

Universities Scotland is a membership organisation representing Scotland’s 19 higher education institutions.<sup>1</sup> This submission includes evidence on the academic, economic and cultural value of both EU and non-EU international students. While comments on the current immigration system are particularly relevant to non-EU international students, they will become important guiding policy points for any post-Brexit regime and are relevant to all non-UK students. Universities Scotland welcomes the call for evidence from the Migration Advisory Committee and a robust and evidence-based approach to the development of immigration policy.

The contribution of international students within Scottish universities and to Scottish communities is significant. Highly internationalised institutions are linked to high-quality research and learning and teaching. In classrooms, international students provide diverse perspectives and create enduring networks and relationships. Meanwhile, the fees paid by international students are an essential part of the financial sustainability of institutions. More broadly, international students have a substantial positive economic impact on Scotland and foster ‘soft power’ relationships. Whilst studying, international students contribute to community development and support employment and the sustainability of services in the areas in which campuses are located.

The evidence provided below addresses the Committee’s questions directly.

For context, the following table provides data on the student population in Scotland.

**Table 1: Students at Scottish HEIs 2015-16 (full person equivalent). Source: HESA**

	Non-EU	EU excluding UK	UK
First Degree	12,605	18,165	126,635
Postgraduate (taught)	13,870	6,200	23,650
Postgraduate (research)	4,385	2,915	5,600

<sup>1</sup> The term ‘universities’ is used throughout this submission to refer to the HE sector in Scotland comprising 19 world-class and highly diverse higher education institutions



## 1. What impact does the payment of migrant student fees to the educational provider have?

International student fees make a significant contribution to the sustainability of Scottish HEIs, in a financial environment where public funding of teaching and research does not meet its full economic costs. In 2016, Audit Scotland<sup>2</sup> reviewed the financial health of the Scottish higher education sector and reported that the sustainability of the sector is reliant on the attraction of international students. Fees collected from international students therefore also support a high-quality experience for Scottish-domiciled students and students from the rest of the UK. This excellence is demonstrated through high student satisfaction rates, with the 2017 National Student Survey finding that 85% of students at Scottish institutions were satisfied with the overall quality of their programmes of study, compared to 84% across the UK as a whole.

Audit Scotland found<sup>3</sup> that:

- The largest percentage increase in any category of university income between 2005/06 and 2014/15 was in non-EU tuition fees, which increased from £140 million to £438 million, a real-terms increase of 154%. This increase did not impact all institutions equally, and the 'Ancient' universities<sup>4</sup> saw the largest increase in income from non-EU tuition fees at 190% in real terms, almost four times that of the Modern ('post-92') institutions, at 56% in real terms.
- The higher education sector in Scotland is under increasing financial pressure, and current funding from the Scottish Government, or through partnerships, does not meet the full economic costs of publically funded teaching, research and knowledge exchange. In 2014/15 Scottish Government funding only covered 94.2% of the full economic cost of providing publically-funded teaching and 85% of the cost of research. Given subsequent real terms cuts of funding council grants to the sector, Universities Scotland estimates that institutions only receive 90% of the costs of publically funded teaching.

International student fees are therefore critical to the financial sustainability of universities in Scotland, allowing them to invest for the future in projects that also drive local economic activity, such as the maintenance and development of university estates and infrastructure.

In 2014/15, the sector spent £397 million on capital projects to support an excellent student experience and research excellence. The 2016 Audit Scotland report found that institutions' reliance on public funding for such investments is diminishing. The maintenance and development of university estates and infrastructure has a significant impact on a university's ability to recruit the

---

<sup>2</sup> [http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr\\_160707\\_higher\\_education.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160707_higher_education.pdf)

<sup>3</sup> Ibid

<sup>4</sup> The universities of Aberdeen, Edinburgh, Glasgow and St Andrews



best and the brightest students and staff, impacting teaching standards and research conducted. The latest technology and renovated estates attract students and staff but also business investment, ensuring that institutions remain competitive within the United Kingdom and internationally.

## **2. What are the fiscal impacts of migrant students, including student loan arrangements?**

In Scotland, EU27 students pursuing undergraduate first degrees are fully funded by the Scottish Government consistent with funding support for Scottish-domiciled students. EU students are also eligible currently to apply for tuition fee loans for postgraduate taught degrees from Student Awards Agency Scotland (SAAS),<sup>5</sup> so long as they have been resident within the EU for the three years immediately prior to the start of their course. As noted in our contribution to the Committee's consideration of EEA workers in the UK labour market, current arrangements mean that EU students are able to make a significant contribution to the Scottish (and UK) labour market, both during and after study. This not only contributes to meeting labour market needs but also to work-related taxation.

Non-EU international students do not have access to funded places or to fee loans. The current immigration system acts as an obstacle to non-EU students engaging with the UK labour market and, through that, making a contribution through work-related taxation. Universities Scotland has set out the need for enhanced post study work visas in Scotland<sup>6</sup>.

