

Risks of reviving the defective post-study work route

Immigration by Students: MW 490

Summary

1. Until this year, non-EU students (who account for seven in ten overseas students in higher education¹) have been restricted to a job search of up to six months after graduation before switching into a skilled work visa - the grant of which required a job offer, a minimum salary level and a resident labour market test. But the government has changed this - lengthening the period to two years, during which time **visa holders would be able to work at any skill level (or not work at all)**. Applicants would not need a job offer in advance or to earn a minimum salary and will not be subject to a labour market test. The new route is set to open for applications on 1 July 2021 and will cover both EU and non-EU graduates. This amounts to the reanimation - against clear advice by official experts - of the failed post-study work policy which was closed for good reason in 2012. Reviving it will harm UK jobseekers during an economic crisis. The move also risks adding pressure to congestion and on housing while failing to deliver commensurate benefits. It would undermine the strong progress made in tackling abuse of study visas. Finally, the public will be very concerned by the failure to incorporate vital safeguards into the route, especially during this period of crisis.

Introduction

- 2. In order to apply under the government's new graduate work route, overseas students must have completed an eligible course at a UK higher education provider, with a track record of compliance with the government's immigration requirements. Those granted permission on this visa will be able to work or look for work after their studies for a maximum period of **two years**, or *three years* for Doctoral students. ²
- 3. Polling suggests that most of the public do not favour immigration routes such as this which lack key safeguards:
 - 64% of the public say overseas workers should have to have a job offer from an approved employer before coming here (YouGov, February 2020)³, yet applicants under the planned route will **not be required to have a job offer** to apply.
 - More than 70% of the public want an annual cap on the number of people coming to the UK to work⁴, yet this route will have **no annual cap**.
 - 77% of respondents to a Deltapoll survey thought the government should ensure that bosses

prioritise hiring UK workers instead of enabling more overseas recruitment⁵, but **this route will include no such safeguard** requiring recruiters to do this.

- 4. Here are **four** other good reasons for Ministers to think again about introducing this policy:
 - a. As it will allow substantial immigration into low-paid UK jobs, young jobseekers and those in key worker sectors would be at serious risk of losing out, especially in the midst of this current economic crisis. Immigration may negatively affect wages for those on the lowest pay and also cause job displacement, especially during a downturn⁶. For instance, the official Migration Advisory Committee (MAC) has referred to studies which show 'migrants were found to lower wages at the bottom [of the wage distribution]' and 'increase native unemployment'.⁷
 - b. The route does precisely what the government said it would **not** do **enabling an increase (instead of reduction) in immigration into low-skilled work.** It also provides more scope for those looking to use the student route as a means of settling.
 - c. It would unravel the hard-won progress made since 2010 in tackling rampant abuse of study visas and add to risks of overstaying particularly worrying at a time of sharply deteriorating immigration enforcement and when potential visa overstaying numbers have risen significantly since 2016, from 50,000 to over 90,000.8
 - d. The route is **unnecessary** for the UK's attractiveness as a student destination.
- Part One of this paper examines experience of the post-study work route 2008-2012.
- Part Two expands on the above arguments against reintroduction of this defective visa.
- Annex A below sets out the abuse that occurred following the opening of Tier 4 of the points-based system from 2009 onwards.

Part One

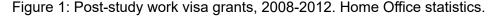
Previous experience of post-study work route in UK

