

CONSULTATION

# HoC Education Committee call for evidence into International students in English universities

Submission by: National Centre for  
Universities and Business (NCUB)

Date: May 2024

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(NCUB)**

Date: 24 May 2024



**National Centre for Universities and Business**

DC. 115, The Clarence Centre  
6 St George's Circus  
London SE1 6FE

T **+44 (0)20 7383 7667**  
E **info@ncub.co.uk**  
W **www.ncub.co.uk**

## Summary

The National Centre for Universities and Business (NCUB) is a network of business and university leaders united to achieve enduring growth through research, innovation and higher education.

This response is for the House of Commons Education Committee call for evidence on International students in English Universities.<sup>1</sup> Data for England is used where available. In the absence of this, UK data is used to supplement.

International students play a vital role in the prosperity of English universities. The economic contribution of international students to universities in England is critical, both in terms of resourcing the delivery of courses across higher education (HE), as well as cross subsidising research activity.

Businesses want and need the university sector to remain strong and internationally connected. Our universities are a national asset, central to creating a highly skilled workforce that powers the economy, attracts investment into research and development (R&D) and delivers productivity-led growth. It follows that a world-leading university system has an international character.

While there may be scope for a discussion of the “appropriate balance” between numbers of international and domestic students, the concept requires explanation, and this discussion should not take place in isolation from analysis of the sources of funding available to universities and the incentives created by the current policy environment.

This submission makes the following points:

- The numbers and proportions of international students in English universities rose between 2017/18 and 2021/22.
  - Overall, fees from international student account for 23% of total university funding, and without this income, universities would face a substantial resource gap with severe consequences.
  - International student fees directly resource £5.5 billion of university research activity. A reduction in this resource would limit research and development across various fields, stifling innovation and hindering national progress in science, technology and other crucial areas.
  - It would further lead to operational losses across HE, reducing staff, course closures, and in some places, possible university closure, with a knock-on effect to the provision of domestic student education and local economic performance.
- There is no evidence to suggest that international students ‘displace’ domestic students, as the numbers of both have risen. To the contrary, international students help support student choice and opportunity by making more courses and resources financially viable, whilst also enriching the experience of the full student body.
  - The proportions of international students differ considerably across courses and between institutions. The highest proportion of international students are enrolled in Business and Management (41%), Engineering and Technology (37%) and Computing (35%) courses.

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<sup>1</sup> [UK Parliament, Education Committee. International students in English universities](#)

- The proportion of international students at English universities is comparable to that in Northern Ireland, Scotland, and Wales. Internationally, England is comparable to Australia and Canada.
- With regards to international student numbers vs domestic students, the term “appropriate balance” is undefined and unclear. In practice, this is led by policy and market changes. The eroded value of domestic tuition fees and research funding have together led to a dependency upon international student fee income for university operation, domestic student education, and innovation activities.
- Recent changes to student visa conditions have already had a negative impact upon international student visa applications. Any changes to the Graduate Route are in opposition to the advice from the independent Migration Advisory Committee (MAC) and will negatively affect the number of international students seeking to study in the UK.

## Evidence

### 1. Numbers and proportions of international students in English universities

#### 1.1. Changes in numbers in recent years and the reasons behind these changes

Higher Education Statistics Agency (HESA) Student Data 2021-22 reports that 555,165 (24%) of a total 2,342,775 student enrolments at higher education providers in England are non-UK domiciled.<sup>2</sup> Since 2017-18, international numbers rose by 43%. This figure is in line with ambitions within the UK International Education Strategy.<sup>3</sup>

The 2021-22 breakdown is as follows:

- At **undergraduate**, 257,220 (15%) of a total 1,677,980 student enrolments at higher education providers in England are non-UK domiciled.
- At **postgraduate taught**, 260,585 (46%) of a total of 571,885 student enrolments in England are non-UK domiciled.
- At **postgraduate research**, 37,360 (40%) of a total 92,910 student enrolments at higher education providers in England are non-UK domiciled.

The largest source of international students in 2021/22 was China (151,690), followed by India (126,535) and Nigeria (44,195).

Applications and enrolments have changed over time. Looking at first year figures, applications from the EU were stable between 2006-07 and 2020-21, but dropped by 53% in 2021-22 to 31,400, as free movement laws ended and successive pandemic lockdowns altered the ability to travel, outlooks and behaviours. This demonstrates how closely aligned application numbers are with political and social influences.

