



## International Students and Post Study Work – Do employers need them?

### Summary

1. In 2011, the last full year in which students could be granted a visa that would allow them to stay on and search for work at any skill level, nearly 50,000 did so. In the first full year (2013) that international students were required to get a graduate level job in order to stay on to work only 4,100 were recruited. In 2014 the number was 5,600. This very small number who managed to get graduate employment at the average rate of graduate pay seriously undermines claims by employers that international students are “absolutely vital to the future prosperity of the UK”. Students may well have been taking low skilled work to pay off their fees but, if so, that is hardly vital; indeed, the foreign exchange benefit to the British economy will have been correspondingly reduced.

### The Post Study Work Visa

2. The Post Study Work visa was first introduced in 2004 especially to allow STEM<sup>1</sup> graduates to remain in the UK for one year’s work experience. Over time the visa gradually became more open and more generous. The final version, called Tier 1 (Post Study Work) was described by the independent Migration Advisory Committee as one of the most generous schemes of its kind in the world.<sup>2</sup> It allowed **all** graduates of **any** discipline and **any** degree class to remain in the UK for up to two years in order to search for work with no restrictions on its skill level.

3. A 2010 UKBA operational assessment of Tier 1 revealed that just 25% of Tier 1 (PSW) visa holders were in skilled jobs while 29% were in unskilled jobs such as shop assistants. It was “unclear” what work had been obtained by the remaining 46% of these visa holders.<sup>3</sup>

4. In 2011 the Home Secretary Theresa May announced that, from April 2012, the Tier 1 (Post Study Work) visa was to be closed on the grounds that the arrangement was “far too generous” and that 39,000 students and their 8,000 dependants took up the visa “at a time when one in ten UK graduates were unemployed.”<sup>4</sup>

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1 STEM refers to Science, Technology, Engineering and Mathematics Disciplines.

2 Migration Advisory Committee, Analysis of the Points Based System: Tier 1, December 2009, URL: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/257267/mac-december-09.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257267/mac-december-09.pdf) p. 8.

3 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](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/115913/occ91.pdf)

4 In 2011 39,333 students were granted a PSW visa, both in country extensions and out of country grants. URL: <https://www.gov.uk/government/speeches/foreign-student-visas-home-secretarys-statement>

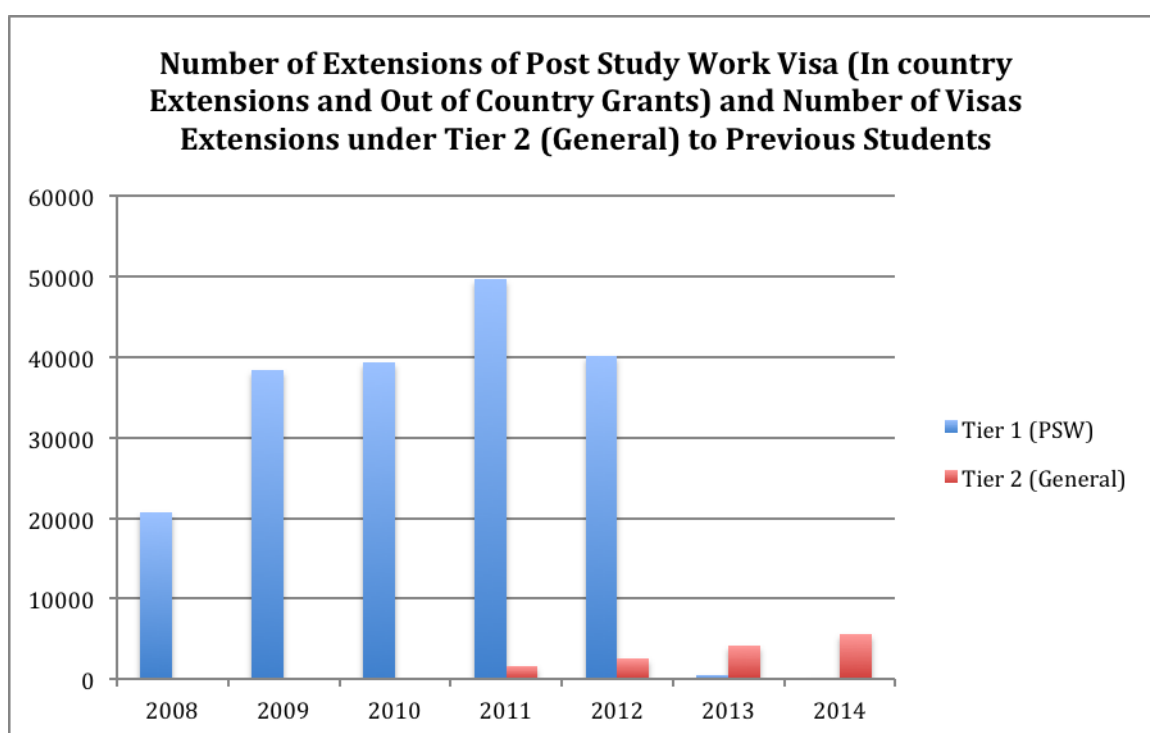
5. Under the replacement scheme, graduates were allowed to remain in the UK if they were able to secure graduate level employment (NQF Level 6 or above) paying a minimum of £20,000 per year by switching into Tier 2 (General). No cap was placed on the number of students that could switch and employers did not have to conduct a resident labour market test, normally a requirement if an employer wishes to bring in a non-EU worker. The average salary of a UK graduate who graduated in 2011/12 and entered the labour market was £20,000.<sup>5</sup>

