



House of Commons
Scottish Affairs Committee

Post-study work schemes

Fourth Report of Session 2015–16



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schemes**

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to the report*

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The Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the offices of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)).

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Committee staff

The current staff of the Committee are Jyoti Chandola (Clerk), Phil Jones (Second Clerk), Edward Faulkner (Committee Specialist), Steven Price (Senior Committee Assistant), Annabel Russell (Committee Assistant), Jake Barker (Social Media Assistant) and George Perry (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Scottish Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8204; the Committee's email address is scotaffcom@parliament.uk

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1 Our inquiry

1. In 2012 the UK Government closed the Tier 1 (Post-Study Work) visa to new applicants, making it considerably more difficult for non-EU international students attending Higher Education Institutions (HEIs) in the UK—including those in Scotland—to stay in the UK to work after their studies.¹ The Government stated that this was part of its plans to reduce net migration from the hundreds of thousands down to the tens of thousands, and would “make sure all but the very best return home after study”.² This decision was opposed by the Scottish Government and they, along with representatives of the Scottish education and business sectors, have continued to debate the merits of the decision.³

Responsibility for immigration policy

2. Immigration is a reserved matter and the UK Government is therefore responsible for immigration policy across the UK. This includes the rules for international students coming to Scotland to study, and remaining in the UK to work after their studies. The Home Office leads on immigration policy, and is advised on this by the Migration Advisory Committee, an independent non-departmental public body. As with all areas of policy, the Scotland Office is responsible for representing Scottish interests within the UK Government.

Past work by the Scottish Affairs Committee

3. The previous Scottish Affairs Committee published a report, in July 2011, looking at *The Student Immigration System in Scotland*, and in particular the Government’s plans to close the Post-Study Work visa.⁴ The report noted the importance of international students to HEIs in Scotland, and urged the Government to consider the impact on Scotland of changes to visa arrangements. The Government responded to the Committee’s report in October 2011, stating that although international students made “a vital contribution to the UK economy” and made “our education system one of the best in the world” it had “become very apparent that that the old student visa regime was failing to control student immigration adequately, with real evidence of poor quality colleges and abuse of the student route.” The response further stated that the planned reforms would “ensure students come for a limited period and to study not to work”.⁵

1 An outline of the Tier 1 (Post-Study Work) visa and current arrangements for international students wishing to stay in the UK to work after their studies is set out in chapter 3.

2 Home Office, [Foreign student visas: Home Secretary’s statement](#), March 2011

3 Scottish Government (PSW0002), All-Party Parliamentary Group on Migration, [UK post study work opportunities for international students](#), February 2015, House of Lords Science and Technology Select Committee, Fourth Report of Session 2013–14, [International Science, Technology, Engineering and Mathematics \(STEM\) students](#), HL Paper 162

4 Scottish Affairs Committee, Fifth Report of Session 2010–12, [The Student Immigration System in Scotland](#), HC 912-I

5 Home Office, [The Student Immigration System in Scotland: Government Response to the Fifth Report from the Scottish Affairs Committee](#), October 2011

Recent developments

4. In the past 18 months there have been several developments which have led us to consider this matter. These are:

- The report of the Smith Commission was published, stating that the UK and Scottish governments should work together to explore the possibility of introducing formal post-study work schemes for non-EU international students graduating from further and higher education institutions in Scotland.⁶
- A report by the Post Study Work Working Group, established by the Scottish Government, looked at the impact on Scotland of closing the Post-Study Work visa and considered how a new post-study work route for Scotland might operate.⁷
- Evidence to our inquiries into the *Work of the Scottish Affairs Committee* and the *Creative industries in Scotland* highlighted immigration, and post-study work routes in particular, as areas where UK policy did not seem to be meeting the needs of Scotland.⁸

We describe these developments in more detail below.

The Smith Commission

5. The report of the Smith Commission, established to agree new powers for Scotland following the referendum on Scottish independence, did not recommend devolving any aspect of immigration policy. It did, however, state that the five parties represented on the Commission agreed that the Scottish and UK governments should work together to:

explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time.⁹

Work by the Scottish Government

6. In 2014 the Scottish Government Minister for Europe and International Development, Humza Yousaf MSP, established the Post Study Work Working Group—made up of education and business groups—to understand and represent views on the impact on the Scottish economy of the removal of the Post-Study Work visa, and look at how such a visa could work if it were reintroduced in Scotland. The group reported in March 2015, finding that there had been a substantial decline in enrolments of international students at Scottish Universities from key overseas markets, and concluding that Scotland needed a more competitive post-study work offer in order to compete internationally, and that improved post-study work routes would benefit Scottish economic growth and business

6 The Smith Commission, [Report of the Smith Commission for further devolution of powers to the Scottish Parliament](#), November 2014, para 96 (2)

7 Scottish Government, [Post Study Work Working Group: Report to Ministers](#), March 2015

8 Scottish Affairs Committee, First Report of Session 2015–16, [Work of the Scottish Affairs Committee](#), HC 331, Scottish Affairs Committee, Second Report of Session 2015–16, [Creative industries in Scotland](#), HC 332

9 The Smith Commission, [Report of the Smith Commission for further devolution of powers to the Scottish Parliament](#), November 2014

development.¹⁰ The Scottish Government has since formed a cross-party Post Study Work Steering Group, chaired by Mr Yousaf, to take forward the Working Group's report.¹¹ The Steering Group includes representatives from the SNP, Conservatives, Labour, Liberal Democrats and Greens, as well as the business and education sectors.

Our reports on the Work of the Scottish Affairs Committee and the creative industries

7. The first inquiry we held this Parliament was into the *Work of the Scottish Affairs Committee*, where we asked people and organisations across Scotland which key issues we should be looking at in the first part of this Parliament.¹² One of the themes which came out in our evidence was concern about the Government's actions to restrict post-study work routes for international students, and the impact this has had on universities and businesses in Scotland. The current immigration framework was also raised as a matter of concern in several pieces of evidence we received during our inquiry into the *Creative industries in Scotland*, with contributors arguing that current immigration rules were too restrictive and limited access to skilled workers for these industries.¹³

Our inquiry

8. In light of the recent developments outlined above, and in particular the strong views expressed in the evidence we received about our future work programme, we decided to hold an inquiry into post-study work schemes for non-EU international students attending Scottish Higher Education Institutions.¹⁴ Our inquiry was intended, in particular, to look at what progress had been made by the UK and Scottish governments on exploring formal post-study work schemes for Scotland, in line with the recommendation made by the Smith Commission.

9. To inform our deliberations we held evidence sessions in Aberdeen and London, where we heard from the UK and Scottish governments as well as representatives from the business and education sectors, and experts on immigration law. As part of our visit to Aberdeen we met with international students and alumni who had studied at the University of Aberdeen and Robert Gordon University. We have also received written evidence from a wide range of individuals and organisations, including a number of international students affected by this debate.¹⁵ We are grateful to all those who have helped inform this report.

10 Scottish Government, [Post Study Work Working Group: Report to Ministers](#), March 2015

11 Scottish Government, [Cross party steering group on post study work visa](#), June 2015

12 Scottish Affairs Committee, First Report of Session 2015–16, [Work of the Scottish Affairs Committee](#), HC 331, paras 43-48

13 Scottish Affairs Committee, Second Report of Session 2015–16, [Creative industries in Scotland](#), HC 332, paras 69-71

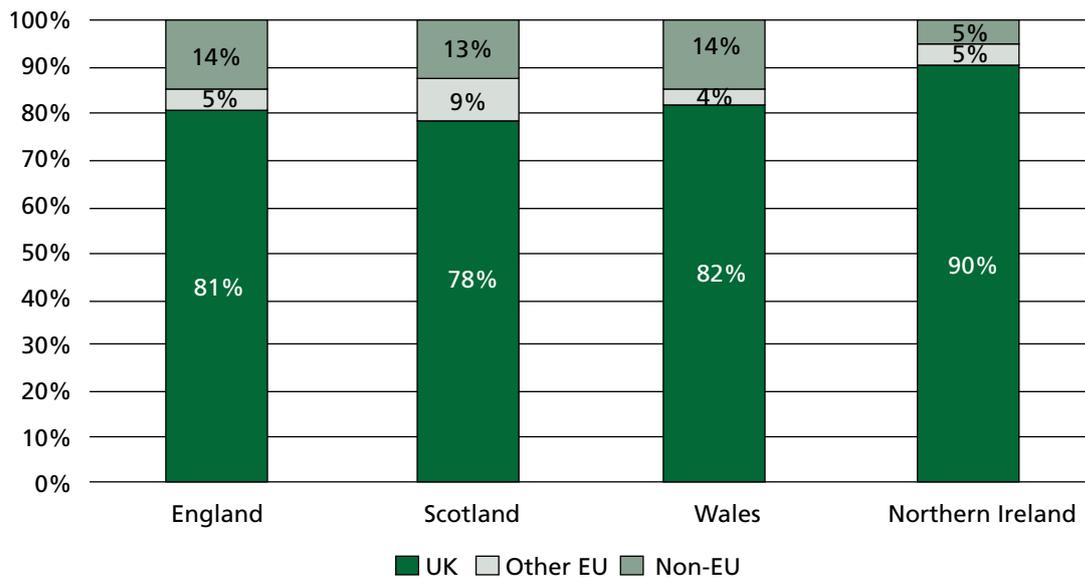
14 The full terms of reference for this inquiry are available online: [Post-study work schemes](#)

15 A full list of the evidence the Committee received is available on page 40–41.

2 International students in Scotland

10. Non-EU international students make up a significant proportion of the student population attending Scotland's Higher Education Institutions (HEIs).¹⁶ In 2014–15 there were 29,210 non-EU international students enrolled at Scottish HEIs, representing 12.6% of the total higher education student population. This is a similar proportion to that in England and Wales, but considerably higher than that in Northern Ireland, as shown in the chart below.

Figure 1: Higher educational student enrolments by location and domicile, 2014/15

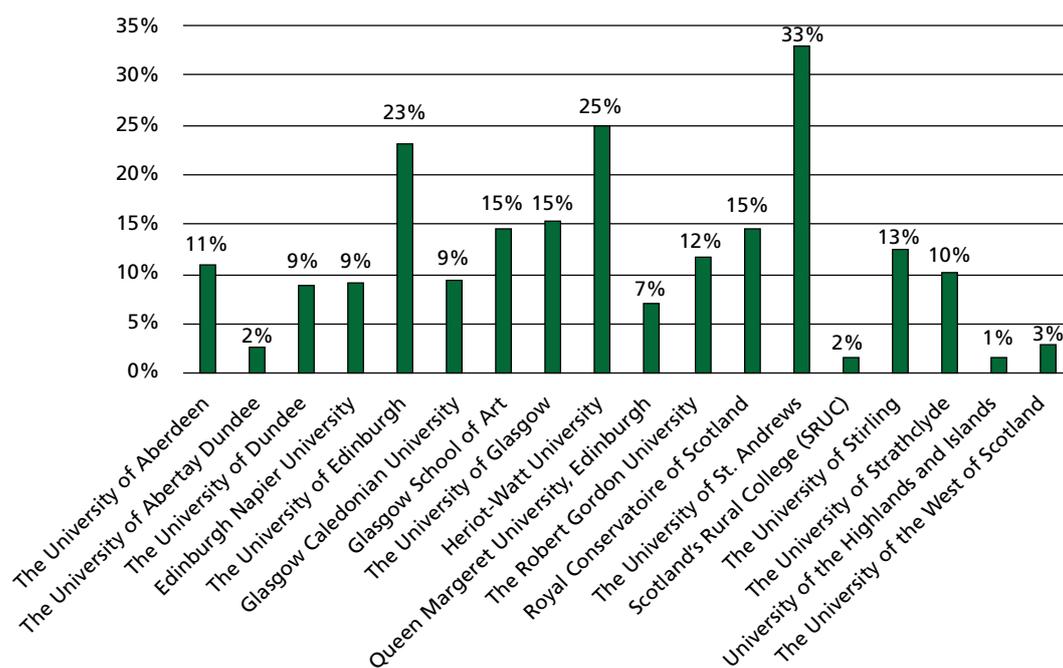


Source: Higher Education Statistics Authority, [Higher Education Student Enrolments and Qualifications Obtained at Higher Education Providers in the United Kingdom 2014–15](#)

¹⁶ This report focuses on non-EU international students, as EU international students have an automatic right to work in the UK.

