



HOUSE OF LORDS

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Inquiry on

INTERNATIONAL STEM STUDENTS

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Witnesses: Tim Thomas, Professor Sir Peter Gregson and Professor Helen Atkinson

USE OF THE TRANSCRIPT

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Members present

Lord Krebs (Chairman)
 Lord Dixon-Smith
 Lord O'Neill of Clackmannan
 Lord Patel
 Baroness Perry of Southwark
 Lord Peston
 Lord Rees of Ludlow
 Earl of Selborne
 Baroness Sharp of Guildford
 Lord Wade of Chorlton

Examination of Witnesses

Tim Thomas, Head of Employment and Skills Policy, EEF, **Professor Sir Peter Gregson**, Chief Executive and Vice-Chancellor, Cranfield University, and **Professor Helen Atkinson CBE**, FREng, Head of Department of Engineering, University of Leicester; Vice-President, Royal Academy of Engineering and Chair of the Standing Committee on Engineering and Training; and Immediate Past President, Engineering Professors' Council

Q53 The Chairman: I would like to welcome our second panel of witnesses to this morning's inquiry into higher education, STEM and changes to Immigration Rules. In a moment, I would like to invite the three panellists to introduce themselves for the record and, if you wish to make a brief opening statement, please feel free to do so, but do keep it brief, because we have quite a few points of discussion to get through and we would like to have plenty of chance to hear you air your views. Perhaps Professor Atkinson could kick off.

Professor Atkinson: Thank you, Chairman. I am Professor Helen Atkinson. I am the Head of the Department of Engineering at the University of Leicester, so I can speak here as the Head of the Department of Engineering. I am also a Vice-President of the Royal Academy of Engineering and Chair the Standing Committee on Education and Training, and I am the immediate Past President of the Engineering Professors' Council, which represents engineering in higher education throughout the UK. I have legitimately had sight of three sets of evidence, so am able to bring reflections from all three sets of evidence to the panel.

Professor Gregson: I am Peter Gregson. I am the Chief Executive and Vice-Chancellor of Cranfield University. Cranfield is a specialist institution. It is exclusively postgraduate and just works in the space of technology and management, so I will constrain my comments to that for which I have responsibility. We are therefore a small institution with only 4,500 students; however, with the concentration that we have in technology and management, we are still the largest UK provider of master's-level students in engineering and technology. That is particularly relevant for this panel.

Tim Thomas: I am Tim Thomas. I am Head of Employment and Skills Policy at EEF—the Engineering Employers' Federation. We represent about 6,000 engineering and manufacturing companies in the UK, both small and large. They operate in the UK globally

and on a European basis as well. We regularly speak to and survey our members and, actually, we are just in the process of finishing a survey on the importance of higher education to our members. Hopefully today I can add an employer perspective to some of your questions.

Q54 The Chairman: Thank you very much. We would like to start off, before we get into the details of changes to Immigration Rules and how they might have affected things, by getting some basic facts out on the table of whether, from your perspective, the numbers of students coming from outside the EU have changed in the last few years and whether particular countries and particular degree courses, undergraduate or postgraduate, have seen changes, and the impact of those on your institutions, particularly for the two university representatives, and perhaps also on employers. You will be aware that we had some evidence from BIS that summarised the HESA statistics suggesting that there have been some changes, and the written evidence from a number of sources has also reinforced that, but it would be very good to hear from you, with your personal perspective from the experience you have found. Perhaps, Professor Atkinson, you could kick off.

Professor Atkinson: The evidence shows that on the undergraduate side—I am focusing on engineering—the numbers appear to be relatively insensitive to the change in Immigration Rules. I can provide some comment on why I think it is. On the postgraduate taught side, which is MSc students, there is an impact that can be traced to the changes in the Immigration Rules. The country that has been particularly affected is India. Again, I can provide some comment, if that is helpful, on why we think that India has been particularly affected. Would you like me to make those comments?

The Chairman: Perhaps we will just get the facts out and then we will come to discuss the interpretation in a few minutes, but I would very much like to hear from you about that in a few minutes.

