



REPORT

Student migration in the UK

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Universities UK

Contents

Executive summary	2
Introduction: Policy context.....	4
Recent changes	4
1. Student migration in the UK: Data, trends, facts and figures.....	6
1.1: Data on student migration.....	6
1.2: What we know, and what we don't.....	11
2. Cutting student immigration to meet overall migration targets	12
2.1: What impact will reduced student migration really have on net migration to the UK?	12
2.2: What impact will reduced student migration have on net migration as measured by the International Passenger Survey?	13
2.3: Conclusions: Student migration flows.....	13
3. Impacts.....	15
3.1 A reduction in student immigration	15
3.2: Reducing abuse and non-compliance in the student visa system.....	18
3.3: Making sure that student migration is temporary and as short-term as possible.....	19
3.4: A more selective approach to targeting 'the brightest and the best'	19
4. Assessing the government's policy proposals.....	21
Conclusions	23
References.....	26

Executive summary

Student immigration from outside the European Economic Area (EEA) is a major immigration flow to the UK relative to other flows. Although International Passenger Survey data suggests that student immigration has been rising significantly in recent years, Home Office management information (which may be more reliable) suggests that student immigration is relatively stable.

The government's overall objective is to reduce total net immigration to the UK 'from the hundreds of thousands to the tens of thousands' by the end of the current Parliament. Because significant elements of migration flows to the UK are outside the government's control, net immigration via routes over which the government does have control, including student migration from outside the EEA, will have to be cut by substantially more than half in order to meet this overall objective.

Data on compliance in the student visa system is limited, but suggests that rates of non-compliance are relatively low. Given this, it is clear that cuts of the magnitude sought by the government will not be achieved simply by stamping out abuse. Indeed, even stopping all student migration for courses below degree level would not reduce the total numbers sufficiently to meet the government's overall objective.

There is no reliable data on the contribution that student immigration makes to net migration (as opposed to total immigration), but the best evidence available suggests that a relatively small proportion of student migrants – around 20 per cent – stay in the UK for five years or more and that an even smaller proportion settle in the UK permanently (no more than 10 per cent). The vast majority of international students stay in the UK only temporarily. This means that even drastic reductions in student immigration will deliver only small reductions in *net* migration.

However, precisely the same weaknesses in the data that make it hard to predict the impact of reduced student immigration on total net migration may also mean that reduced student immigration *appears* to significantly reduce net migration, particularly in the short term. There is a risk that the proposed changes in the student visa regime impose substantial (and very real) costs on the education sector and the wider economy simply in order to deliver reductions in migration statistics.

The British economy will certainly suffer as a result of a drop in student numbers. International students make significant economic contributions not only to the institutions at which they study, but also to the communities and regions that they live in, and to the wider UK economy. The Home Secretary, Theresa May, has acknowledged that, in higher education alone, international student expenditure both on and off-campus approaches £5 billion.¹ Estimates of the total value of international students to the UK economy (including further education and private sector colleges) put the figure much higher, suggesting that their total spend is somewhere in the region of £8–10 billion.² This does not take account of the wider economic benefits that accrue to the UK from international student recruitment, including via centres of innovation and excellence and global cultural and business links.

Education institutions themselves will also be badly hit by reduced international student numbers, at a time when funding is already extremely tight. The potential effects of cuts to international student numbers could include job losses, some courses and departments no longer being viable, increased costs for UK students, and a loss of academic and cultural diversity across the spectrum of British educational institutions.

We have two principal concerns with the government's proposals for reforms to the student visa regime:

- Many of the changes proposed are based on limited or unreliable evidence – there is therefore a risk that serious economic harm is caused to the UK to little benefit. This is particularly the case with the range of measures designed to reduce abuse and non-compliance in the student visa system and to reduce the length of time students stay in the UK – evidence on the scale and nature of the problem is very limited, and the government is at risk of overstating both the problem and the likely impact of its proposed measures.

1 Home Office 2010a: 3, which refers to Kelly et al 2009

2 See for example British Council 2010

- Many of the changes proposed seem to be motivated primarily by the government's objective of reducing net immigration to the UK. The fact that the proposals would have the effect of damaging the recruitment of legitimate international students may be entirely deliberate. It is likely that reducing legitimate student immigration would in fact do little to reduce total net migration, and would impose significant economic (and wider) costs on the UK.

The government's objective of reducing abuse and non-compliance in the student visa regime is legitimate and laudable – it also reflects the public's primary concern about student migration. In our view, the proposal most likely to have a positive impact in this area is the tightening-up of accreditation procedures for sponsoring education institutions. Sponsoring institutions should have a strong incentive to ensure compliance, and we believe that tougher rules for accreditation should render unnecessary a number of the government's other proposals. In general, we believe that focusing on sponsoring institutions is a more effective way to tackle abuse than proposals which focus on further restricting immigration by particular categories of students.

Introduction: Policy context

This report is published as the government considers major reforms to the UK's student visa regime. A consultation document published in December 2010 set out the government's objectives for policy reform, and a number of specific policy proposals. The recently-completed consultation has elicited over 30,000 responses, and the government is expected to announce its decisions in the coming weeks.

Our intention is to set out the best available data and evidence on student migration to the UK – we should note from the outset that the best available data and evidence is, in many cases, less accurate and comprehensive than would be desirable as the basis for major policy decisions – to assess the government's policy approach and, where we think that approach is the wrong one, to suggest alternatives.

Because the student visa regime applies only to students from outside the European Economic Area (EEA), our report focuses on this group, and because only students coming to the UK for a year or more are counted as 'migrants' we largely exclude from consideration student visitors who come to the UK for shorter periods.

This specific consideration of the student visa regime must be seen in the context of the government's wider migration policy. In common with the migration policy of the last government, this has the control and management of migration at its heart. In contrast with the last government, the government has also made clear that it intends to substantially reduce the level of net migration to the UK 'from hundreds of thousands to tens of thousands' by the end of this Parliament.

In light of these wider objectives for migration policy, the government has suggested four main policy objectives for reforms to the student visa regime:

1. **A substantial reduction in student immigration to the UK.** The Home Secretary Theresa May has said: 'it is clear that the government's aim to reduce net migration will not be achieved without careful consideration and action on non-economic [migration] routes including students.' (Home Office 2010a: foreword) The government has also said that it will 'expect the student route to make its contribution towards reducing net migration to the UK.' (ibid: 6)
2. **Reduced abuse and non-compliance in the student visa system.** Theresa May has said: 'we must take action now to weed out abuse of the student system.' (ibid: foreword)
3. **Making sure that student migration is temporary and as short-term as possible.** Theresa May has said: 'we want to make clear that the student route is a temporary one, and on completion of their studies, students will be expected to return to their countries of origin.' (ibid: foreword) The government has also said that 'we need to ensure that the number of international students coming to the UK is broadly in balance with the number leaving.' (ibid: 6)
4. **A more selective approach to which students are permitted to enter the UK, with priority given to 'the brightest and the best'.** Damian Green, the immigration minister has stated that he wants to attract 'the world's best students', whom he defines as those wanting to pursue their education at one of the UK's elite universities. He said that international students applying for further education courses 'may, or frankly may not be the brightest and the best'. (Tickle 2010)

The government has also recognised that the UK benefits from international students. Theresa May has stated that: 'the contribution international students make – not only to the economy with the fees they pay and their wider spending, but also on a personal level in establishing and maintaining relationships with those they meet whilst in the UK – is not to be underestimated.' (Home Office 2010a: 3) We assume therefore, that the government's intention is to achieve the objectives set out above while retaining as many of the benefits that international students bring to the UK as possible.

It is also important to note that the government's proposed reforms follow on from a series of reforms to the student visa regime made over recent years.

Recent changes

In 2009, the student visa system was brought into the new points-based system (PBS), which manages migration from outside the EU for work or study – student visas are now issued through Tier 4 of this system.³ Non-EEA nationals wishing to study in the UK must have been accepted by an accredited sponsoring education institution to study on a qualifying course, must obtain an entry clearance visa by showing that they meet the points requirements for a Tier 4 visa, and must demonstrate that they have sufficient funds to support themselves and any dependents in the UK.