It should also be noted that non-EU students make a fiscal contribution through the costs of the visa system and the NHS health surcharge. Currently, it costs £335 to apply for a Tier 4 (General) student visa with an additional £335 per person for any dependents when applying from outside the UK. This fee increases to £457 when a Tier 4 visa application is made from inside the UK. Priority service fees for applications made within the UK are £916, and premium service fees are £1,047. Applicants are also required to pay the immigration health surcharge, with the amount dependent on the length of their programme. In general, students pay a £150 health surcharge for a six-month course, with an additional £150 charge for each of their dependents. Those applying for a Tier 4 visa for courses longer than 6 months are charged an additional fee of £150 per year and £75 for six months or less for the maximum amount of leave that can be granted, not just the course dates. International (non-EU) students also have to show proof of means of affording course fees and living costs. At the point of application they must have first-year fees and an additional £1,015 per month for living costs for 9 months of study. These costs are high relative to the UK's major competitors for international students (the New Zealand student visa charge is equivalent to £133 and £88 in Canada).

---

<sup>5</sup> [http://www.saas.gov.uk/full\\_time/pg/eligibility.htm](http://www.saas.gov.uk/full_time/pg/eligibility.htm)

<sup>6</sup> <https://www.universities-scotland.ac.uk/campaigns/post-study-work-for-international-students/>



All international students make a fiscal and broader economic contribution through their spending whilst studying. Universities Scotland estimates that this spend contributes approximately £500m to the Scottish economy. This makes a significant direct fiscal contribution through VAT and indirectly through the sustainability of businesses and employment. London Economics<sup>7</sup> identified an employment multiplier of 15.2 for student expenditure, through an analysis of an Oxford Economics economic impact assessment of the UK higher education sector in 2014-2015 commissioned by Universities UK (UUK) in October 2017. This multiplier *'implies that every £1 million of international student expenditure supports a total of 15.2 full-time equivalent jobs throughout the UK economy.'*<sup>8</sup>

### **3. Do migrant students help support employment in educational institutions?**

Scottish higher education is a key sector of the Scottish economy and employs over 43,000 people. In cities and regions across Scotland, universities are one of the major employers and strong drivers of economic growth and community capacity. To illustrate, research<sup>9</sup> suggests that around 1 in 8 jobs in the city of Dundee is dependent on the success of its universities. Similarly, the creation and development of the University of the Highlands and Islands has been a major driver of the regional economy of the Highlands.

Employment is viable because of the financial sustainability and competitiveness of institutions which, in turn, relies increasingly on the ability to attract international students. Moreover, the success of institutions across the globe is increasingly linked to their internationalisation more broadly, including the attraction of students and staff. QS and Times Higher Education are just two organisations that provide rankings of universities that include internationalisation within their methodologies. For example, when rating universities on internationalisation, QS<sup>10</sup> measures percentage of international faculty and percentage of international students within total populations.

Considering employment in institutions that is linked directly to the presence of international students, additional student support services may be tailored to international students' needs, leading to the creation of specific roles. For example, at the University of Dundee, the International Advice Service currently employs two full-time staff, providing specialist advice to international students. The University of Dundee's submission to the Committee details that the Department for English for International Students employs eight members of staff, while 40 full-time staff members work more than 50% of the time on activities that support international students. Similarly, at Glasgow Caledonian University, Academic Development Tutors support international students with

---

<sup>7</sup> London Economics. The costs and benefits of international students by parliamentary constituency. January 2018

<sup>8</sup> Ibid

<sup>9</sup> Economic impact of Scottish universities, Biggar Economics

<sup>10</sup> <https://www.topuniversities.com/qs-stars/qs-stars/rating-universities-internationalization-qs-stars>



academic writing, presentations and other assignments within Academic Development Centres at each school.<sup>11</sup>

International student support programmes also provide an avenue for collaboration within institutions, as they often require expertise across departments. Additional capacity through staffing and increased collaboration enhance the experience for all students and increase international prestige for the institution and ultimately the sector as a whole. For example, at Queen Margaret University, a non-credit bearing course titled *Learning Methodologies for Postgraduate Students* supports international postgraduate students transitioning from undergraduate study. Although mandatory for international students, domestic students can also elect to participate in the course, benefiting from a programme that otherwise would not have been available to them. The programme specifically provides an opportunity for staff collaboration within the university, as it is designed and delivered by staff from the Physiotherapy department, Centre for Academic Practice, the Effective Learning Service, and Learning Resource Centre.<sup>12</sup>

More broadly, universities are providers of services such as accommodation, catering and sports facilities to students. The overall capacity and sustainability of such services, and the employment required to deliver them, is supported by the presence of international students.

#### **4. How much money do migrant students spend in the national, regional and local economy and what is the impact of this?**

Alongside fees paid to institutions, spending by international students is a significant contribution to the economy. To this may be added spending by family and friends who visit students whilst they are studying, boosting tourism spend. As discussed further in response to question 8, Universities Scotland estimates this tourism spend was £25.7 million in 2015/16 in Scotland.

Recent research by London Economics<sup>13</sup> published in January 2018 identified the net economic impact to Scotland of international students entering higher education in 2015/16 to be £1.9 billion. Looking specifically at spending on general living costs, entertainment and consumer products, international students' spend in Scotland is estimated to have been £517.5 million in 2015-16<sup>14</sup>.