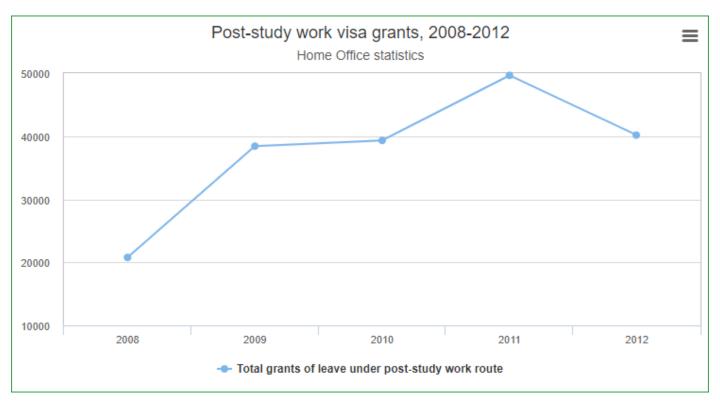
- 5. Post-study work (PSW) routes of this type were previously in place, 2004-2012. The first route was introduced with a view to allowing science, maths and engineering graduates to remain for one year's work experience. In Scotland, the Fresh Talent Scheme (2005-8) allowed two years of post-study work to international students who had studied in Scotland.
- 6. From 2008, such schemes were subsumed within the UK-wide Tier 1 PSW visa which allowed all of those holding UK degrees to work in the UK for **two years** without any formal job offer or potential employment and with no restrictions on the kind of work done.
- 7. The visa could not be extended but did allow dependants including partners, children, and elderly parents to be brought to the UK. These graduates could also switch into another tier of the PBS, provided they meet the relevant requirements. Persons were able to apply if they were in the UK as a student, or if they were outside the UK but met criteria under this route.
- 8. When the route was opened in 2008, applicants needed to score a total of 95 points to be eligible under

this route, including a total of at least 75 points for a UK qualification, studying at a UK institution⁹, immigration status during UK study and/ or research and the date of award of qualification. Applicants could additionally claim 20 points if they had studied for the eligible qualification at an institution that was a UK recognised or UK listed body; was a Scottish publicly funded institution of further or higher education, or at a Scottish genuine private education institution which kept satisfactory records of enrolment and attendance; or held a sponsor licence under Tier 4 of the PBS.¹⁰

How many people came to the UK under this route?

9. Figure 1 below shows that between 38,000 and 50,000 people per year used this route during the period 2009 to 2012. Full statistics on dependants are not available. However, the government revealed that there were 8,000 post-study work dependants in 2010 - a **fifth** as many again on top of the main applicant numbers.¹¹ Both the Tier 1 (General) and the Tier 1 (Post-study work) visa were abolished in 2012.





What was the impact of the previous post-study work (PSW) route?

10. A large share of those who came to the UK on earlier iterations of the route were found to have taken on low or unskilled roles, e.g. stacking shelves, tending bar, driving taxis, working as security guards, or did not have jobs at all. In 2010 the Home Office found that a significant share of a sample of those here on such visas (60%) were in unskilled employment, and/or were earning less than £25,000. The sample was small (around 250) and drawn from applications for dependants to join a Tier 1 visa holder so was not necessarily representative. Other evidence from Scotland's Fresh Talent scheme found that 25% 'appeared to be working in low-level jobs in bars and restaurants as waiters'. 13

- 11. The MAC reinforced such findings in 2018 when it stated: "The earnings of some graduates who remain in the UK seem surprisingly low and it is likely that those who would benefit from a longer period to find a graduate level job are not the most highly skilled."¹⁴
- 12. In 2012, the Conservative-led Coalition Government closed the route, noting: "We had too many people coming here to work and not to study. We had too many foreign graduates staying on in the UK to work in **unskilled** jobs. And we had too many institutions selling immigration, not education."
- 13. In 2018, the MAC deployed similar arguments in stating explicitly: "We do not recommend a separate post-study work visa."

The government's new graduate work route

14. Despite very clear MAC advice that this visa should not be revived, the government announced the introduction of a new graduate work route in Autumn 2019.

How many people does the government expect will come under the new visa?

