same cost for EU students, non-EU students and their dependents. The figure for non-EU students and their dependents was then downrated by the yearly £150 NHS surcharge paid by each Tier 4 visa holders and each dependent. This led to an annual total figure of £729 per person for EU students and their dependents, and £579 per person for non-EU students and each of their dependents.

When estimating costs for social security provision, London Economics point out that non-EU students and their dependents have no recourse to public funds so are ineligible for social security benefits provided by the public purse. To estimate costs of social security provision for EU students they use survey data on the average income from social security benefits per full- and part-time UK and EU student, taking the average figure for both EU students and their adult dependents. London Economics combine these figures with the figures given by the Treasury for other public service provision in the PESA, to reach the £2.05 billion figure given above. This figure cannot be taken as precise, relying as it does on several assumptions; however, it provides some basis for understanding the costs of international students.

#### Focus on NHS expenditure on international students

The estimate of NHS spending on international students used by London Economics is significantly lower than the average NHS spend per head across the UK population. This is because of the age profile of international students. HESA data indicates that, in 2015–16, over 85% of international students were aged between 18 and 29, ages at which average NHS expenditure is near its lowest.<sup>20</sup>

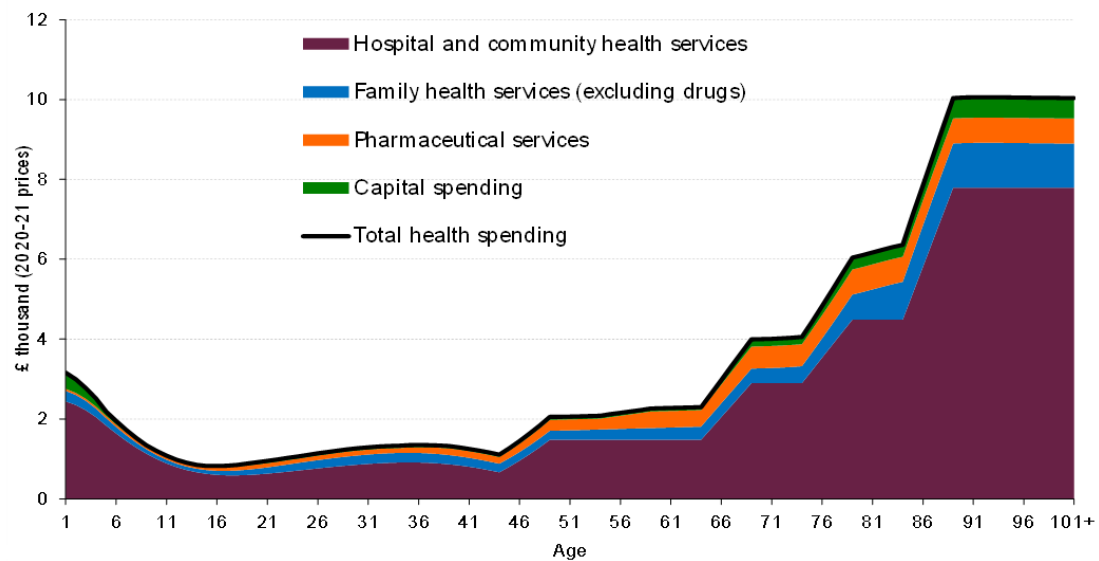
The bulk of NHS spending is on the old (adults over 60) and the very young (children under the age of four). The Office for Budgetary Responsibility has produced a 'representative profile for health spending' shown overleaf which models healthcare expenditure on people of different ages.

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<sup>19</sup> Prederi (2013), [\*Quantitative Assessment of Visitor and Migrant Use of the NHS in England\*](#)

<sup>20</sup> HESA (2017), *Student Record*

**Figure 8: NHS spending per head, by age and type**



Source: Office for Budgetary Responsibility

There is also independent evidence that international students are very infrequent users of the NHS.

The Survey of Graduating International Students (SoGIS), conducted by the Office for National Statistics and the Centre for Population Change at the University of Southampton, received over 3,500 responses from international students in their final year of study in 2016–17.<sup>21</sup> SoGIS data suggests that, in the 12 months prior to taking the survey:

- Only 42.9% of international students saw an NHS GP
- 8.1% attended an NHS A&E department
- 11.2% used NHS contraception or sexual health services
- 7.2% used NHS dental services

SoGIS data suggests that the average number of GP visits for an international student in 2016–17 was 1.14. This is significantly less than the average number of visits even by young UK residents, which in 2008 was estimated at 2.25 for males aged 20-29 and 5.8 for females.<sup>22</sup> This supports the conclusion that international students place very little demand on NHS services – perhaps even less than their age profile suggests. Part of the reason for this may be that 13.4% of international students surveyed reported having private health insurance.

<sup>21</sup> Jane Falkingham, Corrado Giuliotti, Jackline Wahba, Chuhong Wang (2017), [CPC-ONS-UUK Survey of Graduating International Students 2017: Technical Report](#)

<sup>22</sup> NHS Information Centre (2009), *Trends in Consultation Rates in General Practice – 1995-2009*. Available online at <http://digital.nhs.uk/catalogue/PUB01077>.

## **Regeneration of university towns and cities**

International students help universities to invest in new facilities which are available to all students. Many of these capital investment programmes help to regenerate deprived areas of university towns and cities and provide facilities that are open to the wider community.

### **Case study: De Montfort University – Leicester Castle Business School**

De Montfort University (DMU) has recently launched the Leicester Castle Business School, which involved the £4m restoration of the Great Hall of the Leicester Castle – a medieval castle with significant local and national heritage value including links to King Richard III and other notable royals. The castle was in the hands of the local authority and not accessible to the public because it was in need of significant restoration.

Funded in part by international student fees, DMU reached an agreement with the local authority to lease the building, undertake the required £4m repairs and open the space as a business school. The project also resulted in DMU opening the building up for the public's benefit at set times during the year. Without income from international fees the business case for the investment would have been unfavourable and the project would not have gone ahead.