11. The proportion of students made up of non-EU international students varies significantly between Scottish HEIs, with over 20% of all students at the University of Edinburgh, Heriot-Watt University and St Andrews University being non-EU international students, while the figure is below 5% at the University of Abertay, the University of the Highlands and Islands, Scotland's Rural College and the University of the West of Scotland.¹⁷ The proportion of total students made up of international students at each of Scotland's HEIs is shown below.¹⁸

Figure 2: Percentage of students at Scottish HEIs from a non-EU country, 2014–15



Source: Higher Education Statistics Authority, [Higher Education Student Enrolments and Qualifications Obtained at Higher Education Providers in the United Kingdom 2014–15](#)

Non-EU international students make up a significantly higher proportion of postgraduate students at Scottish HEIs (29% in 2014–15) compared to the proportion of non-EU students on undergraduate courses (7% in 2014–15).

¹⁷ Higher Education Statistics Authority, [Table 1: HE student enrolments by mode of study, sex, level of study and domicile 2009/10 to 2013/14](#), January 2015

¹⁸ Scotland has 19 HEIs including the Open University, but all non-EU students studying with the Open University are registered at the England centre, so figures relation to the Open University in Scotland are not comparable to other Scottish HEIs and the University has therefore been excluded from this table.

12. In terms of the origin of non-EU international students attending Scottish HEIs, over 60% come from six countries—China, USA, Nigeria, Malaysia, India and Canada.¹⁹ More detail on the main origin countries of non-EU international students at Scottish HEIs is set out in the table below.

Table 3: Non-EU Students in Higher Education at Scottish Higher Education Providers, 2013–14

Place of domicile	Students at Scottish HEIs	Percentage of total
China	7,855	27%
USA	3,940	14%
Nigeria	1,875	7%
Malaysia	1,335	5%
India	1,315	5%
Canada	1,040	4%
Saudi Arabia	790	3%
Norway	765	3%
Hong Kong	670	2%
Thailand	620	2%
All other	8,405	29%
Total	28,610	

Source: Scottish Government ([PSW0011](#))

13. Scotland's colleges also take non-EU international students, although the number of such students has fallen drastically in recent years, from 2,039 in 2010–11 to 561 in 2013–14.²⁰ As the vast majority of non-EU international students studying in Scotland attend HEIs rather than colleges, it is on that group that we have focused during our inquiry.²¹

Student visas

14. Non-EU international students studying in Scotland must have been granted leave to remain in the UK through a student visa, with the vast majority being Tier 4 (General) student visas.²² These visas are available to non-EU nationals aged 16 or over who have an offer of a place to study, at a certain level,²³ from an education provider which has a

¹⁹ Scottish Government ([PSW0011](#))

²⁰ Scottish Government, [Post Study Work Working Group: Report to Ministers](#), March 2015

²¹ Although the focus of this report is on non-EU international students attending Scottish HEIs, we received some evidence on specific challenges relating to non-EU international students attending Scottish colleges. These included restricted permission to work during a college course, not being able to take advantage of the route for transferring from a Tier 4 to a Tier 2 visa. [For more detail see the oral evidence from Anne Cant]

²² There are also student visas available for children and short-term study, but the numbers of visas granted under these routes is very low.

²³ Tier 4 (General) student visas can be obtained for courses which are: approved at level 3 or above on the National Qualifications Framework (NQF) or Qualifications and Credits Framework (QCF) in England, Wales and Northern Ireland; or accredited at level 6 or above in the Scottish Credit and Qualifications Framework (SCQF) by the Scottish Qualifications Authority; or a short-term Study Abroad programme in the UK as part of the Tier 4 (General) student's qualification at an overseas university, as long as the qualification is confirmed as being at the same level as a UK degree by UK NARIC; or an English language course at level B2 or above of the Common European Framework of Reference for Languages.

Home Office licence to sponsor international students.²⁴ Non-EU international students attending HEIs are permitted to work part-time during term-time, the allowable hours varying depending on the level of the course, and full-time during vacations.²⁵ Non-EU international students can remain in the UK and work full-time for the four months of leave after they have completed their course of study.²⁶

The value of international students

15. The positive contribution international students make to the UK was recognised across the board, including by the UK and Scottish governments, and representatives of the business and education sectors. On this point, the UK Government's evidence stated:

International students are greatly valued by the UK. It is recognised that they make an important contribution to the UK during their time here, and to making our education system one of the best in the world.²⁷

Other witnesses expressed similar sentiments.²⁸

16. Financially, non-EU international students make a significant contribution to HEIs and the wider economy across Scotland. In 2013–14, fee income from non-EU international students made up 12.5% of the total income of Scottish HEIs—a slightly lower proportion than in England but higher than in Wales and Northern Ireland.²⁹ It has also been estimated that non-EU international students contribute over £400 million in off-campus expenditure.³⁰ Alan Mackay, Deputy Vice-Principal International and Director of the International Office at the University of Edinburgh, also told us that the presence of large numbers of international students at Scottish HEIs played a role in job creation not just in terms of local services but also at airports because of travel to and from Scotland.³¹

17. In addition to the financial benefits of attracting international students to Scottish universities, bringing together students from different nations also creates a global environment at Scottish universities which benefits both UK and international students.³² Professor Sir Ian Diamond, Principal and Vice-Chancellor at the University of Aberdeen and Chair of the International Committee established by Universities Scotland, told us:

My interest in taking international students is because it is good for my Scottish students to be educated in an environment with international students around. It is good for Scotland, and indeed for the wider UK, for international students to be here and then to go back to their country and become leaders and remember fondly their time in Scotland, and it is good overall for the economy.³³

24 Home Office, [Tier 4 of the Points Based System – Policy Guidance](#), November 2015, paras 45-6

25 Detailed informed on allowable work for student visa holders is set out in the Home Office's policy guidance for Tier 4 visas.

26 Home Office, [Tier 4 of the Points Based System – Policy Guidance](#), November 2015, para 277

27 UK Government ([PSW0020](#)), para 1

28 Q2, STUC ([PSW0003](#)), Edinburgh University Students' Association's (EUSA) ([PSW0013](#)) para 1.1, University of Edinburgh ([PSW0016](#))

29 Higher Education Statistics Authority, [HE Finance Plus 2013/14](#)

30 SCDI ([PSW0005](#)), Universities Scotland, [Richer for it](#), September 2013

31 Q3

32 Qq2, 12 [Professor Sir Ian Diamond], Q121 [Professor Robert Wright], Q13 [Anne Cant], STUC ([PSW0003](#)), University of Edinburgh ([PSW0016](#)), Universities Scotland, [Richer for it](#), September 2013

33 Q12

We have heard about the positive role international students play in acting as ambassadors for Scotland when they leave the UK, due to the links they retain with the areas where they studied.³⁴ We have also heard that non-EU international students can make it viable for universities to run certain courses—particularly in the areas of science, technology, engineering and mathematics (STEM)—meaning that these courses can be made available to both UK and international students.³⁵

18. We welcome all international students who choose to study at Scottish Higher Education Institutions. The number of both EU and non-EU international students at Scottish HEIs is a testament to the high quality of Scottish universities. These students help create a global environment which is of benefit to students of all nationalities, and non-EU international students also make an important financial contribution to both the higher education sector and local economies.

³⁴ Q2, STUC ([PSW0003](#))

³⁵ STUC ([PSW0003](#)), Universities UK, [The funding environment for universities 2014](#), September 2014

3 Past and present post-study work routes

19. Student visas cover the duration of a student’s course, plus a four month “grace period”. Non-EU international students wishing to stay in the UK to work after their student visa expires must get a work visa. The means by which non-EU international students move from a student visa to a work visa are generally referred to as post-study work routes. Since 2005, there have been three such routes for non-EU international students attending Scottish HEIs, one of which was a Scotland-only scheme. These are:

- The Fresh Talent: Working in Scotland Scheme, which ran from 2005 to 2008.
- The Tier 1 (Post-Study Work) visa, which ran from 2008 to 2012.
- The current provisions for international students to apply for work visas, primarily through the Tier 2 (General) visa for skilled jobs.

We outline these routes below, and set out available data on the number of international students who have successfully transferred to work visas under the different schemes.

The Fresh Talent: Working in Scotland Scheme

20. The Fresh Talent: Working in Scotland Scheme was launched in June 2005 as part of the wider Fresh Talent Initiative, which aimed to encourage people to settle in Scotland. This was in response to a range of pressures that Scotland faced, including an ageing and declining population, and skills and labour market needs.³⁶ The scheme enabled non-EU international students attending Scottish HEIs to remain in or return to the UK, after their studies, in order to work. The main conditions attached to the visa were:

- having completed and been awarded a Higher National Diploma, UK recognised undergraduate degree, Master’s degree or PhD by a Scottish publicly funded institution or a Scottish bona fide private educational institution within the past 12 months;
- having lived in Scotland for “an appropriate period of time” whilst studying (at least 3 months for a course lasting one academic year and at least six months for a two-year course); and
- intending to seek and take employment in Scotland.

Applicants could apply from within the UK or overseas, and there were no restrictions on the skill or salary level of the work they could take. Permission to stay was granted for a maximum of two years, after which visa holders could apply for other work visas. Figures for grants of leave to remain made under the Fresh Talent scheme are set out below.

36 Scottish Executive, [Progress report on the Fresh Talent Initiative](#), 2006

Table 4: Grants of leave to remain under the Fresh Talent scheme

	2005	2006	2007	2008
Grants	975	2,045	2,935	1,665

Source: HC Deb, 2 December 2014, [215802](#) [Commons written answer]

The Tier 1 (Post-Study Work) visa

21. As part of the introduction of the points based immigration system, in 2008 the Tier 1 (Post-Study Work) visa was introduced on a UK-wide basis, replacing the Fresh Talent: Working in Scotland visa. The Post-Study Work visa allowed non-EU international students to remain in the UK to work after their studies for up to two years. Applicants could take up any kind of work, and employers were not required to act as sponsors. If they wanted to stay in the UK after two years they could apply for another visa under the points-based system. Figures on the number of non-EU international students who moved to Post-Study Work visas are set out in Table 5, on page 13.

