

STAYING AHEAD



**ARE INTERNATIONAL STUDENTS
GOING DOWN UNDER?**

September 2018

This report follows a ten month inquiry co-chaired by The Rt Hon. the Lord Norton of Louth and Professor Simon Marginson, Director of the Centre for Global Higher Education.

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Dedication



Geoff with his IOE Director's portrait in 2007, painted by Trinidad Ball FPS

This report is dedicated to the memory of Geoff Whitty CBE (1946-2018), Director Emeritus of the UCL Institute of Education and a founding member of the Higher Education Commission. Geoff's legacy will continue to shape the work of those building a socially just education system for all.



While the UK has for many decades ranked in clear second place next to the USA for popularity of international HE provision, other countries are putting policies into practice that are attracting a much larger share of mobile students.

This inquiry seeks to support the Government's ambition by identifying how HE could be grown to deliver the 2020 target.

In order to build a resilient economy and to develop our soft power and diplomacy the Government needs urgently to develop joined-up policies to actively promote the HE sector.

The time feels right politically and in terms of the mood of the nation to remove students from migration numbers and simplify the visa process.



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Co-chairs' Foreword

UK higher education (HE) enjoys a world-class reputation that is envied by our competitors. It is the fifth largest service industry in the UK, with universities providing some of the nation's most valuable assets, driving prosperity and a strong economy at home. Universities promote Britain's interests across the globe, contributing to our soft power and diplomacy through helping develop the higher education infrastructure and intellectual capacity in other nations.

Unfortunately, government policy has failed to exploit the opportunity offered by the quality of our universities. Our place in the global marketplace is currently very fragile, with intense competition providing globally mobile students with an abundance of choice. Changes in the UK visa regime have been particularly harmful in turning growth into stagnation.

The Higher Education Commission is passionate about the health of the higher education sector and developing the financial value and soft power benefits of its international work at home and abroad. We want the Government to achieve its ambition of boosting the value of international higher education to £30 billion by 2020, but this will not be easy given the continued ambiguity around the welcome given to international students and migration targets. This report therefore seeks to assess the best routes to achieve growth including what the Government needs to do to support the HE sector.

We conclude that the slowing of the global youth demographic, which has benefited the sector over the last decade, makes it all the more important that we do not continue the sector's overreliance on particular markets with specific groups of students. We must reach out to new markets. Most importantly, work needs to be done across Government departments to remove contradictory policies that encourage internationalisation with one hand and deter it with the other. In particular, the tug-of-war between the Department for Education and the Home Office must end. With greater departmental coordination, the UK's international higher education industry can flourish.

We also conclude that while there are exciting opportunities to take our expertise overseas, it will be much more financially rewarding to ramp up numbers of international students in the UK, reversing the current decline. The time feels right politically and in terms of the mood of the nation to remove students from migration numbers and simplify the visa process.

We are most grateful to all those who have given their time and expertise to this important subject, and to the University Partnerships Programme (UPP), the Association of Chartered Certified Accountants (ACCA) and Jisc for their support to the HE Commission. Most importantly, we thank Pearson without whose sponsorship this inquiry could not have happened.



**The Rt Hon. the Lord
Norton of Louth**



Professor Simon Marginson

Executive Summary

In 2015 the Government announced plans (International Education: Global Growth and Prosperity) to expand revenue from international HE in the UK and abroad to £30 billion by 2020. The UK's higher education system is world-class and its institutions are recognised globally for their excellence, but this ambition, from a baseline of £19.3 billion in 2015, is challenging. The Commission considered that the uncertainty generated by Brexit and changes to immigration-related policies and regimes made the target even more challenging.

This inquiry therefore seeks to support the Government's ambition by identifying how HE could be grown to deliver the 2020 target. It also looks at the soft power benefits from higher education, such as the role the sector plays in foreign policy, aid and development.

The inquiry, like the Government's target, covers two aspects of international HE. The first aspect is the value of higher education in the UK from overseas students coming here, paying tuition fees and making a wider contribution to the economy from their stay in the country. The second involves UK based Higher Education Institutions (HEIs) establishing services outside the UK (transnational education or TNE). Attracting students to the UK is much more rewarding economically and in terms of soft power. The majority of the value from TNE services flows into the local host economy, only a proportion of the revenue is returned to the UK as profit. However, TNE is important as part of a holistic ecosystem of international students; those who have studied abroad with a UK institution in some way are 30% more likely to come to the UK for their university education.

The report starts by tracing the development of internationalisation policy in the UK. It describes the current health of the sector in terms of value, enrolments, and the implications for Britain's place in the world.

The report then looks at the UK's place in global enrolments, which shows a potentially very worrying picture. While the UK has for many decades been in clear second place next to the USA, other countries are putting policies into practice that are attracting a much larger share of mobile students. The UK risks losing its leading position to Australia.

The report then assesses what the Government can do both immediately and over the medium to long term to boost the health of international HE.

The Commission found that visa and regulatory policy has reversed the growth in students coming to the UK for their education, putting UK universities at a disadvantage to their competitors in other nations. At worst, government policy has sent a message globally that UK PLC is closed for business. The Government inertia around the implications of Brexit and funding policy on EU students is also an area of concern that the Government should address immediately.

Building a sustainable pipeline of recruitment into the UK is an important aspect of boosting the value of exports. The Government needs to avoid dependence on the top 10 source countries by strategically broadening target markets through abandoning the 'risk averse' approach to visa regulation and introducing policies around transnational education and scholarships.

To be effective, the recommendations of this report must be implemented as part of a cross-government programme that eliminates conflicting policies. This must be set against a clear target for student numbers, as is the case in other competitor countries.

Recommendations

Short term measures to boost the value of international higher education:

Recommendation 1

The Government should immediately announce a continuation of home fee status for EU students in 2020 and beyond

Recommendation 2

Open additional, credible, English language test centres especially in target countries, to ensure fair and easy access

Recommendation 3

The Home Office should establish a 'friendly environment policy' for international students with improved post-study work options and streamlined visa processes to match our key competitors such as Australia

Recommendation 4

The Home Office should reduce the compliance requirement on the HE sector by simplifying procedures and reducing the number of burdens placed on Tier 4 sponsors

Recommendation 5

The Department for International Trade (DIT) should intensify the "Education is GREAT" campaign to tackle damage done to the UK's reputation as a HE destination, with supporting policies across other departments

Long term measures to boost the value of international higher education:

Recommendation 6

The British Council, DIT, the Department for International Development (DfID), and the Office Students (OfS) should ensure that the “Britain is GREAT” campaign complements and works in conjunction with campaigns run by universities to target strategically important source countries

Recommendation 7

Roll out an improved Tier 4 pilot which is based on recruiting from target countries on a new international student growth list, not on ‘zero visa refusal rates’

It is essential that reforms are underpinned by:

Recommendation 11

The UK should set a target for international student intake as other countries have done, and measure progress against the target. This will require the UK Government to develop a strategy to retain its fragile leading position on international student numbers

Recommendation 8

The Government should establish English language scholarships and pathway programmes to reach emerging markets; funded by DfID allocating a proportion of foreign aid spending to universities willing to match fund

Recommendation 9

DIT & Department for Education must involve the British Council and key membership organisations in the HE sector to ensure free trade agreements include HE services in key markets

Recommendation 10

As part of increasing the pipeline of students to the UK the OfS should work with the Home Office to develop a visa policy for TNE students applying to come to the UK that recognises their TNE commitment

Recommendation 12

The Government should establish a cross-government programme board to oversee the development and implementation of a cross-departmental strategy on international HE in the UK and abroad

Inquiry aims and objectives

Inquiry objectives

Given the strategic importance of international HE to the UK, the Commission initiated this inquiry in response to the uncertainty generated by Brexit and the trends evident from the change in visa regimes. Throughout the inquiry the Commission aimed to understand the obstacles to growing the value of HE exports, how the value could be improved post-Brexit and how the UK could promote the other benefits of international education exports.

The inquiry aimed to address the following research questions:

- 1 What are the obstacles to growing higher education exports?**
- 2 What can be done to improve the value of higher education exports post-Brexit?**
- 3 How can the UK advance the other benefits of higher education exports?**

Methodology

This inquiry was co-chaired by Lord Norton of Louth and Professor Simon Marginson, Director of the Centre for Global Higher Education. The Commission held two scoping sessions to discuss the scope of the inquiry and to agree the terms of reference. This was followed by six evidence sessions where universities, pathway programme providers, and providers offering online provision gave oral evidence to the Commission.

Alongside this, experts were invited in to comment on the health of the HE exports sector and its promotion post-Brexit. There was an open call for written evidence published on the Commission's website and publicised via email and social media. Follow-up interviews took place with Vice Chancellors, Pro-Vice Chancellors, and the ACCA's Head of China.

How this report is structured

As changes in government policy initiated this inquiry, this report will provide a brief history of internationalisation policy in the UK, before describing in detail more recent reforms affecting international HE. The current health of the sector is described in detail, in terms of its value, enrolments, and the implications for Britain's place in the world. The report then assesses the actions the Government could take immediately and over the medium to long term to boost and sustain the development of international HE.



CHAPTER 1

A history of international higher education

“People who are educated here have a lasting tie to our country. They promote Britain around the world, helping our trade and our diplomacy. It is easier for our executives and our diplomats to do business with people familiar with Britain.”

– Tony Blair, 1999

“My message is very clear. We want to attract the brightest and the best to Britain”

– David Cameron, 2013

Higher Education in the UK has had a long history of internationalisation. Even as early as the end of the 12th Century there were a handful of foreign students studying at Oxford University, foreign scholars came to the UK to study Theology in medieval universities, and monks and friars travelled to England to study right up to the Reformation (Perraton, 2014).

During the 19th and early 20th centuries UK universities trained students from the colonies to trade British goods and services (Sidhu, 2006). The sector also has a long history in delivering education overseas which can be traced back to 1858 when the University of London External Programme was established. This institution gave birth to distance learning, through correspondence courses, allowing students to study for degrees across the world and aiding the establishment of higher education systems in Commonwealth countries. Scholarship programmes were established so that students from the colonies could study practical subjects in Britain (Perraton, 2014). A number of future post-colonial leaders studied in the UK, such as Jinnah, Nehru, Gandhi, Jawara, Nyerere, and Banda (Walker, 2014).

Despite this rich history it was only in 1999 that the Government announced an overtly international HE policy. Tony Blair declared that the UK needed to recruit more international students and launched a programme known as the Prime Minister's Initiative for international students. This approach continued with the subsequent Conservative-led administrations with David Cameron's 2015 government in particular articulating clear targets. However, the more recent approach to HE internationalisation has been accompanied by a stance on immigration which has produced a number of countervailing policy positions. This section will trace the development of the UK's policies on internationalisation in higher education.

Post-war years (1950s-1970s)

In the years following decolonisation the reputation of the sector and subsidised fees attracted students to the UK from Commonwealth countries (Walker, 2014). Humfrey (2011: 652) characterises the sector during this time as 'haphazardly international'. A comprehensive policy around internationalisation did not exist (Belcher, 1987), international students were not a 'distinct policy issue in Britain', and their enrolment was unregulated (Perraton, 2009).

International students were welcome as part of Britain's 'moral obligation' to the former colonies (Lomer, 2017). The Commonwealth Scholarship and Fellowship Plan was established to symbolise the bond between Commonwealth nations and to provide development aid to the emerging Commonwealth nations. It provided financial support for Commonwealth nationals to study in other Commonwealth countries. It was largely supported by British contributions (Perraton, 2009: 195) and was funded by the Department for International Development (DfID) and the Foreign Office.

Cold War rivalries encouraged the development of scholarships to promote 'public diplomacy' and as a foreign policy tool to keep the Commonwealth nations on the same ideological side as the West (Sidhu, 2006; Nye, 2004; Rizvi, 2011). Specifically, the Marshall Scholarship scheme was established by an Act of Parliament in 1953, funded by the Foreign Office to bring American postgraduate students to study in the UK. It was established as a "suitable gesture of gratitude for Marshall Aid" (Curle in National Archives, 1951).

During the 1960s overseas students totalled only 10% of the student population - 7% of the undergraduate population and 32% of postgraduates. The Robbins Report (1963) looked at the costs involved in hosting these students and in late 1966 a differential fee for international students was introduced for the first time, by the then Secretary of State for Education and Science Anthony Crosland. The overseas student fee for 1967-68 was set at £250 in HE and FE compared with £70 for home students.

The late 1970s saw the beginnings of a change in policy towards HE: overseas student numbers increased to 90,000 and questions started to be raised about the validity of public subsidies for international students and the potential displacement of UK (home) students (Perraton, 2009). This was alongside an increase in UK students from 7% to 12% of 18-year olds, which was starting to look unaffordable. The International Monetary Fund (IMF) in 1976 had insisted on cutbacks in public spending as a condition of a loan and in 1977 a student quota was introduced which limited home student numbers until the late 1980s (Silver and Silver, 1997).

Marketisation of HE (1980s-1990s)

There was a major change in policy towards overseas students in 1980 when the newly elected Thatcher Government, anxious to control public expenditure still further, announced that the existing subsidy would be removed and that international students starting at UK institutions from 1980 would pay full cost fees. This policy change was accompanied by major reductions in the funding for HE as a whole, with many universities facing a 20% cut in funding. The (unintended) consequence of these changes was to make universities increasingly financially dependent on attracting foreign students.

The introduction of full cost fees for international students did not go down well. The policy announcement had been made without consulting universities, the Foreign and Commonwealth Office (FCO), or the Overseas Development Agency. Since European students were allowed to be treated as home students in accordance with the Treaty of Rome (Perraton, 2009), the UK was viewed by some as withdrawing from its commitment to the Commonwealth nations (Belcher, 1987). Some countries hit back with a “buy British last” policy and widespread protests at home and abroad led to some modification of the reforms. The Foreign Secretary, Francis Pym announced a “Pym Package” funded by the Foreign Office, offering increased support to international students through the expansion of scholarship programmes for Commonwealth students, including the development of a new programme, now known as the Chevening Scholarships. The Government’s position at the time was that the UK welcomed overseas students but their education shouldn’t be subsidised by the taxpayer, other than targeted awards to be made available in line with national priorities (Williams, 1990).

These policy changes signalled a shift from higher education being seen as aid, to its exploitation as trade (Rizvi and Lingard, 2010) – reinforced when education was recognised in the General Agreement on Trade in Services as a service to be freely traded across borders (Tilak, 2008). Hit by substantial cuts in funding, universities soon realised that full cost fees for overseas students provided their one source of potential growth. Despite the lack of a comprehensive policy framework for internationalisation (Lomer, 2016) universities began

engaging in commercial overseas recruitment and viewed international students as an economic benefit and a source of revenue (Bolsmann and Miller, 2008).

The introduction of full cost fees also brought a more business-like culture to HE provision. For example many of the UK twinning programmes in Malaysia stem from HEIs responding to these policy changes in the 1980s and the Asian currency crisis in the 1990s. A reduction in scholarships offered from Malaysia and changing economic context meant that for a large number of Malaysians travelling to the UK to study was no longer a possibility. Therefore, delivering split-site programmes in Malaysia shortened the period of time required for the UK to provide an effective solution, addressing the university's income requirements as well as the government's economic and foreign policy objectives.

By the end of the 1980s, there was increasing pressure on government to relax the quota limits on student numbers. Britain lagged well behind its competitors in terms of the proportion of young people studying for degrees while globalisation put increasing emphasis on the need to have a well-educated population. Two policy changes took the proportion of young people participating in degree level education in the UK sharply up from the 12% of 18 year olds of the early 1980s to 20% in the 1990s. One was expanding the definition of universities to include the former polytechnics, which offered degree level education and training but in applied and vocational subjects. The second was to allow universities to expand student numbers but with no extra government funding. The result was a substantial increase in the number of students, but the amount of teaching grant per student (known as the unit of resource) plunged to levels equivalent to those in the secondary school system. As a result, revenue from overseas students became increasingly necessary to cross-subsidise campus activities. However, it was also clear that the situation was not sustainable and that the UK needed to think through how it was going to fund the development of mass higher education. In 1996, with an election looming in 1997, the Conservative Government appointed a Commission under Lord Dearing to do this.

