

PARLIAMENTARY BRIEFING

The Value to the UK of Higher Education as an Export

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VALUE TO THE UNITED KINGDOM OF HIGHER EDUCATION AS AN EXPORT, LORD NORTON OF LOUTH

1. MillionPlus is the Association for Modern Universities in the UK, and the voice of 21st century higher education. We champion, promote and raise awareness of the essential role played by modern universities in a world-leading university system. Modern universities make up 52% of all UK undergraduates, and 37% of all postgraduates, with over one million students studying at modern institutions across the UK.

The Value of UK Higher Education

- Almost **450,000** non-UK domiciled students in UK higher education institutions in 2016/17
 - UK education-related exports valued at **£18.76bn**
 - Economic impact of on and off-campus spending by overseas students estimated at **£25.8bn**
 - Over **a third** of all international students study at modern universities across the UK
 - Each international student generates a net economic benefit to the UK of **£95,000**, and overall, they support over **200,000** jobs¹
 - Over **700,000** students also study for a UK degree outside of the UK, through transnational education programmes (TNE)
2. UK Higher education is a global success story. It is envied across the world, and brings economic, cultural, and academic benefits to the UK, as well as developing UK soft power and business links in every country on Earth. It also benefits every region of the UK, and the benefits are felt from the Highlands and Islands of Scotland, to the South coast of England. These benefits translate directly into jobs on and off campus, and into the regional economy, supporting local businesses.
 3. These benefits can be extremely profound in many parts of the country, where the university is a key pillar of the economic and cultural framework of the region. In these regions students who may never have been able to travel across the world are able to study with different people and come into contact with new ideas, or ways of working, and their experiences at university are enriched by their presence.
 4. Currently, the UK remains an extremely attractive place to study for overseas students. Over 300,000 students study in the UK as international students, with a further 135,000 from the EU, making the UK the second most attractive destination for international students, just behind the USA.

¹ <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/briefing-economic-impact-international-students.pdf>

This appeal comes from the great strength of the higher education sector in the UK, and this strength is derived from its diversity, and the incredible offer that all universities can make to overseas students. All UK universities engage in world-class teaching and research and provide attractive courses to students from the UK and around the world.

5. Modern universities educate a third of all overseas students in the UK, and the investment that they bring directly helps institutions invest in better services for the entire student cohort, and in some cases, these students make certain courses viable, which creates the opportunities for UK students to study the courses that they want, at the institutions that are best for them.
6. UK universities also remain world leaders in TNE, with 82% of UK universities running programmes overseas. This is, however, an increasingly competitive field, and as such, UK universities should be helped by government to do all they can to maximise the benefits TNE brings to students, universities, and the UK economy – estimated at over £550m.

THE RISKS

7. Despite the strength of the UK higher education sector, there are a number of risks that need to be addressed if the UK is to not only remain the destination of choice but build on the successes and increase education exports.
8. Over recent years the UK has suffered a decline in market share, and global competitors are creating ever more attractive offers to students that the UK has not responded to. It is vital that the UK is seen as a welcoming and open place in which to study, however the messaging from government, as well as Home Office immigration changes, have not always helped in this regard – including having students remain in the government's net migration target. The numbers of Indian students coming to study in the UK, for example, has declined from 24,000 in 2010/11 to just under 10,000 in 2016/17, at a time when there was an effort from government to tighten immigration controls, and remove the post-study work visa. As highlighted above, the enormous benefits that these students bring are lost when they study elsewhere, and a change in both tone and policy is required to address this decline.
9. A change in the administration of student applications is also important, particularly for students looking to study at modern universities, as the current system for recruiting international students to UK universities can be deeply unhelpful and can act as a non-tariff barrier to UK trade and exports. Currently, applicants who meet a university's criteria are accepted and then must obtain a visa from UK Visas and Immigration (UKVI). Here they are assessed, and possibly interviewed by Entry Clearance Officers to assess their 'credibility'.
10. However, many universities have noted that the numbers of refusals have increased in recent years, and report that in too many cases refusals appear to be based on spurious grounds, with results that are wildly inconsistent. Family background can be used against them, or not knowing the transport links in the city they are looking to study in, and it has become apparent that certain areas of the world are more likely to yield higher refusals by UKVI than others, irrespective of the quality of candidates. These processes, and the level of bureaucracy, may deter applicants, and the penalties imposed upon universities if offers are made to students who are then classed as not credible are so severe, that many have scaled back from areas of the world where the UK should be expanding provision.

11. Brexit also presents major challenges to UK higher education, particularly around student mobility. Around 135,000 EU students study at UK universities, and each one generates a net economic contribution of £68,000 to the UK. In fact, EU students provide a higher level of funding to UK universities than EU research grants.
12. As yet, there has been no decision made on the future relationship, post-Brexit, between the UK and the EU on student mobility. The government has indicated that arrangements will remain the same up until the 2019/20 cohort, however beyond that it remains an open question. Currently, EU students are classified as home students, with home fees and access to student support, however were these students to be simply reclassified as international students, it is estimated that the UK would see a 49% drop in EU students coming to study in the UK. This drop would be most significant at modern universities, and the impact would be hardest on the regions of the UK where they are based.
13. Clearly, the UK's departure from the EU will impact on the current relationship, however, risking losing half of a student population, at a time when the UK should be seeking to expand, is a significant risk, and one that will impact on institutions and regions across the UK. Other regions of the world, notably Australia and New Zealand, have long appreciated the benefits of reciprocal student mobility terms for student populations close to one another, and the UK must explore this option.

RECOMMENDATIONS

14. The UK remains the best place in the world to study for overseas students, and as an export industry the UK higher education sector is an enormous success story. Ignoring the current risks, and failing to capitalise on opportunities, will, however, harm the ability of the UK to build on this success in the future. Therefore, the government should:
 - Work across all relevant government departments to create a strategy to boost education exports, boost TNE, and help universities recruit overseas students – part of which must include taking these students out of the migration target
 - Use the upcoming Immigration Bill to re-energise the offer the UK can give to international students, with the reintroduction of some post-study work, and a lowering of the Tier 2 salary threshold, so that international graduates are better able to work in regions of the UK outside of London and the South East
 - Reform the visa application process for international students. The current Tier-4 pilot, if deemed successful, should serve as a model for all UK universities, and will reduce bureaucracy, make the UK more attractive, and not impact upon compliance
 - Work with the EU to ensure a mutually beneficial settlement on student mobility, to make sure that the UK remains an attractive place to study for EU students post-Brexit

If you would like further information, or have any questions, please feel free to contact Adam Haxell, Senior Parliamentary Officer at MillionPlus, at adamhaxell@millionplus.ac.uk