

## **Universities UK response to Home Office consultation on fees for the new points-based immigration system**

### **Universities UK**

This response on behalf of Universities UK, the representative body for universities in the UK, draws on responses to the consultation submitted by our member institutions and discussions held in the Joint Education Taskforce and other associated meetings.

Universities UK has 131 member institutions across the UK. The President of Universities UK is Professor Richard Trainor, Principal of King's College London, and the Chief Executive is Diana Warwick.

### **New points-based immigration system**

Universities UK has been very engaged in the development of the new points-based immigration system for several years through participation in the Joint Education Taskforce (JET) and other fora. We welcome the opportunity provided by the Home Office for consultation on this important area of the new system.

Universities UK members support the aims of the new points-based system:

- Better identification and attraction of migrants who have most to contribute to the UK
- A more efficient, transparent and objective application process
- Improved compliance and reduced scope for abuse

Many of the principles outlined for the proposed points-based immigration system are very positive and welcomed by higher education institutions (HEIs). The move towards a more objective and transparent decision-making process, visas linked to study or employment at a specific HEI, improved immigration service management information and greater information exchange between HEIs and the immigration service should provide significant improvements in the operation of the immigration system.

However, we are very concerned that the consultation does not include any indicative figures but instead focuses on the structure of the fee arrangements and the balance of the fees across the different parts and different users of the new system. Without any indicative figures it is extremely difficult to gauge the financial impact of the proposals although it is possible to identify the very considerable new administrative burden and cost that the system will place on higher education institutions.

UK HEIs are non-profit organisations in receipt of public funding with charitable status and are already subject to significant Government regulation. They have been extremely successful in diversifying their income streams, in response to decreased Government funding, including securing significant income

from international activities. HEIs are being encouraged to undertake more international work through Government initiatives such as the Prime Minister's Initiative on international education and the UK-India Education and Research Initiative. As the charging proposals currently stand HEIs will in effect be taxed by Government for their successful work in this area and due to the high volume of migrants they are likely to sponsor they may face higher charges than almost any other type of organisation.

In practical terms the lack of information and lack of clarity around timescales mean that budget planning is very difficult. HEIs will have already set budgets for several years for their various areas of activity and adding further costs once financial planning has been done will be problematic.

We are also concerned about the very limited consultation period for these proposals. Sixteen days, in effect thirteen working days, is not sufficient time for consideration of the important issues raised in the consultation document.

### **UK higher education institutions**

UK HEIs are international organisations. They have significant and growing numbers of international staff and students and links with higher education institutions around the world, overseas governments and international agencies. International activities are a core element of UK HEIs activities and provide an important contribution to the economic growth and cultural richness of the UK. It is estimated that UK higher education exports earn over £5 billion per year for the UK economy. International students, staff and visitors to the UK's HEIs contribute academically, economically and culturally to wider UK society.

In 2005/06 there were 223,855 international (non-EU) students in UK HEIs. Students from over 150 countries are currently studying in the UK. At the postgraduate level international students make a vital contribution to the UK's research base, as 43 per cent of postgraduate research students in the UK are international students.

In 2005/06 there were 31,477 non-UK academic staff in UK HEIs including significant numbers from outside the EU. Each year UK HEIs also welcome many thousands of international visiting staff to HEIs who provide a valuable contribution to the sector during their time in the UK and also in future years.

To support all these activities UK HEIs require an efficient, customer-focused, transparent and competitively priced immigration system that facilitates the entry of the highly skilled migrants that UK HEIs wish to bring into the UK. The new system should, if implemented appropriately, deliver these requirements.

However, the international activities of UK HEIs, with all their benefits, could be severely jeopardised by the implementation of a crude, short-sighted charging system alongside the points-system that did not recognise the contribution of the highly skilled migrants that UK HEIs wish to bring into the UK. Indeed all the activities of HEIs could be affected if funding is diverted from important areas such as student facilities to paying the Home Office for work undertaken by institutions.

Undoubtedly there are significant costs associated with the new system but in seeking to balance costs between the taxpayer, 'sponsors' and migrants the charging system must recognise the different circumstances of different groups of migrants and their sponsoring organisations and the contributions that they make to the UK. The new system should also enable considerable efficiency gains to be made by the Home Office and UK Visas if more robust and objective decision-making criteria and streamlined processes are in operation.

Universities UK would like to see information on actual charges made available as soon as possible to enable HEIs to plan accordingly. It must also be emphasised that the introduction of the new system must be preceded and accompanied by a comprehensive and global communication campaign to ensure prospective applicants, overseas Governments and UK organisations are informed about the new system and its operation.