22. The Government announced, in March 2011, that it would close the Post-Study Work visa to new applicants, and the route was closed on 5 April 2012.³⁷ The Government's reasons for closing this route were that it had been "too generous" and allowed people to stay in the UK whether they found work or not, and irrespective of the skill level of any job they found.³⁸ The Government's evidence to this inquiry stated that the "underlying rationale for closing the scheme was the Government's commitment to applying a limit to non-EEA migration."³⁹ Ahead of the visa's closure, the previous Scottish Affairs Committee urged the Government to consider the impact on Scotland of changes to visa arrangements,⁴⁰ and the Home Affairs Committee suggested that the post-study work route be maintained, in the light of the use of post-study work options to attract the best students.⁴¹

Current arrangements

23. Since 2012 there has not been a dedicated post-study work visa, and the main route for non-EU international graduates wishing to stay in the UK to work after their four month "grace period" is the Tier 2 (General) visa for skilled jobs. In order to be eligible for this route graduates must have completed a course at a certain level,⁴² and have a job offer, with a salary of at least £20,800 (different occupations have their own minimum salary), from an employer which is licensed to sponsor a Tier 2 visa. Although there is a limit on the number of people who can enter the UK under a Tier 2 (General) visa (currently 20,700), this does not apply to non-EU international graduates transferring to a Tier 2 General visa from a Tier 4 visa after completing their studies, provided such an

37 Home Office, [Foreign student visas: Home Secretary's statement](#), March 2011

38 Ibid

39 UK Government ([PSW0020](#)), para 8

40 Scottish Affairs Committee, Fifth Report of Session 2010–12, [The Student Immigration System in Scotland](#), HC 912-I, para 7

41 Home Affairs Committee, Seventh Report of Session 2010–12, [Student Visas](#), HC 773, para 58

42 To switch to a Tier 2 visa, Tier 4 student visa holders must have successfully completed and passed a UK recognised bachelor's or master's degree, Postgraduate Certificate in Education or Professional Graduate Diploma of Education or have completed a minimum of 12 months study in the UK towards a UK PhD during their current period of leave or a period of continuous leave 1 which includes their last grant of leave.

application is made within the UK. Tier 2 jobs are normally subject to a Resident Labour Market Test, where employers must have advertised the job to show that they cannot fill the vacancy with a worker who is already settled in the UK, before taking on a non-EU employee, but this does not apply to transfers from a Tier 4 visa. Non-EU international graduates are able to apply for several other work visas, but the number of people who transfer from a student visa to these visas is very low (as detailed in Table 5). A list of work visas available to non-EU international graduates is provided in an Annex to this report.⁴³

The impact of restricting post-study work routes

24. One of the key questions we asked when we announced this inquiry was: What impact has the closure of the Post-Study Work visa had on Scotland? The clear message we have received is that the impact has been significant, and negative.⁴⁴

25. The data on non-EU international students moving to work visas shows a drastic fall in the number of people who have moved from student to work visas since the closure of the Post-Study Work visa. The Government's immigration statistics are not broken down on a geographical basis,⁴⁵ and as a result the only figures on transfers from student visas to work visas are UK-wide. These are set out below.⁴⁶

Table 5: Grants to student visa holders of an extension of stay under a work visa (UK)

Category	2011	2012	2013	2014
Tier 1	44,246	35,476	1,595	887
<i>Of which:</i>				
<i>Tier 1 - Post Study</i>	43,319	34,895	556	48
<i>Tier 1 - General</i>	682	148	31	4
<i>Tier 1 - Investors</i>	68	85	148	283
<i>Tier 1 - Entrepreneurs</i>	177	321	688	266
<i>Tier 1 - Graduate Entrepreneur</i>	-	27	171	286
Tier 2	1,730	2,614	4,175	5,639
<i>Of which:</i>				
<i>Tier 2 - General</i>	1,670	2,538	4,109	5,596
<i>Tier 2 - Intra Company Transfer</i>	0	1	5	5
<i>Tier 2 - Minister of Religion</i>	59	74	62	37
<i>Tier 2 - Sportsperson</i>	1	1	0	1
Tier 5	0	134	210	388
Total	45,976	38,224	5,980	6,914

Source: Home Office, [Immigration statistics, April to June 2015](#)

43 [Annex – UK visas](#).

44 Scottish Government ([PSW0011](#)), University of Edinburgh ([PSW0016](#)), University of Glasgow ([PSW0023](#)), Q14 [Alan Mackay], Q37 [Helen Martin], Q69 [Humza Yousaf MSP], Q122 [Jamie Kerr], Q122 [Stuart McWilliams]

45 Scottish Government, [Post Study Work Working Group: Report to Ministers](#), March 2015

46 Figures on work visas granted to student visa holders are only available from 2011.

26. These figures show that, since the Post-Study Work visa was closed to new applicants, the number of non-EU international students who have moved from a student visa to a work visa has fallen by over 80%. This fall is significantly higher than the UK Border Agency predicted in its impact assessment of closing the visa, which estimated a reduction of approximately 49%.⁴⁷

27. As the only available Home Office figures are UK-wide it is impossible to identify the exact impact on Scotland, but our evidence has suggested that the fall in the number of international students moving to work visas has been at least as pronounced in Scotland as elsewhere in the UK.⁴⁸ We have heard that closing the Tier 1 (Post-Study Work) visa has had an adverse impact on access to talent, and resulted in increased skill shortages in key sectors of the Scottish economy.⁴⁹ Representatives from the education sector also told us that it meant Scottish universities were losing out when it came to attracting international students to Scotland.⁵⁰

28. The closure of the Tier 1 (Post-Study Work) visa in 2012 has resulted in the number of non-EU international students moving to work visas after their studies falling by over 80%. This is far beyond what the Government predicted in its impact assessment of closing this route, indicating the results have been more drastic than intended. It is extremely disappointing that the Home Office is not able to identify the specific impact to Scotland, but we have heard that it has been significant and negative.

47 UK Border Agency, [PBS Student Immigration System - Impact Assessment](#), 2011

48 Q59

49 SCDI ([PSW0005](#)), City of Edinburgh Council ([PSW0015](#))

50 Q19 [Professor Sir Ian Diamond], Q19 [Alan Mackay]

4 The case for improving post-study work routes in Scotland

29. The central consideration of this report is whether there is a need to reform post-study work routes for non-EU international students attending HEIs in Scotland. The argument in favour of reforming current arrangements is that there is a need to retain skilled non-EU international graduates in Scotland, and the current visa framework is ineffective in enabling this. There is also a question about the extent to which post-study work offers contribute to international competitiveness of Scottish HEIs in attracting international students. The counter argument is that it is only desirable to retain the most skilled non-EU international graduates and that current arrangements make adequate provision for this. We consider these arguments, and the evidence behind them, in this chapter.

The needs of Scotland

Importance of retaining skilled international graduates

30. Skills shortages are a particular issue for Scotland, with more jobs there being hard to fill (as described by employers) because of skills shortages than in any other part of the UK.⁵¹ A report by the UK Commission for Employment and Skills found that, in 2014, 25% of all job vacancies in Scotland were hard to fill because of a shortage in available skills, up from 15% in 2011.⁵² The Scottish Government has raised concerns that this increase in skills shortages has occurred in the period following the closure of the Post-Study Work visa,⁵³ and we have heard that being able to retain skilled non-EU international graduates would help ameliorate the skills shortages faced in Scotland.⁵⁴ The Scottish Government and a number of other contributors to our inquiry have also argued that improved post-study work routes would be beneficial to Scotland's economic growth,⁵⁵ and the STUC argued that in addition to filling skills shortages, international graduates employed by Scottish enterprises can help to provide a link between Scottish workplaces and other countries where the employer may wish to expand their markets.⁵⁶ Humza Yousaf MSP told us of one specific case where a company had taken on an Indian graduate because they wanted to break into the Indian market and thought it would be easier to do that with an Indian graduate on their staff.⁵⁷

31. The different demographic challenges faced by Scotland, compared to other parts of the UK, mean that Scotland has a particular interest in retaining international students after their studies. Although Scotland is now experiencing positive population growth, this is at a lower rate than other parts of the UK, and particularly England.⁵⁸ A number of submissions argued that making it easier to attract and retain skilled international workers was important to address demographic issues, by increasing the size of the workforce,

51 Aberdeen and Grampian Chamber of Commerce ([PSW0017](#)), STUC ([PSW0003](#)), Institute of Directors ([PSW0004](#))

52 UK Commission for Employment and Skills, [UK Commission's Employer Skills Survey 2013: UK Results](#), January 2014

53 Scottish Government ([PSW0011](#))

54 Q43 [Helen Martin], Q126 [Jamie Kerr], STUC ([PSW0003](#)), SCDI ([PSW0005](#)), Scottish Government ([PSW0011](#)), Aberdeen and Grampian Chamber of Commerce ([PSW0017](#))

55 Scottish Government ([PSW0002](#) and [PSW0011](#)), STUC ([PSW0003](#)), SCDI ([PSW0005](#))

56 Q39, STUC ([PSW0003](#))

57 Q82

58 ONS, [Overview of the UK Population](#), June 2015

as well as responding to specific skills shortages.⁵⁹ The STUC argued that, on this basis: “there is [...] justification for Scotland to take a different approach to its immigration policy and a system that supports young workers seems particularly appropriate”.⁶⁰ We have recently launched an inquiry which will be looking at the demographic challenges Scotland faces, and the policy levers which are needed to respond to these challenges.⁶¹

32. Scotland has different demographic needs than other parts of the UK, due to slower population growth and a need to expand the size of the workforce, and also faces significant skills shortages in a variety of sectors. Retaining non-EU international graduates to work in Scotland is an important element of the response to these challenges. Our forthcoming inquiry into Scotland’s demography will explore in more detail the demographic challenges faced by Scotland, and consider which policy levers are needed to respond to them.

International competitiveness of Scottish universities

33. Attracting international students is important to Higher Education Institutions across the world, for the reasons we outlined in chapter 2, and the world class reputation of Scottish universities has resulted in their achieving great success in this area. However, we have heard from a number of sources that the availability of post-study work offers is a significant factor in where international students choose to study,⁶² and that the closure of the Post-Study Work visa has meant that Scottish universities have lost out to competitors in countries such as the US, Canada and Australia, where there are more generous post-study work offers.⁶³

34. Enrolment figures at Scottish HEIs support the view that closing the Post-Study Work visa has adversely affected the growth of enrolments at Scottish HEIs by non-EU international students, since closure of the visa was announced in 2011.

Table 6: Non-EU student enrolments at Scottish HEIs, 2009–2015

2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
25,075	27,880	28,500	28,305	28,610	29,210

Source: Higher Education Statistics Authority

The slower rate of growth, since 2011, of the number of non-EU students at Scottish HEIs compares unfavourably with other countries such as the US, Canada and Australia, where the number of international students increased by between 8 and 11 per cent between 2012–13 and 2013–14, compared to a 1 per cent increase in Scotland.⁶⁴

59 Q44 [Howard McKenzie], Q72, Institute of Directors ([PSW0004](#)), SCDI ([PSW0005](#))

60 STUC ([PSW0003](#))

61 The terms of reference for this inquiry are available online: [Demography of Scotland and the implications for devolution](#)

62 Q103, Scottish Government ([PSW0011](#)), Edinburgh University ([PSW0016](#)) para 4, Hobsons EMEA, [International Student Survey 2015](#), September 2015

63 Q18 [Professor Sir Ian Diamond], Qq102, 106 [Professor Robert Wright], University of Glasgow ([PSW0023](#))

64 Q71, Scottish Government ([PSW0011](#))

35. The UK Government has stated that it “wants to increase the number of high quality, genuine international students coming to our world-class universities”,⁶⁵ and the Minister for Immigration was keen to assure us that the numbers of international students coming to study in Scotland had not suffered as a result of the UK’s post-study work routes, pointing out that visa applicants from international students to study at Scottish universities are up by 11 per cent since 2010.⁶⁶ However, this contrasts with the number of non-EU international students enrolled at Scottish universities, which increased substantially between the 2009–10 and 2010–11 academic years, but has increased by less than 5% since it was announced that the Post-Study Work visa would be closed.

