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Universities open to the world

How to put the bounce back in Global Britain

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Foreword

Few institutions have the longevity and deep roots of universities.

Yet even those that have been around long enough to survive plagues, fires and revolutions are finding that the combination of Brexit and the coronavirus is stretching their resilience and endurance to the limit.

As international students scramble home to continue classes online, governments in the English-speaking countries dominant in the global education industry are waking up to the existential threat their disappearance poses to universities young and old.

Over the last decade, the number of international students worldwide has almost doubled to 5 million. Before the coronavirus struck, this trend was set to continue unabated, with predictions of over 10 million overseas students by 2030.



Governments and university leaders are preparing for a potential drop in international students of 50-75%

No one today has visibility or confidence in forecasts over that sort of timeframe.

Post-crisis, the market for international students will be even more competitive. It is likely that there will be increased reluctance to travel overseas, even when travel restrictions are lifted, and that there will be a smaller pool of students with the means to do so.

A number of published surveys suggest a substantial decline in international numbers, as well as significant rates of deferrals by domestic students. These need to be read with caution. What people say they will do and what they actually do aren't always the same.

What is a near certainty, however, is that international students are unlikely to return to physical campuses in North America, the UK and Australia in anything like the same numbers for the start of the new academic year this September.

Governments and university leaders are preparing for a potential drop in international students of 50-75% that would represent a significant reversal for one of the great boom businesses of the globalised economy.

Any decline of this magnitude would expose real vulnerabilities in university finances and highlight the way universities have been the victim of competing and conflicting Government policy objectives in Westminster over much of the last decade.

Governments have long required universities to develop additional revenue streams to cross-subsidise research, which loses 25p in the pound, and the teaching of certain strategically-significant laboratory and studio-based subjects that cost more to deliver than the £9,250 fees paid by domestic students.

They have recognised that, far from squeezing out qualified domestic students, overseas students have made viable courses and research opportunities that would otherwise not be offered.

International students have not only contributed to a diverse learning environment that benefits all students, but supported economic activity in university towns from



Chichester to Aberdeen and expanded the UK's cultural, diplomatic and trade relationships around the world.

For much of the last decade, however, the UK Government has run contradictory policies aimed both at increasing education exports, while at the same time managing down international student numbers in a misguided attempt to reduce overall net migration to below 100,000.

This confusion and ambivalence has created a volatile and unstable policy environment which helps explain why the UK – a perennial world leader in education – has gradually seen its share of the international education market slip over the past ten years.

For many years, the top three destinations for international students have been the United States, the United Kingdom and Australia. But recently global student mobility has begun to shift.

The UK's market share declined in 17 out of the world's 21 top sending countries between 2010 and 2017, with falls of over 30% in Nigeria of at least 15% in India, Pakistan and Bangladesh.

UK international student numbers have in recent years been flat, for example, rising by just 0.3% in 2016 and only 0.9% in 2017.

By contrast, Australia has now seen steady year-on-year growth of around 14% and might soon catch up with the UK in terms of total overseas numbers if it has not done so already.

Thanks in part to the hostility to international students of “Agent May”,ⁱ as Canadian bloggers knew the UK Prime Minister, Canada has also increased its market share in several top sending countries.

Meanwhile, China, long the biggest source of students, is now on the verge of becoming a global superpower in higher education in its own right, deploying the full weight of its government and economy in support of its own soft power objectives.

How rapidly UK universities bounce back post-Covid-19 will be of central importance to the UK's economic recovery and, in the wake of the pandemic and in anticipation of the end of the Brexit transition period, the Government is now sensibly revising its International Education Strategy.

This is a key element in the Global Britain vision for the country.

It is vital it is suitably ambitious. The previous strategy, published in March 2019, set UK universities the target of attracting 600,000 international students by 2030 (an increase of around 25% on current numbers).

ⁱ The resignation of Theresa May, May 30 2017, Alex Usher, Higher Education Strategy Associates. <http://higherstrategy.com/the-resignation-of-theresa-may/>



How rapidly UK universities bounce back post-Covid-19 will be of central importance to the UK's economic recovery



If the UK is to protect one of the few industries in which it still leads the world, it must take a number of steps to be first out of the blocks

While presenting themselves as bold, the targets, as this paper shows, were nothing of the sort. By settling for growth rates significantly slower than the global market for international students had enjoyed over the previous decade (doubling in the past ten years), the targets tacitly accepted a steady loss in UK market share.

The objectives set by the UK Government for the sector in May 2019 put us on a trajectory that would see our market share halve by 2030 and see the UK fall down the global rankings of destination countries.

If the UK is to protect one of the few industries in which it still leads the world, it must take a number of steps to be first out of the blocks.

These include a study visa that matches the best in the world, with 4 years' post-study work, the transformation of the British Council into a body focused on promotion of study in the UK, and a strategic push to rebalance student flows by doubling those from India within the lifetime of this Parliament.

Failure by a Conservative Government to act to shore up our position in the market for international students would also represent a weakening of an important part of Margaret Thatcher's legacy.

One of her early and most controversial decisions was to remove the public subsidy for overseas students, to abolish number controls applying to them and to leave overseas student recruitment entirely to the market.

That bold reform then took us over the next thirty years to 400,000 overseas students and a market share second only to the US. We long ago passed the point where the income our universities earn from overseas students exceeded total Government grant to them for teaching domestic students.

If we really care about our post-Brexit future as a trading nation, about deregulation and unleashing enterprise, we would be cutting back the time-consuming and off-putting red tape affecting overseas students and instead go full throttle to achieve even more ambitious education export objectives.

By taking the simple measures outlined in this paper the Government can help universities compete more effectively in the global market for international education and play their full part in putting the bounce back in Global Britain.

Rt Hon. Jo Johnson

Former UK Minister of State
for Universities, Science,
Research and Innovation

Summary of recommendations

01

Set a clear ambition to retain global leadership in international education

Recommit to existing 2030 exports targets and create an additional goal for the UK to be the number one study destination worldwide after the US.

02

Send a clear signal that Global Britain is open and welcome, with a best-in-class student visa offer

The Government should turbocharge the competitiveness of the UK visa offer, with the doubling of post-study work visas (Graduate Immigration Route) from 2 to 4 years.

03

Double student numbers from India by 2024

The UK should capitalise on the post-study work visa change and seek to rebalance the mix of international students coming to the UK. It should launch a new marketing drive in India and include India, alongside China, in the low-risk country category.

04

Re-focus the British Council on education promotion

The British Council should be re-focused on its education promotion activity. It should establish and operate a world-class global student mobility network to replace UK participation in Erasmus; create and manage a worldwide StudyUK alumni network; and negotiate reciprocal recognition agreements with governments which don't currently recognise degrees with significant elements of online learning.

05

End the hostile bureaucracy

The Home Office needs to step back, increase flexibility on English proficiency testing and Tier 4 visa issuance and hold universities to account for any non-compliance.

06

Prepare continuity arrangements in light of Covid-19

HMG should mitigate the effect of international travel restrictions for international students.

07

Put liberalisation of trade in education at the heart of FTAs

Make education exports central to the UK's post-Brexit trade strategy, so that the UK government prioritises liberalisation of trade and cooperation in research and education in each of its prospective FTAs.

08

Increase transparency in progress towards the targets

Require the International Education Champion to report progress to Parliament annually.

Part I: The UK in a global market

1. The importance of the higher education sector

Higher education is one of the few industries in which the UK remains a global leader.

The UK is home to four of the world's top ten universities and 18 of the top 100.¹ Despite representing less than 3% of global R&D spending, the UK still produces 14% of the world's most highly cited articles.^{2,3} This established global reputation helps British universities attract more international students than those of any country other than the US. In the 2018/19 academic year, there were over 485,000 international studentsⁱⁱ (including 143,000 from the EU) studying in the UK. Equivalent to the population of Liverpool, they accounted for about 20% of the student body across the UK. A further 667,000 were studying for UK degrees from abroad.⁴

This global appeal makes higher education one of the UK's most valuable sectors.

Education-related exports, including transnational education (TNE), generated over £21.4bn for the UK economy in 2017, the majority of which came from international student fees at British universities.⁵ But while the sector is recognised internationally, domestically it is often overlooked as an economic contributor, despite making up 7% of the UK's service exports.⁶ It is also one of the few economic sectors whose benefit is felt throughout the UK, employing 940,000 people at higher education institutions across the country.⁷

As well as being a leading export, education amplifies Britain's soft power.

On top of the financial value that international students bring to the British higher education system and to local economies from Chichester to Aberdeen each year, the friendships they make turn into trade links, cultural bonds and diplomatic ties long after they have returned home. These links are borne out by a survey of international graduates who studied in the UK which found that:

- 77% of respondents said they were more likely to do business with the UK as a result of studying in the UK;
- 81% intended to build professional links with organisations in the UK;
- 88% planned to visit the UK for holiday or leisure; and
- 77% of postgraduate research graduates intended to collaborate with the UK for research purposes.⁸

Educating the world's future business and political leaders remains an important tool for soft power. Among serving presidents, prime ministers and monarchs, 59 studied in the UK – second only to the US.⁹ It is in the UK's interest to hold on to this spot and attract the world leaders of the future – the next Manmohan Singhs, Benazir Bhuttos and Bill Clintons – as well as the next generation of entrepreneurs, ambassadors and academics to study in the UK. Now more than ever, the UK cannot

£21.4bn

was generated for the UK economy by education-related exports in 2017

940,000

people are employed in higher education institutions in the UK

ii *International students* defined in this paper as any students domiciled outside the UK, including students from the EU. Non-EU, international students are referred to as such.



afford to lose touch with global opinion-formers and innovators or allow itself to recede as a cultural reference point.

International students contribute to and support the UK’s leading research, knowledge transfer and innovation systems.

In key respects, both of the major outputs of universities – research and teaching – are loss-making for the higher education institutions which provide them. Research is particularly underfunded versus its true costs, with a £4.3bn funding shortfall across the UK.¹⁰ Similarly, the domestic fee cap of £9,250 per year makes certain courses untenable without cross-subsidies from international fees, particularly for high cost lab-based subjects and certain arts and design courses. At the top end, STEM courses such as veterinary science and clinical dentistry can cost around £20,000 to universities to provide them – double the revenue they bring in from fees.¹¹ With fees from overseas students helping to plug these gaps, any reduction in this revenue stream will make it even more challenging to maintain high quality courses and reach the government target of spending 2.4% of GDP on R&D by 2027.¹² Overseas postgraduate students also play a critical role in the research talent pipeline, dominating a number of strategically important areas, including technology and engineering.¹³



Research is particularly underfunded versus its true costs, with a £4.3bn funding shortfall across the UK

International students are entrepreneurial and generate significant tax revenues.

In the longer run, highly educated mobile students who integrate into domestic labour markets after completing their studies contribute to innovation and economic performance, mitigating the impact of an ageing population on future skills supply. A 2019 study estimated that one cohort of international graduates contributed over £3bn in tax revenues over 10 years by remaining in the UK labour market.¹⁴

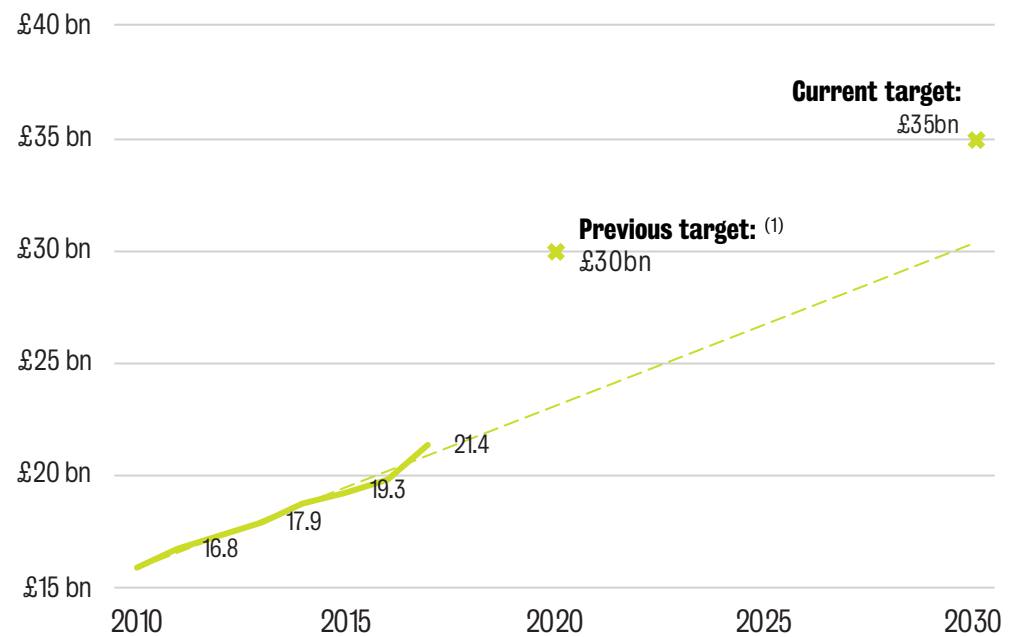
Many are entrepreneurial, which may help explain why 49% of the UK’s fastest-growing start-ups have at least one immigrant co-founder, including 9 of the list’s 14 “unicorns” (\$1bn start-ups).¹⁵ While attracting future world leaders brings a certain prestige to the UK, attracting these future business leaders brings tangible value.