Tier 4 visa holders have some access to the UK labour market – most can work part-time during term time (and fulltime during holidays). Most Tier 4 visa holders can also bring dependents to the UK, and dependents also have access to the labour market. Tier 4 visas can be extended (within limits) for further studies, and students who obtain a UK degree or higher qualification can use the post study work route under Tier 1 of the PBS to stay in the UK for up to two years to seek work (after which time they must qualify under other skilled work routes in order to remain). Time spent in the UK as a student does not count towards settlement – there is no route to permanent settlement directly from a student visa.

With the introduction of Tier 4, a new register of sponsors was created, which increased the requirements on sponsoring institutions (for example, to report non-attendance by international students to the UK Border Agency) and reduced by around half the number of institutions accredited to sponsor student visas. Although these changes dealt with many of the so-called ‘bogus colleges’ which may previously have facilitated abuse of the student visa system, concerns about abuse continued, and in summer 2009 temporary suspensions of applications were put in place for some countries and regions in response to concerns about fraudulent applications.

A government review in early 2010 led to a number of changes to Tier 4, aimed at further reducing abuse of the system. These included increased requirements for English language competence and new restrictions on the ability of students studying below degree level to work or to bring dependents with them to the UK. In April 2010, a new ‘Highly Trusted Sponsor’ register was introduced. Highly Trusted Sponsors are able to sponsor students for a wider range of courses (including for instance those with a work placement component) and must demonstrate a strong track record of student retention and compliance.

With respect to the government’s four objectives as outlined above, it is clear that there is considerable continuity with the previous government’s approach with respect to reducing abuse and non-compliance in the student visa system. There is also some continuity with respect to a focus on ‘the brightest and the best’ and ensuring that student migration is temporary, although this government seems intent on taking these objectives significantly further than the previous government did. The most significant change of direction indicated by this government is an explicit focus on reducing student immigration, in order to contribute to its overall aim of cutting net migration by around half.

³ For a useful summary of the current Tier 4 visa regime, and recent policy changes, see: <http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/snha-05349.pdf>

1. Student migration in the UK: Data, trends, facts and figures

This section brings together the best available data on the scale and nature of student migration to the UK.

Migration definitions

Immigration: total number of people moving to the UK (British and non-British), usually defined as those staying for more than one year.

Emigration: total number of people leaving the UK (British and non-British), usually defined as those going for more than one year.

Net migration: the difference between immigration and emigration. If immigration is greater than emigration, net migration is positive (net immigration); if emigration is greater than immigration, net migration is negative (net emigration). Low levels of net migration can occur even with high rates of immigration if emigration is also high. Net migration is zero if immigration and emigration are the same, however high those rates might be.

Migration in the UK can be measured using a number of different data sources. Different data sources tells us different things according to what information is collected, and have varying degrees of reliability. Given the potentially serious impacts of any major changes to the numbers of international students given leave to enter the UK, it is important to be clear about what the data does and does not show.

Student visas

Tier 4 of the points-based system governs immigration to the UK from outside the EEA for study, and replaced the previous student visa regime in 2009. Tier 4 migrants must be sponsored by an accredited education institution, must demonstrate that they have sufficient funds to support themselves, and have 'no recourse to public funds'. Most are allowed to work part-time alongside their studies, and some may bring dependent families with them to the UK. See <http://www.ukvisas.gov.uk/en/howtoapply/infs/inf29pbsstudent> for more details.

Student visitors are those coming to the UK for up to 6 months (or, as of January 2011, up to 11 months for English language students). Student visitors are not counted as 'migrants' because they stay in the UK for less than a year. See <http://www.ukvisas.gov.uk/en/howtoapply/infs/inf2visitors#445910682> for more details.

1.1: Data on student migration

Home Office visa data⁴

The Home Office records the number of entry clearance visas granted each year in different categories. Table 1.1 shows the latest annual data (2009) for student visas and students' dependents. Visa data is based on management information: it is not based on a survey or sample but on a count of actual visas issued. Because nationals of EEA countries do not require a visa to study in the UK, this data covers only students from non-EEA countries.

Note that this data records the number of visas issued for study in the UK, rather than the number of non-EEA students who actually come to the UK – some of those who are issued visas may never come to the UK or may arrive in a different year. It is therefore more useful as a measure of *trends* in student immigration than as a measure of absolute levels of student immigration. Note also that this data provides no information about the length of time migrants stay in the UK, or about whether or when they leave. It is a measure of immigration only, not emigration or net migration.

4 See Home Office 2010c

Table 1.1
Entry clearance
visas granted

Year	Main Applicants*	Dependants	Total
2009	273,435	30,170	303,605

Source: Home Office 2010c

* Includes PBS Tier 4 visas and pre-PBS student visas.

Visa data shows a significant rise in the number of non-EEA student visas issued in recent years. The 273,435 Tier 4 and pre-PBS student visas issued in 2009 represented a 31 per cent increase on 2008, although it should be noted that fewer visas were issued in 2008 than in 2007 – the number of visas issued in 2009 was only 22 per cent higher than in 2007.

Home Office border data⁵

The Home Office also records the number of passengers in different categories who are given leave to enter the UK at the border (arrivals). Table 1.2 shows the latest annual data (2009) for arrivals whose main purpose is to study, and their dependents. As with visa data, this data is based on management information (based on actual arrivals recorded rather than any survey or sample). Because nationals of EEA countries do not require leave to enter when they arrive in the UK, this data covers only arrivals of other nationalities.

Note that this data records the number of passenger journeys made – although those returning from a short period overseas are recorded separately as ‘passengers returning’, when international students are given fresh leave to enter – for example if they have changed or extended their visa – they may be recorded in arrivals data multiple times (in different years, or within the same year). This means that, as with visa data, arrivals data is more useful as a measure of *trends* in student immigration than as a measure of absolute levels of student immigration. Note also that this data provides no information about the length of time migrants stay in the UK, or about whether or when they leave. It is a measure of immigration only, not emigration or net migration.

Table 1.2
Passenger
arrivals

Year	Passengers given limited leave to enter the UK whose main purpose is to study*	Dependants	Total
2009	270,100	21,100	291,200

Source: Home Office 2010c

* Includes PBS Tier 4 visa holders and pre-PBS student visa holders, but excludes student visitors.

Arrivals data gives a slightly different picture of recent trends in student migration. The 270,100 Tier 4 and pre-PBS student visa holders given leave to enter in 2009 represented a 19 per cent increase on 2008, but 2009 arrivals were *lower* than the annual arrivals seen in 2000–07 (arrivals were 25 per cent lower in 2009 than in 2007). Arrivals data suggests that international student immigration numbers have been more-or-less stable (at around 300,000 arrivals a year) for at least a decade, albeit with a peak of around 370,000 in 2007. This picture of relatively stable student immigration to the UK is supported by data on students’ applications for extensions to their leave to remain, which have followed the same trends as student arrivals.

It is worth noting that the government’s current consultation document on student migration presents a very different trend based on arrivals data, suggesting that the number of students admitted has increased by 70 per cent (to 468,000) between 1999 and 2009 (Home Office 2010a). This data includes ‘student visitors’ in the figure for 2009 – this category was introduced in 2007, and prior to this many student visitors were recorded in entry clearance data as ‘ordinary visitors’, not as students. The 1999 data is therefore not comparable with the 2009 statistic used in the government’s consultation document.⁶ Once student visitors are excluded, arrivals data shows that student admissions in 2009 were about the same as in 1999.⁷

⁵ *ibid*

⁶ This is acknowledged in the most recent Home Office Control of Immigration Statistics: ‘A significant proportion of this [2006–09] increase [in student arrivals] may be due to the rules surrounding the introduction of a new category of study, “student visitor” in September 2007’ (*ibid*: 21). In all the figures included here we have therefore excluded student visitors from comparisons. (In any case, student visitors are only admitted to the UK for less than six months and thus are not counted as ‘migrants’.)

⁷ Assuming that some proportion of 2009’s student visitors would have been counted as students in 1999, it may well be that there has been some increase in student arrivals during this period, but any increase would be substantially less than the 70% suggested in the government’s consultation document.

