



HOUSE OF LORDS

Revised transcript of evidence taken before

The Select Committee on Science and Technology

Inquiry on

INTERNATIONAL STEM STUDENTS

Evidence Session No. 6

Heard in Public

Questions 64 - 81

TUESDAY 18 MARCH 2014

10.40 am

Witnesses: Professor Scott MacGregor, Professor Anthony Finkelstein and Professor Mick Fuller

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Members present

Lord Willis of Knaresborough (Chairman)
 Lord Dixon-Smith
 Baroness Hilton of Eggardon
 Baroness Manningham-Buller
 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

Professor Scott MacGregor, Executive Dean, Faculty of Engineering, University of Strathclyde, **Professor Anthony Finkelstein**, Dean of the Faculty of Engineering Sciences, University College London, and **Professor Mick Fuller**, Head of Graduate School, Graduate School (Research & Innovation), Plymouth University

Q64 The Chairman: Good morning. I welcome our first set of witnesses this morning to this international STEM students inquiry on our last day of evidence-taking. Thank you all for coming. I apologise for the fact that Lord Krebs is absent this morning; he is away in Australia, so you will have to put up with me chairing the session. You are very welcome. If you want to make the briefest of statements, I prefer that not to happen, so please just say who you are for the record.

Professor Scott MacGregor: I am Scott MacGregor and I am the Executive Dean of Engineering at the University of Strathclyde in Glasgow.

Professor Anthony Finkelstein: My name is Anthony Finkelstein. I am Professor of Software Systems Engineering and Dean of Engineering Sciences at University College London. I am a member of the Royal Academy of Engineering standing committee on engineering and training, and a member of UKCRC.

Professor Mick Fuller: Thank you for inviting me. My name is Professor Mick Fuller. I am the head of the graduate school at Plymouth University, I am the chair of the UK Council for Graduate Education and I sit on the European Council for Doctoral Education.

Q65 The Chairman: Thank you very much indeed. I will start with a general question. There has been evidence during the inquiry about a reduction in overseas student numbers, particularly in STEM, and it is STEM that we are particularly interested in. In some countries, there has been a sharp decline in applications and take-up. From your perspective, could you outline what you have experienced in your institutions and your disciplines over the past few

years? Perhaps you could give a reason why there have been any of the changes that you have perceived?

Professor Scott MacGregor: From our perspective, we have certainly seen a decline in students coming from India and from Pakistan. Over the past two to three years, that decline has been approximately 40%. Working with our agents in these countries, we have seen that the students have the clear impression that the UK is not welcoming overseas students. From the agents' perspective, they are having challenges in being able to place students to the UK. There are lots of other markets where countries are very hungry for overseas students, and they are being directed elsewhere. This is not reflective of an overall downturn in the Indian market—in fact, the numbers from India are quite buoyant; it is just that they are not coming to the UK. Over the same period, we were still seeing growth in other areas such as China and Nigeria, so there is clearly an issue that is focused on India and Pakistan and their perception of the UK.

Professor Anthony Finkelstein: At UCL, we have not experienced any downturn. In fact, we have the reverse: we have seen an increase in students across the board from overseas and in STEM.

The Chairman: Is that in all STEM subjects?

Professor Anthony Finkelstein: That is in all STEM subjects. Perhaps it is better to make the following reflection: over the entirety of my career, every year, I have stared intently at figures for applications, from different countries and from different countries. You see all sorts of variations, and it is very difficult to truly understand when you look at those figures what is going on. Is it exchange rates? Is it particular news items? Is it a change in trends for particular subjects? After a long time staring at these things, I determined that the best thing I could do was to deliver the best, most attractive and most interesting courses to the potential students who were available to me. That is because I see myself as in the education business, in essence. If the UK fails to take that perspective and to offer the best entrance experience for students who wish to come and study in the UK, the consequences follow, as can be clearly seen in the national figures. Institutions such as UCL, Imperial College and others may be able to insulate themselves in some ways from that, but ultimately the market always tells.

The Chairman: Are you saying, then, that any downturn is down principally to the failure of institutions to live up to the yardstick that you have just outlined?

Professor Anthony Finkelstein: No, I am saying that it is a failure of the combination: of the entirety of the experience that the UK offers to potential students.

The Chairman: And is part of that not the welcome that we give to students from overseas, particularly in India and Pakistan, as Professor MacGregor has commented?

Professor Anthony Finkelstein: It is from the moment they google "UK visa".