Many universities have conducted their own economic impact surveys, and have detailed the positive net impact of international students in their own submissions to the Committee. A consistent message is that in many towns and cities in Scotland, the university is one of the largest

---

<sup>11</sup> International Students' Transitions into Scottish Higher Education: A Scoping Survey. Irene Bell. The Quality Assurance Agency for Higher Education. P. 15

<sup>12</sup> <http://www.enhancementthemes.ac.uk/docs/case-studies/learning-methodologies-for-postgraduate-students.pdf>

<sup>13</sup> London Economics. The costs and benefits of international students by parliamentary constituency

<sup>14</sup> US figures 2015/16 based on BIGGAR Economics methodology



employers in the area, and a micro-economy servicing the needs of students has grown around it. This can be of particular importance in rural or smaller communities in Scotland where a university is a major driver of economic activity.

## **5. How do migrant students affect the educational opportunities available to UK students?**

International student demand and participation in higher education in Scotland allows universities to offer a wider range of courses, whilst diversity in classrooms provides home students with better learning outcomes.

As discussed in the previous question, International student fees are a significant income stream for many Scottish universities, with a sector total income in 2015/16 of £488 million. This contribution to the sustainability and competitiveness of institutions thereby supports the staffing of institutions; investment in the maintenance and development of university facilities; and pursuing research and knowledge exchange with business.

Under Scotland's HE quality enhancement approach, the sector has conducted work on graduate attributes for the 21<sup>st</sup> century<sup>15</sup>. One of eight key attributes is 'global citizenship'. A diverse campus supports the development of skills and attributes by all students, UK, EU and non-EU. This resonates with a review by the Department for Business, Energy and Industrial Strategy,<sup>16</sup> which noted that diversity on campus provides students with an international outlook and networks for personal and professional development. Home students also value the contribution international students make to their classrooms. In July 2015 the Higher Education Policy Institute (HEPI) and the Higher Education Academy (HEA) commissioned YouthSight to survey<sup>17</sup> undergraduate students in the UK about the experience of studying alongside a diverse population of international students. 95% of undergraduate students in higher education institutions in Scotland reported that they study alongside international students. This survey also found that 76% of undergraduate students from the UK either strongly agreed or agreed that studying alongside international students while in higher education was useful preparation for working in a global environment.

International students are particularly well-placed to assist other university students with language development, and many HEIs run or encourage informal language learning opportunities as a way for international and home students to improve their language skills in a mutually beneficial setting.<sup>18</sup> For example, at the University of Edinburgh, the Students' Association has administered

---

<sup>15</sup> <http://www.enhancementthemes.ac.uk/docs/publications/graduates-for-the-21st-century-integrating-the-enhancementthemes-leaflet.pdf>

<sup>16</sup> Global Growth and Prosperity: An Accompanying Analytical Review (2013)

<sup>17</sup> <http://www.hepi.ac.uk/wp-content/uploads/2015/06/HEApaper7.pdf>

<sup>18</sup> International Students' Transitions into Scottish Higher Education: A Scoping Survey. Irene Bell. The Quality Assurance Agency for Higher Education. P. 14



the Tandem programme, which promotes the learning of languages through an exchange service, effectively pairing two students who can help each other learn or improve their language skills in a relaxed atmosphere. Tandem hosts weekly Language Cafés for home and international students, while Speed Lingua evenings are held throughout the year as a social way to bring students together to find the right language match for them.<sup>19</sup>

## **6. To what extent does the demand from migrant students for UK education dictate the supply of that education provision and the impact of this on UK students?**

For some universities, in some courses at the taught postgraduate level, international students count for as much as 63% of all students, and international students making up 30-50% of enrolments is not uncommon in some courses at some HEIs in Scotland. Universities' ability to attract students from outside of the UK is an important element in the sustainability of some courses, and therefore the opportunities available to Scottish-domiciled students and the strategic skills capacity of the economy more broadly.

The demand for courses by international students can provide Scottish HEIs with a competitive edge as some courses, particularly from small, specialist institutions, are rare or not offered anywhere else in the world. These expanded offerings provide home students with a greater range of courses that would otherwise not be on offer. This has been confirmed by a 2013 report from the Department of Business, Energy and Industrial Strategy (BEIS)<sup>20</sup>, which found that *'international students also stimulate demand for courses where domestic demand alone can be insufficient to sustain them, thus ensuring that a wider range of courses are available for all students and some strategically important courses remain viable.'* BEIS particularly cited that in postgraduate taught programmes at the UK level international students made up 84% of new entrants in electronic and electrical engineering, 76% in production and manufacturing engineering and 67% in computer science in 2011/12.

The top five subject areas for EU and non-EU international student enrolment within courses across all of Scottish HEIs are described in the tables below. All figures are drawn from HESA for the year 2015-16 and demonstrate high percentages of enrolment particularly at the postgraduate level.

