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REPORT

DESTINATION EDUCATION

REFORMING MIGRATION POLICY ON INTERNATIONAL STUDENTS TO GROW THE UK'S VITAL EDUCATION EXPORTS

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September 2016

Institute for Public Policy Research

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This paper was first published in September 2016.

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ACKNOWLEDGMENTS

This briefing would not have been possible without the generous support of Cambridge Education Group, INTO University Partnerships, Kaplan International Colleges, and Study Group.

We would also like to thank the Migration Observatory, the ONS, Universities UK and the Russell Group for their invaluable comments on earlier versions of this report.

While this report has been supported by Cambridge Education Group, INTO University Partnerships, Kaplan International Colleges, and Study Group, the contents and opinions in this report are those of IPPR alone. IPPR is an independent thinktank and retains editorial control of all its publications.

At IPPR, many thanks to Phoebe Griffith, Russell Gunson, Josh Goodman, and Spencer Thompson for their advice and comments on this report.

All errors and omissions remain our own.

SUMMARY

60-SECOND SUMMARY

The government's policy on international students has, for the past six years, been driven in large part by its objective of reducing net migration to the tens of thousands. The government has argued that a large number of non-EU international students – around 90,000 – do not leave the UK at the end of their studies, a claim made on the basis of data from the International Passenger Survey. Its policy towards international students is designed to reduce this number, in order to progress towards achieving its net migration target.

However, this approach is based on dubious evidence. Other data sources suggest that the government could be relying on an overestimate of the number of students who stay on in the UK after completing their studies – one that overshoots by many tens of thousands. This means that government policy could be focused on driving out tens of thousands of people who may no longer be in the UK. The estimate the government uses is not reliable enough to guide policy.

This is deeply worrying. The international education sector is one of the UK's biggest services exports, and one that has significant growth potential. It is also well-placed to help our universities weather the implications of Brexit. Yet ministers have used the 90,000 figure to justify a series of restrictive policies on international students. This is harming the sector and forcing well-integrated migrants whose skills our economy needs to leave the UK after completing their studies.

Moreover, the evidence suggests that few members of the public consider international students to be immigrants, so a more restrictive policy is unlikely to assuage public concerns on migration. With a weak evidence base and little political value, it is time for the government to re-evaluate its approach to international students.

KEY FINDINGS

- The government's commitment to bringing down net migration to the tens of thousands per year has led it to focus on trying to reduce the apparent gap between the number of new students immigrating and the number of former students emigrating. It has done so because student flows are relatively easy to control compared to other types of migration, and because – according to the International Passenger Survey (IPS), the data source used to calculate the net migration figures – students appear to make up a large proportion of total net migration to the UK. Government ministers have claimed on the basis of this data that many non-EU international students (around 90,000) are not leaving the UK after completing their studies.

- However, this claim is not supported by other evidence. Our new analysis of other data sources suggests that the IPS could be overestimating the number of students who stay on in the UK after completing their studies by many tens of thousands. The Home Office's visa data suggests that only around 40,000 non-EU individuals who came to the UK on student visas still have valid leave to remain or settlement five years later. The Annual Population Survey suggests that only around 30,000–40,000 non-EU migrants who previously came as students are still in the UK after five years. The Higher Education Statistics Agency (HESA's) Destination of Leavers Survey suggests that three-quarters of non-EU higher education students who are working six months after completing their studies are employed outside of the UK.
- While each of these data sources measures slightly different things and has its own methodological limitations, the large discrepancy between the other sources' figures and that of the IPS suggests that the latter's 90,000 figure is not reliable enough to be used as a guide for policy.
- Motivated in large part by the belief that considerable numbers are not leaving the UK, the government has implemented a range of restrictive policies towards international students, including scrapping the post-study work visa, imposing limits on working while studying, and creating new rules for education institutions in order to monitor compliance. While it is certainly right to root out abuse and tackle bogus colleges where there is robust evidence of wrongdoing, these rules have adversely affected genuine students and institutions, and have undermined the UK's reputation as a desirable destination for international students.
- The total number of international students coming to the UK has fallen over the past six years, and the number of them enrolling in UK higher education has stagnated. This is worrying, as international students bring major economic, social and intellectual benefits to the UK. In total, UK education exports are estimated to be worth approximately £17.5 billion to the UK economy, with the fees and expenses of international students comprising three-quarters of earnings within the education sector. Moreover, the effects multiply: an international student who studies in Britain is an investment. They retain a knowledge of and links to Britain when they depart, making them useful ambassadors and multipliers for British firms who later seek to build trade relationships with those former students' countries.
- While immigration is a key public concern, a large majority of the public is positive about the contributions that international students make to the UK. Only 22 per cent of the public see international students as immigrants, and while nearly 70 per cent of the public want to reduce migration flows, just 31 per cent want to do so by reducing university student numbers.
- Other countries are outpacing the UK in the international education sector. Our main competitor countries – Australia, Canada and the US – do count international students within their net migration figures, but do not include them within their numerical targets for permanent migration.

- The three countries have each made efforts to attract international students through a range of different measures. Australia has announced a new national strategy for expanding its international education sector, and has streamlined its visa processes. Canada has expanded opportunities for international students to access post-study work and permanent residency. The US has extended the optional practical training programme for STEM students, which permits off-campus work both during and after study.

KEY RECOMMENDATIONS

- Students should be excluded from the drive to reduce net migration to the tens of thousands. The government should split up the net migration target into its individual components – workers, family migrants, asylum seekers and so on – and set migration targets for each of these flows. As with our main competitors in international education – Canada, Australia and the US – students should be classed as temporary rather than permanent migrants, and should not be subject to a target.
- The UK should take a leaf from Australia's book and set out a 10-year plan for expanding its international education sector, as part of the government's new industrial strategy. It should create a new role – a minister for international education – to develop and take forward this plan.
- As part of the 10-year plan, the government should reintroduce the post-study work visa for STEM and nursing graduates, allowing visa-holders to apply for any graduate job, with no salary threshold, for 12 months after graduation.
- More generally, international students should be exempted from the cap on Tier 2 visas and the resident labour market test for one year after they graduate, rather than for four months as at present. For the first 12 months, they should also be exempt from the 'immigration skills charge', which is to be introduced in April 2017.
- The Office for National Statistics should seek to improve its data collection methods to enable more robust assessment of the migration patterns of international students. We recommend that the government prioritise student visas in its roll-out of the exit check scheme, which should provide a more accurate picture of emigration flows and allow for exit data to be cross-checked with visa records.
- The government and the higher education sector should also jointly take proactive steps to measure the extent to which international students return home by boosting the response rate of the HESA Destination of Leavers survey.

1. INTRODUCTION

The international education sector presents an exceptional opportunity for post-Brexit Britain. With the vote to leave the EU sending shockwaves through the UK economy, and the future UK–EU trading relationship still unclear, many key export sectors are at risk of decline. Yet the international education sector is one of the UK's largest services export industries – a fact that is unlikely to be directly affected by the forthcoming Brexit negotiations, because it relies mainly on non-EU students coming to the UK. It therefore provides a key source of reliable and sustainable revenue generation for the UK, in an otherwise deeply uncertain climate.

At the same time, higher educational institutions have been adversely affected by the immediate fallout from the referendum result in a number of ways, from uncertainty over the status of their EU workers to the likely loss of EU funding for a range of academic research programmes. The international education sector therefore has an unprecedented opportunity to play a vital role in the government's new industrial strategy, and has the potential to grow significantly while also helping to protect the university sector from the consequences of the referendum result.

Despite this clear opportunity, the international education sector also faces a major risk. For the past six years, the sector has been hit by a series of extensive and restrictive reforms. In 2010, the Conservative manifesto made a commitment to reducing net migration to the UK to the tens of thousands. Subsequent governments have argued that international students make up a considerable portion of overall net migration. Reducing net non-EU student migration – and in particular ensuring that students leave after completing their courses – has, therefore, been a central element of the government's immigration strategy. A range of policies have been introduced to bring down net student migration, from the removal of the post-study work visa to a series of low-level regulatory changes to the rules on student visa compliance.

Experts, commentators, and MPs from across the political spectrum, from Ukip to the Greens – not to mention representatives from the higher education sector – have repeatedly warned of the damage being caused by the government's approach to international students. There is now overwhelming evidence of the benefits that international students bring both to the education sector and to the wider UK economy. Yet the government's approach has led to a fall in the number of students coming to the UK, and has undermined Britain's reputation abroad. The UK's primary competitors in international education – the US, Canada and Australia – are increasingly becoming more attractive to international students, and the UK's market share in this sector is falling. In the aftermath of the referendum, there is a serious risk

that, in a bid to respond to concerns about immigration, this punitive approach towards international students will continue, and that the sector therefore suffers as a result of government policy, rather than fulfilling its potential for growth.

This report explores the government's argument for focusing on international students as part of its efforts to reduce net migration to the UK, and draws on lessons from other countries with large international education sectors to inform a number of proposals for how the current system should be reformed. In chapter 2, we discuss the government's approach to international students and the multiple restrictions it has introduced over the past six years. In chapter 3, we explore and critique the data that serves as the basis for the government's central argument, that international students make up a significant proportion of total net migration. In chapter 4 we focus on how the US, Canada and Australia manage international students within their immigration systems, and discuss their recent efforts to attract international students. Finally, in chapter 5 we set out our recommendations for reforming and improving the government's policy on international students and the net migration target.

2. STUDENTS AND THE NET MIGRATION TARGET

HOW INTERNATIONAL STUDENTS BENEFIT THE UK

International students bring widespread and sustained benefits to Britain. Perhaps the most overt and direct benefits are economic: non-EU students pay approximately £3.2 billion per year in tuition fees to our university sector, while non-UK students as a whole spend an estimated additional £4.9 billion on personal and living costs off-campus (Kelly et al 2014, based on 2011/12 data). This off-campus expenditure created an estimated 'knock-on' output of £7.37 billion throughout the UK economy (ibid).

Because international students spend money earned overseas on the UK education system, their fees count as international exports. In total, according to the government, UK education exports are worth approximately £17.5 billion to the UK economy (making it the fifth-largest exporter among the UK's service sectors). Three-quarters of earnings from the education sector come directly from international students (BIS 2013).

In London alone, international students contribute a total net benefit of £2.3 billion per year to the economy – based on the £2.8 billion they contribute in tuition fees and subsistence and visitor spending, less the £540 million cost of additional public service use (London First and PwC 2015). The same research suggests that international students are powerful engines of job creation: London First and PwC estimate that international students support nearly 70,000 jobs within London through their extra spending (ibid).

Academically, the UK's research and innovation capabilities rely on a continual flow of international students. A total of 45 per cent of early-career researchers are from overseas (British Council 2016). There is also strong evidence to suggest that international students improve the outcomes of the domestic students whom they study alongside: in one survey, 87 per cent of domestic students said that studying alongside their peers from overseas will give them a wider world view; 85 per cent said it will be useful preparation for working in a global environment; and 76 per cent said it will help them develop a global network (HEPI and Kaplan 2015).

Finally, international students bring clear geopolitical benefits too. The UK's education sector is one of the most highly regarded in the world, and continues to attract new generations of foreign leaders and dignitaries. According to a 2015 study, 55 world leaders had been educated in Britain (ibid). Welcoming students from around the world is therefore vital for maintaining Britain's internationalist reputation abroad, and building long-term social, political and trade links with other countries.