The Labour Government's internationalisation policies (1990s-2010)

The early years of the Labour Government focused on the implementation of the Dearing Report (1997). A key recommendation was a low student contribution of £1000 towards tuition costs, to be paid up front, with a means tested loan available for poorer students. As EU regulations stipulate that EU nationals studying at UK universities were subject to exactly the same fee arrangements as British students, they were classified as home students eligible for the means-tested loan. The Higher Education Act of 2004 extended this approach, allowing universities to charge 'top-up fees' of up to £3000, which almost all universities did. However, universities continued to have discretion over what they charged non-EU international students. In 2003, the median fee levels for overseas students ranged from £6,800 to £17,000 for laboratory subjects (Greenaway and Haynes, 2003).

In 1999 Tony Blair launched the Prime Minister's Initiative (PMI), representing the first coherent policy on international students (Lomer, 2018). This policy had two phases. The first phase lasted until 2004 and was aimed at increasing the number of international students in the UK and promoting greater collaboration between universities, colleges, and the

government. Both economic and foreign policy objectives were behind this reform. Speaking at the LSE where he launched PMI, Blair (1999) explained:

“People who are educated here have a lasting tie to our country. They promote Britain around the world, helping our trade and our diplomacy. It is easier for our executives and our diplomats to do business with people familiar with Britain.”

“British exports of education and training are worth some eight billion pounds a year. Money that feeds into our institutions and helps our goal to open up opportunities for more people to study.”

For the first time, the government set a target for increasing the amount of non-EU international students studying in the UK both in HE and FE institutions. The Government introduced changes to the visa regime to facilitate increased applications, relaxed the limitations on work during study, increased the marketing of the sector abroad, and boosted the number of scholarships available to international students (British Council, 2003).

The second phase of the Prime Minister’s Initiative was launched in 2006. It was preceded by explicit references to transnational education in the Department for Education and Skills international strategy (2004). This next phase continued to increase the number of students studying in the UK. It also introduced a wider internationalisation agenda in terms of diversifying markets to reduce dependence on a small number of countries, focusing on the quality of student experience, and developing strategic partnerships including TNE activity (Department for Innovation, Universities, and Skills, 2009).

The initiative explicitly addressed TNE through its ‘strategic alliance and partnerships’ strand, with a target to achieve growth in the number of partnerships between the UK and other countries by 2011. Grants were then made available to institutions in HE and FE to encourage sustainable international partnerships. Priority countries included large established markets in India and China as well as a mixture of mature and emerging markets: Malaysia, Singapore, Taiwan, Japan, Indonesia, Thailand, Pakistan, Bangladesh, Sri Lanka, Nigeria, Ghana, Middle East, and Vietnam.

In the UK Higher Education includes any qualification at National Vocational Qualification (NVQ) Level 4 or above. NVQ Level 3 is the university entrance level expected of an 18 year old either through academic exams (Advanced Level) or an equivalent vocational qualification. Level 4 NVQ represents approximately one year of further study, Level 5 two years, and Level 6 the three year honours degree offered by most universities. Loans to cover the fees for one or two year courses were available to both British and EU students.

During the final years of the Labour Government there was a scandal around bogus colleges. The government was keen to expand competition amongst providers of short courses. A number of dubious players exploited the system to make money: by bringing in EU students, claiming the government teaching grant, helping students to take out fee loans but providing no teaching, and issuing bogus certificates at the end of the course. Students from outside the EU were also able by this means to gain illegal access to the UK, but far from pursuing any course of study, they immediately used their student status to find themselves work (Home

Affairs Select Committee, 2009). The result of this scandal was a considerable tightening up on the inspection regime and introducing a Points Based System, whereby universities and colleges were judged according to the extent to which visa applications which they supported produced bona fide students. Only colleges and universities that had a good record gained the 'Highly Trusted Status' which gave them the right to sponsor students. In effect the universities and colleges were required to play a part in immigration control: in judging applications they were also required to take a view on the extent to which the student was likely to meet the visa conditions.

The Coalition Government (2010-2015)

The Conservative-led Coalition Government's stance on internationalisation was characterised by contradictory policy positions. On one hand international marketing campaigns continued to seek to show the UK as an attractive and popular study destination. This policy to attract students was, however, undermined by a series of significant reforms to migration policy: the government committed to cutting net migration from 300,000 per annum to the 'tens of thousands' by 2015, with international students being included in these figures. To help 'bear down' on major migration categories, including people who come to the UK to study, the government introduced significant changes to the immigration system, some of which were aimed at eliminating the 'bogus college' problem. The changes included:

The abolition of the Tier 1 Post-Study Work Visa, which allowed Tier 4 (study visa) students to stay on and work for two years after their studies. This was replaced by more limited schemes, such as the Tier 2 visa for students who have a 'graduate job' and a 'graduate salary' with a licensed sponsor, or the Doctorate Extension Scheme covering applications to stay in the UK to seek work for 12 months

Raising the English language requirements. Secure English Language Tests were introduced with only two providers authorised to undertake them in a reduced network of centres across the world

Tier 4 sponsoring institutions were required to ensure that no more than 10% of students to whom they gave offers had their visas refused. Otherwise their licenses would be revoked. This forced institutions to be more selective, to focus on the affluent rather than the 'best', and led to reduced diversity as certain countries were seen as more likely to trigger visa refusals

After 2012 all students have had to undergo 'credibility interviews' as part of the visa applications

Tier 4 students were no longer allowed to stay in the UK for longer than 2 years at sub degree level (NVQ 4 or 5) or 5 years at degree level and above (NVQ 6 and above)

Students who had completed a sub-degree level course at a college and wished to extend their visa for further studies had to return home to apply for a new visa

Tier 4 students had to show they have enough money to cover course fees and living costs. Applicants had to show they had £1,265 per month for living costs if they were in London or £1,015 per month for living costs if they were studying outside of London

All Tier 4 students had to pay £150 per year in the form of an Immigration Health Charge. In 2018 this was increased to £300

Landlords were required to check the immigration status of their tenants

Biometric Residence Permits (BRPs) were introduced for newly arriving students, who had 30 days after arrival in the UK to collect their BRP (showing the full length of their visa) either from a Post Office or from their university, college or school

These measures have had a cumulative effect in changing the perception of the UK as an HE destination. The abolition of the Post-Study Work route has had a significant impact on the number of international students studying in the UK as the freedom to work in a country after graduation is one of the most significant factors in deciding where to study (UUK, 2011). Overall, since the change of visa regime in 2011 and despite 'open for business' marketing, levels of non-EU student recruitment decreased by 1.2% between 2010-11 and 2015-16 (HESA, 2016). Because of EU principles of free movement and non-discrimination, levels of EU student recruitment were however protected.

Possibly as a counter to the raft of policies designed to reduce migration into the country, the then Prime Minister David Cameron launched the International Education Strategy in 2013. This strategy included 'a warm welcome for international students'. The Coalition Government's Mid-Term Review firmly stated that there was no cap on the numbers of students who could come to study in the UK, and there was no intention to introduce one. The International Education Strategy committed the government, alongside Universities UK and the British Council, to promote the message that there is "no limit on the number of legitimate students". The strategy also brought the sector's branding into the umbrella 'Britain is GREAT' brand.

As well as seeking to attract students to the UK the strategy emphasised the sector's overseas potential and committed the government to supporting TNE. In practice this resulted in the QAA and the Higher Education International Unit consulting the sector on strengthening the quality assurance of TNE provision and building new relationships with emerging powers abroad.

Conservative-majority Government and Brexit (2015-2017)

In 2015 the Conservative party won the General Election with a narrow majority and the promise of a referendum on Britain's membership of the EU. The policies impacting on international education reflected a continuation of the contradictory positions in the previous government. In *International Education: Global Growth and Prosperity* (2015) the government announced plans to expand the UK's educational export industry, including a target to increase the value of educational exports to £30 billion by 2020. At the same time, however, public

concerns about immigration peaked in the run up to and the aftermath of the EU referendum debate. The UK's decision to leave the EU in 2016 created an uncertain environment for EU students and the international HE industry as a whole.

A key issue for EU students following the referendum was whether they would, in future, be subject to the same restrictions as non-EU international students. To prepare the UK to withdraw from the EU a new Department for International Trade (DIT) was created, with overall responsibility for promoting British trade across the globe. The DIT's aim was to develop, coordinate and deliver a new trade policy for the UK, including preparing for and negotiating Free Trade Agreements and market access deals with non-EU countries. Part of this remit includes support for nation-wide TNE activities.

During the 2016 Party Conference the then Home Secretary announced that there would be a reduction in international student numbers, limiting international students to particular universities and courses. This included plans to reduce the accessibility of work visas and the introduction of a £140m "controlling migration fund". During the passage of the Higher Education and Research Bill (2016) an amendment to the Bill which would have removed international students from the net migration target was passed by the House of Lords by a large majority but later rescinded by the House of Commons in the Third Reading of the Bill.

The current Government's policies (2017-present)

In the 2017 General Election the Conservative manifesto reaffirmed commitment to cut net migration to the tens of thousands, without changing the definition of net migration. It also promised to 'toughen visa requirements for students'. The election campaign brought HE reform back on the political agenda, in particular Labour's promise of free tuition fees. Since the election there has been an ongoing debate within the Conservative Party as to whether international students should be counted in the net migration target (Financial Times, 2017). The confusion created by contradictory policies and messaging has resulted in Government inaction and an uncertain environment for the future of the international HE industry.

In 2018 the Windrush scandal brought the focus onto what was being increasingly described as a 'hostile environment' for immigrants. The new Home Secretary, Sajid Javid, disowned the term and subsequently the Home Office relaxed Tier 4 student visa requirements for countries considered 'low risk' (see Figure 1 in the Annex) to facilitate easier visa application process to the UK. A notable absence on this list was India, and the Indian press did not report favourably on this issue:

"Students outraged as UK excludes India from relaxed study visa rules"

Times of India

"Kick in the teeth': UK omits India from relaxed student visa rules; students upset"

Indian Express

"Cold-Shouldered? Indian Students Left Out Of UK's Relaxed Visa Rules List"

Swarajya Magazine

Commentators have argued that this has damaged diplomatic relations with India and harmed the UK's prospects of securing a post-Brexit Trade Deal with India. Responding to this, the Minister of State for International Trade said:

“Not everything is about Brexit. Some Indian students overstayed their welcome.”

The British Council's (2018) report *International Student Mobility to 2027: Local Investment, Global Outcomes* explored the educational landscape over the next decade using projections for tertiary-aged populations. The report mapped out the top ten fastest growing and declining 18-22 year old populations in the world. Of the 26 countries for which visa requirements have been relaxed, only one country, Indonesia, is in the top ten growing 18-22 populations. Five others – USA, Malaysia, Thailand, South Korea, and China – were identified as being in the top ten fastest declining 18-22 year old populations. It is surprising that the visa relaxation does not seem to have taken account of demographics: if international student enrolment is to be sustained long-term, it should logically be targeted where the youth population is growing the fastest rather than shrinking the fastest.

A stylized map of Europe is shown in a vibrant green color, set against a solid blue background. The map is centered and occupies most of the frame. The text is overlaid on the map.

CHAPTER 2

Current context & Britain's global position

“The UK has a longstanding reputation for world-class international higher education. Second only to the USA, the UK has been a global leader in international higher education and has always attracted internationally mobile students to study in the UK”

Despite the changes in immigration and visa policy and the cessation of the earlier trajectory of rapid growth in international HE, education remains the UK's fifth largest services sector and the second biggest contributor to net balance of payments.

As the recent history of international HE has shown, there is considerable scope to increase the contribution this sector makes to the economy. The current uncertainty around the shape of post-Brexit trade arrangements is not a reason to delay taking action. This chapter therefore assesses the current health of the higher education international work, commenting on the trends in enrolments and revenue generated, and associated financial implications of international recruitment and overseas activity.

Estimating the revenue from international education

International education has two aspects. The first is the value of higher education in the UK from overseas students coming to the country, paying tuition fees and making a wider contribution to the economy from their stay here. The second involves UK based Higher Education Institutions (HEIs) establishing services outside the UK. Although much of the value from services overseas flows into the local host economy, a proportion of the revenue is returned to the UK as profit.

Statistics from the Department for Education (DfE) in 2018 showed that the revenue from international education in the UK and TNE activity overseas increased to £19.3 billion in 2015 from £15.8 billion in 2010, representing a 22% increase. International students coming to the UK contribute two-thirds of the value at £12.9 billion of revenue. TNE provision (overseas) was valued at £1.7 billion in 2015.

Table 1: UK revenue from international education at home and repatriated income from overseas activities

	% share of total education exports					
	2010	2011	2012	2013	2014	2015
HEIs (at home)	60%	62%	64%	65%	66%	67%
FE (non-EU)	6%	6%	4%	2%	2%	2%
Independent schools	4%	4%	4%	4%	4%	5%
English Language Training	14%	12%	11%	10%	10%	9%
Education products and services	9%	9%	9%	10%	9%	9%
Transnational education (overseas)	7%	7%	8%	8%	8%	9%
Total value of exports	100%	100%	100%	100%	100%	100%
	£15.88bn	£16.82bn	£17.93bn	£17.93bn	£18.76	£19.3bn

Source: Department for Education (2017)

International students

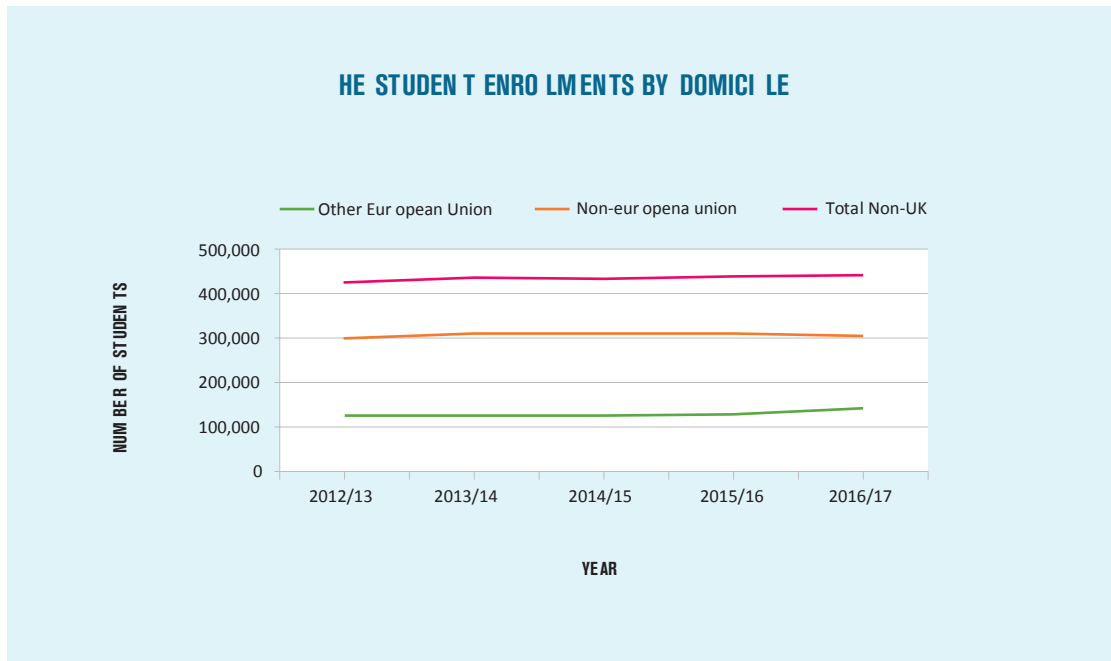
Across the world there has been rapid growth in the number of students studying outside their country of residence, from 1.1 million in 1980 and 1.3 million in 1990, to 2.1 million in 2000 and 4.6 million in 2015 (OECD, 2017). The European Union is a key geographical area of inward mobility, with 1.52 million international students enrolled in European HEIs including the UK (OECD, 2017). The USA is the top OECD destination country for international students, followed by the UK, where the OECD counted 431,000 international students in 2015 (OECD, 2017).

Trends in enrolment in UK HEIs

In 2016-17 there were 442,375 non-UK students enrolled in higher education institutions in the UK, 19% of total student enrolments. Of these students, 134,835 were EU students and 307,540 were non-EU international students (HESA, 2018). Graph 1 shows the trends in international student recruitment.