The Leicester Castle Business School is now a successful international business school which offers places to high quality domestic and overseas students. The project has undoubtedly improved the student experience, with students now enjoying top quality teaching in a heritage venue which is steeped in English medieval history. One of the courtrooms in the castle has become a state-of-the-art teaching facility, perfectly blending the old with the new. The restoration has also enabled the venue to be opened up to public visits.

### **Public opinion towards international students**

The evidence above helps to explain positive public attitudes towards international students. A recent report by British Future for the House of Commons Home Affairs Select Committee found that 85% of workshop participants would prefer the number of international students to rise or stay the same, rather than fall. People did not tend to think of international students as migrants, and generally viewed them as contributors to both universities and their local areas.<sup>23</sup>

These findings are consistent with a study conducted by British Future and Universities UK in 2014. National polling found that 59% of people believe the government should not reduce international student numbers and 61% feel that international students are important to sustaining universities' contribution to the UK's cultural life. Participants in the 2014 research groups highlighted increases in the

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<sup>23</sup> British Future & Hope Not Hate (2018), *National Conversation on Immigration: An interim report to the Home Affairs Committee*. Available online at <http://www.britishfuture.org/wp-content/uploads/2018/01/national-conversation-interim-report.pdf>.

diversity and vibrancy of their local community as particular benefits of international students.<sup>24</sup>

ComRes have recently undertaken polling for Universities UK which reinforces these previous results.<sup>25</sup> The main findings of this polling were:

- Only a quarter of British adults say that they view international and EU students coming to study at UK universities as immigrants (25% and 23%, respectively). They continue to be much more likely to say that international students should stay and work in the UK after graduating than to say that they should return home immediately (74% vs 26%).
- A majority (58%) feel that the UK should be ensuring it continues to compete for international students to increase its market share, with only one in five saying they would like to see fewer international students in the UK (19%).
- Nearly three quarters (72%) of British adults think that international students should be able to stay in the UK post-graduation for one year or more, while only 14% say that they think international students should be able to stay for less than one year.

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<sup>24</sup> British Future & Universities UK (2014), *International students and the immigration debate*. Available online at <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2014/international-students-immigration-debate.pdf>.

<sup>25</sup> Universities UK (2018), ComRes polling on international students

## For our regions and nations

**The benefits of international students are shared across all regions of the UK, including those which have seen lower levels of economic prosperity in recent decades.** Numerous examples show how the presence of international students has contributed to regeneration efforts in UK towns and cities from London's Stratford to Tyne and Wear's Gateshead and Glasgow's West End.

International students are present across all regions of the UK. The highest numbers are in London, reflecting the higher number of universities and campuses in London and the allure of London as a global city. Recent analysis for HEFCE found that when they controlled for the impact of university reputation<sup>26</sup>, inner London universities enrol between 26% and 41% (depending on the model used) more international students than the national average.<sup>27</sup> In 2015–16, there were 104,260 international students studying at London's 39 universities. The total number of London-based international students is likely to be even higher than this figure due to the presence of international students at the London campuses of universities based elsewhere.<sup>28</sup> However, there are substantial numbers of international students studying across the UK, with numbers ranging from the 5,170 registered at Northern Irish universities to the 52,155 studying in the South East and the 50,925 studying in Scotland.

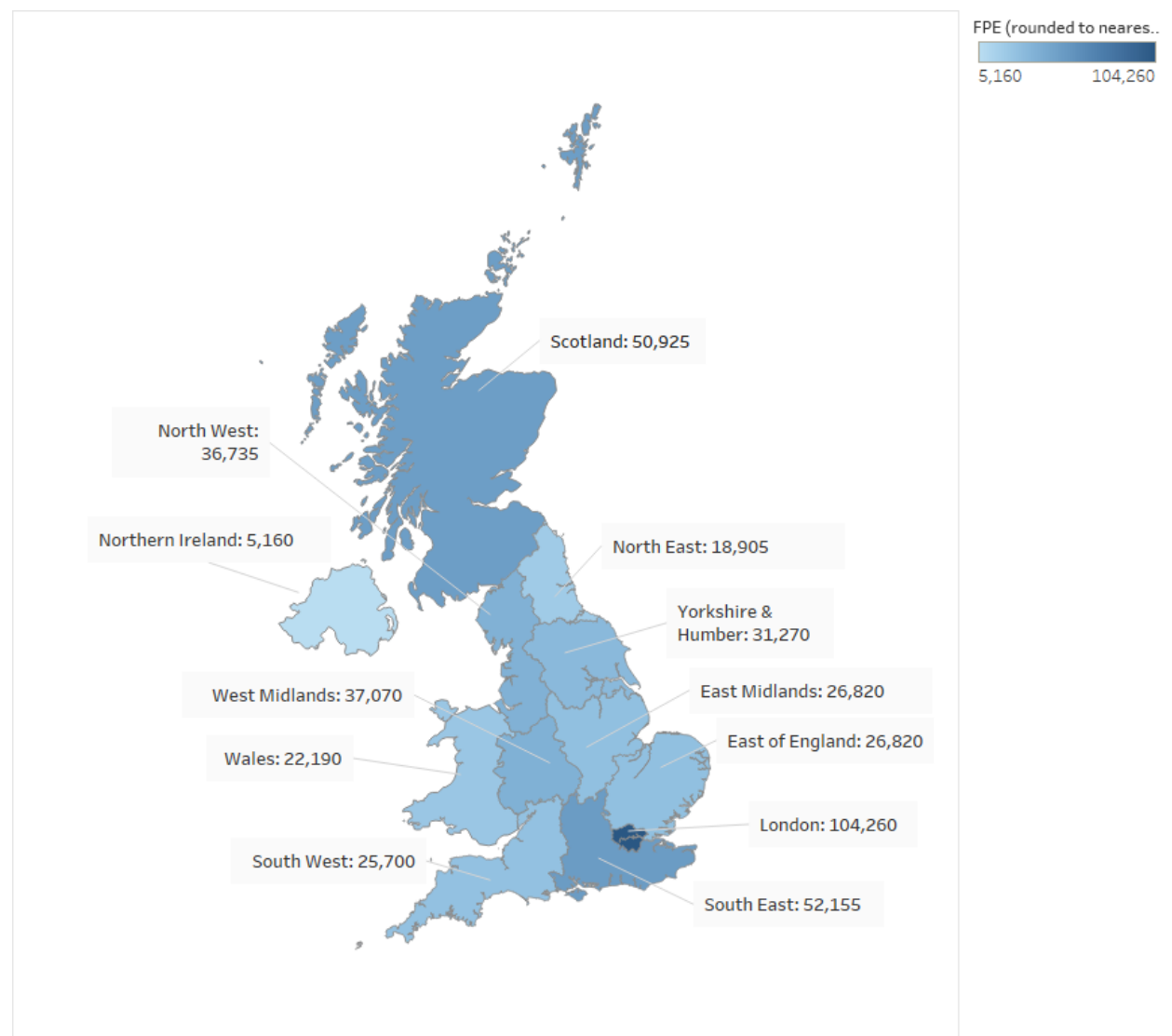
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<sup>26</sup> The following control variables for reputation were included in the econometric model used to calculate regional differences: research excellence (percentage of 4\* outputs in REF2014), teaching quality (using z score for NSS student satisfaction with teaching), time spent on research (TRAC report of percentage of time allocated to research), age (percentage of FTE staff under 40), gender (percentage of FTE female academic staff), professors (percentage of FTE academic staff who are professors), specialist status (using group F from the TRAC peer group), cost centre