It is of course possible that there has been a significant increase in the number of student visitors coming to the UK for short periods of time (and this may have its own policy implications) but we would suggest that this is a separate issue from the wider questions of immigration policy that are the focus of the government's consultation and of this report. Student visitors are only admitted to the UK for periods of less than six months (or, as of this year, up to 11 months in the case of some English language students) and thus are not counted as 'migrants'.⁸ Student visitors also have very limited access to public services, cannot work in the UK, cannot bring dependents to the UK, have no rights to settle in the UK, and cannot extend their stay without returning home and applying for a new visa. Their status is therefore much closer to that of a tourist or business visitor than to regular student visa holders.

Arrivals data also provide information about where international students come from. Data for 2009 shows that the majority were from Asia – with just under 30 per cent of arrivals from the Indian sub-continent and roughly 40 per cent coming from the Middle East and the rest of Asia. Around 15 per cent were from the Americas, and almost 10 per cent were from Africa. The top five source countries for student arrivals in 2009 were India, China, the United States, Bangladesh and Nigeria. Students from some regions also accounted for more dependents than others – for example, the number of dependents coming to the UK with students from Africa was equivalent to just under 14 per cent of the number of main applicants, whereas for students from the Americas dependents were equivalent to less than 2 per cent of the main applicant number.

International Passenger Survey⁹

The International Passenger Survey (IPS) is a survey carried out by the Office for National Statistics (ONS) at ports and airports. A sample group of approximately 250,000 travellers each year are surveyed about their journeys, both into and out of the UK. The IPS therefore collects data both on migrants to and from the UK, defined as those moving into or out of the country for more than one year, and on visitors. The sample of migrants is relatively small (around 5,000) and the sample of specific categories of migrants (such as students) is even smaller. This sample-based methodology means that IPS data has significant margins of error – it provides estimates, rather than any measurement of actual journeys.¹⁰

The IPS survey asks migrants the primary purpose of their immigration/emigration, which means that it provides data on the number of migrants who give their primary purpose as formal study. IPS data on dependents (those coming to 'accompany or join' a family member) is not broken down according to the purpose of the 'primary migrant', so IPS provides no data on student dependents specifically.

IPS data suggest that 163,000 non-EU migrants arrived in the UK for the primary purpose of formal study in 2009.

This data provides a significantly smaller estimate of student immigration than that suggested by the Home Office arrivals data. There are several possible reasons. The first is that, as noted above, arrivals data may count the same migrant more than once. The second is that the IPS counts as migrants only those who intend to stay in the UK for more than a year, so may exclude significant numbers of students on short courses who intend to stay less than a year (for an academic year of September to June for example). It is also possible that the IPS under-samples student migrants, or that some student migrants give other reasons for coming to the UK.

IPS data suggests that student immigration to the UK has been increasing rapidly in recent years. Non-EU student inflows as estimated by the IPS rose from 30,000 to 110,000 between 1994 and 2004 and have continued to rise since (in contrast to immigration for work or family reasons, which has stabilised or fallen since 2004). The 184,000 non-EU migrants estimated to have arrived in the UK for the primary purpose of formal study in the year to March 2010 represents a 44 per cent

8 The government's recent extension of student visitor visas to up to 11 months for English language students will have the no-doubt welcome statistical side-effect of reducing the number of students who count as migrants by increasing the number of students who come to the UK for less than a year.

9 See ONS 'Provisional International Passenger Survey (IPS) estimates of long-term international migration', webpage. <http://www.statistics.gov.uk/statbase/product.asp?vlnk=15240>

10 Indeed, in recent years, significant revisions to historical migration data based on IPS measures have been made to correct substantial overestimates of net migration which resulted from methodological problems.

increase on the previous 12 months. This suggests a very different trend to that shown by arrivals data – this discrepancy would merit further investigation by ONS or the UK Border Agency (UKBA).

Although the IPS survey covers both immigration and emigration, and asks migrants the primary purpose of both immigration and emigration, it does not provide reliable data on the impact of student immigration on net migration. This is because the reason that a migrant leaves will often be different to the reason they came originally. For example, for international students who come to the UK to study but leave to accept a job in another country, their primary purpose on immigrating will be recorded in the IPS data as study but, on emigrating, will be recorded as work. The IPS survey does not ask emigrants the reason they originally came to the UK, which means that no reliable net migration data is available for particular categories of migrant, including students.

In fact, there are some suggestions that the emigration of those who originally come to the UK as students may be particularly poorly estimated by the IPS. The Migration Advisory Committee considered these issues in some detail in their recent report *Limits on Migration* (MAC 2010). The committee models outflows of those who originally came to the UK as students based on UKBA management information about when their leave to remain would expire and suggests that the IPS significantly underestimates these outflows. This could be due to sampling errors, or could be because many international students initially leave the UK with the intention of being gone only temporarily – and thus are not recorded as emigrants by the IPS survey – but in fact do not return. It is also possible that the IPS estimate of student emigration is actually correct because a large number of students overstay their visa, but other data (see below) suggests that this is highly unlikely – it seems much more likely that the IPS underestimates student emigration.

We return to these issues about the quality of IPS data in Section 2 below.

Home Office research

As well as the main sets of official data on student migration outlined above, the Home Office carries out ad hoc research and analysis of data. Two studies in particular are worth noting here.

The first, *The Migrant Journey*, used UKBA management information to match data on grants of entry clearance (visas) to data on grants of further leave to remain, in order to provide details of all types of leave granted to a migrant from the point they received entry clearance until they were granted settlement or their last recorded leave expired (Achato et al 2010). In effect, this analysis traces the ‘progress’ of migrants through the immigration system, in order to give indicative data about outcomes for different groups of migrants.

Looking at student migrants who arrived in the UK to study in 2004, this analysis showed that:

‘[A]fter two years, 59 per cent were no longer in the immigration system. At the end of five years almost 80 per cent no longer had valid leave to remain. Those who remained in the UK tended to have moved into the work (leading to citizenship) route, were still students, or changed into the family route (for marriage). Very few of these students (3%) had reached settlement after five years in the UK.’

This analysis suggests that a relatively small proportion of student migrants remain in the UK long-term, and that this proportion is much lower than among migrants who come to the UK to work or join family. After five years, only around 10 per cent of the 2004 cohort were in immigration categories that provide even the possibility of settlement. However, it is not possible to determine from the data used whether those identified as ‘no longer in the immigration system’ had left the country or remained illegally.

The second study, *Overseas Students in the Immigration System* focused in particular on student migration (Home Office 2010b). A representative sample of UKBA-registered sponsoring institutions was used to generate a sample of the ‘Confirmation of Acceptance for Studies’ certificates (CASs) which are issued to student migrants under Tier 4 of the PBS.¹¹

This analysis provided valuable information about the types of institutions and courses which student migrants in the UK are enrolled in. Table 1.3 below shows that around half of CASs are issued by universities, with another third being issued by private HE/FE colleges. Table 1.4 shows that around 60 per cent of non-EEA students in the UK are studying for courses at degree level or higher.

¹¹ Tier 4 visas can only be issued to students who have had a CAS issued by a registered sponsor institution.

Table 1.3
Analysis of the sponsor register, by type of institution, 2010

Types of Institution	Number of Institutions on sponsor register	Institution type as a percentage of all sponsors	Percentage of total number of CASs assigned by Institution type
Universities	155	7%	51%
Publicly funded HE/FE Institutions	428	19%	6%
Privately funded HE/FE Institutions	744	32%	34%
English language schools	299	13%	7%
Independent schools	666	29%	2%
Total	2,292	100%	100%

Source: Home Office 2010b

Table 1.4
Non-EEA students sponsored to study in the UK by establishment type and level of study, estimated percentages, 2010

	Above degree*		Below degree**			Total %
	Post-grad. (NQF 7 & 8)	Under-grad. (NQF 6)	NQF Level 5	NQF Level 4	NQF Level 3 and below	
Universities	57%	30%	7%	1%	5%	100% (n=8,300)
Publicly funded HE/FE Institutions	25%	10%	23%	3%*	40%	100% (n=1,004)
Privately funded HE/FE Institutions	15%	28%	20%	25%	13%	100% (n=5,777)
Independent schools	0%	0%	0%	0%	100%	100% (n=1,381)
English language schools	0%	0%	18%	2%†	80%	100% (n=572)
Overall percentage students at each level, including all institution types	34%	25%	13%	9%	19%	100% (n=17,034)

Source: Home Office 2010b

Notes:

* National Qualifications Framework (NQF) Level 6 and above.