Clarity is also urgently needed around the timescales for implementing the new system. If the system is introduced as currently scheduled, with Tier 1 by April 2008 followed by other Tiers and finally Tier 4 by February 2009, HEIs need to have the information on the requirements for operating the new system in time to enable necessary changes to institutional policies, procedures and systems. With regard to Tier 4 and international students the information on requirements for students and their HEIs will be required by the end of this year to ensure prospectuses and other information resources for student entry in 2009/10 can be finalised.

The tone of the consultation is unfortunate, as it appears to suggest that 'sponsors' contributing to the operation of the immigration service is a new approach. It must be recognised by the Home Office that HEIs already make a considerable contribution by the provision of immigration services to students and staff that save the Home Office considerable resources each year. In particular, the operation of the Student Batch Scheme by many HEIs relieves the Home Office of much work and cost in checking further leave to remain applications.

We do not wish to see the many advantages that are likely to accompany the introduction of the points-based system to be outweighed by disadvantages arising from an inappropriate charging system that will cause problems for migrants, sponsor organisations and also the Government.

## **Response**

### **Proposal 1**

*We expect to set fees for applications under each of the Tier 1 categories at levels that will continue to recover more than the normal administrative costs of considering the application, in line with the approach currently adopted in respect to fees for applications for the Highly Skilled Migrant Programme, Investors and Entrepreneurs.*

### **Universities UK comments**

This proposal is of interest to HEIs as a number of international staff could potentially come to the UK through Tier 1 as they are very highly-skilled migrants with high-level qualifications but not necessarily with high salary levels. It will be important to ensure that the eligibility criteria are framed appropriately to enable these people to enter the UK through this route. It would be concerning if the application fees were set so high that it deterred academic applicants, particularly from those from countries with lower incomes, from seeking to join UK HEIs.

This category will also include the new, and very welcome, Post-Study sub-category that will replace the International Graduates Scheme and the Fresh Talent: Working in Scotland Scheme. For this sub-category it would be appropriate for a different price rationale to apply and for fees to be set at a lower level than for other migrants entering under Tier 1. These graduates may be in financially limited circumstances when making applications through this category and it would be concerning if the fees to apply to stay in the UK for this sub-category were set at a level that did not make that option attractive. In addition, as this sub-category does not lead directly to settlement unlike the rest of Tier 1 it would be appropriate to levy a lower fee. It is clear that the opportunity to gain post-study work experience is a key factor in attracting well-qualified students to the UK.

### **Proposal 2**

*We similarly expect to set fees for applications for entry clearance or leave to remain under Tier 2 above normal cost recovery levels.*

### **Universities UK comments**

This route will be where a significant number of international staff joining HEIs enter the UK as it will replace the work permit route. For HEIs it will be important to ensure that the fees are set at an appropriate level for those joining non-profit and charitable organisations as highly-skilled but not necessarily highly-paid staff rather than set at levels appropriate for multinational businesses. For applicants this tier must allow equal access and not limit any group due to inappropriate charges.

### **Proposal 3**

*To help maintain a competitive international position or reflect wider Government objectives, it is likely that fees for applications under Tiers 4 and 5 should be set at or below cost recovery levels.*

#### **Universities UK comments**

The proposal that application fees should be set at or below cost recovery levels is welcome. It builds on the existing principle that applicants coming to the UK as students are not economic migrants, they are learners not earners, and that the UK has to compete strongly to attract them to the UK. Recent research has indicated considerable price sensitivity among prospective international students and that perceptions of visa fees can be as influential as the actual fees.

International students make a considerable investment in the UK when they decide to come here, not just a financial investment but also an academic investment in our higher education system. We must continue to ensure their path to the UK is attractive and efficient and visa application fees and the visa application process are part of this overall offer.

As it is likely that applicants coming in under Tier 5 will include the many thousands of people who currently enter the UK as academic visitors and sponsored researchers it is also welcome that the Government proposes to set their fees at or below cost recovery levels. These highly-skilled people make an important contribution to the UK higher education sector through the work they undertake while in the UK and also the ongoing relationship they have with academics in the UK.

### **Proposal 4**

*We propose that relevant organisations and bodies should pay a renewable licence fee if they wish to sponsor migrants to the UK, plus a certificate fee for each certificate of sponsorship issued.*

#### **Universities UK comments**

This proposal has the potential to place significant new resource burdens on HEIs and also significantly disrupt and potentially damage the recruitment of international students to the UK. HEIs are organisations established to provide education and research services and are partially publicly funded. They are not for-profit organisations with charitable status who are already subject to significant Government regulation. If they are charged significant fees for their activities that involve migrants by the Home Office this will have a detrimental impact not just on international activities but on all activities undertaken by HEIs. It would be rather perverse for the policies pursued by one part of Government to damage a highly successful UK sector and undermine policies on funding diversification and international links advocated and funded by other parts of Government.

