

Summary: Intervention & Options

Department /Agency: UKBA	Title: Impact Assessment of the Student Route in the Points System	
Stage: Final	Version: 1.0	Date: 08.07.2008
Related Publications: Students Under The Points Based System – (Tier 4) Statement of Intent		

Available to view or download at:

<http://www.>

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What is the problem under consideration? Why is government intervention necessary?

To control migration so as to profit the UK. International students directly contribute £2.5 billion to the UK economy in tuition fees alone and one estimate puts the value of international students at nearly £8.5 billion. Upon completion of their studies, foreign students either contribute further to the economy by taking work in the UK or by promoting and trading with the UK upon their return to their home country. Our Australian –style points system will ensure that we only attract those that eligible, suitable and desirable.

What are the policy objectives and the intended effects?

The new student route in the Points System will ensure that the UK continues to receive the economic and wider benefits of overseas students while minimising the risk of abuse of the system.

What policy options have been considered? Please justify any preferred option.

2 options are considered:

Option 1: Do nothing - continue to accommodate overseas students through the existing routes

Option 2: Implement the student route

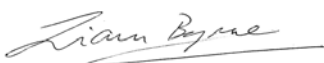
Option 2 is preferred as it generates the higher NPV, fully addresses the policy objectives and maximises the economic benefit of migration to the UK

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The policy is to be continuously monitored as part of review of progress towards meeting PSA 3: “to ensure controlled, fair migration that protects the public and contributes to economic growth.”

Ministerial Sign-off

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:



.....Date: 11 July 2008

Summary: Analysis & Evidence

Policy Option:	Description: Option 2: implement Student Route of the Points System
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Implementation costs for government. Loss of fee income to education providers resulting in loss of output to UK economy
	One-off (Transition)	Yrs	
	£ 11.7m	10	
	Average Annual Cost (excluding one-off)		
	£ 5m		Total Cost (PV) £ 55.8m
Other key non-monetised costs by 'main affected groups' Possible loss in output from reduction in students working, affecting both migrants and industry.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Savings on appeals from move to administrative review
	One-off	Yrs	
	£ 0	10	
	Average Annual Benefit (excluding one-off)		
	£ 14.9m		Total Benefit (PV) £ 128.3m
Other key non-monetised benefits by 'main affected groups' Improved clarity and transparency aiding both migrants and education providers. Improved public confidence in a system with less potential for abuse. Improved data collection.			

Key Assumptions/Sensitivities/Risks Lack of data has prevented us to from being able to estimate costs and benefits accurately. The estimates above are highly dependent on our assumptions of numbers of migrants affected by the policy changes

Price Base Year	Time Period Years	Net Benefit Range (NPV) £ 58m to 87m	NET BENEFIT (NPV Best estimate) £ 72.5m
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What is the geographic coverage of the policy/option?	Worldwide
On what date will the policy be implemented?	From Quarter 1 2009
Which organisation(s) will enforce the policy?	UKBA
What is the total annual cost of enforcement for these organisations?	£ 0
Does enforcement comply with Hampton principles?	Yes
Will implementation go beyond minimum EU requirements?	No
What is the value of the proposed offsetting measure per year?	£ 0
What is the value of changes in greenhouse gas emissions?	£ 0
Will the proposal have a significant impact on competition?	No
Annual cost (£-£) per organisation (excluding one-off)	Micro Small Medium Large
Are any of these organisations exempt?	No No N/A N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £ 0	Decrease of £ 0	Net Impact £ 0

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

Background and Methodology

This assessment concerns the implementation of the student route of the Points System which caters for non-EEA students coming to the UK to study. This route will replace existing routes for overseas students.

A full description of the student route framework can be found in the Student Tier Statement of Intent. Please note that some of the major impacts of the student route result from the implementation of sponsorship and accreditation. These issues are dealt with in separate Impact assessments. These and the Student Tier Statement of Intent can be found on our website at:

<http://www.bia.homeoffice.gov.uk/sitecontent/documents/managingourborders/pbsdocs/>

For this assessment, we examine 2 options:

- Option 1: Continue to accommodate non-EEA overseas students through existing routes
- Option 2: Implement Tier 4 of the Points Based System for Migration

We have assessed these options against:

- Monetised;
- Non-monetised Impacts; and
- Equality Impacts.