** Anything below NQF level 6 is sub-degree. Level 5 and level 4 are sub-degree, but above A-level and equivalents, such as professional diplomas and foundation degrees. Level 3 is A-level and equivalents, and levels 2 and 1 are below A-level.

† Small numbers in this category means this estimate may be unreliable.

This report also provides indicative data on compliance in the student visa system. A sample of universities from the Highly Trusted Sponsor list suggested that up to two per cent of their students were potentially non-compliant – that is, they had not been recorded as leaving the UK and did not have a valid reason to remain. On the one hand, this figure gives the upper limit for non-compliance – some of this group may have left the country although they have not been recorded as having done so – but, on the other, it may not be representative, being taken from a sample of students studying with highly trusted sponsor institutions, among whom we would expect non-compliance to be lower than in universities in general.

A separate sample was taken from institutions that had been subject to investigation by UKBA due to concerns about suspected abuse of the visa system. This showed that up to 26 per cent of students awarded CASs by private HE/FE institutions, eight per cent by public HE/FE institutions, and 14 per cent by English-language schools were potentially non-compliant. As with the data on universities, note both that this figure gives the upper limit for non-compliance in sampled institutions and that it may not be representative, being drawn from a sample of students studying with institutions under UKBA investigation, among whom we would expect non-compliance to be higher than in sponsoring institutions in general.

With these caveats in mind, this study suggests that non-compliance in the student visa system is relatively low: probably no more than around 10 per cent on average, and quite possibly substantially less. This suggests that the vast majority of those students identified in *The Migrant*

Journey as ‘no longer in the immigration system’ had indeed left the country. It is also worth reiterating that, although it seems likely that non-compliance is higher in the private than in the public education sector, the difference is likely much less than is suggested by the *Overseas Students in the Immigration System* research, which compared the best of the public sector (Highly Trusted Sponsors) with the worst of the private sector (institutions under UKBA investigation).

1.2: What we know, and what we don’t

Taking all these data sources together, we can draw some key conclusions about student migration to the UK:

- Student immigration from outside the EEA is a major immigration flow to the UK relative to other flows, such as immigration for work.
- Although IPS data suggests that student immigration has been rising significantly in recent years, Home Office management information (which may be more reliable) suggests that student immigration is relatively stable.
- The best evidence available suggests that a relatively small proportion of student migrants – only around 20 per cent – stay in the UK for five years or more (of whom some are still studying), and that an even smaller proportion settle in the UK permanently – no more than 10 per cent. The vast majority of international students stay in the UK only temporarily.
- Data on compliance is limited, but suggests that rates of non-compliance or overstaying in the student visa system are relatively low.
- Around half of the non-EEA students admitted to the UK are studying at universities, and around 60 per cent are studying for courses at degree level or higher.

The data also leaves some important questions unanswered. Crucially, there is no reliable data on the contribution that student immigration makes to net migration (as opposed to total immigration) to the UK.¹² However, given the evidence that most international students remain in the UK for relatively short periods of time, it seems likely that student migration makes a much smaller contribution to net migration than it does to total immigration.

¹² The government’s December 2010 consultation document (Home Office 2010a) claims that student migration contributed 139,000 out of total net migration to the UK of 184,000 in 2009 (ie 76% of total net migration). This is based on ‘UK Border Agency modelling of visa data for migrants intending to stay for more than 12 months’ but no further details of how this figure has been arrived at are provided. Without more information, it is not possible for us to assess this claim, but given the available evidence about the high proportion of students who stay in the UK only temporarily, we think it highly likely that this figure is a significant overestimation of student migration’s contribution to total net migration.

2. Cutting student immigration to meet overall migration targets

The government's overall objective is to reduce total net immigration to the UK 'from the hundreds of thousands to the tens of thousands' by the end of this Parliament. Given that total net immigration is currently running at something over 200,000 a year (according to the IPS-based measure which the government uses), this is an ambitious objective for the government to set itself. Even the most minimal interpretation would require net immigration to the UK to be more than halved.

This overall objective is even more ambitious when we consider that significant elements of migration flows to the UK are outside the government's control, such as British migration and migration from the EU. This means that, all else being equal, net immigration via routes over which the government does have control, such as migration from outside the EEA for work and study, will have to be cut by substantially more than half in order to meet the overall objective.¹³

The Migration Advisory Committee recently estimated that the government would need to reduce net non-EU work, family and student migration by 146,000 a year by the end of this Parliament (MAC 2010). Assuming that each of these routes contributes to net migration according to the percentage of non-EU immigration for which it accounts, the MAC suggested that this would mean reducing net migration via student routes (as measured by the IPS) by almost 88,000 a year by 2015.¹⁴

Given that non-compliance in the visa system seems to be relatively low, it is clear that cuts of this magnitude will not be achieved simply by stamping out abuse. Indeed, even stopping all student migration for courses below degree level would not reduce the total numbers enough to meet the government's overall objective.

2.1: What impact will reduced student migration really have on net migration to the UK?

The MAC calculations cited above assume that different routes contribute to net migration in proportion to their contribution to non-EU immigration. In fact, there is good reason to think that student migration contributes significantly less, proportionately speaking, to net migration than it does to immigration. As noted above, there is no reliable data on the contribution which student migration makes to net migration to the UK, but Home Office research suggests that relatively few non-EEA students remain in the UK for five years or more, and that even fewer settle permanently.¹⁵ It is certainly the case that the proportion of migrants who remain in the UK for the long term is much smaller for student migrants than for those who come to the UK to work or join family.

This suggests that cuts in student migration will deliver only limited reductions in net migration. Even if we assume that 20 per cent of non-EEA student migrants remain in the UK permanently and legally (based on Home Office data showing that around 20 per cent of those admitted in 2004 were still in the UK in 2009) and that an additional 10 per cent remain in the UK permanently without a visa (based roughly on the Home Office estimates of non-compliance), this means that 70 per cent of non-EEA student migrants return home or move elsewhere.

This means that a reduction of non-EEA student immigration of 10 would reduce net migration by only three. This suggests that even halving the number of non-EEA students arriving in the UK (from 270,000 to 135,000, based on 2009 arrivals data) would reduce real net migration to the UK by only about 40,000 – less than half the reduction suggested by the MAC as necessary to meet the government's target.

13 For example, the analysis of the Migration Advisory Committee suggests that skilled migration for work through Tiers 1 and 2 of the PBS may need to be cut by up to 80 per cent by 2015 in order to meet the overall net migration target.

14 According to IPS data, student migration accounts for around 60 per cent of non-EU migration to the UK, so 88,000 is 60 per cent of 146,000. Note that these MAC calculations are based on the share of non-EU immigration which is accounted for by student migration, rather than the share of non-EU net migration (because no good data on this exists, as discussed above). In fact, it is likely that student migration accounts for much less than 60 per cent of net non-EU migration to the UK, as we go on to argue.

15 Many of those who stay for five years or more eventually return home, such as those who stay longer than five years in order to complete longer courses of study.

In reality, it seems highly likely that significantly fewer than 20 per cent of non-EEA students stay in the UK permanently and legally, and that non-compliance is lower than 10 per cent, and that arrivals data somewhat overestimates student immigration due to double counting. As a result, halving student immigration would probably have a much more limited effect on total net migration.

All this suggests both that reduced student immigration should ‘contribute’ less to the government’s overall aim of reducing net migration than suggested by the MAC (which would mean even more significant cuts to other ‘controllable’ immigration routes), and that even drastic reductions in student immigration will deliver only small reductions in net migration.

2.2: What impact will reduced student migration have on net migration as measured by the International Passenger Survey?

It seems clear that reducing student immigration will have only a limited impact on underlying net migration to the UK. However, in the short-to-medium term, reduced student immigration could have the effect of temporarily depressing net migration as measured in any given year.