<sup>27</sup> HEFCE/Deloitte (2017), [Regional variation in costs and benefits for higher education providers in England](#)

<sup>28</sup> Examples include University of Liverpool in London and Coventry University London Campus.

Figure 9: International students by UK region, 2015–16

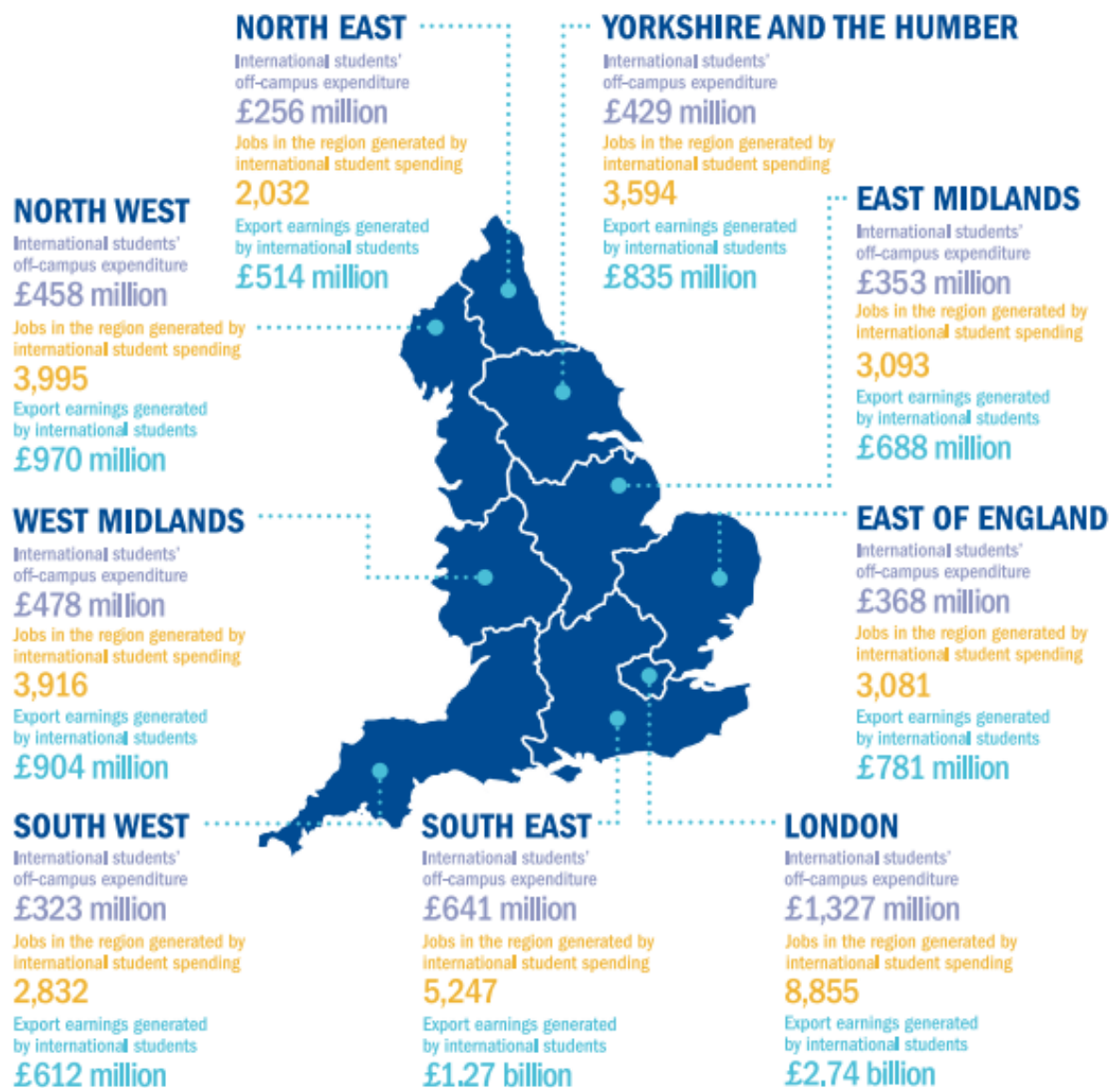


Source: HESA (multiple years), Student Record

### **Regional economic impact of international students**

The economic impact of international students extends across the country and is key to regional economies. This impact is particularly significant in the context of the government's Industrial Strategy and objectives to sustain and grow regional economies. The following figures for English regions are from Oxford Economics' analysis, and the figures for Scotland and Wales are from separate analysis done for Universities Scotland and Universities Wales.