Rationale

The introduction of the student route of the Points System is intended to allow the UK to continue to receive the economic and wider benefits of overseas students while minimising the potential for abuse. The new system will introduce greater clarity and transparency of decision making while closing down routes and organisations such as bogus colleges which could attract those who seek to take advantage of the system to work in the UK illegally thus ensuring that we attract only those students who will benefit the UK.

Options

Option 1: Retain current work permit arrangements

Description:

Continue to cater for non-EEA students using current staffing levels, processes and technology

Option 2: Implement the student route of the Points System

Description:

- Implement Tier 4 rules with improved transparency. This would replace the current system including tightening the system to guard against the risk of bogus colleges and close down routes which allow migrants to take low level courses and work placement courses with excessive hours devoted to work.

- Implement new IT system

Key Benefits

- Savings on appeals costs due to move to administrative review
- Improved transparency and clarity of rules (for both students and education providers)
- Improved public confidence in system that is less attractive to those who may seek to abuse it.
- Improved data collection allowing more accurate future analysis of contribution of overseas students to the UK economy and better performance analysis.

Key Costs

- Set-up costs e.g. new IT and additional training
- Loss in output from restriction on time in work
- Modest reduction in fee income for educational establishments who offer courses that will no longer qualify

Monetised Impacts of Option 2

The impact of the new student rules is likely to chiefly affect the FE and private education sector. Currently the data available on overseas students to FE and private institutes is patchy. This makes assessment of the monetised impact of changes in student rules very difficult. After careful analysis, we consider only 3 impacts to be useful to monetise. These are:

Savings on Appeals

The new transparent system will make it clear who will and will not qualify to enter the UK. Any grievances a prospective migrant has will be addressed through administrative review without the need to appeal through the legal process as occurs currently. This is possible because prospective migrants will no longer be judged on subjective criteria such as assessment of their intentions.

Student appeals cost estimates are arrived at by taking an annual estimated volume of 13,500 (54% of 25,000 total annual appeals volume reduction expected following introduction of PBS) and multiplying it by the average appeal cost of £1251. Total annual saving before allowing for additional replacement Administrative Review and In-Country Appeal costs is therefore £16.89m per year.

These cost savings should be offset against:

- the increase in Out-Of-Country Administrative Review costs of £0.58m per annum (£43 each); and
- an increase in In-Country Appeals of £1.4m per annum.

Total saving after allowing for additional admin review and in country appeal costs is therefore £14.91m per year and NPV of £128m over 10 years.

Restriction Only Allowing Courses At Minimum NVQ Level 3

Restricting courses under NVQ level 3 would lower the output of the education sector which we measure through reduction in fee income. It will also reduce output because many students

choose to work part-time. In the absence of any data on the amount of work undertaken by overseas students, we choose not to attempt to monetise this additional impact.

Currently around 15,000 non-EEA overseas students are studying for a qualification below NVQ level 3 around half of the total number. Some of these will be able to enter the UK through the student visitor route. These students typically make less economic contribution than those studying at higher levels, contributing significantly less to the total £41m raised in fees in the FE sector.

In the absence of substantial evidence of the impact here, we assume between 1/3 (5,000) to 2/3 (10,000) of these 15,000 students would not have been able to enter the UK under the new criteria. This provides a central estimate of 7,500. We assume, conservatively, that for each these migrants the UK would have lost half the benefit associated with the average student.

Applying these assumptions to the estimated £41m total fee income for the FE sector, the per year benefit of the central estimate is £5m per year cost. This equates to an NPV over 10 years of -£44m and a range of -£29m to -£59m¹.

In addition to college output lost, students may choose to work during their stay in the UK. Thus reducing volumes may have a negative impact on UK output. However, due to lack of information on the working activity of these students, we conclude that it is not possible to provide a useful estimate of this impact.

Implementation Costs

We estimate a one-off implementation cost in the first year of £11.7m. This is made up of £9.7m for IT set-up, £1.9m in extra training and 0.09 million in additional accommodation.