A cursory examination of the country’s top start-ups illustrates the case for keeping the country open to international students. Take Joshua Wöhle, the founder of \$100m+ Internet safety company SuperAwesome, who initially moved to the UK from Switzerland to study Computer Science at King’s College London, or Christian Nentwich, who founded his \$100m+ fin-tech start-up after completing his PhD at University College London.

The UK would do well to emulate the US which courts international students for exactly this reason. Across the Atlantic, 1 in 4 billion-dollar start-ups had a founder who originally came to the US to study, which have created a collective value of \$96 billion (equivalent to the entire stock market of Portugal).¹⁶ Attracting foreign students in increasingly high numbers will in turn create jobs, attract foreign investment and disrupt old industries.

FIGURE 1: UK REVENUE FROM EDUCATION-RELATED EXPORTS & TARGETS

SOURCES: UK GOVERNMENT INTERNATIONAL EDUCATION STRATEGY (2019); DEPARTMENT OF EDUCATION (2019)



(1) Previous target set by the Government in 2015

2. The UK's declining market share

Global demand for higher education continues to grow.

There are over 200 million students in higher education around the world.¹⁷ Driven by growth in middle classes in developing countries in Asia and Africa, as well as by the youthful demographics of many of the most populous countries, this number is expected to more than double by 2030, to over 410 million, and reach 600 million by 2040.^{18 19}

Meeting this demand with traditional place-based infrastructure would require the world to build 4 universities with 80,000 students every week for 15 years.²⁰

The two largest nations in the world, China and India, which account for a quarter of overseas students, cannot currently accommodate student demand for higher education within their borders. They are far from unique. In Bangladesh, a country with a young population of 165 million, university places are a scarce commodity, with 16 students competing for each place at competitive domestic universities.²¹ Nigeria, which also has a large and growing young population, similarly faces inadequate provision of quality higher education. Its National Universities Commission estimated that an additional 1 million places were needed to meet unmet demand, with under 20% of the 2 million students who applied to university being accepted last year and 30% either going abroad or pursuing vocational studies.²²

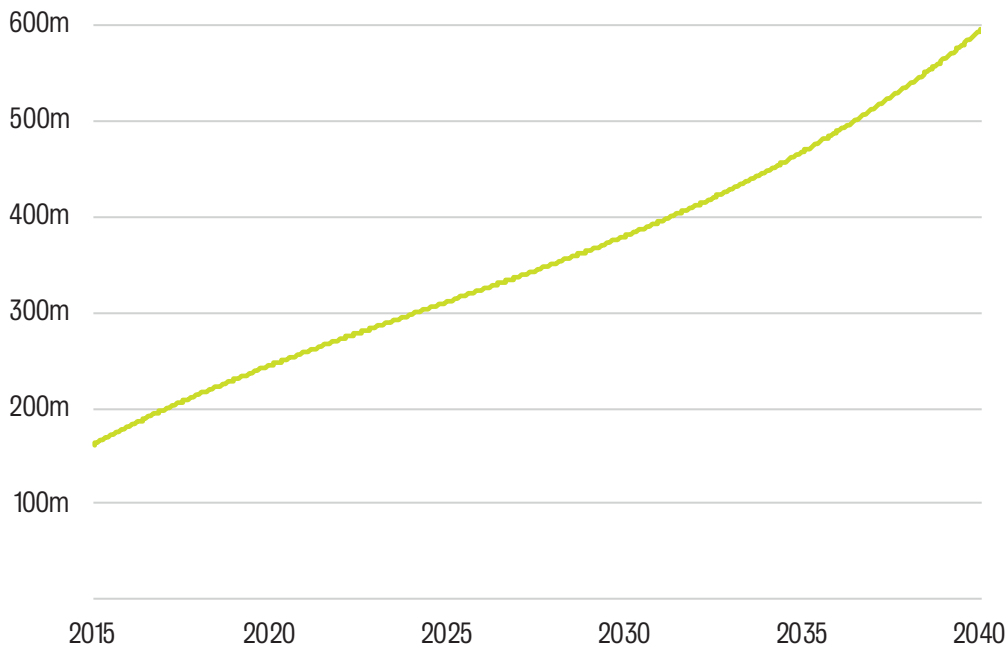
600m
students are expected
to be in higher
education globally by
2040

4
universities would need
to be built every week
for 15 years to meet this
demand



FIGURE 2: EXPECTED GLOBAL DEMAND FOR HIGHER EDUCATION

SOURCES: WORLD BANK, UNESCO, RMIT UNIVERSITY



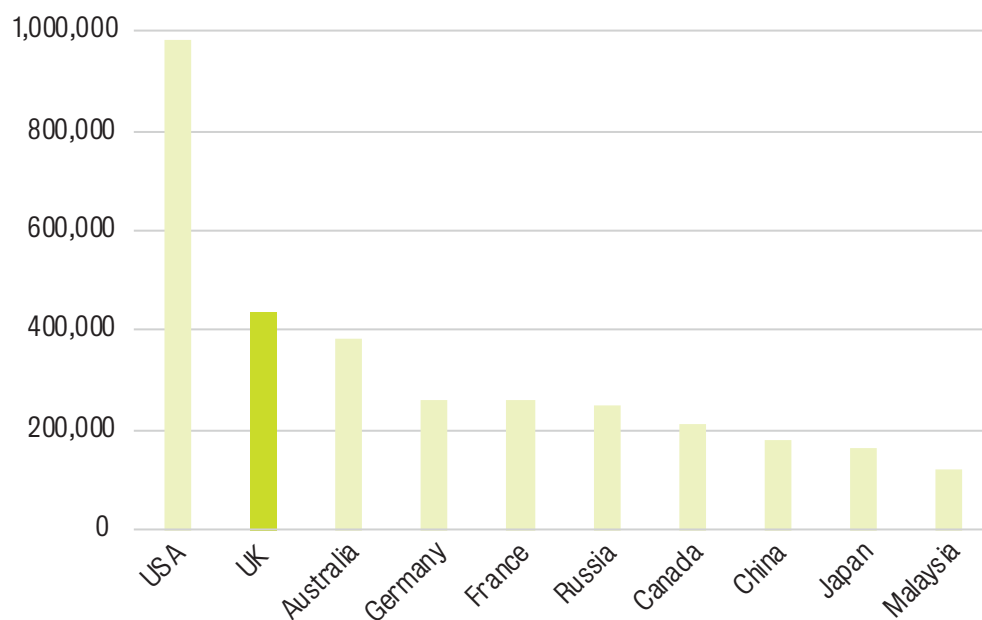
This push factor is one of the major drivers behind the growth in students seeking education abroad. Over the last decade, the number of international students worldwide has almost doubled to 5 million. Before the coronavirus struck, this trend was set to continue unabated, with growth rates implying the number of overseas students reaching over 8 million by 2025 and 11 million by 2030. Without similarly ambitious growth rates from the UK, the country’s market share will continue its recent decline.

The UK remains the second most popular choice for international students.

Notwithstanding this development, there is a persistent shortage of places at prestigious domestic institutions in emerging countries that match social aspirations and the value placed on English-proficiency acquired in English-speaking countries. This continues to drive international students to the US and UK, which have retained first and second place position in the market for global higher education, and increasingly to Australia and Canada.

FIGURE 3: NUMBER OF INTERNATIONAL STUDENT ENROLMENTS

SOURCE: UNESCO (2017)²³



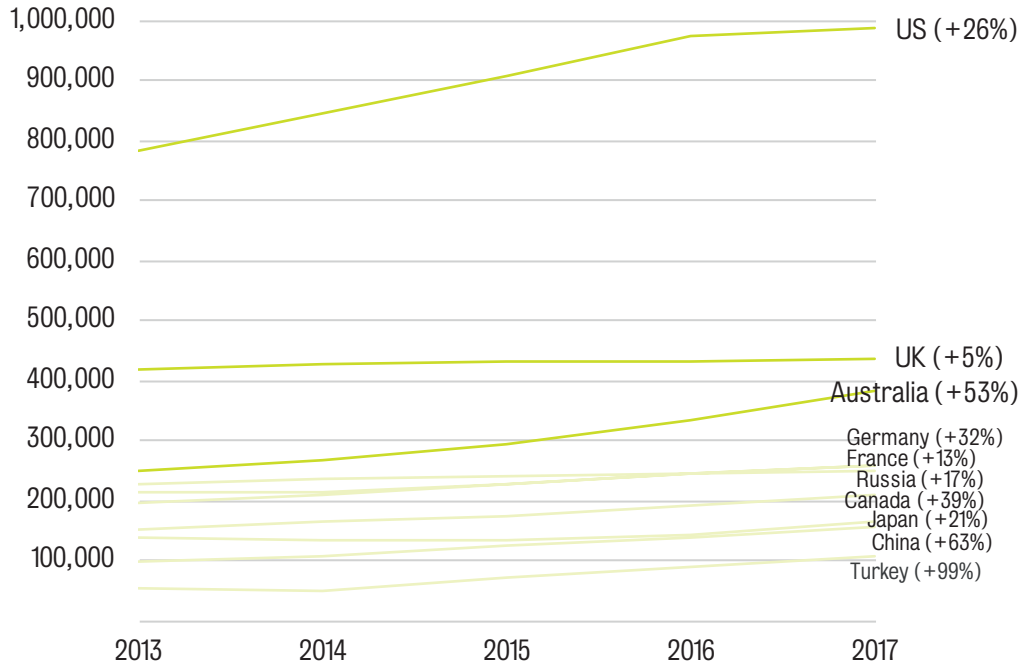
But can the UK sustain its position for much longer?

While the global market has boomed, the growth in the number of international students entering the UK has not kept pace for much of the last decade. Of the top ten most popular destinations for foreign students, only the UK failed to hit double-digit growth in its number of international enrolments during the period of 2013-2017 (the latest data available from UNESCO’s international comparisons). In fact, out of the top 21 source countries of international students, the UK lost market share in 17 between 2010 and 2017.



FIGURE 4: GROWTH OF INTERNATIONAL STUDENT ENROLMENTS

SOURCE: UNESCO (2017)²⁴



After more than half a decade in which UK migration politics and Home Office regulation have conspired to hold international student numbers in a flatline trend, the UK is no longer the unchallenged number two country. International comparisons in the past two years are hard to make, given the lags in available data. However, figures published by national agencies suggest that Australia is close to overtaking the UK, to put itself in second position.

If no longer to the UK, where did students choose to go instead?

In many cases, the US, Australia and Canada have benefitted from the UK’s loss in market share. The US gained 27% more market share in Saudi Arabia, 10% in Iran and 7% in China. Australia gained 11% more market share in Pakistan, 10% in Nepal, 6% in Brazil and 5% in India. Canada increased its market share in India by 7%, by 3.5% in France, and 3% in Nigeria and Brazil.²⁵

Recent performance however has improved. An upswing in 2018 brought the UK up to 485,000 students (an impressive 6% YoY).²⁶ While enrolment data for 2019 is not yet available, visa figures for the year to September 2019 show that the number of non-EEA students accepted by a university and then applying for a visa has risen by 14% to 222,047, the highest level on record. Within these figures, applications for university-sponsored Tier 4 visa applications rose at a spectacular rate from China (up 43%) and India (up 63%).



Australia is close to overtaking the UK, to put itself in second position

During the same period, however, Australia and Canada also both welcomed a surge in numbers. Australia was estimated to have increased its number of international students 13% in 2019, though this was eclipsed by Canada's 17.5%,²⁷ setting the North American country well on the way to reaching its target of 450,000 international students by 2022.²⁸ The ambitious targets of Canada, combined with its best-in-house offering to overseas students (discussed further in Part III), will likely see it also continue to climb the rankings.