36. There are particular concerns that the number of international students coming to Scotland from certain countries has fallen in recent years.⁶⁷ The number of Indian international students attending Scottish HEIs has fallen by over 60% since 2010–11, and numbers from Nigeria have also fallen, albeit to a lesser extent. The fall in the number of enrolments from Indian students contrasts with the experience in Australia and the United States, both of which have seen a substantial increase in the number of students from India.⁶⁸ The fall in enrolments from some countries has been offset by an increase in the number of students coming to Scotland from China, but this has not affected institutions equally. For example, Professor Sir Ian Diamond told us that the high proportion, of non-EU international students from Nigeria, attending the University of Aberdeen meant that they would be harder hit by a decrease in numbers of students coming from Nigeria.⁶⁹

37. The world class reputation of Scottish Higher Education Institutions means they have had great success in attracting international students from across the world. However, there is clear evidence that post-study work offers play a significant role in decisions by international students of where to study, and Scottish HEIs are at a competitive disadvantage compared to countries outside of the UK with more generous post-study work offers. The Government should consider how the post-study work routes available in the UK relate to its desire to “increase the number of high quality, genuine international students coming to our world-class universities”.

Suitability of current post-study work routes

38. The UK Government recognises that “there should be opportunities for the brightest and best graduates from UK universities to remain in the UK to work”,⁷⁰ and has consistently argued that the UK has an excellent post-study work offer, which allows non-EU international graduates to stay in the UK to work if they find graduate level employment.⁷¹ The Minister for Immigration and Secretary of State for Scotland were the only witnesses we heard from who believed this was the case. The Minister of State for Immigration told us: “we do want to attract the skilled and the talented, the brightest and the best and [...] I think that offer is there in terms of that transfer post-graduation.”⁷² Making a similar point, the Prime Minister told the House on 13 January 2016: “We have an excellent scheme that covers, of course, Scotland” and “there is actually no limit on the

65 UK Government ([PSW0020](#)) para 5

66 Q132, UK Government ([PSW0020](#)) para 10

67 Q18, STUC ([PSW0003](#)), Scottish Government ([PSW0011](#)), University of Glasgow ([PSW0023](#))

68 STUC ([PSW0003](#))

69 Q18

70 UK Government ([PSW0020](#)) para 3

71 Q190

72 Q148

number of people who can stay after they have graduated, as long as they have a graduate-level job.”⁷³

39. In contrast to the rosy picture painted by the UK Government, the evidence we received from business groups, representatives of the education sector and immigration lawyers was that the current system was bureaucratic, costly and time-consuming for both individuals and employers, and did not provide an effective route for non-EU international students attending Scottish HEIs to secure graduate work.⁷⁴ We were told that these issues are a particular problem for Small and Medium Enterprises (SMEs),⁷⁵ which make up over 99% of all private sector enterprises in Scotland, and account for the majority of private sector employment.⁷⁶

40. As the main post-study work route in the UK is the Tier 2 (General) visa, which accounts for over 80% of work visas granted to student visa holders, this is where we have focused our consideration of the suitability of current visa arrangements for non-EU international students wishing to stay in the UK to work after completing their studies at a Scottish HEI. The main issues which have been raised with us are:

- That the four months non-EU international students have at the end of their Tier 4 student visa is not enough time to find a Tier 2 job;⁷⁷
- That being a Tier 2 sponsor is costly and burdensome for employers;⁷⁸ and
- That the minimum salary thresholds are not reflective of graduate salaries in Scotland.⁷⁹

We consider these issues below.

41. At present, Tier 4 student visa holders have four months after the end of their course during which to find a Tier 2 job with a licensed sponsor and apply for a Tier 2 visa. The vast majority of our witnesses argued that this was not long enough, and did not reflect the realities of finding graduate employment after university.⁸⁰ The STUC contrasted this with the flexibility of the old Post-Study Work visa to take into account the nature of the labour market for graduates, where many need to work part-time or take on entry-level positions before finding permanent graduate employment.⁸¹ The UK Government has argued that the current four months is “sufficient time” and that it was reasonable to expect international students wishing to work in the UK to start looking for skilled work before the end of their course.⁸² The Minister for Immigration pointed out that larger firms tend to recruit several years in advance, meaning students could have a graduate job arranged before their course ends,⁸³ but our evidence suggests that this timing does not work for

73 HC Deb, 13 January 2016, [col 852](#) [Commons Chamber]

74 Qq 14-15, 20 [Alan Mackay], Q16 [Professor Sir Ian Diamond], Q36 [Howard McKenzie], Q41 [Helen Martin], Qq68, 70, 87 [Humza Yousaf MSP], Q102 [Stuart McWilliams], Q110 [Jamie Kerr], Institute of Directors ([PSW0004](#)), Million+ ([PSW0006](#)) para 18, University of Edinburgh ([PSW0016](#)) para 14

75 Qq15, 20 [Alan Mackay], Q36 [Howard McKenzie], Q102 [Stuart McWilliams], SCDI ([PSW0005](#)), Million+ ([PSW0006](#)) para 18, Stuart McWilliams ([PSW0022](#))

76 Scottish Government, [Businesses in Scotland 2015](#), November 2015

77 Q70, University of Edinburgh ([PSW0016](#)) para 22

78 Q14 [Alan Mackay], Q77 [Humza Yousaf MSP], Million+ ([PSW0006](#)) para 18, University of Edinburgh ([PSW0016](#)) para 24

79 Q77, Scottish Government ([PSW0011](#)), Million+ ([PSW0006](#)) para 13, University of Edinburgh ([PSW0016](#)) para 23

80 Q70

81 STUC ([PSW0003](#))

82 UK Government ([PSW0020](#)) para 18

83 Q166

many employers, and particularly SMEs, who may not recruit so far in advance.⁸⁴ Jamie Kerr, an immigration solicitor, told us that, due to the cost and administrative burden of becoming a Tier 2 sponsor (see below), SMEs were unlikely to go through the process of becoming a Tier 2 sponsor until they could assess the suitability of candidates in post, and four months was not enough time to do this and then go through the process of becoming a sponsor.⁸⁵ The Home Affairs Committee's recent report into skills shortages also noted concerns that the current time period for people to move from a Tier 4 student visa to a Tier 2 work visa is too short.⁸⁶

42. In order to be eligible for a Tier 2 visa, applicants must be sponsored by a licensed employer. The UK Government has said that the process of becoming a sponsor is “easy for businesses” and that employers can apply online and the application takes “just thirty minutes”.⁸⁷ Our other witnesses were less convinced of the ease of being a Tier 2 sponsor.⁸⁸ The EEF, the manufacturers' association, conducted research which found that almost half of the companies which responded to their survey disagreed that the process of recruiting a non-EU graduate was easy, and over half (53%) found the process very time-consuming.⁸⁹ In addition to the initial application process to become a sponsor, we have also been told that ensuring compliance with the wider Tier 2 framework can be a “major issue” for businesses.⁹⁰

43. The minimum salary for a Tier 2 visa is currently £20,800 but this is calculated at a UK level and we have heard that it is not reflective of graduate salaries in Scotland, which are lower than those elsewhere in the UK, particularly in London and the South East of England. Several of our witnesses stated that using a single minimum salary for the whole of the UK was problematic for Scotland, particularly for SMEs.⁹¹ Research into the average salaries of 22–24 year olds found that in Scotland these were substantially lower than the minimum salary eligible for a Tier 2 visa.⁹² Similarly, the Migration Advisory Committee's recent review of Tier 2 visas found that average wages in London were £12,300 higher than in Scotland.⁹³ As a result, businesses in London and the South East are most likely to be able to take on international graduates as salaries in those areas are set at levels higher than the minimum threshold. This view is supported by statistics on the proportion of Tier 2 sponsors located in London and the South East (63% in 2013) compared to Scotland and Northern Ireland (6% in 2013).⁹⁴

44. We have received evidence that the process for recruiting international graduates under a Tier 2 visa means that even those students who are able to find graduate level work in the four months after their course are unable to accept job offers because the employer is not a Tier 2 sponsor and the costs and burdens of becoming a sponsor are off-

84 Stuart McWilliams ([PSW0022](#))

85 Q122 [Jamie Kerr]

86 Home Affairs Committee, Fifth Report of Session 2015–16, [Immigration: skills shortages](#), HC 429, para 65

87 UK Government, [Government Response to the House of Lords Science and Technology Select Committee Report: International Science, Technology, Engineering and Mathematics \(STEM\) students](#), July 2014

88 Q14 [Alan Mackay], Q77 [Humza Yousaf MSP], Million+ ([PSW0006](#)) para 18, University of Edinburgh ([PSW0016](#)) para 24

89 APPG on Migration, [Joint response from EEF and Squires Patton Boggs](#), Post Study Work Route inquiry

90 Stuart McWilliams ([PSW0022](#))

91 Million+ ([PSW0006](#)) para 18, Scottish Government ([PSW0011](#)), Q21 [Alan Mackay]

92 Million+ ([PSW0006](#)) para 13

93 Migration Advisory Committee, [Balancing migrant selectivity, investment in skills and impacts on UK productivity and competitiveness](#), January 2016, table 4.8

94 HC Deb, 16 October 2014, [209962](#) [Commons written answer]

putting.⁹⁵ This problem is illustrated by the small number of Tier 2 sponsors in Scotland, which severely limits the field of employers which can take international graduates on. Again, we have been told that the burdens of becoming and acting as a Tier 2 sponsor are a particular issue for SMEs and mean this an unsuitable route for them to fill vacancies.⁹⁶ This contrasts with the previous Post-Study Work visa where there was no requirement for employers to be registered sponsors.