Professor Mick Fuller: Having looked through the written evidence that you have been sent and some of the transcripts that you have had so far, there is quite a lot that I would agree with in what has been presented to you. With my UK Councils hat on, I can say that we feel that a lot of institutions are reflecting the problem that you have identified, particularly from the Indian subcontinent, and I think the figures stand up to that. At my institution at Plymouth we have also seen a decline from that area of the world, the Indian subcontinent, particularly in electrical engineering and computing. Again, a decline of recruitment numbers

of 50% is not atypical. However, I would say that for our postgraduate students—our PhD and research master's students—we have seen the opposite trend. That is because in the past five years we have set about a strategy to double our research student numbers, from 500 to over 1,000, and we have just achieved that. So we have seen a positive growth in our international student numbers, particularly in STEM subjects. One of the reasons for that is that we have had a positive approach, which I will say more about later if there is time, in working in partnership with institutions in developing countries in particular, where we will make an offer to that particular institution that articulates students into our programmes, rather than sitting back and waiting for cold-call applications, if you like. Our particular growth has been focused on the Middle East, so our Middle Eastern students, coming particularly from post-conflict Iraq, from Saudi Arabia and from Egypt, have been where our growth has been. We have made more penetration into Saudi Arabia, too.

The Chairman: Professor Fuller, do you feel that the quality of the students that you are attracting, given some of these major dips, is declining?

Professor Mick Fuller: I would not say that the academic quality is declining. In fact, for many of our academic supervisors, who are perhaps taking up two, three or four research students from the international arena for the first time, there is a certain amount of nervousness, but mostly they are actually pleasantly surprised at how good those students are. That is on academic ability. There is definitely an issue associated with their English language ability and, in common with many institutions throughout the country, we are offering pre-session English language training to bring students up to the required level. I welcome the bottom that has been put into the market by the UKBA (the UKVI), saying that if you want a tier 4 visa you have to have an entry level of an IELTS equivalent of 5.5. That has helped us in some respects, because it gives students the clear message that that is what they have to achieve. If they do not have that level, they come on the pre-session course to get themselves up to the minimum requirements.

Q66 Lord Wade of Chorlton: To follow on from some of the comments that you are making, as you are suggesting that there is a range of issues that we need to consider here, how much does cost come into it? Are we in a position to attract particular students by the way in which we can offer them bonuses and benefits of some kind or another? Are the universities across the world that we are in competition with able to offer attractive deals to people to get the top-quality students that they want?

Professor Mick Fuller: I am happy to start on that. In terms of cost, there is a huge premium on the status of obtaining a qualification in the UK. It is seen as a gold-standard qualification, and many students will invest hugely in their own futures. Most of our students are sponsored by their Governments through scholarship schemes back home, and huge amounts of money are going into those schemes, but those students often fork out quite a lot of money for their student visa applications or their family visas, and they are prepared to make that investment. Typically, a student who is coming to study for a PhD and bringing their wife and one or two children is investing several thousand pounds in these applications. In terms of whether that puts people off, or whether people are going to be able to compete in that marketplace, it is clear to me from my European committee meetings that lots of our European mainland competitors are now offering PhD courses, even master's degree courses, that are delivered in English, and the thesis will be in English. The "Englishness" attraction has been put out there as an attractor for them.

The Chairman: Can you keep to this point about the price?

Professor Mick Fuller: Sure. They are not putting a huge fee on the studying, and they are offering a scholarship as well. They are quite a lot cheaper than the UK.

Lord Wade of Chorlton: So it comes down to money in many cases.

Professor Mick Fuller: Indeed.

Professor Anthony Finkelstein: It also comes down to the length of study. The UK enjoys a competitive advantage because of its one-year intensive PGT master's programmes, which is one of the key competitive advantages in our buoyant position regarding master's programmes.

The Chairman: Sorry, you are saying that we are in a buoyant position as far as taught master's are concerned? The stats do not seem to echo that, do they?

Professor Anthony Finkelstein: I speak purely from the point of view of my own institution. In a tight global economic position, one can expect that master's degrees are always going to be a squeezed portion of the market.

The Chairman: Professor MacGregor, could you briefly answer Lord Wade about whether you feel that price is the key component?

Professor Scott MacGregor: I do not believe that price is a key component. Over the past two to three years we have increased our fees by 30% and grown our international numbers, albeit not from India and Pakistan, by about 30% as well. If a student can afford to pay £15,000, they can afford to pay £17,000. I do not believe that we are going to maintain the quality of education in the UK by being the cheapest.

Q67 Baroness Sharp of Guildford: I have two questions, one of which is for Professor Finkelstein. The implication to some extent of what you were saying is that there are some institutions in the UK that, in order to make up the numbers that they may have lost from India, are pulling in students on other courses, such as business administration, where they can do so relatively easily, thereby in some senses lowering the standards. Am I right that you are certainly not doing that and that UCL can more or less take its pick, but that perhaps some other institutions are?

Professor Fuller, the evidence that we received from the NUS indicated that the drop in numbers going to further education colleges and language colleges was very steep indeed—80%—and that there had traditionally been something of a follow-through from these colleges going on to universities in the UK, perhaps particularly the million-plus universities. I wondered whether Plymouth had experienced that at all and whether you could talk about that sector.