Applications from China have climbed since 2007-08, but reached a peak in 2019-20, and since stabilised at around 100,000. Applications from India climbed substantially post 2018-

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<sup>2</sup> [Higher Education Statistics Agency – HESA \(2023\) Where do HE students come from?](#)

<sup>3</sup> [HM Government \(2019\). International Education Strategy.](#)

19, increasing by 377% in 3 years – a trend that is again in line with strategic government priorities.

Applications from Nigeria increased by 335% from 7,570 in 2019-20 to 32,945 in 2022-23, and applications from other Asian nations saw a similar rise post 2020-21. These international trends are influenced by a range of factors, including increased mobility post-pandemic, and as respective currencies have fluctuated in value in relation to inflation, aiding affordability.

Whilst these numbers are at a current high, recent policy changes, including the move to disallow those studying on taught master's courses from bringing dependents with them when they come to study, and the increase to the NHS surcharge, has reduced application numbers. Between January and March in 2024, applications for sponsored study were down 44%, from 72,800 in 2023 to 40,700.<sup>4</sup> It is yet to be understood how many fewer students will apply in the peak of the application period (June to September), though the impact is expected to be great.

### **1.2. How proportions of international students differ between different courses, including breakdowns by subject and between undergraduate and postgraduate courses**

Across subjects, the largest proportion of international undergraduate students are enrolled in:

- Engineering and Technology (24%)
- Business and Management (23%)
- Mathematical Sciences (23%)
- Media, Journalism, and Communications (20%)
- Computing (19%).

At the postgraduate level, the largest proportion of international students are enrolled in:

- Business and Management (73%)
- Engineering and Technology (70%)
- Computing (68%)
- Mathematical Sciences (64%)
- Media, Journalism, and Communications (55%).

### **1.3. Impact of international students on university funding**

International student fee income represents roughly 23% of total university income in England. In the 2022/23 academic year, more than 82% of 263 English higher education (HE) providers received income from international student fees. Among English HE providers, 134 institutions derive more than 25% of their total tuition fee income from international students. Of these, 72 institutions receive over 50% of their total tuition fee income from international student fees. International and domestic student fees combined make up 39% of total income at Russell Group universities.<sup>5</sup>

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<sup>4</sup> [Home Office, \(2024\). Monthly monitoring of entry clearance visa applications.](#)

<sup>5</sup> [Russell Group figures on International Student income](#)

As a consequence of frozen domestic student fees, QR funding not fully covering research budgets, and the rising impact of inflation on operational and capital costs, this income is used by universities to **cross-subsidise research, domestic student education, and for operational costs.**

*Subsidising domestic student placements:*

In England, the tuition fee income of international students is capped at £38,000 per year for international students for undergraduate courses and £30,000 per year for postgraduate courses. In comparison, the tuition fee cap for domestic students is currently £9,250. This was set at £9,000 in 2012 and increased in 2017 by £250. The rate has been frozen at this rate since.<sup>6</sup> This freeze means that domestic student fees have been eroded to around £6,000 in 2012 prices.<sup>7</sup>

Student numbers are not capped for most courses at universities in England. International student fee income therefore enables universities to subsidise domestic students and support participation – including the widening participation agenda, and the high cost, nationally valuable STEM courses. While the cost of provision varies by course, analysis suggests that some universities are, on average, supplementing domestic undergraduate students by £2,500 per student per year.<sup>8</sup> The reality is that certain courses, as well as some of the wider support and resources that domestic students benefit from, would not be available to domestic students without the contribution from international students.

*Impact on research:*

Universities receive 53% of their income from tuition fees and education contracts. Research grants and contracts make up just 15% of university income on average.

Government largely funds the research undertaken at universities, covering approximately 80% of the cost of ‘publicly funded research’. The remainder of research funding is resourced through university funds, which is largely raised and supported by international student fees.

Across the sector, the full economic cost of research is increasing and exceeding the dedicated income for those activities. The value of Quality Related funding for research has declined by 14% in real terms in the last 10 years. The balance of funding between Quality Related and Research Council funding has fallen from 80p in the pound in 2007, to 50p in the pound in 2018.<sup>9</sup>

The deficit on research funding reached almost £5 billion in the 2021 to 2022 academic year, having risen 14% over five years.<sup>10</sup> In the absence of wider policy support that fully funds university-led R&D, international student fees are vital to national innovation, and removal of this funding via punitive action on international students cannot be looked at in isolation without understanding the knock-on impact in this area.