45. This Committee is not the first to receive evidence about the inadequacies of the current Tier 2 visa. The Home Affairs Committee recently published a Report on skills shortages and the immigration system and found that the cost of being a Tier 2 sponsor was prohibitive for SMEs and that they were also disproportionately affected by salary caps.⁹⁷ That Committee recommended that the Government “look again at the value of international students to the UK, economically, intellectually and culturally” and “consider how it might devise policies that reduce the barriers for international students to stay in the UK and take up high skilled employment.”⁹⁸

46. When we raised the above concerns with the Minister for Immigration, he maintained that current arrangements were appropriate and that the Government had no intention to change them.⁹⁹ Responding to these comments, the Scottish Government’s Minister for Europe and International Development told us:

I am disappointed that the UK Minister for Immigration continued to reject the views of Scottish stakeholders when he gave evidence to the Committee on 9 December. I understand that he continued to insist that Tier 2 is a suitable route for international graduates to undertake post study work, when this is very clearly not the case.¹⁰⁰

47. **We welcome the Government’s recognition that “there should be opportunities for the brightest and best graduates from UK universities to remain in the UK to work”. The majority of evidence we have heard argued that the UK’s current post-study work routes fail to achieve this and are not meeting the needs of Scotland. This was contradicted, however, by the Minister for Immigration who told us that there was currently “a very good arrangement in place.” Evidence we received argued that the period of time international students have to find a Tier 2 job—four months—is too short, the minimum salary thresholds do not reflect the reality of graduate salaries in Scotland, and acting as a Tier 2 sponsor is costly and burdensome for employers. These issues are a particular barrier to SMEs, which make up the vast majority of employers in Scotland. SMEs are less able to offer salaries at the Tier 2 thresholds and lack the resources and expertise to navigate the complicated process of being a Tier 2 sponsor. It is disappointing that the complaints we have heard from business groups, the education sector and the Scottish Government were not recognised by the Minister for Immigration.**

95 Edinburgh University Students’ Association ([PSW0013](#))

96 Qq102, 122 [Stuart McWilliams]

97 Home Affairs Committee, Fifth Report of Session 2015–16, [Immigration: skills shortages](#), HC 429, para 55

98 Home Affairs Committee, Fifth Report of Session 2015–16, [Immigration: skills shortages](#), HC 429, para 32

99 Q174

100 Scottish Government ([PSW0011](#))

The case for Scotland

48. We agree with the overwhelming majority of contributors to our inquiry who argued that, given the particular skills and demographic needs of Scotland, and inadequacy of current arrangements, post-study work routes for non-EU international students attending Scottish HEIs need to be reformed. Improving the ability, within Scotland, to retain non-EU international graduates would increase the pool of skilled workers available to Scottish employers, and play an important role in filling skills shortages. Improved post-study work opportunities would also enhance the ability of Scottish universities, which operate in an extremely competitive international market, to attract international students. Although these arguments might also apply elsewhere in the UK, the skills and demographic needs of Scotland mean that there is a specific case for Scotland.

Views across the UK

49. In addition to our own inquiry into post-study work schemes, in recent years several other parliamentary committees and groups have called for post-study work routes to be improved. The House of Lords Science and Technology Committee recommended in 2014 that the Government reinstate the previous post-study work route, as it was simple, competitive and effectively enabled qualified STEM (Science, Technology, Engineering and Mathematics) students to access the UK jobs market.¹⁰¹ The All Party Parliamentary Group for Migration recommended in February 2015 that a new post-study work route be established to enable non-EU international graduates to secure skilled work.¹⁰² Most recently, the Home Affairs Committee recommended in December 2015 that the Government consider a number of options to give non-EU international graduates more time to find skilled work.¹⁰³ The Government has not responded positively to any of these recommendations.¹⁰⁴ The Scottish Parliament Devolution (Further Powers) Committee has also just held a one-off evidence session looking at post-study work routes for Scotland.¹⁰⁵

50. Several parliamentary committees and groups have considered post-study work routes on a UK-wide basis, and recommended that they be improved. It is disappointing that the Government has not responded positively to any of these recommendations. We urge the Government to take a more constructive approach not only to this report but to the work into this issue that has already been done, and is currently being undertaken, by parliamentarians across the UK.

101 House of Lords Science and Technology Select Committee, Fourth Report of Session 2013–14, [International Science, Technology, Engineering and Mathematics \(STEM\) students](#), HL Paper 162, para 110

102 All-Party Parliamentary Group on Migration, [UK post study work opportunities for international students](#), February 2015

103 Home Affairs Committee, Fifth Report of Session 2015–16, [Immigration: skills shortages](#), HC 429, para 65

104 House of Lords Science and Technology Select Committee, [Government Response to the House of Lords Science and Technology Select Committee Report: International Science, Technology, Engineering and Mathematics \(STEM\) students](#), July 2014

105 Scottish Parliament, Devolution (Further Powers) Committee, [Official Report of 28 January 2016](#)

5 Options for improving post-study work routes

51. In the previous chapter we set out the case for making it easier for non-EU international students attending HEIs in Scotland to stay in Scotland to work. This is in line with the cross-party and cross-sector support there is in Scotland for improving post-study work routes.¹⁰⁶ In this chapter we consider how current post-study work routes could be revised to improve the post-study work offer in Scotland. We also, in light of the Smith Commission’s recommendation that formal post-study work schemes for Scotland be explored by the UK and Scottish governments, look at how a new scheme for Scotland could operate.

Reforming current post-study work routes

52. We have found that current post-study work routes do not meet the needs of Scotland. We have, however, identified a number of suggestions, ranging from minor changes to a more substantial overhaul, which would improve the current post-study work route so that it better suits the needs of non-EU international students attending Scottish HEIs, and Scottish businesses. Specific changes we have looked at are:

- Extending the length of time Tier 4 visa holders have to find a Tier 2 job, or creating a “bridge” visa to give international graduates sufficient time to find a Tier 2 job;
- Having regional salary caps for Tier 2 visas, to reflect different wages across the UK; and
- Reducing the burden to employers of Tier 2 sponsorship.

We have been told that these reforms could be easily implemented, and would solve many of the challenges that employers and international graduates face.¹⁰⁷

53. One of the simplest reforms which could be made would be to allow international students more time to find graduate employment. This was one of the main problems raised in our evidence and was a concern to students and employers. Providing non-EU international students more time at the end of their student visa to find a Tier 2 job would be a minor, easy to administer, change and would immediately resolve one of the key complaints which has been raised in our evidence. Alternatively, a “bridge” visa—possibly along the lines of the old Post-Study Work visa—could be established to grant leave to remain for a defined period of time during which international graduates could seek appropriate employment.

54. The minimum salary thresholds for Tier 2 visas are currently set on a UK-wide basis, and the Migration Advisory Committee has stated that it is “content” that the current thresholds make adequate provision for regional variations in pay.¹⁰⁸ However, the evidence we have received makes it clear that current salary thresholds are a barrier to non-EU international students hoping to find graduate level work in Scotland. A system of regionalised salary thresholds would increase the number of jobs in Scotland for which

106 Scottish Government, [Post Study Work Working Group: Report to Ministers](#), March 2015

107 Q79 [Humza Yousef MSP], Q111 [Jamie Kerr], Million+ (PSW0006) para 24

108 Migration Advisory Committee, [Review of Tier 2: Analysis of Salary Thresholds](#), July 2015, para 6.33

Tier 2 visas could be used, and could therefore make the Tier 2 visa a more suitable post-study work route for Scotland.¹⁰⁹ The MAC's recent review of the Tier 2 visa, which we consider later, has recommended that the minimum salary thresholds be increased, to achieve the Government's aim of reducing economic migration to the UK.¹¹⁰

55. In response to the significant burdens faced by employers in being sponsors for Tier 2 visas, and the small number of such sponsors in Scotland (in 2013 only 6% of the UK's Tier 2 sponsors were located in Scotland and Northern Ireland), Humza Yousaf MSP suggested reforming or even abolishing the requirement for employer sponsorship.¹¹¹ Salary thresholds could still be used to ensure graduates were in appropriate employment but allowing any company with a suitable vacancy to fill it with an international graduate, should they wish, would increase the pool of potential employers for international students in Scotland and reduce the costs to business of employing them.

56. A number of our witnesses have called for a full review of the UK's post-study work offer. The University of Edinburgh has recommended that the Government should review all current routes relating to post-study work, to improve the attractiveness of the route for employers and SMEs and permit greater flexibility with regards to salary thresholds and the Resident Labour Market Test.¹¹² The Aberdeen and Grampian Chamber of Commerce welcomed a similar recommendation by the Cole Commission's report on UK exports, which recommended the Government review current post-study work routes with a view to achieving better links between international students and firms looking to export from the UK.¹¹³ The UK Government has not responded positively to these recommendations, and the Migration Advisory Committee has not looked at post-study work routes since 2010, prior to the closure of the Post-Study Work visa in 2012.¹¹⁴ Despite the lack of engagement shown by the UK Government thus far, the Secretary of State for Scotland told us he would be happy to take forward any measures which could improve existing arrangements for the benefit of Scotland.¹¹⁵ In the next chapter we consider, in more detail, the UK Government's engagement with this issue.

57. In order for the Tier 2 (General) visa to be an effective post-study work option for non-EU international students attending Scottish HEIs, it is essential that the current system be reformed. Specific issues which must be addressed are the length of time international graduates have to find Tier 2 employment, the minimum salary thresholds that apply in Scotland, and the burden faced by employers which sponsor Tier 2 jobs. We welcome the Home Affairs Committee's recommendation that the Government consider how it might devise policies that reduce the barriers for international students to stay in the UK and take up high skilled employment, and the Secretary of State for Scotland's willingness to take forward the recommendations set out in this Report.

58. We recommend that the Government commission the Migration Advisory Committee to review current provisions for transferring from a Tier 4 (General) student

109 Q126 [Jamie Kerr]

110 Migration Advisory Committee, [Balancing migrant selectivity, investment in skills and impacts on UK productivity and competitiveness](#), January 2016, para 4.26

111 Q79

112 University of Edinburgh (PSW0016) para 33

113 Aberdeen and Grampian Chamber of Commerce (PSW0017)

114 Migration Advisory Committee, [Limits on Tier 1 and Tier 2 for 2011/12 and supporting policies](#), November 2010

115 Q217

visa to a Tier 2 (General) visa, with a view to making recommendations to better enable highly skilled non-EU international students graduating from further and higher education institutions to remain in the UK and contribute to economic activity for a defined period of time. Options which should be considered include extending the period of time international students have at the end of their student visa and looking at how sponsorship can be made less costly and burdensome for employers. This should be carried out alongside work, which we recommend in the next section, to consider regional salary thresholds for Scotland.

Review of Tier 2 visas

59. The Migration Advisory Committee (MAC) recently conducted a review of Tier 2 visas.¹¹⁶ This was commissioned by the Home Office with “a view to making recommendations about significantly reducing economic migration to the UK”. The MAC’s review, with recommendations to Government, was published on 19 January 2016. Key recommendations were:

- That the minimum salary threshold be increased from £20,800 to £30,000 (and £23,000 for new entrants);
- That there be an Immigration Skills Charge to employers recruiting workers through the Tier 2 route;
- That the number of people moving to Tier 2 visas from other visas (which would include international students) be subject to a limit; and
- That the Resident Labour Market Test be applied to all Tier 2 visa applicants (at present applicants transferring from a student visa are not subject to this test).¹¹⁷

60. All of these changes would have significant implications for businesses in Scotland and non-EU international students attending Scottish HEIs. The broad result of implementing the MAC’s recommendations would be to make the process of transferring from a student visa to a work visa, which we have already found to be too restrictive in Scotland, almost prohibitive. It would mean the salary thresholds were far beyond the means of most Scottish businesses, and it would financially penalise businesses for successfully filling a role with a non-EU graduate. The Scottish Government raised concerns about the MAC’s review of Tier 2 visas, stating:

Tier 2 is already too restrictive to enable us to keep the international graduates we need and every indication is that this route will be further tightened.¹¹⁸

61. The proposed changes would be likely to have a disproportionate effect on Scotland, particularly when compared to London and the South East of England. At present, if the monthly cap on Tier 2 visas is reached (something which happened in June, July, August, September and October in 2015) the salaries of individual applicants are used to prioritise which applicants receive a visa and which do not.¹¹⁹ Given the salary differentials across

¹¹⁶ Migration Advisory Committee, [Call for evidence: Review of Tier 2](#), July 2015

¹¹⁷ Migration Advisory Committee, [Balancing migrant selectivity, investment in skills and impacts on UK productivity and competitiveness](#), January 2016

¹¹⁸ Scottish Government ([PSW0011](#))

¹¹⁹ Migration Advisory Committee, [Review of Tier 2: Analysis of salary thresholds](#), July 2015, para 6.8

the UK, extending the Tier 2 cap to transfers from student visas is very likely to result in the limited supply of Tier 2 visas being allocated to investment and finance jobs in London, rather than areas of skills shortage in Scotland.