At first glance enrolments in the UK year-on-year look stable, but they need to be compared with the more rapid growth in international student enrolments in our competitor countries resulting from increased student mobility globally. Using that benchmark the UK's market share has been consistently in decline since 2011.

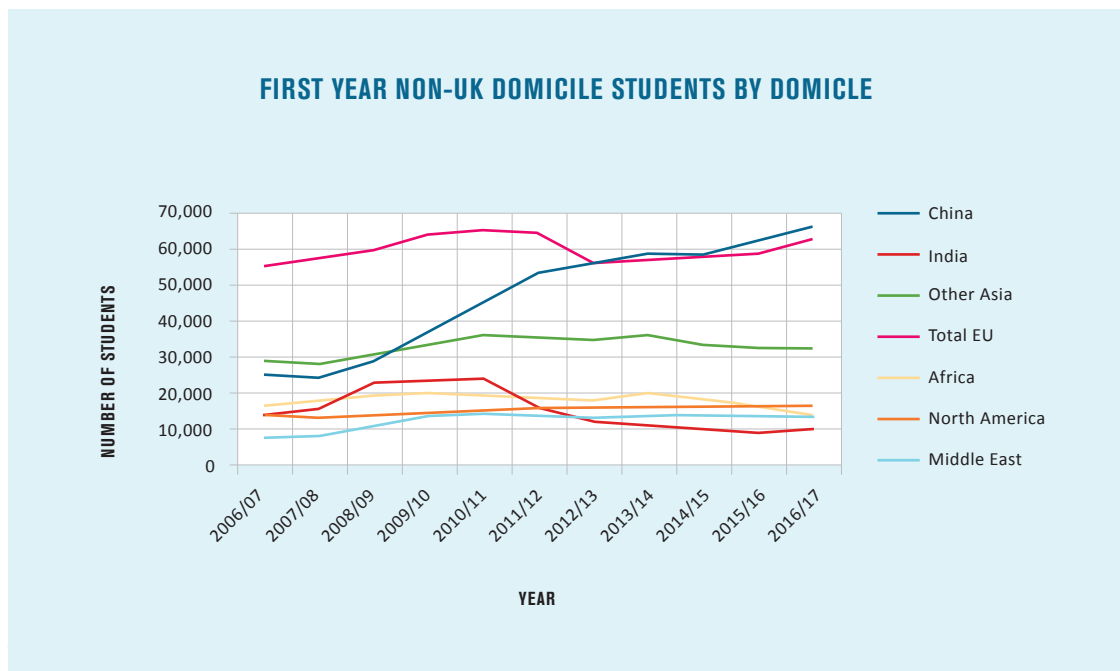
Graph 1. HE Student Enrolments By Domicile



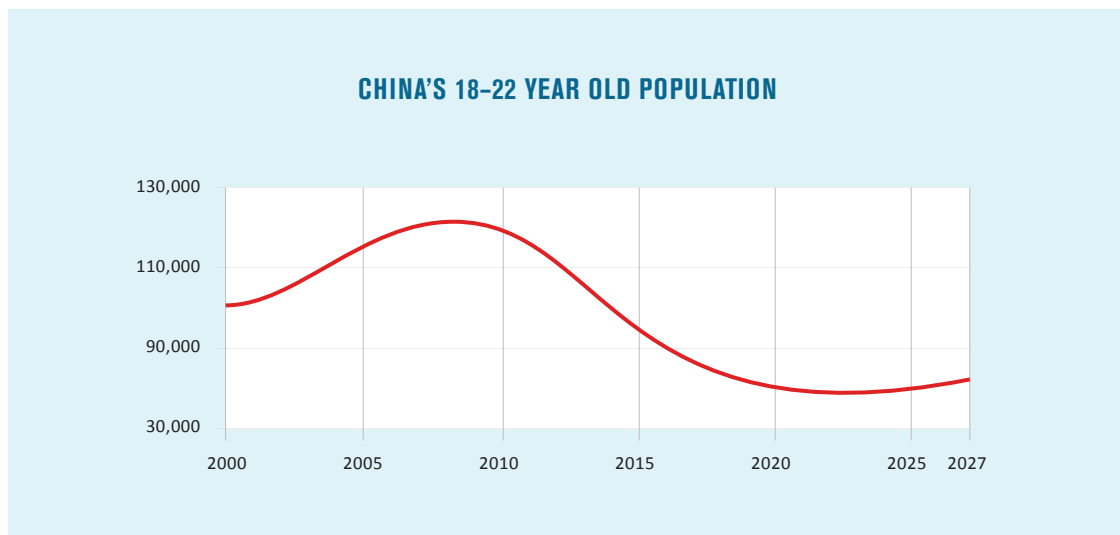
Between 2011/12 and 2015/16 enrolments in the UK increased by only 0.8%. In the same period global mobility grew 16.6%. Graph 2 suggests the recruitment of Chinese students to

the UK has compensated for losses from other source countries: 22% of first year non-UK enrolments in HE in 2016-17 were Chinese (HESA, 2018). The relative growth in Chinese students has been accompanied by a fall in the number of Indian students. Since 2006/2007 the number of first year enrolments of Indian students in the UK has decreased by 45% (HESA, 2018). This is not a sustainable approach in the long term, not least as Graph 3 shows that China’s 18-22 year old population is set to decline over the next decade.

Graph 2. First Year Non-UK Domicile Students by Domicile



Graph 3. China’s demographic projections



Much of the decline in Indian students is attributed to the closure of the Post-Work Study route. An analysis carried out by HEPI-Kaplan International (Conlon et al, 2017) assessed the impact of the closure of the Post-Work Study routes. This suggests that closing off this route to work in the UK after graduation led to a 20.3% decline in enrolment at undergraduate level. UUK (2018) has concluded that Australia, a competitor nation which has seen a 15% year on year growth in international students between 2016 and 2017 has 'picked up' part of the UK's former share of the Indian market due to the attractive post work study options on offer in Australia. This raises concerns about the sustainability of the UK's source countries and the danger of overreliance on particular markets. Currently over 50% of India's population is under 25 years old and by 2020 India will outpace China as the country with the largest tertiary age population (British Council, 2014).

Data on EU applications to UK institutions indicate a reduction in student demand for undergraduate study following the EU Referendum: a fall of 7% in 2017 compared with the previous year (UCAS, 2017). More recent data from January 2018 shows a slight recovery but not to pre-referendum levels (UCAS, 2018). Research carried out by QS (2018) reveals that EU students perceived the referendum as a vote against freedom of movement and therefore felt less welcome in the UK. The impact on perception will be discussed in more detail in the next chapter.

Postgraduate dependence

The UK has a high level of dependence on non-UK students in its postgraduate research programmes. The HESA 2016-2017 data showed that more than two in five postgraduate research students (42.1% or 47,395) were either (non-UK) EU citizens or non-EU citizens. The larger group were the non-EU research students who numbered 32,410, 28.8% of all research students, with EU citizens numbering 14,985 or 13.3% of all research students.

Table 2 shows that this dependence on non-UK students in research is more concentrated in some subject fields than others. The majority of all postgraduate research students in physical sciences STEM subjects are non-UK citizens. Taking the first four categories in Table 2 together, in 2016-2017 there were 5,835 EU students and 12,010 non-EU students in physical sciences STEM. Between them they comprised 51.5% of the 34,685 postgraduate research students in these strategic subjects, including 51.9% in mathematics, 58.2% in computer science, and 59.1% in engineering. Given the strategic significance of STEM for the economy, industrial strategy and for national security, it is more important to increase numbers of EU and non-EU students.

Table 2. Proportion of postgraduate research students who are from (non-UK) EU and EU countries, all UK institutions, by broad field of study: 2016-2017

	UK PGR students	non-UK EU students	non-EU students	All PGR students	non-UK EU students %	non-EU students %
<i>Science subject areas</i>						
Physical sciences	7610	2205	2935	12,750	17.3	23.0
Mathematics	1400	645	870	2915	22.1	29.8
Computer science	2035	775	2060	4870	15.9	42.3
Engineering Technology	5785	2210	6155	14,150	15.6	43.5
Architecture Building Pl	840	225	885	1950	11.5	45.4
Medicine Dentistry	5760	910	1825	8495	10.7	21.5
Medicine allied subject	5500	935	1945	8380	11.2	23.2
Biological Sciences	10,665	1965	2600	15,230	12.9	17.1
Veterinary Sciences	215	45	45	305	14.8	14.8
Agricultural Sciences	465	95	325	885	10.7	36.7
All science subjects	40,275	10,015	19,635	69,925	14.3	28.1
<i>All non-science subject areas</i>						
Social studies	4880	1365	2810	9055	15.1	31.0
Law	1090	310	845	2245	13.8	37.6
Business and related	2765	725	3180	6670	10.9	47.7
Mass Communications	730	120	355	1205	10.0	29.5
Languages	3235	775	1700	5710	13.6	29.8
History Philosophy	4835	830	1765	7435	11.2	23.7
Creative Arts Design	2905	455	730	4090	11.1	17.8
Education	4395	390	1395	6180	6.3	22.6
Combined studies	10	0	0	15	0.0	0.0
All non-science subjects	24,850	4970	12,775	42,595	11.7	30.0
<i>Combined total</i>						
All subject areas	65,125	14,985	32,410	112,520	13.3	28.8

Combined total includes 5 students with subject unknown. Some tables do not total correctly in the source. This appears to be due to the use of a method of rounding to the nearest unit of 5 in all data. Source: <https://www.hesa.ac.uk/data-and-analysis/students/what-study>

Other statistics reinforce the importance of overseas students if we are to avoid a brain drain. Of the 40 leading research-intensive institutions, in 2016-17 in nine universities over 50% of all postgraduate research students were international. In another 18 institutions the ratio was over 40% (see Table 3).

Table 3. Forty leading UK research universities (including Russell Group): extent of dependence on non-UK postgraduate research (PGR) students, 2016-17

	non-UK EU PGR students	non-EU PGR students	total of all PGR Students	non-UK EUPGR %	non-EU PGR %	All non-UK PGR %
London School Economics	145	210	495	29.3	42.4	71.7
Cranfield U	175	330	840	20.8	39.3	60.1
U St Andrews	185	315	905	20.4	34.8	55.2
U Oxford	1045	1740	5080	20.6	34.3	54.8
U Edinburgh	715	1090	3370	21.2	32.3	53.6
U Cambridge	1085	1730	5305	20.5	32.6	53.1
Queen Mary U London	195	430	1225	15.9	35.1	51.0
Imperial College	855	1245	3625	20.7	30.1	50.7
Loughborough U	180	340	1030	17.5	33.0	50.5
U Sheffield	325	945	2585	12.6	36.6	49.1
U Durham	175	540	1480	11.8	36.5	48.3
U Manchester	445	1300	3625	12.3	35.9	48.1
U Reading	115	405	1095	10.5	37.0	47.5
U Nottingham	410	965	2945	13.9	32.8	46.7
U Warwick	285	495	1675	17.0	29.6	46.4
U Leicester	125	480	1305	9.6	36.8	46.4
U Southampton	325	805	2460	13.2	32.7	45.9
U Bath	185	380	1230	15.0	30.9	45.9
U Sussex	165	275	960	17.2	28.6	45.8
U York	145	480	1445	10.0	33.2	43.2
U Leeds	275	790	2495	11.0	31.7	42.7
U Glasgow	315	655	2300	13.7	28.5	42.2
Middlesex U	110	350	1080	10.2	32.4	42.6
U College London	900	1395	5715	15.7	24.4	40.2
U Liverpool	225	620	2040	11.0	30.4	41.4
Newcastle U	165	685	2060	8.0	33.3	41.3
U Kent	170	295	1135	15.0	26.0	41.0
U Birmingham	320	725	2635	12.1	27.5	39.7
U Lancaster	160	420	1465	10.9	28.7	39.6
King's College London	400	545	2415	16.6	22.6	39.1
U Strathclyde	225	425	1680	13.4	25.3	38.7

	non-UK EU PGR students	non-EU PGR students	total of all PGR Students	non-UK EUPGR %	non-EU PGR %	All non-UK PGR %
U Surrey	155	230	1015	15.3	22.7	37.9
U East Anglia	130	220	985	13.2	22.3	35.5
Cardiff U	225	430	1855	12.1	23.2	35.3
Queen's U Belfast	255	395	1765	14.4	22.4	34.8
Swansea U	110	195	905	12.2	21.5	33.7
U Bristol	215	465	2060	10.4	22.6	33.0
U Huddersfield	60	280	1070	5.6	26.2	31.8
All UK institutions	14,985	32,410	112,520	13.3	28.8	42.1

Note: This table includes the whole Russell Group of 24 universities and all other universities with more than 800 postgraduate research students in 2016-2017. All members of the Russell Group except LSE have more than 1200 such students. Source: HESA, <https://www.hesa.ac.uk/data-and-analysis/students/where-study>

The universities with very high dependence include some that are global research leaders. In LSE, Imperial, Edinburgh, Cranfield, Oxford, Cambridge and St Andrews more than one in five postgraduate research students were from non-UK EU countries. In LSE, Cranfield, Reading, Leicester, Sheffield, Durham, Manchester, Queen Mary, St Andrews, Imperial, Oxford and Newcastle at least one in three postgraduate research students were non-EU international.

The field of study concentrations of international students help explain their presence in the leading research universities. For example, at Imperial 59.9% of all postgraduate research students were in physical sciences STEM disciplines. Not surprisingly 50.7% of Imperial's research students were non-UK students. This underlines the crucial role played by international students funding and contributing towards top-end UK research.

As well as making a major contribution to research in the large research universities, non-UK students are also crucial in some smaller institutions. For example, at SOAS in London, a world leading centre in Asian and African studies, 59.6% of the 430 research students were non-UK, including 43.6% non-EU. At the London School of Hygiene and Tropical Medicine, a high quality medical research institute, 52.9% of the 435 postgraduate research students were non-UK including 46% non-EU. At the University of Salford, of 615 postgraduate research students 50.4% were non-UK students.

Value of international students

In net terms international students play a significant role in the prosperity of the nation, both during and after their studies. There are some costs to the public purse associated with study in the UK such as public services and teaching grants, but these costs – as can be seen from the study described overleaf – are significantly outweighed by the economic contribution made by overseas students. Where the graduate stays on to work in the UK the tax gain must also be taken into account.

There have been many attempts to estimate the economic value of international students. Estimates are often based on bespoke economic impact modelling systems and take different factors into account. The most recent set of estimates were released earlier this year by HEPI and Kaplan Pathways (2018). They set out to measure the benefits and costs to the economy associated with international students. The analysis examined a cohort of international – EU and non-EU – first year students attending UK universities in 2015/16, taking account of the total impact associated with these students over the entire duration of their study in the UK. The research revealed that:

The total benefit to the UK economy associated with an EU student amounts to £87,000, with the comparable estimate per non-EU international students amounting to £102,000

Aggregating these amounts across the 2015/2016 cohort of first-year students, the total economic benefit of international students to the UK economy was estimated to be £22.6 billion across the duration of their studies.

The public costs of hosting international students, such as education, health and social security totalled £2.3 billion. This cost, on average, amounted to £19,000 per EU student and £7,000 per non-EU student.

