



Parliamentary inquiry into the closure of the Post Study Work (PSW) route – Universities Scotland’s Response – 30 September

Universities Scotland (US) welcomes the opportunity to contribute to the parliamentary inquiry which explores the impacts of the closure of the PSW on students, universities, and local economies. In formulating this response US has consulted across its membership to ensure that it reflects views and concerns from across the university sector in Scotland.

Background

Scotland’s higher education sector has demonstrated both the capacity and the appetite to attract international students in a highly-competitive market; the Scottish HE sector is renowned for its quality of learning, has the highest student satisfaction and positive destinations rankings in the UK, and has world-leading research at every institution. Universities Scotland is clear that it is the policy environment that is inhibiting our members’ ability to compete as effectively in international student recruitment markets as we would otherwise be able.

International students are hugely important to Scottish universities and the Scottish economy. International students contribute an estimated £377 million in fees to the Scottish economy every year¹ and an estimated £441 million in off-campus expenditure².

International students make a significant cultural and social contribution to Scotland, enriching the learning experience of their Scottish-domiciled peers; contributing to society and generating significant ‘soft power’ for Scotland via a network of global alumni who feel ‘internationally Scottish’.

Universities Scotland shares the view of six committees of the House of Lords and House of Commons in calling for the removal of international students from the UK Government’s net migration targets.

Since the closure of the Tier 1 Post Study Work visa in April 2012 all international student numbers at Scottish institutions have declined at undergraduate, but particularly at postgraduate level. 2012/13 HESA data showed that the number of postgraduates coming to the UK decreased by 4.5% from 2009/10. The number of international entrants to STEM courses has fallen by 10%, with postgraduate taught courses being particularly affected. More worryingly, within this we have experienced a decline in enrolments of students from key overseas markets, particularly India

¹ BIGGAR Economics (2013)

² BIGGAR Economics (2013)

(31.9%) and Pakistan (18.6%) as shown in Table 1. The change has affected Scottish institutions significantly more than the rest of the UK as the opportunity to work after study was more established in Scotland. Until 2012, a variety of visas had been available over a period of time including: Training and Work Experience Scheme Visa (TWES), International Graduate's Scheme (IGS), Science and Engineering Graduates' Scheme (SEGS) based on STEM subject eligibility and the Fresh Talent Working in Scotland Scheme visa (FTWISS), for students who graduated in Scotland.

These often formed the basis of recruitment strategies and indeed, successive governments were aware of the attractiveness of these visa routes, collaborating with the sector in a number of joint exercises to monitor the effectiveness of Post Study Work offerings and to develop them, where evidence showed a need. Examples of this are how IGS was elaborated while FTWISS was running.

These visas were used extensively by international students across the sector. Indeed, in many ways, they proved to be essential in enabling graduates to gain UK work experience as a way of contextualising their academic qualifications. Examples of these would be PGDE (Teaching) students who would use the first year of a PSW visa for their probationary year – examples were seen of Education graduates taking their first professional steps into our local education system, some of these teaching in essential shortage subjects. Similarly, Architecture students require post-study work placement opportunities to obtain their professional accreditation.

All these categories of students now find themselves in a much more complicated situation requiring Tier 2 Sponsorship, minimum levels of salaries and negotiating their way through the highly complex codes of practice job descriptors to determine the NQF level of a particular job. Even before considering a visa application for Tier 2, there is a significant lack of understanding amongst employers about the rules and regulations for sponsoring a migrant to work in the UK which is acting as a significant disincentive to firms considering recruitment of non-EEA graduates. The graduate entrepreneurs' visa has been seen as an 'alternative' but its highly restricted number and conditions made it, all too often, an unrealistic and unobtainable option under the Tier 2 Skilled Worker route.

Universities Scotland's position

Each of Scotland's higher education institutions offer a world class education and Scotland has always proved to be very attractive to international students. It is crucial that we have a policy environment to complement the sector's quality advantages in order to compete effectively in a global market.

We would like to see improvements made to increase the competitiveness of the post-study work route so that it is on par with that of our main competitors in Canada, Australia and New Zealand.

We believe the perception of the UK Government's policy has been highly damaging and therefore call for more positive rhetoric and constructive action to be used overseas to address the perception that international students are not welcome in the UK.

In addition to economic benefits international students bring significant social and cultural benefits to universities and the wider community in Scotland³. International students enrich the student learning experience, contribute to the development of an international outlook of local students, promote cultural exchange in the wider community and go on to become ambassadors for Scotland when they return to their home countries.

It is vital to Scottish universities and the Scottish economy that we continue to attract talented students and staff to Scotland. Scotland and the UK needs to be perceived as a welcoming.