This is because when student immigration numbers are on an upward trajectory, inflows are greater than outflows in any given year – today’s immigrating cohort is larger than yesterday’s, and hence larger than today’s emigrating cohort. For example, assume that all students stay for only two years: if 100,000 students arrive in year 1, 150,000 in year 2, and 200,000 in year 3, net migration in year 3 will be 100,000 (200,000 arriving less 100,000 who arrived in year 1 leaving).

If student numbers are falling, then the reverse is true. So if 200,000 arrive in year 1, 150,000 in year 2 and 100,000 in year 3, net migration in year 3 will be –100,000 (100,000 arriving less 200,000 who arrived in year 1 leaving).

This means that even if 100 per cent of students leave the country within a few years of arriving (that is, if all student migration is temporary and the ‘real’ contribution to net migration is zero), student migration will increase net migration as measured in any given year if it is on an upwards trend, while the reverse is true for a downward trend. In other words, the government could achieve a temporary reduction in net migration by reducing student immigration, even though the effect would be short-lived.

It is also possible that cuts to student immigration will have a significant impact on net migration as measured by the IPS simply because the IPS is a poor measure of student immigration and emigration. As set out above, there is evidence that the IPS is a poor measure of student migration to the UK – it seems to significantly under-count student emigration in particular, and suggests a rapidly rising trend for student immigration that is not supported by other data sources. It is possible that, even if the real contribution of student immigration to total net migration to the UK is limited, cuts in student immigration would result in significant cuts in net migration *as measured by the IPS* – indeed, the MAC’s analysis suggests that this would be the case – simply due to the limitations of the IPS as a measure of student migration.

2.3: Conclusions: Student migration flows

Student immigration flows to the UK are substantial, and stable or rising. This poses a substantial challenge for a government seeking to make drastic reductions in total net migration. It is clear that cuts of the magnitude sought by the government will not be achieved simply by stamping out abuse in the student visa system, or even by restricting access to the system to those studying for degree-level or higher courses.

Data is poor in this area, but evidence suggests that student immigration flows make a relatively limited contribution to total net migration, despite the scale of (gross) immigration by students. This means that even drastic reductions in student immigration will deliver only small reductions in net migration.

However, precisely the same weaknesses in the available data that make it hard to predict the impact of reduced student immigration on total net migration may also mean that reduced student immigration *appears* to significantly reduce net migration, particularly in the short term.

Drastic cuts in student immigration have become imperative for the government in order to meet its overall objective of reducing total net migration ‘from the hundreds of thousands to the tens

of thousands'. But because net migration is measured primarily by the IPS, which appears to be a particularly weak measure of student migration, there is a risk that the government will in fact make greater cuts than are actually necessary, due to the vagaries of this data source.

This suggests that the wider public and political debate about migration has come to focus more on esoteric questions of statistics and principle than on real migration flows or their real impacts. There is a risk that the proposed changes in the student visa regime impose substantial (and very real) costs on the education sector and the wider economy simply in order to deliver reductions in migration *statistics*. This will neither tackle the problems which the government claims as its motivation for reducing immigration, nor respond to public concerns.

3. Impacts

This section explores the potential impacts of the government achieving its objectives for the student visa system (as set out in the Introduction above).

3.1 A reduction in student immigration

Section 2 above has set out the scale of the cuts in student immigration that would be necessary to meet the government's overall objective of reducing net migration to less than 100,000 a year. It is clear that cuts of this magnitude will not be achieved simply by stamping out abuse and non-compliance in the student visa system. Indeed, even stopping all student migration for courses below degree level would not reduce the total numbers sufficiently to meet the government's overall objective – the government's overall net migration target will require substantial cuts in the numbers of legitimate non-EU students at all levels. This section therefore considers the potential impacts of such a reduction in student immigration on the education sector, and on the wider economy.

Education sector impacts

The most direct impact of reduced international student numbers on the education sector will be reduced income from fees.

In the university sector, UK (and EU) students currently pay just over £3,000 annually for an undergraduate course (with institutions receiving the balance from funding agencies), while non-EU students pay the entire costs themselves, with fees typically between £8,000 and £15,000. The income from tuition fees paid by non-EU students constitutes nine per cent of the sector's total fee income.¹⁶ But for some universities the figure will be far higher and can represent up to 30 per cent of total income (UKCISA 2010). In total, universities are estimated to earn £2.5 billion a year in fees from international students (ibid).

In the publicly-funded further education sector, fee income from international students is less, but remains significant for some colleges. The total fee contribution of international students to the further education sector is estimated at around £130 million. Income from non-EU students helps colleges to be less reliant on public funding and contributes directly to improving facilities for UK students (Tickle 2010).

In the private further and higher education sector, fee income from international students is very substantial. The British Accreditation Council (BAC) has analysed preliminary findings of annual return accounts from almost 500 BAC-accredited institutions, and this suggests a total income from student fees of around £1 billion in 2009/10. The BAC estimates that just over half the students studying at these institutions were in the UK on student visas, suggesting a fee income from this group of around £500 million a year. Extrapolating from the financial reports of BAC-accredited institutions leads to an estimated student fee income for the 1300 independent FE/HE institutions in the UK of around £2.5 billion, of which around half may come from international students on student visas.¹⁷

The loss of fee income from international students could in turn result in job losses in the education sector. For example, Study Group, a large independent provider of UK degree-preparation courses, has estimated that the impact of the government's proposal to increase English language requirements for international students (which would reduce the number of qualified students substantially) would lead to 600 job losses in their business alone.¹⁸

Loss of fee income could also result in some courses or departments no longer being viable. In STEM fields (science, technology, engineering and mathematics) in particular, many courses are only made viable by a substantial proportion of enrolments from outside the UK and EU.

This must also be seen in the context of wider funding cuts to the education sector. In October 2010, the government announced 40 per cent cuts to university teaching budgets. The decisions of the comprehensive spending review will see the higher education budget cut from £7.1

¹⁶ Based on Universities UK analysis of Higher Education Statistics Agency (HESA) data from 2008/09.

¹⁷ Based on British Accreditation Council analysis of BAC-accredited institutions from 2009/10.

¹⁸ Study Group UK analysis for the Home Affairs Select Committee

billion to £4.2 billion by 2014 (Vasagar 2010). Given the uncertain funding situation faced by many educational institutions, it is unsurprising that many British further and higher education institutions have attempted to attract more overseas students in recent years. Universities have made plans to increase their international student numbers over the next three to five years. These plans indicate a projected increase in fulltime international students of around 38,000, or 23 per cent, and university income from international students is projected to increase by £661 million over this period.¹⁹ If changes in the student visa regime make these increases impossible, many institutions' financial planning will be thrown into chaos.

It is sometimes suggested that international students take college or university places away from UK students; in fact the opposite is true. The availability of places for UK students is limited by funding – overseas students in effect subsidises UK universities and UK students. Reducing the number of international students could ultimately mean that UK students have to pay more to study for a degree.

In the longer term, the loss of international students could result in damage to the UK's academic reputation, a loss of academic and cultural diversity in the UK's educational institutions, and damage to global education networks and connections. The UK's status as a global centre of excellence for academic research helps to attract international students, but those same students in return contribute to the UK's global reputation and success. The international student presence is also crucial to ensuring that UK students prepare for and excel in a global graduate market. Many of these links and opportunities would be lost if the government was to significantly reduce the numbers of international students coming to the UK (Tickle 2010).

Wider economic impacts

Losses to the education sector are losses to the UK economy. But the potential economic losses from reduced international student numbers go significantly beyond those directly incurred by the education sector. International students are also consumers, and create demand in the wider economy.

Figures compiled by the UK Council for International Student Affairs (UKCISA) indicate the wider economic value that international students bring to the UK: £2.5 billion is estimated to be earned by universities from fees, with an additional £2.5 billion spent by intl students on goods and services in local communities, giving a total of some £5 billion (UKCISA 2010).

A report by the British Council (2010) estimated that, when students in further education and private sector colleges were included as well, the total value of international students to the UK economy was £8.5 billion (see Table 3.1 below).