At the same time, the impact of international students on public services and public finances is far smaller than it is for other immigration flows. Their impact on local public services is likely to be limited, as (non-EU) students have no entitlement to benefits and, generally, students are much younger and healthier than the population as a whole (HESA 2015a).

Of course, alongside these many benefits there are some costs associated with international students.

- First, though many live in university accommodation, international students can contribute to pressures on the private rented sector.
- Second, as previous IPPR research has highlighted (Sachrajda and Griffith 2014), high levels of 'churn' – individuals coming and going frequently without putting down roots – can be unsettling for some communities, and high rates of international student turnover can contribute to churn.
- Third, some international students may stay on in the UK after completing their studies and shift into different migrant categories. While, given their background, they are likely to be young and highly skilled workers and therefore probably a net benefit to the public finances, those who settle longer term may begin to make greater use of public funds and place greater pressure on services.

Overall, however, the available evidence base on international students clearly shows that they make a significant and distinctive contribution to Britain economically, intellectually and geopolitically. With Britain expected to endure a period of economic turbulence and uncertainty in the months and years ahead, there are straightforward benefits to actively working to expand the UK's international education sector.

WHAT THE PUBLIC THINKS

Despite widespread public concern about immigration, survey evidence clearly suggests that most of the UK public welcome the contributions that international students make to society, and do not generally classify international students as 'immigrants'. In an ICM poll commissioned by British Future and Universities UK in 2014, only 22 per cent of people said that they considered an international student to be an immigrant. This compares to the 78 per cent of people who consider an unskilled labourer from outside the EU to be an immigrant, and 74 per cent who would classify a refugee fleeing persecution as such (Katwala et al 2014). A 2011 study by the Migration Observatory found that the public were significantly less likely to classify migration that they perceived as temporary as 'immigration' (Migration Observatory 2011). International students, whose visas are always time-limited, are by definition temporary (although most courses last for longer than one year, making them technically 'migrants' under the UN definition).

These sentiments are echoed in public attitudes towards welcoming international students to the country. Although 69 per cent of people surveyed by the Migration Observatory wanted to reduce immigration to the UK, only 31 per cent of people wanted to do so by reducing university student numbers, and 32 per cent by reducing further education student numbers (ibid). Furthermore, public opinion appears to be broadly

positive about the contributions that international students make to the UK. According to British Future's polling, 60 per cent of people agreed that international students benefit the local economy where they live, and 61 per cent of people agreed that universities would have less funding to invest in teaching and facilities without international students' fees (Katwala et al 2014). The evidence therefore strongly suggests that restricting flows of international students is unlikely to be effective in allaying public concerns about the scale of immigration to the UK.

Quick explainer: Net student migration

In this report we define 'net student migration' as, in any given year, the number of people immigrating to the UK as students, minus the number of migrants emigrating from the UK who previously came as students.

By 'migration' and 'emigration' we refer to moving to another country for a year or more. Students who stay in the UK for more than one year, even if they leave immediately at the end of their course, are categorized as migrants by the Office for National Statistics (ONS).

A reduction in net student migration can therefore achieved by two means.

1. By reducing student immigration to the UK.
2. By increasing the emigration of those who previously arrived as students.

THE NET MIGRATION TARGET

Despite the clear economic, intellectual and geopolitical benefits of, and public backing for, welcoming international students, over the past six years the government has taken a restrictive approach to the international education sector. Some changes were introduced because the government found some evidence of fraud within the international student system – particularly among some 'bogus' private colleges. However, the broader change in approach has in large part been brought about by the government's net migration target (Mulley and Sachrajda 2011).

In 2010, in response to public concerns around the scale of immigration, the Conservative party committed in its manifesto to reducing net migration to the tens of thousands. This target has survived both the 2015 general election – during which it was described, somewhat less stridently, as an 'ambition' in the party's new manifesto – the EU referendum result and the subsequent changing of the guard in Downing Street.

Yet over the past six years the government has failed in its drive to bring annual net migration below 100,000. Having arrived in office in 2010 with net migration at 244,000, flows dropped to 177,000 in the year ending 2012 before rising to 336,000 just after the 2015 election (ONS 2016a). The latest estimate (at the time of writing), of 333,000 in the year ending December 2015, put the figure at a near-historic high (ONS 2016b).

If we set asylum aside, most migration to Britain follows three 'routes' – work, family and study – and (for the moment at least) involves three categories of citizen – British, EU and non-EU. This creates a three-by-three matrix of nine component parts, each of which has an inflow and an outflow. These different flows all add up to make the figure for net migration to the UK. The government has more control over some categories than others; it has no control, for example, over how many British citizens move to and from the UK.

If the government is to achieve its objective, there will most likely have to be substantial falls in numbers across all major categories of net migration. As was widely commented upon in the run-up to the EU referendum, the government had few levers at its disposal to reduce EU migration. Now the UK has voted to leave the EU, it is possible that it will gain new controls over EU migration, and that these will lead to a reduction in EU flows. However, the exact shape of any new system for managing EU migration will depend upon the deal that the UK negotiates with the EU, and is likely to take a number of years to enforce.

Controlling levels of non-EU migration among different categories brings its own challenges. It is difficult for the government to drive down non-EU migrants who come to the UK via the family route. The majority of those settling in the UK via this route do so after marrying a British national (Blinder 2016a) – in doing so they generally acquire the right to live with their family in the UK. While the numbers of people coming to study and to work are easier to manage through visa policies, the number of non-EU skilled migrants coming to the UK is already low, and too stringent a limit on skilled workers may risk harming the economy (MAC 2015). International students, on the other hand, appear to consistently make up the largest category of non-EU net migration, so targeting students appears to offer the largest rewards for ministers tasked with reducing net migration. Indeed, writing for the *Sunday Times* in 2015, the then home secretary Theresa May said that 'too many students are not here temporarily… the gap between the number of non-EU students coming to this country and departing each year is 96,000 – half the net migration from beyond the EU' (May T 2015).

Reducing net student migration is therefore a tempting option for a government seeking to drive down net migration: the basis on which visas are granted is easier to change; it is straightforward, at least in theory, to prevent transfers onto another visa route; and students appear to constitute a significant category of net migration.

Quick explainer: Caps, targets or figures?

In the debate over international students, there is a common confusion between three different things: how students are counted within the migration figures, how the government's net migration target works, and how this relates to government policy towards students. For the sake of clarity, in this report we use the three terms 'figures', 'targets' and 'caps' to signify the following.

- **'Figures':** the migration figures are not in themselves a policy – they are just a descriptive piece of data analysis produced by the independent ONS. Currently, individuals who move to the UK for more than one year to study are classified as migrants in the ONS's migration figures. This is based on the UN definition, and similar measures are used by other countries.
- **'Targets':** the net migration target is not an overall cap on numbers. Rather, it is a policy objective that the government can work towards using a range of policy measures. The government's net migration target is directly based on the ONS migration figures, with no adjustments. International students who come to the UK for one year or more are therefore included within the target. This is not standard practice in other countries, because most countries don't have an overall net migration target; where targets are used, they are generally applied to 'permanent' migrants and not to students (see chapter 4 for more details).
- **'Caps':** a cap is a straightforward limit on the number of people in a particular category who are allowed to migrate to the UK. The government does not currently place a cap on the number of international students coming to the UK, or on overall net migration.

THE GOVERNMENT'S APPROACH TO INTERNATIONAL STUDENTS

The government's focus on students within the net migration figures is deeply problematic. As we have argued above, international students bring significant economic benefits to the country, and also represent a major revenue stream for the higher and further education sectors. There is convincing evidence that international students do not figure prominently, if at all, in public concerns about immigration. Shutting the UK off from the benefits of international students would be highly detrimental to the UK economy and damaging to a crucial part of the education system.

The government has sought to strike a balance whereby the UK can both tap into the short-term benefits of international students and hit its net migration target: international students can come to Britain, but they cannot stay. However, while the government may not have introduced a cap to limit the number of study visas issued, the policies it has pursued (and how these have been perceived internationally) have nevertheless undermined the UK's ability to attract international students.

Indeed, net student migration has fallen in recent years as the result of a fall in student immigration, rather than a rise in former students emigrating. In 2015, 210,000 study-related visas (excluding short-term students) were granted by the government. This represents a 26-per-cent drop relative to the year 2010, in which 286,000 were granted (Home Office 2016a). While most of the fall has taken place in the further education and English language school sectors, the most recent figures (at the time of writing) suggest a fall in visas (of 1 per cent) over the past year in the university sector as well (Home Office 2016b).

It is concerning that this decline is taking place at a time when, globally, the international education sector is flourishing. The global number of international students is forecasted to increase from around 4.5 million in 2012 to 7 million by 2025 (UK HE International Unit 2015). The government's policies towards international students are therefore hampering the UK's ability to attract the brightest and best, and risk further eroding the UK's market share in this highly competitive sector.

THE TOP-LEVEL DEAL

The government's policies have, in the past six years, become increasingly restrictive in how they deal with international students. While insisting that there is no cap on the number of genuine international students who can come to study in the UK, the government has imposed a number of restrictions designed to ensure that students do not become permanent migrants, and that *net* student migration is low.[1] The imposition of these restrictions has coincided with stagnation in the sector in the UK, at the same time as the number of international students worldwide has expanded. Looking forward, these extensive restrictions have the potential to seriously damage the UK's desirability as a destination for international students.

The Home Office has introduced a range of measures over this period. First, the government has introduced policies designed to ensure that international students leave the UK at the end of their course. The most significant among these changes was the government's scrapping of the post-study work visa (Tier 1) in April 2012. This visa allowed international students who had completed their studies at a UK institution two years of access to the UK labour market. The pathway by which international students can now take up employment in Britain is narrow. In order to acquire a Tier 2 (general) skilled worker visa, non-EU students must (for the most part):

- find a graduate-level job with a Home Office-registered employer paying over £20,800
- obtain a certificate of sponsorship from their employer
- pay a £200 annual health surcharge
- prove they can speak adequate English.

Second, the government has substantially limited students' ability to work during their course in order to support themselves. Students are permitted to work a maximum of 20 hours per week if they are studying a degree-level course at a university; students at private colleges and public further education colleges are not permitted to work at all. This could mean that many international students cannot afford to study in the UK. Course fees are significantly higher for international students than they are for UK and EU students, and many international students save tens of thousands of pounds to pay their course fees, so restricting their right to work in Britain could make applying here too expensive.

1 For instance, in the Home Office's impact assessment of the reforms to the points-based student immigration system, it clearly states that one of the policy objectives of the reforms is to 'reduce net migration' (Home Office 2011).

LOW-LEVEL CONTROLS

Alongside these top-level policies, the Home Office has tightened the rules for compliance for educational institutions in order to reduce abuse and overstaying. Particularly significant is that the government has restricted the number of institutions that are permitted to sponsor students to come to the UK to study, with the intention of clamping down on fraud. Between 2010 and 2014, more than 800 Tier 4 sponsors either had their license revoked or chose not to apply for highly trusted sponsor status (Blinder 2016b). Large numbers of Tier 4 visas had been issued in the later years of the decade to 2010, and light verification requirements meant that the visa was open to abuse – particularly in cases in which non-EU migrants came to Britain on a study visa but worked instead.

