



Response to the APPG Inquiry into Post Study Work Visas

1. In June 2014 the All Party Parliamentary Group (APPG) on Migration launched an inquiry into the impact of the closure of the Tier 1 (Post Study Work) visa in April 2012. Today they have released their findings in a report which calls on the government to introduce a new route that allows students to remain for at least 12 months from graduation in order to secure skilled employment.¹

2. The APPG has concluded that the UK has become a less attractive destination to study due to the closure of the Post Study Work (PSW) route. It is argued that the closure of the PSW led to a 'substantial decline' in international students and that while growth has returned the group expressed concern that the UK was losing market share in some countries to international competitors. The picture presented was one of the UK 'losing out' to the USA, Australia and other English speaking countries in the race to attract international students.

3. A British Council report released today however suggests that while the UK might have lost market share in recent years (largely to the United States) the organisation is not overly concerned in the long term, stating:

*"Taking the longer view, however, the UK's overall competitiveness vis-à-vis the other major markets may have simply returned to its long-term equilibrium after the heady – and ultimately unsustainable – growth period from 2009 to 2011. In other words, perhaps the UK higher education sector overheated from 2009-11, in which case the recent three year decline in market share is a course correction rather than a sign of lagging competitiveness. After all, if the UK never enrolls a larger share of international higher education students than it did in 2013/14, it will still account for one third of all new international enrolments in the major host destination countries."*²

The Post Study Work visa

4. A post study work visa was first introduced in 2004. Called the Science and Engineering Graduate Scheme, it was strictly limited to graduates of Science, Maths and Engineering and who had achieved a 2:2 or above. The visa allowed these students to remain in the UK to look for work for one year. In 2006 the visa was extended to include Masters and PhD students of any subject.

5. In 2007 the scheme was restyled as the International Graduates Scheme and was expanded again to include graduates with any grade in any subject as well as those with diplomas, and any post graduate certificate. The visa continued to be limited to one year.

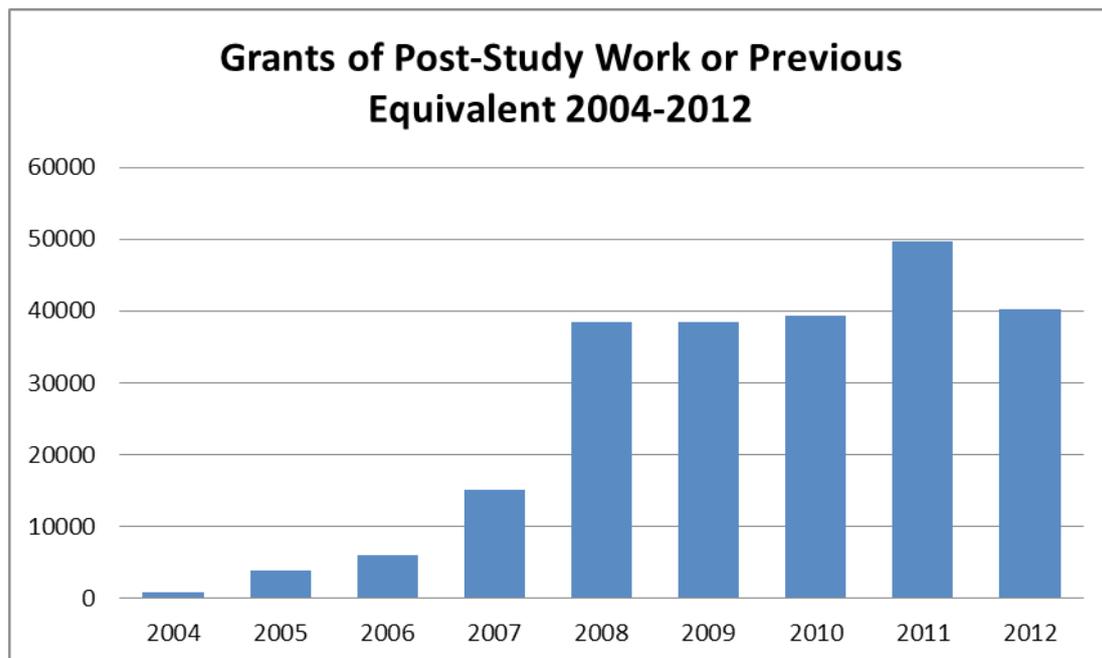
6. In 2009, when the Points Based System was introduced, the Tier 1 (Post Study Work) visa was born entitling graduates of any subject with any class of degree the right to stay on to take work in any job, regardless of its skill level and students