Professor Anthony Finkelstein: My assumption is that institutions will adjust their admissions to meet the market. Sometimes that means shifting numbers from subject to subject, within your capacity, and sometimes that means changing admissions standards, as long as you do not drop below what is practically teachable for the subject. That is straightforward management. Interestingly, I suspect, some of the differentials in the numbers that we are seeing between different subject areas arise, because of the different distribution of those subject areas across the institutions in the UK. I cannot give evidence, but I suspect that computer science seems to be relatively hard hit because it is much more

broadly represented as a subject across the sector than, for example, high-cost areas such as chemical engineering.

Q68 Lord Rees of Ludlow: I would like to follow up on Professor Fuller's remark about the competition from mainland Europe providing courses in English. To what extent does the recruitment depend on propaganda by individual universities abroad rather than on generic support for the UK education system?

Professor Mick Fuller: Shall I answer this first, Chairman?

The Chairman: I know you wanted to respond to Lady Sharp as well. Please answer both at the same time, one after the other.

Professor Mick Fuller: You mentioned the NUS and the drop in the number of further education students and asked whether that was an issue for us at Plymouth. This is associated a little with the second question, so I will try to wrap them together. We find that our strongest recruitment flow is through partnerships and our own agents, who are retained by us and are on commission. We work with an international organisation called Navitas, which has a presence on campus, and we bring students into both master's and undergraduate courses through that route. There is a flow from what I would call the open market, the FE English language schools, and we look at those as what I would call a cold application. An application comes in, and if a student has the required English language certificates and levels, they enter the admissions process in the normal way. We at Plymouth have a large partnership network with FE colleges, and we work with some of those in those ways, but partnerships are our preferred model; we prefer to work in that way.

I do not think we would say that the point the NUS alluded to in its transcript when it was here has had a major effect on us. Of course it has had some, but we could not say exactly at what level. We prefer partnership, and that would be our model in the future, because we get trust, we build up confidence, we begin to guarantee flow, and it is more sustainable.

Lord Rees of Ludlow: Professor Finkelstein, does UCL bang the drum loudly abroad to get this strong influx of students applying?

Professor Anthony Finkelstein: I would say moderately loudly. We try to balance up two things: we make quite sure that our reputation is broadly understood abroad, and we engage in a programme of marketing. My sense is that students have an instinct to study a subject. They look around to choose the best place to study that subject, and they might have a range of potential global destinations in mind. Then it is very much a matter of their experience of securing a place and the offer that institution, in that country, is able to make to those incoming students.

My personal experience is that it is important also to remember that the applicants at undergraduate level are young people, and barriers that might seem to us as experienced adults as the sort of thing that we are ready to surmount on a regular basis press on young people much harder than we might judge reasonable.

The Chairman: Banging the drum is more difficult for Scotland at the moment, is it not?

Professor Scott MacGregor: They just have to bang it harder because of the distance.

Professor Anthony Finkelstein: They have other musical instruments at hand.

Professor Scott MacGregor: In general we have about 1,000 overseas students in the faculty at Strathclyde. They are more or less split 50:50 between what we call articulation programmes, which are run in partnership with overseas institutions that we have worked with for maybe the past eight to 10 years on specific programmes of study, and the RESPONSE mode. On an articulation programme, the students will study for two years overseas, and will normally join Strathclyde in the third year and complete their undergraduate degree. Quite often they will stay on for a master's or a PhD. The RESPONSE award is about raising your visibility, promoting the areas that you have, and your international reputation, working with agents as well. There is an element of beating a drum on that.

The Chairman: Lady Manningham-Buller, do you want to come in on this issue?

Q69 Baroness Manningham-Buller: Not on this particular one, but my question is related. Very briefly if you would not mind, because there is a lot that we want to get through, I would be grateful if each member of the panel told us why international students are important to you. What words would you use to say why STEM students were important to your university?

Professor Scott MacGregor: We have a different funding arrangement in Scotland. We are capped, and we do not have fees for students. International students provide a valuable resource that we can invest in our programmes to make them viable for our home students. They also provide us with the opportunity to build a research capacity and international relationships, which will leave a legacy for the institution.

Professor Anthony Finkelstein: UCL's letterhead says, "London's Global University", and that is what we intend to be.

Baroness Manningham-Buller: I declare an interest as chairman of Imperial in that case.

Professor Anthony Finkelstein: A global university means educating global talent, with a view to providing the people who can address big global challenges: challenges of food, water, security—things we all care about. That comes through providing educated students.

Professor Mick Fuller: I would echo those two points really. Basically they bring diversity to the institution, which is fantastic. They bring different ambition to the student body, which I think is also very good. They help us to build our research reputation and to extend that into partnership, as we have just heard, and, of course, they are in effect an unregulated market, so the university can expand into whatever opportunity is provided for us. That is a big opportunity.