Professor Gregson: To set a bit more of the context of our postgraduate student cohort at Cranfield, a third or thereabouts are international students, a third European and a third UK. When I look at the third who are international students, in 2011-12, as a function of the changes in 2010-11, we saw a big decline in the number of international students—about 15%—which was in line with the UK sector overall from the data that has been provided by BIS.

If I look now two years on at the data, we are about plus 4% compared to where we were in 2010-11, so that is more consistent with the type of data supplied by the Russell Group-type universities. The big impact from India is certainly also very much in evidence at Cranfield. Actually in Cranfield, it has affected both the management and the engineering cohort to the same degree, which is about half. We have lost about half of our students from India in that one year. It is increasing slowly again.

The Chairman: At Cranfield, has that had any significant impact on the viability of taught masters courses?

Professor Gregson: No. This area is of particular importance when you think about how you manage an institution, be it a large university or a small university. That is about managing risk. All our programmes are designed in such a way that we do not have a particularly dominant cohort, so we mitigate the risk at the point of programme delivery and right the way through the system. Obviously it is on our risk register, but at the moment there has

been no evidence that we have any courses that have become unavailable as a direct result of changes in the immigration rules.

Professor Atkinson: If I comment more generally about the sector on that question, focusing on engineering again, if you look at departments of engineering, whether they are embedded within schools or standalone departments, every department has its income streams. That is how you make a department sustainable. You have your undergraduate income stream, you have your taught postgraduate income stream. There are research streams, there are enterprise streams of income. The Engineering Professors' Council's observation across the sector is that in a number of departments the health, viability and sustainability of their undergraduate programmes, including for home students, is rather dependent on the overall business model, which includes the income stream from the postgraduate taught.

What actually happened was rather a shock when the new Immigration Rules were introduced. A number of departments took a hit, particularly in that year. As Peter comments, there is now some evidence of some regeneration. The hit affected departments quite significantly. It has to, because even if India has been one part of your recruitment and you have recruitment from a number of other countries as well, the loss of 10 students at £15,000—90 students or 200 students, which might be the case in some cases—is a very significant income stream. Different universities deal with it in different ways. Again it depends on the size of your set-up, but on the effect on postgraduate taught, if you halve the number of your Indian students, for example—this applies both for engineering and computer science; there is definitely a halving in numbers nationally for the Indian students—you are bound to affect the financial situation of a number of departments. It is more difficult to track exactly how that has affected departments, because departments tend to be managed, as Peter says, within a risk environment, so departments will have taken some actions to counteract what is going on.

The Chairman: What about from the employers' side? Have you seen this flow-through of change in numbers affecting recruitment?

Tim Thomas: The answer is possibly. Our most recent survey indicates that about 25% of our members recruited a non-EU graduate in the last three years. When we asked a forward-looking question of our members—whether that was what they planned to do in the future—that just dropped to one in 10. The background to our sector, which may be an explanation, is one of an acute and chronic skills shortage. One of your previous witnesses referred to a lack of skills in the nuclear sector. I would actually expand on that. It is not a lack of skills in the nuclear sector, it is in all sectors. Therefore, any shortage or reduction in international skills is going to be immediately felt by our members. That is of concern here.

The Chairman: I would like to move to Baroness Sharp, who will pick up the issues with Immigration Rules that Professor Atkinson was talking about.

Q55 Baroness Sharp of Guildford: We could carry this forward by my asking you how far you feel that the Immigration Rules that have been put into effect over the last few years and the changes that are being proposed have affected these figures that you have been giving us. How far is it the Immigration Rules or how far is it other factors, such as the change in value of the rupee and so forth?

Professor Atkinson: There is undoubtedly a combination of factors at work. We can track fairly precisely an adverse effect from the removal of the post-study work for two years, which has affected Indian students in particular. The reason for that, and the reason why it particularly affects postgraduate taught, is that doing an MSc is a discretionary purchase. They are doing MScs really for career advancement and for their personal and professional development. Generally in India it is a family decision, and they take out a loan, which is secured against the house, the family home. When they come to the UK, when the two years post-study work route actually existed it enabled them to repay at least part of the loan via some work in the UK. Indeed, gaining some work experience in the UK was an important part of career development. Tim might like to comment, but from an employer's point of view. Post-study work actually gave employers an opportunity to have a good look at someone and decide whether they really did want to employ them for their specialist skills.