Clearly the government must take whatever action is necessary prevent visa abuse within the international education sector: the system used to determine institutions' eligibility to sponsor student visas is a vital tool for reducing abuse, and efforts to shut down bogus colleges and put rules in place to dissuade those who intend to abuse the study visa route are entirely necessary. However, these efforts should be properly targeted so that they do not substantially affect law-abiding, genuine applicants who want to study in the UK. There is a serious risk that some of the steps that the government has taken will influence the decisions of genuine students who have no intention of overstaying or of failing to comply with the conditions of their visa. In particular, we would highlight the following as the key problems with its approach in this area.

- First, the government's rules state that a maximum of 10 per cent of a Tier 4 sponsor's student applications can be refused by the Home Office; at least 90 per cent of students who have successfully applied with a particular sponsor must subsequently enrol with that sponsor, and at least 85 per cent of enrolled students must complete their course (Home Office 2016c). This very strict criteria can create a perverse incentive for institutions to not encourage applications, and to withdraw from high-growth regions that have high visa refusal rates, including key emerging economies like India, Sri Lanka and Pakistan. This risks ceding these markets to the UK's competitors, and denying the best and brightest prospective students from these countries a route to studying in Britain.
- Second, there is a further requirement that sponsoring institutions must inform the Home Office of any change to a student's circumstances that could impact her or his migration status, such as not enrolling or withdrawing from their course. Those that do not notify the Home Office are at risk of losing their sponsor status. In fact, a report by the Independent Chief Inspector of Borders and Immigration on this practice found that almost half of the notifications sent to the Home Office by higher and further education intuitions were unnecessary and required no action (Bolt 2016). This widespread over-compliance suggests that institutions both lack clarity from the Home Office regarding what is required of them, and are motivated to over-compensate rather than run the risk of being stripped of their sponsor status.

- Third, the government has at times taken an injudicious approach to ending institutions' Tier 4 sponsor status. A recent immigration tribunal found that the Home Office's 2014 decision to revoke the licenses of around 60 educational institutions and remove up to 48,000 international students from the UK on the grounds they had taken fraudulent English language tests was based on 'hearsay' and had 'multiple frailties and shortcomings' (Upper Tribunal 2016). While the Home Office is right to seek and act upon evidence of fraud, it is clearly unacceptable for law-abiding, genuine students to be removed on the basis of flimsy evidence. Such action undermines the reputation of the UK's international education sector as a whole.

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This chapter has argued that the government's policy towards international students – and its focus on students as part of its efforts to reduce net student migration – is undermining the UK's ability to attract international students. The government argues that reducing net student migration is a legitimate aim largely because there is data that suggests many international students do not leave after completing their studies. In the next chapter, we analyse this claim in detail.

3. WHAT DOES THE DATA TELL US?

In chapter 2, we detailed the economic benefits of accepting international students to the UK, and found that the public broadly welcomes students from overseas. Why, then, has the government focused so heavy on international students in its strategies for reducing net migration?

As we noted in chapter 2, this is in large part because the government is committed to the net migration target, and ONS data appears to suggest that individuals who come to the UK as international students make up a large proportion of total net migration. The former home secretary and current prime minister Theresa May has argued on the basis of this data that many international students do not leave the UK after they complete their studies (May T 2015). In 2015, former immigration minister James Brokenshire said 'it is important to recognise that net migration by the student route was 91,000 according to the latest Office for National Statistics figures, so there is an issue with students coming here and not going again' (Hansard 2015). According to some in the government, acquiring a student visa is, for many, a 'back door' route into long-term migration to the UK. The former business secretary Sajid Javid has argued that he wants to 'break the link' between studying at an education provider and then settling in the UK (May J 2015).

In this chapter, we review the evidence for the government's central claim that many international students do not leave the UK after completing their courses. We aim to bring together the available data on what international students do after their studies. Each data source has various benefits and limitations, which we explore and discuss. While there is no perfectly reliable method for calculating how many students stay on in the UK, at the end of the chapter we bring together the key findings from the different data sources, and evaluate the strength of the government's claims.

THE INTERNATIONAL PASSENGER SURVEY

The Home Office's primary source of data for the claim that many international students are not leaving the UK is the International Passenger Survey (IPS). The IPS is a sample survey that interviews passengers as they enter and leave the UK through the major sea, air and tunnel ports, and is administered by the ONS. The survey was originally set up in 1961, and its original primary purpose was to improve the government's understanding of travel and tourism to the UK, but an additional 'migration trailer' is also used to provide information about migration to and from the UK. The total annual sample for the survey is between 700,000 and 800,000, resulting in between 4,000 and 5,000

interviews with long-term international migrants (ONS 2015a). As with all sample surveys, IPS estimates have a margin of error. For instance, the IPS estimate of student immigration in the year ending December 2015 was 156,000, and had a 95 per cent confidence interval of +/- 16,000 (ONS 2016a).

Every quarter, the ONS publishes its long-term international migration (LTIM) estimates. These are primarily derived from the IPS, though the LTIM figures make some small adjustments for migration flows that aren't captured by the IPS – asylum flows, for example. As part of this publication, the ONS produces an estimate of annual net migration. This is the number of people who immigrate to the UK minus the number of people who emigrate from the UK in any given year. The survey uses the definition of a long-term immigrant – that is, someone who moves from their country of normal residence to the UK for a year or more. This is estimated through a question in the IPS that asks respondents entering the UK how long they intend to stay, and how long they have been away from the UK. Similarly, respondents leaving the UK are asked how long they were in the UK, and how long they intend to be away. The resulting figure is used to estimate whether the government is meeting its net migration target of 100,000 per year. The latest quarterly migration report (at the time of writing) estimated net migration at 333,000 in the year ending December 2015 – more than three times the government's target (ONS 2016a).

However, these overall figures tell us little about student migration to the UK. The IPS also asks migrant respondents entering the UK to give the main reason for their move, and from responses to this question it can provide an estimate of total student migration to the UK.[2] (These are not part of the official LTIM estimates, however, as they do not reflect the small adjustments to the IPS figures discussed above, though the figures do not differ significantly.) It also provides an estimate of student emigration by similarly asking migrant respondents leaving the UK why they are leaving. However, this is not very useful for understanding how many international students do in fact leave the UK after completing their studies, as it only records people leaving the UK with the intention of studying in the country to which they are travelling, not necessarily those who were studying in the UK prior to leaving.

To address this deficiency, in 2012 the ONS decided to include a new question in the IPS that asked migrant respondents leaving the UK what their intention was when they previously migrated to the UK. This allows the ONS to publish estimates for the number of migrants leaving the UK who previously came to study. By comparing this figure with the estimate for student immigration to the UK, analysts have been able to arrive at an estimate for net student migration: the number of student migrants coming to the UK minus the number of migrants leaving the UK who originally came as students. If international students are, for the most part, leaving the UK after their studies, then this number should in theory be low.

2 The IPS's long-term migration figures do not include international students who come to the UK for less than a year, including a large number of master's degree students.

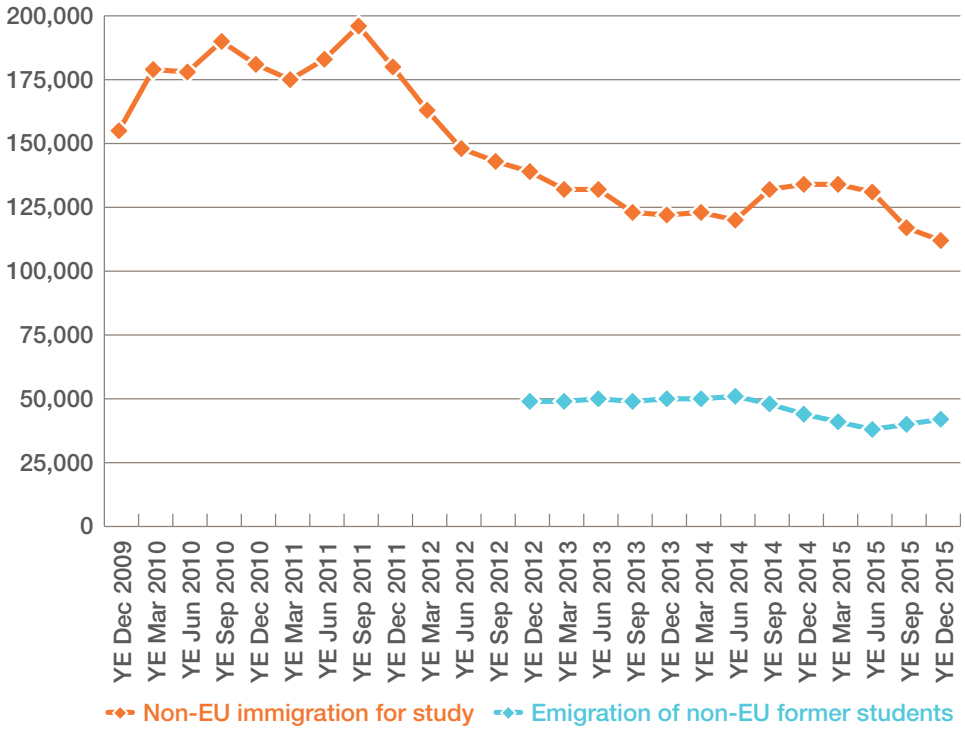
The IPS can also be used to focus specifically on non-EU students. The reason to focus on this group is that, under the current free movement rules, EU citizens are free to study in the UK without a visa, and for the moment there is limited scope for restrictions on this form of migration – though of course this may change once Britain leaves the EU. In any case, EU migration for study, as recorded but the IPS, is generally low (only 23 per cent of the total number of international students in the year ending December 2015, according to the latest figures at the time of writing [ONS 2016a] – most EU migrants come to the UK for work-related reasons).

So what does the IPS tell us? The data appears to indicate that, for the past three years (since the data became available), net non-EU student migration to the UK has been between 70,000 and 90,000 per year. According to the IPS, non-EU students now comprise approximately 20 per cent of total net migration to the UK – the largest category of migration flow other than EU citizens. The IPS has indicated consistently low levels of emigration by former students for every year between 2012 and 2015 – generally between 40,000 and 50,000 – despite significant changes in the levels of inward student migration over that period and the introduction of more restrictive policies (ONS 2016a).

FIGURE 3.1

The IPS has recorded consistently low levels of non-EU former student emigration, despite changes in non-EU student immigration numbers and the introduction of more restrictive policies

Non-EU student immigration (year ending December 2009–December 2015) and emigration of non-EU former students (y/e December 2012–December 2015) (000s)



Source: ONS 2016a

However, the figure for net student migration thus arrived at does not precisely tell us how many international students leave the UK after finishing their courses. This is because the group of students who leave the UK in any given year is not necessarily in the same cohort as those who arrive – there is a time lag between when students arrive in the UK and when they would be expected to leave.