Non-monetised Impacts of option 2

New Restrictions On Work Placements Limiting Work To 50% Of Course

Currently there is no limit on the amount of work undertaken by overseas students on a work placement study course. This potentially allows a route of low-skilled migration to the UK which is unnecessary given the current pool of labour available from within the EEA. Restricting work placements to no more than 50% of the course, when it currently may be more, could result in loss of output to the UK economy. However, there is no data available to calculate a useful estimate and so we do not attempt to monetise this cost here.

Requirement for English Language Students To Have Previously Studied English

This change could also potentially reduce volumes of students to the UK and therefore reduce the economic benefits. We think this would be very limited, however. The students who no longer qualify will be able to study low level English courses through the student visitor route and the level of English study required is not set at a high enough level to prevent large numbers of students from studying in the UK. The effect is therefore likely to be negligible.

Other Non Monetised Impacts

The implementation of the student route will tighten up many of the rules which could potentially be abused by someone seeking to use the system to undertake low-skilled work in the UK. This

¹ The provisional data on volumes and fee income was provided by the Associated of Colleges and only covers FE colleges in the public sector. We do not have data on the numbers studying at below NVQ level 3 for privately funded education providers. The inclusion of these providers could potentially increase the cost significantly. However, the lack of data means we are unable to provide a useful estimate of this.

will help to improve enforcement of immigration rules and improve public confidence in the migration system. We expect the improved clarity of the rules to benefit prospective overseas students and education providers alike and the new IT system to provide much needed data to aid further analysis of the impacts of overseas students on the UK economy.

Other Specific Impact Test

Having considered the impact of implementation of the student route against the other specific impacts tests, we conclude that there will be no other significant impact in any of these areas.

EQUALITY IMPACT ASSESSMENT

Summary

The UK immigration system has a very wide pool of potential users who can come from anywhere in the world. The criteria for entry and leave to remain are designed to maximise the economic benefits of migration and are the same for all potential migrants from outside the EEA.

This equality impact assessment finds that the potential impact of the proposals for Tier 4 (students) of the Points Based System (PBS) on all seven equality target areas² is minimal. But where such effects remain, there are strong policy reasons for them, namely to ensure that the immigration category fulfils its aim of selecting the students who will benefit from our education system and take away the knowledge, skills and ideas to enhance both their own careers and their own countries. This impact assessment describes what we will be doing in the future to monitor the impact of the policy, and the consultation process we have undertaken.

This equality impact assessment is focussed solely on the impacts of Tier 4 of the points based system. It does not address the difficulties some groups may have in accessing this tier, due to a wide range of social, educational and economic inequalities in different societies around the world. The UK immigration system cannot be used to mitigate much wider-ranging barriers and inequalities in the home countries of those who may wish to use it. This EIA, whilst noting stakeholder concerns, considers such inequalities outside its scope.

Any discrimination that may be faced in the UK education sector is also considered to be outside the scope of this EIA,.

Stakeholders have suggested that the requirements for entry to the UK as a student might lead to discrimination in the UK against ethnic minorities, people with disabilities, women and transgendered people by making it harder for applicants from these groups to achieve the points criteria required under PBS.

The immigration system is not, however, an appropriate or adequate tool to mitigate this. In recent years the student immigration route has suffered from significant levels of abuse. Bogus colleges have emerged to facilitate the entry of bogus students who have no intention of studying and who disappear to work illegally. The changes agreed with the education sector under Tier 4, together with the new sponsor licensing system, will to reduce significantly these abuses, and will encourage more genuine students to make the UK their destination of choice. The requirements for both entry to and staying on in the UK will be set at levels commensurate with those objectives. If Tier 4 applicants are unable, for whatever reason, to make the required points criteria for the route then they are unable to meet the objective of the category.

² Race; religion, belief and non-belief; disability; gender; gender identity; sexual orientation; age

EQUALITY IMPACT ASSESSMENT

The tests for students will apply equally to all countries and all applicants. The new student route will be monitored and we will take any steps we can to minimise any possible negative effects on the equality areas which may be caused by it. But where such negative effects remain, this will be because there are strong policy reasons for them: namely to ensure that the immigration category fulfils its aim of facilitating legitimate study without compromising our immigration controls.