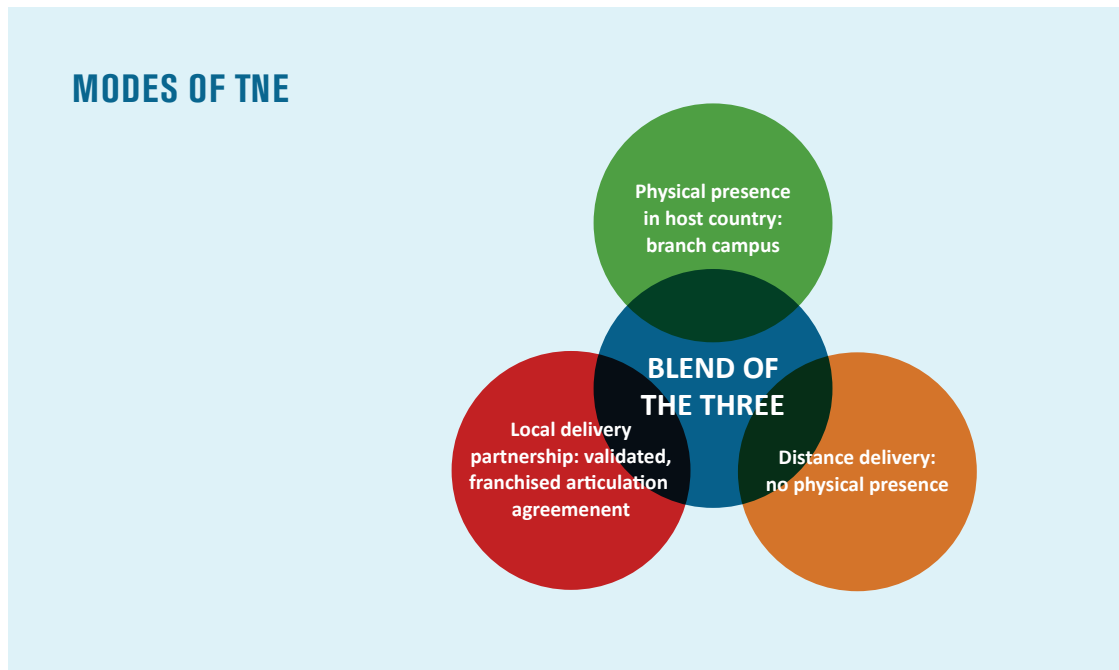
Aggregating the costs, the net impact of the entire cohort was estimated at £20.3 billion – with £5.1bn of this generated by EU students and £17.5bn generated by non-EU students (HEPI and Kaplan Pathways, 2018).

Provision delivered overseas

What is Transnational Education (TNE) provision?

TNE can be defined as the delivery of degree programmes in a country outside the awarding institution (UUK International, 2018). The UK provides a diverse variety of TNE programmes through a complex range of modes of delivery, including for example branch campuses and distance learning. At its most basic level there are three modes of TNE delivery, outlined in Figure 2 (BIS, 2014). Table 4 in the annex offers a more detailed breakdown of the different types of provision covered by TNE.

Figure 2 – modes of TNE



Coverage and trends

As discussed in the first part of this report, the UK has a history of providing HE overseas, with British HE delivered in 224 countries and dependencies across the world (ICEF, 2018).

Many HEIs provide a combination of different forms of transnational education and the recent growth trajectory paints a very different picture to that of international students coming to the UK. According to the Times Higher Education (2017) for Russell Group universities the number of students based overseas doing UK degrees has risen by more than 70% over the past five years. Between 2012-13 and 2015-16 the UK's TNE student numbers grew by 17% with 82% of universities delivering TNE (HESA, 2018; UUK International, 2017). In 2015-16, 701,010 students were studying for UK degrees outside the UK, 1.6 times the number of international students in the UK during the same year (UUK International, 2017).

A British Council (2016) report on the scale and scope of UK TNE illustrated the reach of UK universities globally - there were only 15 countries in the world where the UK does not offer transnational education.

The British Council report however also indicated that the top five countries in which TNE was delivered had remained the same since 2012/13. The top 10 countries hosting the most TNE students enrolled in British HEIs are: Malaysia (14.2%), Singapore (8.2%), China (7.1%), Hong Kong (6.4%), Egypt (5.1%), Sri Lanka (4.6%), Oman (4.6%), Greece, (3.8%), UAE (3.3%), and India (2.8%). Asia hosts more than half of British TNE students, followed by Africa, the EU, and the Middle East. British TNE activity in Africa increased by 41% between 2012/13 and 2015/16 (UUK International, 2018).

Table 5. Student enrolments at institutions delivering TNE provision

Institution	PG Research	PG Taught	First degree	Other UG	Total
Oxford Brookes University	0	770	304,310	50	305,130
University of London	0	9,585	33,040	2,495	45,120
The Open University	300	2,910	28,185	510	31,895
The University of Greenwich	0	1,540	15,640	45	17,225
The University of Liverpool	350	6,280	8,660	0	15,290
Coventry University	20	3,725	11,180	205	15,130
Heriot-Watt University	345	9,020	4,165	570	14,095
Staffordshire University	25	1,385	11,795	880	14,085
University of Nottingham	735	3,370	8,400	1,035	13,535
Middlesex University	345	3,015	8,225	0	11,580

Source: The HESA Aggregate Offshore Record

As can be seen from Table 5, of the top 10 UK institutions enrolling students in their home countries, in 2016/17 Oxford Brookes University was the UK's biggest provider. According to HESA statistics 43% of UK provision overseas comprised students registered at Oxford Brookes University (45% in 2015/16). The majority were first degree students registered with an overseas partner on an Association of Chartered Certified Accountants (ACCA) programme, a collaborative degree available exclusively to accountancy students who wish to obtain a degree while studying towards the ACCA Qualification. Paul Inman Pro Vice-Chancellor of Oxford Brookes University puts their success down to good partnerships over a long period of time:

“there are at this point in time over 180,000 students registered on the BSc Applied Accounting programme and there have been over 30,000 students who have graduated from that programme since its inception in the year 2000 - most of those students are qualified as accountants in various parts of the world”

Table 6 shows student enrolment by types of educational provision both in and beyond the EU. Over the 5 year period educational provision outside the EU grew most strongly year on year.

Table 6. TNE enrolments by domicile

Type of provision	2012/13	2013/14	2014/15	2015/16	2016/17
<i>Within the European Union</i>					
Overseas campus of reporting HE provider	355	675	780	965	965
Distance, flexible or distributed learning	25,260	23,150	22,695	21,770	22,175
Other arrangement including collaborative provision	13,995	15,210	15,340	11,905	12,740
Overseas partner organisation	37,575	34,660	35,125	39,400	41,935
Other arrangement	60	1,475	1,325	920	590
Total within the European Union	77,240	75,170	75,270	74,965	78,405
<i>Outside the European Union</i>					
Overseas campus of reporting HE provider	16,780	18,555	21,970	24,370	24,650
Distance, flexible or distributed learning	98,375	96,550	97,780	92,225	95,020
Other arrangement including collaborative provision	89,800	100,825	112,170	126,205	133,925
Overseas partner organisation	315,745	339,770	349,460	376,665	368,780
Other arrangement	540	5,805	7,265	6,580	7,130
Total outside the European Union	521,245	561,505	588,645	626,045	629,510

The value of TNE provision

Table 1 showed the most recent figures for revenue generated from HE provided overseas. According to these DfE figures, in 2015 revenue returning to the UK was £1.7 billion, i.e. only 9% of total revenue from international education.

Because universities take different approaches to providing education overseas it is difficult to estimate costs for each form of provision. A report published by the Department of Business, Innovation, and Skills (BIS) in 2014 concluded that distance learning offered more opportunities for revenue generation than other modes of TNE delivery. Fees associated with partnership agreements were much lower, with scale needed to provide substantial revenue (BIS, 2014). The report also highlighted the importance, for revenue generation, of articulation arrangements (see Table 4 in annex) at undergraduate level, as a pathway for international students to access HE in the UK.

The BIS report could not offer any reliable estimates in profitability of branch campuses due to sparsity of information, commenting that such campuses were not established for financial reasons and institutions did not expect to receive profit back into the UK. The report will look further at this in later chapters.

The UK's global position

The UK has a longstanding reputation for world-class international higher education. Second only to the USA, the UK has been a global leader in international higher education and has always attracted internationally mobile students to study in the UK. However, as set out previously, this international position is now threatened by recent changes in domestic and international policy.

The UK's overall position in the world

The previous section highlighted the absolute numbers of international student enrolments in UK HEIs. But it's important to see these numbers in the context of what is happening in competitor countries. The most recent UNESCO Institute of Statistics data on incoming international students are set out in Table 7 for the ten leading countries, between 2011 and 2016. UK data has not yet been made available for 2016 but examination of the trends shows the problem HMG needs to address urgently.

Table 7 shows that in 2015 the UK was still in second place after the United States, so superficially it might feel like a comfortable position. However, we need to look at respective rates of growth since 2011, which show a different picture, especially when the figures for European students are stripped out.

Over this period growth was much smaller in the UK than the US due to the Obama Government's open-door policy. In 2011-2015 US numbers rose by 198,000 (27.9%), the UK numbers by only 11,000 (2.6%). More worryingly, the rate of increase was also higher in Australia, Germany, and most of the other leading countries.

As Table 7 shows, Australia increased student numbers by 14% between 2015 and 2016, and according to Australian Education International will see a further 14.7% increase in 2017 to around 385,000. If Australia's high growth remains in 2018 as they forecast, and UK's growth does not increase, the gap between the UK and Australia will at best have been reduced so that the two countries are neck and neck, or may even have been removed with Australia (despite its points-based immigration system) beating the UK into second place internationally.

Furthermore, the UK's global position is heavily dependent on its EU student enrolment (Table 8), which is expected to fall sharply after Brexit, therefore increasing the risk of the UK's market position being lost. This would be a big blow to the UK's reputation and brand after such a long history of being second only to the USA; it is vital to arrest this decline as rebuilding reputation and brand is challenging and can take time.

Table 7. Incoming international students from all parts of the world, all sectors of education in the ten leading countries in international education: 2011-2016

	2011	2012	2013	2014	2015	2016
United States	709,565	740,482	784,427	842,384	907,251	-
United Kingdom	419,946	427,686	416,693	428,724	430,687	-
Australia	262,597	249,588	249,868	266,048	294,438	335,512
France	268,212	271,399	228,639	235,123	239,409	-
Germany	-	-	196,619	210,542	228,756	-
Russia	165,910	173,627	-	213,347	226,430	243,752
Canada	120,960	135,187	151,244	164,274	171,603	189,573
Japan	151,461	150,617	135,803	132,685	131,980	-
China	79,638	88,979	96,409	108,217	123,127	137,527
Malaysia	-	-	-	99,648	111,443	124,133
WORLD	3,961,201	4,046,274	4,179,758	4,412,981	4,697,230	4,854,346

'-' = data not available. Source: UNSECO Institute for Statistics, <http://data.uis.unesco.org/#>

Table 8. Incoming international students from Europe only, tertiary education in the ten leading countries in international education: 2011-2016

	2011	2012	2013	2014	2015	2016
United Kingdom	129,564	133,398	127,627	139,210	129,129	-
Germany	-	-	77,686	89,470	95,275	-
United States	69,077	69,455	69,797	70,823	66,494	-
France	58,967	59,968	45,947	47,605	51,248	-
Russia	53,255	48,235	-	44,529	49,144	46,546
Canada	13,788	16,140	18,686	21,411	23,145	25,311
Australia	10,921	10,035	10,837	10,523	11,395	14,160
Japan	4033	3566	3948	4062	3872	-
Malaysia	-	-	-	1122	944	1072
China	-	-	-	-	-	-
WORLD	829,303	850,635	868,065	915,382	938,170	963,472

'-' = data not available. Source: UNSECO Institute for Statistics, <http://data.uis.unesco.org>

Where students from Europe are studying

Table 8 shows the global top ten in terms of incoming students from Europe, and highlights that the UK's global number two position in 2015 rested on a strong position in Europe. The UK was the lead destination for European students, a position sustained by conditions now under threat: pre-Brexit free movement within the EU and the provision of UK education to European students on the same tuition basis as UK students.

Where students from the rest of the world are studying

The trends in the rest of the world show Australia catching up to the UK in terms of international enrolments after 2013, and getting very close to UK numbers in 2015. 2016 figures for UK are unlikely to show anything other than Australia getting ahead.

Table 9. Incoming international students from rest of the world (the world minus Europe), tertiary education in the ten leading countries in international education: 2011-2016

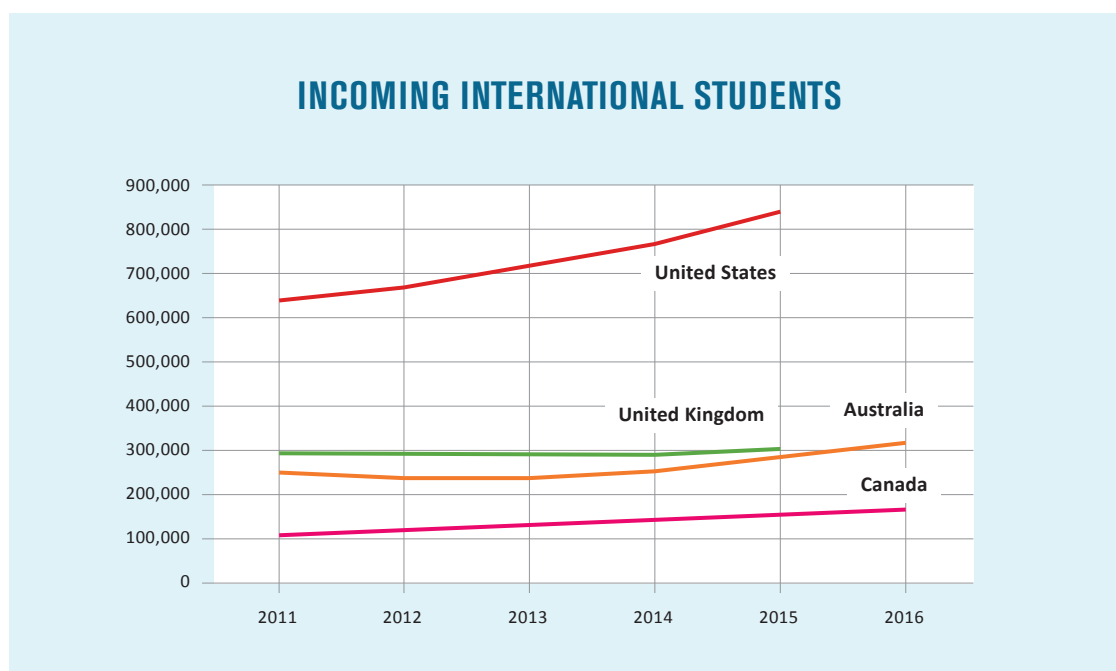
	2011	2012	2013	2014	2015	2016
United States	640,488	671,027	714,630	771,561	840,757	-
United Kingdom	290,382	294,288	288,766	289,514	301,558	-
Australia	251,676	239,533	239,031	255,525	283,043	321,352
France	268,212	271,399	228,639	235,123	239,409	-
Russia	112,655	125,392	-	168,818	177,286	197,206
Canada	107,172	119,047	132,558	142,863	148,458	164,262
Germany	-	-	118,933	121,072	133,481	-
Japan	147,428	147,051	131,855	128,623	128,108	-
Malaysia	-	-	-	98,526	110,499	123,061
China	-	-	-	-	-	-
WORLD	3,131,898	3,195,639	3,311,693	3,497,599	3,759,060	3,890,874

'-' = data not available. Source: UNSECO Institute for Statistics, <http://data.uis.unesco.org>

UK HESA data, albeit not directly comparable and calculated by financial year, show that in the most recent four years between 2012-13 and 2016-17 the number of EU students entering UK increased by 7.6%, while the number of non-EU international students increased by just 2.7%. Between 2014-15 and 2016-17 the number of non-EU students fell - from 312,010 to 307,540.0 (HESA 2018). This confirms our conclusion that when UNESCO has received the 2016 figure for the UK, the updated Table 9 for non-European students will show that figures for the UK will have dropped between 2015 and 2016 and will be well below Australia's non-European student numbers of 321,352.

Graph 4 shows trends in the rest of the world (non-Europe) market in graphical form, for the four English speaking countries only. This shows clearly that Australia, with its annual growth rates of 12-15%, will overtake the UK in 2016 and surge ahead in 2017 and 2018.

Graph 4. Incoming international students from rest of the world (the world minus Europe), tertiary education in United States, UK, Australia and Canada: 2011-2016.



Source: UNSECO Institute for Statistics, <http://data.uis.unesco.org>

Though Canada remains well behind the UK, the gap is beginning to close. Canada had just one third of the UK's rest of world international student enrolment in 2011 but had reached nearly half of the UK level in 2015. Canadian enrolment from the rest of the world increased by another 10.6% in 2016 while UK's enrolment was falling; Canada has a target of 450,000 international students by 2022, nearly all of whom will be from the rest of the world.

Overreliance rather than diversification

Table 10 shows the top ten source countries for international students coming to the UK. Together they account for over 50% of international enrolments, and in 2016-2017 almost one third of non-EU students in the UK were from China. We will look at trends from these key markets and implications for UK's future market position.