Immigration policy changes that Universities Scotland would like to see:

1. Removal from inclusion in net migration targets.
 - The continued inclusion of students in the UK net migration figures, taken alongside the UK Government commitment to reduce net immigration to the ‘tens of thousands’, sends an inappropriate and negative message about the UK’s openness to high-talent migration.

2. Re-introduction of a competitive post-study work route.
 - It is recognised in HE sectors across the globe that having the option to stay on after graduation and work and earn at graduate level in the country you have studied is a key attraction for international students.
 - We would like to see current post-study options for international students to improve; to be brought more into line with the offer made by our competitor nations. We would like to see an extension of the length of time international graduates are given to secure employment. For example, Canada allows international students from its universities up to three years to find work. New Zealand offers a graduate work visa for three years and a job search visa allows international graduates 12 months to find work. The US has made changes to its policy to allow international STEM students to remain in the country and work for longer (2+ years).
 - Scotland previously offered a highly successful post-study work route in the form of the *Fresh Talent Initiative* which was consistent with Scotland’s desire to welcome international students and offer them the option to work in Scotland post-graduation. It was also a means of addressing Scotland’s particular demographic challenges.
 - The UK’s very limited offer of post-study work opportunities for international students puts Scotland at a substantial competitive disadvantage.
 - We would like consideration to be given to lowering the income threshold for graduate level jobs whilst recognising that particular areas of the UK may carry a wage premium (for example, South East England) and that the average starting salary for graduates is £21,000, we would contend that the minimum earnings threshold is an inappropriate benchmark in some careers. Consequently, we would propose either reducing the threshold or replacing it with designated job families. Neither Canada, the US, Australia or New Zealand (our major English-language speaking competitors) have a minimum earnings threshold.

³ Further information on the social and cultural contributions of international students to Scotland can be read in the Universities Scotland report ‘Richer for it’ <http://www.universities-scotland.ac.uk/uploads/Richer%20For%20It%20US%20-%20270813SMALL.pdf>

- The Migrant Journey analysis published in February 2013 by the Home Office presents updates on cohorts of migrants who came to the UK in 2005 and 2006 and provides a backward-view analysis for 2010 and 2011. The updated report, despite the adoption of a revised method has found that international students rarely remain in the country long-term, even though they want to stay and work in the UK initially after graduation. The revised method indicates no change in the proportion of students reaching settlement after five years, which means that 9 per cent of all students entering the UK in 2006, had switched to a work-based visa and only 1 per cent had settled permanently.
3. More positive rhetoric for overseas markets.
- It is easy to be confused by the seemingly contradictory positions of the UK Government which appears simultaneously to be committed to reducing net migration but then states in its *International Education Strategy*: ‘We believe it is realistic for numbers of international students in higher education to grow by 15-20% over the next five years’.
 - International student perceptions abroad from India in particular are almost wholly negative when it comes to how welcome they think the UK will be.
 - The UK Government has made some helpful statements (The Prime minister’s statements in India in November 2013 as an example) but we would like to hear more of this from the UK Government.

Have there been any impacts on international student numbers or demographic profile as a result of the closure of the PSW route?

Scottish Universities as a whole have experienced a 0.7% decline in enrolments of international (non-EU) students in academic year 2012/13 compared to 2011/12.

More worryingly, within this we have experienced a substantial (but not across all Universities) cumulative decline in enrolments since 2010/11 of students from key overseas markets, particularly India (-49.4%), Nigeria (-19.2%) and Pakistan (-39%). For some of our institutions the overall decline in enrolled international students masks a much more severe decline from countries with a reduction in the number of Indian students of over 71% since 2010. Although this is very slowly recovering year on year, it is nowhere near the level it was before the closure.

By contrast, key competitors such as the United States and Canada have continued to expand their international student numbers very steadily over the past five years (on average 5.5% for USA and 7.3% for Canada over the period) with offering competitive post study work options.

Strong recruitment from China prevents an even more substantial decline in Scotland’s international student numbers. However, over-reliance on one market comes with risks and the general slow-down in recruitment across the board is in stark contrast to steady and reliable growth five years ago.

Table 1: International students studying in Scotland at all levels of study (Full Person Equivalent)

Country of domicile:	2010/11	2011/12	% change between 2010/11 –	2012/13	% change between 2011/12 –

			2011/12		2012/13
India	3,290	2,445	-25.8	1,665	-31.2
Nigeria	2,410	2,070	-14.1	2,000	-3.4
Pakistan	860	645	-24.9	525	-18.6
China	6,145	7,485	+21.8	7,795	4.4
All international students	27,620	28,500	+3.2	28,305	-0.7

Source: HESA

A recent survey conducted by Universities UK for its report published in September 2014 on 'International Students in the UK Higher Education' with international Student Recruitment Offices in Higher Education Institutions across the UK found that only 30 per cent of Scottish HEIs were meeting their own targets for international student recruitment.