1 All Part Parliamentary Group on Migration, 'UK post study work opportunities for international students', February 2015, URL: http://www.appgmigration.org.uk/sites/default/files/APPG_PSW_Inquiry_Report-FINAL_PRINT.pdf

2 British Council 'UK competitiveness slips again. But all is not lost.', February 2015, URL: http://www.britishcouncil.org/sites/britishcouncil.uk2/files/international_mobility_review_chan_022015_v2.pdf

took up their right to remain in the UK to work in their tens of thousands. The government's independent Migration Advisory Committee described the Tier 1 (PSW) as the most generous post study visa of its kind in the world.³

Figure 1. Grants of PBS Tier 1 (Post study work) visa and Previous Equivalent, 2004-2012.



7. In 2011 the Home Secretary Theresa May announced that the Tier 1 (Post Study Work) visa was to be closed in April 2012. Many in the education lobby wish to see the PSW visa reinstated. The incremental extension of post study work rights for students is important as it shows that these rights are not of long standing.

Justification for PSW Closure

8. The PSW route was almost absurdly generous in allowing students to find work in any job, regardless of the skills required. As a result, many students were working in low skilled jobs. In 2010 the now defunct UK Border Agency analysed a sample of post study work visa holders and found that just 25% were found to be working in skilled jobs such as doctors, engineers and lawyers while 29% were working in unskilled roles. The remaining 46% were unclear.⁴ The APPG make no mention of these findings in their report. Meanwhile all of this was taking place during a period when the UK unemployment rate was almost 8%⁵ and graduate unemployment was 9%⁶ so there was no labour market requirement for students to remain in the UK. The closure of the post study work visa was a means of ensuring that only those students that the labour market required could stay on and work.

3 Migration Advisory Committee, Analysis of the Points Based System: Tier 1, December 2009, p. 8, URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257267/mac-december-09.pdf

4 UKBA, Points Based System Tier 1: An Operational Assessment, October 2010, URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/115913/occ91.pdf

5 ONS, Labour Market Statistics, Table UNEM01, September 2014, URL: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/september-2014/table-unem01.xls>

6 In Q3 2010 unemployment of recent graduates was 9%. ONS, Unemployment rates for recent graduates, Found at: http://www.ons.gov.uk/ons/dcp171776_337841.pdf

9. The study and then post study work route was also a potential backdoor to permanent migration to the UK. A student was able to spend a small amount of money on a one year course (to the benefit of the colleges concerned) and would immediately be entitled to an additional two years to work. This no doubt made the UK very attractive to those whose primary intention was to migrate for economic purposes. Indeed it is perhaps one of the reasons why student inflows were so large in recent years and why outflows were so low.⁷

Is there a need for a Post Study Work Visa?

10. Although the APPG has stopped short of calling on the government to reintroduce the PSW visa it has recommended that 'a new immigration route should be established which allows non-EEA students to remain in the UK for a period of at least 12 months following graduation from a recognised domestic academic institution, in order to secure skilled employment.'⁸ Other recommendations include introducing flexibility on the salary requirement of £20,500 and to ease the rules on employers wishing to employ an overseas student.

11. It is argued that a post study work visa of some kind is essential for Universities to be able to attract the brightest and best students from around the world. Universities UK are a proponent of this view, consistently claiming that 'The option of post-study work is a valuable incentive to prospective students to choose to study in the UK'.⁹ However, applications for visas to study at UK universities have increased by 17% since 2010 and in 2013 were 7% higher than the year previously when the PSW visa was closed. Universities are therefore not struggling to recruit students. This is most likely because UK universities are some of the best in the world and their reputation, rather than the right to work in a supermarket, is what attracts international students.

