

Helen Hayes MP
Chair, Education Select Committee
House of Commons
London
SW1A 0AA

23rd April 2025

Dear Ms Hayes,

Thank you very much for the opportunity to provide oral evidence to the select committee on 8th April on the financial sustainability of higher education (HE) in the UK. We appreciate the invitation to provide further written evidence.

As the body representing higher education staff working on international education across 147 institutions, our expertise relates to international students' contribution to UK HE. A number of questions were asked during the second panel of the day on international students and we echo the comments made by Dr Hollie Chandler, Director of Policy at The Russell Group, and Rachel Hewitt, Chief Executive of MillionPlus. Our members work across both Russell Group and MillionPlus institutions amongst others. Given the time constraints of the session, please find below further detail on a few key points which we hope will be helpful to the Committee as it considers its next steps.

The value of international students

International students bring huge value to the UK in terms of economic, cultural and soft power benefits – supporting the Government's mission for economic growth and the UK's position on the world stage.

Higher education is one the UK's greatest exports and we are recognised as a leading global study destination. Each international student brings approximately £100,000 of net economic benefits to the country¹. This results in, on average, each parliamentary constituency in the UK being £58m better off because of international students² supporting local businesses and jobs across the country. Universities are often amongst the largest employers in their area and are key drivers of regional development.

More widely, international students play a significant role in supporting global Britain and fostering ties with countries across the world which is increasingly important at a time of such global instability. Over a quarter of countries across the world have a head of state or prime minister who was educated in the UK. As well as fostering global ties, international students enrich the experience of domestic students who may not have had the opportunity to travel.

¹ HEPI, 2023, *The benefits and costs of international higher education students to the UK economy*, <https://www.hepi.ac.uk/wp-content/uploads/2023/05/Full-Report-Benefits-and-costs-of-international-students.pdf>

² HEPI, 2023, *International students boost UK Economy by £41.9 billion*, <https://www.hepi.ac.uk/2023/05/16/international-students-boost-uk-economy-by-41-9-billion/>

In terms of university finances, international student fees subsidise domestic student places, world-leading research and the delivery of high-cost courses such as in STEM subjects. The Migration Advisory Committee report on the Graduate visa found that it is *“helping universities to expand the range of courses offered while making up for financial losses on domestic students and research.”*

As outlined by the Migration Advisory Committee report³, universities make on average 31p for every pound spent on teaching international students, whilst domestic teaching makes an 8p loss for every pound spent.

To clarify a point I made during the evidence session, international fee income generates 45% of the total **fee** income for universities, this relates purely to tuition income. In terms of total university income, international fees account for 22% for those ranked in the global top 100 and 23% of total income for those ranked 1,000+.

Any further decline in international student numbers will impact universities’ ability to support domestic student places, limit student choice in terms of courses, as well as lead to reductions in world-leading research and development.

In addition to their contribution to university finances, international students also support the NHS through paying an annual health surcharge. In 2022-23, this was £470, equating to a cash injection of £357 million based on total international student enrolments of 758,855 that year⁴. In February 2024, an increased surcharge came into effect of £776 for international students – a 66% increase - and £1,035 for those on the Graduate visa. It is estimated that this now equates to over £500 million per year for the NHS⁵. The international student population is typically healthy, and many students also have full private health insurance. The surcharge therefore represents a significant contribution to the NHS that outweighs the use of services by this young demographic.

The latest international student recruitment figures

Policy turbulence over the last couple of years has had a significant impact on the number of international student numbers studying here and the UK’s position as a leading global study destination.

Our latest member survey found that 80% of universities reported a decrease in post-graduate enrolments from international students for 2024-25 compared with the previous year. Overall, the number enrolling is down 20%. The reduction in postgraduate applicants is much higher in countries such as Nigeria (-65%), India (-34%) and Pakistan (-31%).