Figure 10: The economic impact of international students on the English regions:



Source: Oxford Economics (2017), *The economic impact of universities in 2014–15: Report for Universities UK*

## Wales

Analysis by Viewforth Consulting for Universities Wales found that the economic impact of international students and their visitors affected all regions of Wales, even those without universities.<sup>29</sup> They found that in 2015–16, the £487 million spent by international students and their visitors:

- Was equivalent to 3.7% of all Welsh exports;
- Generated £716 million of output and £372 million of GVA;
- Generated over 6,850 full-time equivalent jobs in Wales

<sup>29</sup> Viewforth Consulting Ltd (2017), *The Economic Impact of International Students in Wales*



## Scotland

Using the methodology outlined by Biggar Economics in their 2010 report on the economic impact of Scottish universities, Universities Scotland have estimated that in 2015-16, international students:

- Spent £517.5 million on living costs, entertainment and consumer products
- Supported £25.7 million in tourism spend from visiting friends and relatives.<sup>30</sup>

## Employment of non-UK graduates by region

Analysis by The Higher Education Careers Service Unit (HECSU) of data from the Destinations of Leavers from HE survey offers helpful insights on which regions of the UK most benefit from the skills of non-UK graduates who remain in the country on completion of their studies.<sup>31</sup> The analysis found that London dominates to a greater extent than it does for home students.

London dominates the recruitment of overseas graduates as they are drawn to the high skills, business services hotspots of Westminster, the City of London and Canary Wharf. However, not all labour markets that have this shape are in London and so Edinburgh, Glasgow, Birmingham and Manchester are also important locations of employment for overseas first degrees and Master's graduates. Despite the downturn in the oil and gas industry, Aberdeen also remains an important employment hub for non-UK graduates and an upswing in the industry is likely to strengthen demand<sup>32</sup>. At PhD-level the demand is driven by research intensive universities and so unsurprisingly, Cambridge and Oxford (in that order) have the highest intake of overseas doctorates.

However, the data shows that many graduates find employment in the region where they studied as opposed to gravitating towards London. The apparent dominance of London's labour market is partly a reflection of London's sizeable overseas student cohort in the first place, and the finding that non-EU graduates who went to a London institution are significantly more likely to remain in the UK to work than students studying in most other regions of the UK.

Further examination of the data reveals that with a handful of exceptions, overseas students who work in the UK most commonly remain in the region where they studied their UK qualification. The three exceptions – Master's graduates who went to

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<sup>30</sup> Biggar Economics (2010), *The Contribution of Scottish Universities: A report to Universities Scotland*

<sup>31</sup> The DLHE data analysed by HECSU is not collected compulsorily, the response rates are not high (between 50% and 55% for EU graduates and between 30% and 40% for non-EU) and response rates are not uniform across institutions. Consequently, this data is not weighted and cannot be considered a fully representative view of the outcomes of international students. We cannot form a view on the outcomes of graduates who do not respond to the survey. This data should therefore be considered as illustrative data rather than a definitive record.

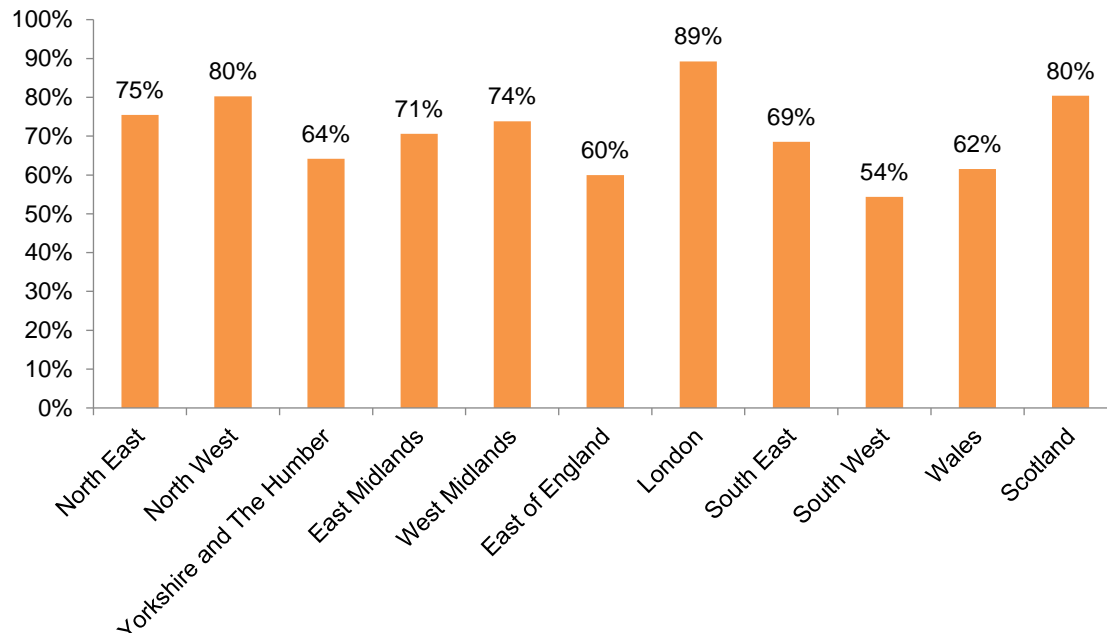
<sup>32</sup> 11% of new graduate entrants at all levels to the oil and gas industry in the UK in 2015/16 were overseas graduates.

universities in the East, South East and Wales – were slightly more likely to go to London than stay near their university. The North West, with a very strong labour market in Manchester, retains most of its overseas graduates who remain in the UK, as do Scotland and Northern Ireland, and most regions keep the majority of their UK-employed PhDs, and all retain at least 40% of their overseas first-degree graduates.

Although HECSU's analysis reveals that some graduates find employment in the regions in which they studied, the extent to which this is possible is hampered by the structure of the current post-study work system. Graduating Tier 4 students applying for a Tier 2 visa are required to meet minimum salary requirements which are prohibitive in many regions outside the South East. This hampers the ability of employers to recruit global talent and is a likely factor in the significant drop in students finding employment post-study since the closure of Tier 1 Post Study Work in 2012.

HECSU's analysis also shows that most regions retain the majority of overseas graduates who opt for further study in the UK on graduation (see Figure 11– Northern Ireland is excluded due to a small sample size).