In order to calculate an estimate, using the IPS, of the number of international students who leave the UK after finishing their studies, we can instead apply a two-stage method. First, we use the IPS data (ONS 2015b) to estimate, for each year after 2011, the number of migrants who said they arrived in 2011 to study in the UK. Second, we then add up these figures to arrive at an estimate of the total number of migrants who arrived in 2011 as students and then subsequently left in the following five years. This method assumes that most international students will have completed their studies after five years of studying in the UK. While we accept that some individuals will extend their studies beyond that point – for instance, undergraduates who go on to extended postgraduate study – the available data suggests that most do finish studying within five years (see below in Home Office visa data section).

The available data is set out in table 3.1 below, focusing on those who arrived as students in the year 2011 (the year for which the most extensive data is available) over the five years from 2012 to 2016. However, the data is only available for 2012, 2013 and 2014, which means that we must impute values in order to calculate our estimate. We use the data on emigration in 2014 for the years-of-arrival 2009 and 2010 to calculate our estimates.[3]

TABLE 3.1

Number of immigrants arriving in 2011 for study who left the UK after 2011, by year according to IPS data, 2012–2014 (actual), 2015–2016 (imputed values) and total

Number of immigrants arriving in 2011 for study who left the UK after 2011	When did they leave?
21,000	2012 (one year later)
15,000	2013 (two years later)
9,000	2014 (three years later)
Data not yet available – imputed value is 12,000 (based on the number of immigrants leaving the UK in 2014 who originally arrived in 2010)	2015 (four years later)
Not yet available – imputed value is 4000 (based on the number of immigrants leaving the UK in 2014 who originally arrived in 2009)	2016 (five years later)
61,000	All years (between 2012 and 2016)

Source: Authors' calculations based on ONS 2015b

3 We have chosen this method of imputation because the 2014 data provides estimates for how many student migrants leave the UK within four or five years of arriving (that is, those who arrived in 2009 and 2010). This should therefore provide a guide for estimating the numbers who leave within four or five years of having arrived in 2011. It should be noted that student immigration does of course change in nature and scale over time, which creates a further element of uncertainty over these imputed values. However, the number of student migrants in 2011 did not differ substantially from the numbers in 2009 and 2010, so we should not expect any major inaccuracies to arise as a consequence of this methodology.

We estimate that the total number of non-EU students who arrived in the UK in 2011 and left in the following five years to be two-thirds of the total, approximate figure of 61,000, because according to the IPS students from outside the EU constituted approximately two-thirds the total number of former students emigrating in the years 2012–2015. This gives us a figure of approximately 30,000–50,000. As inward non-EU student migration in the year 2011 was 180,000, the IPS therefore suggests that around 130,000–150,000 non-EU students who arrived in 2011 did not leave after completing their studies.

On the basis of the IPS figures, the government has argued that net non-EU student migration is a key component of total net migration, and so needs to be significantly reduced – even though international students should be welcomed, provided that they leave once they finish their studies. But do these figures really support the government's approach? To answer this question we must conduct a further investigation of alternative data sources.

THE HOME OFFICE'S VISA DATA

This is a different data source on international student patterns derived from visa records. The Home Office keeps data on the number of visas issued for different migration routes into the UK, such as work visas, study visas and family visas. The data will not align perfectly with the IPS data due to various methodological differences, including the following.

- The Home Office visa data include figures for visas for migrants who come to the UK for less than a year, while, as discussed above, the IPS figures only include migrants who move to the UK for a year or more.
- The Home Office visa data include figures on visas for migrants who secure a visa but who never actually arrive in the UK.
- For international students, the IPS may include people who say that they intend to study in the UK but who do not have a student visa, and may exclude people who say they do not intend to study in the UK but who do have a student visa – perhaps because some migrants have multiple different reasons for coming to the UK. The visa data, of course, only gives the number of student visas, regardless of the visa-holders' actual intentions.

Despite these methodological differences, the Home Office data on visas granted for study for non-EU migrants (for more than one year) generally aligns with the IPS data on student immigration to the UK – particularly after 2011, when there was a fall in student migration (according to both data sources) and a tightening of the rules on international students (ONS 2016c).

However, the data on what students do as their visas *expire* tells a different story. The Home Office collects data on those who are granted an extension of their stay – data that includes the previous category of these individuals' visas (Home Office 2016d). This allows us to estimate the number of non-EU students who continue to be identified within the UK immigration system after the expiry of their initial study visa.

The figures on non-EU students who extend their stay through a study visa are relatively high – 53,000 in 2015. However, this alone should not be a direct concern for the government, as these students will not

contribute in the long term to net migration if they leave once their study visas expire. There is also little evidence that international students are extending their studies in response to tighter rules elsewhere in the system – there is no discernible pattern in the past five years of available data (2011–2015), and in fact there was a significant drop in the number of people extending their study visas between 2013 and 2015 (ibid).

The number of non-EU students who then 'switch' onto other visa routes (primarily work and family) is low, and has fallen significantly in recent years – mainly as a result of the closure of the post-study work route in 2012 (see chart below). Between 2012 and 2015, the total number of these 'switchers' was between 11,000 and 45,000 (ibid).

FIGURE 3.2

The number of non-EU students switching onto other visa routes has fallen significantly in recent years

Number of grants for an extension of stay for former students (excluding study extensions), 2011–2015

Source: Home Office 2016d

The Home Office figures also suggest a significant fall in the total number of visa extensions – from around 150,000 in 2011 to around 60,000 in 2015 (ibid) – which has not been reflected in the IPS emigration data. This may be because the effect of the fall in visa extensions has been 'cancelled out' by the fall in inward non-EU student migration.

The Home Office also publishes data on the long-term patterns among international students in its 'Migrant journey' report series. The latest edition of this publication (published in February 2016) again emphasises the relatively low number of students who remain in the UK immigration system over the long term (Home Office 2016e). Of non-EU individuals who were granted a study visa in 2009, 50 per cent no longer had valid leave to remain after two years, and 83 per cent no longer had valid leave to remain after five years. In absolute numbers, approximately 40,000 people (excluding dependents) still had valid leave to remain or had been granted settlement after five years. (However, around 20,000 of these people were still on study visas, leaving only 20,000 former international students with valid, non-student leave to remain in the UK after the five-year mark) (ibid). This figure contrasts markedly with our above estimate, made on the basis of IPS figures, that between 130,000 and 150,000 non-EU international students do not leave five years after arrival.

On the one hand, the IPS consistently suggests that many more students are coming than are going. On the other hand, the Home Office visa data suggests that only relatively small numbers of students are staying on under other visa categories (and that this was true even before the sharp fall in 2013). So why this difference between the IPS data on net student migration and the Home Office's visa data?

There are two potential explanations. It could, as some in government have claimed, be due to some students overstaying their visas. However, the alternative explanation for the discrepancy is the underlying accuracy of the IPS estimates. Before exploring this explanation any further, we will look at two other data sources that could shed more light on what international students do after completing their studies.

THE DESTINATION OF LEAVERS FROM HIGHER EDUCATION SURVEY

The higher education (HE) sector also collects data on what their students do after finishing their courses. The Higher Education Statistics Agency (HESA) conducts the Destination of Leavers from Higher Education (DLHE) survey annually, contacting students from higher education providers six months after they have finished their course to ask them about what they are doing now. (The survey focuses on higher education providers, which now make up the vast majority of institutions at which international students study.) The survey asks about the student's employment status and the location of their work (if any).

In recent years, the survey has targeted non-EU domiciled students as well as UK and EU domiciled students, but the response rates for non-EU students are very low (approximately 30 per cent) (HESA 2015b). While the data for non-EU domiciled students has not been published, for the purposes of this report we were granted access to this data from the DLHE 2013/14 (HESA 2015c). Location data is only available through the DLHE for students who were employed when surveyed (who constitute around 80 per cent of former students who have not continued their studies, according to the survey); the following findings therefore focus on those in employment.

The data suggests that approximately 62 per cent of (employed) international former students are not employed in the UK six months after completing their studies. This figure includes EU domiciled students – the equivalent figure for non-EU domiciled students is higher, at 74 per cent. The proportion of (employed) former students of UK higher education institutions employed outside the UK six months after finishing their course varies by country of domicile. Taking the three most common non-EU countries of domicile in the study, 85 per cent of employed HE-leavers from China are not employed in the UK six months after finishing their studies, compared to 66 per cent of employed leavers from India and 72 per cent of those from Nigeria. There is also a significant variation between qualification levels: 60 per cent of undergraduate non-EU domiciled employed HE-leavers are working outside the UK six months after completing their studies, compared to 79 per cent of post-graduates (IPPR calculations based on HESA 2015c).[4]

However, one of the major weaknesses of this survey is the low response rate for non-EU domiciled students, particularly as we can expect those staying on in the UK illegally to be less likely to respond than others. On the other hand, it is also likely to be the case that students who leave the UK are particularly hard to reach as their contact details may change – so it is not clear, on the face of it, whether the DLHE's findings are biased in one direction or the other.

THE LABOUR FORCE SURVEY AND THE ANNUAL POPULATION SURVEY

A final source of data on international students comes from the UK Labour Force Survey (LFS), which is a quarterly survey of households in Britain conducted by the ONS. The Annual Population Survey (APS) combines data from the Labour Force Survey to create a bigger sample, and allows for more detailed analysis. While the IPS provides estimates of flows of migrants, the LFS is one of the best surveys to use to calculate estimates of the stocks of migrants in the UK, and is regularly used to look at migrant outcomes and characteristics in academic and thinktank research. In the past, the ONS and the Migration Advisory Committee have made comparisons of migration stocks in the APS with migration flows in the IPS (ONS 2014, MAC 2010).

There are, however, some limitations to the LFS/APS that are important to consider with regards to our line of enquiry. In particular, as the LFS/APS is a household survey, it does not include most communal accommodation within its sample, which is likely to limit the number of international students covered in the survey.[5] (It is worth noting, though, that this should not significantly affect the sampling of former students now in employment – with the exception of those who have entered into employment that comes with communal accommodation, as is true of some healthcare workers in NHS accommodation for example.) The response rate for the LFS/APS is also relatively low – approximately

4 These figures are reflected in a similar analysis of HESA Destination of Leavers 2011/12 data conducted by the Commission on International Students Destinations (CISD 2014).

5 Students in halls of residence can be captured in the sample through their family's household outside of term time; however, as international students are generally not domiciled in the UK they are unlikely to be captured as part of their out-of-term-time household.