6. The Home Secretary estimated that this change would reduce the number of students remaining for work by a half.

**The actual impact of closing the Post Study Work Visa**

7. In 2011, the final full year that the Tier 1 (Post Study Work) visa was open there were almost 49,600 grants of this visa. In 2012 there were only four months before the visa was closed yet 40,200 students switched in that short period. In 2013, the first full year following the closure of Post Study Work, just 4,100 students switched into Tier 2 (General) as Figure 1 below demonstrates. In 2014 that number increased slightly to 5,600 but remains considerably down from the numbers that switched into the unrestrictive Post Study Work visa.

Figure 1. Number of PBS Tier 1 (PSW) Grants and Number of PBS Tier 2 Grants to Students, 2008-2013. Home Office.



8. The relatively small number of students switching into Tier 2 (General) suggests that employers generally are not in particular need of international students. Calls to reintroduce the Post Study Work visa come from both businesses and the Universities. Businesses often claim that they need the Post Study Work visa because of a shortage of UK STEM graduates but the numbers are remarkably small compared to the size of the sector. In the academic year 2013/14 233,300 domestic undergraduates enrolled on STEM subjects, the highest level since 2002/03. In the same year there were 34,400 international students enrolled as undergraduates on STEM courses.<sup>6</sup> As for the Universities, they want students to be able to work unrestricted so that students can pay off the fees for their studies. However, students remaining in the UK to do unskilled work in order to pay off fees are of no significant benefit to the UK economy.

9. Annex A summarises some recent interventions by the university and business lobbies together with our comments

5 HESA, Destination of Leavers from Higher Education, Statistical First Release 192, Table 5, URL: [https://www.hesa.ac.uk/dox/pressOffice/SFR192/0106\\_SFR192\\_DLHE\\_2011\\_12\\_All\\_Tables.xls](https://www.hesa.ac.uk/dox/pressOffice/SFR192/0106_SFR192_DLHE_2011_12_All_Tables.xls)

6 HEFCE, Time Series of Undergraduates in Higher Education Subjects, URL: <http://www.hefce.ac.uk/analysis/supplydemand/ug/>

## **Conclusion**

10. The very low take up by employers of foreign graduates of British universities seriously undermines business claims that international students are “absolutely vital to the future prosperity of the UK” (see Annex A).

25<sup>th</sup> June 2015

## **Annex A – Stakeholders that have called on the government to reinstate the PSW/re-evaluate the position.**

Universities UK, 2014 Report on International Students in Higher Education

“Changes made to post-study work options in the UK have made it less attractive as a study destination to students from certain parts of the world. These changes have been implemented at a time when other countries are moving in the opposite direction and providing more generous arrangements. It is therefore vital that post study work opportunities for qualified international graduates are enhanced.”<sup>7</sup>

*(Response - The UK continues to offer a very competitive post study work regime. Only Australia and Canada offer more generous schemes while the United States and New Zealand have more restrictive offers. The number of international students applying to study at a UK university has increased by 17% since 2011; there is no evidence that the closure of the post study work visa has reduced the number of international students studying at UK higher education institutions).*

University Alliance, Letter to the Financial Times, April 9 2014

Sir, You are right to identify that UK universities benefit from being able to tap into the world’s brightest and most committed undergraduates (“Closing the doors to foreign students”, editorial, April 8). Worryingly, though, we are losing international students to competing nations, such as Canada and Australia, due to the UK’s restrictive policy on post-study work visas. Alliance universities (which deliver 50 per cent of all science, technology, engineering and maths courses in the UK) have seen as much as a 50 per cent reduction in overseas students studying Stem over the past two years.