Figure 11: Regional retention of surveyed overseas graduates who went on to further study in the UK by region of institution



Source: HECSU analysis of HESA Destination of Leavers of Higher Education (DLHE) 2015/16

The data suggest that although London is a great draw, especially at Master's level, overseas students, like their home counterparts, tend to opt to stay close to their graduating institution if they remain in the UK on graduation. It is clear therefore that to enable the regions to benefit as much as London from the ability to retain overseas

talent, address skills shortages and overcome recruitment issues, they must remain able to attract these students. **Removing or reducing minimum salary thresholds would enable regions to retain more graduate talent.**

As demonstrated above, non-UK graduates work in a range of important occupational groups and industries post-graduation.

In recent years, it has been consistently claimed that many international students were employed in unskilled roles under the old, more generous system of Tier 1 Post Study Work. This claim is based on a 2010 study<sup>33</sup> which was limited in scope and flawed. Firstly, it was not based on a representative sample but instead focused only on individuals who had applied to bring their dependents to the UK. Further, the sample size for the study was small (253 individuals) and in almost one-third of cases, it could not be determined whether individuals were employed in skilled or unskilled roles. Critically, the threshold for determining if a job was skilled was by salary level – anyone earning more than £25,000 was classified as skilled. Eight years on from this study, the average graduate salary remains well below £25,000<sup>34</sup> which indicates that the study may have set an artificially high threshold for identifying skilled employment and may not have accurately assessed how many Tier 1 PSW visa-holders were employed in unskilled roles.

### **Entrepreneurism and job creation**

A recent economic impact analysis by Oxford Economics for Universities UK estimated that non-UK students support 206,600 jobs across the UK. After completing their studies, non-UK students also act as job creators through entrepreneurship and business start-ups.

A 2014 report published by the Centre for Entrepreneurs analysed the significant contribution of migrant entrepreneurs.<sup>35</sup> The report found that nearly half a million people from 155 countries have settled in Britain and launched businesses. This entrepreneurial spirit is visible in the activities of non-UK alumni who remain in the UK to start-up their own business.

Although the Tier 1 Graduate Entrepreneur route is small in scale, it has provided a clear pathway for international students to stay in the UK and set up a business. Only 711 Tier 1 Graduate Entrepreneur visas have been granted since 2012, with 225 of these granted in 2017. According to UKVI statistics, the total number of visas granted to dependents of the Tier 1 Graduate Entrepreneurs since 2013 is only 174. Despite

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<sup>33</sup> Home Office (2010) *Points Based System Tier 1: An Operational Assessment*. Occasional Paper 91. Available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/115913/occ91.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/115913/occ91.pdf)

<sup>34</sup> The HESA Destination of Leavers from Higher Education Survey shows that in 2015/16 the mean salary for female leavers was £21,500 and for male leavers £24,000. See <https://www.hesa.ac.uk/news/29-06-2017/sfr245-destinations-of-leavers>

<sup>35</sup> Centre for Entrepreneurs (2014) *Migrant Entrepreneurs: Building our businesses. Creating our jobs*. Available at <https://centreforentrepreneurs.org/wp-content/uploads/2015/11/MigrantEntrepreneursWEB.pdf>

these relatively low numbers, there are numerous excellent examples of international graduates who have taken the opportunity to stay in the UK to set up a business (see below).

#### **Case study: RAB-Microfluidics, Aberdeen**

RAB-Microfluidics was formed by a Nigerian PhD graduate from the university's School of Geosciences, and is a research and development company developing cutting-edge microfluidic technology to solve oil analysis problems. The development of microfluidic and surface enhanced Raman methods for petroleum analysis: asphaltene and naphthenic acids. RAB Microfluidics has recently been awarded a grant of £96K to help develop technology that aims to dramatically reduce maintenance and repair costs for heavy equipment, and as such aims to have a positive impact on the energy industry.

#### **Case study: virtual reality innovation**

Abesh Thakur and Varun Nair, two international students at the Edinburgh College of Art, launched their start-up Two Big Ears after they were granted Tier 1 Graduate Entrepreneur visas on the strength of their business plan. Two Big Ears specialises in virtual reality, focusing on immersive and interactive audio applications in a rapidly expanding marketplace.

Abesh and Varun grew their company, pitching at Engage Invest Exploit, Scotland's leading event for high-talent, high-growth companies, with support from the University of Edinburgh. Two Big Ears employed other graduates from the Edinburgh College of Art as it grew, and in 2016 the firm was acquired by Facebook. Two Big Ears illustrates how international students help generate employment and investment in the UK, keeping the country at the cutting-edge of new innovation.<sup>36</sup>

#### **Case study: medical device innovation**

An alumna of the School of Engineering at the University of Edinburgh, who graduated with a Master's in Biomechanical Engineering, has been granted a Tier 1 Exceptional Talent visa to remain in the UK. She has developed a new medical device which prevents a common source of infections, and subsequently founded a medical device company which specialises in innovations that ease patient pain and reduce burdens on healthcare staff. The firm is based in Edinburgh, and has been recognised with a grant from Scottish Enterprise.

This entrepreneurship is not just evident in recent graduates, but amongst alumni who finished their studies in the UK many years ago and have since created thriving businesses with long-term and substantial impacts. One example featured in the

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<sup>36</sup> See <https://www.ed.ac.uk/alumni/services/news/news/abesh-thakur> and <http://launch.ed.ac.uk/5954-2/> for more information on Two Big Ears.

Centre for Entrepreneurs report referenced earlier is Dr Gerry Ford, Founder and Group Chief Executive of Caffè Nero who came to the UK from Canada as a PhD student.<sup>37</sup> Caffè Nero now employs thousands of staff and operates hundreds of branches globally.

There are many examples of international alumni who have remained in the UK and created jobs not through establishing their own businesses but through contributing to the success and expansion of their employers as demonstrated in the case studies below.

**Case study – Tina Qianwen Liu, University College London**

Tina Liu is a PhD graduate from University College London who after graduating worked for Drewry Ltd, an independent maritime sector advisory and analytical research organisation. At Drewry, Tina was responsible for opening their first office in Shanghai, and during her time in the UK also helped launch the first China-UK Entrepreneurship Challenge for UCL.