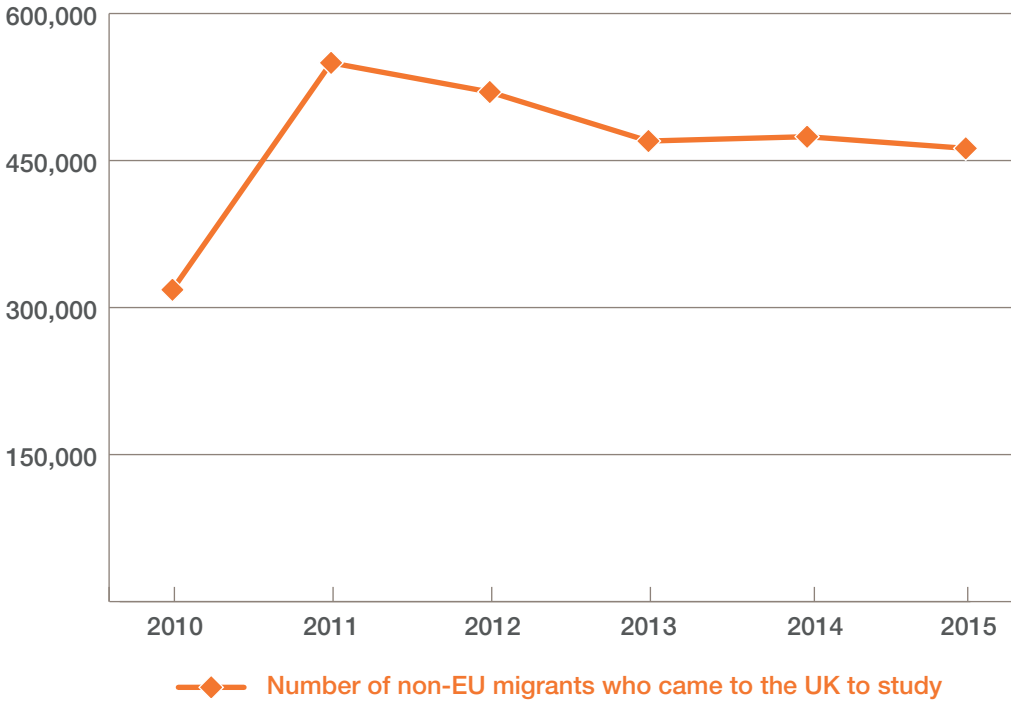
50 per cent – and may therefore struggle to collect sufficient data on more hard-to-reach groups such as irregular migrants, people who work long hours, and people who live in large shared households.

In 2010, the ONS started to include a new variable in the Labour Force Survey asking migrants why they most recently came to the UK, mirroring the IPS question about intention that is used to disaggregate migration flows.[6] At the time that we conducted our research, this variable was not available within the public LFS/APS datasets, but we asked the ONS to produce some tables (using the APS) to estimate the number of non-EU migrants who came to the UK as students within the UK population over time, from 2012 to 2015 (ONS 2016d) (see figure 3.3).[7,8]

FIGURE 3.3

The total population of non-EU migrants who came to the UK to study has fallen slightly since 2011

Number of non-EU migrants within the UK population who, when surveyed, stated that they most recently came to the UK to study, 2010–2015



Source: ONS 2016d

6 To be precise, both the IPS and the APS ask respondents what their main reason for migration was.

7 Since we conducted our research, the ONS has now started to include the 'WHYUK' variable in their public LFS/APS datasets.

8 For our data analysis, we have defined migration by nationality, in line with the IPS. However, it should be noted that the 'WHYUK' variable only applies to migrants defined by country of birth, so only migrants with a non-EU nationality and who are non-UK born are included in this analysis.

If the number of international students entering the UK is significantly higher than the number of former students leaving, the stock of migrants who come to the UK to study should be increasing significantly (by around 70,000–90,000) year on year. But in fact, our analysis suggests that, after a sharp rise between 2010 and 2011 – which is in line with the rise in non-EU student migration flows recorded by the IPS around this period – the total population of non-EU migrants whose main reason was to come to study in the UK has fallen slightly since 2011.

The IPS-based estimate of the number of students being added to the population – around 70,000–90,000 per year – therefore does not correspond to the results of our analysis of the APS.

We also conducted additional analysis of the non-EU student population by their year of arrival, from survey data for the years 2011–2015. The APS data suggests that, depending on the year, between 30,000 and 40,000 migrants who come to the UK as students are still in the UK five years after their original arrival.[9]

TABLE 3.2

Number of non-EU migrants in the UK population, 2011–2015, whose main reason for most recently coming to the UK was to study, by original year of arrival (rounded to nearest 5,000)

	Year of survey				
Original year of arrival	2011	2012	2013	2014	2015
2006	30,000	30,000	30,000	25,000	25,000
2007	45,000	35,000	30,000	25,000	30,000
2008	50,000	45,000	35,000	30,000	20,000
2009	70,000	60,000	50,000	40,000	40,000
2010	90,000	55,000	45,000	45,000	30,000
2011	35,000	65,000	40,000	40,000	35,000
2012		20,000	45,000	40,000	35,000
2013			20,000	55,000	30,000
2014				20,000	50,000
2015					15,000

Source: ONS 2016d
Note: This table cross-tabulates the number of migrant respondents who originally arrived in a particular year with the number of migrant respondents who most recently came for reasons of study. This means that, for instance, an individual who originally came to the UK in 2010 to study but who then left and subsequently returned in 2012 as a worker will not be included from 2012 onwards. Conversely, an individual who originally came to the UK in 2010 to work but who then left and returned in 2012 as a student will be included from 2012 onwards, but will be categorised as having arrived in 2010 rather than 2012. However, we do not expect this discrepancy to have a significant impact on the overall figures, because the vast majority of migrant respondents say that they have lived continuously in the UK since their first arrival (see footnote 9).
This table also does not include migrants who arrived for study reasons before 2006.

9 It should be noted that this variable refers to the reason for the respondent's most recent arrival to the UK (excluding holidays and short visits abroad). It will exclude some people who originally came as students but then left the UK and returned at a later date for a different reason. However, in general the proportion of migrants in the LFS/APS who say they have not lived in the UK continuously since their first arrival is very low. In the first quarter of 2016, the LFS recorded 93 per cent of migrant respondents as having lived in the UK continuously since their first arrival. We therefore do not expect this to have a substantial impact on the overall trends.

QUICK EXPLAINER: EDUCATION PATHWAY PROVIDERS AND INTERNATIONAL STUDENT PATTERNS

While most educational institutions do not capture comprehensive and reliable information on the future status of their students, there is one group that does collect this data: pathway providers. Pathway providers are private colleges that provide courses that aim to prepare international students to go on to study at university in the UK. An estimated 40 per cent of international university students have taken pathway courses (ExEdUK 2016).

Pathway providers collect data on how many students who have taken their courses progress on to university (progression rates). Progression rates are generally estimated by determining the proportion of leavers who receive an offer to study at one of their partner universities; the figures are verified by the partner universities. Pathway providers also collect data on how many of their enrolled students sponsored for Tier 4 visas complete their courses (completion rates), excluding those who have left the UK, have changed sponsor, or have changed visa category, which all Tier 4 sponsors are required to do.

For this report, we collected data from four of the leading pathway providers in order to calculate estimated average completion and progression rates for the pathway provider sector. The average completion rate for these pathway providers is 96 per cent, and the estimated average progression rate is 86 per cent. These figures suggest that the vast majority of students at pathway courses complete their studies and then go on to study at a UK university. Therefore, in this part of the international education sector – where there is extensive evidence on student future pathways – there is little evidence of non-compliance.

QUESTIONS ABOUT THE IPS

Each of the data sources we explored in our study measures different things:

- the IPS measures international migration
- the Home Office data measures visa applications and extensions
- the HESA Destination of Leavers data measures the status of students after completing their studies
- the Annual Population Survey measures population stocks.

However, despite these different aims, remits and limitations, we would expect the IPS estimate of student migration to be in line with these other data sources. That is, we would expect the high number of former students who the IPS does not estimate to be emigrating from the UK to be reflected in:

- high numbers of visa extensions as recorded by the Home Office
- high numbers of former students stating that they are working in the UK as recorded by HESA in its Destination of Leavers data, and
- significant rises in the population of former students as recorded by the Annual Population Survey.

Yet a review of the available evidence on international student migration patterns suggests that the IPS is out of step with the available alternative data sources, including each of the three sources above.

If the IPS were to be accurately estimating student migration, this would suggest a puzzlingly high number of overstayers. This would be surprising for three reasons.

- First, this large group would appear to be undetected by the Annual Population Survey, despite growing year on year.
- Second, it would imply a surprising level of overstaying among a group of people who show very high rates of compliance throughout the duration of their course (due to the Tier 4 sponsor system).
- Third, we might expect high levels of overstaying to correlate with high levels of visa extension refusals, given that international students who want to stay in the UK after finishing their course might be expected to consider legitimate routes first before illegally overstaying. But the Home Office's data on visa refusals suggests that in the past few years the vast majority of students who extended their visa did so for study (rather than for work or family, for instance), and only around 10,000–15,000 study extensions were refused annually (Home Office 2016d). Even if all those who were refused study extensions went on to overstay, this wouldn't explain the difference between the Home Office figures and the IPS estimates.

Therefore, while the possibility of the IPS being correct cannot be ruled out, the discrepancy between the IPS's figures and those of the other data sources we have looked at in this study is suspect. It suggests that there is a strong possibility that the IPS is providing inaccurate estimates of student migration patterns.

How might the IPS be providing inaccurate estimates? The problem does not seem to be with the IPS as a whole: it does have large confidence intervals given the relatively small sample size, but the figures in question are broadly consistent year on year, which suggests that sampling error cannot explain the differences between the IPS and the other data sources. In fact, as we highlighted above, the IPS estimates for non-EU student *immigration* and Home Office student visa data closely align.

On the other hand, there is considerable uncertainty over the newly introduced variable that estimates emigration by former reason for immigration. Experts from the ONS and the Migration Observatory have raised a number of potential issues with the use of this variable to estimate net student migration.

- Respondents may not be able to correctly remember or specify precisely why they first came to the UK, particularly if they originally came to study but then started working. This means that migrants who originally came to the UK to study may be categorised in the wrong group by the IPS when they leave.
- Respondents leaving the UK having completed a course of study may have a tendency to believe they will return to the UK within a year, even if they do not in reality. This means that former students who express their intention to return to the UK within a year will not be

counted as emigrants, despite the fact that they actually do leave for longer than a year.[10]

- Respondents on short-term postgraduate courses (such as master's courses) may say that they intend to stay for more than a year when interviewed by the IPS on entry, but respondents who have completed these courses and are leaving the UK may, when interviewed on exit by the IPS, acknowledge the fact that that they actually stayed for less than a year (given that many such courses tend to last for just under a year). This means that students may be counted as migrants as they enter the UK, but not counted as migrants when they leave (ONS 2016b, Migration Observatory 2015).

It is very difficult to determine the exact source of the potential issue without conducting a more detailed examination of the IPS, which only the ONS has full access to. However, the inconsistencies between the IPS's findings and the data from our other sources put the validity of the IPS estimates in doubt.

This chapter has focused on the Home Office's argument that many international students stay on in the UK after completing their studies. Our review of the evidence from the Home Office's visa records, the Labour Force Survey, the Destination of Leavers survey, and the International Passenger Survey indicates that the evidence for this claim is questionable.

Below we summarise our findings from the different data sources we have looked at. We have given some rough figures to illustrate what each data source suggests is the approximate number of non-EU students staying in the UK five years after their arrival. Comparisons between the figures in the tables should be made with caution, given the different methodologies used and the limitations of each of the data sources. Nevertheless, it is clear that the IPS's estimate of the number of non-EU students staying in the UK five years after their arrival is considerably higher than those arrived at using the other three data sources.

The analysis in this chapter indicates that the IPS measurement of net student migration is questionable. While the true number of international student leavers remains uncertain, there are very strong reasons to consider the IPS estimates, which underpin the government's current argument for targeting international student numbers, not sufficiently reliable to guide policy in this area.

10 In theory, the long-term international migration figures account for 'visitor switchers' who say they intend to leave the UK for less than a year but then do not return. However, these estimates are potentially subject to considerable error and are not factored into the IPS figures for student migration before adjustments are made for the overall net migration figures.