Professor Anthony Finkelstein: Absolutely. They pay the bill, and every overseas student on a UCL engineering course basically turns round to the home student next to them and hands them £7,000 every year. That is what is happening.

The Chairman: We will leave that in the air at the moment. A number of people still want to ask questions on this, and we are fast running out of time, so can we be as brief as possible?

Q70 Lord O'Neill of Clackmannan: Professor MacGregor, do you find that the traditional Scottish four-year honours degree, which has now been paralleled to an extent in some English institutions, can be a problem for undergraduate recruitment from abroad in the sense that people have a four-year rather than perhaps a three-year course to take?

Professor Scott MacGregor: Thus far we have not found that to be a problem. A lot of our articulation agreements are with partners in England. We partner Manchester University and Bath University, and we are extremely successful in attracting good-quality students to Strathclyde. So I do not believe that there is a disincentive there. As you might know, we also have a five-year MEng degree in Scotland. Again, students overseas do not necessarily recognise an MEng and are very keen on doing a BEng undergraduate programme, and if they wish to move forward they take a separate MSc, which of course they can do.

Professor Anthony Finkelstein: Can I just confirm that it is also our experience that overseas students tend not to opt for four-year MEng programmes and opt instead for a BEng and a separate master's degree, with consequent visa implications, of course.

Professor Scott MacGregor: Just for clarity, there is one-year difference between England and Scotland.

Q71 Lord Dixon-Smith: We hear a great deal about the international competition for students, and I want to introduce a slightly different aspect of competition because we have heard nothing about it. How far do you work together to attract students as UK Limited, as you might say, and how far are you, as institutions, competing each other and therefore, perhaps, not using resources as efficiently as you might if you were all working together?

The Chairman: The question is basically about competing and not working together. Professor Fuller.

Professor Mick Fuller: Universities UK works on behalf of all universities in the country, and its international unit gives a consolidated front. The British Council also does a huge amount of propaganda-type work for us, putting our brand out there for UK plc, and I think it does a fantastic job, too.

In terms of how we work in consortia or otherwise, yes, there is definitely a degree of competition, but there is a huge amount of business, and that business is growing, so however you go about it you can find compatible partners that are similar to your own university and its aims, ambitions and mission. You feel comfortable partnering them and building that strategically, and that, as I said earlier, is our preferred model.

Professor Anthony Finkelstein: Indeed. "Co-opetition" is the phrase I have heard. The important work of groups such as the Sterling Group should also be mentioned, which bring together engineering faculties across the UK with similar interests.

Lord Dixon-Smith: So you are saying in effect that any external person from whatever part of the world you would be likely to bump into would have a pretty similar approach to whatever he was interested in. There is no competition once you are, shall we say, beyond our national borders.

The Chairman: A yes or no answer.

Professor Scott MacGregor: Both. Of course there is competition, but there are also times when some of these strategic relationships are actually partnerships with universities in the UK. Some of Strathclyde's relationships are like that. One of the benefits of that relationship is that when these agreements are being extended and evolved, you can bring key elements from different institutions to make it really attractive and distinctive.

The Chairman: Lord Peston, you have been very patient.

Q72 Lord Peston: I have two questions. One is about cost per se and the other is cost-related. If I can reflect on when I was an overseas student, Fulbright paid my return fare, the university gave me a fellowship that covered all fees, which were nominal in those days anyway, and some subsistence, one of the professors took me on to his research project and paid me, and the university gave me some teaching to do, so for the first time in my life, having graduated, I was rolling in money as an overseas student. Now, from your point of view, that has all changed. Universities are now in the overseas student business, from which they expect to make money. Am I right in interpreting what goes on in that way: that they expect overseas students to generate some net income—we heard evidence of this sort last week—so that you can have the courses and do other useful things that you want to do? Would that be a correct interpretation?

Professor Mick Fuller: I am prepared to start with that one, if you like.

The Chairman: Please be brief.

Professor Mick Fuller: International students pay the cost of the course that they come to study. For PhD students, the cost is still probably not enough, and the university helps to cross-subsidise all international and home students. On postgraduate taught courses, yes, there is a certain amount of cross-subsidy, because there you can expand the size of the intake, and the more you have the more viable the course becomes, but we do not go into the international arena to try to make money; we go in for other reasons.

Professor Anthony Finkelstein: My sense is that that interpretation is not entirely correct. I expect some PGR students to pay their costs and more, but they are also part of our research engine, which has other larger benefits. For example, I offer—let us put it this way—‘favourable deals’ to people who hold China Scholarship Council scholarships, which do not cover the full amount of the fee. I will do anything I can to get super-talented individuals to come here. I hope I do not leave them rolling in money, but I hope I do enough to get them here.

Lord Peston: I went from being skint to being able to pay my bills. That is what I meant.