These arbitrary migration targets are harming our economy as well as our universities. Our research has shown that international students want to have the opportunity to undertake in-work placements and to contribute to the UK economy. Graduates should be allowed to stay long enough to put their new skills to use and give back to the UK. That can be achieved with one simple fix: reintroduce two-year post-study work visas for all graduates from trusted UK universities. This would enable the UK economy to benefit from their skills, without adding to the burden of long-term migration or robbing their home countries of graduate talent.

Libby Hackett, Chief Executive, University Alliance

*(Comment: The number of international students enrolled on an undergraduate STEM course is now at its highest level; it is 6% higher than in 2010/11 and 45% higher than 10 years ago. International students can already put their newly earned graduate skills into practice by finding any graduate level job paying at least £20,500. There is no benefit to our economy in allowing them to do unskilled work. Nor would they wish to do so if they were serious about pursuing their careers in skilled occupations.)*

### **Business Lobby, Letter to the Financial Times, 22 February 2015<sup>8</sup>**

Sir, The public supports an immigration system that welcomes individuals who make a contribution while they are in the UK. It is unsurprising, therefore, that the majority of people look favourably on the 310,000 or so university students who come here from outside the EU. Indeed, according to an ICM poll, 75 per cent think that international students should be allowed to stay and work in the UK after graduating from our universities, applying their skills and ideas. We think that the continued contribution of these skills and ideas to businesses, both large and small, is absolutely vital to the future prosperity of the UK. Many of the world’s brightest minds and entrepreneurs have studied at our universities in recent years — for example, the third of Nobel laureates since 2000 working in UK universities who were born overseas. We do not want to lose these talented people to our competitor economies as a result of ill-thought-out immigration policies.

7 Universities UK, International Students in Higher Education: The UK and its Competition, 2014, URL: <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/InternationalStudentsInHigherEducation.pdf>, p. 41.

8 <http://www.ft.com/cms/s/0/01a04a48-bae9-11e4-8447-00144feab7de.html#axzz3VUJ2qhou>

Whoever is in government after May 2015 must consider removing university international students from any net migration target, as well as increase opportunities for qualified international graduates to remain in the UK, for some time at least, once they complete their studies.

Martha Lane Fox, Baroness Lane-Fox of Soho; Digby Jones, Lord Jones of Birmingham; John Fallon, CEO, Pearson; Sir Martin Sorrell, CEO, WPP; Simon Collins, UK Chairman and Senior Partner, KPMG; Lord Bilimoria, Founder, Cobra Beer; Toby Peyton-Jones, HR Director, Siemens; Simon Walker, Director General, Institute of Directors; John Longworth, Director General, British Chambers of Commerce; Robert Elliott, Senior Partner, Linklaters; Sir Peter Bonfield, Truchas Associates; Des Gunewardena, Chair and CEO, D & D London; Rob Woodward, CEO, STV; Bob Rothenberg, Senior Partner, Blick Rothenberg; Lord Clement-Jones, London Managing Partner, DLA Piper UK; Terry Scuoler, CEO, EEF, the manufacturers' organisation; Baroness Jo Valentine, Chief Executive, London First.

*(Comment: If these graduates are so vital why have so few been taken up by employers?)*

### **All Party Parliamentary Group on Migration, 2014 Report on the Post Study Work Visa<sup>9</sup>**

"Reform of the UK's post study work opportunities in 2012 appears to have contributed towards significant shifts in international student flows to the UK over the past five years...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."

*(Comment: This would be a more sensible proposal provided that it was confined to skilled work and, preferably, to STEM subjects. Twelve months is excessive. Six months should suffice.)*

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9 [http://www.appgmigration.org.uk/sites/default/files/APPG\\_PSW\\_Inquiry\\_Report-FINAL.pdf](http://www.appgmigration.org.uk/sites/default/files/APPG_PSW_Inquiry_Report-FINAL.pdf)