



Scottish Council for  
Development and Industry

## POLICY SUBMISSION

# SCDI RESPONSE TO THE SCOTTISH AFFAIRS COMMITTEE'S INQUIRY ON THE STUDENT IMMIGRATION SYSTEM AND SCOTLAND

**March 2011**

## POLICY SUBMISSION

SCDI is an independent and inclusive economic development network which seeks to influence and inspire government and key stakeholders with our ambitious vision to create shared sustainable economic prosperity for Scotland.

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## **INTRODUCTION**

1. SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trade unions, local authorities, educational institutions, the voluntary sector and faith groups.
2. SCDI believes that Scotland and the UK require an export-led recovery to rebuild the economy following the global economic downturn. SCDI has set the ambitious target of doubling the value of Scotland's exports by 2020. The achievement of this target requires a broad and wide-reaching internationalisation agenda across the UK and Scottish economy. The Scottish and UK Governments must act to enable inward investment and international trade. With approximately three million students worldwide studying in a foreign country, a key part of the UK's internationalisation agenda must be the delivery of world-class education to people from across the world.

## **EXECUTIVE SUMMARY**

3. SCDI's primary concerns are:
  - International students bring more than £5 billion to the UK economy each year
  - Universities can act as a key driver in increasing the UK's exports and inward investment
  - The UK's economy benefits significantly from our provision of high-quality, world-class education to international students
  - The global market for international students is extremely competitive. Britain's ability to compete must not be constrained by visa rules
  - Students are temporary residents and do not permanently increase immigration levels
  - Many international students begin their time in the UK on a lower-level course in a college before progressing to university. This route must not be constrained.
  - Independent educational institutions should be supported to achieve HTS status
  - The closure of the post study work route would be the loss of a significant competitive advantage for British universities and colleges
  - SCDI wants to see regional flexibility for Scotland in immigration
  - Dependants, particularly those whose spouses are enrolled in a long course of study, should be permitted to live and work in the UK.
4. The student visa proposals as described would have a profound effect on Scottish universities and colleges and correspondingly on the Scottish economy for the following reasons:

- The proposals would remove many millions of pounds from Scottish universities, colleges and communities through restricting the number of students able to come to Scotland to study.
- The proposals would send a message that the UK as a whole is not willing to welcome international students, potentially causing the loss of business in the highly-competitive international student market.
- The proposals will cause considerable difficulties for the many international students studying at a college and then transferring to a university.

## POLICY DETAIL

5. SCDI believes Scotland's universities and colleges are a tremendous asset to Scotland, and to Scotland's economy. International students studying in Scotland bring with them considerable resources, much of which is spent in local communities, and support Scotland's universities and colleges through the payment of tuition fees. International student recruitment is one of the few areas where Scotland's universities and colleges have been able to expand over recent years, and the experience for home students has been enriched through having classmates from different countries and cultures around the world.
6. Universities across the UK, alongside other publically funded organisations, are facing a period of considerable financial strain as public sector expenditure is reduced. Universities must look to maximise all available sources of external revenue. A considerable revenue stream for universities is the fees delivered by international students.
7. **Economic impact of international students**  
International students are of great benefit to the economy. In Scotland alone, research by the University of Strathclyde estimates that international students contribute £188m directly to Scottish universities (more than 16% of universities' total teaching income) and contribute a further £321m to the Scottish economy in other expenditure. Across the UK, the market for international students is worth £2.9 billion to universities and another £2.3 billion in accommodation, food and entertainment spending.
8. However, the global market for international students is becoming increasingly competitive. Serious competitor countries now include America, Australia and Canada, alongside non-English speaking countries such as France and Germany. Britain must work very hard to retain its market share amongst this increasingly competitive landscape. Overly tight reforms to UK visa regulations could be considerably damaging to the UK's reputation in key overseas markets.
9. **Bogus colleges**  
SCDI recognises that a small number of individuals are using the student visa route through so-called bogus colleges to gain entry to the UK for purposes other than to complete a course of study. In this case, we believe the government's

priority should be to tackle bogus colleges (which harm the reputation of all educational institutions) and crackdown on those individuals trying to enter the UK illegally. The government must ensure that the UK and Scotland remain open to business for the increasingly competitive but extremely valuable market for education delivery to international students.

