



Universities Scotland written evidence: The need for a return of a competitive post-study work route for international students in Scotland and the limitations of current UK immigration policy

Summary

Universities Scotland wants to see a change to the UK's immigration policy for international students. We would be happy to see this happen at a UK level, for the benefit of all UK HEIs, or at a Scotland-level in a follow-through on the recommendation in the Smith Commission.

1. There is a solid evidence base to support the social and cultural benefits Scotland would gain if a post study work visa were to be reintroduced.
2. There is a very broad consensus of support to see this happen in Scotland. This includes the university and college sectors, the business community and all parties represented in the Scottish Parliament.
3. Tier 2 (as the policy stands of January 2016) is a restrictive and anti-competitive route for international graduates and bureaucratic and off-putting for employers. Student numbers, from what were once key markets for Scotland, have fallen significantly, with double-digit decreases, since Tier 2 was introduced. New Zealand, Canada, Australia and America grow their international student numbers at the expense of Scotland, where our numbers stagnate at best.
4. The Migration Advisory Committee's recommendations, announced this January, are taking the UK further in the wrong direction. Increasing minimum salary thresholds will make Tier 2 even more restrictive, effectively rendering a significant proportion of international graduates ineligible to apply.
5. The global demand for overseas study continues. Scotland's universities have all of the assets needed to do well in this market with the exception of a competitive visa policy.

The Scottish Government's cross-party group has outlined a sensible proposal, with wide stakeholder buy-in, that would work for Scotland within the UK. We urge the UK and Scottish Governments to sit down together and make this into policy.

1. International students make a significant and positive social, cultural, educational and economic contribution

Economic: The international student recruitment of Scotland's 19 higher education institutions generates £402.6million per year in fees and £494million in off-campus expenditure to Scotland's economy. Scotland faces skill gaps in the fields of science, technology, engineering and math and IT. We do not currently have enough home-grown talent to meet demand in the labour market. The Skills Investment Plans developed by Skills Development Scotland (SDS) for the engineering, life sciences and ICT and digital technologies, to name a few, cite shortages in "high-skill" personnel and the challenge of: *"increased competition to source top talent" and the: "need to attract and anchor key skills... promoting Scotland globally as a life science career location of choice."*¹

¹ Skills Development Scotland (2014) Skills Investment Plan Life, Sciences and Engineering.
<http://www.skillsdevelopmentscotland.co.uk/resources/skills-investment-plans/>

We can, should and are doing more to address these skills gaps within our Scottish-domiciled population but that does not address the challenges in the short-medium term. A post study work visa in Scotland would.

Social: Scotland has distinct demographic challenges that differ from the rest of the UK and which increased in-migration of high-skill people could help address. Between 1971 and 2012 Scotland's population grew by only 1.5% compared to 15% in England. Scotland's proportion of the population of working age is also untypically low and is forecast to fall by 4% during the period 2012 and 2037 whilst the number of people aged over 65 years is projected to rise by 59%.²

Cultural: Scotland extends its stock of 'soft power' – it's reach and the positive regard in which it is held - through the global connections built through the attraction and exchange of international students in higher education. More locally student integration reaches beyond campus walls and into the local community including cultural events held throughout the year and targeted outreach on the part of international students to schools, community groups and others.

Educational: The presence of a significant number of international students contributes to the internationalisation of the curriculum, consideration of different world-views and critical-thinking as well as the promotion of foreign languages.

2. There is a broad consensus for the reintroduction of a post study work visa

- In June 2015 160 different organisations in Scotland signed a statement of support for the reintroduction of a post study work visa.³
- This builds on an open letter signed by universities, their staff and student unions as well as key business and industry representative bodies in November 2014.⁴
- The Smith Commission, accepted by all five of Scotland's political parties, called for the Scottish and UK Governments to "*explore the possibility of introducing formal schemes to allow international higher education students... to remain in Scotland and contribute to economic activity for a defined period of time.*"⁵

3a. Tier 2 is restrictive and anti-competitive

The big drop in recruitment from India was an immediate and one of the most obvious impacts of the change in policy. Within a year of the policy change the recruitment of students from India by Scottish universities fell sharply – a 26% drop in one year. This free-fall has continued. Scotland has seen a 60% drop in Indian student numbers in Scotland between 2010/11 and 2013/14.

² UK Government Scotland Analysis: Work and Pensions, April 2014

³ <http://news.scotland.gov.uk/News/Scotland-s-colleges-back-return-of-post-study-work-visa-1a9c.aspx>

⁴ [http://www.universities-](http://www.universities-scotland.ac.uk/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=194&cntnt01origid=18&cntnt01returnid=23)

[scotland.ac.uk/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=194&cntnt01origid=18&cntnt01returnid=23](http://www.universities-scotland.ac.uk/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=194&cntnt01origid=18&cntnt01returnid=23)

⁵ Smith Commission (2014) Item 96(2) page 28.

A survey undertaken by UKISA points to the importance students from India, in particular, put on the ability to stay and work in the host country for a period after study.

The negative impact of the Tier 2 visa is shown most acutely in the Indian market but it is not the only nationality of students to be adversely affected by the policy. Scotland has seen a 44 per cent decline in Pakistani students and a 22 per cent decline in Nigerian students studying in Scotland since 2010/11.⁶ These countries used to be our key markets.