³ Migration Advisory Committee, 2024, *Rapid Review of the Graduate Route*, https://assets.publishing.service.gov.uk/media/6745b2eecd295aea88098b6/MAC+Rapid+Review+of+Graduate+Route+-+FINAL+Nov+24_1_.pdf

⁴ HESA, 2025, *Higher Education Student Statistics: UK, 2023/24, figure 9 – HE Student enrolments by permanent address*, <https://www.hesa.ac.uk/news/20-03-2025/sb271-higher-education-student-statistics/location>

⁵ James Pitman, 2024, *When is an immigrant not an immigrant?*, <https://www.hepi.ac.uk/2024/10/02/when-is-an-immigrant-not-an-immigrant/>

This is echoed in Universities UK International's International Student Recruitment Survey published earlier this month⁶, which found that 80% of respondents did not meet their international student recruitment forecast for September 2024.

Whilst the latest Home Office statistics show that main study visa applications were up in January 2025 from the previous year, this doesn't show the full picture in terms of student flows. Overall in the year to January 2025, there were 411,100 main study visa applications to the Home Office, compared with 472,100 in the year to January 2024, a 13% decline.

The increase in January starts might also be as a result of increasingly staggered enrolment dates and students choosing to delay starting their study – we have seen that they are changing their behaviour and spending longer considering their destination.

We haven't yet received data for January enrolments from our members, but we are expecting it to be flat against last year, which is in itself a significant drop from 3 years ago. We can provide this data to the Committee in due course.

As I said on the day, in the context of global volatility in which student visas are being terminated in the US and upcoming elections raising uncertainty around international student policy in Australia and Canada, there is a significant opportunity for the UK to position itself as the stable and welcoming choice among the 'Big Four' study destinations.

Recent research⁷ has shown a 38% decline in international postgraduate interest in the US from January to March 2025.

The Graduate visa

During the three panels the impact of policy instability on international student recruitment was mentioned by several witnesses. This is particularly the case in terms of policy around the Graduate visa (also known as the graduate route). As your Committee will know, in early 2024 the previous government launched a review of the visa which enables students to stay in the UK for 2-3 years after graduating and look for work without any salary restrictions or sponsorship.

The Graduate visa is a key part of the UK's attractiveness as a study destination through providing the opportunity for a first job in the UK which translates to significantly increased employability for international graduates. Our international competitors offer similar work opportunities.

The review caused significant instability in the sector as the visa was widely expected to be scrapped in the context of an increasingly hostile debate on migration in which international students had become wrapped up. It also followed restrictions on students bringing family members in the vast majority of courses, which took effect in January 2024, and an increase in the salary threshold for the Skilled Worker visa.

⁶ The Pie News, 2025, 80% of UK universities miss recruitment forecasts, <https://thepienews.com/80-of-uk-universities-miss-recruitment-forecasts/>

⁷ Study Portals, 2025, Rapid changes in student demand as the US loses market share, <https://studyportals.com/articles/rapid-changes-in-student-demand-as-the-us-loses-market-share/>

Following the Migration Advisory Committee finding that there was no widespread abuse of the Graduate route, as it had been instructed to look into, the Government ultimately decided to keep it. However, the uncertainty combined with the other changes to migration policy, had a significant impact on international student numbers.

The vast majority of international students are post-graduate - 71% of postgraduates are international compared with just 17% of undergraduates. At the time of the review, 9 in 10 universities reported a decline in postgraduate applications.

Today, the Government's positive rhetoric around international students has been welcomed by the sector, however, this needs to be matched by supportive policies. There is still significant uncertainty given speculation around what measures may be included in the Immigration White Paper, due to be published imminently. Any further restrictions on international students will damage the UK's global competitiveness and have a significant economic impact both on university finances and on towns and cities across the UK.

As part of the forthcoming updated International Education Strategy, also due imminently, we are urging the Government to provide clarity and stability to the sector with a firm commitment to maintaining the graduate visa in its current form.

If there is any further information that would be useful for BUILA to provide or any further questions on my comments during the session, please let me know.

Yours sincerely,



Andrew Bird
Chair

The British Universities' International Liaison Association (BUILA)