

Written Evidence Submitted The Campaign for Science and Engineering (CaSE)

CaSE's submission will address the following terms of reference:

- *The impact of international students on university funding*
- *The likely impact on international student numbers of recent changes to student visa conditions and any proposed changes to the Graduate Route*

May 2024

The Government's ambition for the UK to become a science and technology superpower is one that we strongly support, and we welcome the Prime Ministers statement on 13 May that he wants to "make science and technology our new national purpose". To achieve these aims, we need the best international students conducting research in the UK and our universities must be at their best. The Campaign for Science and Engineering (CaSE) is pleased to see that the committee is investigating the numbers and crucial contribution of international students in English universities.

Research is a global endeavour, and universities need the best talent to attract external investment in research (e.g. through charitable and international funding grants), which includes the vital contribution international students provide in increasing international collaboration and knowledge exchange. Beyond the benefit that international research students themselves bring to university research, the tuition fees of overseas students are also critical to the financial stability of research-intensive UK universities.

The loss of subsidy as a result of restricting international students could in turn reduce the quantity and variety of research conducted in the UK, as well as hinder the flow of new ideas and innovation into the system by restricting the number of postgraduate researchers a university can support. Universities already report a reduction in international applicants, with recent immigration policy changes serving as a deterrent and reducing overseas student numbers. If this trend is to become entrenched by further immigration changes restricting the international student population in the UK, then it is imperative that other measures be urgently introduced to mitigate the financial impact on our research-intensive universities.

The impact of international students on university funding

There has been recent focus on the financial pressures facing universities, and these will be exacerbated by the changes to immigration rules making international students less likely to come to the UK.

The financial pressures facing the UK's universities are stark. The recent report by the Office for Students states that universities "are forecasting deterioration in the short- to medium-term financial outlook. Their data returns show that the sector's financial performance was weaker in 2022-23 than in 2021-22, and is expected to decline further in 2023-24, with 40 per cent of providers expecting to be in deficit and an increasing number showing low net cashflow" and that some "will need to make significant changes to their funding model in the near future to avoid facing a material risk of closure."¹

¹ [financial-sustainability-report2024.pdf \(officeforstudents.org.uk\)](#)

Furthermore, to achieve the Government’s ambition for the UK to become a ‘science and technology superpower’ the UK’s universities must be at their best. In towns and cities across the UK, these institutions are doing the cutting-edge research that will improve people’s lives and livelihoods, create new jobs and future industries, and drive the economic growth that will pay for our public services.

As highlighted by the recent Migration Advisory Committee report, cross-subsidy of research from teaching budgets is common, especially from international student fees², and shortfalls in funds for teaching provision and a reduction in international student numbers affect the amount of money available for research. UKRI commit to providing 80% of the Full Economic Cost (FEC) of their research grants³ but in 2021-22 this figure was 68.7%⁴. This would be a substantial sum: universities invested £5.6bn to research in 2021⁵. It is concerning that the MAC stated that “we have had no indication in our discussion with Ministers ... that there is any plan in place to address this structural under-funding [of Universities]”⁶. Universities must achieve a sustainable financial model across both their teaching and research activities.

If the Government continues to take actions that restrict the international student population in the UK, then it is imperative that other measures be urgently introduced to mitigate the financial impact on our research-intensive universities.

The likely impact on international student numbers of recent changes to student visa conditions and any proposed changes to the Graduate Route

There have recently been a series of changes to the UK’s immigration system designed to restrict net migration, including changes to student visa conditions and associated costs. These changes include:

Date	Change or announcement
4th October 2023	Application fees of the overseas student visa increased by 35% (from £363 to £490) ⁷
1st January 2024	Reduced eligibility for dependents of students. Students starting a course on or after this date are only permitted to bring dependents if they are studying a research-based postgraduate degree (PhD or other doctoral qualification) or on a government-funded scholarship ⁸
6th February 2024	The discounted Immigration Health Surcharge rate increased from £470 to £776 per student per year (a 65% increase) ⁹
14th May 2024	The Migration Advisory Committee published its report on the Graduate Route visa, following a rapid review, which recommended that the Graduate Route visa be retained in its current form ¹⁰ .