- 15. The government published an impact assessment for their new immigration policy in April 2020.¹⁵ In the year to March 2020, there were 300,000 student visas issued in a 12-month period (including dependants).¹⁶ The vast majority of overseas students are from outside the EU but, until last year, EU students had no restrictions on seeking work after graduation because of free movement. The end of free movement means EU graduates would now, under the new visa, have two years to work or look for a job. The government expects this to lead to a reduction in EU inflows by 20% (a calculation that the Home Office admits is *'highly uncertain'* and at the high end). When combined with the effect of new restrictions on the rights to bring dependants, the government estimated that there would be up to **25,000 fewer EU higher education students** in the UK by academic year 2024/25. However, it added that *'any places not taken by EU students may be occupied by non-EU students'*.
- 16. Yet the government also estimated that the policy would drive up non-EU student inflows. Their calculation was based on the average percentage increase in enrolments in the period of the last post-study work visa (10%). It suggested that the stock of non-EU students in higher education would *'gradually increase'* over the first five years of the policy, leading to **35,000-40,000 more non-EU students per year** over the first five years.
- 17. Main applicants may be accompanied by a fifth as many dependants per year, on the basis of numbers under the previous route.
- 18. This suggests that, when dependants are included, **the government expects the net increase from this policy may be 15,000 more people per year**. This estimate does not take account of the Covid pandemic. However, given that numbers, including dependants, reached as high as 60,000 in 2011 under a very similar policy, the government assessment of the likely non-EU impact may be a major underestimate should immigration levels return to previous levels once the pandemic has passed.
- 19. Even if this were not a considerable underestimate, there will be the attendant congestion, housing and infrastructure pressure with little or no economic benefit beyond the payment of fees to universities.

Part Two

Arguments against reviving this deeply defective route

A) Risk of harming those who are already struggling during an economic crisis

20. Almost two million workers in the UK have been unemployed or fully furloughed for at least six months.¹⁷ The overall unemployment rate for 16 to 24-year-olds now stands close to 14 per cent¹⁸ and those with lower-level qualifications are among those worst affected.

In such a context, it is worth noting that a significant share of those on the graduate study route will likely take non-graduate jobs. This is concerning since we know that the main negative effects of immigration are concentrated in punishing those in the lowest-paid jobs and with the least amount of education.

- 21. The government therefore risks harming the prospects of UK jobseekers, especially young people with lower-level qualifications who are looking for an entry-level job. As a think tank has noted with regard to London, 'the inward flow of migration from other regions and abroad has resulted in a **highly competitive environment at the lower end of the labour market**. Many of these relatively well-skilled new residents take on low paid jobs while they finish their studies or look for something better, leaving those with the weakest skills and experience more likely to be "squeezed out".¹⁹
- 22. A 2012 study the MAC found that **160,000** British workers had been displaced by immigration between 1995 and 2010 and that there was a greater risk of this happening during a downturn.²⁰ It is vital that the government does not allow a re-run of what occurred by reintroducing obviously flawed policies. As the government has noted: "100 additional non-EU migrants may cautiously be estimated to be associated with a reduction in employment of 23 native workers…." ²¹
- 23. The MAC has also said that immigration into lower-paid work has had a 'negative impact on the wages of the low paid' and that, in the context of such immigration, the 'youth labour market is a cause for concern'.²²
- 24. A significant increase of thousands former students and dependants with the right to go into jobs at all skill levels may help to crowd out UK jobseekers in what will already be very difficult economic and employment conditions.

B) Lack of safeguards - with no job offer needed, no cap and no salary requirement

- 25. As noted above, a substantial share of those coming under this route are likely to go into low-paid work. The government promised to reduce this type of immigration (as opposed to increasing it, as this route would do). It is clear that immigration into low-paid work **does not** bring significant economic benefits. The former MAC chairman told the Home Affairs Committee in 2018 that this type of immigration has been a cost to the Treasury while they do make the UK a *'lower-wage, lower productivity economy'* and do not help innovation. ²³
- 26. Estimates of tax revenue paid by international students post-graduation²⁴ have often been deployed to argue for this route, but have misleadingly relied upon gross figures, taking no account of any corresponding costs to government of public services, cash benefits etc.²⁵ As the former joint chief of staff at No 10, Nick Timothy, has noted: "No work appears to have been done to estimate the costs of this

additional immigration, such as its effect on the housing stock or public services [and] no thought seems to have been given to whether policy ought to distinguish between the brightest students and the rest."²⁶