---

<sup>19</sup> Ibid

<sup>20</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/340600/bis-13-1081-international-education-global-growth-and-prosperity-revised.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/340600/bis-13-1081-international-education-global-growth-and-prosperity-revised.pdf)



**Table 2: Top 5 subject area by FTE students all Scottish HEIs, non-EU, First Degree**

Subject area	Total students non-EU (FTE)	Percentage of total students
Business & administrative studies	2,090	11.8%
Social studies	1,635	10.5%
Engineering & technology	1310	11.2%
Biological Sciences	875	5.9%
Medicine & Dentistry	855	14.7%

**Table 3: Top 5 subject area by FTE students all Scottish HEIs, non-EU, Postgraduate (Research)**

Subject area	Total students non-EU (FTE)	Percentage of total students
Engineering & technology	790	48.3%
Biological Sciences	445	28.6%
Business & administrative studies	385	57.0%
Historical & philosophical studies	330	39.1%
Physical Sciences	285	19.3%

**Table 4: Top 5 subject area by FTE students all Scottish HEIs, non-EU, Postgraduate (Taught)**

Subject area	Total students non-EU(FTE)	Percentage of total students
Business & administrative studies	3910	63.9%
Engineering & technology	1030	52.4%
Social Studies	1015	43.7%
Law	625	34.0%
Education	575	14.7%

**Table 5: Top 5 subject area by FTE students all Scottish HEIs, EU27, First Degree**

Subject area	Total students EU27 (FTE)	Percentage of total students
Business & administrative studies	2470	14.0%
Biological Sciences	1980	13.4%
Social Studies	1875	12.1%
Computer Science	1370	21.1%
Languages	1345	15.4%

**Table 6: Top 5 subject area by FTE students all Scottish HEIs, EU27, Postgraduate (Research)**

Subject area	Total students EU27 (FTE)	Percentage of total students
Biological Sciences	420	27.0%
Physical Sciences	415	28.0%
Engineering & technology	405	24.8%
Social Studies	180	23.5%
Subjects Allied to Medicine	170	19.5%

**Table 7: Top 5 subject area by FTE students all Scottish HEIs, EU27, Postgraduate (Taught)**

Subject area	Total students EU27 (FTE)	Percentage of total students
Business & administrative studies	1060	17.3%
Engineering & technology	420	21.4%
Social Studies	355	15.3%
Biological Sciences	350	23.6%
Education	335	8.5%

## **7. What is the impact of migrant students on the demand for housing provision, on transport (particularly local transport) and on health provision?**

The volume of students is a driving factor in the demand for, and sustainability of, many local services, including student halls and transportation. For instance, students' use of local bus services may contribute significantly to the sustainability of routes. For other services, the net cost of international student usage of public services is a small fraction of the overall net economic and



fiscal benefits to regional and national economies. These costs are also offset directly by fees international students pay, referenced above, to UK Visas and Immigration and the NHS in their visa applications and immigration surcharges. Moreover, considering health directly, the demographic profile of students means that they are relatively unlikely to need to access services when compared to the population as a whole.

A January 2018 study by London Economics<sup>21</sup>, commissioned by the Higher Education Policy Institute (HEPI) and Kaplan International Pathways, examined the costs and benefits to the UK public of hosting international students and their dependents. The results of this study clearly demonstrate that the financial benefits of international students significantly outweigh the costs to the public, finding a net benefit of £68,000 per EU-domiciled student and £95,000 per non-EU international student in the 2015/16 cohort of entering students. Across the entire cohort, the total figure for the net impact of international students on the UK economy was calculated to be £20.3 billion, with £4.0 billion from EU-students and £16.3 billion by non-EU international students. For Scotland specifically, the net impact stemming from the 2015/16 cohort is estimated to be £1.9 billion.

When examining the costs to public funds per student, London Economics specifically examined:

- Teaching grants;
- Tuition fee support through loans and/or grants to EU students;
- Public services, including: healthcare, housing and community amenities, primary and secondary-level education received by dependent children, social security, public order and safety, defence, economic affairs, recreation and culture, environmental protection, other general public services; and
- Costs associated with 'non-identifiable' public expenditure, such as servicing national debt and overseas activities.

For non-EU international students, the entirety of the cost of hosting them and their dependents to the UK public funds was found to be £7,000 per student, made up of costs associated with wider public service provision. When totalled by international students entering in 2015/16, the entire cost to the UK economy was calculated to be £2.3 billion, with £1.1 billion being from EU-students and £1.2 billion being from non-EU students. The overall lower costs to public services in comparison with the benefit is supported by estimations that international students utilise services like the NHS at rates in line with their age group and therefore lower than average rates.

Aggregate costs for EU students over the entirety of their programmes were calculated to be £19,000, with a breakdown being:

- £2,000 from teaching grants
- £2,000 from student support costs
- £15,000 in wider public service provision

---

<sup>21</sup> London Economics. The costs and benefits of international students by parliamentary constituency. Jan 2018



## **8. What impacts have migrant students had on changes to tourism and numbers of visitors to the UK?**

International students benefit the tourism industry in the UK as they draw friends and family to visit from overseas and they themselves travel throughout the country. Universities Scotland estimates that in 2015/16 this tourism spend in Scotland totalled £25.7 million<sup>22</sup>.