TABLE 3.3

What does each data source tell us about how many non-EU students are still in the UK five years after arriving (based on the cohort who arrived in 2011), and what are their limitations?

Data source	Approximate number of non-EU students remaining after five years according to each source	Notes and limitations
International Passenger Survey (IPS)	130,000–150,000	Based on IPS measurements of the number of non-EU migrants entering the UK to study in 2011, and the number of migrants leaving the UK after 2011 who reported having arrived in 2011 to study. Data limited to the years 2012–2014; other values (above) have been imputed. Data on non-EU emigration by year of arrival is limited; estimates have been made by combining data on emigration by year of arrival (for all migrants) with data on the proportions of former student emigrants who are non-EU citizens. The IPS is a sample survey with relatively large confidence intervals. There are a range of additional concerns about the use of this particular variable in the IPS (discussed above).
Home Office visa data	Approximately 40,000	Based on the 'Migrant Journey' data that estimates the number of migrants who were issued student visas and who still have valid leave to remain in the UK after five years. Based on data for the 2009 cohort – we assume that the 2011 cohort does not significantly differ (though both the broad trend and recent policy changes suggest that the proportion of those with a valid leave to remain after five years will have fallen further for the latter cohort). Does not factor in overstaying. Includes individuals with valid leave to remain but who have left the UK.
Annual Population Survey (APS) (equivalent to Labour Force Survey [LFS])	30,000–40,000	Based on the total number of non-EU migrants in the population who came to study in the UK in 2010/11 and who are still in the population in 2015. Does not include international students living in student halls or other communal accommodation. (However, this should not make a significant difference for estimates of the number of former students who have now stayed in the UK for five years, as we expect most will leave student halls after completing their studies.) The APS is a sample survey with relatively large confidence intervals. Relatively low response rates (around 50 per cent) mean it may struggle to collect an adequate sample for hard-to-reach groups.

Data source	Approximate number of non-EU students remaining after five years according to each source	Notes and limitations
HESA Destination of Leavers from Higher Education survey (DLHE)	40,000–50,000 (higher education student leavers only)	Based on the proportion of employed non-EU domiciled leavers surveyed who say they are not working in the UK, and the number of first-year non-EU domiciled students who enrolled in UK higher education institutions in 2011/12. The survey asks students whether they have left the UK six months after their course finished (as opposed to the other approaches above, which record student information with reference to their time of *arrival* rather than of *departure*). This estimate therefore assumes that students complete their course(s) in under five years, and that those who find employment in the UK after leaving their HE institution continue to work in the UK up until at least the five year mark. Because the study focuses on the cohort who completed their studies in 2013/14, rather than the cohort who arrived in the UK in 2011 as measured by the IPS, the estimate here assumes that the same proportion of non-EU students leave the UK year on year, and that the migration patterns of each yearly student cohort do not significantly differ. To account for international students who may continue their studies in the UK for five years or more, we have also added to this sum an estimate of around 10,000–15,000 individuals who will still be studying after five years, based on the Home Office's 'Migrant journey' data (the year five data shows that around 20,000 of those issued a study visa still have a student immigration status after five years; we have adjusted this to take into account that we are only focusing on HE students for this estimate). The survey only interviews international students who have studied at HE institutions; it does not include students in the FE sector or in English language or independent schools. The response rate for the DLHE is very low – this may bias the results, either because it fails to reach some former students outside the UK, and/or because it fails to reach overstayers.

Source: IPPR calculations based on ONS 2016a, ONS 2015b, Home Office 2016e, ONS 2016d, HESA 2015c

4.
LESSONS FROM ABROAD

The number of international students across the world has grown considerably over the past decade. In 2012, there were an estimated 4.5 million international students globally, but this figure is expected to rise to 7 million by 2025 (UK HE International Unit 2015). Over the past five years, the UK's traditional competitors have revised their policy strategies with the aim of expanding their share of the international student market. These strategies have included liberalising student visa approval processes, implementing working rights for students both during and post-study, and mapping out clearer pathways to obtaining permanent status. These stand in direct contrast to recent policy shifts in the UK which, as outlined in chapter 2, have made life increasingly difficult for international students.

This chapter considers the ways in which our main competitor countries – Australia, the US and Canada – use and manage policy to sustain and grow international student numbers. By outlining how each country measures international student numbers, and analysing policy changes focused on expanding those numbers, this chapter will consider how our competitor countries navigate their political terrains in pursuit of ambitious strategies for international student recruitment.

COUNTING INTERNATIONAL STUDENTS

The official position of the UK government is that there are no caps on the number of international student visas that can be issued. However, students are still considered international migrants, and the net migration target includes students who stay in the UK for more than one year. This means that international students fall under the government's broader political target to reduce net migration, and that they therefore face stricter policies than their counterparts in Australia, the US and Canada.

Australia

International education is a significant contributor to the Australian economy and is, at approximately A$18 billion (US$15 billion) annually, its second largest export industry (Economist 2016). Over the last decade there has been a rapid increase in the number of student visas issued by the Australian Department of Immigration and Border Protection (DIBP), rising from 185,000 in 2002 to nearly 350,000 in 2014. As a result, international students account for approximately 25 per cent of Australia's total enrolments in higher education (DET 2015a).

Australia counts international students in its net migration figures. The Australian Bureau of Statistics (ABS) compiles data on net overseas migration on a quarterly basis, which forms one component of its estimated resident population. The ABS's methodology uses the '12/16 month rule' – it counts international migrants if they have changed their

usual residence for at least 12 months; this is measured over a 16-month period and does not have to be continuous. It therefore includes, for example, international students who may leave Australia briefly each year during the holiday period (ABS 2016).

Although Australia counts international students in its net migration figures, the government considers international students as 'temporary' migrants, and does not place caps on these numbers. Instead, the government sets annual multi-category targets for permanent migrants through its managed migration programme, distinguishing between skilled, family and humanitarian visa groups. These individual targets are set each year by the minister for immigration and border protection in response to the social and economic needs of the country (DIBP 2015a).

Canada

Canada considers international students a crucial economic asset, and its government is pursuing a number of unprecedented programmes that aim to expand international education across the country. Student numbers have certainly increased substantially: 2014 figures record a total of 270,000 (post-secondary) international students (CBIE 2015), which represents an increase of approximately 20 per cent relative to the previous year (CBIE 2014).

Canada uses a similar system to Australia in that its figures for net migration include permanent and temporary (or 'non-permanent') residents, and are used to inform quarterly population estimates. This means that although international students are counted in net migration figures, they are not considered to be long-term migrants in the same way as they are the UK.

While the government of Canada does not set targets for numbers of temporary migrants, such as international students, it is also similar to Australia in that it does set targets for different forms of permanent migration. As recently outlined by John McCallum, the minister for immigration, refugees and citizenship, the government of Canada has set an ambitious target in its 2016 immigration plan, with the aim of accepting between 280,000 and 305,000 new permanent residents over the course of the year, with separate programmes for economic, family and humanitarian visas (IRCC 2016). By incorporating multiple categories into its measurement, Canada exercises its influence over migration policy more effectively, adapting it to the country's economic, social and humanitarian needs.

The United States

The US continues to lead the international education sector in absolute terms, with a record high of 970,000 overseas students enrolled in tertiary education there during the 2014/15 academic year (IIE 2015a). However, despite this large figure the US government sees a great deal of room for improvement, with international students making up just 4.8 per cent of total enrolments (compared to almost 25 per cent in Australia).

The Census Bureau utilises the annual American Community Survey to produce an annual estimate of net international migration for the US. International students have, since 2010, been captured in these figures.

However, they do not form part of the permanent immigration statistics collected by the Department for Homeland Security, unless they switch from being students into a permanent migration category.

The US is similar to Australia and Canada in that it does not have any cap or target for international student numbers, but it does pursue multiple permanent migration targets. Annually, permanent employment-based immigration is set at a rate of 140,000 visas per year; the family-based immigration system has a large cap of at least 480,000 visas annually, and the humanitarian programme has a separate cap of 85,000 visas this year (AIC 2016).

POLICY APPROACHES TOWARDS INTERNATIONAL STUDENTS

Both the UK and its main competitor countries include international students in their net migration figures. However, what distinguishes Australia, Canada and the US from the UK in this regard is that their net figures do not have targets associated with them that deter the government from expanding its international education sector. As a result, the three countries have opened themselves up further to international students, while continuing to manage an immigration system that places targets on permanent forms of migration. This decoupling of migration and international students has run parallel to a number of policy shifts that strengthen each country's status as a destination of choice for international students, and has allowed the introduction of several government-led programmes to expand their international education sectors.

Australia

With a population of just over 23 million, Australia enrols approximately 7.3 per cent of global foreign tertiary students, and considers international students a national priority. However, Australia has not always adopted such a broadly welcoming approach, with international students being adversely impacted by unresponsive government policy and regulation during a difficult period between 2009 and 2012.

In 2009, Australian authorities were slow to crack down on a series of violent assaults toward south Asian students, many of which were seen to be racially motivated. Alongside the poor reputation it subsequently gained for its treatment of Indian students, the government's efforts to close illegal colleges and impose more demanding tests to regulate the pathway from studying to permanent residence resulted in a sharp decline in student enrolments from India, its second highest 'sending country' for international students (Marginson 2012).

Public concerns about immigration were a core issue in the 2010 federal election, with the government tightening its migration targets. At the time, this had a significant impact on international students as, just as they are in the UK today, they became subject to policies put in place in service of the broader aim of reducing migration. As a result, international students experienced longer delays for visas and tougher tests to prove they could support themselves (ibid).

Although the benefits that international students bring were recognised, a number of voices expressed concern that the student visa system offered a pathway for thousands of dishonest people to gain entry into Australia. Despite these claims, however, data has indicated that while there has been a moderate degree of non-compliance among international students over the past few years (approximately 10,000 in 2014), temporary visitors remain the largest group of visa overstayers, accounting for more than two-thirds of overstayers in Australia over the past few years (DIBP 2014).

These developments caused education-agents to divert much of the 'traffic' from China to North America, and applications to study in Australia sharply declined. As this downward spiral became apparent, the federal government was forced to act quickly. It established a committee chaired by former minister Michael Knight to evaluate student visa policy. The government subsequently adopted Knight's recommendations, which represented a major policy change on international students: they included a speeding up of student visa processing, a relaxing of financial and English-language tests, and the issuing of post-study work visas for up to four years. Since 2011, this decisive shift in government policy has improved the country's attractiveness, allayed concerns over safety, and resulted in a growing number of migrants arriving to study in Australia (Marginson 2012).

These policies laid the groundwork for a further suite of Australian government initiatives to support the expansion of the international education sector. Some key developments have included the following.

- Peter Dutton, the minister for immigration and border protection, introduced the 'national innovation and science agenda' – an initiative focused on retaining highly educated individuals who can contribute to a thriving knowledge economy. The initiative's aim is to attract high-skilled students, as well as retain highly educated, talented people whose knowledge base has been developed in Australia (DPMC 2015). Reforms to facilitate permanent residence for specialised STEM graduates are expected to be introduced in the latter half of 2016 (Dutton 2015).
- In June 2015, the federal government announced the introduction of the simplified student visa framework, which will reduce the number of student visa subclasses from eight to two, and introduce a simplified single immigration risk framework for all international students. These changes are designed to make the student visa framework easier to navigate for genuine students, and streamline the amount of documentation required for students with certain education providers or countries of citizenship (DIBP 2015b).
- In April 2016, the Australian government published the National Strategy for International Education (NSIE), which set out a 10-year plan for strengthening and growing the international education sector. The Australian government will provide $12 million over the next four years to support the implementation of NSIE.