Table 10. Top ten countries of domicile for UK HE enrolments 2016/17

Country	Number enrolled in HE courses in 2016/17	Percentage change in enrolments since 2012/13
China	95090	13.6%
USA	17580	8.3%
Hong Kong	16680	27.7%
India	16550	-26.0%
Malaysia	16370	8.4%
Germany	13735	-5.5%
France	13560	15.9%
Italy	13455	61.9%
Nigeria	12665	-27.2%
Ireland	10070	-20.1%
Greece	10045	-7.8%

Patterns of Indian enrolments show that the UK's competitors are claiming a greater share of the Indian market. UNESCO reported that in 2015 233,540 Indian students enrolled in higher education abroad, representing an overall increase of 23% since 2013 (ICEF, 2016). However, since 2012/2013 there has been a 26% decrease in the number of Indian enrolments in UK higher education institutions. Meanwhile, Indian student enrolments at competitor countries have increased: US Indian enrolment grew 62%, Canada 40%, and Australia 50% over the period 2013-2015. The Commission heard evidence from UUK International on the overall trends:

"The number of new students recruited from India to Australian universities had a major boost following 2012 and enhancements to the Australian Post Study Work offer whereas Indian student numbers in the UK have gone in the opposite direction - this suggests that Australia's growth strategy has successfully recruited Indian students who might otherwise have gone to the UK." – Jo Attwooll, UUK, Evidence Session 3

Indian students are increasingly choosing other destinations, with surveys of prospective students showing that attractive visa policies and post-study employment options are a major factor in this decision. After the meetings between Prime Minister Theresa May and Indian Prime Minister Narendra Modi took place, the Indian Commerce and Industry Minister noted:

"I did raise the issues of visa fees, student visas, and how Indian students no longer prefer to go to UK universities, which was the top priority earlier, because of the nature of visa regulations and requirements." (ICEF, 2017)

This issue is very significant for the UK economy, not just in relation to HE but also to long term patterns of trade and business cooperation. PwC (2017) projections show that the economy of India will be the second largest in the world by 2050. The British Council (2018) has projected

that the total growth in student mobility internationally is expected to slow between 2015-2027 but numbers of Indian students travelling overseas is predicted to buck this trend – increasing by 185,000 to 439,000 by 2027 (Times Higher Education, 2018).

A key reason for this increase in Indian student numbers is that India is seeing a demographic boom in the peak education age groups. By contrast, China's demography will be that of an ageing population and the UK cannot therefore rely on China to continue to provide the 1 in 5 overseas students. Growing our market share will increasingly centre on the competition for the Indian market, and it will be vital to the national interest to help the UK to return to a strong position in that market.

Perception of UK as a study destination

Major surveys of international students indicate high levels of overall satisfaction with their studies in the UK. The International Student Barometer (UUK, 2017) revealed that the UK is not only ranked first for overall satisfaction but also first by undergraduates across five measures of the student experience. In addition, the UK is ranked first for recommendation by international students at all levels.

In the immediate aftermath of the EU referendum the International Student Survey (2017), the world's largest survey of pre-enrolled students before arrival in their destination country, asked students about the impact of Brexit on their decision making. This survey was carried out in July 2016 and found that 43% of respondents felt that the EU referendum vote had affected their decision to study in the UK, with 83% of this group saying that it had made them less likely to study in the UK, therefore 36% of prospective international students were less likely to study in the UK.

Nine months later, prospective international students were asked a similar question; in contrast with the July survey 13% said they were less interested in studying in the UK. Newly released findings from the 2018 survey shows a slight increase, with 14% saying they are less likely to study in the UK because of Brexit.

The survey also found a correlation between age and pessimism towards Brexit. Prospective students aged between 15-19 are 'significantly' more pessimistic than their peers in older age groups: 18% of 15-17 year olds and 20% of 18-19 year olds less likely to study in the UK because of Brexit compared to only 8% of those aged 41 or above. In addition, the survey found differences in regional opinion. Outside the EU levels of pessimism are low, with only 10% of prospective students put off from studying in the UK, whereas 39% of prospective EU students sampled said they are less likely to study in the UK as a result of Brexit (QS Enrolment Solutions, 2018). This finding is particularly relevant given that the UK's market position relies quite significantly on numbers arriving from the EU.

It's also important to note that the sample quoted consists only of prospective students considering studying in the UK. The findings don't include the opinions of students who have decided against coming to the UK.

Soft power

The term ‘soft power’ was first coined by Joseph Nye and refers to the ‘ability to obtain preferred outcomes by attraction, rather than coercion or payment’ (Nye, 2017). Soft power is based on reputation and desirability, and is one way by which countries attempt to promote foreign policy goals and gain international influence (Spry, 2016).

The House of Lords Committee on Soft Power acknowledged the importance of the UK’s education sector as a major contributor to the UK’s soft power. *The Soft Power 30: A Global Ranking of Soft Power* (2017) noted the importance to public diplomacy of attracting foreign students, and cited prior research on the reputational gains and influence that a host country accumulates when foreign students return home. In 2015, HEPI noted that 55 world leaders, including Presidents, Prime Ministers, and Monarchs from 51 countries, attended higher education institutions in the UK. UK international alumni have achieved prestigious positions such as leaders of industry and business, artists, writers, researchers, Nobel Laureates and social reformers. Prominent alumni include former US president Bill Clinton, former Australian president Tony Abbott and Nobel Prize winner Wole Soyinka. The Commission received written evidence which emphasised the importance of international students in developing the UK’s soft power capabilities:

“The effect of having international students spend part of their lives in the UK, in which they not only obtain an education, but learn about being part of the UK culture, highlights how the UK’s higher education sector is a long-term asset, not just nationally, but internationally.”
– Destination for Education, Written Evidence Submission.

In 2015 the Cabinet Office Cluster Review of the Commonwealth, Chevening, and Marshall Scholarship schemes emphasised the importance of scholarships to the national interest:

“Scholarship schemes build soft power, in the short and long term; they promote international development; they enhance the reputation of UK universities; they recognise and promote the highest standards of intellectual achievement; they build international academic communities; they recognise and promote the highest standards of intellectual achievement; and they project British excellence abroad, promoting the UK internationally as a place to visit, study and do business.”

The cluster review also resulted in the establishment of a cross-government group to explore synergies between the scholarship schemes. The House of Lords Committee on Soft Power commented that greater investment in scholarships by other countries is threatening the UK’s competitive position and that a small amount of extra funding would “bring the country into line to ensure that the brightest and best of the world’s future leaders feel an affinity with the UK”.

What next for international HE?

Our examination of the health of international HE reveals the fragile and deteriorating position of the UK in the international student market. International student numbers have been largely supported by the UK's attractiveness to students from the EU and China, but the combination of Brexit and population trends means this is not a viable long-term strategy.

In order to build a resilient economy and to develop our soft power diplomacy the Government needs urgently to develop joined-up policies to actively promote the HE sector. The next two chapters will discuss the solutions to the policy issues outlined in this chapter, providing short term and long term recommendations on how to boost the value of HE post Brexit.

CHAPTER 3

Short term measures to boost the value of international HE

“If the number of EU students entering the UK declines, numbers are unlikely to be easily replaced by UK students in the short term.”

This chapter will outline the short term measures the Government could take to boost the value of international HE. Recent analysis carried out by London Economics (2018) revealed the economic value of students to the UK economy: every 15 EU students and every 11 international students contribute £1 million worth of net economic impact for the UK economy over the duration of their studies.

The first set of actions is to dispel the uncertainty generated by Brexit and provide clarity urgently about post-Brexit policy in relation to EU students, to reverse the decline described above and shown in Table 9.

Looking beyond Europe, the second area for urgent action relates to the rigidity of the new visa and regulatory regime which has resulted in a burdensome compliance culture within higher education institutions. This has meant resources and staffing being diverted from marketing and sales to compliance work. Finally, the UK's damaging international reputation of not being open to business including as a study destination needs quickly to be combatted through an intensified marketing campaign.

Post-Brexit policy

International perceptions of UK 'not open for business'

The EU Referendum campaign raised the profile of public concern about immigration, concerns which, as discussed previously, had reached unprecedented levels in the last decade (Ipsos-MORI, 2017). For some commentators the UK's vote to leave the EU was a vote to end freedom of movement of workers in the EU, and this is one of the government's 'red lines'.

Statistics from surveys published since the referendum have created a perception internationally of a nation unfriendly towards immigrants. Findings from the British Social Attitudes survey published in 2017 showed 73% of those worried about immigration voted leave, compared with 36% of those who did not identify this as a concern. A separate survey conducted by Lord Ashcroft (2016) in the immediate aftermath of the referendum showed that 33% stated their main reason to vote Leave was because it "offered the best chance for the UK to regain control over immigration and its own borders". In addition, 81% of Leave voters regarded multiculturalism and 80% regarded immigration, as 'forces for ill'.

There was a steady increase in the number of reported hate crimes during the referendum, and shortly after, between July and September 2016, more than 14,000 hate crimes were recorded by police forces in the UK. The Commission heard evidence from the NUS International Students' Officer that this directly affected international students:

"The harmful rhetoric led by the media and politicians [during the Referendum Campaign] has led to increasing hate crime against migrants and international students are more likely to be victims of crime. We are easier targets not only because we don't have the established supporting networks but also we are likely to be alone, we are more likely to carry important documents on us because of the visa system, and we are less likely to report the crime because the system is not doing enough to support us. This makes the international students incredibly vulnerable"—NUS International Student Officer, Evidence Session 2

The Commission heard evidence that considerable damage has been done to the UK's perception as a study destination:

“Brexit has had a negative impact on the international student experience. Universities and Students’ Unions around the country are reporting a rise in the instances of hate crime, including racial abuse and assault, since the June 2016 Brexit decision, leading some non-UK students to be fearful for their safety” – Claire O’Leary, **University of Warwick**, Evidence Session 2

The Commission also heard evidence from iGraduate, which run the International Student Barometer (ISB) – the world’s largest post-enrolment survey of international student satisfaction – on the attractiveness of the UK as a study destination. Table 11 shows the most recent set of results from the ISB (2017) which revealed high levels of welcome for EU and international students in the UK.

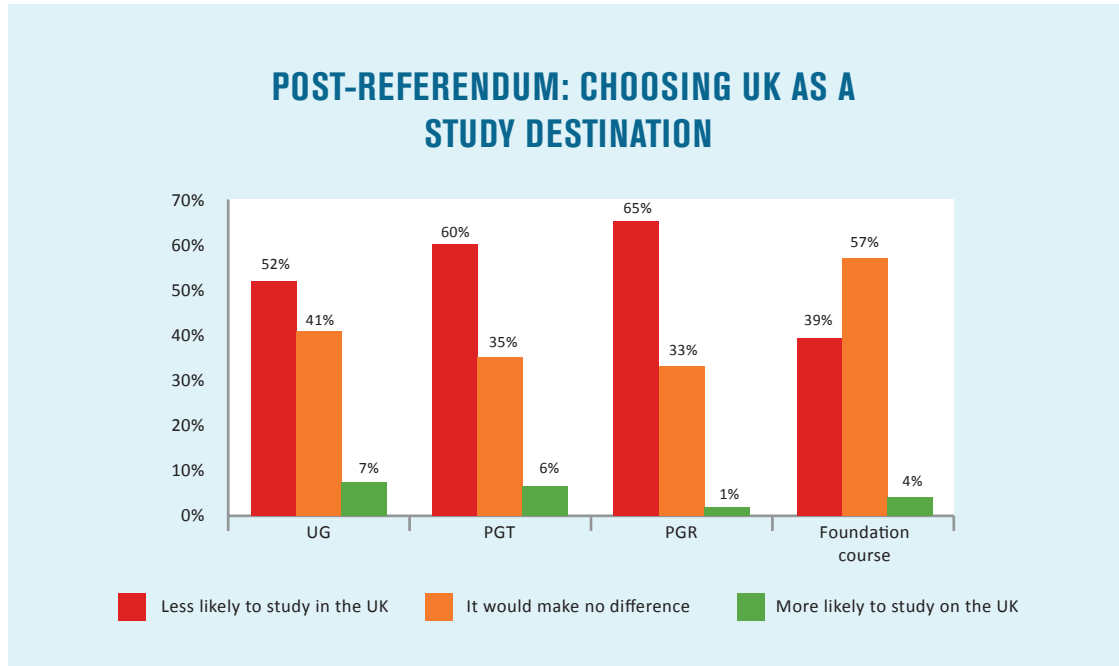
Table 11. ISB figures for welcome in the UK.

Question: Based on your experiences living in this country, how far do you agree or disagree with the following? (UK Autumn 2017 ISB by Region -% Agree or Strongly Agree, +/-compared with Autumn 2016)

Statement	EU	Non-EU
There is a friendly attitude towards EU/international students at my university	93% (-5%)	90% (-5%)
I feel welcome as an EU/international student in this country	95% (+3%)	92% (+2%)

In terms of how welcome EU students feel, it is clear that the EU referendum has not negatively affected the students who are already studying in the UK. However, as Graph 5 shows, when asked whether they would be more or less likely to choose the UK as a study destination if they had to make the decision again, it is clear that there has been an impact. At undergraduate level, 52% of EU students surveyed said that the referendum made them less likely to study in the UK. In addition, 65% of students at Postgraduate Research level said the decision made them less likely to choose the UK as a study destination. This is particularly concerning as EU student numbers sustain the viability of the range of Masters courses offered.

Graph 5. ISB responses for choosing UK as a study destination Question: After the UK's vote to leave the EU, would you be more likely or less likely to choose the UK as a study destination, if you made the decision again? (UK Autumn 2017.)



Source: ISB

Currently no clear distinction is made in policy and economic terms between immigrants and students. The British public, however, feel differently; a poll conducted by UUK (2016) in the months following the referendum found that less than a quarter of adults regard international students (24%) or EU students (23%) as immigrants. Subsequent polls have found that almost half of the British public back the current numbers of international students coming to the UK when they are told of the economic benefits they bring (ComRes, 2017).

Uncertain status of EU students

The removal of freedom of movement is expected to introduce practical difficulties into the process of studying abroad for both UK and EU students. If EU students have to face a tough visa regime as non-EU students currently do, they may decide to go elsewhere. We will look at this further in this chapter.

In addition, there is uncertainty over the fee status of EU nationals, who are currently classified as 'home students' and pay lower fees than non-EU International students. EU nationals are also eligible for student loans from the Student Loans Company (SLC). So future EU students could face regulatory barriers to entry, and higher fees coupled with an inability to access loans to pay for the higher fees.

HEPI (2017) modelled what Brexit could mean for EU student demand at UK universities. The study concluded that the removal of the present student fee support from undergraduate EU

students would result in lower demand for UK HE. For the 10 most prestigious universities the increase in fees to non-EU international level would offset the reduction in enrolment, but not for all the other HE institutions. Increasing fees and removing access to loans are together estimated to result in a direct £40 million decline in HE finances and a greater reduction in the indirect economic benefits.

Non-UK EU students account for 13% of students on postgraduate research courses and 7% of postgraduate courses. Table 2 in Chapter 2 showed that dependence on non-UK students in research is more concentrated in some subject fields than others. The research role of EU students is stronger in the sciences (14.3%) than the non-sciences (11.7%), especially physical sciences STEM subjects. EU students, especially those from Germany, make their most intensive contribution in the physical sciences subjects (17.3% of all postgraduate research students) and in mathematics, where they constitute almost one student in four in postgraduate research degrees (22.1%). What this means is that EU students ensure the viability of higher cost STEM based postgraduate courses.

If the number of EU students entering the UK declines, numbers are unlikely to be easily replaced by UK students in the short term. Not just the number of student places at postgraduate level but the number and range of postgraduate courses on offer may be reduced. This could curtail the range of postgraduate education and training options available to UK students, including programmes in specialist occupational areas. For example, the Commission heard evidence from Julia Black, former Director of the LSE, who explained the implications of moving to an overseas fee level for EU students:

“We have done a little bit of modelling, so if we move to an overseas fee level then we’ve identified the courses where we can’t get the same numbers and quality of students from the UK and overseas to sustain the course. If we had no EU or overseas students at all then we would just close, we would cease to exist”— Julia Black, former Director, LSE, Evidence Session 1

In July 2018 the Government confirmed that EU students at universities in England will continue to have home fee status in the first intake after Brexit (Autumn 2019). This announcement came after months of campaigning, with students across the EU ‘vociferously’ asking to be classified as home students and to receive the associated financial support if they start a course in 2019 (APPUG, 2018). The Commission welcomes this announcement, however cautions that delays to confirming EU fee status for subsequent years could have a damaging effect on both university income and the viability of STEM postgraduate research courses, and the UK’s ability to access a share of EU research funding. The Commission urges the Government to immediately grant a continuation of home fee status for EU students for the 2020-21 academic year and beyond.