The distinction with the undergraduate students, and this explains why the undergraduate market has not been so sensitive to the changes, is that the undergraduate students are generally either sponsored by their Government or—and this applies to China and indeed other countries—they generally come from prosperous families who are less sensitive to all those things that are going on. This is why I think there is a strong view across the sector, particularly from those who are at the coalface of international recruitment, that the removal of post-study work has had a big effect on postgraduate taught recruitment rather than the undergraduate cohort.

There are obviously other factors at work, such as exchange rates with currency, with the rupee and so on, but the other thing we would comment is on the constant shifting in position about the rules about immigration. It is not just a one-off but the fact that over the last two to three years there has been a constantly changing pattern of rules. I do not know whether you fully understand, but I do not fully understand the rules, so I think it is hard for the students to keep track of them. The image that is being projected by the UK out into this very competitive international marketplace is one of a lack of welcome, but also of a series of changing rules. For the students it is hard trying to keep track of what is going on, just as it is for us.

Professor Gregson: Perhaps I can pick up on one or two of Helen's themes under the area of policy, process and perception, because that would embrace Helen's comments. I do so from the perspective of the average age of postgraduate students at Cranfield being about 29, so it is about career enhancement, the type of programmes we do, rather than the early stages of employment.

First of all on policy, at the end of the day, clearly what the UK has in higher education is a prize. If we want it to remain competitive, we must be welcoming, but of course government has a responsibility to tackle abuse. All of us in higher education recognise the balance that has to be provided within the policy framework. I would certainly endorse Helen's comments around the consistency and the changes. They have also been pretty severe changes. If we take just the post-study work example, to go from 24 months of post-study work, which was one of the longer periods, to four months, which is the other extreme, is a very big swing. That is the type of thing that, moving on to perception in country, has a very big impact.

Regarding perception, there is no doubt about it that whether you look at the anecdotal evidence in country or whether you look at the statistics and the data that we have from our different sources in the UK, a combination of different factors have had a significant impact. There is post-study work, and we have not mentioned visas and the cost of visas yet. At Cranfield, because of our offering, 50% of our students have to get ATAS approval first of all. ATAS is administered by the FCO. Visas are administered by the Home Office. All sorts of issues mean that it is just more and more difficult for students to find their way through the approvals process. The consequences, to my mind, are very clear. At the end of the day, we are finding it more challenging when we are trying to present a welcoming front internationally. The issue of India is particularly specific, I would say.

Perception leads directly on to process, because at the end of the day the process times associated, whether with ATAS, visa or what have you, are getting longer. Certainly we have had instances, both last year and this year, when actually the approval times for ATAS were well outside target times and led to students, who would in previous years have secured approval, not securing it in time to be able to take up their place at Cranfield. Process and perception need to go together.

Professor Atkinson: We should further comment just about engineering. Engineering is distinctly affected as opposed to the other physical sciences, because there is a tradition of recruiting postgraduate taught students in engineering, in a way that there has not been in the physical sciences such as physics and chemistry. One of your questions is whether STEM is affected more. Actually, the numbers of postgraduate taught in physics, chemistry and maths are relatively low. Engineering, which again feeds into the engineering employers, is the second highest recruiter of postgraduate taught students other than business, so it has had this disproportionate effect on engineering and engineering departments, but also probably on engineering employers.

Tim Thomas: I will start with some numbers and then hopefully give some explanation of what we think is behind the numbers. When we surveyed very recently our members, we asked specifically about their experience, if I can call it that, of dealing with our immigration system in recruiting a non-EEA graduate. Some 53% told us that they found the process very time-consuming. Four in 10 said they had difficulties in securing a sponsorship licence. Over half had difficulties in obtaining a visa for a graduate, and that is a fairly grim reflection from an employer's perspective of their interaction with our immigration system.

Q56 The Chairman: Tim, were those surveys of students or surveys of employers?