*Impact on innovation and civic engagement:*

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<sup>6</sup> [Office for Students, Access and participation plans.](#)

<sup>7</sup> [Universities UK, PwC. Financial Sustainability of UK Universities.](#)

<sup>8</sup> [Russell Group, Understanding a research-intensive university's business model for educating students.](#)

<sup>9</sup> [Russell Group, Underpinning our world class research base: the importance of 'QR' funding.](#)

<sup>10</sup> [UKRI, \(2023\). Research financial sustainability: issues paper.](#)

International students create significant benefits to local areas.<sup>11</sup> The intake of international students in the 2021/22 academic year contributed £41.9 billion to the UK economy. New figures show economic benefit of international students rose by 34% from £31.3bn in 2018/19. Data indicates that every 11 non-EU students generate £1m worth of net economic impact for the UK economy – or £96,000 per non-EU domiciled student.

However, HESA's Higher Education Business and Community Interaction Survey (HEBCIS) offers data on the declining state of university activities beyond their central remit. The latest data for 2022/23 shows a 5% decline in the number of interactions with business recorded by the university sector from the previous year. This may be an early sign that financial pressures are affecting the university sector's ability to support wider, but hugely valued, activities.

#### **1.4. The impact on the availability of places for domestic students**

While individual institutions may or may not make decisions about an 'appropriate balance' between domestic and international students, there is no evidence that international students are 'displacing' domestic students at English universities.

The number of domestic students at English universities rose between 2017/18 and 2021/22 by 191,805 (from 1,595,765 to 1,787,570). The rise in the number of international students during this period was lower - 167,465<sup>12</sup> - though the figure has grown at a higher rate.

## **2. How England compares to other countries in the balance between numbers of international and domestic students**

The proportion of international students at universities in England in 2021/22, sitting at around 24%, is comparable with the other nations in the United Kingdom:<sup>13</sup>

- Northern Ireland (17,275 of 69,565 - approx. 25%)
- Scotland (82,440 of 301,230 - approx. 27%)
- Wales (25,090 of 149,045 approx. 17%)

In comparison with competitor nations, the "inbound mobility rate", (i.e., the number of students from abroad studying in a given country, expressed as a percentage of total tertiary enrolment in that country), in 2021 is comparable with Australia (approx. 22%) and Canada (approx. 17.37%), but significantly higher than that of Germany (approx. 11%), France (9%) and the USA (approx. 5%).<sup>14</sup>

Further analysis of the funding models in place in these countries and the stated drivers for attracting international students would be beneficial.

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<sup>11</sup> [Universities UK, \(2023. International students boost UK economy by £41.9 billion](#)

<sup>12</sup> [Higher Education Statistics Agency – HESA \(2023\) Where do HE students come from?](#)

<sup>13</sup> [Higher Education Statistics Agency – HESA \(2023\) Where do HE students come from?](#)

<sup>14</sup> <http://data.uis.unesco.org/#>

### **3. What an appropriate balance between numbers of international and domestic students should look like, and whether universities are currently achieving this balance**

Universities in England broadly exist to develop, disseminate and advance knowledge. An 'appropriate balance' must therefore serve this purpose. An instrumental approach to the question does not necessarily help one arrive at the 'right amount', and even if it did, it is likely that this balance would vary between institutions and over time.

Talent is globally distributed. From a demand perspective, a system seeking to remain internationally competitive must draw from an international talent pool both in terms of its students as well as its staff. From a supply perspective, talent will study at universities that they perceive to be best able to develop their abilities and demonstrate their skills and future potential.

It follows that the more competitive a higher education system becomes, the greater the proportion of international staff and students. The level within England is credit to the high global ranking of our universities, which indeed spills over across into all HE providers, due to the prestige associated with studying in England.

International students bring a wealth of benefits to universities and more widely to England, but equally the current funding model necessitates further growth in international student income to compensate for other income streams eroding, as discussed under [bullet 1.3](#).<sup>1516</sup>

Due to this reliance on international students for the resources needed to deliver education and innovation, the capacity of universities in England to deliver against their purpose, and by extension the health of the research and innovation system, depends on a source of funding that is ultimately outside of the control of universities and the government.

As a result, HE funding policy appears untenable. Compounding this, the Government's position on international students in the 2019 International Education Strategy is inconsistent to, and incompatible with, current ambitions to reduce immigration. International students are not permanent migrants to England, and simply should not be captured within net migration targets or treated in a similar way.