Data<sup>23</sup> published by London Economics for the Higher Education Policy Institute (HEPI) and Kaplan International Pathway in January 2018 estimated that in the UK:

- In 2015/16, there were approximately 1.4 international visitors for every first-year student, equalling approximately 330,000 visitors that year.
- The average expenditure associated with each of these visits was around £540.
- EU students usually draw more international tourism than non-EU international students, with EU students attracting 3.0 visits per student and non-EU international students bringing 0.9 visits per students
- Non-EU international student visitors spend on average £822 per visit compared with £296 spent per trip by visitors of EU students.

Tourism may also be increased for students who are in their final stage of their academic career, as graduation ceremonies are heavily attended by family members from overseas. Universities will also attract visitors through their internationalisation strategies, which is inclusive of visiting researchers through international collaborations, conferences and event attendees, and prospective student travel for informational sessions and Open Days. The University of St Andrews' submission illustrates this using data from University Open Days and daily 'Talk and Tour' visits.

## **9. What role do migrant students play in extending UK soft power and influence abroad?**

For over 600 years, Scottish universities have shaped many of the world's best and brightest minds. Higher education remains one of Scotland's most influential exports on the international stage. The ComRes 2015 global ranking of soft power puts the UK second only to the US on the education sub-indices.<sup>24</sup> Indeed, the UK's high quality higher education continues to draw many future world leaders, for example a 2015 study from the Higher Education Policy Institute (HEPI)<sup>25</sup> revealed that over 55 of the world's then political leaders had studied in the UK. In Scotland, international

---

<sup>22</sup> US figures 2015/16 based on BIGGAR Economics methodology

<sup>23</sup> London Economics. The costs and benefits of international students by parliamentary constituency

<sup>24</sup> [http://www.comresglobal.com/wp-content/uploads/2015/07/Report\\_Final-published.pdf](http://www.comresglobal.com/wp-content/uploads/2015/07/Report_Final-published.pdf)

<sup>25</sup> <http://www.hepi.ac.uk/2015/10/01/now-thats-call-soft-power-55-world-leaders-educated-uk/>



students hail from 180 countries, demonstrating the impressive reach of Scottish higher education around the world.

International graduates of UK universities offer an opportunity to extend the UK's influence overseas and develop international cultural, trade and business opportunities. A 2013 study commissioned for the Department for Business, Innovation and Skills (BIS) found that 90% of international graduates interviewed believed that their perception of the UK improved as a result of completing their education here.<sup>26</sup> Research by the British Council<sup>27</sup> also found that exposure through attending an educational institution was one of the most important cultural activities for developing trust, and students who have studied in the UK higher education system are more likely to have a higher level of trust in British people.<sup>28</sup>

The personal relationships and professional networks built during higher education are also long-lasting, and international alumni links often underpin the development of inward investment and increases in international trade. A BIS report identified that 78% of graduates from UK universities intended to develop professional links with organisations in the UK in the future and 86% would look to remain connected with their university.<sup>29</sup> The connection between international student graduates and international trade development is particularly strong for some countries. Recent British Council research found that the correlations between student and trade flows is above 70% for countries like Canada, Japan, South Korea and India.<sup>30</sup> Further British Council research found that young people in emerging economies who have learned English or have studied for UK qualifications are more likely to be interested in doing business with the UK than those who have not.<sup>31</sup>

In Scotland specifically, the GlobalScot network brings together business leaders from around the world that have connections to Scotland, many being alumni from Scottish HEIs. This network provides Scottish businesses with advice on international markets and mentorship on emerging opportunities in the global marketplace. While it would be impossible to highlight all successful international alumni from Scottish universities, recent examples of those who have been particularly impactful in extending the UK's soft power are:

### **Case Study 1: Khalid Abdul Rahim, Graduate of Glasgow Caledonian University**

Originally from Bahrain, Khalid is the acting Chairman of Cebarco Bahrain and the KAR Group of companies, a successful multi-million pound construction company. He graduated from Glasgow

---

<sup>26</sup> Promoting the UK to tomorrow's leaders

<sup>27</sup> British Council "*Trust Pays: How international cultural relationships build trust in the UK and underpin the success of the UK economy*" (2012)

<sup>28</sup> Institute for Public Policy Research: Britain wants you (2013)

<sup>29</sup> Promoting the UK to tomorrow's leaders

<sup>30</sup> Ibid

<sup>31</sup> Institute for Public Policy Research: Britain wants you (2013)



Caledonian University with a Master's degree in Construction Management in 2005. While completing his degree, Khalid managed Cebarco through the building of the Bahrain International Formula 1 Circuit over a 16 month period, attributing the success of this project and rapid growth of his business in part to his time at GCU and his ongoing relationship with the University. In acknowledgement of the GCU's impact on his success, he donated £250,000 over five years to establish the Khalid Abdul Rahim Construction Scholarship Fund, benefiting construction and environment students in the School of Engineering and Built Environment.

### **Case Study 2: Professor Stephen Ho, Graduate of Edinburgh Napier University**

Dr. Stephen Ho attended Edinburgh Napier University to study management and marketing before returning home to Hong Kong. He later turned a small shipping company into an organisation with a net worth of £25 million, before subsequently owning his own international shipping and logistics company with 530 staff and 27 offices throughout Hong Kong and mainland China, doing business with 86 countries worldwide. Following his experience in Scotland, Professor Ho has been instrumental in promoting the Scottish higher education system in Hong Kong. He created MacGregor Education, recruiting students from Hong Kong to study in the UK, and he is a founder and trustee of the Edinburgh University Scholarship Trust, which sponsors high-achieving students from Hong Kong for whom international study would otherwise not be possible.