² <https://www.gov.uk/government/publications/graduate-route-rapid-review>

³ [Principles of full economic costing \(FEC\) – UKRI](https://www.officeforstudents.org.uk/media/38ff3e23-b29b-4b43-a9e1-8f58fc0fb492/annual-trac-2021-22-sector-summary-and-analysis.pdf)

⁴ <https://www.officeforstudents.org.uk/media/38ff3e23-b29b-4b43-a9e1-8f58fc0fb492/annual-trac-2021-22-sector-summary-and-analysis.pdf>

⁵ <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/bulletins/ukgrossdomesticexpenditureonresearchanddevelopment/2021>

⁶ <https://www.gov.uk/government/publications/graduate-route-rapid-review>

⁷ <https://www.gov.uk/government/publications/visa-fees-transparency-data>

⁸ <https://questions-statements.parliament.uk/written-statements/detail/2024-01-30/hcws222>

⁹ <https://researchbriefings.files.parliament.uk/documents/CBP-7274/CBP-7274.pdf>

¹⁰ <https://www.gov.uk/government/publications/graduate-route-rapid-review>

The detrimental impact of these visa changes on the attractiveness of the UK to international students is already starting to be felt. Home Office data already shows that 44% fewer students and dependants applied for sponsored study visas in January-March 2024 than in the same period last year¹¹, and the Russell Group reported a decline in international postgraduate taught (PGT) applications, with an average of 10% fewer starting in Sept 2024 compared to this time last year¹². Given the full effects of recent announcements and changes are continuing to unfold, no further changes should be made until the full impact of the existing changes is clear.

Current UK visa arrangements are among the most expensive in the world for individuals and sponsors¹³, and UK student visa fees are higher than other research-intensive countries, such as the US¹⁴, Canada¹⁵, France¹⁶ and Germany¹⁷. Following the recent increases to both visa application fees and the Immigration Health Surcharge, the total upfront immigration cost for a student to come to the UK is £1,266. If the UK's student visa offer remains one of the most expensive globally, this risks deterring talented students studying in our universities and conducting research in the UK.

On top of this, the reduced eligibility for dependents of students and the rhetoric from the Government on immigration are only serving to increase the barriers for international student applicants. In December 2023, the Government announced its intention to commission the Migration Advisory Committee (MAC) to carry out a rapid review of the Graduate Route visa¹⁸. The committee's resulting report, published on 14th May 2024, recommended 'retaining the Graduate route in its current form', however the widespread uncertainty over the future of this valuable visa route since the announcement has already damaged the attractiveness of our offer to international students. CaSE has strongly encouraged the Government to accept the report's recommendations¹⁹. Any restrictions or the abolishment of the Graduate Route Visa will undoubtedly further diminish the attractiveness of the UK as a destination for international students and as a result, the number of international students in English universities.

Our universities already report a cooling off of international application numbers, with non-EU overseas applications to UK universities growing at the lowest rate since 2018²⁰. The combined effect of the recent immigration policy changes may embed this trend, diminishing the talent pool and reducing overseas student numbers.

About CaSE

¹¹ <https://www.gov.uk/government/statistics/monthly-entry-clearance-visa-applications/monthly-monitoring-of-entry-clearance-visa-applications>

¹² <https://www.russellgroup.ac.uk/media/6214/briefing-the-graduate-route-may-2024.pdf>

¹³ <https://royalsociety.org/-/media/policy/Publications/2022/visa-costs-comparison-update.pdf?la=en-GB&hash=ED8B6947CD6803D819D6DE7498EE8538>

¹⁴ <https://iasservices.org.uk/us/study/f1-student-visa/#:~:text=The%20next%20step%20is%20to,and%20submit%20it%20to%20USCIS>

¹⁵ <https://visaguide.world/canada-visa/temporary/study/>

¹⁶ <https://visas-fr.tlscontact.com/application-fees/ng/ngLGV2fr>

¹⁷ <https://www.germany-visa.org/student-visa/>

¹⁸ <https://assets.publishing.service.gov.uk/media/65ef3a33ff117000196158db/Home+Secretary+letter+to+MAC+Chair+-+Graduate+route+review+commission+.pdf>

¹⁹ <https://www.sciencecampaign.org.uk/analysis-and-publications/detail/graduate-visas-letters-to-the-home-secretary-and-shadow-home-secretary/>

²⁰ <https://www.ft.com/content/9f5bdf46-41ae-450e-a625-117fd19865f4>

The Campaign for Science and Engineering (CaSE) works to put science and engineering at the heart of the UK's future. By offering responsive and non-partisan solutions, we aim to help research and innovation thrive in a way that improves people's lives and livelihoods. We are an independent, membership body representing over 110 scientific organisations including businesses, universities, learned societies, and research charities as well as individual scientists and engineers.

May 2024