Lastly, considering the great benefits international students bring to local areas, evidenced under [bullet 1.3](#), any 'new balance' must take into account the impact to wider spill-over benefits these students create.<sup>17</sup> On average, international students make a £58 million net economic contribution per constituency, equivalent to approximately £560 per citizen. This impact is felt across England. In 2021-21, 98,825 students studied in London, 31,360 studied in Yorkshire and the Humber, 29,750 in the West Midlands, 27,680 in the Northwest, 24,835 in the East of England, 24,235 in the East Midlands, 18,715 in the Northeast and 19,700 in the Southwest.

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<sup>15</sup> [House of Lords Library, \(2023\). Financial pressures on higher education](#)

<sup>16</sup> [UKRI, Research financial sustainability](#)

<sup>17</sup> [Universities UK, \(2023\). International students boost UK economy by £41.9 billion](#)



#### **4. The likely impact on international student numbers of recent changes to student visa conditions and any proposed changes to the Graduate Route**

The changes to student visa conditions that came into effect in January 2024 – notably reducing the ability of students on taught master’s courses to bring dependents – have led to a reduction in the number of students applying to English universities and for student visas.<sup>18</sup>

This change came in alongside an uplift to the annual NHS surcharge, making visa costs substantially higher than in competitor nations, and an increase to the minimum salary needed to access the follow-on Skilled Worker visa (from £26,200 to £38,700). This limits the ability of graduates, who often start on a lower salary before climbing to a higher salaried role, to qualify and remain in England.

These changes have led to England, and the wider UK, becoming a less attractive and more expensive destination to study and begin a career. So far, the change has led to a 44% decrease in applications for sponsored study between January and March in 2024 (72,800 in 2023 to 40,700 in 2024).<sup>19</sup>

The Government has since decided not to make further radical changes to the Graduate Route but will keep it under review. The government also made a number of wider proposals in relation to international students. The Migration Advisory Committee (MAC) Rapid Review of the Graduate Route has found that there is little evidence of abuse, and that in the medium term, those who pursue the visa have comparable outcomes to domestic graduates. It finds that in the long term, the visa makes ‘positive net contributions to public finances and the economy’.

The Review recommends ‘retaining the Graduate Route in its current form’. Any alternative policy outcome would be a divergence from the advice of this independent body.<sup>20</sup>

Businesses have warned that reducing the number of international students would harm workforce skills supply and access to talent.<sup>21</sup> The letter, convened by NCUB, states:

“We choose to invest in the UK because of the talent, skills and innovative ideas that can be found here. Universities in all parts of the UK are key partners to industry, pushing the boundaries of discovery and developing a highly skilled workforce. To maintain global advantage and grow a resilient economy, the government must create an environment in which the university sector can succeed and remain at the cutting edge.

There are early but clear warning signals that this position is at risk. We are deeply concerned by reports of growing research and teaching funding gaps, as well as sharp declines in international student applications as a result of government policy. This not only risks undermining the positive impact that international students have on our skills

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<sup>18</sup><https://www.timeshighereducation.com/news/dependant-restrictions-push-uk-student-visa-numbers-down#:~:text=The%20number%20of%20main%20applicants,total%20number%20stood%20at%2046%2C900.>

<sup>19</sup> [Home Office, \(2024\). Monthly monitoring of entry clearance visa applications.](#)

<sup>20</sup> [Migration Advisory Committee, \(2024\). Rapid Review of the Graduate Route.](#)

<sup>21</sup> [NCUB, \(2024\). Letter to the PM: Graduate Visa Route review – Potential Impact on UK Economic Growth.](#)

base, future workforce, and international influence but also reduces the funding that universities have available for their wider activities, including research and collaboration with industry.

Increasing the UK's research and innovation intensity remains key to delivering the growth strategy. The UK needs a positive and ambitious higher education strategy that sets out how government will create the supportive funding and policy framework needed for an even more knowledge-intensive economy. Additionally, we urge you not to make changes to graduate visa routes without a detailed and comprehensive review of the consequences. Over time, financial pressures could undermine one of the UK's greatest strategic strengths with wide ranging implications for businesses, as well as the wider economy and society."

## **5. The effectiveness of the Government's International Education Strategy launched in 2019**

NCUB supports a review of progress towards key ambitions within the International Education strategy. The figure of reaching 600,000 international student exports is a positive one, which boosts national reputation and the prestige of English higher education institutions, enables innovation, and creates worldwide benefits through education exports.