

MAC rapid review of the Graduate Route May 2024 – UUK briefing

The Migration Advisory Committee (MAC) published their rapid review of the Graduate route visa on 14 May 2024. Concurrently, the Home Office published an additional report analysing “migrants use of the Graduate route”. This paper sets out the background to these reports, the key findings, UUK’s response, and likely next steps.

Background to the MAC review

The Migration Advisory Committee (MAC) were commissioned by the Home Secretary on 11 March 2024 to conduct a rapid review of the Graduate route visa, to report by 14 May 2024. The intention to commission the MAC was announced by the government as part of a package of measures designed to reduce net migration in December 2023.

The terms of reference for the MAC review were broad. In the commissioning letter, the Home Secretary made clear the intent of the government to continue attracting “the brightest and best” international students to study in the UK in line with the International Education Strategy, and the important role the Graduate route has played in this ambition. However, there was a concern raised that the Graduate route may be attracting migrants to come to the UK primarily for post-study work opportunities, rather than to access a quality education and the secondary opportunity to gain experience in the UK labour market.

Given the timescales set by government, the MAC were unable to carry out a Call for Evidence but consulted the higher education sector via four semi-structured roundtables and an Open Forum event that brought together 60 HE leaders. The MAC were also unable to engage employers who actively recruit from those on the Graduate route due to the timescales but requested data from the government relating to the outcomes and earnings of those on the Graduate route to support their review. Both the MAC’s letter to the Home Secretary, and the report, make reference to the compressed timelines given by the Government which impacted its ability to conduct a full and comprehensive review.

Summary of the MAC report

The main finding of the MAC's rapid review is that the Graduate route should remain in place in its current form. They also found no evidence of abuse related to the visa, but raised concerns about the activities of some international education agents. In their own words:

"After reviewing the evidence, our conclusion is clear. The Graduate route has broadly achieved, and continues to achieve, the objectives set by this government. We therefore recommend that the route remains in place in its current form."

The MAC has made several recommendations based around three key themes: the future of the Graduate route, international recruitment agents, and data and monitoring.

Recommendations from the MAC report:

- The Graduate Route should **remain in place in its current form**. It found that the Graduate route is broadly achieving the objectives set out by the Home Office, while also supporting government education policy as outlined in the International Education Strategy.
- The government should establish a **mandatory registration system for international recruitment agents and subagents** which encompasses the quality controls in the voluntary AQF, consulting with the Devolved Administrations to ensure UK-wide coverage.
- Universities should be **required to publish data on their spend on recruitment agents** and the number of international students recruited through such means annually, in the service of disclosure and transparency.
- The government should only open new migration routes or make significant policy changes when it has a clear plan for how it will **collect and monitor data** to assess the effectiveness of the route against its objectives and understand wider impacts.
- The Home Office introduces a **requirement for universities to provide confirmation of the course outcome** (e.g. class of degree) on the Student route, in addition to confirmation that a course has been successfully completed which is currently required.

- The Home Office undertakes a review of the data variables used for analytical purposes across the largest visa routes (including the Skilled Worker route, Student route and Graduate route) **to develop a clear definition of what these data represent, and the quality of each variable collected.**
- The government should explore and **make further use of the Home Office-HMRC matched data** across all immigration routes.

Key messages from the MAC:

- The MAC have found **no evidence of any significant abuse** of the Graduate route, noting that the risks of abuse are relatively low due to the limited number of conditions the route imposes.
- The MAC concludes that the Graduate route is not undermining the integrity of and quality of the UK higher education system. The findings contradict the perception that Graduate visa holders are working low paid, low skilled jobs.
- The report recognised the valuable role many agents play in supporting students, but also raises **concerns around poor practice amongst some agents** that mis-sell UK higher education to prospective students.
- Policy changes already introduced by the government are likely to lead to a **significant reduction in future use of the Graduate route** any additional restrictions will further exacerbate the decline in international student numbers.
- Under the current funding models for higher education across the UK, the Graduate route is helping universities to expand the range of courses offered while making up for financial losses on domestic students and research.
- Further restrictions to the Graduate Route would likely result in:
 - the government **failing to achieve its targets set in the International Education Strategy.**
 - UK universities experiencing **further substantial financial difficulty** leading to job losses, course closures, a reduction in research, and in extreme cases some institutions would fail.