Tim Thomas: These were employers. This is what employers have told us about their interaction of trying to recruit a non-EEA graduate very recently. With the post-study work route—the reduction from 24 months to four months—if you are perhaps a larger employer and you are already engaged with the immigration system, and you have the resources at your disposal, perhaps four months is a period in which you could navigate the immigration system, assuming you had found the graduate. If you are not already engaged, four months is in no way a sufficient period of time to hope to navigate the current immigration system.

The majority of our members, about 70% or so, also told us that they benefited from external advice. What I believe is behind that is the fact that, to have any realistic chance of navigating this system, you are going to go to a specialist adviser. I am a lawyer by background and qualification. In the past, I have done some work in the immigration field.

In the past, I have tried to explain to employers what their obligations are, both in terms of assessing and proving the right to work, but also in obtaining a visa. That was some time ago. I still attempt to keep up with the area. I entirely sympathise with Helen's comments, because it must be baffling to anyone who does not have a fair degree of existing knowledge. To be honest, even though I subscribe to bulletins and updates, they come through on a weekly basis, and I am in no way sure that I, in any way, am au fait with the current Immigration Rules. It is so much harder for an employer, which is why I think the majority say that they go for external advice, which adds substantially to the cost of the exercise.

The Chairman: Would you be able to give us, not necessarily now, an estimate of what the typical cost would be? I am thinking of an SME with a relatively small number of staff and turnover—what the impact of that would be on them.

Tim Thomas: Yes, I will go away and perhaps come back to the Committee with an estimate of what the likely additional cost would be, on the assumption of that. Part of the difficulty is, of course, that if you get the process wrong there are severe penalties for employers. The civil penalty for an employer employing someone without the right to work is about to double. In addition to that, the grounds upon which an employer is able to mitigate the civil penalty are about to be dramatically reduced. From an employer perspective, it is going from £10,000 to £20,000. The ability to mitigate on the basis that you have conducted a partial check is about to be extinguished altogether. The only mitigation is self-reporting to UKBA or UKVI. Actually, the risks of wrongly going about the process are about to increase quite substantially, which perhaps is a further disincentive for employers to actually dip their toe in this water at all.

Q57 Lord Peston: My question is prompted by something that you said very early on, Professor Atkinson. You postulated the case that the income for taught masters in engineering falls, and I thought to myself, "Well, why is this a problem?" Presumably, it is a problem because, if you could adjust all your costs appropriately, there would not be a problem; the net position would remain the same. What you are saying is that, in fact, disproportionately or to a large extent, your costs are fixed and, therefore, you end up with a financial crisis.

Professor Atkinson: We employ people. The majority of our cost is the salary of people.

Lord Peston: I understand that. I have to keep reminding myself that employing people is not a variable cost, even though when I was young I used to teach that it was, but a fixed cost. That is the nature of the problem. Have I got the analysis right?

Professor Atkinson: If I could comment further: if you look at the timescale under which universities operate, we are recruiting one year for students to arrive in October—for example, this coming year. You obviously have your staff, who are essentially a fixed cost. In the year immediately after the immigration changes were introduced, suppose you halve your number of MSc students. For somebody who was very dependent on India, and I very much take Peter's point about the fact that you try to mitigate your risk by having a broad base of recruitment, supposing you halve your number of MSc students and lose several hundred thousand pounds of income in one year, in one hit—and it is actually quite difficult to predict that is going to happen because the Immigration Rules changes are introduced mid-year—then you are faced with, "What are we going to do?" To provide quality

engineering education is an expensive subject to teach, and rightly so. That is part of the reason why people are coming from around the world, because they know that what they will get is a quality education.

It is interesting. In January, when our students graduated with their MScs, I went round and spoke to every single graduating student. I said, “Why did you come to the UK, rather than doing it in your home country or going somewhere else?” The answer was our reputation for very high-quality hands-on education, where they get lots of practical experience. That is the difficulty: adjusting in-year, in effect, to quite a big financial shock.

Lord Peston: Just to clarify, if you have lost several hundred thousand pounds, that is the equivalent these days of quite a few professors who you cannot fire. You could not when I was a professor, but the other bit that I was not clear about is whether this is special to engineering or if you are saying this is right across the board in the subjects we are looking at.