Professor Scott MacGregor: At undergraduate level, all overseas students pay their fees, and we use that resource to invest in undergraduate programmes for everybody’s benefit. At postgraduate level there is a combination. Some courses are very international. Ocean and marine engineering is a very international course that can never be sustainable in its own right with home students, so we need to have a mix of students on that course to make it viable. At postgraduate level, just about all our overseas students have some form of scholarship or sponsorship. It changes as you move up the education level.

Q73 Lord Peston: My other question, which is cost-related, is whether you discern, either in your own institutions or others you know about, that because there must be some cost problem, students are moving towards more practical subjects that relate more to income-earning and away from pure mathematics, for example, which might not have the same practical element. Have you seen a change in what they want to study as a cost-related phenomenon?

Professor Mick Fuller: I have not seen that. I would say that the Governments who are sponsoring those students have set out in government policies how they want to develop STEM subjects, and they are still there. They were very practical courses in the first place.

You need mathematics for driving your STEM subjects once you are in the development phase, so I would still consider that a practical subject.

Professor Anthony Finkelstein: Undergraduate programmes are driven by larger subject trends, so there has been a rise in mechanical and chemical engineering and a drop in electronic engineering, reflecting greater concern with issues such as energy and sustainability and a broader outlook like that. My sense is that PGT is quite vocationally driven. Students are doing taught master's courses because they see a specialist education as driving their employment possibilities. My father told me that doing a postgraduate research degree only decreased my chances of a higher income when I started it. He was right, and I suspect that that is the attitude of most people taking a PhD.

Professor Mick Fuller: Could I put a rider on that? I think that for international students it is the opposite: it is their guaranteed way to improve their finances once they get back home.

The Chairman: I am going to leave it there. Lady Perry, you have the last word on this question. Then we have to make up some ground.

Q74 Baroness Perry of Southwark: It is a really quick one. Staying with the money theme, I know that women in STEM subjects on the whole are always slightly underrepresented, but have you noticed any change in the gender balance? Are people sending fewer of their daughters than their sons?

Professor Scott MacGregor: I think there is a big increase in the number of women coming from China, for example, who are studying engineering. Perhaps that is a reflection of the one-child rule per family, where there is only one person to invest in, but still we are seeing those students picking engineering as opposed to some of the other subjects.

Professor Anthony Finkelstein: Rather ironically, I blogged this weekend and the blog was entitled "Flatline", which describes the current gender situation in engineering, which is basically that in everything we do the basic gender proportion has remained more or less unchanged, at roughly 14% at entry and 9% in the profession. It is very interesting that there are big national differences in this. You might see an effect because of those national and cultural differences, but they are at the margins. There remains a massive problem for the whole sector to deal with.

Baroness Perry of Southwark: Is the 9% figure for females?

Professor Anthony Finkelstein: In technical roles in the engineering profession, it is about 14% at entry across the core engineering and technology subjects.

Professor Mick Fuller: From our experience of recruiting from the Middle East in the past five years, we have been amazed at the proportion of women coming forward to study PhDs. We expected it to be 10% but it is much more like 40% to 45%. That shows the open-mindedness of the sponsoring agents, which are normally the ministries for higher education in those countries, which are adopting a diversity and equality policy at selection for scholarships. I am really encouraged by that.

Baroness Sharp of Guildford: That increase has come from international students?

Professor Mick Fuller: Yes. It may be reflected better there than it is among domestic students.

The Chairman: We have had a terrific run at the first question today, so we are going to have to make up a bit of ground.

Q75 Lord Rees of Ludlow: I would like to focus a bit more on the Immigration Rules and the impact that they are having. Could you comment on how important they are compared with other effects, and try to distinguish between the effects of the rules themselves, the perception of the rules in overseas countries and the implementation of the rules, perhaps sometimes insensitively, by the officials whom the students encounter?

Professor Mick Fuller: Again, I am quite happy to start. I think that the rules, and the changes that we all know about over the past three or four years, have had quite a big effect on the market in terms of how they look at us, but in response to that the universities themselves have invested hugely in protecting or encouraging those students more than they ever did before. I tried to do a back-of-the-envelope calculation, and I think that the universities are investing between £5 million and £10 million a year just to be compliant with the new regulations. They have upped their game in terms of their advice to international applicants, and to the students once they get here about the renewal of visas. It is now an accepted part of the universities' profile and strategy to be able to do that. However, it is very clear that you need to give a lot of advance notice to students so that they have plenty of time to put the applications together for the ATAS and then the CAS, and then get their visas. Of course, the biggest problem is that if you have a taught course, whether it is undergraduate or postgraduate, it has a set start date. Trying to hit that start date at the right time is incredibly difficult for some students. Postgraduate research has more flexible entry dates: at our university, we have three entry dates, so they just roll forward to the next entry date if they do not get their visa in time. This is part of learning what the regulations are and becoming compliant. The universities need to be applauded for the way in which they have tackled this issue. However, there is a perception out there that it is much more difficult, and there is no doubt about that. Particularly in India, there was a contagion effect: the notion that the UK was closing its borders and becoming much more difficult about entry went around India like wildfire, and it led to the big decline that we have seen. In other areas, I do not think that it is quite such an issue; it is just a matter of starting earlier and making sure that your timeline on application is pump-primed, and that requires a lot of work from us.