**Case study: Li Ruijiao, University of Liverpool & University of Essex**

Li Ruijiao is the co-founder, product director and roboticist of AMY Robotics, an innovative technology company focusing on the research and development of service robots that enhance quality of life through robotic technology, products and services. It is currently in the process of establishing a research and development centre in the UK.

Mr Li graduated with a BSc in Artificial Intelligence from the University of Liverpool, and went on to complete an MRes Computer Science in Robotics at the University of Essex. He believes that the excellent research environment and cutting-edge technology he had access to in the UK continue to influence him to the present day.

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<sup>37</sup> Ibid.

## For research, trade and soft power

International students make an important contribution to the UK's position in the world, boosting the country's diplomatic soft power and adding to our competitiveness in world markets. Education is widely viewed as a major component of a country's soft power. The Portland/USC 'Soft Power 30' states that

*"the ability of a country to attract foreign students, or facilitate exchanges, is a powerful tool of public diplomacy and has been shown to have powerful ripple effects when returning students advocate on behalf of their host country of study".<sup>38</sup>*

Similarly, other soft power indices produced by the Institute for Government (IfG), Monocle, and the Elcano Royal Institute incorporate the number of international students and the internationalisation of higher education into their soft power calculations.<sup>39</sup>

The Portland and IfG indexes also include global university league tables, such as the Times Higher Education World University Rankings, which themselves give positive weight to higher numbers of international students (see below). The presence of international students is therefore a direct contributor to soft power, according to the best existing work on quantifying this kind of influence.

In 2014, the Lords Select Committee on Soft Power and the UK's Influence described education as "a major contributor to the UK's soft power" and highlighted that bringing learners and educators to the UK from abroad, "helps to build social and cultural links and strengthen business and research ties".<sup>40</sup>

There is also a wider soft power impact of international students on the UK's nation brand. Globally, the biggest influence on tourists' choice of a destination is word of mouth, with talking to friends and family key for 40% of visitors and considerers.<sup>41</sup> In this sense international students, as well as other visitors, are ambassadors for the UK, talking about their positive experiences of the UK. International students sharing videos, pictures and experiences online are helping to promote the UK overseas. Various academic studies have also highlighted the soft power impacts of education. Olberding & Olberding found that studying in another country promoted better intercultural relations and enhanced levels of trust, not only among students themselves but also for indirect participants such as supervisors, staff and local families.<sup>42</sup>

Accruing trust and positive perception also have downstream economic impacts. Marina Murat found that international students have similar effects to foreign aid in promoting investment flows between host and origin countries, and also noted that the UK has historically done better than the United States at converting flows of

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<sup>38</sup> Portland (2017), 'The Soft Power 30: A Global Ranking of Soft Power', p31.

<sup>39</sup> Institute for Government (2010), 'The New Persuaders: An international ranking of soft power'.

Monocle (2016), 'Soft Power Survey 2016/17'.

Elcano Royal Institute (2017), 'Elcano Global Presence Report 2017'.

<sup>40</sup> House of Lords Select Committee on Soft Power and the UK's Influence (2014), 'First Report – Persuasion and Power in the Modern World', paragraphs 200-206.

<sup>41</sup> Visit Britain (2017) Researching and Planning, Foresight Issue 150 available at [https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/foresight\\_150\\_-\\_researching\\_and\\_planning\\_v2.pdf](https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/foresight_150_-_researching_and_planning_v2.pdf)

<sup>42</sup> Olberding, J.C. & Olberding, D.J. (2010), "Ripple Effects" in Youth Peacebuilding and Exchange Programs: Measuring Impacts Beyond Direct Participants', *International Studies Perspectives* 11, pp75-91.

international students into investment.<sup>43</sup> Andrew K. Rose of UC Berkeley has found that public perception of a country as a positive influence in the world, like that promoted by international education, leads to larger trade flows.<sup>44</sup> According to this research, a 1% increase in perceived positive influence leads to exports around 0.8% higher. Maximising these kinds of opportunities to increase the UK's global trade will be crucial to making a success of Brexit.

### **Business and trade links**

Recent studies by the former Department for Business, Innovation and Skills (BIS) show that international students offer the UK excellent potential business and trade links for the future. According to the 2012 Tracking International Graduate Outcomes study, 86% of 2010 graduates said they felt welcome in the UK, and 78% planned to maintain professional links with UK organisations.<sup>45</sup>

In more detailed interviews, a “vast majority” said they felt a strong emotional attachment to the UK. Around 90% said that their study experience had improved their perceptions of the UK, and students frequently came away with the feeling that the UK was a trustworthy country to do business with. The importance of cultivating these kinds of sentimental and professional links with students from all parts of the world is highlighted by case studies such as the following, identified by the BIS:

*“Laying down such footprints as a nation develops could deliver substantial benefits in the long term as the nation grows socially and economically. A practical example can be seen through the adoption of UK electrical standards by most Commonwealth countries ... this has now resulted in substantial export and licensing trade with the UK in the electrical field from these countries[.]”<sup>46</sup>*

These connections enable the UK and its businesses to engage successfully with the leaders of the future.<sup>47</sup> Many alumni case studies offer compelling proof of the impact of such links.

#### **Case study: Dr. Talal al-Maghrabi, Brunel University London**

Dr. Talal al-Maghrabi is chair of the Saudi-British Marketing and Management Association, a marketer and entrepreneur whose career has been focused on facilitating business cooperation between Saudi Arabia and the UK. Dr. al-Maghrabi has run training summits for business representatives from the Gulf Cooperation Council to learn about and value British knowledge and business opportunities, and spoken at a range of conferences and events. Dr. al-Maghrabi has also worked with the Saudi

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<sup>43</sup> Murat, M. (2014), ‘Soft, hard or smart power? International students and investments abroad’, RECent Working Paper 107.

<sup>44</sup> Rose, Andrew K. (2015), ‘Like Me, Buy Me: The Effect of Soft Power on Exports’, NBER Working Paper 21537.

