

New in-depth look at the price of hosting EU and non-EU students shows benefits far outweigh cost to taxpayer

By Simon Baker

International students are worth about 10 times more to the UK economy than they cost the taxpayer, according to a new report that will add to pressure currently mounting on the country's government for a shift in policy on the issue.

The analysis, which, unlike most similar studies in the past, looks at the cost of hosting overseas students as well as the benefits, calculates the bill at £2.3 billion, including use of the NHS and other public services.

International students bring benefits that can't be defined in monetary terms

This is still far less than the benefits, including tuition fees and spending while in the UK, that amount to an estimated £23 billion for one student cohort, according to the report by London Economics for the Higher Education Policy Institute and Kaplan.

The resulting £20.3 billion net impact is, on average, the equivalent of £310 for every resident, the report estimates, with the effects reaching right across the UK, although London tends to see the highest returns.

It comes as press speculation intensifies that the prime minister, Theresa May, might finally have to give way on her refusal to remove students from figures on net migration, seen as a key obstacle to attempts to boost the UK's overseas student recruitment. Newspaper reports have suggested that she is increasingly isolated on the issue while her lack of a majority in the House of Commons could mean a change is pushed through by MPs when proposals for post-Brexit immigration rules come before Parliament.

Hepi director Nick Hillman, who as special adviser to former universities minister Lord Willetts had constant battles with the Home Office on the importance of attracting international students to the UK, said that the study allowed for a wide variety of public costs associated with hosting them, such as the impact on policing and the education system.

He said that this broke new ground because, although most previous studies had estimated the huge benefits that students brought, the Home Office often dismissed them because they did not look at the national costs.

Mr Hillman added that, if anything, the new report overestimated the cost to the public purse and did not count all the benefits. For instance, it was assumed that all overseas students would use the NHS and not private healthcare, while any potential future tax contributions they might make were not included.

The study, which analyses at the economic impact of students starting university in 2015-16, across the duration of their studies, also uses census data on the student population to estimate how much

money overseas students potentially bring to each of the country's 650 parliamentary constituencies.

This suggests that many areas in cities outside London see the largest benefits, including constituencies in Sheffield, Newcastle, Liverpool and Birmingham, where the net impact per resident is more than £1,000.

However, because of the concentration of student populations, the biggest impacts tend to be in metropolitan areas and, when averaged out over each region, London is still dominant in terms of the greatest returns per resident.

Such patterns may explain why it has been difficult to convince MPs without many overseas students in their constituency, such as Ms May herself, who represents Maidenhead in Berkshire, of their importance to the economy.

Labour MP Paul Blomfield, whose Sheffield Central seat sees the highest net impact of overseas students, at almost £250 million, according to the report, said that it was important to remember that even if the initial economic boost was in particular areas, the knock-on effects of student spending reached across the country.

"I don't have a car maker in Sheffield Central but I recognise that the automotive sector is hugely important to the people who live in my constituency, along with every other constituency in the country," he said.

Mr Blomfield added that a change of policy on net migration now looked likely, although he hoped that its real impact was to create the "political space" for wider policies to attract more students, such as offering them better post-study work opportunities.

Other figures in the Hepi report suggest that those coming to study in the UK from outside the European Union are worth more to the economy, per student, than those travelling from within the bloc to study. This is mainly because EU students get more public subsidies to study and are entitled to use public services such as the NHS.

However, Mr Blomfield, who is also a shadow Brexit minister, said that leaving the EU was still a risk to the international student market overall because there was evidence that many students – both EU and non-EU – might be put off coming to the UK in the future.

Meanwhile, Gavan Conlon, partner at London Economics, said that it was "vital" that the findings of the report were not ignored. "Migration policy needs to be more rooted in evidence than has been the case over the past few years," he said.

The study is set to be submitted as evidence to an inquiry on the impact of international students that is being carried out by the independent Migration Advisory Committee at the request of Amber Rudd, the home secretary. The MAC