- 27. Introducing this route as part of an attempt to placate the insatiable higher education lobby keen to secure overseas fees to plug funding gaps would wrongly let the public foot the bill for the costs of migration (i.e. in wage impacts, potential displacement, congestion, overcrowding, and adding to demand for housing with impacts on the most vulnerable in the UK). Such costs would be shouldered by ordinary people even as the higher education sector benefit through higher profits resulting from more tuition fees.
- 28. A graduate work route which sees a large share going into unskilled work is not, by and large, attracting the 'best and brightest', although it would increase immigration. There would be no annual cap on visas issued so the numbers could easily run out of control, particularly in light of the government's other commitment to increase the number of non-UK university students in the UK from around 480,000 in the most recent year to 600,000 by the end of the decade said to be the purpose of the new route.

C) Unravels progress in tackling abuse of study visa route

- 29. Governments have spent much of the last decade attempting to tackle the abuse that accompanied Labour's weakening of arrangements surrounding student visas in 2009. Such abuse was rife and was well-documented, including by the National Audit Office and former Independent Chief Inspector of Borders and Immigration (for examples of this see Annex A below). Closure of this former post-study work route in 2012 should be viewed in this context. Between 2010 and 2015, government acted effectively to tackle abuse both by bogus students and lower quality institutions. Reviving the route would undermine such progress.
- 30. A key component to such abuse was the subversion of the study route as a proxy route of entry by those who simply wished to enter the UK to work and, eventually settle. The National Audit Office found that 40,000-50,000 of those who entered with study visas in the late 2010s might have come to work rather than to study.²⁷ Meanwhile, about 27,000 of those who originally arrive on a study visa go on to settle on an annual basis.²⁸ This despite the fact that, as a government minister recently stated, the study route is a 'temporary route for the purpose of undertaking a course of study within the UK, rather than to settle'.²⁹
- 31.One of the UK's considerable global advantages in this field has been the high quality of education provided. Reanimating this deeply flawed route would encourage universities to take the focus away from maintaining, and in some cases improving, course quality by substituting the incentive of an indirect route to work (including into low-paid jobs) and possibly settle. To guard against this, the government should listen again to the MAC when it said in 2018:

"Demand for UK education should **not** be based on work rights... **A post-study work regime could become a pre-work study regime**. It is important that demand for courses in the UK is built around the quality of the education offered and a reasonable opportunity to contribute to the UK as a skilled worker." ³⁰

32. It is also important to bear in mind the increased risk of visa overstaying, with the number of people not being recorded as departing in line with their visa conditions having shot up from 50,000 in 2016/17 to over 90,000 in 2019/20. By creating a new route from study into work but without the previous safeguards that accompanied those switching from Tier 4 into Tier 2 skilled visas, the government is just adding to the steadily growing pressures on an immigration enforcement arm whose effectiveness has declined markedly since 2018 (as detailed recently by the National Audit Office³¹, the House of Commons Public Accounts

Select Committee and the former Independent Chief Inspector of Borders and Immigration.³²

D) The route is unnecessary

33. Prior to the Covid pandemic hitting in Spring 2020, university visa applications were at a record high and graduate work arrangements already ample. This suggests that the addition of this route is entirely unnecessary in order to attract a growing number of overseas university students to the UK. Surveys suggest that having good graduate employment options is an important factor in the decisions of prospective applicants. However, these already existed.

- Applications for visas to study at UK universities were up by 14% on the year (year to March 2020),
 although they have fallen during the Covid pandemic.
- Before introduction of this route via March 2021 immigration rules changes, there had not been, nor had there ever been, a limit on the number of genuine overseas students.
- Nor was there a limit on the number of foreign graduates who were able to stay and work in a
 graduate occupation that paid the required salary level.
- Non-EU students already had a period of up to six months in which to find skilled work (by applying for a Tier 2 visa) but only about 10,000 or less did so per year, suggesting the genuine demand for genuinely skilled work in the UK among overseas graduates was limited.