MAC response to questions asked by the Home Secretary

1. Is there any evidence of abuse of the route, including the route not being fit for purpose?

The MAC defined abuse as the deliberate non-compliance with immigration rules. They found no evidence of widespread abuse specifically for the Graduate route. The risks of abuse are relatively low due to the limited number of conditions the route imposes.

2. Who is using the route and from what universities did they graduate from?

In 2023, there were 114,000 Graduate Route visas issued, with the majority of visa holders (66%) attending non-Russell Group universities on postgraduate taught courses, reflecting the courses where international student growth has been concentrated in recent years. India, Nigeria, China and Pakistan accounted for 70% of all Graduate Visas, with India accounting for over 40%.

3. What are the demographics and trends for students accessing a Study visa and subsequently accessing the UK labour market by means of the Graduate Route?

Since 2021, the age profile of main applicants aged over 25 has increased approximately 15 percentage points to 54% in 2023. Early evidence suggests the rules changes pertaining to dependants is already having an effect with the number of dependent applications falling by 80%.

4. What work do Graduate visa holders do during and after their time on the route and are they contributing to the economy?

During their time on the route, Graduate visa holders are initially overrepresented in lower-paid work i.e., work below the Skilled Worker threshold, but after a year, their earnings are similar to domestic graduates. Among the first cohort of Graduate visa holders, around half moved on to the Skilled Worker route and have earnings and work in occupations similar to domestic UK graduates.

5. Is the Graduate route undermining the integrity and quality of UK higher education, supporting the UK to attract the brightest and best, contributing to economic growth, and benefitting British higher education and soft power?

The MAC conclude that the Graduate Route does not undermine the integrity and quality of the UK higher education system. The route is helping universities to expand the range of courses offered while making up financial losses on domestic students and research. However, the potential poor practice of some international student recruitment agents does risk undermining the integrity of the sector. The MAC were unable to identify a meaningful definition of 'brightest and best' and therefore unable to comment.

Home Office report summary

The Home Office have also released a report entitled 'Analysis of Migrants use of the graduate route' on 14 May 2024. The rationale for this additional report, designed to coincide with the MAC's rapid review publication date, is not explicitly stated but there is significant overlap with the analysis provided by the MAC. The MAC report signposts towards the Home Office report via footnotes at several points, indicating that it functions primarily as a more detailed explainer of the linking between HMRC and Home Office data which underpins many of the MAC's findings.

The Home Office report does not include any policy recommendations. It is likely that it serves a secondary function of selectively framing alternative statistics for the government to point to if a decision is made to disregard the recommendations made by the MAC.

The Home Office report offers an overview of who is entering the Graduate route, their employment while on the route, and their subsequent steps. Given the short lifespan of the route so far, the report acknowledges that:

"it is too early to say whether the behaviours of the early adopters of the scheme will be indicative of the behaviours of later cohorts. This also applies when looking at Graduate visa holders' earnings."

Key findings

- The Home Office report emphasises the volume and demographics of students taking up the Graduate route.
 - It notes that fewer international students are leaving the UK post graduation, shifting from a percentage of 80 to 85% of students leaving following study prior to 2021 to 44% percent in 2023.
 - It notes the top 5 nationalities account for 74% of all graduate visas issues, and that certain nationalities were proportionally more likely to use the route (India) while others were proportionally less likely (China).
 - It highlights that most users of the Graduate route have a length of study of one year or less, with this trend increasing since the route's introduction.
 - Only a small sample is available of Graduate visa holders whose leave has expired, but the report makes the point that 63% of those switch to other

routes (work, study, family, other routes) allowing them to extend their stay in the UK.