Recommendation 1

The Government should immediately announce a continuation of home fee status for EU students in 2020 and beyond.

Policy and regulatory burden

The evidence gathered by the Commission shows that the immigration and compliance regime has had a direct impact on the numbers of students coming into the UK. This section will discuss the implications of immigration policy and the 'hostile environment' reputation the UK has gained on the attractiveness of the UK as a study destination and on students and institutions.

Immigration policy

Speaking to The Telegraph in 2012 about illegal immigration, Theresa May as Home Secretary said her aim was "to create, here in Britain, a really hostile environment for illegal immigrants". Although this statement was focussed on those who were in the UK illegally, the 'hostile environment' message and the policies put in place by the government in 2014 and 2016 had a broader impact, including directly affecting international student recruitment into the UK by damaging our brand and perception abroad while making it difficult for international students to access HE in the UK. Although Ministers have recently softened the message with the announcement of relaxing the visa requirements to 26 countries, as discussed earlier these 26 are not likely to be the most significant in terms of potential for recruitment growth, and the relaxation does not go far enough to increase levels of international HE enrolment. And in any case, attempts to strategically target certain markets and increase enrolments will only be effective if it is coupled with coordinated and consistent action across government departments such as the DIT and the Home Office as well as the Department for Education.

It can be no coincidence that some HE institutions have seen very substantial losses in income since the general tightening of immigration rules since 2012. The Commission heard evidence which highlighted the differential effects of immigration policy in the higher education sector. Whilst 'higher tier' universities such as those in the Russell Group may have fared better and increased their intake of international students, others have seen huge losses in their intake of non-EU student numbers, along with resulting losses in income. For example, between 2010/11 and 2015/16 in the following institutions non-EU student enrolments and income plummeted:

Bedfordshire University – non-EU students down 66% (with lost income of £72 million)

Teesside University – non-EU students down 65% (with lost income of £30 million)

Staffordshire University – non-EU students down 52% (with lost income of £14 million)

University of Bradford – non-EU students down 45% (with lost income of £19 million)

Tough visa restrictions and additional costs imposed

The Commission also heard much evidence that the reforms made to immigration policy had created an unwelcome environment, and that Home Office changes in the visa regime in particular were having a direct and negative impact on the student experience.

For example, there is no automatic process for reimbursement of the Immigration Health Surcharge fee if initial visa applications are refused. The Commission heard that it is down to the persistence of the would-be student and their adviser to recoup the fee:

“This makes the financial burden of making a second visa application even more difficult as the Immigration Health Surcharge must be paid upfront again along with the second visa application fee. This just isn’t particularly fair.” – Claire O’Leary, University of Warwick, Evidence Session 2

In addition, the Commission heard that regardless of the delay the Home Office may cause in processing visa applications, it is the student who is liable to pay a fee to have the Home Office review and correct mistakes, even those made by the Home Office. If the student fails to identify an error within 14 days then they forfeit their right to have the error reviewed. To expect students to become experts on immigration policy is not reasonable – the UK should not expect this from prospective international students that it wants to attract.

The Commission also heard evidence of the damage done by policies that have been considered and abandoned. For example, one policy mooted was to require students to pay a bond to give the UK greater assurance that they would leave the UK on completion of their course. Another was the proposal to require international students to leave the UK after graduation, the Commission heard:

“Warwick [University] received a letter from members of the House of Lords seeking our support to withhold degree certificates until proof had been provided that students had exited the UK borders” – Claire O’Leary, University of Warwick, Evidence Session 2

Earlier this year (Financial Times, 2018) it was reported that following the English Language Test scandal in 2014, the Home Office may have mistakenly deported 7,000 international students for faking their proficiency in English. Such reports have had a continued damaging impact on the UK’s reputation as a safe and credible study destination.

Study Group provided evidence to the Commission on the impact of immigration policy reform on the numbers taking up pathway programmes, which bring 30,000 international students to the UK each year.

“In April 2015 the Home Office changed the requirements for English language tests. Instead of our students being able to take an English language test in over 1000 locations around the whole world, for the private sector pathway providers we were restricted to 130 for the whole world. That meant we had to transfer prospective students to another country to find a test provider approved by the HO to take the English test so they can apply for a visa to come to the UK.” – James Pitman, Study Group, Evidence Session 2

The heavy-handed changes introduced in the aftermath of the English Language Test scandal have had a negative impact on recruitment into the UK. Given that 60% of Chinese students – the UK’s biggest source country – who study in the UK begin their studies on sub-degree courses (UUK International, 2018), it is vital that global access to English language test centres are expanded across the world while ensuring the tests are fair and credible. This should go

hand in hand with a policy of targeting key markets for expansion such as India (for the reasons set out earlier in the report).

Recommendation 2

Open additional, credible, English language test centres especially in target countries, to ensure fair and easy access.

The ‘brightest and the best’ and ‘genuine’ students

Successive governments have based their immigration policies on recruiting the “brightest and the best students around the world” (Jo Johnson, 2015). In addition, since the 2014 English Language Test scandal there has been an emphasis on recruiting genuine international students through the tightening of the visa regime outlined in the first chapter. This has resulted in institutions avoiding ‘risky’ students, but in turn has led to institutions moving away from markets that have great potential, such as India and Nigeria. This will be discussed more extensively in the next chapter.

In order to meet the requirements for a Tier 4 visa, international students must be able to demonstrate that they have enough money to pay course fees and living costs. The Home Office calls this maintenance requirements; this was discussed during the inquiry’s evidence sessions. Commissioners concluded that an unintended consequence of tightening up the visa regime is that it is not the brightest and best that are necessarily recruited: it is the most affluent, and the most affluent from an unduly narrow range of countries. The Commission highlighted concerns that the UK is becoming an elitist destination. In particular, Chinese recruitment, which represents a predictable level of visa risk and draws on a large middle-class population in which families customarily support their student children financially, is helping to keep the sector afloat. This reinforces our earlier finding that the sector has become unduly dependent on the Chinese market.

Universities are multicultural British institutions. The Commission heard evidence that at present current immigration policy presents a risk to cosmopolitan classrooms.

“One of the problems with government policy is that diversity has been negatively impacted. The proportion of students who do make it to the UK – despite all the barriers the Home Office puts up – disproportionate numbers of Chinese students are presented and we need diversity in every aspect” – James Pitman, Study Group, Evidence Session 2

The benefits of studying in diverse environments are widely acknowledged, especially by UK students. In 2015 HEPI and HEA carried out a survey with undergraduate students, asking their views of studying alongside international students. When asked whether studying alongside students from other countries in HE is useful preparation for working in a global environment, 47% of UK students agreed (of whom 29% strongly agreed) (HEPI, 2015). However, Government policies are unintentionally reducing diversity in the classroom. This may affect the confidence and ability of UK graduates to work and trade in a global environment.

Post-study work route

The most notable aspect of the changes in immigration policy was the decision to remove the Post Study Work route in April 2012. This policy enabled graduates to remain and work in the UK for up to two years after graduation. The Commission was told the closure of the Tier 1 Post Study Work route is likely to have been a 'significant factor' in the reduction of students from Commonwealth markets like India, Pakistan and Nigeria. Evidence drawn to the Commission's attention included the fact that at the same time as South Asian intakes into the UK were falling, numbers were increasing to competitor countries that have improved their Post Study Work offer, notably Canada and Australia.

"The number of new students recruited from India to Australian universities had a major boost following 2012 and enhancements to the Australian Post Study Work offer whereas Indian student numbers in the UK have gone in the opposite direction - this suggests that Australia's growth strategy has successfully recruited Indian students who might otherwise have gone to the UK" Jo Attwooll, UUK, Evidence Session 3

What is particularly worrying about the steep decline in Indian students to the UK is that the British Council (2018) forecasts of global HE demands to 2027 predicts that annual growth in the demand for degree mobility will slow to 1.7%, by comparison with annual growth of 5.7% between 2000 and 2015. China and India are forecast to account for 60% of the global growth in international students to 2027.

Current Post Study Work opportunities are limited. Under the (now closed) Tier 1 Post-Study Work route graduates had the right to remain in the UK one year after graduation. Now graduates have only four months to secure graduate level jobs with a Tier 2 sponsor and must meet minimum salary thresholds. This has had a significant impact on take up. In its final year of operation 38,505 students took the opportunity to work in the UK two years after graduation. These numbers have crashed significantly under the new Tier 2 route: in 2016 there were 6,037 graduates. Open Post Study Work routes are particularly attractive to Indian students, and with demand set to increase globally from Indian students, it is vital that the Government rethinks Post Study Work options, bringing our regime in line with our competitors. Otherwise there is a real risk that in this more competitive environment the UK's declining intake of Indian students will penalise the country and UK institutions heavily. The Commission acknowledges the progress the Government has made with the Tier 4 Visa Pilot. However, there are a number of improvements that can be made quickly to this pilot, which will be discussed further in the next chapter, which needs to be done quickly if we wish to retain our position in the global marketplace.

Recommendation 3

The Home Office should establish a 'friendly environment policy' for international students with improved post-study work options and streamlined visa processes to match our key competitors such as Australia.

Regulatory burden on institutions

The introduction of a Points Based System in 2009 resulted in universities playing a role in immigration control, transferring immigration checking and monitoring to the HE sector. The Commission heard evidence on the challenges faced by the sector as they had to develop a 'risk averse' approach to complying with visa regulations.

Complexity of immigration policy

The Commission heard that it was impossible for universities to be fully compliant with their Tier 4 sponsor duties. For example, visa refusal rates form part of compliance and refusal is influenced by the perceived 'credibility' of students:

“Where Tier 4 sponsors have concern is in relation to the UKVI’s exercising of its power to refuse visas on grounds of subjective credibility, and there have been examples in the sector of random and arbitrary refusal decisions based on ‘credibility’, which are extremely difficult to challenge and overturn” – Claire O’Leary, University of Warwick, Evidence Session 2

In credibility interviews some international student applicants have been asked questions such as whether they know who their prospective Vice Chancellor is, and the date of their exams. Witnesses highlighted that domestic students would not be able to answer those questions, so it is unfair to expect international students to have this knowledge. Alongside this, witnesses emphasised that the whole process is subjective – yet the points based system when introduced was designed to make decisions more objective and more credible. In this regard the system has failed to achieve its objective.

In addition, institutions are also expected to be aware of every Tier 4 visa refusal received by a student so they can follow up by de-registering the student and reporting this to the Home Office. However, the Home Office does not share visa refusals with Tier 4 sponsors, making it near impossible for universities to comply with their responsibilities. Witnesses working in compliance at universities highlighted their frustrations over the lack of reciprocal cooperation from the Home Office.

Commentators have highlighted the frequency and the poor timing of announcements in immigration policy, and the lack of notice. On many occasions a policy change has been introduced only at the end of the recruitment cycle when students have already been offered university places; this has caused distress to students and put institutions in untenable situations (UKCISA, 2016). The Commission heard that there have been 37 iterations of the Sponsor Guidance since Tier 4 was launched, alongside 41 versions of the Policy Guidance, with 8 versions issued in 2014 alone. The Commission heard about the impact of this on institutions:

“The frequency and scale of some of the changes have been a challenge for institutions to manage whilst still trying to deliver an outstanding international student experience, keeping the focus on delivering world class education” – Claire O’Leary, University of Warwick, Evidence Session 2

“Constant changes require us to review our systems and procedures and continually add to the compliance burden and negative experience of our students. This process is made more challenging where complex guidance is not easily interpreted and advice from Premium License Manager is delayed, unclear and inconsistent” – Professor Mark Goodwin, University of Exeter, Evidence Session 2

Cost of compliance

For institutions, the risks involved in not complying are far-reaching, as illustrated in 2012 when the then UK Border Agency revoked London Metropolitan University’s licence to recruit students outside the EU. This directly affected 2,700 international students, leaving many of them in limbo as they had 60 days to find another university or face deportation. Institutions consequently feel under severe pressure to be compliant in every minor detail. However, the Commission heard:

“The comprehensive set of obligations that sponsoring Tier 4 sponsors are required to sign up in order to receive and maintain their licence are overwhelming and it is frankly impossible for institutions to achieve 100% compliance at all times, despite universities investing millions of pounds on staff resources and new systems.” Claire O’Leary, University of Warwick, Evidence Session 2

The Commission also received evidence suggesting that international student experience teams in universities were spending the majority of their resources and time on managing immigration and compliance rather than providing services to students so that they leave as advocates for the UK. Data released last year by Study Group (THE, 2017) based on FOI requests to 50 universities found that a number of universities each spend some £500,000 to satisfy visa compliance. In 2012/13 the Higher Education Better Regulation Group estimated that universities spent a total of £66.8 million on Tier 4 visa compliance. This is a significant sum that could be better used on work to enhance the UK’s HE reputation through positive student experience.

Recommendation 4

The Home Office should reduce the compliance requirement on the HE sector by simplifying procedures and reducing the number of burdens placed on Tier 4 sponsors.

Intensified marketing of UK PLC

The policy changes outlined in this section have had a damaging impact on perceptions of the UK as an attractive study destination. The Commission repeatedly heard about the negative consequences:

“The suspicion and mistrust in international students that such abandoned policies are based on is reported very negatively and loudly in global media and such reports cannot but help to contribute to perceptions of the UK as no longer welcoming.” Claire O’Leary, Warwick University, Evidence Session 2

The Commission was advised that one way of combating the negative reputation the UK has begun to gain would be to intensify national marketing efforts. In 2013 a new campaign pillar for the GREAT Britain campaign was launched. “Education is GREAT” provides a distinct identity for the UK with the aim of recruiting international students both in the UK and overseas. The Commission heard evidence from the British Council who run this campaign that:

“It is a campaign rather than strategy to increase mobility to the UK, and over the past few years it’s been a success and bringing together the HE sector, showing the UK as a viable positive good study destination. Even though we’ve talked about the slowdown in growth, there are successes, it’s brought £220 million incremental economic benefits to the UK. There are benefits of this nationally led campaign and within that umbrella individual institutions can present their offer.” Michael Peak, British Council, Evidence Session 2

There was widespread consensus amongst the Commission and from witnesses that there was room for improvement. One witness explained:

“It is imperfect, it is too modest, it has room to improve, but I think it is an important step in the right direction.” Vivienne Stern, UUK International, Evidence Session

Alongside providing greater support to institutions in diversifying their marketing efforts, it is clear that there is a role that the British Council could play in intensifying the Education is GREAT campaign to tackle the issues around the perception of the UK as a study destination. There are examples of other positive marketing campaigns such as #WeAreInternational led by the University of Sheffield and the #LondonIsOpen campaign led by the Mayor of London. The Commission heard evidence from QS Enrolment Solutions who surveyed the opinions of prospective students responding to these positive campaigns:

“Within our survey we presented these campaigns and asked students how this impacted their perceptions of the UK as welcoming. We found that 78% said these campaigns positively influenced their perceptions of the UK as a welcoming destination” Paul Raybould, QS Enrolment Solutions, Evidence Session 1

Recommendation 5

The Department for International Trade should intensify the “Education is GREAT” campaign to tackle damage done to the UK’s reputation as a HE destination, with supporting policies across other departments.

CHAPTER 4

Long term solutions to boosting the value of international HE

“The focus on low visa refusal rates as the rationale for joining the Tier 4 visa pilot means universities would have to reduce their visa refusal rates. This can largely only be done by cutting back on recruitment from ‘risky’ markets, which in turn disincentivises universities from diversifying and seeking new markets”

This section makes recommendations on how to build up the international HE sector for the long-term. It focuses on building capacity in host nations to expand pipelines into the UK and on diversifying the number of countries from which international students are recruited.

