

14 March 2024

The Rt Hon James Cleverly MP  
Secretary of State for the Home Department

The Rt Hon Gillian Keegan MP  
Secretary of State for Education

Dear Secretaries of State,

**THE GRADUATE ROUTE AND THE IMPORTANCE OF INTERNATIONAL STUDENTS TO UK EDUCATION SECTOR AND THE LONDON AND WIDER UK ECONOMY**

We write further to the letter of the Home Secretary commissioning the Migration Advisory Committee (MAC) to conduct a rapid review the operation of the Graduate route.

We have several concerns.

Firstly, the MAC is invited to conclude its review by 14<sup>th</sup> May. This is a very short timeframe. It will not allow proper or sufficient time for the gathering and meaningful consideration of stakeholder evidence. It is simply wrong for such an important review of a route that is critical to the higher education sector and indeed the wider UK economy to be subjected to such expeditious consideration without the benefit of the full range of evidence pertinent to the review.

We note the Chair of the MAC, Professor Brian Bell shares our concern in this respect and warns that the timescales will “substantially limit the quality and quantity of evidence that we can provide to answer the questions included in the commissioning letter.”

We believe limiting the collection of evidence is a mistake and seek clear assurances that all stakeholders will have clear opportunities to present evidence for the review. We therefore call for the revision of this timeframe so that a fully informed decision can be made, as it will impact greatly the stability of the UK higher education sector and the economy of London and the UK as a whole.

Secondly, we are concerned by the Commission’s terms of reference. The suggestions that the route is being used primarily for immigration rather than education purposes are misguided and not supported by evidence. The rising numbers of international students at lower-tariff institutions likely reflect the increasing diversity of UK higher education and their commitment to social mobility both locally and internationally. The terms also underestimate the very high level of due diligence undertaken by universities when approving student recruits.

The language utilised gives the overall impression of the UK as being unwelcoming to international students, implying they will be treated with pre-emptive suspicion.

This is most damaging to the UK's overall attractiveness as a destination for talent in a world market that is increasingly competitive, particularly as the route is 'similar to Graduate routes that operate in other countries.'

Thirdly, as the Commissioning letter recognises, the route is operating precisely as intended: providing a pathway for talented international students to transition into skilled work in the UK after completing a rigorous UK degree programme. Removing or radically altering this pathway would severely undermine the UK's ability to attract the top global minds that fuel the academic prestige, research output, and economic competitiveness of UK higher education.

Fourthly, the focus of the review appears to significantly underestimate the extent of benefits that flow from the Graduate route and the significance and nature of the losses that would accrue without its continued operation.

In this context, we'd like to highlight the attached supporting evidence document, which shows clearly some of the benefits that the Graduate Route brings and some of the risks were this to be removed or modified.

Finally, we think the review is somewhat premature and misdirected for the following reasons:

- Concerns students are entering under the Graduate route on short courses with the real intention of working in low skilled occupations, who then have discounted access to the skilled worker route at the lowest salary and skill levels, are already addressed by the government's imminent increases to general salary and going rate thresholds applied under the Skilled worker route.
- Despite the UK's renowned educational standards, our recruitment in fact lags behind countries like Australia and Canada.

We therefore request that the period granted to the MAC for conducting its review of the Graduate Route be significantly extended so that proper opportunity be given for pertinent evidence to be properly admitted and considered.

We maintain that the Graduate route offers much more than it compromises. Its continued operation is critical to our country's competitiveness to attract the best and brightest which helps support jobs and economic growth.

If there is a serious issue to remove or modify it, real attention must be given immediately to alternative policies that will safeguard its recognised benefits and which will allow the UK higher education sector to continue to attract the brightest and the best international students.

Further evidence can be found as an annex to this letter, as below.

We have sent a copy of this letter to the MAC Chair.

Thank you for your consideration.

Yours sincerely,



Karim Fatehi MBE  
Chief Executive  
London Chamber of Commerce and Industry



Dr Diana Beech  
Chief Executive Officer  
London Higher

## Supporting Evidence

In the context of our letter on the Graduate Route and the importance of international students to the UK education sector and the London and wider UK economy, we would like to highlight the following:

- In January 2024 [PwC reported](#) that domestic undergraduate fee income to higher education institutions now was equivalent to only £6,000 in 2012 prices, and so increased recruitment of international students has been one of the few tools that universities have available to maintain financial sustainability. The cross-subsidy from international fees support high-cost courses and fund critical research and development, addressing national skills shortages and promoting innovation.
- The same PwC report highlighted that despite growing income through this route, university finances are incredibly brittle, with liquidity and cashflow concerns at dozens of providers. The modelling in the report suggested a 20% drop in international recruitment would leave 80% of universities in deficit, and an uneven distribution of impact would almost certainly lead to catastrophic damage to a number of institutions and market exit. This could have massive regional economic impact with the potential for intergenerational economic scarring in areas where universities are anchor institutions and one of the largest employers, including in London boroughs.
- International students make a substantial economic contribution to the UK, with just one cohort of first-year students contributing £41.9 billion in gross economic benefits to the Treasury. Their presence enhances the vibrancy of campus life and provides a unique talent pool for our nation's businesses and public services. International students also substantially enhance the UK's 'soft power'.
- A survey conducted by QS in March 2023 shows that one in four international students would be less likely to consider the UK as a study destination should UK student visa regulations change, including the right to bring dependants. The same survey indicated that almost a quarter (22%) of international students viewed dependants' visa restrictions (which since came into force on 01 January 2024) as "discriminatory". Among a range of data analysing this issue this is one of the more conservative estimates of how many students might not come to the UK. IDP Connect highlights that post-study work policies, alongside educational quality, drive international recruitment.
- Even the less drastic scenario modelling based on the QS survey shows this could cost the UK economy up to £10 billion a year – effectively wiping out the impressive £9.59 billion of net economic gain that the international students coming to London's universities bring to the nation each year.
- A staggering 57% of prospective students in the QS survey identify the Graduate Route as a main or influential factor in their decision to study in the



UK, with 44% considering alternative destinations if post-study work rights were reduced.

- This loss of market share would quickly be gained by a competitor destination, with modelling showing a 12% average increase in international students for the US, Australia and Canada. Even if the route were then reintroduced the reputational damage to the UK as a study destination could have scarring effects that mean recovering international market share takes years or even decades.
- London, in particular, has a strong reliance on the higher education sector. Over 50 higher education institutions exist in the capital and their engagement with international students levers in investment not just in London but across the United Kingdom. The jobs created directly and indirectly – via student services, hospitality and tourism amongst other sectors – is very significant.