The 'licence fee' element may not be too problematic as it appears that it might be under £1000 per organisation for a four-year period on the sponsor register. However, it is still not clear whether HEIs will be able to join the register in one process and with one fee to cover their roles as employers, as recruiters of international students and as hosts of international visiting staff. From the perspective of

Universities UK members it would be very helpful to have a single process and fee for registration on the sponsor register across all relevant tiers.

The fee per 'certificate of sponsorship' is very problematic in a number of ways. In effect the Home Office is proposing a tax on HEIs in order to have the privilege to issue their own confirmations to international applicants. It must also be noted that further fees will have to be paid when students and indeed other migrants seek to extend their visas.

Although HEIs are used to paying fees for employees under the work permit route this proposal will bring two new areas of costs, for international students and for international visiting staff. Even relatively low certificate fees of perhaps £10 could add up to significant amounts if multiplied by new international student enrolments. For example, acceptances by new international students of 2,500 at £10 per migrant would mean £25,000 in fees to the Home Office for this category of migrants alone. In addition to the actual fees there will also be significant transaction costs and administrative costs for HEIs in their interaction with the new system.

It is not clear why the Home Office is proposing a fee for the certificate when it is an electronic number that will be generated by the HEI through accessing the new Sponsor Management System database. The HEI will be doing the work to check the applicant and then add the applicant data to the database.

The Home Office view is that these certificates should only be issued once the institution is certain that an applicant will be coming to that institution. This premise works well in the area of employment where people's decision-making is fairly logical and linear but not in the area of student recruitment where decision-making is more complex. Student decision-making involves many factors – economic, political, technological and sociological – and during the process students will be collecting information and obtaining documents to keep their options open for a number of HEIs often in a number of countries.

Despite a number of discussions between colleagues from HEIs and the Home Office about the student decision-making process and the volatility of the application, confirmation and enrolment processes, there remain some very concerning elements in the proposed process from the perspective of HEIs. This is potentially very problematic as it could lead to both HEIs and students either seeking to secure places and a certificate of sponsorship too soon and then needing to re-enter the system to change arrangements or trying to wait until later in the process to do so leading to potential congestion towards the end of the process with significant pressures placed on visa and entry clearance posts.

It could create significant difficulties for HEIs as they try to compete for students while maintaining appropriate entry standards. There could be difficulties as less scrupulous providers elsewhere in the education sector seek to 'tie' students into arrangements without maintaining appropriate admissions standards. This proposal could also place unreasonable restrictions on the choices of international students. HEIs do not wish to have their carefully constructed recruitment and admissions processes turn into a scramble to secure students who then at a later date wish to re-visit their decisions. This scenario appears to contradict the aims of the new points-based system in trying to support academic integrity and the maintenance of quality standards in the sector.

In addition, the Home Office has said that once fees are paid there can be no refunds to HEIs if the student changes their mind about their institution or even decides not to come to the UK. This is very concerning as it is penalising HEIs for decisions made by others outside the control of HEIs. Every year there are a number of prospective students who have accepted offers but then decide not to come to that institution or indeed the UK for various reasons, under this proposal HEIs could be paying several thousand pounds a year to the Home Office for people who have not entered the UK or who have decided to study at another institution. This element of the new system contrasts with the position in Australia where their points-based system only charges HEIs per enrolled student rather than prospective confirmed student. Adopting the Australian approach would be more efficient than charging on an individual basis with individual transaction costs. Data is easily available on international student enrolment numbers at Universities UK member institutions.

All these elements could also combine to make the UK a less attractive and less competitive destination for international students against other countries. HEIs, as non-profit organisations, will have to pass the costs associated with the new system onto international students. Damage caused to the sector, caused by inappropriate charging policies implemented without an understanding of the sector, could lead to recruitment difficulties for many years. Our international competitors will monitor the introduction of the new system very closely and will exploit any difficulties caused by the new system.

Universities UK would welcome further discussions with the Home Office to re-visit the policy and charging proposals for Tier 4 in order to try to design an approach that works in the interests of students, institutions and Government.

### **Proposal 5**

*We want to consider the appropriate cost apportionment between the licence and certificate fees, with one contributing more in order to keep the other as low as possible to help us achieve that balance.*

### **Universities UK comments**

As HEIs will be the highest volume users of the new system this proposal could have very significant consequences. HEIs may face fairly low 'licence fees' but when international students, international staff and international visiting staff numbers are combined and multiplied by the new 'certificate' fees significant overall fees emerge.

For example, using student and staff figures based on Higher Education Statistics Agency data for a medium-sized HEI, the following charges could apply to an institution.