Professor Atkinson: If you look at the subjects, the biggest recruiter of postgraduate taught is the business specialism that has affected Cranfield, alongside engineering. The second biggest recruiter is engineering so, disproportionately, engineering and indeed business departments, which are I know outside your remit here, have been affected by these changes. That is alongside this big demand to actually increase the flow of engineering graduates more generally to help to fill the skills gap. There is a knock-on effect on undergraduate education because of what is happening at postgraduate taught level, which then affects what is actually happening in terms of what the UK wants us to do with our UK-domiciled students and what we can really deliver to them.

Professor Gregson: I just want to add that Helen is absolutely right in terms of the overall impact. My comments earlier on were about whether it has affected the viability of programmes. That is a bigger question about the way you manage an institution, but certainly across the two areas that are important to Cranfield—management and technology—anything that has such a disruptive element as removing half of a certain cohort of international students on a business programme for which students are paying £30,000 a year for an MBA, has a very significant impact in-year. Of course, we are long-term institutions, so we mitigate the risk appropriately.

Q58 Lord O'Neill of Clackmannan: I have a small question to Tim Thomas. In the survey that you have conducted, obviously British Aerospace and Rolls-Royce would have problems, but they would be fairly minor by comparison to the small and medium enterprises which are the bulk of your membership. When you give us the information, could you give us a breakdown by size of company? Obviously the problems facing the smaller employer that might be world-class but just does not have the HR resource on board should be brought out, because people get very complacent about big numbers, but the wee numbers, the small numbers, are in some ways just as significant. If we could get that, it would probably help your case and ours.

Tim Thomas: I can certainly supply that. We can cut the data in any way you would like us to cut it, and we can do that. Just to make a remark, which hopefully is helpful, we will have larger members who, like one of your last witnesses from GSK, will say that they get thousands of applications. We have large companies that do. That is not to say they find the process in any way straightforward or easy. Equally, I can think of one household-name

member, one of the UK's quality brands, which has many hundreds of employees, but still finds navigating the immigration system costly, painful and expensive.

To pick up a point from your previous evidence session, the impression that they have from navigating the system and the inspections is one again of guilty until proven innocent. As an employer, they continually have to justify and show that they have followed the correct process. The comment that was given by the inspector at one of their recent inspections was actually, "We'll be back", which perhaps did not set an overall positive tone to the encounter.

Q59 Lord Dixon-Smith: It is quite clear to me, I hope, optimistically, that both universities and employers actually have a very mutual common interest in this whole subject and yet, to a certain extent, it is being talked about as though the two are separate. I wonder if somebody could explain to me—I have heard a lot so far—whether there is a difference or not, whether I am completely erroneous in my assumption or whether indeed you do in fact work closely together, which it seems to me is what you must do. When we heard of an employer finding four months at the end of a course not sufficient time to register a student, if they had not started on that six months earlier, something is seriously astray, in my thinking.

Professor Atkinson: They are waiting to see what degree the person is going to get. For example, if you are graduating with an MSc—

Lord Dixon-Smith: I can understand them wanting to know what the result is before they take the final decision. What I cannot understand is why they do not actually start work on the problem so that it goes very smoothly.

Tim Thomas: That is because of the actual process of applying for a certificate of sponsorship and then the visa. You actually need the individual; you need to know who it is you are applying for the visa for. You can potentially do some preparatory work and get a certificate of sponsorship from UKBA, although we know from our members that actually they have difficulty with that part of the process to begin with. Once they are in the process of having a number of certificates of sponsorship, they need the individual to apply for the visa.

When we speak to our members, the point to be made is that it is the processing time. The last time I looked, which was some time ago, the UKBA was having difficulty, shall I say, in meeting their KPIs on processing times. Of course, if it takes anything more than four months then that creates a difficulty with our current regulatory structure. That is not to say that employers are not engaging, but the complexity, cost and speed at which the system operates is such that it is extremely challenging to meet that sort of time period.

Q60 Lord Rees of Ludlow: I have a question to Professor Atkinson and Sir Peter really. Even if we did not have these problems with immigration, do you think we in the UK are going to have a harder and harder problem staying competitive, because obviously some of these countries like China will have their own university, so there would be less value added in coming here, more mainland European universities using English as a medium of instruction, and there are other effects. Do you think that, even in the best scenario, we will have a problem maintaining our standing as a preferred destination?