Professor Anthony Finkelstein: I do not know whether it is possible to unwind those different effects. Then you have the second-order effects—the possibility of their changing the regulations, the perception of the regulations and the way in which they are transmitted to students. Basically, the whole thing binds together. For certain, an improved mechanism for delivery and method of presentation would make a substantial difference. I also think that the ways in which errors are handled, and the anecdotal evidence that I have received from people suggests that they are not infrequent, could be substantially improved. You have to make only a small number of mistakes for these things to have large-ripple consequences for the reputation of the UK and for the psyche of the applicants.

Professor Scott MacGregor: I agree that the change in rules is making it administratively challenging for institutions to stay up to date, particularly when the rules can change three or four times a year with immediate effect. This also has an impact on the time that it takes to process an application through an agent system. In quite a lot of the competition that is coming in now, we have agents that are working with the UK but also working with Canada

and Australia, and if it is easier to put students through those routes we can suffer as a consequence. Over the past few years, the number of overseas students has increased considerably. The difficulty that we have just now is being able to detract the impact of the change in regulations from what was an increasing number of students. It might be that, had we not changed the regulations in the way that we did, the increases could have been even greater, but that is very difficult to discern from the data. One aspect of this is that, from the students' perspective, if the students are not overly enjoying the application process they share that experience with other students. That has a negative impact. Anything that we can do to streamline the process as much as possible will be beneficial.

Lord Rees of Ludlow: I think that is very important, but another issue is that students have to report to the police when they are here. In its evidence, the National Union of Students said that this caused quite a bit of aggro in some cases. Do you have any comments on that?

Professor Scott MacGregor: I do not get the feeling that this is causing a problem, provided that the induction for the new students is done properly, and quite often the institutions organise that. I know that when I go overseas I have to report and hand in my passport, and that even if I do not hand my passport in and want to stay locally I still have to report to the police station. There is a balance to some of these things, and if they are handled correctly, students will not feel as if they are being persecuted.

Professor Anthony Finkelstein: I understand that perhaps this year and last year the situation with police registration was changed. After the situation where there were appalling and chaotic scenes outside registration places in London, it has now been changed so that institutions handle the largest part of that responsibility. I am told that those problems are no longer as serious as they were.

Professor Mick Fuller: I will follow-up very quickly on that. Again, this is about communication, the induction of students and how you handle them. If you pick them up from the airport and bring them in, you can put them through the process. We have had incidences where the police have taken their passports away for processing but have not given them back for seven days, and of course students cannot open a bank account unless they have their passport so they then cannot draw down their money, so then we have to lend them money for the first week for them to live off. That is just a matter of putting the process right, and that is part, as I have said, of our enhanced handling of international students through the processing system.

Q76 Baroness Sharp of Guildford: I wanted to ask about the Academic Technology Approval Scheme. I gather that in 2010 that took 10 weeks to process and now it takes something like nine months, and this has hit some graduate students. I wonder if you have any comment on this.

Professor Scott MacGregor: I do not think that this is overly problematic. I think there will be one or two instances where there has been an issue, but by and large this is part of the process. That may also be due to the fact that at Strathclyde University we take in PGR students all year, so there is not the same timing restriction. There might be an indication with other institutions if they take in students only for a finite time. By and large, I do not think this is overly problematic, although the quicker that we make the process, the better the experience of the students.

Baroness Sharp of Guildford: That affects only students from particular countries, does it not?

Professor Anthony Finkelstein: And particular subject areas. Our experience has been that the system basically tends to break over the summer. I am told that nominally there is a service standard of four weeks, but over the critical period of the summer it can stretch out to as long as months—three months was the number I was given by the people in our team responsible for this. That is just long enough to cause knock-on consequences with the visa scheme, all for a relatively small number of rejections. I do not think it is beyond the wit of man to devise a better scheme to handle this.

Baroness Sharp of Guildford: Can they appeal against rejection?

Professor Anthony Finkelstein: Not to the best of my knowledge.

Professor Mick Fuller: I echo the same things. At the very beginning, it was because this area was handled in a different office and they had an impenetrable firewall around it; you could not penetrate it to get inquiries through. The process is not terribly onerous, though; we just have to start it a lot earlier in the application cycle. So long as we in the universities are alerted to it, it is only a matter of a few sentences to get that clearance through in most cases. I think that we have had only one rejection.

Baroness Sharp of Guildford: What is your view of indications that delays have increased over the course of the past few years, rather than the other way around?