12. Moreover, when looking at the visa offer of UK competitors it is clear that the current UK offer is a generous one. For example students in New Zealand can only stay on for longer than one year after their studies if they find employment in a job relevant to their qualification. In the USA students must also find work closely related to their qualification if they are to remain. This did not stop the USA attracting over half a million students who were granted student visas in 2013.¹⁰ The Australian post study work visa is similar to the old UK visa as is the Canadian offer. Thus the UK is less generous than Australian and Canada but more generous than the USA and New Zealand in its offer of work to students.

13. There is also no evidence that businesses have been harmed by the closure of the post study work route. It is common to hear businessmen such as James Dyson complain that companies cannot find talented individuals such as engineers and frequently berate the government for 'kicking out bright foreigners'.¹¹ The claim is, of course, that immigration policy and specifically the closure of the post study work visa is hampering business but again, there is no evidence that this is the case.

7 Student outflows over the last two years have been just 50,000 despite average inflows of around 150,000. Prior to 2012 there was no reliable data on student outflows. However, since total non-EU outflow has remained at just 100,000 for many years now it is likely that student outflows have been small for a significant amount of time.

8 APPG Report, p. 9.

9 Universities UK, Universities UK Response to Home Secretary's Speech on Immigration, 12 December 2012, URL: <http://www.universitiesuk.ac.uk/highereducation/Pages/HomeSecretarySpeechImmigration.aspx#.VDKqjfldV8F>

10 US Department of State, Bureau of Consular Affairs, Report of the Visa Office 2013, Table XVI(A) Classes of Nonimmigrants Issued Visas, URL: <http://travel.state.gov/content/dam/visas/Statistics/AnnualReports/FY2013AnnualReport/FY13AnnualReport-TableXVIA.pdf>

11 James Dyson in the Financial Times, 'Stop kicking out bright foreigners, or put British jobs at risk', 2 February 2014, URL: <http://www.ft.com/intl/cms/s/0/34226450-8a76-11e3-9c29-00144feab7de.html#axzz3FNUMsfUu> (£)

14. Graduates are currently granted an additional four months leave to remain in the UK after the completion of their studies during which they can search for work. Any graduate can take a graduate level job with an approved employer (there are currently 29,000 registered sponsors) so long as the job pays a minimum of £20,500 a year. There is no limit on the number of students that can switch into Tier 2 in this way as the cap does not apply. Tier 2 workers can remain in the UK for up to 6 years and can later apply for settlement if they are earning a minimum of £35,000 per year. There is nothing to stop an employer taking on a non-EU graduate except a requirement that they be paid a minimum of £20,500 a year. So when Mr Dyson claims that 61,000 engineering vacancies will go unfilled in 2014, it might be time for him and other businesses to consider whether their salary structure is sufficiently attractive and whether there are sufficient training places available to UK applicants.

15. There may be a case for the additional period granted at the end of a student visa to be extended to allow a graduate more time in order to search for work. This would also reduce pressure in cases whereby an employer also needs to register itself as a licenced employer with the Home Office.

16. The APPG note that far fewer international students are switching into Tier 2 than the Home Office predicted in their impact assessment and suggest that another barrier to Tier 2 take up is the minimum salary threshold of £20,500. They propose greater flexibility on this. This argument however ignores the 1.8 million British students currently enrolled at a UK university who would then have to compete with the entire cohort of international students in the labour market were the threshold not in place. A minimum salary threshold ensures that British graduates are protected while allowing the brightest to remain in the UK. If an employer is not willing to pay the graduate less than double the minimum wage then perhaps they are not as in need as is claimed. International graduates cannot be used as a means of employers keeping costs down at the expense of local workers.

Conclusion

17. A post study work route that permits unskilled work is not necessary to attract high quality foreign students. We believe that only the brightest and best students should be allowed to stay on and work. Otherwise students should leave at the end of their courses: the study route should not be a backdoor to economic migration to the UK.

24th February 2015