With the expectation of hosting around 720,000 international students by 2025, it is clear that the Australian government is invested in the growth of this sector, and has implemented these various measures in order to enhance the country's reputation as a global leader in education, training and research (DET 2015b).

Canada

Canada hosted 270,000 international students in 2014, and the federal government is pursuing a number of strategies for expanding the country's international education sector and retaining a substantial number of international students once they graduate from tertiary programmes.

Although Canada has always been welcoming to international students, a number of changes were implemented in June 2015 under bill C-24 of the Immigration Act which made the path to Canadian citizenship more difficult for foreign graduates. However, the new Minister of Immigration, Refugees and Citizenship, John McCallum, who came to office in the change of government in October of that year, recently introduced new legislation to repeal parts of this bill and reduce the period of physical residency required for Canadian citizenship so that highly skilled international students can be retained (ICEF Monitor 2016). Canada has also implemented a number of policies in recent years that strengthen its status as a destination of choice for prospective international students, including the following.

- The off-campus work permit was introduced by the federal government in 2006, giving international students the opportunity to apply for a permit to work off-campus for a maximum of 20 hours per week. Since its introduction, the number of students holding a work permit rose from 23,000 in 2006 to 70,000 in 2012. In 2014 the government integrated the off-campus work permit with the study permit, thereby making it easier for international students to work for a limited period as they study (UK HE International Unit 2015).[11]
- The post-graduation work permit programme, which allows graduates to work for a period equivalent to their length of study (a maximum of three years) and provides experience that helps graduates to apply for permanent residence in Canada.[12]
- International students now have a number of options for transitioning to permanent residency, including the federal skilled worker program, the provincial nominee program and the Canadian experience class (CEC), which was introduced in 2008.[13] Since 2008, the CEC has been Canada's fastest growing economic immigration programme, accounting for 24 per cent of students transitioning to permanent residency in 2014, in comparison to just 4 per cent in 2009.
- In January 2014, the federal government introduced Canada's first international education strategy (IES), which set out plans to nearly double the number of international students from 239,000 in 2011 to 450,000 by 2022 (FATDC 2014). The IES represented a shift in the government's approach, as it was the first pan-Canadian strategy for international students, and the first time that international education was framed as a cross-cutting public policy priority – one focused on economies with growing demand such as Brazil, China and India (UK HE International Unit 2015).

11 http://www.cic.gc.ca/english/study/work-offcampus.asp
12 http://www.cic.gc.ca/english/study/work-postgrad.asp
13 http://www.cic.gc.ca/english/immigrate/cec/apply-who.asp

The United States

Growth in the international education sector is having a significant impact on the US. In 2014, international students contributed over $30 billion to the US economy, with approximately 72 per cent of all international students funding themselves primarily from sources outside of the US (IIE 2015b). These continuing benefits have made the US government more aware of the need to attract and retain international students, which they have acted upon through a series of new policy measures. With many claiming that current US policy on international students is causing the system to underperform, a number of attempts, including the following, have recently been made to make it more attractive to international students.

- The curricular practical training is a temporary work authorisation that allows students to engage in 'practical training' off-campus as part of their studies. 'Practical training' includes employment, internships, and work experience. It can include part-time work (for less than 20 hours per week) or full-time work (for more than 20 hours per week).[14]
- In addition to this, one of the main route for students seeking to transition into work is the optional practical training (OPT) programme, which allows students to work both during and after they complete their studies, as long as the role relates to their subject area. Currently, OPT allows foreign graduates to remain in the US after graduating for a period of 12 months to pursue work that is relevant to their field of study, while STEM students receive an additional 24 months (recently extended from 17 months[15]), all of which contributes toward the possibility of permanent residence.[16]
- Despite such attempts to provide employment opportunities for international students, the shift in policy in this area has been slow ever since a tightening of general migration policy in the early 2000s. However, aware of the need to retain highly skilled international students, in 2014 Barack Obama announced a series of immigration reforms through the Immigration Accountability Executive Action, one of which was to strengthen the educational experiences of international students studying STEM subjects by expanding the range of eligible degrees and extending the time period of the existing OPT programme (Zamora 2014). This measure was supported by a number of Republicans, and there is mounting bipartisan agreement that an attractive policy for highly skilled international students is in the interest of the US.

14 http://www.internationalstudent.com/study_usa/way-of-life/working-in-the-usa/

15 https://studyinthestates.dhs.gov/stem-opt-hub

16 https://www.uscis.gov/archive/archive-news/questions-and-answers-extension-optional-practical-training-program-qualified-students

TABLE 4.1

A comparison of international student numbers (total and as a proportion of total HE and FE enrolment), and their estimated economic contributions to their host countries, in Australia, Canada, the US and the UK, 2014–2015

Country	Total international students (2014 or 2014/15)*	Proportion of total enrolment	Estimated annual economic contribution of international students (in USD)
Australia	350,000 (higher education only)	25.3%	$15 billion (2014, including all sectors)
Canada	270,000 (post-secondary only)	13.1%	$7 billion (2010, including all sectors)
US	970,000 (higher education only)	4.8%	$30 billion (2014/15, higher education only)
UK	440,000 (higher education only)	19.2%	$21 billion (2011/12, including all sectors)

Sources: DET 2015a and 2015c, CBIE 2015, IIE 2015a, HESA 2015a: tables C and D, FAITC 2012, BIS 2013
*Note: Figures for Australia and Canada are for the calendar year 2014; those for the US and UK are for the academic year 2014/15.

5. RECOMMENDATIONS

WHAT NEEDS TO BE CHANGED?

This report has assessed the case for the UK government's current approach to managing international students as part of its immigration system. The government's reliance on a set of problematic figures is driving a restrictive approach to international students. Specifically, the questionable conclusion that around 90,000 students fail to leave the UK at the end of their studies is serving to justify a set of excessively tough policies.

Consequently, UK plc is missing an opportunity. The government's approach is harming the international education sector at a time of major uncertainty for the UK economy more widely – that is, at the very point at which the UK should be seizing the initiative to maximise growth in all of its services export sectors. This is particularly true of services sectors that have significant growth potential and are not directly affected by the upcoming Brexit negotiations.

International education exports is one of these sectors. Given that international students – unlike other forms of immigration – are not a major focus of public concern, there is little direct political gain to be had in maintaining this focus on students.

In this chapter, we draw on lessons from Australia, the US and Canada to explore how the UK's current system could be changed.

1. END TARGETS FOR INTERNATIONAL STUDENTS

The government **should exclude international students from the drive to reduce net migration** to the tens of thousands a year. Students should be classified as temporary migrants and not included in any migration target unless they transfer into another migration category, in line with the practice of the UK's main competitors – including Australia, Canada and the US.

There are two main ways in which this could be achieved. First, the government could simply remove international students from the net migration target. This approach has clear benefits – it would reduce the government's focus on international students as part of its efforts to control and reduce immigration to the UK, which is proving detrimental to the wider economy. However, some analysts – including the Migration Observatory and the ONS – have noted that there are would be some practical challenges to this approach. See the annex to this report for a full explanation of these issues.

The alternative would be to break net migration down into its constituent parts. Setting aside asylum, there are three main migration routes to Britain – work, family and study. Furthermore, there are (currently) three citizenship routes – British, EU and non-EU. This three-by-three distinction forms a matrix of nine component parts, each of which has an inflow and an outflow.

The government has far more control over some of these components than others. It cannot, for example, prevent British citizens coming and going for any reason. On the other hand, numbers of non-EU migrants who come to the UK to study are much easier to control than those of most of other groups. To drive down net migration across all nine components to the tens of thousands, the government therefore has a perverse incentive to disproportionately bear down on international student numbers.

A far more strategic approach would be to split net migration figures into different categories, and set a target for immigration in each category. A disaggregated system could set annual targets for different migration routes and statuses, such as family migration, non-EU skilled work migration, entrepreneurs, refugees, permanent settlement and other flows. This is standard practice in Canada and Australia. These targets could be varied annually depending on employer demand, skills shortages, economic outlook, and humanitarian need. A multi-target system of this sort would be more sensitive to ongoing social and economic developments, and more tailored to different types of migration flow with different characteristics. Students should only be included in any target if they switch to a different visa category (work, for example).

Importantly, the way these different targets are measured could also vary depending on which data source is most reliable in each case. For non-EU skilled workers, family reunion, and student 'switchers', the Home Office's visa data could be used. For EU migration, for which no visa data is available, the IPS (or national insurance number registration data) would be more suitable. The Home Office already collects separate data on asylum seekers and resettled refugees, which it combines with the IPS to produce its long-term immigration statistics (as explained above).

A multi-target approach, combined with more robust data on overstaying from exit checks (see below), could also help to improve policy on tackling non-compliance. Just as the net migration target distorts government policy by focusing on those migration flows it has more control over, it also distorts policy on overstayers. Evidence from Australia's 'unlawful non-citizen' statistics estimates that the largest group of overstayers in the population are those who have overstayed tourist visas (DIBP 2014); the UK border force has previously suggested that the same is true for the UK (NAO 2012). However, visitors are not included in the net migration figures because they are not classified as long-term migrants (that is, they say they intend to stay in the UK for less than a year).[17] The net migration target therefore distorts policy on overstayers by putting greater emphasis on tackling non-compliance among students (and others classified as long-term migrants) who

17 Technically, the long-term immigration figures account for 'visitor switchers' (those who say they intend to stay in the UK for less than a year but then stay for longer), but it is challenging to provide an accurate estimate of this number, particularly with respect to overstayers.

overstay, rather than those who entered the country as tourists – even though there may be significantly more overstayers among the latter. The new approach set out here would encourage the development of policies that focus on visitor overstayers as well as on student overstayers, rather than prioritise one over the other.

2. DRAW UP A 10-YEAR PLAN FOR EXPANDING THE INTERNATIONAL EDUCATION SECTOR

The government has committed to developing a new, comprehensive industrial strategy for Britain. In the aftermath of Brexit and in a deeply uncertain economic climate, it is vital that the international education sector – one of our largest export services sectors – plays a central role in this strategy.

In April this year, the Australian government announced a new national strategy for international students. The UK should follow Australia's lead and develop a comprehensive **10-year plan** for expanding its market share in international education. The plan should engage with every aspect of the international student journey, from student recruitment to post-study opportunities. Among other things, the plan should include proposals for how to strengthen the international student experience in order to make the UK a more attractive destination, build connections with alumni to maximise their potential, and promote the UK as one of the leading international education providers.

In order to fulfil this plan, the government should create a new **minister for international education**, based jointly at the Department for Education, the Department for International Trade, and the Department for Business, Energy and Industrial Strategy. The minister would be responsible for developing and delivering on the 10-year plan in England, through working with colleagues across the three departments and consulting with experts, business and education representatives, and policymakers in sending countries. Similar 10-year plans should be considered by the devolved administrations in Northern Ireland, Scotland and Wales.