Professor Atkinson: A degree from the UK still carries, and I think for at least a period will continue to carry, weight. Peter used the word “prize”. It is a prize, and that is partly because of the way we do our education. Our education is challenging and rigorous. That is not to say it is not in other countries, but it has a particular reputation for its challenge, its rigour and, indeed, its hands-on practical nature in engineering.

We need to set that against the backdrop of the fact that people value an education in English. We are competing with, in particular, Australia, Canada and the US. We have a very established system of being able to deliver intense and rigorous education over the one-year period. If you compare with Europe, where mostly their MScs are two years—

Lord Rees of Ludlow: Bologna requires two years.

Professor Atkinson: Yes. I think that there is a reputation and a value around a UK MSc, and we should actually be very proud of that. We are out there competing in a global marketplace, and we are being set alongside somewhere like Australia, where their post-study work visa regulations are—Peter, you had the figures on the conditions in the different countries.

Professor Gregson: In the different countries, Australia is particularly interesting because, if my memory serves me right, the post-study work period is up to four years, depending upon what level of visa you start from. The presumption there is of a two-year master’s programme and then you have the 24 months, which our system used to have, for post-study work. I think that is right.

Just to follow on from Helen’s comments, Lord Rees, absolutely remaining competitive in this space is very challenging, particularly with the growing numbers of English-taught programmes from premier institutions in mainland Europe, right on our doorstep, let alone the United States and on other continents. That is very important. I would not want to underestimate the point that it is the competitive nature of our offering academically, together with the welcoming nature of society as a whole, that students will bear in mind when they and their families are making a decision as to whether or not to come to the UK or anywhere else. Helen talked earlier on about the nature of the family decision and the model for postgraduate education. That is why I used my comments earlier on to refer to competitiveness and welcoming nature.

Q61 Lord Rees of Ludlow: If I just follow up, is the perception of UK manufacturing, as compared to that in other countries, an element as well for engineering students?

Professor Gregson: Just to link that question to that of Lord Dixon-Smith, let me reassure this Committee that universities work very closely with companies and businesses. We find it easier to work with larger companies than with the supply chain and SMEs. That has been well covered in the Lambert Review, Andrew Witty’s review and so on. That is not to say that we do not work very hard to try to make up for that deficit but, as Tim has highlighted, the resource of the HR departments and what-have-you just is not there in some of the small to medium-sized enterprises.

To come back to the question of Lord Rees, at the end of the day, it is not only the competitive and international nature of the work that UK universities do, but also the international reach of global corporates based in the UK. For example, a company that I know particularly well is Rolls-Royce, which has worked very closely with universities for many years. However, that as a company now has 60% of its workforce based overseas.

They are recruiting internationally from the best students, so students from Cranfield are up against students from the National University of Singapore, who have done a master's in English, modelled very much on the high-quality experience that we have a deserved reputation for, but which is very difficult to maintain in today's competitive world.

Professor Atkinson: I should comment further that yesterday I had a conversation with someone who represents the Automotive Council, and he said that the current situation with the Immigration Rules around getting visas was really acting as a brake on growth. The manufacturing sector we know is resurgent, but actually it was a real problem. You might like to ask for some evidence from the Automotive Council.

The Chairman: Thank you; that is very helpful.

Tim Thomas: We certainly have evidence, which we could supply, of the difficulty in recruiting skills. We held our national conference a week ago today. The overwhelming feeling from the 500 manufacturers there was that, yes, a lack of skills was a drag on growth; it was preventing them from expanding. That was an overwhelming view from the floor, from manufacturers of all shapes and sizes, of all sectors and all parts of the UK.