National GREAT marketing should support universities market diversification

When discussing potential solutions to the issue of overreliance on the ten key markets, one commercial marketing company explained to the Commission that the universities they work with want to add to our top-10 source countries. QS Enrolment Solutions said this is best done on a cross-sector basis:

“If you’re marketing in countries where other universities are marketing too then it becomes cost effective to market there as the messages about studying in the UK resonate more.” – Evidence Session 1

QS Enrolment Solutions explained that, in their experience, it can take up to nine years from when students initially explore studying in the UK to actual enrolment. The time lag on return on marketing investment puts pressure on universities to focus budgets on markets where they can see a year-one return. The Commission also heard that:

“As a sector we’ve seen a concentration of marketing efforts in certain countries, for very sensible reasons, but you can’t spread yourself too thin, you can’t go to marketing and recruitment fairs in every single country in the world.” – Vivienne Stern, UUK International, Evidence Session 1

The newly established Office for Students (OfS) has a duty not only to regulate the HE marketplace but also to encourage the growth of a competitive market. The Commission believes that the second part of the OfS’s duty means it has a vital role to play in supporting universities in marketing in emerging markets. The OfS should do this as part of an intensified GREAT campaign as recommended in the previous chapter, with the campaign strategically refocussed towards diversifying national and sector marketing efforts outside the 10 source countries.

Recommendation 6

The British Council, DIT, DfE, and the OfS should ensure that the “Britain is GREAT” campaign complements and works in conjunction with campaigns run by universities to target strategically important source countries.

Improve Tier 4 pilot

The Commission heard evidence that the immigration and regulatory regime, in its focus on zero visa refusal rates, discourages institutions from attempting to recruit students from ‘non-traditional’ source markets. The Commission also heard:

“In the past few years we’ve witnessed a growth in institutions taking a risk averse approach and potentially withdrawing from some markets (or reducing recruitment) or potentially not capitalising on new opportunities. There is an issue around visa policy and that focus on refusal specifically driving institutions to focus on what they know is safe ground.” –

Jo Attwooll, UUK, Evidence Session 3

In summer 2016 the Government relaxed the student visa regime for Master’s students at four pilot universities in the UK: Bath, Cambridge, Imperial, and Oxford, as a test of a ‘differentiated approach’. Under the pilot scheme:

Universities were made responsible for eligibility checks, reducing the number of supporting documents students have to submit as part of their applications

Students within the pilot were allowed to stay in the UK for six months after their course to find a graduate level job. Although this was a welcome change, it did not re-introduce the post-study work visa, as the pilot was only designed to give students time to find employment via the Tier 2 skilled work visa (THE, 2016)

In 2017 the Home Office extended this pilot to a further 23 universities.

Although the pilot scheme has begun to extend post-study work options for graduates, which does attract students from particular target markets, the scheme has not had a universally positive impact on recruitment. The Commission heard evidence from the Vice Chancellor of Middlesex University, who explained:

“The current Government pilot on visas with a more streamlined process is welcome, it looks as if we are seeing a thawing in the approach to visas in this country in terms of post study time to seek work and simplified process but there is a risk around how it’s being done. Given the number of universities in the pilot we risk giving a message to the world about the sector which a large number of universities are trusted by the Government and another group are not trusted” – Professor Tim Blackman, Middlesex University, Evidence Session 5

According to the Home Office, the original four pilot institutions were chosen because of:

“...their consistently low level of visa refusals. The pilot is intentionally narrow in scope in order to monitor the pilot outcomes against the stated objectives and to minimise the risk of unintended consequences before considering rolling it out more widely.” Times Higher Education (2016)

When the Government expanded the pilot, the Home Office said that the additional 23 universities were selected because their visa refusal rates were “consistently the lowest in their area or region”. The focus on low visa refusal rates as the rationale for joining the pilot means universities would have to reduce their visa refusal rates. As explained in chapter 3, this can largely only be done by cutting back on recruitment from ‘risky’ markets, which in turn disincentivises universities from diversifying and seeking new markets.

Table 12. Top 10 fastest growing 18-22 year old populations (000s)

Country	2015	2027	Change
Nigeria	16,862	24,293	7431
India	120,241	124,572	4331
Ethiopia	10,535	13,316	2,782
Kenya	4,672	6,340	1,668
Angola	2,616	4,093	1,477
Egypt	8,178	9,651	1,472
Indonesia	22,120	23,446	1,326
Iraq	3,501	4,688	1,187
Philippines	9,849	10,600	751

Source: British Council (2018)

The Commission believes that the Government should create a new international student growth list which strategically focuses on countries which have the fastest growing youth populations, as identified by the British Council (2018) in Table 12. This should consider nations who do not feature in our top-10 source countries, such as Ethiopia, Pakistan, and Kenya. In addition, this growth list should consider nations in our top-10 source countries such as Nigeria and India, who may be considered ‘high risk’ but have been identified by the British Council (2018) as the top countries with the fastest growing 18-22 year old populations.

Recommendation 7

Roll out an improved Tier 4 pilot which is based on recruiting from target countries on a new international student growth list, not on ‘zero visa refusal rates’.

Strengthen and expand the pipeline of students into the UK

Reach emerging markets via pathway programmes

The Commission heard evidence that one of the reasons why there is a reliance on the current top-10 countries is because they tend to have high English proficiency, which means students are more likely to succeed from first year of a degree. One way for the UK to tap into markets

in countries with lower English competency would be to offer funding in English language programmes in the UK.

“One option could be scholarships offering English language foundation programmes in the UK as a precursor to further study here. Getting them to the UK this way would mean they would more likely stay on for further study on other courses too and builds loyalty to the UK.”

Jo Attwooll, UUK, Evidence Session 3

An additional benefit of funding English language foundation programmes, especially in the host countries themselves, is that such TNE activity can also be used to build capacity and develop soft power links. UK universities can partner with host nation universities to build capacity in the tertiary sector abroad, with the cooperation of the British Council. The Commission heard:

“The more investment into other HE systems, the better the flow you have to the UK. Even in the countries where it is difficult to establish links, those links can be made through online and distance learning, this can seed change.”

– Joanna Newman, Association of Commonwealth Universities, Evidence Session 1

Cambridge English (2016) defines a pathway programme as a form of provision offered to help those international students gain access to undergraduate programmes who have not met admissions criteria, such as the English language requirement, or are not ready to begin their undergraduate degree. The Commission agrees that such pathways form an important part of the global mobility ecosystem for HE, and that this should be part-funded through government scholarships match-funded by universities.

Recommendation 8

The Government should establish English language scholarships and pathway programmes to reach emerging markets; funded by DfID allocating a proportion of foreign aid spending to universities willing to match fund.

TNE provision

Overseas recruitment of students into the UK’s TNE programmes is growing rapidly, and takes many diverse forms, as set out in Table 2 in the annex. Although some policymakers have suggested TNE could replace recruitment of students into the UK, it in no way offers an economic substitute for international students coming to the UK.

TNE as a pipeline

There is no question that when compared with the HEPI figures showing the net economic impact of international recruitment into the UK, the revenue that is actually generated by TNE overseas is only a small proportion of the revenue generated from students in the UK.

However, the Commission heard evidence of the other ways in which TNE can generate financial income:

“The real financial benefit of International Branch Campuses is in providing secure student pipelines into the UK” – Vincenzo Raimo, Pro-Vice Chancellor, University of Reading, Evidence Session 2

This was also confirmed by Dr Neil Kemp, who explained TNE could be best used as a pipeline for international student recruitment onshore:

“We’ve seen on the branch campuses as you can see in Nottingham for example, where students have come through in branch campus. Liverpool has been successful in China in recruiting Chinese students on to their online student programmes; they have 3000-4000 students from China who have come through to the UK on those programmes. Multiply that by £11-12k per student then that shows a very strong move in revenue”– Dr Neil Kemp, Evidence Session 5

Indeed, analysis by HEFCE revealed that almost 30% of new international undergraduate students to UK universities come through a TNE pipeline. UUK International also provided evidence of other modes of TNE activity which led to increased onshore recruitment:

“There is an increasing trend in the way that TNE provision leads to onshore recruitment. Dual degrees and split site PhDs, all of these things can increase recruitment benefits to institutions so as a sector we need to focus on supporting those institutions that aren’t already focused on TNE to take advantage of the opportunities that exist.”– Vivienne Stern, Universities UUK International, Evidence Session 1

Evidence presented by the British Council highlighted that the UK is a leader in TNE provision, mostly due to the autonomy and outward facing nature of HEIs. The British Council predicted that TNE provision has potential to grow further. The Commission heard that, of the top 10 countries for growth in HE demand up to 2027, six are countries which are developing policies to encourage foreign providers to form partnerships and deliver courses as a way of developing local capacity. The UK is “extremely well positioned” to meet this demand and British Council is supporting programmes and engagement at system level in all 6 of these countries (Indonesia, Nigeria, Pakistan, Bangladesh, Egypt, The Philippines). The British Council suggested that in the long term these developments will drive diversification of recruitment of students to the UK (British Council, Evidence Session 5).

This message was supported widely by Middlesex University who have three overseas campuses and have a total of 35,000 students enrolled overseas. The Vice Chancellor highlighted the importance of TNE sitting within an overall internationalisation strategy, but also that a favourable policy environment is also important:

“First TNE is part of the overall international work that all universities work towards and we need a post Brexit migration system that is welcoming and fair to international students and sends a consistent message to the world about the UK and policy.” – Professor Tim Blackman, Middlesex University, Evidence Session 5

If TNE is to be used as a pipeline into the UK it is vital that this happens alongside positive messages of welcome for students coming to the UK, including a streamlining of student visa processes. The Commission heard of an example of two UK universities having to close TNE programmes due to visa uncertainties. Dr Neil Kemp spoke of an example from India whereby a TNE programme hosted in an Indian partner included options for students to travel to the UK campus where they would pay normal international fees, making the programme financially viable.

However, they were unable to complete the course as they could not obtain a visa:

“They’ve been following that degree programme for a couple of years in India, they went to get their visas and got rejected, so they wasted a couple of years and all the costs involved with that and in the end two UK universities closed down their India programme” –

Dr Neil Kemp, International Education Consultant, Evidence Session 5

Recommendation 9

DIT & DfE to involve the British Council and key membership organisations in the HE sector to ensure free trade agreements include HE services in key markets.

Online provision

During the scoping phase of this inquiry the Commission discussed the issue of online provision and whether it could be used to strengthen and diversify the student pipeline. The Commission takes a broad definition of online learning which encompasses full online degrees as well as blended and hybrid models.

The Commission heard evidence from private providers and universities who were offering online provision overseas. With the exception of Oxford Brookes, purely online forms of provision are mostly focused on postgraduate courses. The Commission heard that:

“Data on online degrees is patchy and trends are nascent. Couple this with little public data on online students, and their experience and outcomes, we know there are many unknowns about online HE” – Carolyn Campbell, OBHE, Evidence Session 5

During the course of the inquiry, the Commission heard about the UK’s position to capitalise on the international market for online and blended degrees:

“UK institutions inherently have a global focus and are recognized by students as offering very high-quality education at various levels. Wiley supports distance programs in the US, UK, Europe and Australia and we’ve seen the marketability of UK distance degrees first hand.”

– Patrick Griffin, Wiley Education Services, Evidence Session 5

The evidence collated suggests that the strong brand and reputation of the UK’s HE sector helps to establish online providers abroad:

“The UK HE sector still carries an intrinsic international credibility with it into whichever markets it enters.” – Scott Anderburg, Pearson, Evidence Session 5

Alongside the high growth in online provision taking place in emerging markets where there has been a tradition of UK collaboration with host providers, the Commission heard that commercial providers are capitalising on the market opportunity in countries where the youth population is exploding such as Nigeria, South Africa, and Indonesia.

In particular, witnesses commented on the changing nature of markets and national regulations in order to enable online provision; for example Japan changed their laws in 2012 to enable more universities to push online provision, similarly China has 311,000 online students, which is growing rapidly each year. Alongside the increased supply of online provision, commentators highlighted the increasing demand for online provision:

“There’s just not enough campus based universities to meet the demand in Asia and all parts all over the world. Conventional methods will never be able to achieve the increasing number of young people needed in tertiary education in advanced economies” – Mark Lester, Future Learn, Evidence Session 5

Witnesses also commented on one of the unique strengths of delivering provision online, i.e. accessibility and reach. For example, the University of Liverpool has offered part-time, postgraduate online programmes since 2001. They offer a range of Masters level programmes in subjects such as Management, Computing, Psychology, Education, Health and Law. Their online provision is delivered in partnership with Laureate Online Education. Laureate provides the operational infrastructure and marketing that “enables Liverpool to reach and serve a global body of students” (Evidence session 5).

The Commission heard that best prospects for online learning as a revenue stream post-Brexit would be for qualified individuals wishing to take up postgraduate or professional provision, who are:

“Already established in their career and want to deepen their knowledge of their subject; or add-on specialist skills; or to gain a professional qualification to help their career. This can often be achieved by study that is less than a full Masters.” – Mike Winter, UoL International Programmes, Evidence Session 5

In Commission discussions witnesses said there would be a limit to the subject range that could be offered online, for example, it would be difficult to offer a resource intensive STEM postgraduate degree online as a substitute for international students studying in the UK.

Include education services in Trade Agreements

A common policy theme that emerged throughout this inquiry was the need for HE to be included in Free Trade Agreements (FTA). For all modes and forms of TNE provision, witnesses told the Commission that HE must be considered in free trade negotiations post-Brexit:

“It is very important... when people talk about trade in services, it’s usually financial services, and we forget the enormous trade in education services and need to support recognition in what we do in future trade agreements.” – Carolyn Campbell, OBHE, Evidence Session 5

“As the UK looks to develop new relationships with old friends and new partners, it is critical that the government pursues policy, trade and regulatory outcomes which will enable the UK’s institutions of higher education to compete and thrive all over the world.” – Patrick Griffin, Wiley Education Services, Evidence Session 5

The UK Trade Policy Observatory (2017) recommends the best way of approaching FTAs in order to achieve the most scope for HE:

“Reaping the rewards of free trade agreements is less a matter of inserting broad and liberal provisions on research and education than of working out detailed country-specific objectives and then engaging in detailed negotiations to make them achievable in the FTA or another agreement.”

They emphasise that these negotiations require very specific sector-based knowledge and the ability to identify a potential partner’s demands and the concessions that the UK must make. The UK Trade Policy Observatory (2017) recommends that HE should feature heavily in the discussions around FTAs, with the Government engaging actively with the sector to ‘take the greatest advantage of new opportunities’.

Recommendation 10

As part of increasing the pipeline of students to the UK the OfS should work with the Home Office to develop a visa policy for TNE students applying to come to the UK that recognises their TNE commitment.



Conclusion: A coordinated national approach

“On the one hand we’re telling everyone we’re a welcoming destination and we have no caps on the number of students coming to study, but on the other hand there have been more hoops to jump through in terms of the immigration system and getting a visa. This does not echo that message.”

– Andrew Mandebura, BUILA, Evidence session 4

Mixed policy messages from - and mutually inconsistent actions across - government departments makes it unclear as to whether the Government wants to encourage and increase education exports. This has led to a situation where the UK's position as a market leader next to the USA, is being fatally undermined, with consequent loss of international reputation, diplomatic reach and economic benefit to the UK.

In a post-Brexit world education services provide an opportunity for the UK to build on its undoubted strengths in HE provision to stay ahead. It can grow the delivery of services both in the UK and overseas, especially in those countries that have the most potential to feed the pipeline into the UK in a long-term sustainable strategy.

To achieve our economic potential this will require a consistent cross-governmental strategy, effectively implemented, that is aimed at (1) growing overseas recruitment into HEIs located in the UK, (2) developing capacity overseas, and (3) acknowledging the economic and other benefits of international students.

Streamlined visa policies and accessible post-study work visas are included in the strategies of many countries experiencing high levels of growth (Australia, Canada, Germany, New Zealand, and until recently, the USA). Such policies give clear signals of intent to students and potential international partners.

This section will explore the importance of cross-government policy and holistic internationalisation strategies boosting the value of HE exports, drawing on examples of the coordinated strategies employed by our competitor nations to show how these are increasing their market share of globally mobile students. Annex 3 provides three case studies that exemplify this.

Cross-government policy to keep the UK competitive

The lack of a coordinated approach between government departments is something many witnesses emphasised as a weakness of current policy. Witnesses highlighted their frustrations over government departments pulling in opposite directions.