3. EXTEND POST-STUDY WORK OPPORTUNITIES FOR INTERNATIONAL STUDENTS

In its efforts to drive down net migration, the government has shut off one of the main routes for international students to remain in the UK after their studies: the post-study work visa. Yet as a rule international students are highly skilled, speak English and are familiar with British culture. They therefore display the attributes that the public consistently says that it values in immigrants. Their potential contribution to the economy is substantial. Other countries recognise this: introducing his executive action on immigration, President Obama asked, 'Are we a nation that educates the world's best and brightest at our universities, only to send them home to create businesses in countries that compete with us?' (White House 2014).

We therefore propose a package of reforms to expand post-study work opportunities for international students, in order to bring the UK into line with international norms and maximise the potential boost to the UK economy.

First, we propose introducing a **12-month post-study work visa for STEM and nursing graduates**. Graduates in both areas are in high demand in the UK, as reflected in the Migration Advisory Committee's shortage occupation list.[18] It makes sense to encourage the world's best students of these key subjects to come to Britain by offering them the prospect of being able to stay and work, given that suitable jobs in these areas are likely to continue to feature on the shortage occupation list. These visas would be valid for 12 months after the completion of a course, to allow the holder to find a graduate-level job with no salary threshold (as starting salaries can be low in some sectors). The holder could then convert onto a Tier 2 (skilled worker) visa if she or he obtains a long-term contract.

Second, the Scottish government's post-study work steering group – a cross-party working group – has made detailed proposals on how the post-study work route could be reintroduced in Scotland (Scottish Government 2016). Aside from the general economic case for welcoming international students, Scotland has a particular demographic need to attract skilled workers and support population growth. The UK and Scottish governments should therefore work together to **give Scotland the power to reintroduce the post-study work visa**.

Third, the government should ease the current rules for post-study work. Under the current system, foreign graduates of UK institutions have four months on completion of their course to find a job with a Home Office-approved employer with an annual salary threshold of £20,800; if these former students do not find a job within this timeframe, they have to leave the UK. Thereafter, they must apply with all other applicants through the Tier 2 skilled worker route, as they cannot apply to switch their visa from outside the UK. At this point they must therefore face the resident labour market test, and be subject to the annual cap of 20,700 Tier 2 visas. From April 2017, Tier 2 employers will also have to pay the immigration skills charge for non-student switchers.

This is a poorly designed system. Graduates must race to find any job they can in order to stay in the UK, rather than one that matches their skills. Sectors that recruit throughout the year will miss a crop of talented graduates. Students who understand the 'milkround' system, or sectors that recruit primarily through that method, are highly advantaged. Once they leave the UK, students who have been educated here have no preferential access to Tier 2 visas – their prior connection to the UK is disregarded. Employers are barred from a talented, English-speaking talent pool by the arbitrary cap. And the salary threshold means that some employers, particularly those outside London, are not able to offer contracts to these graduates.

18 See https://www.gov.uk/government/publications/tier-2-shortage-occupation-list

There is scope for relaxing these stringent rules. We propose **excluding graduates of UK institutions from the Tier 2 cap and the resident labour market test for 12 months after they graduate**. Their employers should also be exempted from the immigration skills charge. Under this rule change, international students would still have to leave the UK upon the expiry of their student visa (within four months of completing their course). However, they could apply from overseas for a graduate-level job, within 12 months of graduating, on the same basis as they were able to within the four-month period following the completion of their course. No resident labour market test would be required, applicants would be unaffected by the Tier 2 cap, and no additional immigration skills charge would be payable by their employer should they be successful in their application.

4. IMPROVE THE QUALITY OF DATA ON INTERNATIONAL STUDENT PATTERNS

As this report has demonstrated, a fundamental problem with the government's approach to international students is that it is unable to provide a convincing estimate of the number of international students who leave the country each year. The government should therefore take further steps to investigate and address the potential flaws in the IPS methodology that our research indicates. It should go about this in two key ways.

First, we recommend that the government **prioritises student visas in its roll out of the exit check scheme.** The Coalition government introduced exit checks on all people leaving through a UK port. These are a form of embarkation control that is part of the government's e-borders programme. Through information drawn from flight and ship manifests, advance passenger information and embarkation checks, the UK Border Force is acquiring the ability to confirm whether people whose visas have expired have in fact left the UK (Border Force 2015). The exit checks data has not yet been published, and it is likely that providing an accurate picture of emigration flows will present challenges in the short-to-medium term (Home Office 2016f). However, over time these exit checks should help to determine the true extent of international students' contribution to the net migration figures.

Second, we recommend that **the government and the higher education sector jointly take proactive steps to identify the extent to which international students return home, through the HESA Destination of Leavers survey**.

As explored in chapter 3, there are serious limitations in the current data on international student flows. Institutions should take the lead, and collect this data proactively. We do not recommend creating a further legal duty, given the burdensome volume of regulation to which institutions are already subject, and we advise against making sponsor status contingent on further action. However, institutions should do more to provide a further, robust data source. Given the threat to an institution's finances that losing the ability to sponsor international students represents, and the threat that would be posed to the collective prospects of the university sector if the government were to crack down further with onerous regulation, it is in the sector's own interest to make greater efforts to use its own powers to shed light on the scale of overstaying.

While keeping in touch with students who have completed their courses – particularly when they leave the UK to find employment elsewhere – universities could do more to incentivise students to reply with information on their whereabouts. They could keep student email addresses active for a period of 6–12 months after graduation, for example, or offer the chance to win cash prizes to those who agree to participate.

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International students make a major contribution to Britain – economically, intellectually and geopolitically. In this report we have argued that the government's argument for imposing restrictive policies on international students rests on a highly questionable interpretation of figures from the International Passenger Survey. In light of these findings, the government should renew its policy approach to international students to reflect their importance to the UK economy, and to foster the expansion of the international education sector as part of its new, comprehensive industrial strategy.

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ANNEX

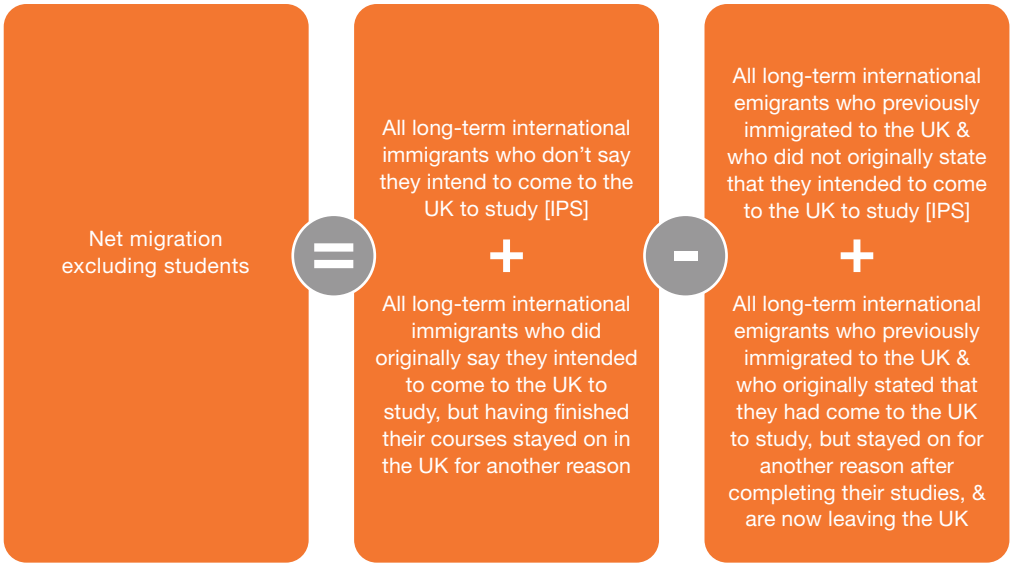
REMOVING STUDENTS FROM THE NET MIGRATION TARGET

Some people have argued that there are statistical issues involved in removing international students from the net migration target. In this annex, we summarise their reasoning.

As we explained in chapter 3, migration flows are calculated from the International Passenger Survey (IPS), a sample survey that interviews passengers entering and leaving the country. One seemingly straightforward way to remove students from the IPS's overall net migration estimate would be to subtract those who intend to come to study in the UK from the total immigration estimate, and to subtract those who originally said they came to study in the UK from the total emigration estimate. Overall net migration, excluding students, would then be worked out by calculating the difference between the new migration estimate and the new emigration estimate. In other words, the new net migration estimate would simply be the old net migration estimate minus the IPS's figure for net student migration.

However, one argument against a net migration estimate thus calculated is that it would not include individuals who came to the UK as students but then stayed on after completing their studies. As we discussed in chapter 3, the exact number of people who follow this route is a matter of some dispute. However, we know from the Home Office's visa records that at least some people do stay on by switching visa routes after finishing their course. Some have argued this group of people should be included in the net migration figures, even if they originally came as students.

Including these people within the net migration figures is a complex task, because it means combining the IPS – which only interviews people at the UK's borders – with other data about what students do once they are in the UK. Specifically, for any given year, a net migration figure excluding students would need to be calculated in the following way.



Some of this information is readily available from the IPS (in the above this is indicated by '[IPS]' immediately following the information described).

However, in order to collect the remaining information, we need other, new sources. The first step would be to collect reliable data on all those international students who decide to remain in the UK beyond the end of their studies. For non-EU students, this data could be collected using the Home Office's visa records. However, students from other EU countries do not require visas to study, work, or settle in the UK, due to the EU's free movement rules. This makes it harder to provide an accurate estimate of the number who stay on. In the future, the HESA Destination of Leavers survey could be used, provided that response rates for non-EU domiciled students improve.

Similarly, we would need to estimate the number of former international students who leave the UK after temporarily staying on for another reason upon completion of their studies. An additional question could be added to the IPS, asking passengers leaving the UK who originally came in as students what they were doing immediately prior to their departure. This could help distinguish between those who leave immediately after completing their studies and those who stay on for a while and then leave. However, given the questionable validity of the data on the number of long-term migrants who come to study in the UK and who then leave, it is not clear whether the IPS could provide a meaningful estimate based on this additional question.

The government's new exit checks should be able to help estimate emigration levels better and in greater detail – as well as provide a more accurate assessment of the level of overstaying. However, exit checks were only introduced in April 2015 – so it is unlikely that exit check data will be ready to use for these purposes in the short term.

The next step would be to combine these various data sources together – from the IPS, the Home Office visa data, the HESA data, and potentially data from exit checks. The ONS is currently working to combine these data sources in order to improve the accuracy of their immigration data, but they are unlikely to complete this work in the short-to-medium term.

While removing students from the net migration target presents challenges, future data improvements could help to resolve some of the problems discussed in this summary. In any case, as we argue in the main body of this report, there is a clear alternative to simply removing international students from the net migration target: breaking the target down into individual flows, and setting targets for each immigration flow other than students. This avoids most of the problems discussed here for two reasons.

1. The multi-target approach can use different data sources for different migration flows, thereby avoiding the problem of combining different data sources together.
2. The multi-target approach focuses on immigration flows rather than net migration flows, thereby avoiding some of the challenges associated with accurately measuring emigration.