**Institution A**

**Year 1 – Tier 2 and 5 in operation**

Sponsor register fee - £1,000 (provides four years registration)

Tier 2 employee certificate fee - £200

Number of new international staff subject to immigration control – 90

Fees payable £18,000

Tier 5 visiting staff certificate fee - £50

Number of visiting staff – 400

Fees payable £20,000

***Total fees payable in first year £39,000***

**Year 2 – Tier 2, 4 and 5 in operation**

Tier 4 student certificate fee - £20

Number of new international students subject to immigration control – 2500

Fees payable £50,000

Number of new student certificates required due to visa extensions – 500

Fees payable £10,000

Tier 2 employee certificate fee - £200

Number of new international staff subject to immigration control – 100

Fees payable £20,000

Tier 5 visiting staff certificate fee - £50

Number of visiting staff – 425

Fees payable £21,250

***Total fees payable in year two £101,250***

These suggested costs are not insignificant and will deplete already stretched HEI resources in return for an increased administrative burden. As mentioned earlier in the paper this proposal can be viewed as a 'tax' on this extremely successful area of activity for the UK higher education sector.

### **Proposal 6**

*We think that the fees paid by licensed sponsors bringing in migrants under Tier 2 should be broadly similar to the current fees paid by employers using the work permit system and, in the same way that work permits currently contribute to the end to end costs of migration, expect to set these fees above normal cost recovery levels also.*

### **Universities UK comments**

This proposal appears to continue the current arrangements in place for work permits and as such should be acceptable to HEIs if the fees remain broadly similar.

### **Proposal 7**

*We expect that the licence fees for sponsors of migrants coming to the UK under Tiers 4 and 5 will be set at or below normal cost recovery levels.*

### **Universities UK comments**

This appears to be a welcome proposal as Universities UK members are already regulated by Government and already make a significant contribution to the operation of the immigration system through the provision of immigration advice and initiatives such as the Student Batch Scheme. However, Universities UK is concerned that this proposal appears to suggest different licence fees and potentially licence processes for each tier for organisations bringing in migrants under Tiers 4 and 5. This proposal does not appear to recognise that HEIs are likely to be the only organisations bringing in people across three tiers of the new system – Tier 2, Tier 4 and Tier 5. It is very worrying if there could be specific fees and processes per tier rather than an approach that recognises that HEIs are active across all these areas.

Universities UK is aware that once the new system is in place it may be appropriate for the immigration activities under each tier to be considered separately in terms of institutional performance around the retention of migrants. However, it would be helpful for institutions to be able to go through one process covering all relevant activities to join the register.

## **Proposal 8**

*We need to ensure that the fees are set at levels that do not unduly impact on the competitive position of the UK and the cultural benefits that well-managed migration brings to the country.*

### **Universities UK comments**

UK HEIs are international organisations. They have significant and growing numbers of international staff and students and links with higher education institutions around the world, overseas governments and international agencies. International activities are a core element of UK HEIs activities and provide an important contribution to the economic growth and cultural richness of the UK. It is estimated that UK higher education exports earn at least £5 billion per year for the UK economy. International students, staff and visitors to the UK's HEIs contribute academically, economically and culturally to wider UK society.

Many of the principles outlined for the proposed points-based immigration system are very positive and welcomed by HEIs. The move towards a more objective and transparent decision-making process, visas linked to study or employment at a specific HEI, improved immigration service management information and greater information exchange between HEIs and the immigration service should provide significant improvements in the operation of the immigration system.

However, the potential new costs for institutions are very concerning and remain unclear even with this consultation. It is vital that information on the charges is provided as soon as possible to enable HEIs to plan for these additional and unexpected costs.

In addition to the financial costs the potential impact of the new system and its requirements on institutional policies and procedures are very significant. The impact on student behaviour and the potential for disruption to and confusion among prospective students are significant.

Again, as highlighted above, it must be recognised that HEIs are non-profit, charitable organisations in receipt of significant public funding and that is inappropriate to seek to 'tax' them for their success in securing a diversification of funding sources.

## **Proposal 9**

*One way to achieve a fair fee level may be to cross-subsidise between the people who actually receive the ID card during the initial years of the programme and those who will not receive a card immediately but in the meantime benefit from the significant enhanced security that biometric capture brings to the migration system.*

### **Universities UK comments**

This proposal suggests that application fees will be increased to cover the costs of the new ID cards for foreign nationals. It is not clear whether students will be a group who will be targeted in the initial

phase or whether they will be targeted later in the process. It will obviously be important for application fees for students to remain competitive.

One positive aspect from this proposal is that it appears that the Home Office is seeking to organise the application for ID cards at the same time as visas and this may reduce bureaucracy for students once they arrive in the UK. However, there is no mention of how the police registration process fits with ID cards and with the other requirements of the points-based system in terms of migrant location. It would be useful for the Home Office to undertake a review of the police registration process as Universities UK is aware that in some parts of the country police registration appears to be increasingly problematic and it is not clear how it will fit with wider developments in immigration.