Overall international student numbers are only just sustained by growing demand from China. Over-reliance on one market is a high-risk strategy going forward. There was a 0.7 per cent decrease in total international student numbers to Scotland between 2011/12 and 2012/13). A small handful of institutions are responsible for maintaining modest growth in student numbers but the majority have not been able to meet their recruitment targets for the last few years.

A survey found that around half of all international students see the option of working in the UK for a short period as attractive⁷, the imposition of further restrictions on Tier 2 would only serve to exacerbate this downward trend in student recruitment

3b. Tier 2 is currently one of the least competitive routes visas for graduates in English-language speaking countries

The UK's Tier 2 route is one of the strictest set of conditions and so one of the least attractive visas available to international graduates. The US, Canada, Australia and New Zealand – the major English-language speaking competitors – all offer far more attractive visa routes.

The result is that international students are choosing those countries, over Scotland and the UK, in their droves. Take the USA as an example, in 2013/14 the number of international students going there increased by 10% with the number of Indian students increasing by nearly 30%. In the same year Australia increased its international student recruitment by 8%. Over the last six years from 2008 Canada has increased its international student numbers by 83 per cent.

Examples of a more competitive post-study work visa elsewhere:

- Currently international graduates only have four months to pursue employment in the UK, with a minimum salary of £21,800, if they are to progress onto a Tier 2 visa.
- International graduates in Canada & New Zealand don't have to have a job offer to secure a post study work visa – they can use an interim job search visa for 12 months.

⁶ HESA Student record 2010/11-2013/14.

⁷ NUS (2014), Submission to the APPG on Migration Inquiry into the PSW route, available at:

<http://www.nusconnect.org.uk/resources/open/international/NUS-Submission-to-the-All-Parliamentary-Group-on-Migration-Inquiry-into-the-Post-Study-Work-Route/> (accessed 26 September 2014)

- The UK sets minimum salary thresholds – potentially about to increase. Neither Canada nor New Zealand specify a minimum salary.
- Australia has a ‘Post-Study Work’ visa that allows graduates from higher education institutions to live and work in Australia for up to four years.
- Canada has a ‘Post-Graduation Work Permit’ which allows international students to work in Canada for up to three years after their studies.
- The USA allows international STEM students to remain in the country and work after they have graduated for 17 months.

3c. Tier 2 is highly bureaucratic and off-putting for employers as sponsors

Currently, the rules surrounding employment under Tier 2 are often prohibitively restrictive and bureaucratic for employers. To employ a non-EEA student employers have to become a Tier 2 sponsor at a significant expense and with considerable resource implications, especially for smaller businesses.

The disproportionate impact on smaller businesses may present a real disincentive in employing non-EEA graduates. In an SME-dominated economy, like Scotland, the cumulative effect of companies subsequently failing to recruit to graduate-level roles, especially where there are current skills shortages and where a potentially large talent pool of international students may exist, such as in the STEM-based industries - is likely to have a detrimental impact on our international competitiveness as a whole

This has been reinforced by the recent findings of Westminster’s All Party Parliamentary Group on Migration (APPG) report from Feb 2015 which found that: *‘the restrictive nature of Tier 2 (General) has prohibited some employers from being able to recruit skilled non-EEA graduates under this route.’*

3d. Very few graduates meet the criteria for Tier 2 as it stands

The minimum salary threshold of £20,800 is an ambitious starting-salary for graduates, even in professional-level jobs. Over a fifth of graduates from Scottish universities who get professional-level straight away did not command salaries that exceeded £20,000.

Since the introduction of Tier 2 in 2012, the decline in number of visas being issued has been twice as large as was predicted by the UK Government. It expected a decline of 49 per cent, which it thought would result in a potential loss of £1.2 billion in economic impact over four years UK-wide. In fact, the decline in international students switching from student visas to post-study work visas has been 88%. Unfortunately this data cannot be disaggregated for Scotland. However, we can say that if the number of students of Indian nationality in Scotland had remained at 2012 levels, the Scottish economy would have been £38.5 million better off last year alone.

4. The Migration Advisory Committee’s recommendations for Tier 2 reform will make

Tier 2 is already relatively inaccessible to international graduates. The MAC’s recommendations would close to the door to post study work opportunities to a far greater number of international graduates than is already the case.

MAC is recommending that the salary threshold for new entrants to the labour market to £23,000, up from £20,800. The average starting salary for graduates

it harder still for international students to work in Scotland

of Scotland's universities is £21,255 and this is one of the highest averages in the UK. The average starting-salary for graduates in biological sciences, physics, computer science, architecture and business is not high enough to meet the new recommended salary threshold. A new salary threshold of £23,000 will be very difficult for international students to meet.

5. Student demand for overseas study is high

The British Council has estimated that there will be 3.85 million outbound mobile higher education students globally, up from 3.04 million in 2011. India and China contribute 35 percent of global growth to 2024. The major bilateral student flows in 2024, in terms of volume, will continue to be from China and India, to traditional host markets. But flows between Nigeria and the UK, Saudi Arabia and the US and UK, Pakistan and the UK, and Nepal and the US will be among the top ten fastest growing bilateral flows between 2011 and 2024.

Scottish higher education has all of the essentials needed to compete effectively for this growing market: we exceed the global benchmark for international student satisfaction; our four-year degree and the quality assurances mechanisms are imitated internationally; and, our research is world-class. The weak link in the offer we can make to international students comes in the shape of UK immigration policy's restrictions on the attraction of talent. That is what prevents us from competing more effectively.

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