Professor Mick Fuller: I interpreted that as applying to the post-study group, where you might have to get ATAS clearance for your post-study work—you might have only a couple of months to clear that and it might take nine months. For a PhD student, though, who might be a year or two years in getting their application before admission, it is not such a problem.

Q77 Earl of Selborne: My question is to Professor Finkelstein. Earlier you said that the first issues arise when a potential student googles “UK visa”. That suggests that the first impressions are unfavourable. What would be feasible to change these first impressions?

Professor Anthony Finkelstein: My sense is that we need an overall change almost in mindset, and that needs to be reflected in the materials, in the way in which processing is handled and in the way in which inquiries are dealt with—an approach that foregrounds the fact that the UK is in the business of providing education and aspires to be the destination for the world’s best talent. It needs to start with almost that sort of approach throughout the materials, giving people who might potentially want to come to the UK the experience of a place that is welcoming of enterprise and of talent. At the moment I do not think that the way we approach these things, from the framing of the regulations to the publicity around them—

Earl of Selborne: This sounds as though it is the responsibility of the Home Office.

Professor Anthony Finkelstein: I would not like to comment on that.

The Chairman: Oh, go on.

Professor Anthony Finkelstein: I think it is the collective responsibility of government, working in partnership with institutions.

The Chairman: The Home Office is the lead on this, surely. It sets the regulations. No, I am going to leave that because I will get told off by the clerk.

Q78 Lord Patel: My question is about the visas related to post-study work. Arrangements for post-study work are going to change from the current route to the new tier 2 visas. Can you tell us briefly what effect this is likely to have on students, employers and, for that matter, universities?

Professor Mick Fuller: There is no doubt that the change in the regulations regarding the allowance for post-study work affected certain subjects particularly. That has been one of the causative factors in the decline in Indian subcontinent applications and people studying here. For PhDs it is less of an issue, and the fact that it has just changed and is now rolling out is indicative of a lot of incremental changes that it takes institutions and individuals who are thinking about things a long time to understand and implement. From a particularly hard line that was drawn at the beginning to more of a softening and another opportunity, it takes a long time to roll out in the consciousness of both people who are here and people who are in their home countries before they come. It is not an instant fix to say, “We’ve changed it all a bit and now it’s actually a better opportunity”. It will take quite a few years to unravel to a point where we can implement it. It is early days.

Lord Patel: In the meantime, what will be the effect?

Professor Mick Fuller: The effect is that there is now a better opportunity for researchers who are supervising international students actually to begin to plan. However, I think that they are still in the mindset that it does not exist any more. Institutions graduate schools have to promulgate those opportunities back to their supervisors so that they can begin to take advantage of them. The limitations on what they have to earn before they can get a tier 2 visa are also a bit daunting, and the amount of time that they have to think about it, particularly if they are on a master’s course, means that they do not have much time at the end of that course to get a tier 2 visa sorted out and find the kind of finances necessary for a post-study job.

Professor Scott MacGregor: To add to what has been said, students are very discerning when they are going overseas. They can look at the tier 2 situation in the UK and they can look at what is happening in Australia, Canada and even in Ireland. All those systems are much more supportive in providing post-study work opportunities for students coming to the UK. With the tier 2 system, there is no evidence just now to suggest that it is adversely impacting, but nor is there any evidence to suggest that it is positively impacting. You would like to think that the potential advantage of having that approach would be that in key areas where there are skills shortages, high-quality overseas students could fill those gaps for the UK economy. I do not see the current system necessarily facilitating that.

Professor Anthony Finkelstein: I think that is borne out by the evidence that you have heard from employers, which suggests that the current situation is extremely difficult for them. The knock-on consequences are probably pretty self-evident.

Q79 Baroness Manningham-Buller: You mentioned the different lengths of time in other countries—Australia and so on. If we were to get the message across that Professor Finkelstein has articulated for us about attracting international students to this country, what length of time to post-graduation or post-end-of-study do you think would be the optimum one to recommend?

Professor Scott MacGregor: The other markets are all looking at one, two or three years, depending on the level at which people are graduating. Just now we have a four-month

window, which is far too short. It is difficult to say what the optimum time is because you would want to determine what the impact was on the take-up by employers and what the benefits were, but it is clear just now that four months is far too short. My own preference would be to move that to at least a year, if not longer.

Baroness Manningham-Buller: Any advances on a year?

Professor Mick Fuller: Personally I think that the two-year rule was actually very useful, and to go back to that would be hugely healing in this area.

Professor Anthony Finkelstein: My gut feeling is that two years is a reasonable period for professional formation, so I would rather be driven by that impetus. In other words, two years is the right period for someone in an entry-level job to acquire the matching professional skills to link with their education, so I think that that would be the right driver. This might also be something where some market research could give some answers.