### **10. If migrant students take paid employment while they are studying, what types of work do they do?**

Like domestic students, international students participate in part-time employment to supplement finances for living expenses while at university. A nationwide survey conducted by NUS<sup>32</sup> in 2010 found that students work on average of 14.2 hours a week. Students on Tier 4 visas are currently limited to working twenty hours per week, which impacts international student eligibility and participation in part-time and out of term-time employment. Students also undertake unpaid volunteer work, enabling local third sector organisations to increase their operations and capacity. NUS estimates that students volunteer 44 hours annually, and while there is no distinction for international students, it is assumed that international students participate in volunteer work at similar rates as domestic students.

Within the sector, students are well-placed to fill positions delivering services on campus. These positions are often temporary and require a significant degree of flexibility, which can be difficult to fulfil from recruitment within the wider community. In this regard universities engage with the labour market in a very different setting and access to a sufficient number of staff is a concern for the effective delivery of services.

Such work is often:

- Temporary - for less than four consecutive weeks.

---

<sup>32</sup> National Union of Students (2010), Still in the Red



- To deliver one-off/short-term tasks - for example answering phones during clearing, staging an exhibition or organising a conference.
- Highly flexible, driven by the delivery of specific events - for example conference catering.

Member universities have included in their submissions specific breakdowns of student employment within their institutions, particularly addressing this area.

### **11. What are the broader labour market impacts of students transferring from Tier 4 to Tier 2 including on net migration and on shortage occupations?**

As mentioned previously, the attraction of global talent to Scotland is instrumental in developing inward investment and spurring economic growth and capacity. With an aging population and relatively slow economic growth, Scotland has a particularly strong interest in attracting young talent into the economy.

The National Records of Scotland projects the number of Scots of pensionable age and over per 1,000 people of working to increase from 311 in 2015 to 397 in 2039.<sup>33</sup> While current projections also suggest that the population of Scotland will rise to 5.7 million by 2039, the number of people aged 65 and over is expected to increase by 53% between 2014 and 2039.<sup>34</sup> With an aging population, the Scottish Government has already identified that immigration is essential for the maintenance of services and the future financial health of the country, noting that *“any move which limits migration, whether from within or beyond the EU, has the potential to seriously harm Scotland’s economy”*<sup>35</sup>.

In a 2016 report,<sup>36</sup> the Scottish Government noted that 90% of the population growth in Scotland is predicted to be from immigration. Net migration from the EU has driven population growth more strongly in Scotland than in the UK as a whole, with 50% of the net population growth in Scotland stemming from EU nationals versus only 32% in the UK<sup>37</sup>. The National Records of Scotland (NRS)<sup>38</sup> recently projected population figures based on outcomes of varying levels of migration from the EU. If migration from the EU is halved from current figures, the projected population growth from 2014 to 2039 in Scotland will fall from current projections of 7% to 5%. This projection falls further to 3% without any migration from the EU, reducing the number of people in Scotland aged 16-64 by 9% and thereby increasing the dependency ratio.

<sup>33</sup> Scotland’s Population, 2015 Infographic Report, National Records of Scotland  
<http://www.gov.scot/Topics/People/Equality/Equalities/DataGrid/Age/AgePopMig>

<sup>34</sup> Projected Population of Scotland (2014-Based)  
<http://www.gov.scot/Topics/People/Equality/Equalities/DataGrid/Age/AgePopMig>

<sup>35</sup> <http://www.gov.scot/Resource/0051/00512073.pdf>

<sup>36</sup> Scotland’s Place in Europe, the Scottish Government based on ONS data

<sup>37</sup> <http://www.gov.scot/Resource/0051/00512073.pdf>

<sup>38</sup> Scotland’s Place in Europe, the Scottish Government based on NRS data



Understanding that continuing immigration is key to Scotland's future, international students exist as the ideal subset of available migrants. From 2015-2016, Scotland had a net migration of 31,693 people, with 22,900 of those coming from overseas, and between mid-2013 and mid-2014, the peak age for migration into Scotland was 23.<sup>39</sup> Encouraging immigration from young, highly educated individuals maximises their economic benefit to the country through expected earnings. Their graduate qualifications are easily recognisable and highly valued by businesses within the UK, and graduates have higher levels of employment, lower levels of economic inactivity, and higher levels of earning on average compared to non-graduates.<sup>40</sup> UK businesses are generally satisfied with graduates' basic skills and general readiness for employment, with more than nine in ten firms reporting satisfaction or better with graduates' IT skills (96%), literacy/use of English skills (92%) and numeracy (91%).<sup>41</sup>