62. The Minister for Immigration highlighted the exemption of transfers to Tier 2 from Tier 4 from the cap and from the Resident Labour Market Test, as elements of the UK's "excellent" post-study work offer.¹²⁰ This implies an understanding that removing these exemptions would have an adverse effect on the attractiveness of the UK's current post-study work route.

63. **We note with great concern the outcome of the Migration Advisory Committee's recent review of the Tier 2 visa. We strongly oppose any changes to the Tier 2 visa which would restrict the ability of non-EU international students, attending Scottish HEIs, to move from a student to a work visa. We are particularly concerned that the MAC's findings do not meet the needs of Scotland, and that the implementation of its recommendations would further concentrate post-graduate work, for non-EU international graduates, in London and the South East of England.**

64. *We recommend that the UK Government delay any decision on implementing the MAC's recommended changes to the Tier 2 visa until the MAC has provided advice on improving post-study work routes for non-EU international students and, specifically, on how Tier 2 salary thresholds can be made to account for the reality of graduate salaries in Scotland. This advice should then inform the Government's consideration of how Scottish interests can be reflected in the current visa framework.*

Promoting the UK's current post-study work offer

65. Although we feel that it is necessary to reform the post-study work routes currently available to non-EU international students attending HEIs in Scotland, there is also scope to better promote the UK's current post-study work offer, and support international students and employers who wish to take advantage of it. Professor Sir Ian Diamond recognised that there were opportunities to do this on a small scale, but warned us that these were limited.¹²¹ Humza Yousaf MSP said that he was always open to exploring how international students could be supported within the current system.¹²²

66. When we asked the Minister for Immigration about engagement with the Scottish Government on post-study work routes for Scotland, he told us that he was ready to "underline how I think there is a good offer there and how we can work together to make that offer and underline that benefit."¹²³ Similarly, the Government's written evidence stated: "awareness of these provisions can be improved. The UK Government will continue to take every opportunity to explain the excellent post-study work options that already exist, to ensure they are understood by students and universities."¹²⁴

67. ***The UK Government should work with the Scottish Government and Higher Education Institutions (HEIs) in Scotland to ensure that post-study work offers available to non-EU international students attending Scottish HEIs are better promoted to***

120 Qq132, 164

121 Q21 [Professor Sir Ian Diamond]

122 Q78

123 Q152

124 UK Government ([PSW0020](#)) para 24

potential and current international students, as well as employers who may want to access international talent. Promoting the UK's post-study work offer will be much more difficult if the Government implements the Migration Advisory Committee's recommendations for further restrictions to Tier 2 visas.

A new post-study work scheme for Scotland

68. In addition to looking at how the Tier 4 (General) student visa and Tier 2 (General) visa could be reformed to enhance their efficacy as a post-study work route for non-EU international students, we have also explored how a new post-study work route for Scotland might operate. This follows the recommendation by the Smith Commission that the UK and Scottish governments should work together to explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time.¹²⁵ We have looked at how such a scheme might work, and what lessons can be learned from previous post-study work routes.

69. The Scottish Government, in light of concerns about the impact to Scotland of closing the Post-Study Work visa, established a Post Study Work Working Group to look at the potential to offer post-study work opportunities in Scotland. This group produced a report in March 2015, which set out some of the key elements which it thought should be included in a post-study work scheme for Scotland.¹²⁶ These were:

- Linking the visa to having had a Tier 4 (General) student visa sponsored by a Scottish institution;
- Requiring applicants to have a BA, postgraduate diploma or degree, or Higher National Diploma;
- Not restricting eligibility to obtaining employment at a specific skill level, salary level, or subject, discipline or occupation;
- Not requiring sponsorship from either an employer or education provider; and
- Exemption from the Resident Labour Market Test.

Following publication of the Working Group's report, the Scottish Government has established a Post Study Work Steering Group, with cross-party and cross-sector membership, to provide detailed recommendations that build on the findings of the Working Group, with a view to coming forward with a specific proposal for a post-study work scheme for Scotland.¹²⁷ The Scottish Government has told us that it is not firmly committed to a particular model for a new post-study work scheme, and "will be advised by our stakeholders and the Steering Group on how this can best work for Scotland".¹²⁸

70. We heard strong and widespread support for the introduction of a post-study work visa similar to the past scheme which operated across the UK. A number of witnesses

¹²⁵ The Smith Commission, [Report of the Smith Commission for further devolution of powers to the Scottish Parliament](#), November 2014, para 96 (2)

¹²⁶ Scottish Government, [Post Study Work Working Group: Report to Ministers](#), March 2015

¹²⁷ Q88, Scottish Government ([PSW0011](#))

¹²⁸ Scottish Government ([PSW0011](#))

specifically called for the reintroduction of the old Post-Study Work visa,¹²⁹ something which also received strong support in the survey conducted by the Scottish Government’s Post Study Work Working Group.¹³⁰ Other witnesses suggested a new two year scheme which would allow international graduates to secure employment under a Tier 2 visa,¹³¹ with one suggestion being that the second year would have to be graduate level work.¹³² The Aberdeen and Grampian Chamber of Commerce said that it would be important that any new Scottish scheme was in place for a significant period of time so as to build a reputation of reliability among international students.¹³³ Several witnesses suggested that any post-study work scheme should be linked to the rest of the immigration system so that it was clear what routes were available for those wishing to remain in the UK to work for a longer period.¹³⁴

How a Scotland-only scheme could work

71. We have considered how a “Scotland-only” scheme might work. While the existence of the previous Fresh Talent visa for Scotland shows that it is possible to have particular visa arrangements for certain parts of the UK, a fact noted by several of our witnesses,¹³⁵ the visa system has been reformed significantly since the Fresh Talent scheme operated.

72. The UK Government has consistently argued that there are significant barriers to having different immigration rules for different parts of the UK. In evidence to the previous Scottish Affairs Committee inquiry into *The Student Immigration System in Scotland*, in 2011, Damian Green MP, then Minister of State for Immigration, stated:

it is impossible to have separate rules for Scotland in the immigration sphere because there isn’t a border. There is a border but not what the international world would recognise as a border between Scotland and the rest of the UK. If you are trying to exercise immigration control, you can’t have Scottish-specific immigration rules.¹³⁶

We heard similar concerns from the current Minister for Immigration, who thought it would be “very difficult” to have a post-study work scheme which extended only to Scotland.¹³⁷

73. The evidence we received from the UK Government was challenged by Professor Robert Wright, Professor of Economics at Strathclyde University, who told us that “a system of visas could be created that allows an international student to stay and work in Scotland, but they have to live in Scotland and they have to work in Scotland”, and pointed

129 Q27 [Professor Sir Ian Diamond], Q38 [Gareth Williams], City of Edinburgh Council ([PSW0015](#))

130 Scottish Government, [Post Study Work Working Group: Report to Ministers](#), March 2015

131 SCDI ([PSW0005](#)), University of Edinburgh ([PSW0016](#)) para 32

132 Q26, SCDI ([PSW0005](#))

133 Aberdeen and Grampian Chamber of Commerce ([PSW0017](#))

134 Q27 [Alan Mackay]

135 Q93, STUC ([PSW0003](#))

136 Q91, Scottish Affairs Committee, Fifth Report of Session 2010–12 [The Student Immigration System in Scotland](#), HC 912-I

137 Q160

to similar schemes which exist in Canada.¹³⁸ Mr Yousaf also pointed to international examples of regional immigration systems which could be used as models for a Scotland-only visa.¹³⁹

74. Stuart McWilliams, an immigration lawyer at Morton Fraser LLP and Deputy Convener of the Law Society for Scotland's Immigration and Asylum Law Sub-Committee, told us that visas could be endorsed so that the holder was limited to living and working in Scotland.¹⁴⁰ His view was that this would be sufficient to prevent visa holders from moving to England, noting that landlords are now required to carry out right to rent checks before entering into tenancy agreements, and that employers have been required for some time to carry out right to work checks for employees. These checks could be used to ensure that international graduates with a Scotland-only visa were not able to live or work elsewhere. It was also suggested that the partial devolution of income tax might provide a mechanism by which to enforce a Scotland-only visa.¹⁴¹

75. We acknowledge the challenges which would be involved in establishing a "Scotland-only" post-study work visa for non-EU international students who have studied at Scottish universities, but we have received compelling evidence that these challenges could be overcome. The requirements for employers to check right to work and landlords to check right to rent would facilitate the existence of a Scotland-specific visa. The Government should not use the need to develop practical details of how such a scheme could be implemented as an excuse for not engaging in discussions about introducing a formal post-study work scheme for Scotland.

Lessons from past schemes

76. To inform the debate about a possible post-study work scheme for Scotland we have looked at lessons which can be learned from past post-study work schemes. In particular, we have looked at issues around the skill level of work taken up by international graduates using post-study work routes, and also successes of past schemes in terms of enabling non-EU international graduates to find graduate level jobs after their studies.

77. The Fresh Talent and Post-Study Work visas have both been criticised for allowing visa holders to take up low-skilled work.¹⁴² Although there is a lack of robust data on the Fresh Talent scheme, it is evident that many international graduates taking advantage of previous post-study work schemes did end up in unskilled jobs.¹⁴³ It should be noted, however, that this in no way implies abuse of these schemes, as these schemes did not restrict holders to skilled or graduate level work. Past experience, therefore, does not prove that a scheme designed to be a route between a student visa and Tier 2 qualifying graduate work could not be effective.

78. We have received conflicting evidence about the success of the Fresh Talent Scheme in terms of retaining international graduates in Scotland, but, again, it must be understood that although the Fresh Talent scheme was intended to attract people to Scotland, the visa did not restrict holders to living or working in Scotland. Evidence from the UK

138 Qq103, 105 [Professor Robert Wright]

139 Qq93, 95

140 Q105 [Stuart McWilliams], Stuart McWilliams ([PSW0022](#))

141 Q62 [Gareth Williams]

142 UK Government ([PSW0020](#)) paras 8, 27

143 Q169, UK Government ([PSW0020](#)) paras 8, 27

Border Agency to the previous Scottish Affairs Committee’s inquiry into *The Student Immigration System in Scotland* suggested that after one year about 50% of Fresh Talent students were no longer in Scotland. This figure should not be taken as definitive, as the UKBA official giving evidence admitted that the statistics were “pretty shaky”, and the Scottish Government has told us that the Home Office conceded there was very limited information available in connection with people on Fresh Talent visas.¹⁴⁴

79. In response to calls for improvements to post-study work routes, the UK Government has stated that the student migration system was previously too weak, and that thousands of migrants came to the UK on a student visa to work, not study.¹⁴⁵ It is important to understand that these concerns relate to the Tier 4 (General) students visa, which has since been reformed, rather than post-study work routes. Jamie Kerr, an immigration lawyer at Thorntons Solicitors and Convenor of the Immigration Law Practitioners’ Association’s Scottish Regional Working Group, told us that the Government had done a lot of work tightening up Tier 4 visa requirements and enforcement, which would ensure that any new post-study work scheme was only available to bona-fide international graduates.¹⁴⁶ This indicates that past reforms of the visa system would actually facilitate the introduction of post-study work scheme which was not open to abuse.