<sup>45</sup> Department for Business, Innovation & Skills (2012), ‘Tracking International Graduate Outcomes 2011’. Accessible online at <https://www.gov.uk/government/publications/tracking-international-graduate-outcomes-2011>.

<sup>46</sup> Department for Business, Innovation & Skills (2013), ‘The Wider Benefits of International Higher Education in the UK’, p46. Accessible online 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).

<sup>47</sup> House of Lords Select Committee on Soft Power and the UK's Influence (2014), paragraphs 209-211.



Embassy to develop a forum to help new arrivals in the UK from Saudi Arabia understand and adapt to life in Britain.

**Case study: Justin Kim (Central Saint Martins and Goldsmiths, University of London) - expanding into the Korean market**

Justin Kim is a Korean national who studied for a BA in Product Design at Central Saint Martins, and after several years working as a product designer returned for an MA in Design Critical Practice at Goldsmiths, University of London. He joined Engine Group, a service design agency based in London, after graduating in 2012.

Engine works with major brands including Mercedes Benz, Microsoft and Sainsbury's. Since Justin joined, he has helped the company secure new clients in Korea, including Samsung Electronics and Hyundai. Justin's cultural competency has enhanced Engine's competitiveness against US agencies, as Korean companies now regard the firm as a trustworthy British agency who are easy to communicate and work with.

The BIS research also identified a further range of trade benefits gained from hosting international students, including familiarity with British brands leading to greater consumption of UK products.

**Diplomatic links**

As well as their trade impact, international students enhance the diplomatic strength of the UK by enabling it to foster long-term and meaningful links with individuals who progress to positions of political power.

The Association of Commonwealth Universities gave evidence to the House of Lords in 2014 highlighting that 25% of Commonwealth Scholarship alumni have gone on to hold public office in their home country, and 45% had influenced government policy-making.<sup>48</sup> This is indicative of how international students contribute to the UK's soft power and advancement of the national interest, both indirectly through improving perceptions of the UK in the world at large and directly through the influential positions held by many international alumni.

**Case study: former South African President Thabo Mbeki (University of Sussex)**

Thabo Mbeki was the second President of post-Apartheid South Africa, from 1999 to 2008. He studied at the University of Sussex from 1962, after the banning of the African National Congress, obtaining a BA in Economics and an MA in Economics and Development. Mbeki was an active member

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<sup>48</sup> Association of Commonwealth Universities (2013), 'Universities, scholarships and soft power: Written submission to the House of Lords Select Committee on Soft Power and the UK's Influence'. Available online at <https://www.acu.ac.uk/publication/download?id=516>.

of the student union at Sussex, before returning to the ANC's campaign to end apartheid. He became Deputy President of South Africa after the first free elections in 1994, and was elected President in 1999.

Desk research by HEPI in 2018 showed that more current world leaders were educated in the UK than anywhere else, besides the USA. The list included the Australian Prime Minister Malcolm Turnbull and the President of Gambia Adama Barrow. Important soft power benefits also accrue, however, from students who do not become leading politicians but do go into influential roles in government, diplomatic services and international organisations. These benefits are illustrated in the case studies below.

**Case study: diplomatic alumni of the University of Kent**

After commencing her career in China, Madame Fu Ying came to the University of Kent in 1985-6 to study for an MA in International Relations. After graduating, Madame Fu returned to the Chinese Ministry for Foreign Affairs and served as a translator to Deng Xiaoping. She was the Chinese ambassador to Australia from 2003 to 2007, and ambassador to the UK from 2007 to 2010, before becoming a Vice Minister of Foreign Affairs. She is currently chair of the Foreign Affairs Committee in the Chinese legislature.

Ivo Daalder completed a BA in Politics and Government at Kent starting in 1978, and a master's degree at the University of Oxford. Daalder has been a highly influential figure in US foreign policy: he currently leads the Chicago Council on Global Affairs, has held posts at the Brookings Institution and the Council on Foreign Relations, and served on President Bill Clinton's National Security Council and as US Permanent Representative to NATO under President Barack Obama.

**Case study: Sheila Keetharuth, human rights campaigner, University of Leicester**

Sheila Keetharuth is a Mauritian human rights lawyer who has worked across Africa for more than two decades. Keetharuth completed her LLM at the University of Leicester, and says she was drawn to the UK and Leicester in particular because of the course's specialised focus on civil liberties and human rights.

Keetharuth has worked with NGOs and international organisations in Kenya, Uganda, the Gambia and Rwanda, and was appointed the UN's first special rapporteur on human rights in Eritrea in 2012. Her career is testament to the way the UK, by welcoming international students, can help spread important values and promote the protection of human rights.

### **Case study: Abeer Shakweer, University of Nottingham**

Abeer Shakweer completed an MSc in Computer Science and a PhD in Environmental Engineering at the University of Nottingham, before returning to work in the Egyptian government. She is currently the Egyptian ICT Minister's advisor for social services, and has been instrumental in using information technology to change the lives of people from marginalised and vulnerable groups.

### **Nobel laureates**

A 2015 British Council study showed that the UK is the top destination for Nobel Prize winners who have studied abroad.<sup>49</sup> The study found that 38% of Nobel Laureates who have studied at universities abroad, studied in the UK. This list includes:

- Randy Schekman, an American cell biologist and alumnus of the University of Edinburgh (won the Nobel Prize in 2013)
- Abdus Salam, a Pakistani theoretical physicist and alumnus of the University of Cambridge (won the Nobel Prize in 1979)
- Barry Blumberg, an American physician and alumnus of the University of Oxford (won the Nobel Prize in 1976)
- Jaroslav Heyrovský, a Czech chemist and inventor, alumnus of University College London (won the Nobel Prize in 1959)
- John Polanyi, a Hungarian-Canadian chemist and alumnus of the University of Manchester (won the Nobel Prize in 1986)

### **Notable alumni in the arts, healthcare and academia**

As well as notable alumni in business and politics, international students go on to occupy influential and prominent positions in many other sectors including the arts, healthcare and academia. The examples below demonstrate this widespread impact.