The Trump effect will speed market share shift.

The shift in market share between these English-speaking countries will likely only accelerate given recent moves in the US to discourage international study, which has caused the number of overseas students to flatline again this past year. The Trump Administration has become increasingly hostile to foreign students, threatening to restrict or revoke the OPT programme for post-study work and recently barring entry to Chinese graduate students with ties to Chinese military-affiliated institutions.²⁹ ³⁰ The combination of mounting Sinophobia and recent protests make for an unwelcoming environment for international students looking for a safe place to study overseas. There is a substantial and unprecedented opportunity for the UK, along with other higher education systems, to take advantage of this and gain market share from the US.

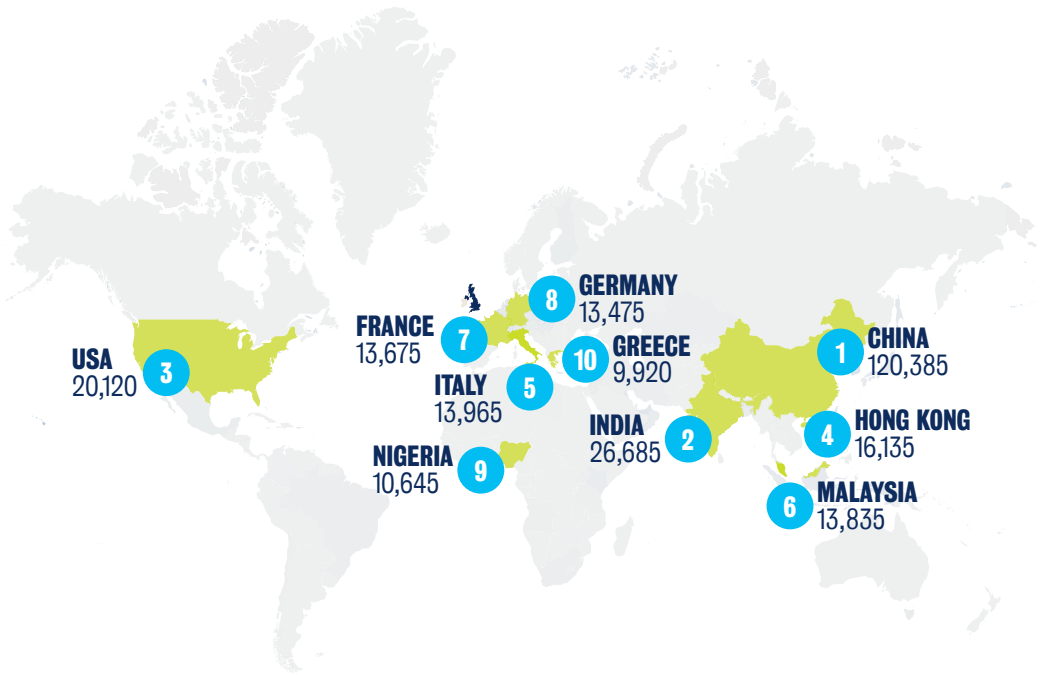
The rise of intra-regional mobility will also be accelerated by the impact of Covid-19 on long-haul moves during a global pandemic.

International students are increasingly looking to a wider range of destinations, with some traditional exporters of international students, such as Malaysia and Turkey, becoming net importers.³¹ The UK also lost ground to a number of newly emerging regional players: Malaysia gained 40% market share in Bangladesh; Japan gained 20% market share in both Nepal and Vietnam, 12.5% in South Korea and 8.6% in China; and Turkey noted a 9% market share gain in Iran.



FIGURE 5: WHERE DO INTERNATIONAL STUDENTS IN THE UK COME FROM?

SOURCE: UNIVERSITIES UK INTERNATIONAL (2019)³²



English will remain the dominant language in global higher education.

Notwithstanding a linguistic challenge from China, English fluency will continue to be highly desirable for those seeking to work in better paying roles in globally oriented sectors of the world economy. English (including its North American and antipodean variations) will continue to be highly marketable. This is less of a barrier to entry protecting the position of UK universities than in the past, however. In a number of European countries, as well in China and many other emerging countries, higher education institutions are increasing their English language provision. The world market for international students is so attractive that many universities in non-English speaking countries now see advantage in offering high quality undergraduate courses taught in English.



English fluency will continue to be highly desirable for those seeking to work in better paying roles

The UK Government has set growth targets for the sector.

In March 2019, the Government released its International Education Strategy, setting out targets for the sector. The headline targets were to increase the value of education exports to £35 billion per year and the number of international students to 600,000 by 2030. This was a welcome development as it effectively ended years of disagreement between government departments and between Conservative Ministers as to whether international students should be welcomed or reduced in number to hit the net migration target. The higher education sector had not benefited from the clarity of a whole of Government target for the number of international students since New Labour days.³³

While the Coalition Government of 2010-2015 set a target of £30bn in education exports by 2020, this was very much driven by Liberal Democrat ambitions and was

never embraced as a whole of Government goal.³⁴ Although the policy had some weak backing from the Treasury, it encountered hostility from the Home Office, which had the wholehearted support of No 10 in its efforts to drive progress towards the 100,000 net migration target. As a result, there was no evaluation of progress towards the 2020 target, and no serious effort to achieve it. Unsurprisingly, although the final data is not yet available, it has certainly been missed by a significant margin, falling short by somewhere between 25-33%.

The 2019 targets lacked both ambition and a policy mix to achieve them.

In the rosier pre-Coronavirus context in which the 2019 targets were set, these figures already lacked ambition. While they promised an increase in the number of international students of 20-25% over a decade, this represented a slower rate of growth than was then forecast for the international education market as a whole. The implication was therefore an acceptance of a significant loss of both market share and, in all likelihood, rank position too for the UK.

Ambitious targets send an important message of government commitment and can serve a useful purpose in driving accountability and focusing departments to propose policies to ministers that would help achieve them. Setting targets that are not credible because they are not followed up with the policies necessary to achieve them undermines their signalling value.

The current targets suffered from this failure on the part of the Government to put in place a comprehensive policy programme – above and beyond the welcome restoration of the two-year post-study work visa – that would be up to the job of delivering them. Just as the UK will miss by some £8bn the old target of £30bn in education exports by 2020 (set during the 2010-2015 Government),³⁵ the new target will remain out of reach in the absence of a broader package of policy measures backed by all Government departments.

The Government's targets implicitly accept a 50% loss of market share.

In context of the growing overall number of international students, it is clear that the Government's target of 600,000 international students anticipated continuing, steady and substantial loss of market share for the UK. Yet the scale of the UK's government sanctioned loss of market share has not been fully understood. Over the course of the decade to 2030, the overall number of international students could reach 11 million, assuming a continuation of the growth rates over the last decade. This would imply that even if the UK met its targets it would lose almost half its market share, enrolling just 5% of international students, compared to a current market share of around 8%, and down from a peak of 11% in 2007.

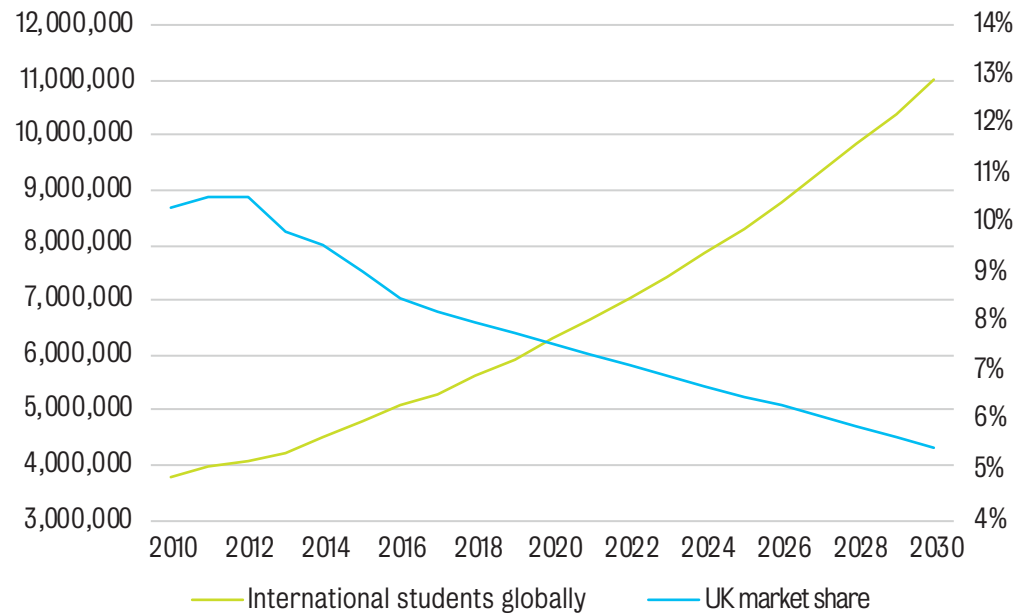


Setting targets that are not credible because they are not followed up with the policies necessary to achieve them undermines their signalling value



FIGURE 6: PROJECTED GROWTH OF INTERNATIONAL STUDENTS GLOBALLY & UK MARKET SHARE ⁽¹⁾

SOURCE: UNESCO (2017)³⁶



(1) Assuming market growth continuing at the same 10-year average rate and the UK hitting its target of 600,000 students in 2030

But are 900,000 international students in 2030 politically feasible?

The sector is keen to achieve stability in policy relating to international students. Scarred by the experience of Theresa May’s period in the Home Office, it fears that pushing to maintain market share at current levels of around 8% might provoke a backlash that would threaten hard-won gains, notably the restoration of the two-year post study work right she abolished. In short, there are doubts over whether there would be long term political support for the numbers that maintaining market share implies. An 8% share of a possible 11 million international students globally would mean an additional 400,000 international students in the UK, creating an overseas student body of nearly 900,000 by 2030, equivalent to the city of Leeds.

400,000
 additional international students would be required by 2030 in order for the UK to maintain its current market share

Maintaining the current share would represent an 80% increase in the number of international students studying in the UK today – a substantial jump that would mean either a surge in the proportion of international students in the overall student population (from 20% to just over 30%), a significant increase in higher education capacity across the United Kingdom (equivalent to roughly 10 universities the size of the University of Manchester), or a combination of the two. Given the historic volatility of policy towards international students, the sector’s caution is understandable. At the same time, it is vital that policymakers understand the trade-offs, and are aware of the benefits – to the UK education system, the wider research and innovation activity and the regional and national economy – that is foregone by holding down overseas student numbers.

Losing market share means losing the economic and soft power benefits that international students bring with them.

Remaining the second most popular destination for international students is a great mark of prestige for the UK and an asset for Global Britain. A steady loss in market share and slide down the global rankings would be interpreted as evidence of a wider decline in the attractiveness of the UK. Moreover, the loss of fee income from overseas students will make it harder to sustain the research excellence that translates into high performance in international university rankings. These global rankings also include the percentage of international students and faculty in their methodology, creating a direct link between international recruitment and rank position.³⁷

Relative decline in performance tables will eventually feed through to reduced demand for study in the UK. For Scotland, the UK nation with the fastest aging population, this would be particularly painful: slowing growth in international students, who are highly valued as a potential source of long-term immigration, could also exacerbate longstanding demographic challenges.



Relative decline in performance tables will eventually feed through to reduced demand for study in the UK

Another risk from losing market share is that UK universities become gradually less international, less collaborative and less outward-looking than their counterparts in other countries, reducing their relative appeal as partners in the global scientific endeavour. There is a direct correlation between hosting international postgraduate research students and future research collaboration with researchers typically retaining links with their host institutions even after their careers take them across the world. A study last year by UUK International found that 77% of postgraduate research graduates intended to collaborate with the UK for research purposes.³⁸ A gradual decoupling from research collaboration is already a risk, given the likely more distant relationship that the UK will have with Horizon Europe than previous funding programmes.



India's students are back in the UK – but for how long?

The UK has made recent strides in appealing to Indian students, after a steep decline in the years following the removal of the post-study work visa in 2012. This record year, ending March 2020, has seen an astounding 136% increase in Tier 4 visa approvals to Indian students, totalling 49,844.³⁹ This achievement is thanks in part to the September 2019 announcement to introduce the Graduate Immigration Route: in the two quarters following the announcement (2019 Q4 & 2020 Q1), the Home Office received 25,159 Tier 4 visa applications from Indians, compared with 6,098 in the same period the previous year – an increase of 313%. Based on this trend, the UK should look certain to welcome the highest number of Indian students on record in the 2020/21 academic year, though Covid-19 is almost certain to disrupt that achievement.