Q62 Earl of Selborne: I want to first of all just summarise what I have heard from you in your very helpful evidence about what has happened, since the demise of the previous post-study work route, and then to ask ultimately where we go from here. Let me just make sure that I have got it entirely clear. I think Professor Atkinson was very helpful in explaining how, particularly at the master's level, those who were taking out loans with a family decision will find it difficult to repay the loan. You added the complication of constantly changing rules, an unwelcoming perception, the cost of visas, the complication of getting visas and the complication of the system as a whole requiring specialist advice. All this amounts to quite a succession of self-inflicted problems in what is becoming an ever more competitive market. The tier 2 visa, which has replaced it, clearly has many problems, and it is not fulfilling the role that the previous post-study work route fulfilled. Given that we do not want to go on changing the system and want to have a bit of constancy in the proceedings, what are you suggesting we should recommend?

Professor Atkinson: My position would be that we should look at reinstating post-study work, particularly given that other countries have done precisely that. We know that Australia, for example, changed its position quite radically and is now benefiting. We are in this global international marketplace, so my first recommendation would be that we should look seriously at reinstating post-study work for two years.

The second question that it would be interesting for you to explore is still the question of whether students should count as part of the migration numbers. We also know that other countries do not or have moved to taking them out of the migration numbers. That is a very serious issue for consideration.

Professor Gregson: I would agree with those two points. The third that I would add would be, although it might seem small in numeric terms, the impact of the cost of a visa, ATAS, and the healthcare levy mean that we have moved to being at the expensive end of the range, more than twice as much as many other countries. I think there should be some look at the cost associated with the country.

The Chairman: Can I just clarify? When you say "twice as much", twice as much as what?

Professor Gregson: The UK is very close to the United States at the moment. That is before the introduction of a healthcare levy. That is more than twice as much as most European countries – for example an English-speaking postgraduate course in the Technical University of Delft. These costs are small compared to the overall fees. Nevertheless, at the point of entry it represents a severe hurdle.

Regarding the process part of my three Ps. Let us make sure we also meet the targets, so that students know what the reply time is, so that they can make the arrangements accordingly to be able to meet the entry needs of our programmes. To maintain a competitive high-quality programme, we will not accept people beyond a particular date, because they come in and they disrupt the programme. It is very important that we have clarity and consistency of process, so that we can make sure, with our partners overseas, that students apply in a timely way. A lot of the perception part would then be enhanced.

Q63 Earl of Selborne: I wonder whether I could ask Mr Thomas, from the perspective of the employer, what it is that the employer would most hope to see that would make a scheme rather more employer-friendly.

Tim Thomas: First of all, a period of time. 24 months is far more workable from an employer's perspective. Let us use what we know worked in the past—the post-study work route—and then let us please make it work properly this time. For example, as an employer, you can subscribe to a premium service with UKBA. I believe it costs £20,000. The experience of our members that do not subscribe to the premium service is poor. Quite a large medium-sized member recently told me that, actually, they were unable to speak to anyone over the telephone at UKBA at all. It was simply a question of leaving an answer-phone message and then waiting for an e-mail by way of response. They again were up against deadlines to recruit someone. It is not just UKBA deadlines or regulatory deadlines; there are internal commercial deadlines. Many companies are recruiting people for a purpose, a project or a period, and they want that person in post, and then there could be a bit of internal training or a period of familiarisation. It is not just the process of getting past the UKBA; there are internal commercial issues.

What the Government could do is work with what we have, which is the Migration Advisory Committee. MAC produces Shortage Occupation Lists, and they look at the labour market and see what is in short supply. About half the occupations on the current list are engineering occupations. Perhaps therefore, if we tailor our system to what we need, and MAC is doing that work anyway, then we could say, “Actually, if we need more engineering graduates, perhaps we need a slightly different system, rather than just having four months to recruit those graduates.” Those are two or three key ways we could use what we have, but overarching we need to make our current system work from the client/customer perspective much better.

The Chairman: I would like to thank the witnesses very much indeed for your responses to our questions. Tim, you agreed to follow up with some details on the cost to employers of obtaining the tier 2 visa. Also, I was very interested, Sir Peter, in your last set of comments in response to Lord Selborne about the relative costs to the student applying for a visa compared to other European countries and the United States. If you have any comparable data to hand, it would be useful for us to have that. That would become part of the published evidence. In due course, you will receive a transcript of the session to make

editorial corrections. In the mean time, I would like to thank you all very much indeed for a very helpful session.