Conclusions

34. Turning the clock back and reviving the deeply defective post-study work route would make the present situation even more difficult for UK jobseekers, particularly those with lower-level qualifications, at a time of acute economic crisis. It would also push down or hold back wages for those on the lowest pay. Such a move would increase immigration into low-paid work while failing to select 'best and brightest' in the absence of proper safeguards such as requiring applicants to have a job offer or an annual cap on numbers. Although governments since 2010 previously had a strong track record of tackling abuse of the student route, this new visa risks 'unlearning' these crucial lessons and unravelling the benefits resulting from greater compliance and oversight (see Annex A below). The former route was closed in 2012 for good reason. The MAC has specifically warned against its re-opening. The government is recklessly ignoring this advice.

31 March 2021

Annex A - Previous abuse of the Tier 4 route

Between 2010 and 2015, the previous government had a positive story to tell about its record on study immigration because it acted effectively to tackle abuse both by bogus students and by lower quality institutions. Such abuse was well-documented, including by the National Audit Office and the Independent Chief Inspector of Borders and Immigration. Some examples are listed below:

- In 2009/10, there were so many dubious student visa applications that consulate posts had to be closed for several months.
- The National Audit Office (NAO) found in 2012 that the HO implemented Tier 4 with flaws 'which were predictable and could have been avoided'.
- In the same report, the NAO said that because 'the UKBA implemented Tier 4 before the key controls were in place', 40,000-50,000 of those who entered might have come to work rather than to study. 33
- The NAO also pointed to serious shortcomings in enforcement action against students found to be overstaying or working in breach of their visa conditions.
- A 2011 Home Office study showed that around 60% of students from major source countries such as India, Bangladesh and Nigeria should have been refused a visa to study on credibility grounds.³⁴
- In May 2019 the NAO said it was reasonable to conclude that there had been cheating on a large scale at two English language test centres. The HO said the case was indicative of significant organised fraud.

To respond, the government took a range of necessary steps:

- More stringent sponsorship regulations From 2011, education institutions needed to acquire
 Highly Trusted Sponsor status and thus be subject to a stricter set of compliance rules and be
 accredited by an appropriate education body. Since then around 1,000 bogus colleges have been
 shut down.
- Tougher evidentiary oversight In 2010, the HO implemented a mandatory system for unique electronic sponsorship documents (confirmations of acceptance for studies) through which sponsors must report non-attendance, academic progress and student contact details.
- **Tighter English language requirements** introduced for those studying below University level. Universities retain discretion to assess language competence.
- Some interviews reintroduced In 2012 a "Credibility Interview" was introduced³⁵ to allow Entry Clearance Officers to request an interview to assess genuineness if there were concerns about intentions to study or supporting documentation (e.g. 9,700 such interviews were conducted in 2013/14).
- Restrictions on dependants introduced from 2011, only those studying at postgraduate level for longer than 12 months were permitted dependants (see Annex A below for more detail).
- More stringent regulations concerning work rights Only those studying at a university or a
 publicly funded further education college could seek employment and the number of hours that a
 student could work was made dependent upon the level of their course.