India is a vast potential source of students for UK universities. While the government of Prime Minister Narendra Modi has launched a concerted push to establish “institutions of eminence” and catapult the country’s universities into the higher echelons of world rankings, it has simultaneously restricted free speech and the rights of minorities, making itself an enemy of some of its most prestigious universities and limiting their appeal to

international researchers and academics. These problems, compounded by low growth and weak research funding, mean the institutional catch-up process will be protracted. India’s young and hard-working population is creating a burgeoning demand for elite higher education that cannot be adequately met by existing institutions.

The UK is well-positioned to capitalise on this unmet demand from India. The introduction of the Graduate Immigration Route presents an attractive path for many Indian students to stay in the UK after studying, but there is still potential to broaden the UK’s appeal further. For example, the Home Office’s continued exclusion of India from its low-risk Tier 4 visa list, which denotes countries from which student visa applications are streamlined, has understandably provoked deep unhappiness.^{40 41} The addition of China, Bahrain and Serbia to the list in 2018, and Brazil, Kazakhstan, Mauritius, Oman, Peru and Tunisia in 2019, has left India as a notable exclusion. If the UK Government is serious about attracting high-skilled Indian immigrants into its universities and workforce, including the country in the low-risk Tier 4 list would be a good place to start.

China and its race to the top of higher education

In recent years, the UK has benefitted from a strong increase in Chinese students. These now represent the largest single group of international students in the UK (accounting for 40% of the total). In the year to March 2020, the Home Office approved 118,530 Tier 4 visas from Chinese applicants, representing a year-on-year rise of 16%, the fastest growth on record.⁴² The number of grants to Chinese students is now more than double the number in 2012 and is more than twice the number granted to Indian students (49,844) in the year to March 2020. UK universities have likely benefitted from the slowing growth of Chinese students studying in the US, after a tightening of visa restrictions on applicants from China.^{43 44}

There are signs of a softening in the Chinese outbound market that predate the Covid-19 crisis. Projected demographic trends suggest China's college age population will decline through to 2025, suggesting that the UK even before Covid-19 was likely to face an increasingly challenging environment in recruiting students from a country on which the sector had relied heavily in the past.⁴⁵ This challenge has been accelerated by Covid-19: in contrast to India, Tier 4 applications from Chinese students in the two quarters following the announcement of the GIR – when the immediate economic shock of Covid-19 was felt in China – dropped by 16% on the previous comparable period.

While Chinese students have studied in the UK on a large scale for many years, their government is also the one

of the most systematic investors in universities in the world, aiming to rival elite universities worldwide.⁴⁶ One of its latest in a succession of higher education investment programmes, the Double First Class initiative, aims to create and bolster hundreds of world-class universities and specialist schools by 2050. Chinese institutions are becoming an important force in the higher education market, which is being reflected in global rankings. Nineteen of the world's top 200 research universities are Chinese, according to the 2020 QS World University Rankings, up from 12 in 2016. Its most prestigious university, Tsinghua University in Beijing, jumped from #47 in 2015 to #25 in the 2016 QS World University Rankings and up to #16 in 2020.⁴⁷ The country is also increasingly drawing in students from its neighbours, with South Korea sending the most students, followed by Thailand, Pakistan and India.⁴⁸

Furthermore, in the long-term, China's intense investment in its universities could see a growing number of Chinese students choosing to study domestically rather than overseas, as well as many more students from neighbouring countries coming to study at its rapidly developing universities, depleting the international student market share of other countries. China is seeing its inbound international student population surge, in part, because it has linked its education sector to geopolitical initiatives such as the One Belt, One Road Initiative, and has thrown the full weight of the Chinese government and economy behind reaching high-ranking host country status.

Part II: The impact of Brexit & Covid-19

1. Twin Shocks to the Sector

Universities are scrambling to respond to the effects of two major geopolitical events this year.

Students from EU member states are set to lose preferential treatment within UK universities, at the same time as the world reels from the effects of a global pandemic which has brought a global economic shock worse than the 2008 financial crisis.



Brexit has already exposed universities to the risk of a steep decline in EU students

The twin shocks of Brexit and Covid-19 have underscored the role non-UK students play in supporting British higher education.

The current university financial model relies on teaching large numbers of international students who each pay fees higher than it costs to teach them. The £7bn they bring in fees provides an annual cross-subsidy that compensates for losses incurred in research and the teaching of high cost subjects. These include not just laboratory-based sciences but also courses vital for the UK's creative industries. International students account for 6 out of 10 learners at Imperial College, which consistently features in the global top 10, and 56% at University of the Arts London – number two in the world for Art and Design.^{49 50}

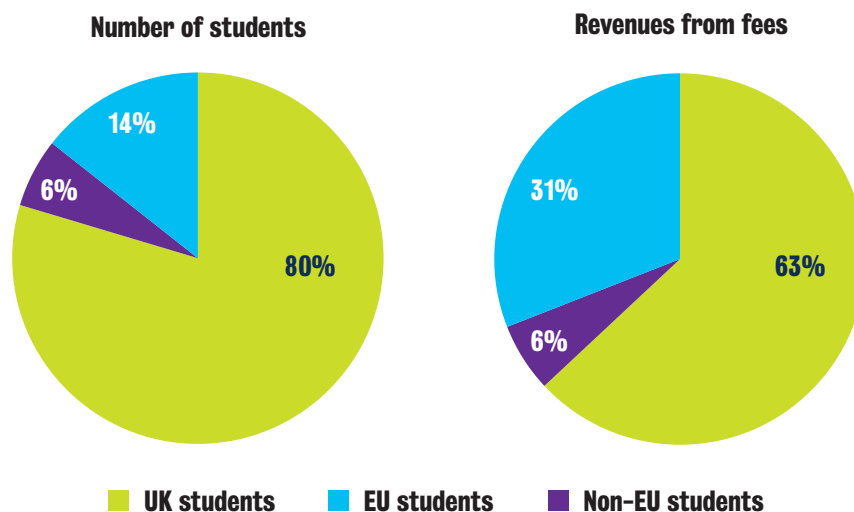
Brexit has already exposed universities to the risk of a steep decline in EU students. Although EU students still have access to government funding via the student loan book for the academic year starting in September 2020 and will be charged the same fees as domestic students, the future is likely to be very different. As and when the Government decides to de-regulate fees for EU students and to withdraw access to government financing, there is expected to be a sharp overall reduction in demand for UK higher education from the 27 remaining members states.

The UK university sector is unusually exposed to a decline in international students.

It has one of the densest concentrations of overseas students of any OECD higher education system at 20% of the student cohort in 2018-19 versus an average of around 6%.^{51 52} The percentages also rise with the level of qualification, with international students in 2017 constituting 14% of all Bachelor's students (vs. an OECD average of 4%), 37% of Master's students (vs. 13%), and 43% of Doctoral students (vs. 22%).⁵³

FIGURE 7: BREAKDOWN OF STUDENT NUMBERS AND FEE REVENUE BY STUDENT DOMICILE

SOURCES: HESA; LONDON ECONOMICS^{54 55}



Yet the impact of Brexit and Covid-19 will not be felt evenly.

While international students contribute 37% of all tuition fees paid to UK higher education institutions, the variance is high, with the pre-1992 group of universities deriving a greater proportion of tuition income from overseas students. These universities receive the majority of their tuition fees from international students (between 51%-58%) while the pre-1992 group receive just 11%-24% of tuition income from non-UK domiciled students.⁵⁶

25p
in every pound spent on
research by universities
is lost

The universities most reliant on international tuition fees are also by and large those institutions with the largest research portfolios. Since international students provide a significant cross-subsidy to research, which loses about 25p in the pound, a reduction in tuition income from international students will potentially undermine the UK's research base. The pre-1992 group benefit, however, from the greater overall diversity of their funding streams. Although they have high international student numbers, in general they also have more diverse income sources compared to post-1992 group which tend to be more reliant on tuition income. Those most at risk are institutions with high international numbers combined with a reliance on tuition income.

There is intense competition for international and domestic students.

Although they depend on international students for a greater proportion of tuition income, the pre-1992 universities are typically also among the most prestigious research-intensive institutions in the country. They are therefore also better placed to mitigate the shortfall. They can do so not only by seeking to increase their research income, but by admitting international students who might otherwise have enrolled at institutions lower down the reputational pecking order and by backfilling places with domestic students, subject to the limits of the recently re-imposed temporary student number controls.



An analysis of at recent periods in the UK in which the number of international students dipped (2003-2007 when sterling was especially strong and after the Coalition Government increased visa restrictions in 2010) confirms this trend. After 2010, post-1992 universities suffered a significant hit in the number of international students they recruited, while the Russell Group were able to keep their intakes growing, recruiting large numbers from China in particular.⁵⁷

This financial model has worked well historically but depends heavily on international students continuing to arrive in significant numbers, especially Chinese students to Russell Group universities.

The nations of the UK with the lowest (Northern Ireland) or no tuition fees (Scotland) have a particular interest in reviving the flow of international students at a time when significant public funding is already devoted to paying for the tuition costs of home students. The governments in all four nations must recognise quickly that this is a problem that will persist beyond the 2020 recruitment cycle. The fees lost this September will affect more than one academic year as universities will experience the financial detriment from a smaller than expected 2020 cohort as it passes through the system. They Government and universities must plan to support the sector's international competitiveness with the likelihood of a five-year impact on revenues in mind.⁵⁸

2. The impact of Brexit

The UK's position rested in part on its appeal to Europe.

The UK's ranking has been helped by its position as the most popular destination for students across Europe. Students from the Continent made up a third of the UK's international student numbers, as well as driving much of the growth (European students increased 9% over the past 5 years while growth from the rest of the world was just 3%).⁵⁹

EU students are set to lose a range of benefits not available to other international students.

The existing funding regime allows all EU students to benefit from the same capped fees as domestic UK students (£9,250 per annum). At the same time, EU students benefit from access to the heavily-subsidised loans provided by the taxpayer-backed Student Loans Company (SLC). With the additional right to visa-free movement, membership of the EU has made studying in the UK an attractive and easy prospect for hundreds of thousands of EU students, who make up 30% of the non-UK student body.⁶⁰ The Government has extended this system into the transition period following the UK's departure from the EU on 31 January ensuring that it applies to students commencing their studies in September 2020.⁶¹

Now that the UK has formally left the EU, there is pressure on the Government to end access for EU students to capped fees or SLC loans. There is little political appetite to provide subsidised student finance for any longer than necessary beyond a transition period. While the Government is yet to announce a formal decision, it is likely that from the 2021/22 academic year fees for EU students will be deregulated and move to the higher levels that universities charge international students from



Universities are hampered, however, by the fact that they still can't give EU students details of the new visa system that will be in operation

non-EU countries (ranging from £10,000 to £38,000 per annum). It is expected that EU students will no longer benefit from access to subsidised loans, meaning that, for the first time, EU students will have to meet the upfront cost of financing their studies themselves.

In short, post-Brexit, there is likely to be one fee level for all non-UK students, whether from the EU or further afield, and no taxpayer subsidy for any non-UK student in the Government loan system. The combination of these two factors is expected to lead to a significant drop in EU student numbers, although the effects will be far from uniform for different institutions, and a corresponding increase in UK universities' reliance on other international markets.

New immigration rules replacing freedom of movement a significant barrier

The recruitment cycle for academic year 2021/22 is already well underway. Universities are hampered, however, by the fact that they still can't give EU students details of the new visa system that will be in operation, following the end of the Brexit transition period on 1 January 2021. Those students starting courses in January 2021, however, will need to apply for Tier 4 visas this autumn. The sector would benefit from a delay to the new immigration system, which is not yet in place and which the Home Office may well find more difficult to implement due to other Covid-19 pressures. Furthermore, some students who would under normal circumstances be starting courses this autumn may find that their arrival in the UK is delayed until early 2021, if course start dates are pushed back, meaning that they would then need a visa – providing yet another disincentive to choose to come to the UK for this academic year.

Leaving the EU also puts a question mark over Erasmus.