Race and Belief Equality Impact Assessment

The general duty in section 71 of the Race Relations Act 1976 to promote equality of opportunity between persons of different racial groups does not apply in relation to the carrying out of immigration and nationality functions, on the basis that the operation of immigration control requires decisions to be made which will in many cases adversely affect the opportunities open to people who are subject to it. Those exercising such functions are, however, required to promote good relations between persons of different racial groups.

We consider that the introduction of Tier 4: Students will not make it harder for nationals of certain countries than for those of others to apply and be successful. Some stakeholders have expressed concern, however, that certain parts of the Tier 4: Students framework may impact on race equality duties.

Maintenance: Some concern has been expressed that it may be more difficult for applicants in some countries to be able to demonstrate that they are able to support themselves and therefore gain the necessary points to obtain entry clearance. This concern has been raised specifically in relation to the apparent discrepancy between the maintenance requirement for international students and the maximum maintenance funds made available by the government to locally domiciled students.

We believe that this is not a like for like comparison. The figures we have used were produced by the British Council and indicate the level of funds believed to be necessary to live in the UK above the poverty line. We want to guarantee that migrants have sufficient funds to support themselves and any dependants from the point at which they enter the UK until they complete their studies; as a result we think it is right to require a maintenance requirement for Tier 4 (Students) in particular. The maintenance test will be applied consistently to all Tier 4 applicants.

Certificates of Acceptance for Studies: One stakeholder group expressed concern that educational institutions will want to avoid recruiting students in those parts of the world where fraud is more prevalent, because if significant numbers of students are issued with Certificates of Acceptance for Studies but are then refused entry clearance, this will increase the 'risk' that the sponsoring institution is thought to pose. Sponsors who engage in 'risky' behaviour are liable to become 'B' rated sponsors and then be excluded from the sponsor register. They are not experts in forgery and will not have access to any special expertise that could enable them to avoid the risk in another way.

Sponsors will be expected to assess potential students to make sure that they have the academic ability to complete their course. This will involve checking documents. However we do not expect them to be forgery experts. Trained staff at our visa application processing centres will perform this function for them. If sponsors assess potential students properly, using best practice in their recruitment processes their licences are unlikely to be at risk.

Attendance: A further concern was raised in relation to the manner in which the attendance and progress of international students is to be monitored by educational institutions. The suggestion is that because of this the relationship between international students and their institutions will

become something quite different from that between home students and their institutions. In addition to this discrepancy, the stakeholder organisation suggested that international students will be required to maintain a far higher level of attendance and progress in order to remain on their courses than home students.

We do not believe that the manner in which the attendance is required to be monitored by the educational provider will prove to be particularly onerous for either party. Though this necessary mechanism for maintaining our immigration control might result in a difference between the treatment of international and domestic students in form, in substance the impact of the discrepancy is likely to be insignificant.

The proposals for Tier 4: Students do not favour any particular religious group over another and *stakeholders perceived no special disadvantage to any religious group would result* from implementing the proposed system.

Disability Equality Impact Assessment

Some stakeholders raised concerns about the proposed obligation on the institution to ensure that a student makes satisfactory progress in order to satisfy immigration requirements. They felt that this obligation imposed an unconscionable restraint on the institution's responsibility with respect to students with disabilities and/or special needs, highlighting the potential conflict between the institution's obligation to treat such students in a non-discriminatory manner and the obligation to apply the immigration rules strictly.

We believe that it is reasonable to expect an education provider to monitor the progress of any student with or without a disability. We do not feel that this will result in a significant conflict of interest where disabled students are involved simply by virtue of that disability. In fact, the monitoring of a student's progress is part of the process of education and should ensure that students benefit properly from our education system.

Gender Equality Impact Assessment

For Tier 4: Students, stakeholders have alluded to the global disparity between the earnings of men and women in identifying an adverse impact in this area. The issue is that women are statistically less likely to have the resources to meet the proposed maintenance requirement, which some stakeholders say could lead to gender discrimination. However, the immigration system is not an appropriate or adequate tool to mitigate sex discrimination in other countries.

Gender Identity and Sexual Orientation Equality Impact Assessments

Some concern has been expressed about the difficulties transsexual people may have in meeting PBS maintenance requirements, owing to severe employment discrimination they may suffer in many countries.