The Commission heard evidence from Universities UK International which suggested:

“We have a number of government departments that have a stake in this sector, DFID is a significant player in this field, but we also have the DIT, DfE, Department for Business, Energy, and Industrial Strategy (BEIS) and Home Office. I don’t think we’ve seen such a series of fragmentation of government policy in this period” – Vivienne Stern, UUK International, Evidence Session 1

A good example of this fragmentation is the GREAT campaign. The GREAT campaign’s central team is based in the Department for International Trade. A key responsibility of this team is to coordinate cross-government delivery of the campaign to ensure the UK’s promotion is carried out strategically. However, the cross-government coordination only extends to “internationally facing departments” such as the Foreign and Commonwealth Office, Visit Britain, the Department for Environment, Food, and Rural Affairs, the Department for Digital, Culture, Media and Sport, and the British Council (NAO, 2017).

The Commission strongly believes that in order to have a truly cross-governmental strategy to promote the HE exports industry, there needs to be a greater departmental coordination between the explicitly outward facing departments, such as the departments working currently on the GREAT campaign, and the inward facing departments such as the Home Office, Department for Business, Energy, and Industrial Strategy, and the Department for Education. It is absolutely vital that the policy solutions outlined in this report go hand in hand with a joined up attempt to present and implement these policies. The Commission heard:

“Fostering positive perceptions are critical – Canada is a perfect example. Not only the policy environment but the presentation of the policy has been hugely important. This demonstrates that it is possible with the right balance of enabling policy and a concerted promotional effort to bring about a sea-change in international student recruitment. Either we do similarly, or the UK will fall behind” – Jo Attwooll, UUK, Evidence Session 3

“Firstly we could do more to send a positive message - to prospective international students to show them they are welcome. So we would like to see a cross government strategy to promote the UK’s efforts to attract international students” – Sarah Stevens, Russell Group, Evidence Session 1

This level of coordination would not be new; it has already been put into practice. For example, earlier this year the UK’s Minister of Higher Education and Industrial Strategy signed a Memorandum of Understanding on establishing branch campuses in Egypt. This memorandum removes barriers preventing UK universities from establishing branch campuses, giving the UK a competitive advantage over other contenders (Department for Education, 2018). The Commission received written evidence highlighting the importance of this:

“Government-to-government agreements make it significantly easier for UK universities to operate internationally. For instance, the recent trans-national education (TNE) memorandum of understanding between Egypt and the UK means (among other things) that the same UK quality assurance requirements apply to any university’s operations in Egypt. This makes operating in Egypt easier” – University of Portsmouth, Written Evidence Submission

The Commission heard evidence from British Universities' International Liaison Association (BUILA), a membership organisation supporting the work of staff working in international recruitment in the HE sector. Commenting on the Memorandum of Understanding between the UK and Egypt, Bobby Mehta explained:

“That kind of strategic approach shows the commitment of the Government, which is why we’re seeing growth in TNE.” – Bobby Mehta, BUILA, Evidence Session 4

However, for the sector to use TNE as a pipeline into the UK the externally facing strategic approach needs to be supported by the policies and actions of internally-facing departments, to avoid rigid barriers to students continuing their studies in the UK. The Commission heard evidence from Oxford Brookes, the biggest recruiter of overseas students onto their TNE programmes:

“We can’t say we’re open for business globally if when we go out there everything in the media is telling us we’re not. We went there on a mission and we’re on message about being open for business, but the fact is we’re arguing with ourselves. The media stuff that is out there on every TV screen was about how closed we were and it seems like we’re closing borders rather than opening them. For us, good partnership comes with good word of mouth. Essentially most universities realise the more international students they have the more good word of mouth they have in marketing terms.” – Paul Inman, Pro-Vice Chancellor, Oxford Brookes University, Evidence Session 5

The Commission received clear evidence which demonstrates that the global HE marketplace is becoming increasingly competitive. This evidence was corroborated with ACCA’s Head of China who highlighted the fierce nature of competition:

“With the development of the Chinese economy, Chinese families have enough money to support their children to study abroad. The top three target countries for study abroad are US, UK and Australia. So the competition among overseas universities is very fierce.” – Ada Leung, ACCA Head of China, Interview

Many of the UK’s competitor nations have clear, cohesive, nationally driven student mobility strategies, including ambitious targets to grow student intake, for example Australia’s policy to increase numbers to 720,000 by 2025; Canada 450,000 by 2022; China 500,000 by 2020; and Malaysia 250,000 by 2025. As UUK remarked in relation to Canada and Australia:

“Clear cross-government strategies are important. Another lesson the UK can learn is the importance of having an ambitious and coherent cross-government growth strategy. Both countries have developed detailed strategies in consultation with the education sector and have set clear ambitions and targets.” – Jo Attwooll, UUK, Evidence Session 3

The Government has a target for increasing the value of international higher education to £30 billion by 2020, but it has no target on growing numbers of international students in the same way as competitor countries. Many witnesses emphasised the need to empower the ONS to measure the exports value periodically to help the Government measure progress towards this target. The Russell Group stated:

“We would argue that tangible policy changes would also need to sit within a clear strategy in the UK to demonstrate our commitment to growing international student numbers”

– Sarah Stevens, Russell Group, Evidence Session 1

Recommendation 11

The UK should set a target for international student intake as other countries have done, and measure progress against the target. This will require the UK Government to develop a strategy to retain its fragile leading position on international student numbers.

Recommendation 12

The Government should establish a cross-government programme board to oversee the development and implementation of a cross-departmental strategy on international HE in the UK and abroad.

Annex 1**Figure 1**

Argentina	China	Qatar
Australia	The Dominican Republic	Serbia
Bahrain	Indonesia	Singapore
Barbados	Japan	South Korea
Botswana	Kuwait	Thailand
Brunei	Malaysia	Trinidad and Tobago
Cambodia	The Maldives	United Arab Emirates
Canada	Mexico	United States of America
Chile	New Zealand	

Annex 2

Table 4. Types of TNE provision

Type	Description	Example
Distance learning	An experience where students had remote contact with tutors and studied at their own pace. In recent years, these programmes have evolved to incorporate more face-to-face teaching support.	The University of London International Programmes.
Branch campus	Where HEIs established a campus overseas with staff either recruited locally or brought in from origin institution.	The University of Nottingham opened its Malaysia Campus in September 2000 to become the first branch campus of a British university in Malaysia.
Twinning programmes/ split-site learning	HEIs in the UK have a local partner overseas, where the local partner will teach part of the institution's course, using their own staff. Students transfer to the UK to complete the course.	The University of Southampton has a twinning programme with Chinese HEIs specialising in Finance and Economics. Under the 2+2 programme, students spend 2 years at their home institution before transferring to Southampton for the final 2 years of study.
Dual/Joint Award	The UK HEI and local partner provide programmes leading to separate awards of both or all of them (dual award) or to a single award made jointly by both (joint award).	Kingston University has a Joint European MA in Human Rights and Genocide Studies, taught across Kingston and three other European Universities.
Franchising agreements/ Collaborative provision	Franchising: The UK institution licences a local institution to teach part or all of a course, and as a result the students can receive a degree from the UK HEI without attending the UK campus. The local institution is responsible for the delivery of the course, but the UK HEI has responsibility for content, delivery, assessment and quality assurance. Collaborative provision: Organisations working collaboratively on learning opportunities leading to academic award from a higher education institution.	Oxford Brookes is the largest UK provider in the collaborative provision category with the majority of students studying for the Global ACCA professional accountancy qualification, from which they can progress, to study for a BSc in Applied Accounting from Brookes.
Articulation	This is a transfer arrangement between a UK HEI and local institution. The UK institution agrees to recognise and grant specific credit and advanced standing to applicants from a named programme of study pursued in the local institution.	Newcastle University has 2+2 articulation arrangement with Shanghai Jiao Tong University and the School of Marine Science and Technology.
Validation programmes	The course is developed and delivered by the local institution. The UK institution judges whether it is of appropriate quality to lead to its award. The origin institution determines the extent to which it exerts direct control over quality assurance aspects.	LASALLE College of the Arts in Singapore is a specialist design HEI, with degrees validated by Goldsmiths. The programmes were developed to meet the needs of Singapore's creative industries.

Annex 3

Case study: Canada

In 2014 the Canadian government launched its International Education Strategy which aimed to double the number of international students recruited onshore, with a goal of attracting 450,000 students and researchers by 2022. An interesting element of this strategy is that it was developed alongside Canada's Global Market Action Plan, which identifies international markets important to Canadian business. The international student strategy plays a key role in trade policy.

In 2013, Canada held a 5% share of the global market; by 2016, only three years later, this had increased to 8% (Project Atlas, 2017). Since 2014, Canada has also been in the process of streamlining its visa procedures and processing times (ICEF Monitor, 2014):

“To facilitate the entry of international students and researchers into Canada, our government also commits to providing the funding necessary to maintain reasonable timelines for processing temporary-resident visas in the face of increasing demand, particularly from priority markets.” – Minister of International Trade (2014)

Case study: Australia

In 2016 Australia released the country's first comprehensive national strategy for international education. The National Strategy for International Education 2025 is the product of extensive consultations on internationalisation policy. It was launched by the Minister for Foreign Affairs and Minister for Tourism and International Education and encompasses three broad aims:

A sector-wide approach to developing Australia's position as a global leader

A roadmap of developing the international education market in order to fuel the sector's expansion

A five year plan to strengthen the foreign alumni relations to build trade and investment

The roadmap outlines an ambitious target of international enrolment of 720,000 students by 2025. The proposals bring together different aspects of higher education exports, including TNE, sustainability of onshore recruitment, and using internationalisation to develop Australia's soft power capacity.

Case study: Ireland

Although Ireland is not a competitor nation, in the aftermath of the UK's decision to leave the EU, Ireland launched an ambitious international education strategy which aims to increase foreign student enrolment in higher education programmes by 33%. It also aims to increase the revenues generated by the sector by a third, to reach €2.1 billion by 2019/2020. When launching the strategy, the Irish Minister for Education and Skills said:

“There will be strong opportunities for Ireland in the area of international education when Ireland becomes the only English speaking member of the EU” (ICEF, 2017).

Ireland is looking to exploit the opportunities presented by Brexit. Total foreign student enrolment in Irish higher education increased by 58% during the years 2010/11 and 2014/15. This was driven by an 85% increase in non-EU enrolment, and a 68% increase in foreign students enrolled in undergraduate programmes.

A particular strength of the Irish strategy is that it emphasises a coordinated approach between policy and funding across the Irish Government. Under this strategy funding will be directed to marketing campaigns in key target markets, including the US, China, India, Brazil, Malaysia, and the Persian Gulf. This suggests that Ireland is looking to capitalise on the UK’s loss of market share in terms of onshore recruitment.

In addition, last year Ireland unveiled a competitive post study work offer, allowing non-EU international students completing advanced degrees in Ireland to stay for up to 24 months after the end of their studies to seek employment. This was reported favourably in the global media:

“The possibility of gaining valuable post-study work experience makes Ireland a very compelling option for Indian students with the added advantage of a world class education that offers better value for money.” – DNA India, 2017

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Glossary

BEIS	————	Department for Business, Energy, and Industrial Strategy
BIS	————	Department for Business, Innovation, and Skills
DfID	————	Department for International Development
DfE	————	Department for Education
DIT	————	Department for International Trade
IMF	————	International Monetary Fund
FCO	————	Foreign and Commonwealth Office
FE	————	Further Education
FTA	————	Free Trade Agreement
EU	————	European Union
HE	————	Higher Education
HEIs	————	Higher Education Institutions
UUK	————	Universities UK
MOOCS	————	Massive Open Online Courses
NVQ	————	National Vocational Qualification
ODA	————	Official Development Assistance
OfS	————	Office for Students
PMI	————	Prime Minister's Initiative
TNE	————	Transnational Education
UKVI	————	UK Visas and Immigration
ICEF	————	International Consultants for Education and Fairs

Contributions

Evidence session panellists

Evidence session 1: International student demand and supply

Sarah Stevens, Head of Policy, Russell Group

Paul Raybould, Marketing Director, QS Enrolment Solutions EMEA (formerly Hobsons Solutions)

Dr Joanna Newman, Secretary General of the Association of Commonwealth Universities

Professor Julia Black, Pro-Director of Research, Interim Director of LSE (2016-2017)

Vivienne Stern, Director of UUK International

Evidence session 2: International student experience

Professor Sir Drummond Bone, Chair, i-Graduate

Jess Howlett, Business Development Director Bespoke Projects, i-Graduate

Claire O'Leary, Co-chair of the Immigration Compliance Network and Compliance Lead at the University of Warwick

Professor Mark Goodwin, Deputy Vice-Chancellor (External Engagement), Exeter University

Yinbo Yu, International Students' Officer at the National Union of Students

Mike Day, International Relations and NUS-USI Director at the National Union of Students

James Pitman, Managing Director, UK & Europe, Study Group

Evidence session 3: International student market

Jo Attwooll, Policy Manager, Universities UK

Michael Peak, Senior Adviser, Education Research, British Council

Kevin van Cauter, Senior Higher Education Adviser, British Council

Bobby Mehta, International Director, University of Portsmouth

Evidence session 4: International student contribution to the UK

Will Archer, Observatory on Borderless Higher Education

Dominic Scott, Chief Executive, UKCISA

Vincenzo Raimo, Pro-Vice Chancellor, University of Reading

Andrew Mandebura, Vice Chair, BUILA

Evidence session 5: Transnational Education

Dr Neil Kemp OBE, International Education Consultant

Dr Fabrizio Trifiro, Manager International, QAA

Professor Tim Blackman, Vice Chancellor, Middlesex University

Paul Inman, Pro-Vice Chancellor, Oxford Brookes University

Michael Peak, Senior Adviser, Education Research, British Council

Evidence session 6: Online provision

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Mark Lester, Director of Partnerships Development, Future Learn

Dr Lisa Day is Director of Studies Online MBA, University of Liverpool

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Dr Aneta Hayes

What is the Higher Education Commission?

The Higher Education Commission is an independent body made up of leaders from the education sector, the business community and the major political parties.

Established in response to demand from Parliamentarians for a more informed and reflective discourse on higher education issues, the Higher Education Commission examines higher education policy, holds evidence-based inquiries, and produces written reports with recommendations for policymakers.

The Higher Education Commission is chaired by Professor the Lord Norton of Louth, a Conservative peer and academic. The Higher Education Commission's work is generously supported by University Partnerships Programme, ACCA, and Jisc.

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Professor Simon Marginson

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Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. It believes that accountants bring value to economies in all stages of development and seek to develop capacity in the profession and encourage the adoption of global standards. ACCA's core values are aligned to the needs of employers in all sectors and it ensures that through its range of qualifications, it prepares accountants for business. ACCA seeks to open up the profession to people of all backgrounds and remove artificial barriers, innovating its qualifications and delivery to meet the diverse needs of trainee professionals and their employers. More information is here: www.accaglobal.com



Jisc

Jisc is the UK's digital body for tertiary education and research. We are a not-for-profit charity funded by the UK HE, FE and research funding bodies and HE member institutions.

We do three main things for our members:

1. Operate and protect shared digital infrastructure and services, such as the superfast Janet Network
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The Universities Partnerships Programme

University Partnerships Programme (UPP) is the leading provider of on campus student accommodation infrastructure and support services in the UK. We have around 32,000 rooms under management or in construction through long term partnerships with 15 leading UK universities. With over 800 employees, we work to deliver the very best student experiences, together with great universities.

We offer bespoke partnerships of typically 40 to 50 years which enable universities to make the most effective use of their assets, free up resources and improve services available to students. We design and develop high quality, affordable student accommodation on campus. Our innovative approach means our interests are aligned with those of each university partner.

Founded in 1998, we have since invested in excess of £2 billion in universities across the UK. We have established a long term growth strategy to ensure we remain well positioned to meet the growing demand for investment within the UK's higher education sector, whilst at the same time helping our partners achieve their long term ambitions. In 2013, we outlined a five-year growth plan in which we aim to invest a further £1 billion in delivering the very best student experiences, as well as expand our portfolio to more than 40,000 rooms. .

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The Higher Education Commission, the Skills Commission, and the All-Party Parliamentary Group for Skills and Employment make up the Education and Skills team as part of the Policy Connect network.

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