Table 3.1
Economic impacts
of international
students in the UK

Economic impact	Total direct value
Education and training exports	over £12.5 billion
International students in the HE sector (excluding transnational education)	over £5.6 billion
Transnational HE*	nearly £200 million
International students in the HE sector (including transnational education)	nearly £6 billion
International students in the FE sector (excluding ELT)	over £1.2 billion
International students in the ELT sector	over £1 billion
International students in the independent schools sector	nearly £315 million
International students overall	£8.5 billion**

Source: British Council 2010

Notes:

* 'Transnational HE' refers to education provided by one country in another. This includes various types of collaborative provision, branch campus establishments, distance learning and so on but excludes traditional study abroad, where the student moves across borders.

** This figure comprises HE tuition, HE other spending, transnational HE, other HE, FE tuition, FE other spending, other FE, ELT tuition and other, independent primary and secondary.

19 Based on Universities UK analysis of Higher Education Funding Council for England (HEFCE) data.

In effect, the income and economic activity directly generated by intl students in the education sector generates wider economic multiplier effects. Research for the University and College Union (UCU) suggests that every £1 million of lost revenue for the university sector leads to the loss of around 13 jobs in the university sector and around 14 jobs in other industries (UCU 2010). Universities UK has also stressed the role of international students in generating economic activity off-campus, arguing that the economic activity generated by the off-campus expenditure of international students and visitors is important and adds an additional dimension to the role of higher education within the economy (Kelly et al 2009: 17).

International students' spending in the UK (including the fees they pay) is, in effect, an export earning for the UK – this is particularly important given the government's vision of an export-led recovery (and the UK's persistent trade deficit). Further and higher education is now seen as a major British export in a market set to grow rapidly. Like tourism, education is a highly successful export industry for the UK but because of its nature (bringing the customer to the UK, instead of sending the goods abroad) it is too often an invisible one. Despite this, the British Council estimated in 2004 the total value of education and training exports to the UK economy to be a massive £28 billion – greater than for the export of cars, food or finance (British Council 2007b).

It is worth noting that the international education market is a highly competitive one. The UK is currently the world's second-largest recruiter of international students (after the United States), but the UK's market-share is not growing (and indeed has declined slightly in recent years). Competition from other English-speaking countries like Australia is increasing, and many non-English speaking countries are also offering an increasing number of English-language courses in direct competition with UK providers. There is some evidence that international competitors are seeing the proposed restrictions on the UK student visa regime as a boon in their efforts to increase their share of the international student market (Wiley 2011).

In addition to the direct economic value they confer, the UK also benefits economically from international students through the global connections which they generate. It is interesting to note that many of the main source countries for international students, including China, India and the United States, are also key export markets – not to mention foreign policy priorities (UKCISA 2010). It is widely recognised that it is a good long-term investment for Britain to educate young people who go on to occupy key positions in their own countries (Telegraph View 2010). The House of Commons Home Affairs Committee has expressed concerns that restricting the number of international students will damage the UK's economy and reputation by damaging the long-term international connections forged between the UK and other countries through student migration.²⁰

Regional economic impacts

It is important to note that the economic impacts described above would affect every region of the UK. UCU has carried out research on educational institutions at risk as a result of funding cuts, and highlight the significant impact that higher education institutions have on the regional economy in particular. Universities generate economic activity, jobs and output, and are embedded in the economic and social fabric of their surrounding area. They are also relatively stable elements of the regional economic infrastructure (UCU 2010). A recent Universities UK report exploring the economic impact of UK universities in the English regions highlights not only the financial contribution of universities, but also the part that universities play in supporting future economic growth in their region, in particular through innovation and knowledge exchange (Kelly et al 2010).

International students make a significant economic contribution to the regions where they study – cuts in student numbers would result in concomitant economic losses. Table 6 below shows the regional economic impact of international students at universities in England – similar economic impacts could be expected for FE students, in line with the fee income from these sectors set out above, although the regional balance would likely be somewhat different.

²⁰ See <http://www.parliament.uk/business/committees/committees-a-z/commons-select/home-affairs-committee/inquiries/student-visas/>

Table 3.2
Regional economic impacts of international students at universities in England

Region	Economic impact
East Midlands	International revenue: nearly £181 million Estimated off-campus expenditure by intl students: £146 million Total export earnings: £327 million
East of England	International revenue: nearly £265 million Estimated off-campus expenditure by intl students: £149 million Total export earnings: £414 million
London	International revenue: nearly £786 million Estimated off-campus expenditure by intl students: £584 million Total export earnings: £1,379 million
North East	International revenue: nearly £123 million Estimated off-campus expenditure by intl students: £111 million Total export earnings: £234 million
North West	International revenue: nearly £240 million Estimated off-campus expenditure by intl students: £205 million Total export earnings: £445 million
South East	International revenue: nearly £381 million Estimated off-campus expenditure by intl students: £261 million Total export earnings: £642 million
South West	International revenue: nearly £125 million Estimated off-campus expenditure by intl students: £113 million Total export earnings: £238 million
West Midlands	International revenue: nearly £194 million Estimated off-campus expenditure by intl students: £187 million Total export earnings: £381 million
Yorkshire and Humberside	International revenue: nearly £216 million Estimated off-campus expenditure by intl students: £181 million Total export earnings: £397 million

Source: Data from academic year 2007/08, reported in Kelly et al 2010

Fiscal impacts

The government has stated that it wants to reduce migration because, according to Home Secretary Theresa May, unchecked migration can place significant pressure on our public services (Home Office 2010a: 3). But evidence suggests that international students actually impose very few costs on the taxpayer.

Non-EEA students have, by law, ‘no recourse to public funds’. This means that they have no access to benefits or to entitlements such as student loans. The UK Immigration Rules for students state that they must be able to meet the costs of their course and accommodation and to maintain themselves and any family members in the UK. (And they must demonstrate this before they come to the UK.)

There is no data on international students’ use of public services. International students studying a course of six months duration or more are eligible for free hospital treatment on the NHS, and dependent children are able to access education. But due to the demographic of international students – predominantly young adults with relatively few dependants – it seems likely that public service usage by this group is relatively low.

3.2: Reducing abuse and non-compliance in the student visa system

Reducing abuse of the student visa regime is an entirely legitimate and welcome objective for government (and is further considered in Section 4 below). But there are two important points to note.

First, as noted above, it will not be possible for the government to reach its overall net migration target by reducing non-compliance alone; genuine student numbers will also need to be reduced (see Section 3.1 above).

Second, reducing abuse brings with it additional costs across the education sector, and the methods and restrictions put in place may in fact deter genuine students from applying – it is not possible to target institutions or individuals who are abusing the system without also affecting other legitimate institutions and students.

Bringing student abuse of the system down to zero may appear to be a welcome objective, but the methods proposed are likely to have other negative impacts. More evidence on the likely impacts of measures designed to reduce abuse and non-compliance on legitimate institutions and students is needed.

3.3: Making sure that student migration is temporary and as short-term as possible

In addition to cutting overall immigration numbers, the government has also indicated that it wants to introduce restrictive measures to ensure that student migration is as limited and as short-term as possible. This includes reducing the likelihood of students staying on after their studies finish (through the post-study work route), shortening the length of time that students (particularly beneath degree level) are able to stay in the country, and reducing the ability of international students to bring dependents to the UK.

Although the intention of the government's proposals may be to shorten the length of time that students stay in the UK, it may also reduce initial student recruitment. There is widespread concern among education providers that these proposals could damage the UK's reputation overseas as a welcoming destination for international students (Garner 2010).

A British Council report from 2010 quoted market research showing that: '[because] students tend to choose a country first before selecting an institution, it is also crucial to develop a strong national brand built around the UK's reputation as a safe and exciting place to study, offering a rich life experience and enhanced career prospects, as well as high quality education.' (British Council 2010) It is also worth noting that the ability to recruit and include international students reflects and enhances the overseas reputation of educational institutions: it is a performance indicator in international league tables.

Previous efforts to tighten up the student immigration system have had unforeseen consequences of this kind. For example, when the student visa regime was tightened with the introduction of the PBS, some colleges noticed a reduction in the number of applications they received. Education providers have already noted a perception from language travel agents abroad that the UK is 'not open for business'. Instead, agents are directing students to other countries such as the United States, Canada and Australia (James 2010).