Within the UK, demand for graduates is expected to increase, as 85% of businesses have maintained or increased their levels of graduate recruitment in 2015/16, and every year for the past five years more businesses have expanded their graduate intakes, increasing the number of graduate openings.<sup>42</sup> In the most recent annual data, graduate recruitment in Scotland has seen a 10% increase, compared to a 6% increase in the UK as a whole.<sup>43</sup> Employer surveys in both the technology and creative fields in Scotland also confirm a need for qualified graduates to fill positions. For technology businesses specifically, 75% of businesses expect to require new graduates, rising to 85% of medium-sized companies (36-500 employees).<sup>44</sup> When businesses were asked what level of experience they needed to grow, 'graduates' was the highest response. For creative industries in Scotland, 31% of companies reported skills gaps within the existing workforce, and 42% of employers with vacancies say that some of them are hard to fill due to applicants not having the right skills or experience.<sup>45</sup> The engineering and advanced manufacturing sector in Scotland have similarly reported skills gaps, with almost 18% of the sector reporting issues with practical and technical skills.<sup>46</sup> In this sector, hard-to-fill vacancies make up 38.6% of all vacancies, a higher proportion than other industries at 35.2%, with low numbers of applicants with required skills being the largest challenge<sup>47</sup>.

---

<sup>39</sup> The Registrar General's Annual Review of Demographic Trends

<sup>40</sup> High demand for graduates reflects the value of their skills. CBI  
[http://www.cbi.org.uk/index.cfm/\\_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77](http://www.cbi.org.uk/index.cfm/_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77)

<sup>41</sup> Ibid

<sup>42</sup> High demand for graduates reflects the value of their skills. CBI  
[http://www.cbi.org.uk/index.cfm/\\_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77](http://www.cbi.org.uk/index.cfm/_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77)

<sup>43</sup> Ibid

<sup>44</sup> The Scotland IS Scottish Technology Industry Survey 2016 <https://issuu.com/scotlandis/docs/scotlandis-2016-issuu>

<sup>45</sup> Creative Skillset, *Employer Skills Survey 2010*

<sup>46</sup> Skills Investment Plan for Scotland's engineering and advanced manufacturing sector <https://semta.org.uk/pdf/Scotland-Sector-Skills-Assessment-full-report-2011.pdf>

<sup>47</sup> Scotland Report: Sector Skills Assessment for Science, Engineering and Manufacturing Technologies

<http://semta.org.uk/pdf/Scotland-Sector-Skills-Assessment-full-report-2011.pdf>



The record of employability of Scottish graduates is also a testament to the attractiveness of a Scottish higher education degree. In 2013/14, 90% of university graduates entered employment or further study, with 63% attaining work within the United Kingdom. 59% of university graduates who gained employment stated that their qualification was either a formal requirement or gave them an advantage in securing the job. Overall the proportion of university graduates who have entered employment or further study has increased slightly over the past few years, by 2% since 2011/12<sup>48</sup>.

Although data is only available for EU graduates and not all international students, the DLHE survey examining outcomes six months after graduation demonstrates that these students quickly move on to meaningful employment after graduation. An analysis of DLHE data from 2015/16 found that of the EU graduates from Scottish HEIs who are working in the UK, 81% are in 'professional' level jobs within 6 months of graduation, compared to 74.6% of Scots working in the UK. Of the 1,370 EU students who have graduated from a Scottish HEI and take employment in the UK 6 months after graduation, they are most likely to be found in the following standard occupational classifications:

- 18.6 % in Education (255 graduates)
- 16.1% in Professional, scientific and technical roles (220 graduates)
- 12% in human health and social work roles (165 graduates)
- 10.9% in information and communication (150)

In terms of salary, of those in employment in the UK, 73.8% of EU graduates from Scottish HEIs are also earning £20,000 or over within 6 months. This compares to 70.3% of UK-domiciled graduates earning over that salary threshold. Scotland particularly retains EU graduates from Scottish universities, as 67.2% choose to stay on and work in Scotland six months after graduation, an impactful injection of graduate talent into Scotland's economy.

Yet, the second largest area where businesses find a weakness in home grown talent is in their international cultural awareness, with 39% of recruiters reporting dissatisfaction.<sup>49</sup> International students' presence helps to internationalise the student experience, assist domestic students develop cultural aptitudes and helps address businesses' concerns across intercultural communication. When surveyed, 73% of undergraduates in Scotland think they have an international outlook. Employers are increasingly seeking a global outlook in their recruits, and 79% want new hires with awareness of the wider world.<sup>50</sup>

European students are also particularly well-placed to fill gaps in providing foreign language skills that businesses increasingly require. Only 34% of businesses rate the foreign language skills of school and college leavers entering the jobs markets as satisfactory. EU languages like French (51%),

---

<sup>48</sup> [http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr\\_160707\\_higher\\_education.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160707_higher_education.pdf)

<sup>49</sup> High demand for graduates reflects the value of their skills. CBI

[http://www.cbi.org.uk/index.cfm/\\_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77](http://www.cbi.org.uk/index.cfm/_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77)

<sup>50</sup> Richer for It (2013) Universities Scotland



German (47%) and Spanish (45%) are the ones most commonly mentioned as being in demand.<sup>51</sup> The major European economies are still the largest export markets for British goods and are likely to stay so after Brexit.<sup>52</sup> Mandarin is also widely valued by employers, and with Chinese students being a large subset of the international student population, these students offer a highly skilled potential workforce.