- The Home Office report uses the same linked Home Office – HMRC dataset as the MAC report to analyse the employment and earnings of Graduate visa holders. In some cases, the **Home Office presentation of this data appears to be framed in such a way as to facilitate a more negative interpretation** of the earnings of Graduate visa holders.
 - The report presents the earnings of Graduate route holders over the April 2022 to March 2023 financial year but includes in this analysis visa holders who may have only earned during one month of the year. This enables the Home Office to report that 41% of Graduate visa holders earned less than £15,000 in FY2023, whereas a more accurate picture is presented by the clarification that for those Graduate visa holders who were in employment across the entire year, only 9% earned less than £15,000 and median earnings were £26,460.
 - The report does contain positive findings that align with the MAC’s analysis, such as the fact that since the launch of the Graduate route in July 2021, the median monthly pay gradually rose from £1,227 to £1,937 in March 2023.
 - Two factors covered heavily by the Home Office report in comparison to the MAC report are nationality and sector of employment. The report compares employment and earnings of Graduate route users by nationality, noting which nationalities earn higher than the median (USA) and which earn lower (Pakistan, Nigeria, and India). Graduate visa holders were most likely to be employed within the administrative and support services sector (25%) followed by health and social work and professional, scientific and technical activities (16% and 14% respectively).

UUK response

UUK welcomes the MAC's important findings and full endorses the headline recommendation that the Graduate route should remain in place in its current form.

Responding to the report, **Vivienne Stern MBE, Chief Executive of Universities UK**, said:

“The MAC's recommendation that the Graduate route should remain on its current terms is extremely important and welcome. The uncertainty caused by the decision to review the visa has been toxic. We hope and expect that government now listens to the advice they have been given and provides categorical reassurance that the Graduate visa is here to stay.

As the MAC report makes clear, international students who remain to work in the UK on the Graduate Route are net contributors to the UK, important to our ability to compete as a study destination, and crucial to university finances. We understand the political pressure to reduce migration but, as the report makes clear, changes introduced earlier this year to prevent postgraduate taught students bringing dependants have already had a very significant effect. Recruitment ahead of September is already looking incredibly challenging, and the government should recognise this and that going further would be a serious mistake.

We agree there is room to improve, building on what universities themselves have done, to tighten agent management and increase resilience in the system.

What is needed now is stability - we need the Government to provide much needed reassurance to both universities and international students that the Graduate route is here to stay.”

Next steps

It remains highly likely that the government will make an announcement regarding the Graduate visa on or before Thursday 23 May – when the next iteration of the net migration figures are due to be published.

The MAC's recommendation to maintain the route is clear but there is no guarantee that government will follow this recommendation and prominent conservative voices in the media continue to call for further restrictions. Given poor practice by some

education agents has featured in the MAC report, we suspect this will feature as part of any Government response.

A government spokesperson, responding to the report said the government “was committed to attracting the best and brightest to study at our world-class universities, whilst preventing abuse of our immigration system. We are considering the review’s findings very closely and we will respond fully in due course”.

A subsequent statement from No.10 said “[The Prime Minister] has said before that British students should be the priority for our education system and universities and student visas must be used for education, not immigration. We are focused on driving down migration whilst ensuring the UK attracts the best and the brightest, and we will study the MAC’s findings and outline our approach on the graduate route in due course”.

We are continuing to do all we can to shape the government’s response and will continue to publicly and privately lobby on this issue over the coming weeks.

Please contact Harry Anderson (harry.anderson@international.ac.uk), UUKi’s Deputy Director for Policy and Global Engagement, with any questions.

Resources

- [UUK analysis of Graduate route’s financial and soft power importance to the UK](#) (29 February 2024)
- [UUKi insights – International students and graduates: myths and reality](#) (18 January 2024)
- [UUK and Creative UK, joint open letter to the Prime Minister](#) (13 May 2024)
- [Business and university leaders joint open letter to the Chancellor](#) (10 May 2024)