The future of the UK's membership of Erasmus, the EU's flagship study abroad programme, is yet to be decided formally. In 2018, over 17,000 students from the UK participated in the scheme, spending time in universities around the EU. Twice as many students from the EU travel in the other direction, studying in universities in the UK each year.⁶² The UK's membership of Erasmus+ will be decided as part of the coming negotiations on Britain's future relationship with the EU. In January, Prime Minister Boris Johnson stated that "there is no threat to the Erasmus scheme" and that "[the UK] will continue to participate in it."⁶³ However, in March, the Minister for Science and Universities, Michelle Donelan, said the Government "remains open to participation in elements of Erasmus+ on a time-limited basis, provided that the terms are in the UK's interests",⁶⁴ echoing the Government's stance on EU negotiations published in February.⁶⁵

It remains unclear which elements the Government intends to remain signed up to, and whether there will be EU appetite for an à la carte British membership. If the UK does end up leaving Erasmus, EU students on the programme, who contribute about £420 million to economic activity in the UK during their studies, will no longer be eligible for grants to come to the UK. There may be other ways that EU (and other) countries can fund inbound mobility to the UK, potentially as part of a broader and more global student mobility scheme that the UK might seek to create in its place, but these flows of EU Erasmus students will drop off sharply, at least in the short term.



Part of the UK's appeal comes from the mutual recognition of qualifications.

The recognition of professional qualifications across Europe is guaranteed by the EU Directive 2005/36/EC, ensuring that UK qualifications in vocational industries such as medicine, dentistry, architecture are recognised across member states.⁶⁶ The directive also helps to facilitate the employment of many EU staff at UK universities, who constitute almost a fifth of all UK academic staff.⁶⁷ The future of the appeal of UK universities for international students wishing to study vocational degrees, particularly in STEM, depends heavily on the continuance of this recognition in some form. In February, the Government said it hoped to agree in upcoming negotiations to “the mutual recognition of professional qualifications,” but indicated the potential for each party to “set their own professional standards and protect public safety.”⁶⁸ This represents a further barrier to recruitment of EU students. Universities cannot tell EU applicants that their qualifications will be recognised back home. If an EU-wide agreement fails, it is quite possible that this will end up being resolved at the level of each member state, though this will inevitably take time.

Membership of Horizon and easy movement of researchers also supports study in the UK.

A more distant science funding relationship with the EU than the UK has enjoyed in recent years risks making British universities less attractive to students embarking on research careers. Universities have benefitted enormously from the UK's membership of Horizon 2020, the EU's science research and funding programme. The UK's membership of Horizon Europe, the programme's more heavily funded successor, due to last from 2021-2027, is not yet certain. The current programme, and its predecessor, FP7, have ensured UK universities remain attractive as partners in research and innovation across the continent and receive access to a multi-national pooled financial resource which incentivises collaboration. The UK is currently the second-largest beneficiary of research funding from Horizon 2020, after Germany, accounting for around 10% of publicly funded R&D⁶⁹ and 15% of university funding in 2017-2018.⁷⁰ In February, the Government expressed its intention to consider associated membership of Horizon Europe, along with its accompanying science research programmes, Euratom Research and Training and Copernicus. Yet the UK and EU are far apart in their negotiating positions on Horizon Europe and the signs are not good, with the EU likely to demand a payment from the UK based on GDP in return for association. Based on the current pattern of awards, this would imply a significant net contribution from the UK to Horizon Europe, which the UK Government may well judge not to represent value for money.



Failure to conclude an association agreement with the EU over Horizon would be a potentially serious hit to the UK's university research base

Alternatives to Horizon will create turbulence in university R&D.

Failure to conclude an association agreement with the EU over Horizon would be a potentially serious hit to the UK's university research base at exactly the time it is needed to help kick-start and develop the economy post-Covid-19. If the UK is not accepted into the programme, or chooses not to take part for value for money reasons, a domestic alternative will be required. Although plans for such an alternative are well advanced, it would be very difficult for the UK to replicate at scale the advantages of access to a programme of Horizon's size and prestige. The danger for the higher education sector, in particular, is that non-association to Horizon Europe and the creation of a domestic alternative will both reduce the amount of money going into the university research funding base while any system whipped up by No10,

in consultation with the Department for Business, Energy and Industrial Strategy, will almost certainly lead to a different distribution of funding across the research landscape. First, it will likely mean a greater proportion of public funding channelled to institutions outside the university system, including the new UK ARPA. Second, as domestic research funding is more highly concentrated than EU funding, and as some disciplines are particularly reliant on EU funding, it will add to already existing worries that some universities and fields of research will become particularly vulnerable.

3. The impact of Covid-19

The immediate impact of the coronavirus pandemic has been to paralyse the international student sector.

In the past two months, students around the world have been bundled back home to continue classes online, with universities still uncertain as to when they will be able to reopen campuses. Some universities, notably Cambridge, have announced that they expect to be offering online lectures for the entirety of the coming year, albeit accompanied by in-person tuition. Few, if any, expect business as usual. A survey by Universities UK recently found that, of 45 responding institutions, just under half thought return to business as usual by mid-2021 was the most likely outcome, while a greater proportion predicted disruption for several years.

What is certain is that the number of international students arriving to study in the UK and elsewhere will be significantly lower than last year, but by how much is unknown. The number who say they will definitely cancel plans is small in most recent surveys, with the majority remaining undecided. The undecided group will shrink in number over the next few critical weeks – either deferring, staying local or switching to other destinations. Perceptions of safety and whether they can study face-to-face appear to be key determinants. What potential students say they will do and what they actually do may also be very different. Many universities are still reporting growth in applications and acceptances. The question is whether it will translate into enrolments, with many applicants biding their time before deciding.



What is certain is that the number of international students arriving to study in the UK and elsewhere will be significantly lower than last year, but by how much is unknown.

This drop will have serious consequences for university finances.

In the current financial year (2019-20), the UK higher education sector expects losses in the region of £790m from foregone accommodation, catering and conference income, as well as the additional spend to support students learning online.⁷¹ In the next financial year (2020-21), the potential impact is extreme, with universities projecting a significant fall in international students and a rise in undergraduate home student deferrals. A London Economics study for the University and College Union predicts a 24% decrease in the size of the 2020/21 cohort compared to the previous year, creating a £2.5 billion decline in revenues from tuition fees.⁷² At the extreme end, although such an outcome remains unlikely, Universities UK estimates that the potential total hit to the sector from lost fee income could reach £6.9 billion.⁷³

With many universities already operating with deficits or on small margins of profitability, and the sector having entered this crisis with highly unrealistic projections for student recruitment, the ramifications could be enormous. While the



average loss in income for each institution stands at £20 million, this figure varies significantly depending on universities’ reliance on international students. It is expected that for some, the losses will reach north of £100 million.⁷⁴ In the absence of action, the UK could soon face the disorderly collapse of institutions around the country. For example, in May, SOAS University of London drew attention to material uncertainty over its ability to continue as a going concern. The impact of the Covid-19 pandemic on student recruitment has “cast significant doubt” on the financial future of SOAS, according to the institution’s auditors.⁷⁵

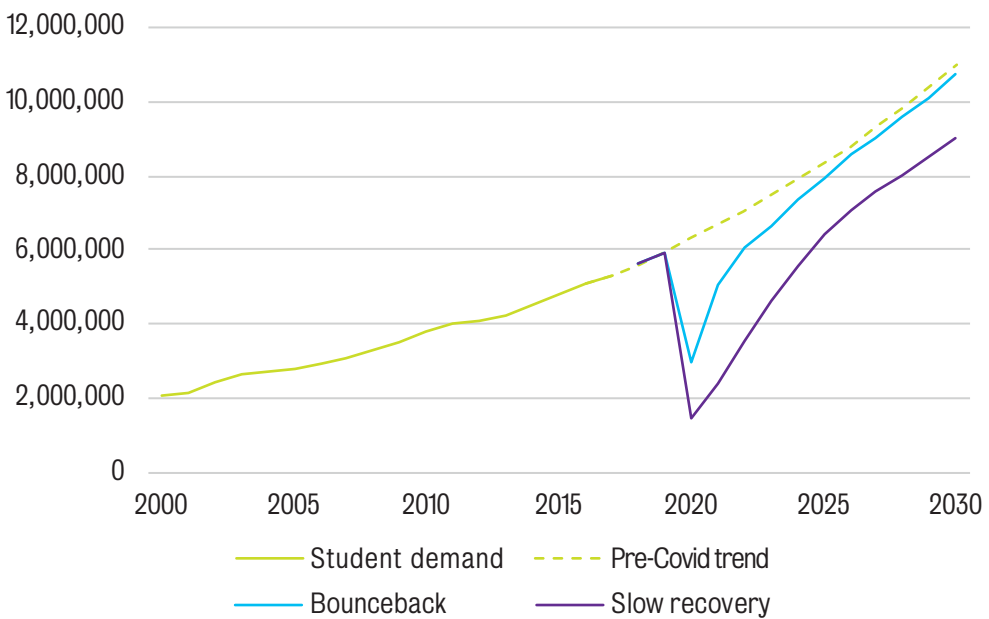
For all the justified anxieties over the coming academic year, pessimism about the medium and long-term future for international education is less certain.

While universities’ immediate need is to bridge the financial gaps arising over the next couple of academic years, the economic impact of the crisis is likely to last much longer. With the world heading into a slump expected to be worse than the Great Recession,⁷⁶ international education may become unaffordable for many with the Centre for Global Higher Education predicting a “five-year recovery period” as universities struggle with the set of challenges caused by the pandemic.⁷⁷

Yet, if the effect of the downturn is likely, it doesn’t yet seem to have been factored into many students’ decisions. An April 2020 QS survey of 11,000 prospective international students found that 85% were still open to applying to universities abroad – albeit with a significant proportion of these intending to defer entry for a year.⁷⁸

FIGURE 8: PROJECTED NUMBER OF INTERNATIONAL STUDENTS GLOBALLY

SOURCES: METHODOLOGY OUTLINED BELOW



(2) The number of international students is assumed to drop between 50-75% in the first year based on sector estimates.^{79,80} The upside scenario assumes a 5-year recovery period⁸¹ in which the recession and effects of the pandemic have a lagged impact before the growth trend recovers to the 10-year average rate by 2025. The downside case assumes both a longer global recession and that the pandemic accelerates trends that would otherwise have taken decades to unfold, such intra-regional mobility, the expansion of TNE and the recognition of online, distance and blended learning.

The market for international study will be different after the crisis.

In the longer term, the disruption from the coronavirus could accelerate a new phase of growth for international education. Traditionally, it has been a privilege reserved for those who either have money for it, or the skills and knowledge to obtain financial aid. In future, its benefits will likely reach a much wider pool of talent. It seems today that the future world of higher education will be defined by a number of trends:

1. An acceleration towards a more intra-regional and less unidirectional market.

Demand for traditional programmes of overseas study will return for the elites who've always accessed it. The academic kudos and benefits of full-on immersive experiences in other countries will continue to draw many students. But it will take time to return to pre-crisis levels.

For others, the disruption to travel and incomes from the corona crisis will boost the relative appeal of opportunities for intra-regional study. Many Asian students interested in overseas study are increasingly contemplating safe and more affordable study options closer to home, in countries such as Malaysia and Singapore. As developing countries increasingly seek to welcome growing numbers of overseas students themselves, international education will cease to be considered in terms of a westernized, mainly Anglo-Saxon and English-speaking paradigm.

As a result, the market will likely become less unidirectional to North America, UK and Australia, with the Global North losing market share to the Global South. The international student market has traditionally been a supply-driven industry, with UK universities having their pick of students from the growing middle classes of Asia and emerging markets. With the number of high-quality institutions in these traditional "source countries" rapidly increasing, and the effects of restricted travel hanging over students, a greater move towards intra-regional mobility will likely reverse this previous trend, with universities in the Anglosphere competing for a smaller pool of international students.

A narrowing of the quality gap will accelerate the trend towards intra-regional study. The rise in rank position of Asian (particularly Chinese) universities and the presence of international options close to home, delivered via transnational education, has turned places like Malaysia and UAE into international education hubs, an existing trend which Covid-19 could accelerate.

2. The crisis will accelerate take-up of online, distance-learning and blended courses.

The lockdown has been a great forcing event for UK universities to migrate online at speed. This experience should not be wasted or abandoned once the current crisis recedes. The move to online learning presents a significant opportunity for universities to tap into a new market of students – either those from poor and middle-income backgrounds for whom overseas programmes have previously been out of reach, or those unconvinced by the return on investment from traditional multi-year degree programmes.