One stakeholder organisation expressed concern about education providers meeting the need to protect the gender history of the individual. With particular regard to Tier 4 sponsor licensing requirements, the organisation raised a concern about the need of education providers to keep a copy of non-EU students' passport showing evidence of their entitlement to study. The organisation highlighted the need for sensitivity to the fact that individuals might live in their acquired gender whilst in the UK but would face disapproval or worse in their country of origin should their gender identity become known.

As far as the gender history of affected individuals is concerned, it should be borne in mind that educational providers will be obliged under the Data Protection Act 1998 to keep this information confidential.

The stakeholder organisation explained that such individuals may wish to have a student pass that represents their acquired gender whilst in the UK but may still travel under their birth gender as many countries do not permit transsexual people to change their documentation or recognise that gender identity issues exist.

With regard to checks for prerequisite qualifications, the organisation suggested that they should incorporate the understanding that the certificates of affected individuals might be in a former name if they now live in their acquired gender as they may not have been able to have certificates reissued under their new name. The organisation recommended that we should have systems in place that allow for change of details.

We believe that this should not pose a significant problem and that it would be reasonable to expect the individuals concerned to provide evidence that they have changed from one previous name to another. The question of whether or not other countries should recognise that such gender issues exist is outside the scope of the immigration system.

In relation to the Tier 4 sponsor licensing requirements that education providers report to UKBA any unauthorised student absences of more than 10 days, a further concern was expressed about the need to make allowances for the minority of students who may be undergoing core gender assignment surgery whilst studying in the UK. They elaborated on the need for guidance for students about what would constitute legitimate authorised absence for these purposes.

The 10 day absence reporting requirement relates to unauthorised student absences rather than authorised ones. The question of whether or not an absence for the purpose of gender reassignment surgery is in fact authorised is a matter to be resolved by student and education provider (although this is likely to be an issue in only the smallest minority of cases).

Stakeholders did not identify any adverse or disproportionate sexual orientation equality impacts beyond those mentioned in the summary above. The immigration system is not an appropriate or adequate tool to mitigate gender identity or sexual orientation discrimination in other countries.

Age equality impact assessment

For the Tier 4: Students category, no major impact has been identified in this equality area as there is no restriction on the age of applicants in this part of the PBS.

Some degree of concern was expressed that favourable treatment on age (on the incorrect assumption that more points are awarded the younger a student is) might prejudice those students from poorer countries who will have to save more for longer in order to come to the United Kingdom to study. The fear was that, if there is age weighting for students, some students might be further penalised by virtue of the fact that they are older.

Action Plan

This impact assessment has not identified any *significant* areas of perceived disproportionate impact. However, where appropriate, actions to mitigate unforeseen, disproportionate impacts or barriers will be undertaken. As with any new policy, there is a degree of uncertainty as to the actual impact, which will only be resolved by monitoring the impact of the policy as it operates.

The following Action Plan has been approved by Liam Byrne, Minister of State for Borders and Immigration:

- Monitoring and Review arrangements: one of the benefits offered by the PBS is the improved management information that it will provide. This will be used to monitor the policy for its impact on the seven equality target areas above.
- Ongoing stakeholder engagement: for those equality target areas where quantitative data is not available, we will review the policy one year after launch with stakeholder groups to check for any disproportionate impacts.

Stakeholder groups consulted

Draft Statements of Intent for the Tier 4: Students of the PBS, were sent to the following stakeholder groups for comment:

All target areas: Equality and Human Rights Commission
 ILPA
 Joint Council for the Welfare of Immigrants
 Terrence Higgins Trust
 The Runnymede Trust
 Trades Union Congress
 Immigration Advisory Service
 Local Government Association
 Convention of Scottish Local Authorities

Race: Black Information Link

Religion, belief and non-belief: The Inter Faith Network for the UK

Disability: Office for Disability Issues
 Employers’ Forum on Disability
 MIND
 Disability Awareness in Action
 Disability Rights Commission
 RADAR

Gender: Women’s National Commission

Gender Identity: a:gender
 Scottish Transgender Alliance
 Gender Identity Research and Education Society
 Press for Change

Sexual Orientation: Stonewall

Age: Age Positive
 Employers’ Forum on Age

Specific Impact Assessments

After consideration of all other specific impact assessments, we conclude that none are appropriate for the assessment of Tier 4.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	No	No
Rural Proofing	No	No

Annexes

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