## **12. Whether, and to what extent, migrant students enter the labour market, when they graduate and what types of post-study work do they do?**

We have set out the importance of international students to Scotland's labour market and to meeting Scotland's demographic challenge in answer to question 11.

Opportunities for post-study work are a major driver of student recruitment from across the globe. The current visa arrangements for post-study work visas impact the extent to which non-EU students enter the UK labour market when they graduate.

Whilst the data<sup>53</sup> demonstrate that non-EU students return to their home countries in accordance with their visa restrictions, they also illustrate how Scotland is missing out currently on accessing a significant number of well-qualified young people who might enter the labour force for a period under post study work arrangements.

A 2015 Hobsons survey of students who had applied for or enquired about study in the UK in 2014 found that post-study options were one of the top four main factors influencing their decision. The impact of changes to post-study work visa opportunities was also noted by respondents to a QAA survey in 2016. The survey results highlighted the potentially detrimental effect upon the overall international student experience in Scottish HE and were cited as potential barriers to attracting more international students to Scotland. In the same survey, some respondents identified post-study work visa issues as detrimental to how they identified the welcoming nature of their institution and the country overall.

As the figure below illustrates, whilst the UK continues to hold a strong position as a study destination in the perceptions of international student applicants due to its high quality of education, it trails its competitors significantly in perceptions of graduate employment opportunities.

---

<sup>51</sup> Schools are making solid progress – but there's more to do. CBI  
[http://www.cbi.org.uk/index.cfm/\\_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77](http://www.cbi.org.uk/index.cfm/_api/render/file/?method=inline&fileID=DB1A9FE5-5459-4AA2-8B44798DD5B15E77)

<sup>52</sup> Ibid

<sup>53</sup> Home Office Exit Checks data published in August 2017 revealed 97.4% of international students who had visas expiring in 2016/17 had departed the country in time and in compliance with their visa, a higher percentage of compliance than with visit, work and study visas combined, which is 96.3%



**Figure 2: IDP student perceptions of country destinations for higher education<sup>54</sup>**

IDP student perceptions of each destination on the following attributes:



SOURCE: IDP Education Student Buyer Behaviour Research 2017, <https://www.idp.com/global/news/2017/10/11/2017-international-student-buyer-behaviour-research>

Note: The IDP Education research was conducted via an online survey in July 2017. More than 4,200 students who had used IDP's services completed the survey. In the online survey, IDP students rated their perceptions of each destination with the different drivers of choice, on a scale of 0 (worst) to 10 (best). Results are based on mean scores. Students were asked to only rate destinations with which they were familiar.

Where students access the current post study work and entrepreneurship routes, research has shown that international students, especially postgraduate students, are career-oriented and seek to optimise their employability, which is a key motivation to study abroad.<sup>55</sup> They have an impressive record of entrepreneurship in Scotland, and notable recent examples of start-ups by international graduates of Scottish universities include:

### Case Study 1: Two Big Ears<sup>56</sup>, Graduates from the University of Edinburgh

Edinburgh College of Art postgraduates, Abesu Thakur and Varun Nair, formed start-up Two Big Ears, a start-up specialising in virtual reality audio applications. Originally from India, both students applied for the Tier 1 Graduate Entrepreneur Visa with support from the University of Edinburgh following the completion of their degrees, MSc Acoustics and Music Technology and MSc Sound Design. Informatics Ventures and LAUNCH.ed enabled both to represent the Two Big Ears to investors and pitch at Engage Invest Exploit, Scotland's leading annual event for high talent, high growth companies. As Two Big Ears as grown, it has employed other graduates from the Edinburgh College of Art, and it was acquired by Facebook in 2016.

<sup>54</sup> Effects of countries' immigration policies and post-study work opportunities on international mobility of students. Do Political Events in Host Countries Affect International Education Engagement? Dr Janet Ilieva, Education Insight, UK [http://aiec.idp.com/uploads/pdf/PDFs%20AIEC%202017/Do\\_political\\_events\\_in\\_host\\_countries\\_affect\\_international\\_education\\_engagement\\_Dr\\_Janet\\_Ilieva\\_AIEC2017.pdf](http://aiec.idp.com/uploads/pdf/PDFs%20AIEC%202017/Do_political_events_in_host_countries_affect_international_education_engagement_Dr_Janet_Ilieva_AIEC2017.pdf)

<sup>55</sup> Ibid

<sup>56</sup> The University of Edinburgh



## Case Study 2: Graduate Entrepreneur from Heriot-Watt University<sup>57</sup>

Following PhD study at Heriot-Watt University, a graduate entrepreneur has developed a prototype 3D printing process that can be used to create 'medically accurate human organs' for surgical planning and training of medical students. The University provided him with an endorsement that allowed him to successfully apply for a Tier 1 Graduate Entrepreneur visa and subsequently apply to extend that visa.

He has since become CTO of the company that will take these products to market. The company expects to make its first sales in June 18 and initial financial projections demonstrate cash positive outcomes and sales in 4 continents in year 3 with turnover of £5.6m in year 5, with a £1.8m operating profit.

---

<sup>57</sup> Heriot-Watt University