3.4: A more selective approach to targeting 'the brightest and the best'

The government has made it clear that, while cutting overall numbers, it wants to attract the brightest and best students to our educational institutions. Theresa May has stressed that students at degree level or above would not be affected by the government's proposals (Shackle 2010). It is clear that this will mean that the cuts in student numbers will be concentrated on courses below degree level. Even then, protecting international students at degree level or above may be incompatible with the government's overall net migration target, as set out in Section 2.

A policy that focuses on 'the brightest and the best', interpreted to mean restrictions on international students studying courses below degree level, would have a direct impact on further education institutions (public and private) and an indirect impact on universities whose students may start their UK studies on so-called 'pathway courses'.

Further education institutions admit international students to study, for example, technician-level skills in telecommunications, travel and tourism, IT hardware and software, and technical engineering. It is widely felt in the sector that ministers fail to understand the importance of further education and that it is misguided to think that colleges don't recruit students who are also 'the brightest and the best' (Tickle 2010). It has also been noted that the UK may suffer economic consequences from a lack of specialist international graduates coming out of further education colleges, particularly in some specialist technical areas (ibid).

Any cuts to international student numbers that focus in particular on sub-degree level courses will also affect so-called pathway programmes – courses that many students take before going on to study at degree level. Pre-university pathway courses, which are typically delivered on campus either by universities themselves or in partnership with private providers, are a vital link in the chain of international university recruitment. This is especially true of undergraduate recruitment to the UK from non-Commonwealth countries. For recruitment from countries where English is not an official language, combining academic preparation with intensive English-language tuition by native speakers is often essential.

Higher Education Statistics Agency data for 2007/08 indicates that 46 per cent of first-year non-EU domiciled undergraduates were recorded as progressing from another UK education institution.²¹ This data does not tell us from what kind of institutions these students progressed to university (from school or a further education college) but it demonstrates that substantial numbers follow a pathway into higher education from a sub-degree level course. Restrictions on these pathway programmes would be likely to have a significant effect on university recruitment in the future, and might also exclude many of the 'brightest and the best' students that the government professes to be prioritising.

²¹ Based on Universities UK analysis of HESA data from 2007/2008.

4. Assessing the government's policy proposals

In the Introduction above, we set out four objectives suggested by the government for reforms to the student visa system:

1. A substantial reduction in student immigration to the UK.
2. Reduced abuse and non-compliance in the student visa system.
3. Making sure that student migration is temporary and as short-term as possible.
4. A more selective approach to which students are permitted to enter the UK, with priority given to 'the brightest and the best'.

Before we consider the government's specific policy proposals for the student visa regime, it is worth evaluating these objectives in light of the evidence presented above.

The first objective, **to substantially reduce student immigration to the UK**, is driven by the government's overall aim of reducing net migration to the UK. But our analysis, as set out in Sections 2 and 3 above, suggests that reduced student immigration to the UK will have a limited impact on total net migration (although it might allow the government to claim some success on certain statistical measures in the short term). It is also clear that this objective cannot be met simply by reducing abuse in the student visa system, or even by implementing a visa regime that is open to degree-level students only, despite the government's focus on reducing abuse and commitment to protect degree-level students and universities in recent public statements on student migration.²² If it is to be met, the government's overall objective to reduce net migration will require a significant reduction in the number of legitimate international students allowed to come to the UK, at all levels. As Section 3 demonstrates, such a reduction would have significant negative impacts on the UK education sector, and on the wider economy.

The second objective, **to reduce abuse and non-compliance**, is in some senses unchallengeable. It must be right for government to ensure that the student visa system is not open to abuse, and that student visa holders are compliant with the terms of their visas. However, there is no evidence that abuse of the student visa system is as widespread as the government implies.²³ It is clear that further steps to reduce abuse and non-compliance will inevitably have consequences and costs for legitimate education institutions and international students. The question is whether the steps the government proposes to take in order to reduce abuse are proportionate to the problem. This is particularly important given that many of the existing systems for reducing abuse have been introduced within the last two years, and no real evidence yet exists about their impact on abuse and non-compliance.

The third objective, **to make sure that student migration is temporary**, seems to us to be justified to the extent that it relates to the question of abuse and non-compliance – students who no longer have a right to remain in the UK must not overstay their visas – and it is legitimate to ensure that a student visa should not provide a route to permanent settlement in the UK. However, the best available evidence suggests that only a small proportion of student migrants remain in the UK in the long term – proposals in this area may be responding to a problem that does not exist. To say that all international students should return home as soon as their courses are complete also seems to us to take the argument too far. The UK is lucky to benefit from an education sector that attracts some of the world's most talented students – those benefits are maximised if those students who can make the greatest contribution to our economy and society are able to stay on after their studies. There is also a significant risk that removing any possibility for students to remain in the UK after their studies are complete will negatively affect initial student recruitment, especially of 'the brightest and the best'.

The fourth objective, **to give priority to 'the brightest and the best'**, seems justified insofar as it suggests that the student visa regime should focus on those students who are most likely to make a positive contribution to the UK, both during and after their studies. However, there seems to be a significant risk that the government takes too-narrow a view of this, and in so doing excludes legitimate students who make a significant contribution to the UK during their studies and afterwards.

²² See, for example, Green 2011

²³ In particular, the government continues to cite data on non-compliance in the private education sector that almost certainly significantly overstates levels of non-compliance, as set out in Section 1.

In light of this assessment of the government's objectives, we now turn to a brief consideration of the government's main policy proposals, as set out in its December 2010 consultation paper.

Proposal: Largely restrict Tier 4 to students studying courses at degree level and above, with only Highly Trusted Sponsors able to sponsor students for sub-degree courses.

On the face of it, this proposal seems to be driven largely by a concern that abuse of the student visa system is more likely to occur among students studying for sub-degree courses. This may be intuitively true, if only because qualifications and costs tend to be lower for lower-level courses and therefore may provide a more affordable route to the UK for the purposes of work. But the Government has not presented convincing evidence that abuse of the student visa regime is a significant problem with respect of sub-degree level courses.

While the Highly Trusted Sponsor system is a valuable means of managing risk in the student visa system, it was introduced less than a year ago, which means both that some institutions have not yet been able to qualify or register as Highly Trusted Sponsors and that there is not yet good evidence of the effectiveness of this system. More time and analysis will be needed to determine the impact of this system on compliance, and in the meantime the Government should take great care in deciding how much emphasis can be placed on the HTS register in determining which institutions can sponsor students for sub-degree courses – flexibility will be needed.

There is also a risk, as set out in Section 3 above, that significantly restricting student immigration for sub-degree courses will exclude students who make a valuable contribution to the UK during and after their studies, and could have serious consequences for degree-level student recruitment, given how many international students progress from pathway courses to degree and higher-level courses during their stay. It seems likely to us that the negative consequences of this proposal would outweigh the benefits of reduced abuse – this proposal does not pass the test of proportionality.

Proposal: Raise the English language requirements for Tier 4 to 'higher-intermediate'.

Again, on the face of it, this proposal seems to be motivated by a desire to reduce abuse of the student visa regime, but the evidence either that abuse of the current system is a significant problem, or that this change would reduce it, has not been presented.

The impact of this change on abuse of the system also seems likely to be reduced by the extension of the student visitor visa regime to those coming to the UK for up to 11 months to study English language courses at a lower level than that proposed as a minimum to receive a Tier 4 visa – moving a significant number of English language students from Tier 4 to student visitor visas might have a welcome impact on the immigration statistics but seems unlikely to reduce abuse of the student visa system.

There is also a real risk that this would significantly harm the recruitment of qualified and legitimate international students who may nonetheless not have the proposed minimum level of English language proficiency before they arrive in the UK. Many students who come to the UK without this level of English go on to successfully complete advanced studies in the UK.²⁴

Proposal: Require evidence of academic progress for extensions to student visas and require students moving to another course to return home to apply for a new visa.

This proposal seems to be driven largely by the government's desire to make student migration as temporary as possible. As noted above, this may be responding to a problem that does not exist, given that evidence suggests that the vast majority of international students remain in the UK for a relatively short period of time. The evidence on non-progression cited in the government's consultation document is based on a very small sample, and seems to suggest that only a small number of students apply for multiple extensions for study at the same level. It is also important to note that under current rules students can only remain in the UK for up to three years for sub-degree level study. The proposal that students should return home when changing courses seems likely to impose significant costs on legitimate students, and there is little evidence that it will reduce the length of time students stay in the UK.²⁵

²⁴ Study Group UK, which teaches over 20,000 international students in the UK each year, estimates that 80% of their students who come initially to study in the UK in order to prepare themselves for degree-level study at UK universities currently arrive with English below B2- and yet 97% successfully gain entry to UK universities.