### **Case study: museum studies at the University of Leicester**

The University of Leicester offers an MA in Art, Museum and Gallery Studies which would likely not be viable without the international students who study for this degree. The majority of Leicester's international graduates move back into the cultural sector in their home country, generally in management level posts. This same pattern holds for art and museum studies graduates from universities across the UK, with the result that a significant proportion of senior posts in cultural institutions across the world are held by graduates of UK universities.

UK alumni in cultural institutions help increase the reach of Britain's cultural influence and expand the professional networks of the domestic students who study alongside them. They also influence subsequent generations of students to pursue similar higher education opportunities in the future. A list of Leicester's international graduates includes alumni working in museums in Germany, Italy, Japan, Taiwan and the United States, as well as the UK.

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<sup>49</sup> See <https://www.britishcouncil.org/organisation/press/uk-universities-top-destination-nobel-winners-0>

### **Case study: Ji Jiafu, Cardiff University**

Professor Ji Jiafu is President of the Peking University Cancer Council and the first Chinese doctor to serve as president of the International Gastric Cancer Association. He is playing a leading role in training and standardisation for the treatment of gastric cancer in China.

Professor Ji completed his PhD at Cardiff University. His experience in the UK influenced his own teaching style, and the connections he made whilst studying led him to establish the Cardiff-China Medical Research Collaborative, one of the leading centres for cancer research in the UK.

### **League table impact**

The internationalised nature of UK universities contributes to the global competitiveness of the UK's higher education sector. It is widely accepted that an internationalised staff and student body is the marker of a world leading university. Both main world ranking systems include metrics related to international student numbers.

In the Times Higher Education rankings, weightings are given to the following factors which are affected by international student numbers:

- Institutional income (2.25%): as international students are a major source of university income, they help boost institutions' performance on this metric
- Reputation survey (33%): greater internationalisation and a wider spread of alumni helps universities perform better on the annual survey of their teaching and research reputations
- International student and staff ratio (5%): international student numbers are directly incorporated in the ranking, and also affect the number of international faculty
- International collaboration (2.5%): universities which have given their students opportunities to study with an international cohort are likely to have more research publications with international co-authors

The QS World University Rankings similarly give the international student ratio a direct, 5% weight in calculating university scores, in addition to metrics on international faculty and global reputation with academics and employers which are boosted by higher numbers of international students.

### **Return tourism**

International students also bolster UK tourism by returning to the country in the years after they have completed their studies. This is in addition to the tourism they attract via family members and friends who come to visit them during their studies and to attend their graduation.

### **Cross-subsidies to research**

Every year universities in England, Scotland and Wales submit information to HEFCE as part of the Transparent Approach to Costing (TRAC). TRAC is designed to allow universities to understand the full economic cost (that is both direct and indirect costs) of all of their activity. HEFCE's analysis of TRAC data shows that non-publicly-

funded teaching – which is primarily teaching of non-EU students – generates a significant surplus for the UK higher education sector each year.<sup>50</sup> In 2015–16, data submitted to TRAC suggests that this surplus amounted to £1,466 million across all UK higher education institutions.

Research activity, on the other hand, runs with a substantial deficit, estimated in TRAC at £3,125 million.<sup>51</sup> This meant universities were only able to recover 75.5% of the costs of their research. However, to be sustainable in the long term, universities need to cover the ‘full economic costs’ of conducting research. This includes academic staff, training of postgraduate research students, fieldwork, and laboratory and studio work. It also includes maintaining and replacing infrastructure, and investing in innovation.

The income UK universities received (from government and all other sources) in 2015–16 to support research was not therefore enough to be sustainable. The UK currently has a world-leading research base, but in order to maintain it research income must continue to be supported by the surplus generated by non-publicly-funded teaching, and in particular by international student fees.

### **Supporting strategically important courses**

International students (both EU and non-EU domiciled) also provide vital support for strategically important courses in the UK, ensuring that universities can continue to offer postgraduate courses in business, engineering, maths, computer sciences and other subject areas. International students make up over half of postgraduate taught students at UK universities in the following subject areas:

- Business (63%)
- Engineering (60%)
- Mathematics (58%)
- Mass communications (55%)
- Computer science (50%)

International students also make up very significant proportions of students on creative arts and design courses (48%), language courses (45%), law courses (44%) and physics courses (41%).

In many cases, universities are reliant on international students for courses in these subject areas to continue to operate, because there are insufficient numbers of UK students for courses to be sustainable if recruitment were restricted to UK students. Many universities supplied us with lists of courses which would be unviable without international students. These ranged from four at one locally-focused institution, to 67 at another specialist London-based institution, and nearly a third of courses at an institution with one of the highest levels of international students.

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<sup>50</sup> HEFCE (2017), [Annual TRAC 2015–16: sector analysis](#)

<sup>51</sup> Universities were eligible for the RDEC from its introduction in 2013 until 1 August 2015.

## **Conclusions and recommendations**

The substantive evidence presented in this submission demonstrates that international students bring significant benefits to the UK. These benefits are not limited to the universities in which non-UK students study but extend to the wider community, the national economy and the UK's global standing.

Despite these clear benefits, recent UK policy initiatives have hampered growth in non-UK student numbers at a time when more students than ever before are seeking a higher education experience outside of their home country.

A change in policy is needed to secure a sustainable future for international students in the UK.

**The government should therefore take positive policy decisions to support universities to grow their international student numbers**, as follows:

- Launch an ambitious, cross-Government strategy to increase education exports and therefore international student numbers.
- Adopt our proposal for a new, temporary Global Graduate Talent Visa. Under this visa, all Higher Education Institutions registered as Tier 4 sponsors would be able to sponsor their graduates to search for and gain work experience in the UK for up to two years on a more flexible basis than currently permitted by the Tier 2 visa, without restrictions on job level or salary, and without an employer sponsorship requirement.
- Remove students from the net migration target.
- Execute a significant and sustained international campaign to encourage international students to choose the UK as their preferred study destination for high quality higher education, counteracting the less than welcoming impression of recent years.
- Improve the compliance regime for sponsors of international students.
- Ensure there is a level and transparent playing field for international student recruitment across the UK's universities.