Q80 Lord Wade of Chorlton: This is more of a comment than a question, but I am interested in how you will react to it. Having listened to all your comments today and those that we have heard before. I am left with an impression that you are part of an international, changing industry—many of which I have associated with in my lifetime, from the food industry to the engineering industry and the clothing industry—that is suddenly facing a changing world, where attitudes are changing among customers, in the Government and even in the regulations. All these other industries are continually adapting. From a university point of view, you have to decide how you want to adapt. Either you see yourselves as separate businesses, each one within the major field of education, and you want to attract new customers and ensure that you are still making money, and the Government are a part of that, so you decide whether you can do it as a business, and I would have thought that in many instances maybe you could do it as an individual business—“I am going to adjust the way that I do business to fit in with this changing world”—or you have to work with others to make it happen because you cannot do it on your own. How do you react to those comments? Do you see the situation in that light, or do you see education as something entirely different from other industries—which, frankly, I do not?

Professor Mick Fuller: As I pointed out earlier, I think we have adapted. We have developed this as a business and, actually, with true business acumen. The effort that we are prepared to put in, and the partnerships that we are prepared to build, have shown just how adaptive we are. A British university not dealing with international students would be a very sad institution. Everyone is investing a huge amount of money and time in doing exactly what you are suggesting.

Lord Wade of Chorlton: So you are agreeing with me?

Professor Mick Fuller: I am, yes.

Lord Wade of Chorlton: Individuals can adapt to a changing world, and it is less a Government's responsibility to adapt to it than it is individual businesses'.

Professor Anthony Finkelstein: Forgive me, I disagree. Yes, there is a component of what universities are that is about our standing as a business—that is not all of what we are because we have a driving social and intellectual mission as well, but it is an important part of what we are—but we are bound in by the regulatory and government framework that can either enable our global success or inhibit it. If we want the UK education business to be a

truly world-winning business—in other words, if we do not want it to look like the UK engineering business or the UK clothing business—we need to make quite sure that we provide the services from government that are necessary for us to achieve that.

Lord Wade of Chorlton: And what are you doing to get that?

Professor Anthony Finkelstein: I thought that was what I was doing now.

Lord Wade of Chorlton: So you want us to do it for you? Are you doing anything other than what we are doing?

Professor Scott MacGregor: From the universities' perspective, Universities UK has pulled the sector together and clearly identified what needs to change in order to support universities moving into the 21st century. Elements of what you say are quite right, but universities are not working in isolation trying to get their own individual needs met. A lot of the requirements that we need to develop are common across the whole sector, and collectively these have been captured by Universities UK. All the universities are supporting what Universities UK is trying to do, and everything that we are saying here as individual representatives is fully aligned with that.

Professor Anthony Finkelstein: Forgive me if I make a short analogy. I am sure that plenty of people around the table here have had the experience of standing in a long line at American customs and immigration. I have to tell you that standing at the back of that line, my thoughts are never, "This is a country that's really open for business. This is a country that cares about and wants to facilitate what I'm here to do". My feelings are certainly nothing like that, and that is the same experience that our students have when they stare at the thicket of regulation that surrounds visas and immigration in the UK.

Lord Wade of Chorlton: That is a personal viewpoint.

Q81 Lord Peston: I agree that I am biased but, viewing this from a national standpoint and asking the question, "What sorts of businesses ought our country to be in?", something that leaps out is that one thing we are very good at is higher education, including research. That is one of the things that we are exceptionally good at. We are probably better still at retailing, which is our great strength, but you cannot export retailing in the ordinary way. However, what puzzles me is that the evidence we have had has been that broadly the Government have not been helpful in promoting a sector of the economy—I know you do not want to say this; I am saying it instead—that brings us enormous prestige and quite a lot of money. Would I be wrong in saying that the Government really ought to refocus themselves in terms of what they are pushing, instead of irritating everyone with complicated systems? Wearing my economics hat, the important thing for the Government to do is to let you get on as well as you possibly can with the things that you can do. Would that be a fair remark?

The Chairman: Does anyone wish to comment?

Professor Mick Fuller: I would say one thing. This is about the business imperative over the security imperative, and I think that the security imperative is winning out in the Government's mind because there is a huge amount of worry and you can never quite understand the security issues. This seems to have been a fairly draconian attempt to control the security of our borders and, because international students were a big flow across those international borders, an element of suspicion was thrown across them that

had to be checked. The consequence is that the business to UK universities has been dented particularly hard in the first year, and we have had to work hard to recover the position, which I think we have, in responding to that situation. There is a time for mature reflection after you have put in a draconian set of regulations, in order to think again, relax and bring the business imperative in balance with the security imperative, and I think that that time is approaching.

The Chairman: Professor Fuller, reflect maturely is exactly what we will do. Thank you very much. I am sorry that we have run two minutes over. I thank Professor MacGregor, Professor Finkelstein and Professor Fuller for a really interesting session. Thank you for your time.