80. In terms of the positive lessons which can be taken from past post-study work schemes, we have been told that the primary benefits of past schemes were that they provided an easy means for non-EU international students to use their skills in the economy, and provided time for graduates to find skilled employment.¹⁴⁷ Our inquiry shows that this is an area where the system is not functioning effectively.

81. We heard that any new post-study work scheme for Scotland should act as a bridge to allow international students to gain work experience and move on to other work visas.¹⁴⁸ There is some evidence that this is something the old Post-Study Work visa achieved well. Between 2011 and 2014 over 20,000 non-EU international graduates moved from a Post-Study Work visa to a Tier 2 visa, compared to just over 12,000 moving directly from a student visa to a Tier 2 visa. This shows that the old Post-Study Work visa acted as an intermediary visa which provided international graduates an opportunity to find skilled employment which qualified for a Tier 2 visa. The University of Edinburgh argued that the same was true of the old Fresh Talent visa, which also enabled international graduates to take on any level of work while looking for graduate level employment.¹⁴⁹

Table 7: Numbers of extensions to stay granted under Tier 2 (General)

Previous visa	2011	2012	2013	2014	Total
Post-Study Work	2,370	5,029	8,006	5,328	20,733
Student	1,030	2,136	3,988	5,520	12,674

Source: [Immigration statistics, April to June 2015](#), Home Office

144 Scottish Government ([PSW0011](#))

145 Q142, UK Government ([PSW0020](#)) para 9

146 Q107 [Jamie Kerr]

147 Q55 [Helen Martin], Q78

148 Q108 [Jamie Kerr]

149 University of Edinburgh ([PSW0016](#)) para 22

82. One significant change which has been made to the framework for work visas since the Post-Study Work visa was closed to new applicants is the closure of the Tier 1 (General) visa. When the Post-Study Work visa was previously in operation it was possible for people to transfer to a Tier 1 (General) visa provided they had adequate income, irrespective of the skill level of their employment or the number of jobs they held to reach the necessary level of income. Now the Tier 1 (General) visa has been closed, former students would need to find skilled work in order to move to a Tier 2 skilled work visa, or else have to leave the country.¹⁵⁰ This would mean there was a much greater incentive for international graduates to find skilled work, as that would be the only means for remaining in the UK in the long-term.

83. The Scottish Government told us that it remained committed to working with the UK Government on finding a solution that addresses concerns about the operation of past post-study work schemes, including looking at a scheme which ensured international graduates were retained to Scotland.¹⁵¹

84. There are several lessons which can be learned from past post-study work schemes. These include the effectiveness of past post-study work schemes in enabling international graduates to find skilled employment, and also the risks that if such schemes are not structured to lead people into graduate level work they can result in international graduates staying in the UK and taking up unskilled work. We hope that the lessons we have identified will inform proposals for a post-study work scheme for Scotland.

150 Q107 [Stuart McWilliams], Stuart McWilliams ([PSW0022](#))

151 Q97, Scottish Government ([PSW0011](#))

6 Engagement by the UK Government

85. The report of the Smith Commission, established following the referendum on Scottish independence to agree what new powers should be devolved to Scotland, did not recommend devolving any aspect of immigration policy. It did, however, state that the five parties involved agreed that the UK and Scottish governments should work together to:

explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time.¹⁵²

86. The UK Government's response to the Smith Commission's report stated that, in relation to the various areas which had been raised for consideration but where no recommendations had been made: "Initial discussions have either already taken place or are scheduled to occur over the coming weeks on all of these considerations, with productive conversations taking place between officials and Ministers on the scope and shape of future work between the two governments."¹⁵³ The Prime Minister confirmed, following the May 2015 general election, that he would remain true to the promise to implement the Smith Agreement.¹⁵⁴

87. Since the Smith Commission's report was published, there has been little evidence of discussions taking place between the UK and Scottish governments on this issue, and strong indications that the UK Government is not open to exploring the issue. As we noted above, the Government has also failed to engage constructively with the many other reports on this subject which have been produced by other parliamentary committees and bodies. One of the key reasons we undertook this inquiry was to investigate what progress had been made by the UK and Scottish Governments in exploring formal post-study work schemes for Scotland.

88. The Scottish Government's evidence to us stated that they were pleased the cross-party Smith Commission recommended that the UK and Scottish Governments should work together on taking this forward.¹⁵⁵ However, the Scottish Government told us they had been extremely disappointed by the UK Government's lack of engagement on this issue. The Scottish Government Minister for Europe and International Development stated that the Scottish Government is willing to be as flexible and as open as they can with the UK Government, but they need "at least a hint or a detection that [the UK Government] are interested in exploring this issue as opposed to just putting up a brick wall against it." Mr Yousaf said that it would be useful to have input from the UK Government on areas of potential compromise.¹⁵⁶ When the Minister for Immigration came to give evidence to us, he said he had not met with the Scottish Government on this issue, but told us he was happy to do so.¹⁵⁷

¹⁵² The Smith Commission, [Report of the Smith Commission for further devolution of powers to the Scottish Parliament](#), November 2014, para 96 (2)

¹⁵³ HM Government, [Scotland in the United Kingdom: An enduring settlement](#), January 2015, para 9.3.2

¹⁵⁴ Prime Minister's Office, [PM visit to Scotland: May 2015](#), 15 May 2015

¹⁵⁵ Scottish Government ([PSW0011](#))

¹⁵⁶ Q86

¹⁵⁷ Q138

89. Although the UK Government's evidence to us acknowledged that "The Smith Commission commits the Scottish and UK Governments to work together to explore the possibility of introducing formal schemes to allow international higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time", it stated that the Commission had not recommended that the two Governments discuss the re-introduction of the former Tier 1 (Post Study Work) visa, and "there is no intention to do so."¹⁵⁸ The Minister for Immigration told us that he thought the current arrangements for post-study work were the most "appropriate", and gave no indication that the Government planned to consider new post-study work schemes for Scotland.¹⁵⁹ He went on to say:

When I look at the fundamental requirement of seeing that we have students moving into graduate level employment, when I look at the issues of abuse that we have had to deal with and the need to have a separation between study visa and a work visa [...] our judgment remains that the arrangements are appropriate and we have no current plans to change them.¹⁶⁰

The Secretary of State for Scotland subsequently told us that "the UK Government believes that the policy as currently applies meets the Smith Commission agreement".¹⁶¹ The Scottish Government disagreed with this view, and Mr Yousaf told us: "It is my view that the UK Government has not acted in accordance with the spirit of the Smith Commission in this regard."¹⁶²

90. Following our evidence session with the Minister for Immigration, the Scotland Office issued a Written Statement providing an update on non-legislative matters referred to in the Smith Agreement.¹⁶³ In relation to post-study work, this failed to respond to the Smith Commission's recommendation that the two governments work together on this issue, instead praising current arrangements for post-study work and reiterating its position that it did not intend to discuss reintroducing the Post-Study Work visa. We called the Secretary of State of Scotland to give evidence on this statement, and he told us that it had not been his intent to suggest work in this area was closed, and that he regretted "any misunderstanding that might have arisen in that regard".¹⁶⁴ When we asked how he would respond to the evidence we had received about the need for improving post-study work routes in Scotland, he told us:

If the [Committee's] report shows that there are measures we can take to improve on the existing arrangements for the benefit of Scotland, of course I will take that forward.¹⁶⁵

91. The Smith Commission stated that the UK and Scottish governments should "work together" to explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time. The UK Government has failed to engage on this issue, and its

¹⁵⁸ UK Government ([PSW0020](#)) para 22

¹⁵⁹ Q172

¹⁶⁰ Q174

¹⁶¹ Q215

¹⁶² Scottish Government ([PSW0011](#))

¹⁶³ HC Deb, 11 January 2016, [HCWS458](#) [Commons written statement]

¹⁶⁴ Q181

¹⁶⁵ Q217

insistence that the schemes referred to by the Smith Commission already exist is plainly at odds with the recommendation made by the Commission. The lack of engagement by the UK Government is particularly disappointing given the overwhelming view from Scotland that the current system is not suitable and a better solution is needed. It is impossible to conclude anything other than that the UK Government is failing to fulfil the recommendation of the Smith Commission on this issue.

92. Although we have been disappointed with the Government's engagement on this issue thus far, we welcome the Minister for Immigration's confirmation that he is happy to meet with Scottish Ministers, and the Secretary of State for Scotland's statement that he would take forward any improvements to existing arrangements we identified, which would benefit Scotland. That said, given the Scotland Office is meant to represent Scottish interests within the UK Government, it is disappointing that the Secretary of State for Scotland has so far failed to lead on an issue which is of such importance to Scotland.

93. *We recommend, in line with the recommendation of the Smith Commission, that the UK Government enter into discussions with the Scottish Government to explore introducing formal post-study work schemes for international higher education students graduating from Scottish further and higher education institutions. The Secretary of State for Scotland should ensure that the UK Government responds positively to the recommendation made by the Smith Commission.*

Conclusions and recommendations

International Students in Scotland

1. We welcome all international students who choose to study at Scottish Higher Education Institutions. The number of both EU and non-EU international students at Scottish HEIs is a testament to the high quality of Scottish universities. These students help create a global environment which is of benefit to students of all nationalities, and non-EU international students also make an important financial contribution to both the higher education sector and local economies. (Paragraph 18)

Past and present post-study work routes

2. The closure of the Tier 1 (Post-Study Work) visa in 2012 has resulted in the number of non-EU international students moving to work visas after their studies falling by over 80%. This is far beyond what the Government predicted in its impact assessment of closing this route, indicating the results have been more drastic than intended. It is extremely disappointing that the Home Office is not able to identify the specific impact to Scotland, but we have heard that it has been significant and negative. (Paragraph 28)

The case for improving post-study work routes in Scotland

3. Scotland has different demographic needs than other parts of the UK, due to slower population growth and a need to expand the size of the workforce, and also faces significant skills shortages in a variety of sectors. Retaining non-EU international graduates to work in Scotland is an important element of the response to these challenges. Our forthcoming inquiry into Scotland's demography will explore in more detail the demographic challenges faced by Scotland, and consider which policy levers are needed to respond to them. (Paragraph 32)
4. The world class reputation of Scottish Higher Education Institutions means they have had great success in attracting international students from across the world. However, there is clear evidence that post-study work offers play a significant role in decisions by international students of where to study, and Scottish HEIs are at a competitive disadvantage compared to countries outside of the UK with more generous post-study work offers. The Government should consider how the post-study work routes available in the UK relate to its desire to "increase the number of high quality, genuine international students coming to our world-class universities". (Paragraph 37)
5. We welcome the Government's recognition that "there should be opportunities for the brightest and best graduates from UK universities to remain in the UK to work". The majority of evidence we have heard argued that the UK's current post-study work routes fail to achieve this and are not meeting the needs of Scotland. This was contradicted, however, by the Minister for Immigration who told us that there was currently "a very good arrangement in place." Evidence we received argued that the

period of time international students have to find a Tier 2 job—four months—is too short, the minimum salary thresholds do not reflect the reality of graduate salaries in Scotland, and acting as a Tier 2 sponsor is costly and burdensome for employers. These issues are a particular barrier to SMEs, which make up the vast majority of employers in Scotland. SMEs are less able to offer salaries at the Tier 2 thresholds and lack the resources and expertise to navigate the complicated process of being a Tier 2 sponsor. It is disappointing that the complaints we have heard from business groups, the education sector and the Scottish Government were not recognised by the Minister for Immigration. (Paragraph 47)