The UK has made some progress in tapping into this demand, but numbers remain relatively small, with just under 700,000 students studying programmes overseas,



A narrowing of the quality gap will accelerate the trend towards intra-regional study



including 118,000 studying via “flexible, distance and distributed learning”.⁸² There is potential for the UK to capitalise on the trends towards intra-regional mobility by delivering UK programmes in the places where students want to study.

The boom in online education and “MOOCs” (massive open online courses) shows the demand for digitally-delivered module and skills-based learning. The five largest MOOC providers claim a total of over 100 million learners in 2019, according to Class Central.⁸³ Although these large numbers disguise the reality that most never complete their courses, the range of prestigious big brand universities now offering and successfully delivering content to students in this way is growing rapidly.

The primary problem for universities – and for the UK as a whole – is that trans-national education is nowhere near as profitable as onshore recruitment, nor does it confer the same benefits to the UK economy. There are also significant practical and regulatory barriers to online delivery in many of the potential key markets. Price point is not the only barrier – connectivity and local recognition are real challenges which need to be addressed. For the institutions that make it work, there can be a positive feedback loop to onshore recruitment as this sort of delivery often creates a pathway to the UK. Many students start on TNE pathways and complete their courses in the UK.⁸⁴

Many vice-chancellors would wish to make faster progress in digital innovation, but have struggled to carry academic staff with them. In April, Durham University retracted plans to provide online-only degrees during the pandemic after a proposal before its governing body was withdrawn in the face of significant opposition.⁸⁵ The university argued that it was adapting to circumstances to ensure continued teaching throughout the pandemic. Critics responded that the plans underestimated the resources need to successfully offer online teaching (for instance, suggesting just six hours training for lecturers to move online) and were rushed through with little student or staff consultation.

Done well, online offerings would tap into new markets, allowing universities to grow their international offerings without the need for physical mobility. An international education market that is more accessible, less elitist and less carbon-intensive may be one good thing to come out of the corona crunch.



An international education market that is more accessible, less elitist and less carbon-intensive may be one good thing to come out of the corona crunch

4. The bail-out stand-off

Across the sector, universities are likely to suffer a significant hit to revenues.

This loss will force governments to choose between costly bailouts, forced mergers and disorderly failures that push tens of thousands of students onto the streets and into a labour market already in turmoil. So far, a plea from Universities UK for a sector-specific bailout package has gone largely unanswered.⁸⁶ Barring £100 million in research funding, which will predominantly help older universities, and the bringing forward of £2.6bn of tuition fee payments, universities have been told to manage their financial risks with the same grant, loan and furlough schemes available to others.⁸⁷

At the same time, the Government, at the request of the sector, has reintroduced a system of loose student number controls, which will prevent institutions destabilising the market by overrecruiting domestic students to make up for lost international tuition fees. Yet the Government's response has fallen short of the sector's hopes. To say universities feel unloved is an understatement. The sector is a victim of mounting concern over its own relentless growth, the scale of subsidies to the loan book and a sense that value for money is waning.

But the message to the sector from Government is clear.

Legislation requires universities to have student protection plans designed to ensure that students are not abandoned in the case of institutional failure. These have not been tested, leaving regulators nervous about their ability to look out for the student interest and protect the financial stability and reputation of the sector if a number of institutions suffer simultaneous difficulties this autumn. The Government has indicated that it may step in to support restructuring if necessary. But any university approaching the Treasury for special treatment can expect to emerge in a very different shape. Forced mergers and the closure of programmes deemed to be offering low quality or poor value for money will be the order of the day, even if measuring this objectively will prove to be immensely challenging. The tough love approach reflects disillusion with continued expansion of higher education, amid regular media reports of dubious marketing techniques, rampant grade inflation and rising numbers of graduates winding up in non-graduate roles five years after their finals.



... any university approaching the Treasury for special treatment can expect to emerge in a very different shape

The Government's reaction reflects concerns over sector expansion.

Even if the idea that shrinking the proportion of young people with higher levels of education is the route to greater productivity has no evidence supporting it, gone are the days when governments set ambitious targets for university expansion. While New Labour set a target of having 50% of young adults going into higher education,⁸⁸ the current Government has not set any target at all. Existing policy is agnostic as to the right size of the sector – letting it instead be demand-led, driven by the ability and desire of learners to benefit from higher education, as well as the broader needs of the economy.

In the broader Conservative Party, there is growing scepticism about the expansion of the sector. Indeed, when the Blair-era milestone of 50% was reached last year,⁸⁹ it was greeted with hostility by the growing number in Westminster who want to prune universities in the belief this will prompt more school-leavers to undertake technical and vocational training.

This unease about the value of much higher education both to students and taxpayers has been reflected in the Government's response to Covid-19 challenges. Unlike every other stricken sector of the economy, the business of charging domestic students £9,250 per annum in taxpayer-underwritten fees for three-year undergraduate degrees is one the Government would happily let shrink. It is likely that the return of domestic student number controls, ostensibly on a temporary basis to prevent an unseemly scramble to backfill places left empty by international students this September, will in time turn into a tool to dial back the expansion of the sector.



Arts subjects in particular are seen as oversupplied. Demands for reform of a funding system that is, as the Augar Review put it, leading to an “oversupply” of arts and humanities courses will only intensify in the wake of the Covid-19 crisis. Indeed, in a recent article marking the anniversary of his Review’s publication, Philip Augar argued that the crisis increased the urgency of a reallocation of resources. Pointing to a “misalignment between the state subsidy and the economy’s needs”, he highlighted that the Government “writes off...more on creative arts than on any other subject”.⁹⁰

Dialling down the expansion of HE will be harder than the Government may imagine. Its growth is a function of the poor quality of the alternatives, a demand-led higher education funding model and, above all, the changing occupational structure of the workforce. Jobs before Covid-19 were overwhelmingly created in the sectors that disproportionately employ graduates – a factor explaining why the sector is expanding in all high innovation knowledge economies, from Israel to South Korea.

This will only make the role of international students more important than ever.

It is likely that a drop in international student numbers will leave many universities with excess capacity over the next few years. In an environment in which numbers of domestic students are subjected to ever tighter control, Vice Chancellors around the country will have a choice. They can remove the excess capacity by closing or shrinking programmes, especially of courses seen as out of alignment with the needs of the economy, or they can redouble efforts to increase overseas recruitment. The likelihood is that many universities will do both, shrinking capacity to the extent they can do so without closing entire programmes and provoking unrest among teaching staff, and re-doubling efforts to recruit internationally.

Part III: Policy recommendations

Rethinking the international education strategy

Even without the challenges posed by Brexit and Covid-19, the Government faced an uphill battle in keeping its share of the increasingly competitive global market for international students. With these challenges, the mountain looks even steeper. Reaching the sunlit uplands and enabling universities to play their part in making a success of Global Britain will require a significant additional policy effort. It will not be enough to leave this to the Department for Education and the Department for International Trade. It will require a whole-of-government effort.



... the Government needs to recognise the lasting damage that has been done since 2010 by the inclusion of overseas students in the UK's target of annual net migration of under 100,000

As outlined in Part I of this paper, the higher education sector is one of the UK's greatest assets. The current crisis is a lesson for politicians who have persistently failed to speak up for international students tangled up in wider debates about immigration. They are now waking up to the critical role overseas students have quietly been playing in underpinning the financial foundations of institutions central to the performance of all knowledge economies.

As a first step, the Government needs to recognise the lasting damage that has been done since 2010 by the inclusion of overseas students in the UK's target of annual net migration of under 100,000 and by the welter of Home Office visa restrictions and hostile bureaucratic barriers to study and post-study work that have had the intended effect of deterring applicants. These have done substantial reputational damage that will take continued commitment to reverse.

As a second step, the Government needs to redouble efforts to meet the targets set out in 2019. It should not resile from the goals – which were far from ambitious even at the time they were set – but take fresh policy steps to increase the UK's chances of meeting them and beating them in the more challenging post-virus environment. This will mean revising its 2019 strategy to react to the new world in which we find ourselves. This section provides concrete steps which the Government ought to take to put international students at the heart of its vision for Global Britain in a post-Covid, post-Brexit world.

Recommendations

Universities in the UK are expecting 230,000 fewer new students this year – equivalent to almost a quarter of last year's enrolments.⁹¹ The combination of increased deferrals and a global economic downturn will particularly impact international students, with some expecting falls of 50% in overseas students arriving into the UK this September.⁹² With the majority of overseas students still undecided, the range of possible outcomes is wide. As it hopes for the best and prepares for the worst, the Government needs take a number of steps to mitigate the financial impact on universities and prevent the collapse of any institutions. At the same time, it needs to ensure that the UK is first out of the blocks in the market for international student recruitment when the Covid crisis subsides. The following recommendations will help achieve that objective:



1. Recommit to the previous targets (600,000 students & £35bn in exports) and add a new one: to remain the number one destination worldwide outside the US.

Far from watering down what were already unambitious targets, the Government should aim to strengthen them. The revised International Education Strategy should not just reaffirm the numerical targets, but also commit to the UK maintaining its position as the number one destination for international students outside the United States. It should set out a package of measures, drawing on the steps in this paper, that will make a commitment to maintain its relative position on the podium of English-speaking countries credible and achievable.

While there is an important distinction between rank position and market share, focusing on rank position is more appropriate given the growing number of countries attracting international students. However, what matters most, of course, is matching the target selected with the policies necessary to deliver it.

2. Send a clear signal that Global Britain is open to the world and welcomes international students by double the duration of the post-study work visa, to four years.

The opportunity to work in the UK upon completion of studies is a major factor in attracting students, especially those from India, with 40% of overseas students in 2020 stating this as one of their top five considerations.⁹³ Retaining these high-skilled students is also a major benefit to the UK. A 2018 survey found that three quarters of British people supported allowing international graduates to work in the UK for a period of time in order to enable them to contribute to the UK economy after their studies.⁹⁴

The Government took an important step last year in extending its post-study offering to 2 years under the Graduate Immigration Route (GIR).⁹⁵ Previously, graduates had been entitled to remain in the country for only 4 months after completing their course. The new regime allows eligible students from summer 2021 to either work or look for work for up to two years, bringing the UK closer to the duration of post-study work offered by other countries. This paper welcomes the step but encourages the Government to take additional action. In the wake of heightened competition for a diminished flow of international students worldwide, further reforms are needed to streamline the immigration process and ensure Britain remains a globally attractive destination for students.

The UK could make clear its intention to be a world leader in international education by extending the period further. Students who move to Australia benefit from 2-4 years to find work while those in Canada can remain in the country for up to 3 years. By extending its offering to 4 years, the UK would make clear its openness to foreign students, improving its attractiveness as a study destination and demonstrating that their contribution to the UK is valued. This would be a big impact policy that would especially cut through in India, a key source of international students, particularly for post-1992 universities.

As a matter of some urgency, the Home Office also needs to confirm that a student who undertakes part of a course online due to the impact of Covid-19 will still qualify for the Graduate Immigration Route post-study work right. This is a key threat to



In the wake of heightened competition for a diminished flow of international students worldwide, further reforms are needed to streamline the immigration process

PGT recruitment this year. Under current proposals, a student must be in the UK for at least 11 months to qualify. Some PGT students may end up beginning courses online from home, only traveling to the UK when it is safe to do so. The UK needs to reassure these applicants that they will not lose out. Some minimum requirement in relation to time spent in the UK to qualify would be appropriate. A reasonable compromise would be a 50% minimum, but a decision needs to be made and announced without delay.

As well as passing an extended post-study work visa through emergency immigration rules immediately, the Government should implement other measures to ensure its visa offer is competitive. These include allowing students to apply for a visa a year before their physical course start date (rather than three months), overhauling intrusive and bureaucratic burden of compliance policies to ensure international students feel welcome, reviewing the international competitiveness of international student visa costs and service standards, and extending concessions for disruption caused by Covid-19, such as fee waivers for those forced to extend visas.

These reforms should also be considered in the wider context of permanent residency status. For a proportion of students, part of the appeal of studying internationally is the possibility of an eventual route to permanent residency. Canada's rise in the rankings in the international student market has been driven in part by its relatively simple path to permanent residency. The requirements to apply for this are simply a skilled-job offer (with no minimum wage requirement), proficient language skills and at least one year of work experience within Canada. On finishing their course, international students can apply for a Post-Graduation Work Permit (PGWP) which usually lasts up to three years, allowing a generous period in which graduates can accumulate the required one-year work experience. Ambitious graduates can therefore feasibly expect to attain Canadian permanent residency within just a year or two after graduating.