Notes

- 1. Data for 2018/19 suggest that around 140,000 EU domiciled students and 340,000 non-EU domiciled students were enrolled in higher education institutions in the UK (Higher Education Statistics Agency).
- 2. Home Office press statement, 4 March 2021, URL: https://www.gov.uk/government/news/graduate-route-to-open-to-international-students-on-1-july-2021
- 3. YouGov survey results, Fieldwork: 20-21 February 2020, URL: https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/oxitso0pnv/YouGov%20survey%20results%20-%20immigration.pdf
- Migration Watch UK press release, December 2019, URL: https://www.migrationwatchuk.org/press-release/598/nearly-three-quartersof-voters-back-australian-style-cap-on-work-permits-after-brexit
- 5. See Migration Watch UK summary, May 2020, URL: https://www.migrationwatchuk.org/news/2020/05/28/77-want-interests-of-british-workforce-put-ahead-of-employers-wanting-to-bring-in-more-overseas-labour
- 6. MAC, July 2012, p.2, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/257235/analysis-of-the-impacts.pdf, MAC report, Work immigration and the labour market, June 2016, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/547697/MAC-_report_immigration_and_the_labour_market.pdf, p. 22, and MAC report on EEA migration, September 2018, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF
- 7. Ibid. MAC 2012, p.10.
- 8. Migration Watch UK brief, February 2021, URL: https://www.migrationwatchuk.org/briefing-paper/488/what-action-is-the-government-taking-to-tackle-overstaying
- Home Secretary, Oral statement to Parliament, March 2011, URL: https://www.gov.uk/government/speeches/foreign-student-visashome-secretarys-statement
- 10. MAC analysis of Tier 1 of PBS, Dec 2009.
- 11. Statement by the Home Secretary in Parliament, 21 March 2011, URL: https://www.gov.uk/government/speeches/foreign-student-visas-home-secretarys-statement
- 12. UK Border Agency, Occasional Paper 91, see Figure 4, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/115913/occ91.pdf
- Oral evidence by Phil Taylor, Regional Director, Scotland and Northern Ireland, UK Border Agency, to House of Commons Scotlish Affairs Committee on Wednesday 11 May 2011, URL: https://publications.parliament.uk/pa/cm201012/cmselect/cmscotaf/uc912-ii/uc91201.htm
- 14. MAC report on international students, 2018, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739089/Impact_intl_students_report_published_v1.1.pdf
- 15. Home Office impact assessment, April 2020, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885682/2020-05-18_IA_ImmSSC_Billl_v21_with_Signature.pdf
- Home Office visa statistics, year to March 2020, URL: https://www.gov.uk/government/statistics/immigration-statistics-year-ending-march-2020/why-do-people-come-to-the-uk-to-study
- 17. Resolution Foundation, February 2021, URL: https://www.resolutionfoundation.org/app/uploads/2021/02/Long-covid-in-the-labour-market.pdf
- ONS, Graduates' labour market outcomes during the coronavirus (COVID-19) pandemic: occupational switches and skill mismatch, March 2021, URL: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ graduateslabourmarketoutcomesduringthecoronaviruscovid19pandemicoccupationalswitchesandskillmismatch/2021-03-08
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- 21. MAC, July 2012, p.2, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/257235/analysis-of-the-impacts.pdf
- 22. MAC report on 'Work immigration and the labour market', 2016, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment data/file/547697/MAC- report immigration and the labour market.pdf
- 23. Professor Alan Manning to Commons Home Affairs Committee, October 2018, URL: http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/home-affairs-committee/postbrexit-migration/oral/91576.html
- 24. For an example see a March 2019 report published by the Higher Education Policy Institute in collaboration with London Economics and Kaplan International Pathways.
- 25. MWUK, June 2019, URL: https://news.migrationwatch.org.uk/2019/06/20/why-should-we-allow-international-graduates-to-stay-on-and-stack-shelves
- 26. Nick Timothy, Conservative Home, Dec. 2015, URL: http://www.conservativehome.com/thecolumnists/2015/12/nick-timothy-the-government-as-a-whole-isnt-aiming-to-cut-immigration-at-all-and-the-autumn-statement-proved-it.html
- 27. "Based on college enrolment rates and changes in application patterns, the NAO estimates that, in its first year of operation, between 40,000 and 50,000 individuals may have entered the UK via Tier 4 to work rather than to study." URL: https://www.nao.org.uk/press-release/immigration-the-points-based-system-student-route-2/ Report: https://www.nao.org.uk/wp-content/uploads/2012/03/10121827.pdf
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- 30. MAC report on international students, January 2018, Chair's Foreword, URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739089/Impact_intl_students_report_published_v1.1.pdf
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