6. We agree with the overwhelming majority of contributors to our inquiry who argued that, given the particular skills and demographic needs of Scotland, and inadequacy of current arrangements, post-study work routes for non-EU international students attending Scottish HEIs need to be reformed. Improving the ability, within Scotland, to retain non-EU international graduates would increase the pool of skilled workers available to Scottish employers, and play an important role in filling skills shortages. Improved post-study work opportunities would also enhance the ability of Scottish universities, which operate in an extremely competitive international market, to attract international students. Although these arguments might also apply elsewhere in the UK, the skills and demographic needs of Scotland mean that there is a specific case for Scotland. (Paragraph 48)
7. Several parliamentary committees and groups have considered post-study work routes on a UK-wide basis, and recommended that they be improved. It is disappointing that the Government has not responded positively to any of these recommendations. We urge the Government to take a more constructive approach not only to this report but to the work into this issue that has already been done, and is currently being undertaken, by parliamentarians across the UK. (Paragraph 50)

Options for improving post-study work routes

8. In order for the Tier 2 (General) visa to be an effective post-study work option for non-EU international students attending Scottish HEIs, it is essential that the current system be reformed. Specific issues which must be addressed are the length of time international graduates have to find Tier 2 employment, the minimum salary thresholds that apply in Scotland, and the burden faced by employers which sponsor Tier 2 jobs. We welcome the Home Affairs Committee's recommendation that the Government consider how it might devise policies that reduce the barriers for international students to stay in the UK and take up high skilled employment, and the Secretary of State for Scotland's willingness to take forward the recommendations set out in this Report. (Paragraph 57)
9. We recommend that the Government commission the Migration Advisory Committee to review current provisions for transferring from a Tier 4 (General) student visa to a Tier 2 (General) visa, with a view to making recommendations to better enable highly skilled non-EU international students graduating from further and higher education institutions to remain in the UK and contribute to economic activity for a defined period of time. Options which should be considered include extending the period of time international students have at the end of their student

visa and looking at how sponsorship can be made less costly and burdensome for employers. This should be carried out alongside work, which we recommend in the next section, to consider regional salary thresholds for Scotland. (Paragraph 58)

10. We note with great concern the outcome of the Migration Advisory Committee's recent review of the Tier 2 visa. We strongly oppose any changes to the Tier 2 visa which would restrict the ability of non-EU international students, attending Scottish HEIs, to move from a student to a work visa. We are particularly concerned that the MAC's findings do not meet the needs of Scotland, and that the implementation of its recommendations would further concentrate post-graduate work, for non-EU international graduates, in London and the South East of England. (Paragraph 63)
11. We recommend that the UK Government delay any decision on implementing the MAC's recommended changes to the Tier 2 visa until the MAC has provided advice on improving post-study work routes for non-EU international students and, specifically, on how Tier 2 salary thresholds can be made to account for the reality of graduate salaries in Scotland. This advice should then inform the Government's consideration of how Scottish interests can be reflected in the current visa framework. (Paragraph 64)
12. The UK Government should work with the Scottish Government and Higher Education Institutions (HEIs) in Scotland to ensure that post-study work offers available to non-EU international students attending Scottish HEIs are better promoted to potential and current international students, as well as employers who may want to access international talent. Promoting the UK's post-study work offer will be much more difficult if the Government implements the Migration Advisory Committee's recommendations for further restrictions to Tier 2 visas. (Paragraph 67)
13. We acknowledge the challenges which would be involved in establishing a "Scotland-only" post-study work visa for non-EU international students who have studied at Scottish universities, but we have received compelling evidence that these challenges could be overcome. The requirements for employers to check right to work and landlords to check right to rent would facilitate the existence of a Scotland-specific visa. The Government should not use the need to develop practical details of how such a scheme could be implemented as an excuse for not engaging in discussions about introducing a formal post-study work scheme for Scotland. (Paragraph 75)
14. There are several lessons which can be learned from past post-study work schemes. These include the effectiveness of past post-study work schemes in enabling international graduates to find skilled employment, and also the risks that if such schemes are not structured to lead people into graduate level work they can result in international graduates staying in the UK and taking up unskilled work. We hope that the lessons we have identified will inform proposals for a post-study work scheme for Scotland. (Paragraph 84)

Engagement by the UK Government

15. The Smith Commission stated that the UK and Scottish governments should “work together” to explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time. The UK Government has failed to engage on this issue, and its insistence that the schemes referred to by the Smith Commission already exist is plainly at odds with the recommendation made by the Commission. The lack of engagement by the UK Government is particularly disappointing given the overwhelming view from Scotland that the current system is not suitable and a better solution is needed. It is impossible to conclude anything other than that the UK Government is failing to fulfil the recommendation of the Smith Commission on this issue. (Paragraph 91)
16. Although we have been disappointed with the Government’s engagement on this issue thus far, we welcome the Minister for Immigration’s confirmation that he is happy to meet with Scottish Ministers, and the Secretary of State for Scotland’s statement that he would take forward any improvements to existing arrangements we identified, which would benefit Scotland. That said, given the Scotland Office is meant to represent Scottish interests within the UK Government, it is disappointing that the Secretary of State for Scotland has so far failed to lead on an issue which is of such importance to Scotland. (Paragraph 92)
17. We recommend, in line with the recommendation of the Smith Commission, that the UK Government enter into discussions with the Scottish Government to explore introducing formal post-study work schemes for international higher education students graduating from Scottish further and higher education institutions. The Secretary of State for Scotland should ensure that the UK Government responds positively to the recommendation made by the Smith Commission. (Paragraph 93)

Annex – UK visas

There are several visas which are relevant to international students during and after their studies. The main ones are:

Student visas

- [Tier 4 \(General\) student visa](#): You can apply for a Tier 4 (General) student visa to study in the UK if you're 16 or over and you have been offered a place on a course, can speak, read, write and understand English, have enough money to support yourself and pay for your course, and meet the other [eligibility requirements](#). The visa lasts for four months after the end of a course.

Work visas

- [Tier 1 \(Graduate Entrepreneur\) visa](#): You can apply for a Tier 1 (Graduate Entrepreneur) visa if you are a graduate who has been officially endorsed as having a genuine and credible business idea, and meet the other [eligibility criteria](#).
- Tier 1 (General) visa: This is now closed to new applicants but was available to skilled workers who fulfilled certain conditions.
- [Tier 2 \(General\) visa](#): You can apply for a Tier 2 (General) visa if you have been offered a skilled job in the UK.
- [Tier 1 \(Entrepreneur\) visa](#): You can apply for a Tier 1 (Entrepreneur) visa if you want to set up or run a business in the UK, meet the other [eligibility requirements](#), and you have access to at least £50,000 investment funds.
- [Tier 1 \(Investor\) visa](#): You can apply for a Tier 1 (Investor) visa if you want to invest £2,000,000 or more in the UK and meet the other [eligibility requirements](#).
- Tier 5 (Temporary Worker) Visas: You can apply for a Tier 5 (Temporary Worker) for several categories: [Charity work](#), [Creative or sporting](#), [Government Authorised Exchanges](#), [International Agreements](#) or [Religious Workers](#). These visas allow you to undertake specific types of work in the UK for a period of one year or for two years, provided you have a Tier 5 sponsor.

Formal Minutes

Monday 8 February 2016

Members present:

Pete Wishart, in the Chair

Mr David Anderson	Margaret Ferrier
Kirsty Blackman	Mr Stephen Hepburn
Mr Christopher Chope	Chris Law
Mr Jim Cunningham	Maggie Throup

Draft Report (*Post-study work schemes*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 93 read and agreed to.

Annex agreed to

Resolved, That the Report be the Fourth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

[Adjourned till Wednesday 24 February 2016 at 2.00pm.]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's [inquiry page](#).

Monday 30 November 2015

Question number

Professor Sir Ian Diamond, Principal and Vice-Chancellor, University of Aberdeen, and Chair, International Committee, Universities Scotland, **Alan Mackay**, Deputy Vice-Principal International and Director of the International Office, University of Edinburgh, and Member of the UK Council for International Student Affairs, and **Anne Cant**, International Manager, Dundee and Angus College, and Member of Colleges Scotland [Q1–35](#)

Gareth Williams, Head of Policy, Scottish Council for Development and Industry, **Howard McKenzie**, International Vocational Education Consultant and Fellow, Institute of Directors, and **Helen Martin**, Assistant Secretary, Scottish Trades Union Congress [Q36–67](#)

Humza Yousaf, MSP, Minister for Europe and International Development, Scottish Government [Q68–99](#)

Wednesday 9 December 2015

Professor Robert Wright, Professor of Economics, Strathclyde University, **Stuart McWilliams**, Deputy Convener, Immigration and Asylum Law Sub-Committee, Law Society of Scotland, and **Jamie Kerr**, Convenor, Scottish Regional Working Group, Immigration Law Practitioners' Association [Q100–131](#)

Rt Hon James Brokenshire MP, Minister for Immigration, Home Office [Q132–180](#)

Tuesday 19 January 2016

Rt Hon David Mundell MP, Secretary of State for Scotland [Q181–231](#)

Published written evidence

The following written evidence was received and can be viewed on the Committee's [inquiry page](#). PSW numbers are generated by the evidence processing system and so may not be complete.

- 1 Aberdeen & Grampian Chamber of Commerce ([PSW0017](#))
- 2 Edinburgh University Students' Association (EUSA) ([PSW0013](#))
- 3 Humza Yousaf MSP ([PSW0002](#))
- 4 Humza Yousaf MSP ([PSW0011](#))
- 5 Institute Of Directors ([PSW0004](#))
- 6 James Brokenshire MP ([PSW0021](#))
- 7 Million+ ([PSW0006](#))
- 8 Mrs Razep Echeng ([PSW0007](#))
- 9 Scottish Council for Development and Industry ([PSW0005](#))
- 10 Scottish Trades Union Congress (STUC) ([PSW0003](#))
- 11 Stuart McWilliams ([PSW0022](#))
- 12 The City of Edinburgh Council ([PSW0015](#))
- 13 The Home Office ([PSW0024](#))
- 14 The UK Government ([PSW0020](#))
- 15 Universities Scotland ([PSW0019](#))
- 16 University of Edinburgh ([PSW0016](#))
- 17 University of Glasgow ([PSW0023](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/scotaffcom.

Session 2015–16

First Report	Work of the Scottish Affairs Committee	HC 331
Second Report	Creative industries in Scotland	HC 332
Third Report	Revising Scotland's fiscal framework	HC 660