This demonstrates that there is the capacity within institutions to recruit higher numbers of international students but this ambition is not supported by the current policy environment.

Have there been any impacts on businesses or universities of closing the PSW route?

Feedback from across the sector supported by evidence collated by UKCISA, shows that current work visa arrangements leave businesses often confused as to the eligibility of non-EEA graduates to fit within Tier 2 Sponsorship. While the concessions for Tier 4 to Tier 2 switching are welcome, they are highly complex and rely on a company engaging with them. Too often, the complexity of the situation acts as a disincentive to a consideration of recent UK international graduates. Some employers make it clear that they do not consider applications from those who will require permission to work.

There is a lack of information for employers concerning the Tier 4 Doctorate Extension Scheme – something which is not being adequately addressed by current advice and resources. Referral to the employer's helpline is often the response from the UK visa and immigration (UKVI) department.

Have there been any economic or social impacts at local/regional level or nationally?

In response to the continuous policy changes around immigration Scottish institutions have needed to invest additional resources and increased their support to international students in this area. However, the cost of compliance combined with the substantial decrease in international student numbers has meant that institutions have experienced a significant monetary loss according to HERBG is currently estimated for the UK HE sector to be £66.8 million.

However, this loss has wider economic impacts due to the decline of Indian students the City of Glasgow has experienced a 33% drop of income from £1.8m in 2011 to about £1.2m in 2013.

The noticeable decline in international students has also had an impact on the diversity and cultural exchange from which Home, RUK and EU students' benefit.

How has the closure of the PSW route been viewed internationally? Has it had any implications for foreign trade and commerce or wider diplomatic relations?

The PSW route was a substantial draw to study in the UK. By 2012, many had actively chosen the UK specifically as a way of obtaining a quality degree with the added opportunity for further time to consolidate their qualification through work experience; build networks and contacts within the UK and make a reasonable attempt at continuing their stay in the United Kingdom, as and when the work permit/Tier 2 regulations permitted. More often than not, these students would then take their experience home – giving them an advantage in the jobs market, benefits in international trade and global connectivity, and examples of the soft diplomacy that a good UK education experience can bring about.

While the closure of Post Study Work has had a significant negative impact on international education in the UK, the misleading and highly politicised manner, in which the case and justification for its withdrawal was made, has compounded the problem, particularly in markets like India and Nigeria where some form of post-graduation work experience was viewed as being a significant attractor to a UK education. A 2013 survey carried out by Ipsos MORI of Indian nationals considering studying abroad found that 91% of respondents believed the UK's restrictions on the ability to work after graduating would put off some or most students. Of those deciding not to study in the UK, 38% were deterred because they thought it unlikely that they would be able to work in the UK after completing their course⁴.

This situation has been made worse by aggressive press campaigns which have been circulated among students (particularly in India) creating perceptions the UK is 'closed for business' and no longer wants international students to even apply. Feedback from one of our members which conducted a small poll of its Indian agent network about the effect of the removal of the Post Study Work Visa (out of the 14 agents contacted with collectively 125 offices across India, 7 responded) shows that there had been a reduction by more than 75% of students selecting the UK as their preferred destination, with competitor countries such as Canada and Australia harvesting this interest instead due to their appealing visa regulations and rights to remain after completing a qualification there. A point which has been reinforced by Hobsons who manage some of our members' Customer Relation Management (CRM) systems. They witnessed a direct correlation between enquiries for the UK from India declining and enquiries for Australia increasing as soon as the announcements for the abolishment of PSW Visa were made.

Overall the outward presentation and image of the immigration system – including the information online on the gov.uk website, is one portraying difficulty, complexity, "raising the bar" and a compliance issue. There is very little outward positive presentation on the government website or in publications about engaging with the immigration system, how employers can make use of it to attract global expertise and what opportunities can be found within it. Competitor countries present their immigration information in different ways. A prime example is to contrast the Australian

⁴ IPPR (2013) Britain wants you! Why the UK should commit to increasing international student numbers: http://www.ippr.org/assets/media/images/media/files/publication/2013/11/Britain-wantsyou_Nov2013_11534.pdf

Immigration Service pages at www.immi.gov.au/Study/Pages/Study.aspx to our own publicised information: www.gov.uk/government/organisations/uk-visas-and-immigration

For information contact:

Ulrike Peter
Senior Policy Officer (International)
Universities Scotland
ulrike@universities-scotland.ac.uk