The UK should seek to emulate the ease of route to permanent residency, known in the UK as Indefinite Leave to Remain. Under the UK Government's new Graduate Immigration Route (GIR), students on Tier 4 visas must apply for the GIR as their undergraduate or postgraduate course ends. They then have up to two years to stay and either work or look for work. During this time, they can apply for a Tier 2 (skilled work) visa, requiring a suitable job normally paying at least £30,000 per year. Only after at least five years on a Tier 2 visa can someone apply for permanent residency.

However, time spent on either a Tier 4 visa or on the GIR does not count towards this minimum time requirement. In a fastest-case scenario, a similarly ambitious graduate who takes the GIR route would have to wait around six years to attain UK Indefinite Leave to Remain. In order to broaden the appeal of studying in the UK, the Government could drastically improve the attractiveness of its route to permanent residency and consider counting the years of the GIR in its path towards Indefinite Leave to Remain. At the very least, the Government should ensure that international students are fully aware of this path towards permanent residency, giving prospective students a clear line of sight to remaining in the UK once they have studied here.



3. Rebalance student flows by doubling Indian student numbers by 2024 and include India in the low-risk country category, alongside China.

A tier 4 visa that promises four years of post-study work rights will be of huge advantage to the UK in India, where students are particularly sensitive to this opportunity. The announcement of the move to 2 years with the forthcoming Graduate Immigration Route already had a measurable impact on applications from India in the pre-Coronavirus climate. After years of decline, following the removal of the post-study work visa in 2012, the number of Tier 4 study visas for Indian students bounced an astounding 136% increase to almost 50,000 in the year to March 2020.⁹⁶ The UK is in a good position to take market share from the US in India and a further improvement in the post-study work offer would help the sector overcome new concerns about studying in the UK that have arisen in the wake of Covid-19.



Britain’s soft power will be hugely important as we redefine our place in the post-Covid world: the British Council is a vital part of that

Boosting student recruitment in India, leaving aside all the strategic benefits of a closer partnership between the UK and the South Asian giant, would also help address concerns that the sector has become over-reliant on China. Even if the current rate of growth were to slow sharply, doubling Indian student numbers should be achievable in short order. Indeed, with the right policy framework, there is no reason to believe student numbers from India couldn’t exceed those from China within this Parliament. Last year, almost 120,000 visa approvals were issued to Chinese students, an increase of just under 20%, taking their share of all student visas to a record 40%. Reversing the Home Office’s continued and deeply unpopular exclusion of India from its low-risk Tier 4 visa list, which allows students from China and certain other countries a streamlined visa process, should be a priority.^{97 98}

4. Refocus British Council on education exports.

Britain’s soft power will be hugely important as we redefine our place in the post-Covid world: the British Council is a vital part of that. It plays a critical role in building demand for study in the UK through the work it does to build trust for and attraction to the UK through its cultural activities and English language provision around the world. It provides essential infrastructure to UK universities operating overseas, supporting the recruitment of international students and providing practical support to those universities offering UK courses overseas. It is, however, in urgent need of reform to secure its long-term future.

In the short term, it faces a funding crisis due to the almost complete cessation of its English language training and testing activity, on which it relies for most of its income. The loss of revenue from its exams and English language teaching adds up to the most challenging financial situation the Council has faced since its creation in 1934. Urgent support is needed to assure partners that it is a going concern and will avoid insolvency, a situation that would generate significant embarrassment for the UK. While new public funding will be essential, this should be conditional on reform that refocuses the public body on education promotion.

Its current model, that sees it use the money it makes from teaching English and delivering exams to support English, Education and Arts programmes, does not appear to be sustainable. Nimble new providers of online language learning and secure language testing – such as Duolingo – have changed the industry and presented the British Council with new competition to which it has been slow to react. It is striking

that the British Council is, for example, only now making available an online version of the IELTS test to complement the computer and paper-based tests that have up until recently only been available in physical testing centres. This is an innovation that should have been made years ago.

As the entirety of its FCO funding is ODA money, the British Council increasingly resembles a development agency oriented towards countries on the DAC list of eligible countries.⁹⁹ It should be funded differently in future to enable it to pursue a broader scope for its activities. In addition to this residual FCO-grant-in-aid ODA funding it receives from Government, which supports a range of cultural activities valued by the arts and creative industries, it should be able to charge a small levy on the international fee income of the educational institutions it serves to sustain its education promotion work in non-DAC countries. If the higher education sector values its language teaching and testing and promotional work as much as the Universities UK submissions to Government suggest, it should be willing to make a proportionate and reasonable contribution towards the cost of its operations. Co-funding by the sector would require a role in governance for UUKi and other sector bodies, which would be helpful on all sides.

A reformed British Council focused on education promotion should have four core roles:

a) Running a new, more ambitious global campaign to promote the UK as a study destination.

The British Council currently runs an under-resourced campaign, StudyUK, on behalf of the GREAT campaign, with a budget of £6m. Half of that funding, however, is considered Official Development Assistance (ODA) – coming from the British Council ODA grant given by the Foreign Office. As a result, the campaign is only seriously active in a relatively small number of emerging markets and not in a number of key non-DAC list markets, including in Europe. The limitations of this approach are painfully clear.

The 2020 International Student Survey by QS, for example, reported that despite the announced extension to the post-study work visa in September 2019, awareness of the change was still very low. Almost half of prospective students (48%) believed the period remained between 0-4 months with a further 25% believing it was 5-12 months. Overall, just 6% of prospective students were aware that they could stay up to two years in the country after graduating.¹⁰⁰ Any moves made by the Government are ineffective if they are not known. This is a wasted opportunity for higher education and the country more broadly.

If the Government is to help stimulate the sector, it will need to do better in terms of clearly communicating the benefits of studying in the UK to students around the world. Reforming the British Council and creating out of it a refocused body centred on education promotion is part of the answer. An ambitious international marketing campaign showing that the UK and its universities are an open, safe and welcoming place to study is essential. Financed by new non-ODA resources from a sector levy, the new organisation would be in a better position to mount a major campaign highlighting the UK as an attractive study destination.



The StudyUK brand is owned by the GREAT Campaign, currently situated within DIT. The British Council's licence to use it is up for renewal soon. As part of the renewal, the British Council should be allowed to use it as an umbrella for much more of its work than it currently can. There would be merit in bringing the British Council's StudyUK, International Education Services and in-country support activity under the same brand. It would require buy-in from the various government departments involved in international education, particularly the FCO, DfE and DIT and, of course, the Devolved Administrations.

b) Creating and operating a global student mobility network to replace Erasmus.

In its post-Brexit vision for Global Britain, simply continuing as a member of Erasmus is unlikely to appeal to this government. If universities are to be central to a Global Britain, they must be open to the world, providing truly global inward and outward mobility opportunities. The UK wants to enhance its relevance and appeal through such mobility schemes not just to its closest 33 neighbours but also to the growing powers and developing nations of the world, from India and China to Nigeria and Brazil. There is little reason to ignore the experiences and knowledge these countries offer to UK students in an exclusive relationship with its closer European neighbours.

Given that the UK has now left the EU, it should take the opportunity to construct a new, global student mobility programme, building on the same principles as the Erasmus+ scheme but open to participation from students around the world, EU and non-EU alike. The British Council's existing network (as the national agency for Erasmus+) and global reach makes it the right public body to build and operate this scheme. The key concern is whether, given other financial pressures on government, there would be appetite to launch a truly ambitious scheme with levels of funding to match. Some of the scheme's cost could come from ODA funding that the Government is obliged to spend each year, but that alone will not be sufficient to create a world-leading mobility programme.

Running a flagship scheme of the Global Britain project could provide a valuable and much needed new *raison d'être* for the British Council. It has focused excessively on rent-seeking from selling government-prescribed language tests, notably the international standardised test of English language proficiency for non-native English language speakers. With these paper-based tests better provided by a growing number of online companies, the British Council is in danger of losing its purpose and role. By refocusing on promoting study in the UK and running a new global student mobility network, it would secure its future and play a full part in delivering on the vision of Global Britain post-Brexit.

c) Create a StudyUK alumni network.

The UK has long been missing an opportunity to leverage its international alumni. It has the potential to create a network that is the envy of university systems around the world. International students who study in the UK value their experience for the rest of their lives, whether they remain in the UK after they finish or return to their home countries. The British Council runs a number of groups around the world for UK alumni as well as running an annual Alumni Awards scheme, but these are operating significantly below their potential.



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These efforts have been underwhelming in part because universities see their alumni as future philanthropic donors and are protective of them. The British Council doesn't have a relationship with students just because they were influenced to come to the UK by the StudyUK campaign. It creates that relationship when they apply for an Alumni Award. There is scope though to join up alumni activity for students that came in through the UK's various scholarship programmes – Chevening, Commonwealth, Marshall and others – but that represents only a small fraction of overseas students educated in the UK.

The benefits to the sector of a global alumni network should be sufficient for a properly resourced StudyUK network to break down structural barriers. Such a network could be deployed to encourage more international students to study in the UK by showcasing the impact and value of a UK higher education, to ease the transition of international students into British culture, and to reconnect alumni with the UK, encouraging social, political and business relationships in the process.



... the Government must simultaneously work to put in place reciprocal recognition agreements with governments which don't currently recognise degrees

d) Facilitating the recognition of online qualifications.

While universities must be proactive in developing their TNE provision, they will need help from the Government in encouraging other countries to recognise new online qualifications. Universities should be encouraged to develop new, modular certificates, but the Government must simultaneously work to put in place reciprocal recognition agreements with governments which don't currently recognise degrees or other qualifications with significant elements of online learning.

This is a pressing issue as those who have studied partly online due to Covid-19 may risk non-recognition of their degrees unless overseas governments change policies which deny recognition to graduates who have studied online. India is an example of an important market where government to government action would be very helpful.

This is an area in which the British Council should be much more active than it is at present. The British Council does this successfully in some countries, including Indonesia and Cyprus, but to perform this role well and systematically will require the organisation to have education experts in country – which has not been possible because of the funding situation in recent years. With a new partially sector-funded British Council, it should set the objective to have sufficient staff in at least its top 10 priority markets for higher education.

5. End the hostile bureaucracy: increase flexibility on visas and English proficiency testing (and include India in the low-risk Tier 4 route).

For international students still intending on coming to the UK, their plans are made tougher by the physical closure of visa processing and language testing centres. In March, the Government announced a temporary shutdown of all UK visa application centres globally while the British Council similarly suspended most of its activities in response to local governments' guidance, including providing the English language tests needed to receive visa approval.¹⁰¹ While these have started to re-open, it is likely that students wanting to arrive in September will be delayed, or in some cases prevented, from taking up the places they have already accepted.



The UK should show its willingness to help overseas students by reacting to these unprecedented circumstances with a temporary relaxation of measures. Unlike most countries, baseline language requirements in the UK are set by the Home Office which, in normal circumstances, also requires an approved Secure English Language Test (SELT) as evidence of language ability for some levels of study. The Government has sensibly allowed universities to choose how best to provide evidence of their students' language proficiency for some courses due to the temporary closure of SELT testing centres – a move which, if made permanent, could drastically improve the efficiency of the visa approval process. If this works as a system temporarily, there is no reason to return to a more bureaucratic and disempowering way of working.

The Home Office should not stop there. It should be left to universities, as opposed to the government, to determine required baseline language ability. It is time for universities to be given greater responsibility and up to them to ensure that there is no abuse of this freedom.

Devolving responsibility to universities may also help modernise the system. There is surging demand among students for alternative language tests, particularly Pearson's PTE and Duolingo. According to myOffer, an organisation helping Chinese students apply for UK and Australian universities, Duolingo in particular has become the first choice for Chinese students. "They can take online tests at any time and anywhere. They can finish in one hour and get results in two days".¹⁰² While 40 universities in the UK currently accept the qualification for pre-sessional courses, centralising certification within the Home Office has limited the ability to use it more widely. The crisis has forced the Government to speed up the addition of Pearson to its list of approved providers.¹⁰³ However, allowing universities to set their own requirements – as in much of the rest of the world – would likely release the current bottleneck while making the process suitable for the 21st century.