10. The reason for the student visa system falling into disrepute can be found amongst the small minority of bogus institutions. These bogus institutions need to be stopped from trading to protect the reputation of British education overseas and to ensure public and political confidence in the student visa mechanism. To resolve the problem of visa abuse by removing a valuable economic opportunity is too severe a solution.
11. In the instance that institutions are removed from the list of Highly Trusted Sponsors, the UKBA should make every effort to transfer these students to an HTS institution. This will ensure that these students are able to continue to invest in the UK, but also offer some reassurance that students themselves can contact UKBA if an institution they have enrolled at in good faith turns out to be a bogus institution.

#### **12. Independent education providers**

The UK also has a thriving market in independent education providers who take on international students. These organisations also add significant value to the British economy. The visa regulations and the test to become a Highly Trusted Sponsor should allow legitimate independent operators to continue to take on international students.

#### **13. Students should not be regarded as immigrants**

SCDI believes that international students should not form part of the category of immigrants that the UK government is looking to reduce. International students are temporary residents who contribute considerable funds to the British and Scottish economy and benefit Britain's balance of payments, exports and wider standing in the world. They do not permanently increase immigration levels and we are not aware of any evidence that overseas students are contributing to pressure on housing or public services in Scotland.

14. Taken as a whole, we believe that the visa measures proposed would make Scotland and the UK a far less attractive destination for legitimate international students. This could seriously damage a major UK and Scottish export industry. SCDI has particular concerns about the following:
  - The proposed removal of low-level courses of study
  - Students being forced to return home to apply for a new course of study
  - The removal of the Post Study Work route
  - The removal of permission for spouses to work

**15. Removal of low-level courses**

Many students begin their studies in the UK on a low-level course before progressing to degree level. Removing lower level courses from those eligible for entry by international students could result in the loss of many students at all levels, including degree level.

**16. Returning home to apply for a new course**

Forcing students to return home between courses will act to disenfranchise students and significantly increase the cost of applying for a new course, particularly impacting on those students who have chosen to come to the UK to begin their studies in a college before progressing to a degree at university. It is also possible that large numbers of students returning home to re-apply for visas during the gap between courses (often during the summer holiday period) would present huge administrative problems for UKBA in-country offices to process all the visas in time for courses commencing.

**17. Removal of the Post Study Work route**

We are concerned by the proposed removal of the Post Study Work route, which is an area of considerable competitive advantage for the UK in recruiting international students and one that should be retained. This route could be modified to only allow the student to extend their visa if they are in receipt of a job offer in a field related to their course of study.

**18. Permission for spouses to work**

Refusing to allow spouses permission to work risks the loss of many potential students to British institutions – particularly those looking to study longer, and therefore more costly courses.

**19. Regional Flexibility for Scotland**

SCDI wants to see regional flexibility for Scotland in immigration. According to population projections from General Register Officer for Scotland (published on 3rd February 2010), the number of children aged 0-15 in Scotland is projected to decrease by 2 per cent from 0.91 million in 2008 to 0.90 million by 2033. The number of births is expected to fall from around 60,000 in 2008 to around 53,600 in 2033. Moreover, the number of people of pensionable age is expected to increase by 31 per cent from 1.02 million to 1.34 million. By 2033 the Scottish population aged 75 and over is projected to increase by 84 per cent.

20. These population projections provide concrete evidence of the need for flexibility in the immigration policy for Scotland to benefit its sustainable growth. Given this demographic reality, SCDI would like to see a distinct approach to student migration in Scotland. The UK Government has previously recognised the specific demographic and economic challenges for Scotland in the Fresh Talent initiative and the Calman Commission's recommendation which stated that "while retaining the current reservation of immigration, active consideration should be

given to agreeing sustainable local variations to reflect the particular skills and demographic needs of Scotland”.

21. Such an approach might include:

- retaining work entitlements for students at Scottish universities
- retaining a post-study work entitlement for graduates who choose to work in Scotland
- retaining the ability for students at Scottish universities to bring dependants and for dependants to be able to work – this is particularly important to our ability to attract postgraduate students

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