²⁵ It might, however, reduce the number of students recorded as 'migrants' by reducing the number staying in the UK for an uninterrupted period longer than one year.

Proposal: Close the Tier 1 Post-Study Work Route.

This proposal seems to be driven largely by the government's desire to make student migration as temporary as possible. Although international students would still be able to remain in the UK to work if they qualify under Tier 2 of the PBS, few would be able to do so immediately after graduation (not least due to recent increases in the points thresholds for Tier 2). Most post-doctoral research jobs, for example, would not qualify an international student to transfer to a Tier 2 visa. There is no evidence that the post-study work route is contributing to graduate unemployment in the UK, but the UK seems likely to gain significant benefits from retaining skilled international graduates in the UK labour force. There is also a significant risk that closing this route would damage international student recruitment, particularly of the 'brightest and the best'.

Proposal: Restrict Tier 4 visa holders' ability to work during term time to 'on campus' jobs during the week, and reduce the amount of work that can be undertaken during work placements that form part of a course of study.

This proposal seems to be driven largely by concerns that large numbers of international students are breaching their visa conditions by working more than the allowed number of hours, and that the ability to access the labour market is attracting migrants whose primary objective is work rather than study. But the evidence of significant abuse of current restrictions is limited (the Labour Force Survey data presented in the consultation document is based on a very small sample of international students) and courses with work placements can only be sponsored by Highly Trusted Sponsors under current rules. It is likely that access to the labour market helps to attract international students to the UK. However, it is unclear that this poses a problem – students who work alongside their courses make a significant economic contribution to the UK, and there is no evidence that their ability to work causes problems for UK workers. Further restrictions on the right of students to work seems likely to result in increased non-compliance (with all its attendant problems) and also to damage international student recruitment.

Proposal: Remove permission to work from all Tier 4 visa holders' dependents, and restrict the ability of Tier 4 visa holders to bring dependents to the UK to those studying for 12 months or more.

Student migrants bring relatively few dependents with them to the UK: dependent numbers amount to only around 10 per cent of student migrant numbers. Under the current rules, students on courses of less than six months are unable to bring dependents, and dependents of students on courses below degree level or lasting less than 12 months are not permitted to work. The justification for reducing the number of students able to bring dependents to the UK seems to be in part about reducing the number of dependents entitled to use public services, but there is little evidence that international students' dependents make significant use of these services. There is no evidence that students' dependents are having negative impacts on the labour market, but it does seem likely that preventing dependents from working would significantly damage recruitment of legitimate international students.

Proposal: Simplify procedures for checking lower-risk students and tighten accreditation requirements for education institutions in the private sector.

These proposals focus on reducing abuse of the student visa regime. The principle of taking a risk-based approach to checking visa applications seems a sensible one, but there are real concerns here that the government's proposal of assessing risk based on nationality would be discriminatory and would deter many legitimate students.

The government is right to ensure that only legitimate education institutions offering good-quality courses and genuine qualifications should be able to sponsor student migrants, not least because all international students deserve to receive a good quality education in the UK – further steps to ensure that the accreditation regime is tightened up would be welcome. However, as with the other proposals discussed above, the evidence for high rates of non-compliance in the private education sector is weak, and the government may be overstating the problem.

Conclusions

In summary, we have two principal concerns with the government's proposals for reforms to the student visa regime:

- Many of the changes proposed are based on limited or unreliable evidence – there is therefore a risk that serious economic harm is caused to the UK, to little benefit. This is particularly the case with the range of measures designed to reduce abuse and non-compliance in the student visa system and to reduce the length of time students stay in the UK – evidence on the scale and nature of the problem is very limited, and the government is at risk of overstating both the problem and the likely impact of its proposed measures.
- Many of the changes proposed seem to be motivated primarily by the government’s objective of reducing student immigration to the UK, although this is rarely stated. That so many of the proposals would have the effect of damaging the recruitment of legitimate international students may be entirely deliberate. As set out above, we believe that reducing legitimate student immigration would in fact do little to reduce total net migration, and would impose significant economic (and wider) costs on the UK.

The government’s objective of reducing abuse and non-compliance in the student visa regime is legitimate and laudable – it also reflects the public’s primary concern about student migration. However, evidence about the scale of abuse and non-compliance is weak, which means that there is a risk that a number of the government’s proposals in this area are disproportionate, or will be ineffective. Gathering better evidence in this area should be a priority. Lessons should also be learnt from recently-introduced systems, including the new sponsor registers, as well as from other more ad hoc measures, such as the suspension of applications from particular countries or regions in response to real-time information about rapid increases in applications which signal possible abuse of the system. More systematic evaluation of these measures could provide the basis for more effective policy in the future.

In our view, of those suggested by the government, the proposal most likely to have a positive impact in this area is the tightening-up of accreditation procedures for sponsoring education institutions. Notwithstanding our concern that the government is overstating the scale of abuse, there is undoubtedly scope for tighter regulation. That said, current registration and accreditation systems for education institutions are relatively new, and it is not yet possible to say with certainty what their impact has been. It is also important that the government does not unfairly penalise the private education sector on the basis of poor-quality evidence that overstates rates of non-compliance in this sector.

Sponsoring institutions should have a strong incentive to ensure compliance, and we believe that tougher rules for accreditation should render unnecessary a number of the government’s other proposals. If sponsoring institutions are more tightly regulated, they should be trusted to make their own judgments about matters such as English language competence – they will have strong incentives to ensure that the students they admit are able to complete their courses. Tougher accreditation rules should also assuage concerns about the risk of abuse with respect to lower-level courses. This should reduce the need to make distinctions between ‘the brightest and the best’ and other international students, which seem to us to be problematic.

In general, we believe that a focus on sponsoring institutions is a more effective way to tackle abuse than proposals which focus on further restricting immigration by particular categories of students. A stronger regime for sponsoring institutions will also need to be backed up by a range of other measures to prevent abuse, such as real-time monitoring of visa applications to identify any large-scale attempts at abuse.

The government’s proposals to make student migration more temporary and short-term seem to be based on weak evidence. Relatively few international students stay in the UK in the long term, and there is little evidence to suggest that those who do have a negative impact on the labour market or the wider economy. Similarly, proposals to limit international students’ access to the labour market, their ability to bring dependents with them to the UK, and the ability of those dependents in turn to access the labour market, seem to be based on perceived problems that are not supported by evidence.

All these proposals are, however, likely to have significant negative consequences for legitimate international student recruitment. These proposals are most easily explained in light of the government’s overall objective to reduce total net migration to the UK, and consequently to reduce student immigration. In our view, as set out above, reducing student immigration is unlikely to significantly reduce net migration in the medium to long term, and the economic costs of the

drastic reductions in student immigration that would be necessary to meet the government's overall objective would be considerable. However, if it is the government's intention to follow this course, it is important that this be openly stated and discussed in the policy, political and public debate.

International students contribute a huge amount to the UK education sector and to the wider economy. The ability of international students to come to the UK sells Britain and British business to the rest of the world. The government cannot have its cake and eat it: it will simply not be possible to reach the reduced net migration target *and* retain the benefits that students bring to the institutions they attend and the wider economy.

International experience suggests that the government should be cautious about introducing too many restrictions on student migration – Australia recently relaxed entry requirements for overseas students in response to a collapse of demand in the international education market, which was caused in part by the introduction of new and tougher rules on student migration in recent years.²⁶

It is vital that immigration is debated openly and honestly, and that policy decisions are based on firm and transparent evidence. In our view, the public's main concern with respect to student immigration to the UK is about abuse of the system – this concern is a legitimate one and should be taken seriously in the government's policy response. However, it is counter-productive for proposals which are driven in large part by the government's other policy objectives, and which could cause real economic harm to the UK, to be presented purely as a response to this concern about abuse.

²⁶ See Matchett 2010

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