In the same vein, it would be prudent to temporarily pass to universities the visa processing function too. Universities with Tier 4 sponsorship rights could undertake checks on new admits and effectively attach visa approval to offer letters. This would require significant coordination with the Home Office to delegate this function but would provide a temporary means to allow the visa approval system to continue to function. In the longer term, there is no reason not to make the temporary arrangement permanent, with universities which allow abuse facing retrospective sanctions, including the removal of their Tier 4 licence. Many universities already undertake a great deal of this due diligence before issuing a Confirmation of Acceptance for Studies (CAS) number that enables a student to apply for the Tier 4 visa. Visa refusal rates (circa 97%) show that this process is already working. Again, universities will know that if they experience higher than acceptable rates of non-compliance with the terms of Tier 4 visas issued to their incoming international students, they will risk losing their sponsorship rights.



It should be left to universities, as opposed to the government, to determine required baseline language ability

6. Prepare detailed continuity arrangements for international study in the upcoming year.

The Government should prioritise publication of a plan outlining special travel arrangements for international students in case of a second spike of Covid-19. The

sector is concerned that even if students still hope to begin studying in the UK in September, current travel restrictions will prevent them from doing so.

New Zealand and Australia are both actively considering steps to facilitate international students entering their countries during the pandemic. Universities have put in place measures to allow returning students to follow quarantine guidelines by relocating students, reducing the density in residential buildings and supplying masks and meal deliveries to self-isolating students. They follow the lead of Canada which recently revised its travel ban to make exceptions for international students with travel permits issued before 18 March.¹⁰⁴

Government and universities in the UK could go further, allowing all overseas students, including those stuck in the visa approval process, adapted entry requirements into the UK with measures provided on campus to allow new arrivals to self-isolate as needed. It should also examine the scope for exemptions for students from low risk countries and ways of fast-tracking Tier 4 visa applications. Students will need special arrangements, and the Government will have to show flexibility, if it is to prevent sector paralysis. It ought to immediately assess arrangements, working with universities and private airlines, to put in place to minimise disruption and allow international study to continue come September.



The Government should prioritise publication of a plan outlining special travel arrangements for international students in case of a second spike of Covid-19

7. Make education exports central to the UK's trade strategy.

The UK will spend the next decade negotiating a series of new free trade agreements (FTAs) with countries around the world. Given the importance of the sector, higher education and research should feature prominently in these discussions.

The first responsibility is on UK universities. Given every potential trade partner will differ in their own regulation and commitments, there is no *carte blanche* approach which can be adopted. The UK university sector ought to compile what they see as the primary challenges and objectives for future agreements on a per country level – both on the flows of international students and on research needs.

The Government can be proactive in this. It should first, capitalise on the appointment of its recent International Higher Education Champion to actively collate these opinions and second, make cooperation in this area a central goal in its pursuit of future FTAs.

A general commitment to cooperation in higher education should be included within all FTAs, followed by specific actions at a lower level. While education chapters should be written in a permissive way to allow for future adaptation, it will be easier to influence negotiations if clear and realistic goals are set in advance.

At the same, the Government should recognise that concessions will be necessary to facilitate the flow of education services in both ways. The most contentious of these are likely to be: recognition of international qualifications to open access to UK jobs for foreign workers (as has already been indicated by India for example) and the movement of people. The education sector inherently relies on the movement of people and so is inextricably bound to the UK's future visa system. The Government



and universities sector need to ensure these needs have been carefully considered and articulated in advance of beginning negotiations.

The greatest risk seems to be that the Government either forgets about the sector's needs when it joins the negotiating table, or quickly sacrifices them as a move which is politically easier than ignoring some other sectors.

The sector itself is best placed to articulate its importance and the support it needs from the Government – and recent papers by Universities UK suggest this is being done effectively. However, the Government must also listen. It will face a key decision over how much political capital it wants to expend on protecting key economic pillars of Global Britain in future trade negotiations with the EU, at the expense of the political goals of Brexit.

8. Require the International Education Champion to report progress to Parliament annually.

In order to meet the targets set out in the International Education Strategy in March 2019, the Government pledged to appoint an “International Education Champion”. (This had also been a recommendation of a 2013 education exports strategy, but one never fulfilled.¹⁰⁵) In June 2020, some 15 months later, Professor Sir Steve Smith, Vice-Chancellor of Exeter, was appointed. Although long overdue, the announcement was warmly welcomed. His role is to build international partnerships in countries with the greatest growth potential, tighten collaboration across government departments, and identify and address any potential barriers to the achievement of the international education strategy. Given the sector is facing its biggest crisis in memory, this is a lot of work for one person. In addition to a decent travel budget, Sir Steve will need proper support – ideally involving both the British Council and UUKi. The International Education Champion should be publicly charged with the wellbeing of all international students within the UK. Having a single voice which foreign students can look to for guidance would do much to both inform and reassure students that the UK is committed to supporting them. The Champion should also seek to act as a focal point within government, liaising with all relevant departments (Education, Trade, the Home Office) to ensure the Strategy is implemented successfully and its objectives reached. Finally, Sir Steve should be required to report to Parliament on his work and on the Government's progress towards implementation of its International Education Strategy on an annual basis.

Conclusion

The university, from its origins in the city states of medieval Europe, is now one of the great global institutions. As the Government in Westminster seeks to make a success of Brexit and to give meaning to its Global Britain slogan, its world-renowned degree awarding institutions must play their full part.



The moment has come to ensure that the UK's great universities can play their full part in this next chapter of Britain's engagement with the world beyond its shores

For years, however, they have had their hands tied, unable fully to unleash their potential, tied down by bureaucracy, obsessions with poorly-crafted immigration targets and pettifogging rules. The moment has come to ensure that the UK's great universities can play their full part in this next chapter of Britain's engagement with the world beyond its shores.

The recommendations in this paper provide ideas for how the Government can help them recover and rebuild in the market for international students. While the new International Education Champion should have a key role in bringing the energy and focus of Government departments across Whitehall in support of these ambitions, that will not be enough.

In 1999, Tony Blair made it a first term priority to set out his ambitions for the UK in the market for international students. Today, in the wake of the Covid-19 shock, the need for a strong message from No. 10 that students have no better place to study than the UK is greater than ever, which is why the Prime Minister should launch the new International Education Strategy.

Implementing the recommendations in this report would not just be transformational for universities and the UK's knowledge economy, at a time when they need a boost post-Brexit and post-Covid 19, but also give a much-needed sense of meaning and purpose to the idea of Global Britain. Seize the moment. The time for action has come.

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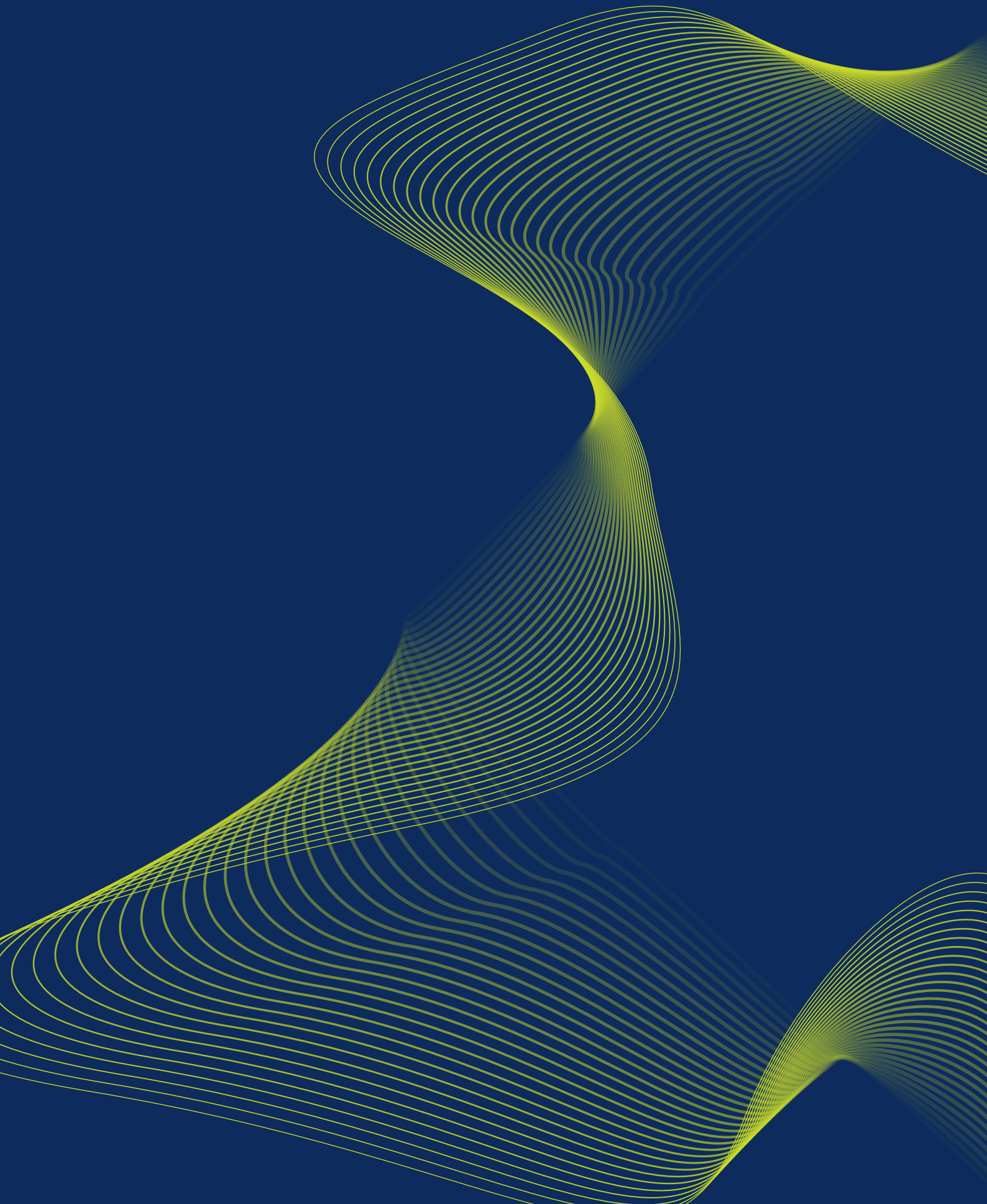
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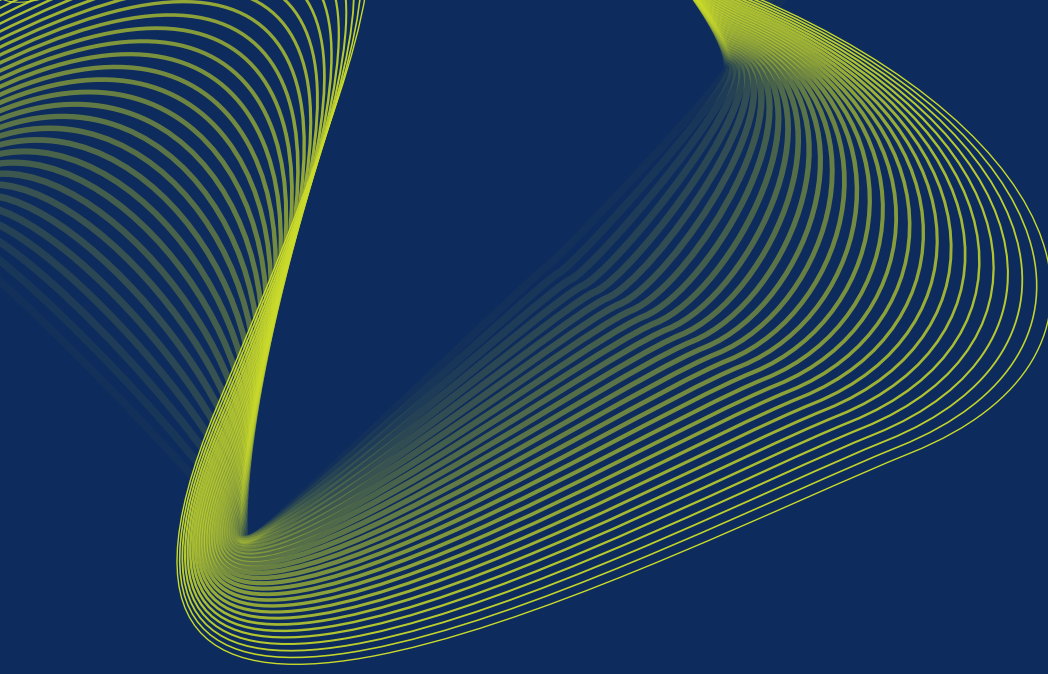


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